



Retail Investor 'Beat' Survey Q1

Home is where the heart is

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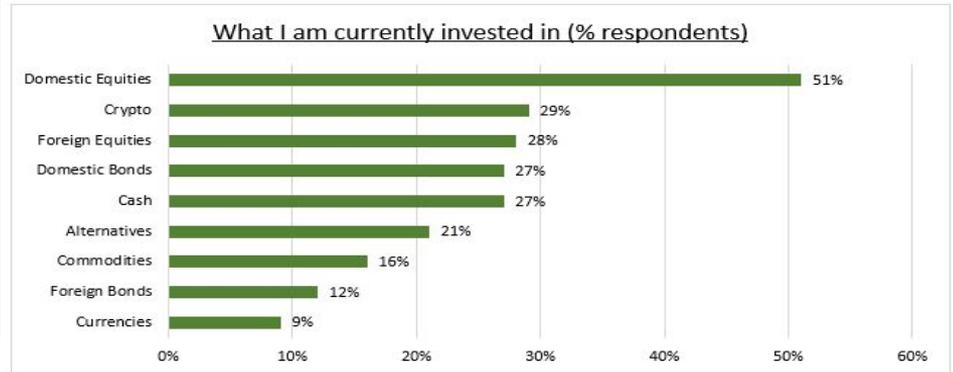
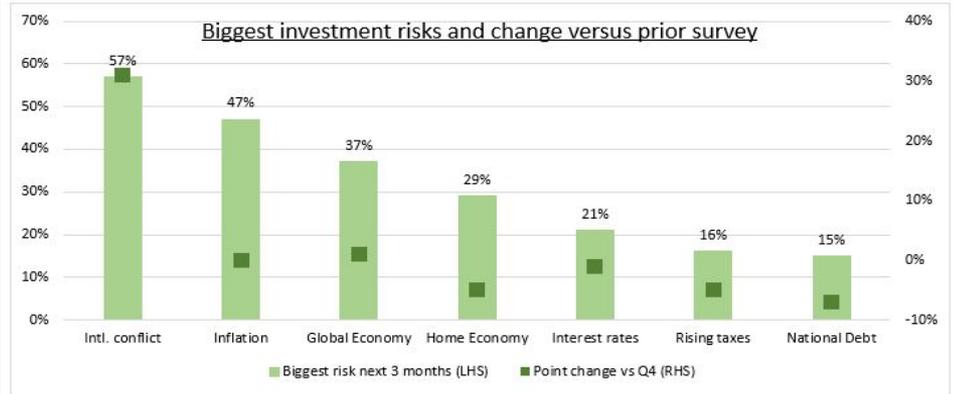
eToro's Retail Investor Beat: resilient and diversifying

eToro's global retail investor *Beat* survey. 8,500 investors in 12 countries, answering 26 questions

- ❑ 57% of DIY investors say international conflict poses the **biggest risk** to investments, up from 26% in the fourth quarter of 2021.
- ❑ The majority of retail investors surveyed **stay confident** in their portfolios (73%), with only 41% repositioning in light of these risks.
- ❑ **Home is where the heart is**, 51% of DIY investors have exposure to domestic equities compared to 28% invested in foreign equities.
- ❑ This is driven by respondents' knowledge of domestic markets (45%), and overseas markets perceived as too risky (21%).

Investors are diversifying across new assets and sectors

- ❑ The **US is the favoured equity market**, by those surveyed with Asia gaining at expense of the plunging European outlook.
- ❑ **Energy topped tech** as the sector with most favoured outlook.
- ❑ Enthusiasm around crypto assets remained strong this quarter, and it is now the 2nd most owned asset class, after equities.
- ❑ **Thematic** investing is very popular with DIY investors, led by cleantech, and allocation to **commodities** are set to rise further.



Past performance is not an indication of future results.

Why retail matters: helping anchor the market

Retail equity ownership never higher

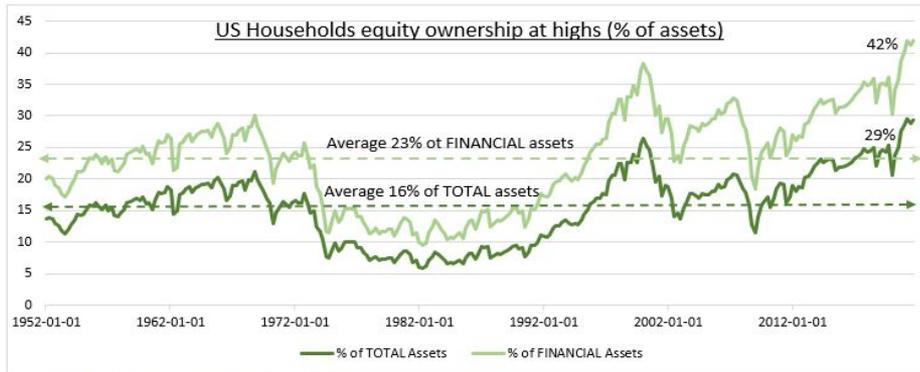
US [household equity ownership](#) is at its highest ever, according to US Fed

- ❑ US households **record 29% of their total assets in equities**, and 42% their financial assets (Latest, Q4 2021), driven both by market gains and new investors. This individual investor ownership increasingly **here-to-stay** and been **key market support**.
- ❑ Reflected in growth of online trading platforms, such as ourselves

Retail helping anchor the market

- ❑ **Structural investment changes** with online community growth, introduction of free trading and fractional ownership, as growth has outlasted the boom from pandemic lockdowns and stimulus cheques.
- ❑ **Individual investors a key factor in the market resilience** of recent months. But individual investors often remain overlooked by many traditional market participants, from stock split to IPO's.

21% of investors expect to invest more in future. 52% about the same



Source: US Federal Reserve System (FRED), eToro calculations



Source: eToro. December 2021 preliminary key performance indicator update

What invest in: commodities, crypto, and US

Investors remain well diversified across asset classes

- 51% invest in domestic equities, and 27% domestic bonds

Crypto is now the 2nd best owned asset class

- 29% of investors own today, 2nd only to domestic equities

Commodities in the spotlight and investors looking to raise exposure

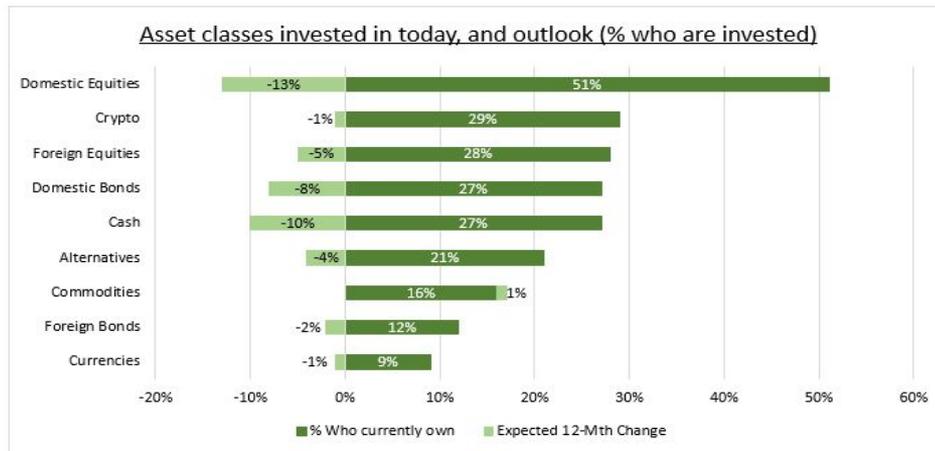
- Commodities only asset class where investors looking to increase

Investors remain most bullish on the US, whilst Asia turns up

- With China and Japan seeing the strongest increase in outlook

European sentiment turns more downbeat, as conflict rages

- Europe now least favoured market, as geopolitical risk increases, and UK remains out-of-favour despite better recent performance



Source: etoro on Opinium survey data

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What invest in: diversifying out of broad 'tech'

Commodities and cheaper cyclicals are the focus

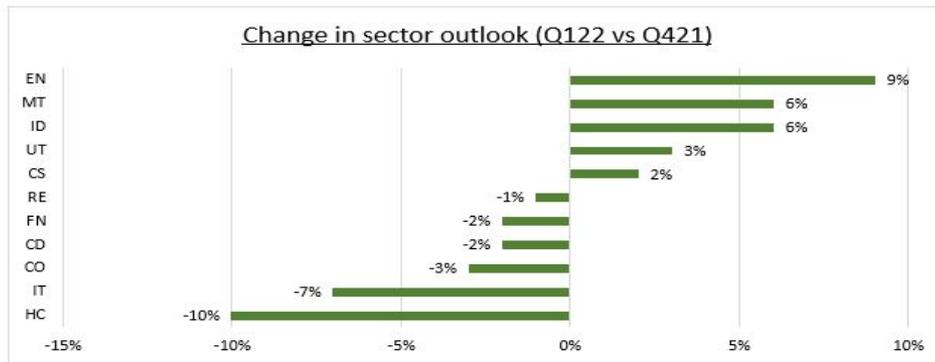
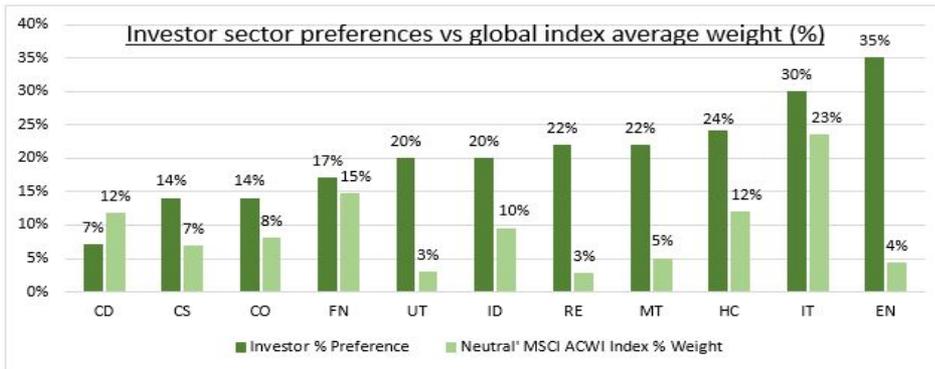
- ❑ The **energy sector** has risen to be the most popular among DIY investors, despite its overall small size
- ❑ Investors also been adding to **commodity-focused and cyclical sectors**, such as materials and industrials

Rising inflation and recession risks boosting traditional 'defensives'

- ❑ DIY investors are also adding to traditionally defensive sectors, with more stable cash flows, and protection against high inflation.
- ❑ Allocations to **utilities, consumer staples, real estate** on the rise.

Technology become less popular as interest rates and bond yields risen

- ❑ The tech sector has fallen to become **only the 2nd best owned sector**. It has been hurt this year as its high valuations have made vulnerable to the impact of rising interest rates and bond yields.
- ❑ Allocations also falling to related communications and consumer discretionary in **broad move away from 'tech'**.
- ❑ The tech-heavy Dutch market is the only exception, where IT still the most favoured sector (and US close).



Source: etoro on Opinium survey data

CD=Consumer Discretionary, CS=Consumer Staples, ID=Industrials, UT=Utilities, MT=Materials, CO=Communications, FN=Financials, RE=Real Estate, EN=Energy, HC=Healthcare, IT=Information Technology. * MSCI All Country World Index sector weights

What invest in: crypto now 2nd most-owned asset class

Crypto assets make up an average 31% of investors portfolios

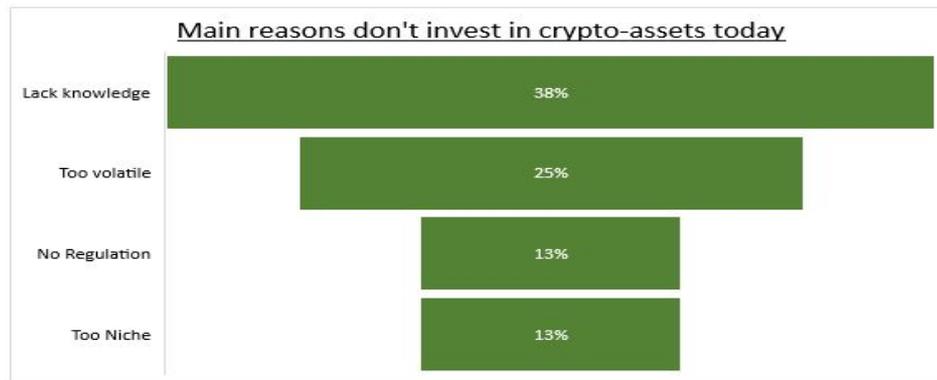
- ❑ Crypto is now the 2nd most widely owned asset class, after domestic equities
- ❑ Ranges from 26% in Germany to 40% in the Netherlands

'Don't know' remains the most popular crypto coin

- ❑ Bitcoin (39%) and Ether (19%) are seen as best crypto investments in coming months, as **'alt-coin' popularity eases back**
- ❑ **'Don't know'** remains the 'most popular' crypto asset among respondents, reflecting the need for continued education

Anatomy of the average crypto asset investor

- ❑ **Reasons for investing**, led by who those see as a transformative technology (28%), followed by 'speculative asset', 'store of value', and an 'inflation hedge'.
- ❑ Main **reasons not to invest** are a lack of knowledge on crypto (38%), the high price volatility, and the current lack of regulation. Means global regulation moves could support adoption.



Source: etoro on Opinium survey data

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What invest in: clean tech leads thematic investing boom

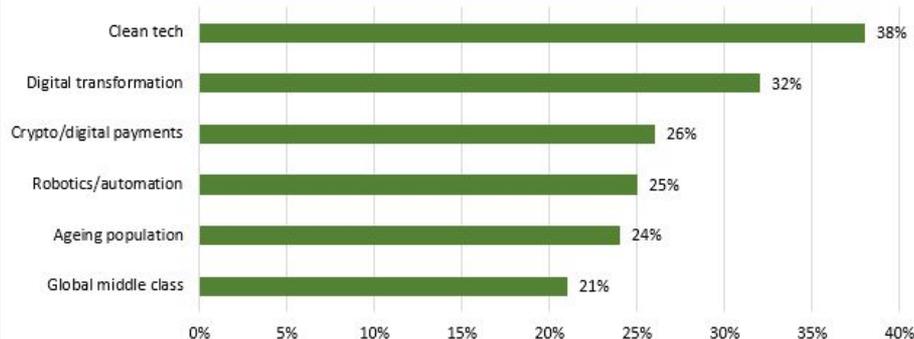
Thematic investing is popular. 79% of investors are considering it

- ❑ Compares to thematic investing accounting for only 3% of equity mutual fund assets under management today, or \$800 billion
- ❑ See eToro thematic [Smart Portfolios](#). From EV's to vaccines

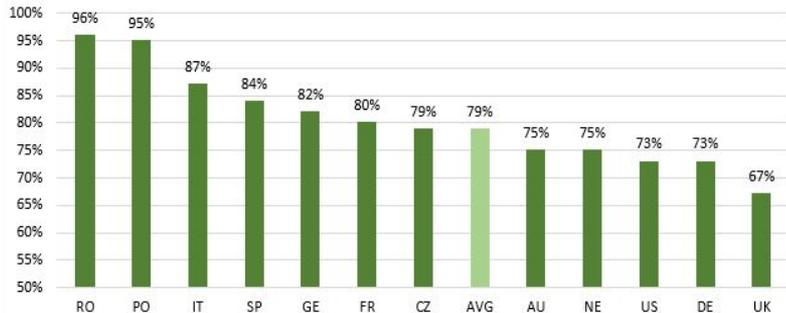
'Clean tech' themes most popular, followed by digital transformation

- ❑ COP 26 conference and current 'energy crisis' driving interest
- ❑ Thematic investment is most popular in eastern europe
- ❑ Denmark, UK, and US are more cautious on themes

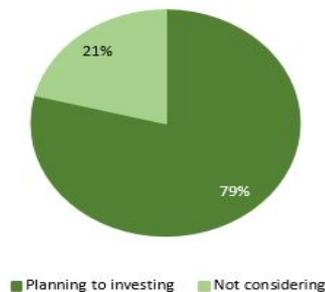
Favoured long term investment themes (% respondents)



Investors considering thematic investing (% respondents)



Investors views on thematic investing (% respondents)



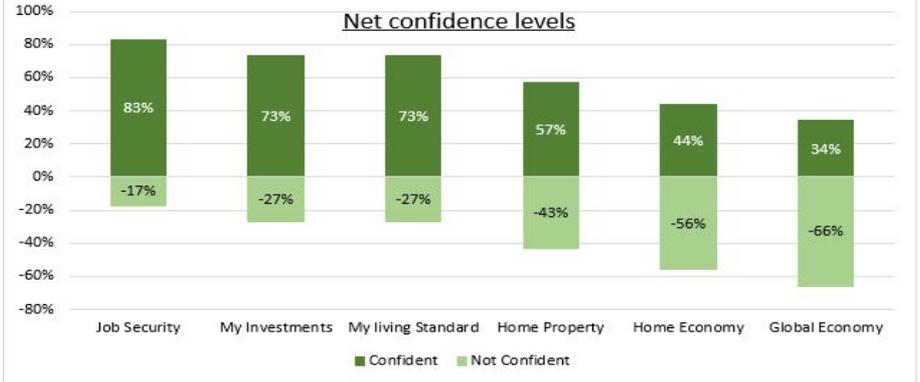
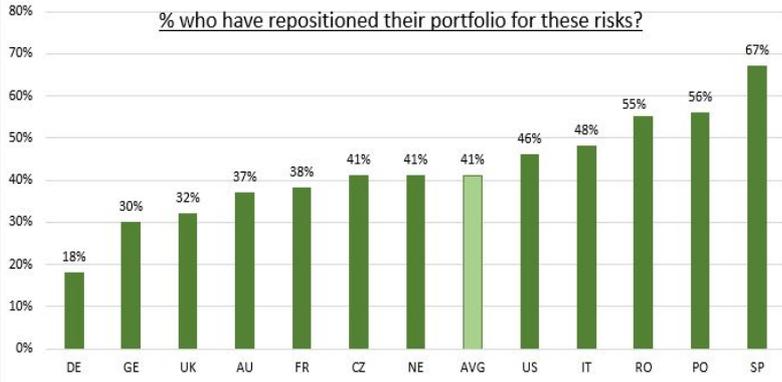
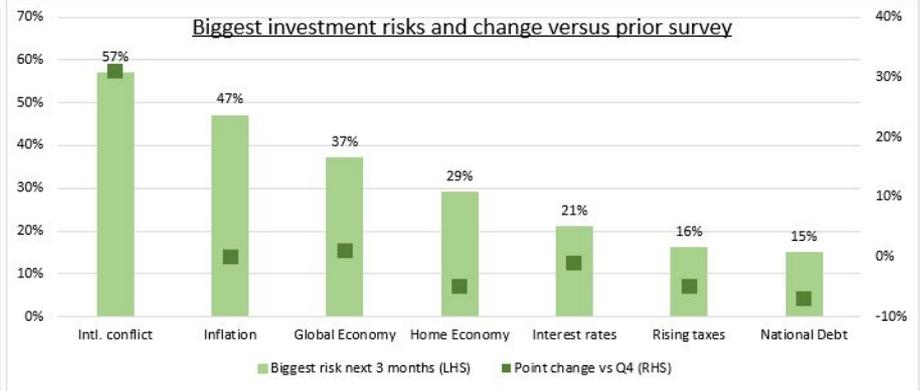
Retail concerns: DIY resilience to geopolitical risk surge

Geopolitics surges to become the greatest investor concern

- ❑ As part of a broader weakening in economic confidence
- ❑ Unsurprising with 'cost of living' crisis and rising interest rates
- ❑ But job security confidence high, with labour market tight

Despite risk environment, investors are comfortable with allocations

- ❑ Only 41% re-allocated portfolios, adding diversification or quality
- ❑ Whilst a high 73% remain confident in their investments



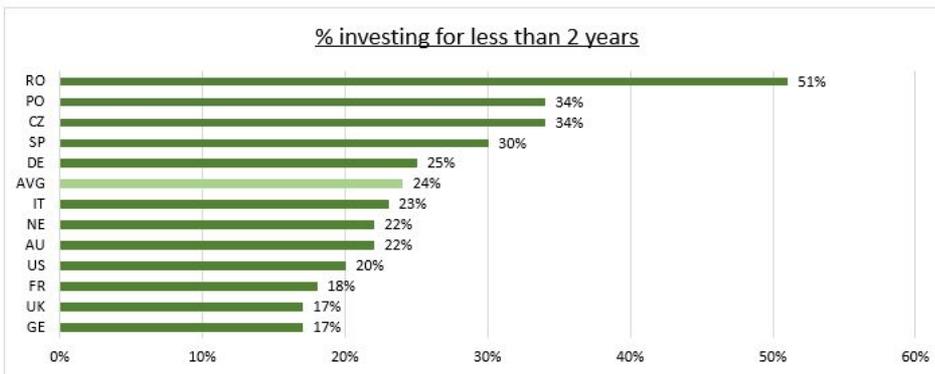
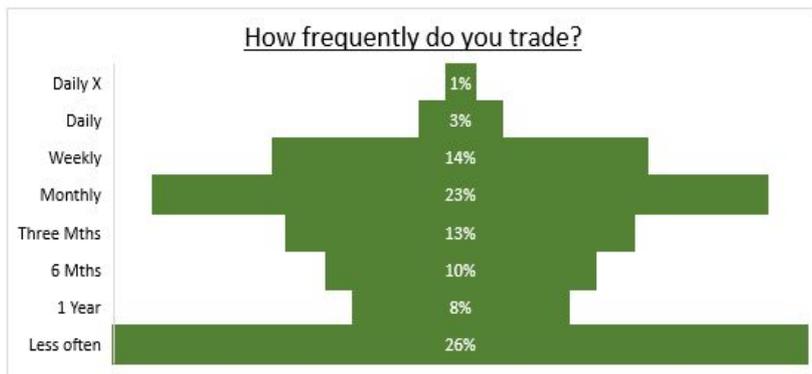
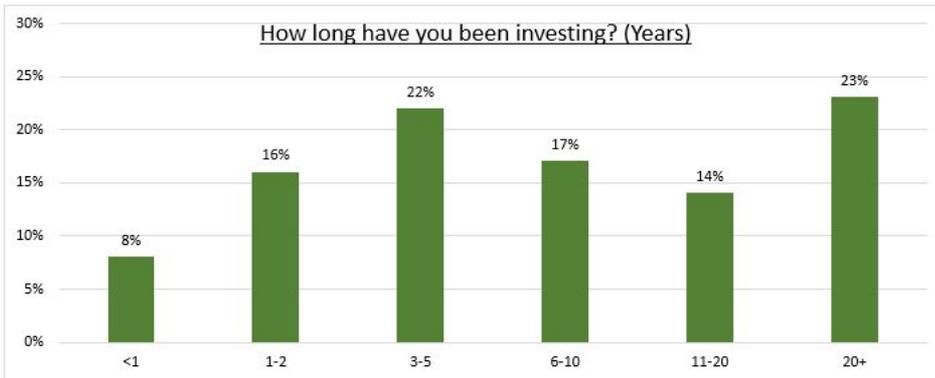
How retail invests 1: time investing, and how invest

Many investors are new to investing in recent years

- ❑ 24% have been investing **for under two years**
- ❑ Greatest percentage of 'new' investors is in **eastern europe**

DIY investors are closely tracking investments, but not-over trading

- ❑ **Only 4% investors trade daily.** 26% do not trade once a year
- ❑ But they are monitoring. 30% daily and **84% at least monthly**



Source: etoro on Opinium survey data

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How retail invests 2: information sources, and what look for

Investors use a wide range of research sources to reach decisions

- ❑ Top sources were 'friends and family' and traditional media

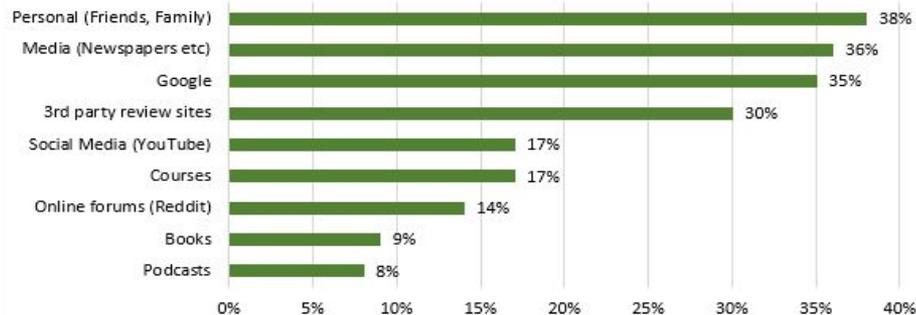
Social media and online site research leads amongst the younger

- ❑ 55% younger investors now use social media for research

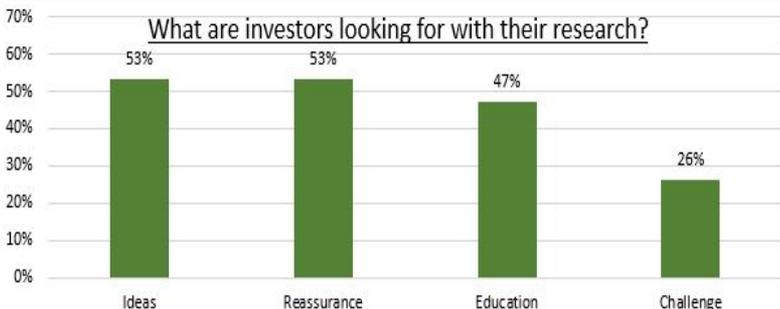
Investors looking for investment ideas, reassurance, and education

- ❑ But less likely for opposing views

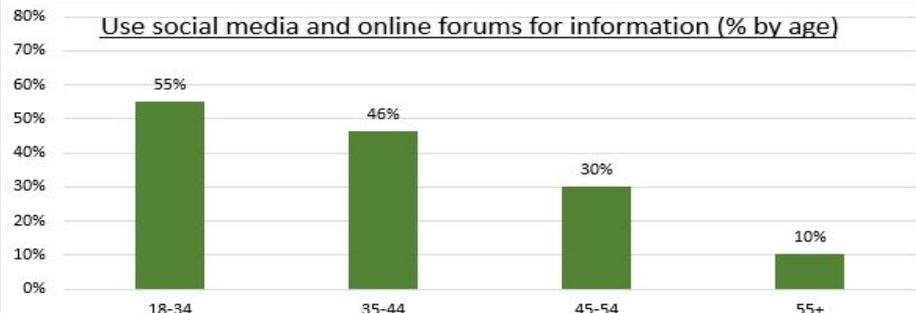
What information do you use to reach investment decisions?



What are investors looking for with their research?



Use social media and online forums for information (% by age)



Source: etoro on Opinium survey data

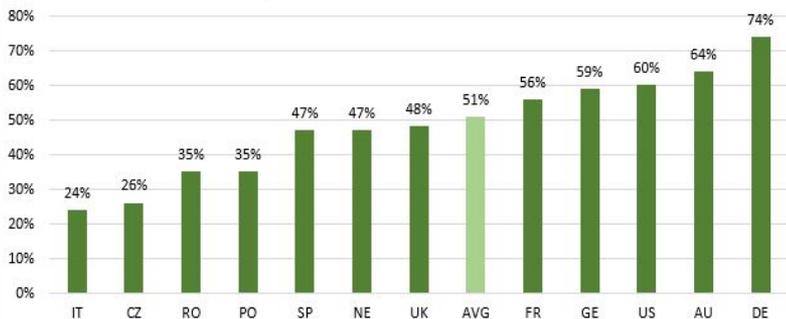
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Focus 1: home is where the heart is

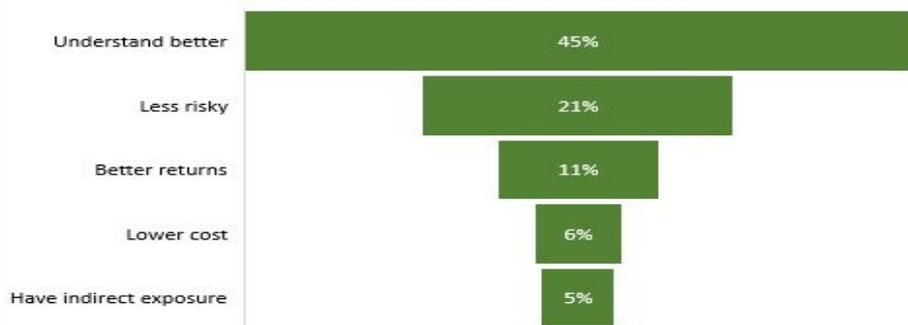
Investors focused on domestic equities, despite diversification needs

- Investors have a **big focus** on their own domestic equity market. Denmark and Australia leads this, whilst Italy is most diversified
- This **'home' preference** is driven by better market understanding (45%), a perceived lower risk, and perceived better returns
- Those **investing abroad** are seeking more diversification (35%), better returns, and more attractive markets.
- Those seeing more attractive overseas markets are focused in Poland (24%), Italy, Czech, France, and Romania

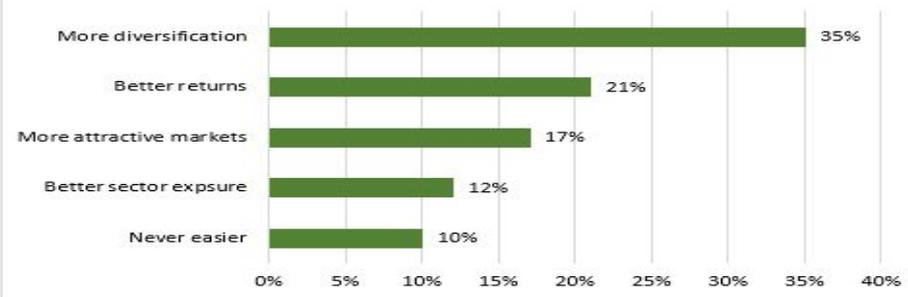
Domestic equity market 'home bias' (% currently invested in)



Why I prefer domestic equities?



Biggest reason for investing abroad?



Source: etoro on Opinium survey data

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Focus 2: the future is young

The number of young investors has surged

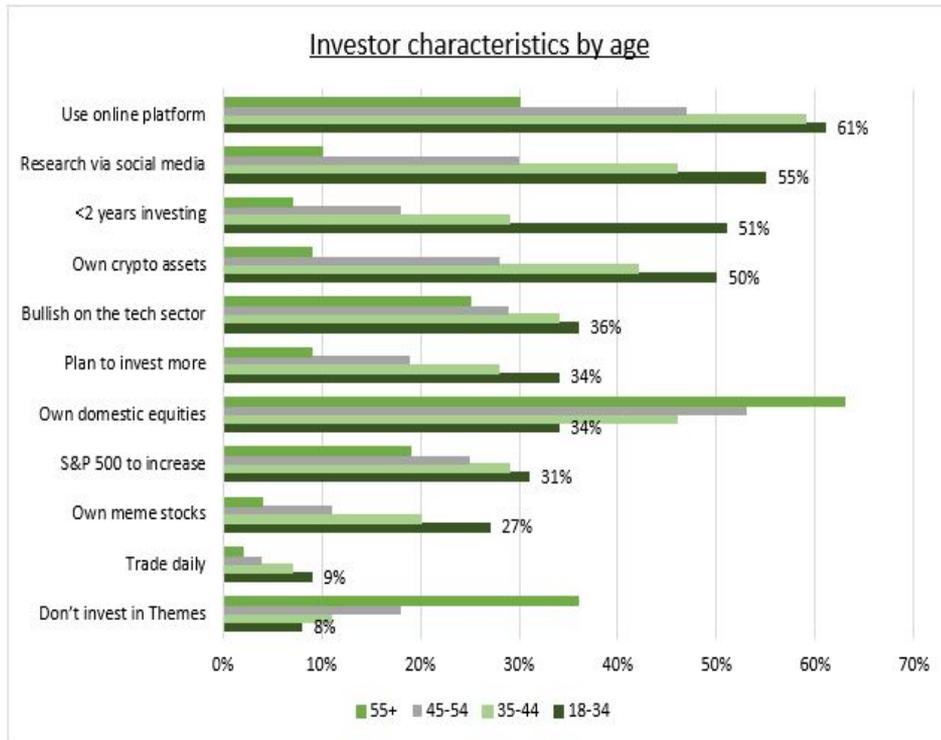
- ❑ Investors are starting earlier, and planning to invest more. This gives a **greater chance of building significant capital** in the long term. 51% of those aged 18-34 have been investing for two years or less
- ❑ A net 34% of 18-34's plan to invest more. The most of any age group

They own a broader mix of generally higher risk assets

- ❑ Allocations are generally higher risk, **given the greater time to retirement**. They are also more broadly diversified across different assets. 50% own crypto assets. 27% meme stocks. 34% domestic equities. 36% are bullish the technology sector

They also invest differently from older cohorts

- ❑ 92% invest in themes
- ❑ 61% invest using an online platform
- ❑ 55% do their research on social media
- ❑ 9% trade in their portfolio daily



Source: etoro on Opinium survey data

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Focus 3: the future is female

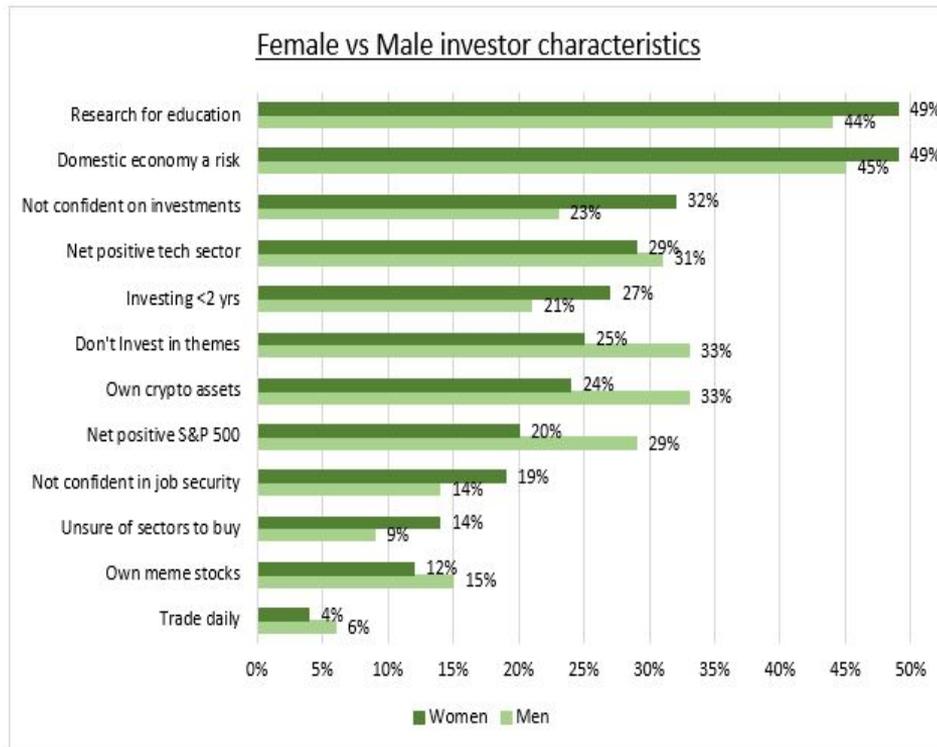
Rise of the female investor is large and under-appreciated

- ❑ Female investors are growing quickly. **27% are new to investing** vs 21% men. Women already dominate family financial decisions, and this is now spreading to investment decisions
- ❑ Two-thirds of women now invest outside of their retirement accounts (Fidelity) and **\$30 trillion asset to shift to women** by end of decade (McKinsey)

Women invest somewhat differently (and better) to men

Studies show women are better savers and generate investment returns

- ❑ **Trade less frequently and look longer term.** Only 4% trade daily. Are less concerned about near term corrections
- ❑ **Have a lower risk appetite.** More cautious on market outlook, key sectors such as technology or more volatile assets like crypto
- ❑ **Exhibit less confidence.** Greater proportion not confident in there investments, and more unsure about the assets to invest in
- ❑ **Have different priorities.** Prioritise education over investment ideas. Invest more thematically.



Source: etoro on Opinium survey data

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Survey: the Q1 details

8,500 self-directed investors in 12 countries, answering 25 questions

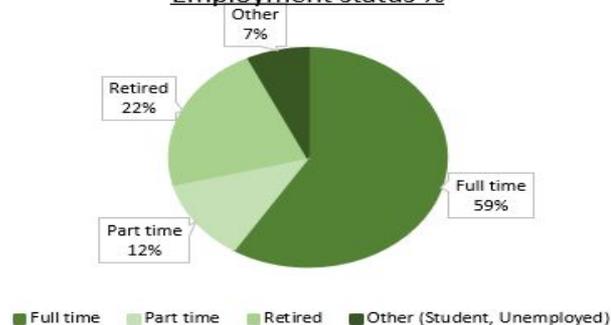
Interviews: 1,000 investors US, UK, Australia, Germany, France. 500 in others

Countries: US, UK, Australia, Germany, France, Italy, Spain, Netherlands, Denmark, Poland, Romania, Czech Republic

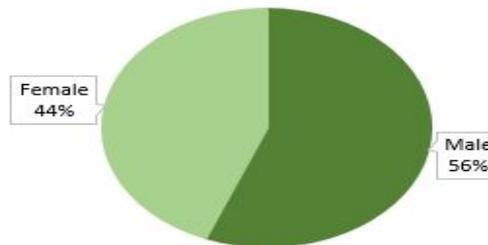
Field Dates: March 10-23, 2022

Company: Opinium

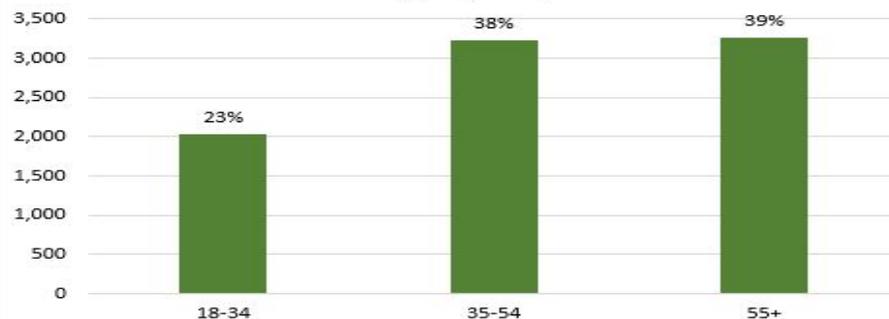
Employment status %



Gender split %



Age split %



Source: etoro on Opinium survey data. *Unemployed, Student, Other