RETAIL INVESTOR BEAT

JUNE 2023

FIVE HIGHLIGHTS FROM Q2 2023 SURVEY

We spotlight five key takeaways from our latest quarterly survey of self-directed investors across the world. They are worried about recession, leaning against the bull market narrative, and being contrarian. There are also now more of them, they are investing for the long term, but every country is different!

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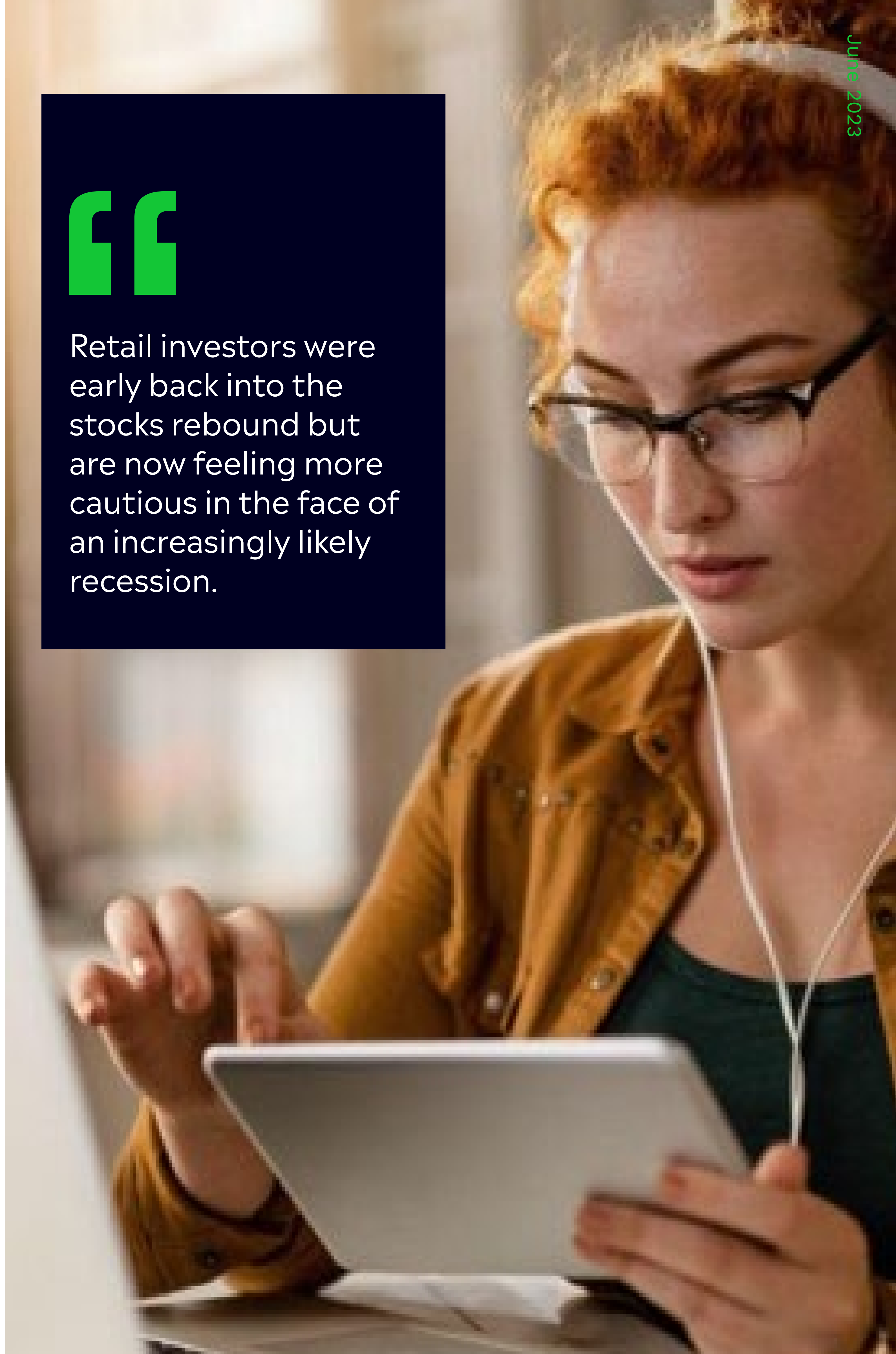


> Retail investors were early back into the stocks rebound but are now feeling more cautious in the face of an increasingly likely recession.

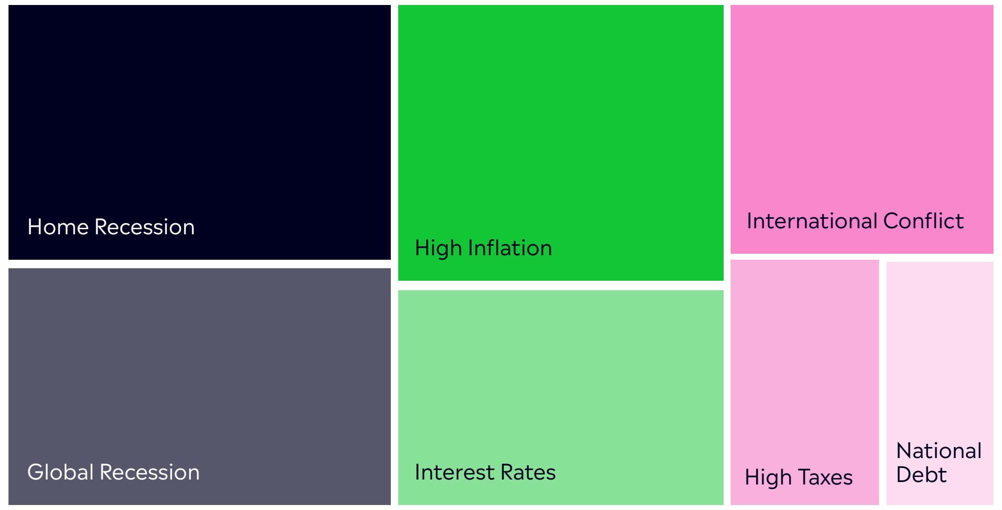
1

“IT’S THE **ECONOMY**, STUPID” AS RECESSION FEARS AHEAD OF INFLATION

Investors’ concerns on a home market economic slowdown have soared to become the biggest perceived risk to portfolios. Economies have so far largely avoided recession, even as interest rates have surged globally to combat inflation. This resilience has been a big part of the stocks rally this year but retail investors are now bracing for a coming slowdown. This has come even as investor concerns on inflation and geopolitics have plunged.

All five Retail Investor Beat confidence metrics fell quarter-on-quarter, with the number of investors feeling confident about their portfolio, the global economy, and their domestic economy all down by five percentage points (to 71%, 40% and 45% respectively).

The threat of a home market recession surged to become the biggest perceived risk amongst global retail investors (18%), while far fewer saw inflation as the top risk (17%), or international conflict (12%).



Biggest 12 month risks

2

RETAIL INVESTORS ARE CONTRARIAN AND LEANING AGAINST THE BULL MARKET **NARRATIVE**

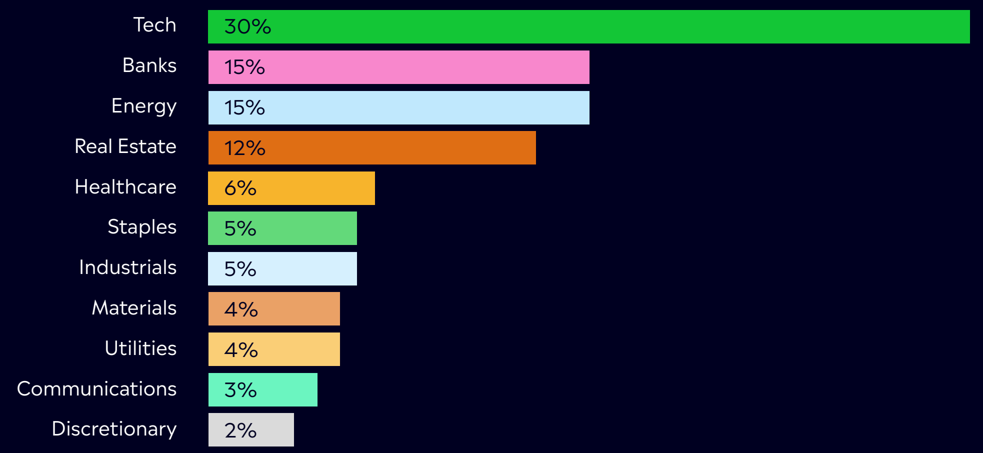
Retail investors were early back into the stocks rebound from the October low but are now being contrarian again, and turning more cautious, with just one in ten (11%) believing we have entered a new bull market. s have plunged.

They are running a two-pronged ‘barbell strategy’ of still-riding the tech winners whilst looking to scoop up some of the commodity and bank stock laggards. When asked what sector they would most likely invest in for the remainder of 2023, tech was chosen by 30% of investors. But the underperforming and cheaper ‘real-economy’ sectors such as banks (15%), energy (15%), and real estate (12%) were also popular.

Equally, retail investors are still positive on some of the markets which have struggled in recent months, with the UK (15%) and emerging markets (15%) still popular.

While sentiment has dropped, many retail investors are still backing global markets by a factor of 3-to-1. Over the last three months, 31% increased the amount of money they regularly contribute to their portfolio while just 12% scaled back their contributions. The picture is similar over the next three months, with 31% planning to up contributions while only 11% say they will reduce them.

Sector Preferences (Next 12 Months)

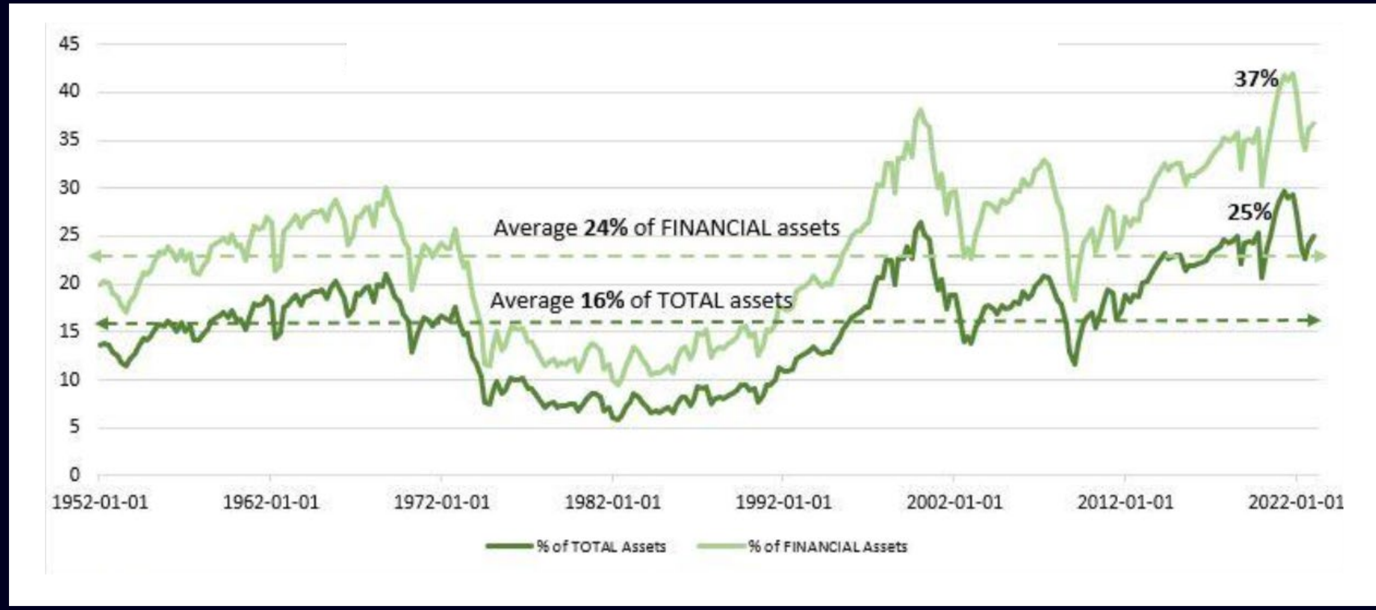


3 THE NUMBER OF SELF-DIRECTED INVESTORS CONTINUES TO GROW **STRONGLY**

Retail investors are increasingly important drivers of global stock markets.

And the retail investor community continues to grow, through the thick and thin of markets. Our survey shows that 23% of retail investors are new to markets in just the past two years, and they are taking it seriously. Only 12% do it for fun, whilst they are much more likely to be looking to build long term financial security (47%), supplement their income (36%), and build a retirement fund (35%).

Stocks are the most common first investment (by 34%), followed by bonds and crypto (both 14%), though crypto is a more popular first investment among younger investors. their portfolio while just 12% scaled back their contributions. The picture is similar over the next three months, with 31% planning to up contributions while only 11% say they will reduce them.



The proportion of US household assets in equities (% of total)

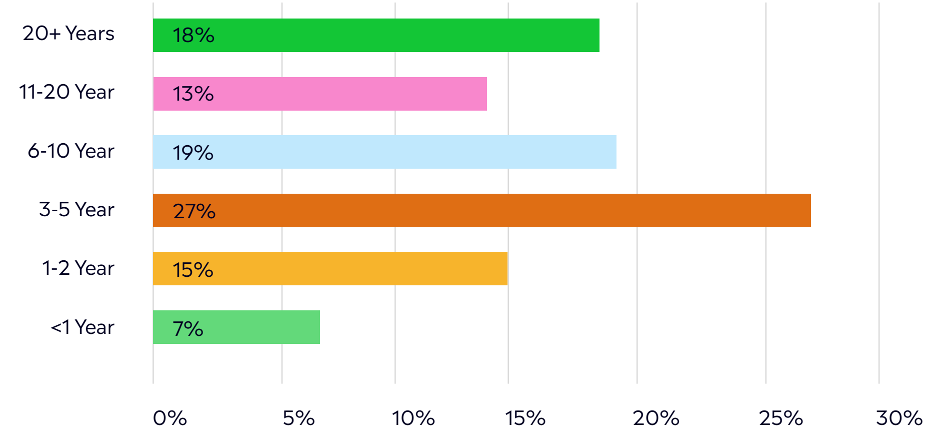
4 THEY ARE YOUNGER, TECH SAVVY, AND INVESTING FOR THE **LONG TERM**

The average retail investor today is 33 years old. This is significantly younger than the median population age that is nearer 40. Time in the market is key to the ability to compound gains over time. US investors are the most experienced, with 46% investing for over a decade, and Romanians the least (6%).

One in four (24%) people manage their investments through their mobile, and 44% via their computer. The younger you are the more likely to use your mobile, unsurprisingly. Only a combined 5% do so over the phone or by post, whilst 25% use the help of a financial advisor.

One positive trend is that - despite the recent performance of markets - 45% of people believe they are on track to achieve their main investing goals versus 12% who don't. This is highest in the US, Poland, and Australia. Unsurprisingly higher earners are also far more confident they are on track to meet goals, whilst men (48%) are somewhat more confident than women (42%).

How long have you been investing?



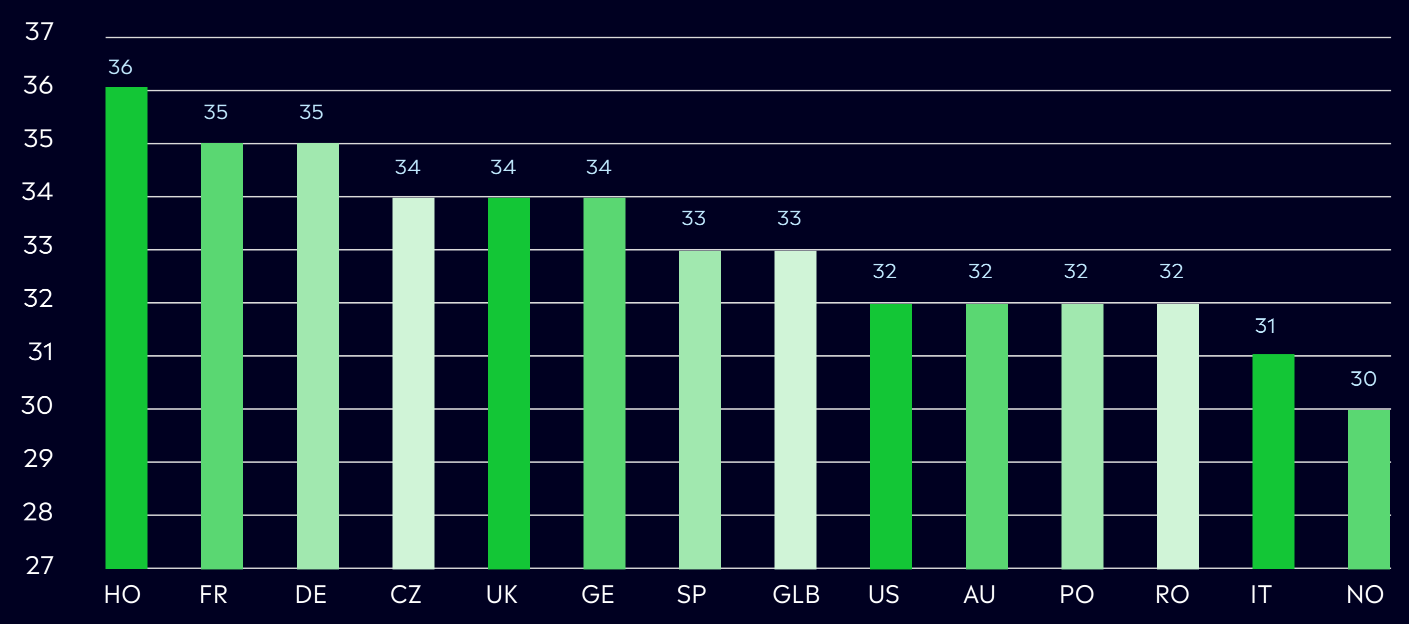
5 ONE SIZE DOES NOT FIT ALL, WITH COUNTRY DIFFERENCES SIGNIFICANT

Our survey stretches from the US to Australia and across Europe, highlighting the often dramatic country differences. Romanians are the most ‘serious’ investors with only 3% investing for ‘fun’ compared to 29% of Dutch investors. 45% of Norwegians manage their investments on their mobile, versus only 16% of Poles. 32% of Italians made their first ever investment in bonds, more than double the global average, whilst 48% of Australians bought stocks, the highest proportion in the world.

The Dutch are the most confident in their investments (87%) and have the greatest proportion (16%) thinking the next bull market has already started. Meanwhile the Spanish (61%) are the least confident in their investments, and the US is not far behind (64%). It is the country with the most experienced investors, with 46% in the markets for over ten years. The greatest perceived risks vary significantly by country, from inflation in the UK (23%), to a local recession in Germany (28%), and to interest rates in Denmark (23%).

Germans (35%) are surprisingly the most bullish on tech stocks, the world’s largest sector, even ahead of the US (34%) and Czechs (34%). Whilst the French (20%) are the most cautious. In France tech only narrowly beats out real estate (19%) as the favoured sector. Italians are the commodity bulls, with 23% preferring energy and materials.

Age of first investment (Median, Years)



ABOUT THE GLOBAL RIB SURVEY

The Retail Investor Beat was based on a survey of 10,000 retail investors across 13 countries and 3 continents. The following countries had 1,000 respondents: UK, US, Germany, France, Australia, Italy, and Spain. The following countries had 500 respondents: Netherlands, Denmark, Norway, Poland, Romania, and the Czech Republic.

The survey was conducted from 2nd of June to 14th of June 2023 and carried out by research company Opinium. Retail investors were defined as self-directed or advised and had to hold at least one investment product including shares, bonds, funds, investment ISAs or equivalent.

Get in touch

If you would like to speak with Ben Laidler or to find out more about eToro's Retail Investor Beat you can contact eToro's PR team on **pr@etoro.com.**