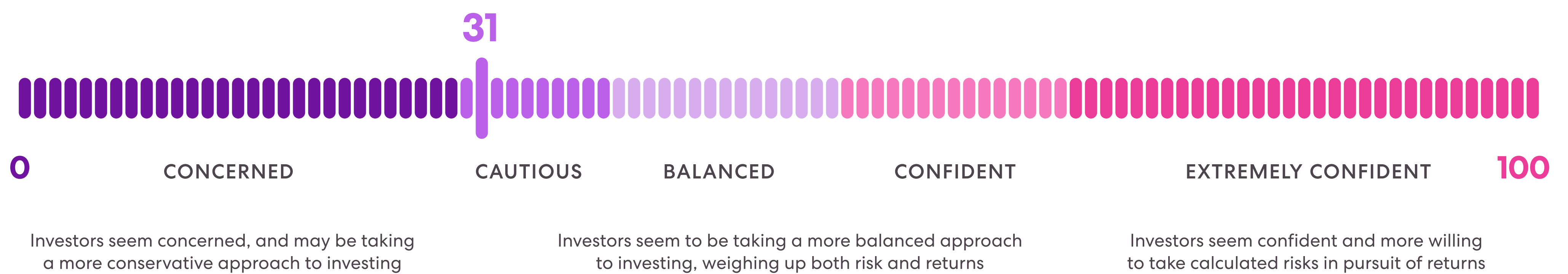


Sharesies Index

How confident are retail investors feeling in the current market?



SUMMARY

- This quarter saw periods of intense volatility and a lot of market uncertainty, driven by anticipation around US Federal Reserve interest rate changes, plus the official cash rate easing in New Zealand, and upcoming US elections. This mood is reflected in the Sharesies Index, which fell this quarter, **to end at 31 in the cautious range**.
- The decline, while gradual across July and August, was more pronounced in September—historically a challenging month for markets. It also repeats a pattern whereby the Index reverted to the cautious range in September for the last two years.
- But while feeling cautious, investors showed resilience, growing their investments by maintaining a net buy preference and **deposits hitting the second highest month ever**. Deposits were twice as high as withdrawals at quarter end, suggesting investors may be looking to prepare for future investing.
- As seen historically in periods of volatility, **there was a move away from investing in companies** and a shift to more diversified exchange traded funds (ETFs). The Percentage Invested in Companies (PIC) fell to the lowest average since mid-2022.

WHAT IS THE SHARESIES INDEX?

We developed the Sharesies Index to gauge how retail investors in Australia and New Zealand may be feeling about investing and their wealth, to indicate where the mood is trending.

We aggregate anonymised data from across Sharesies to produce the Sharesies Index and rank aggregated investor confidence on a scale from 0 (concerned) to 100 (extremely confident).

With over 700,000 investors on Sharesies, we have one of the largest datasets in New Zealand from which to gather retail investor insights.

Key inputs to the Sharesies Index include the ratios of buying and selling of shares, deposits and withdrawals to Save and Invest accounts, investing in companies versus funds, average amount bought per customer and the volatility of the 'Sharesies Bundle' (the 50 most owned investments on Sharesies).

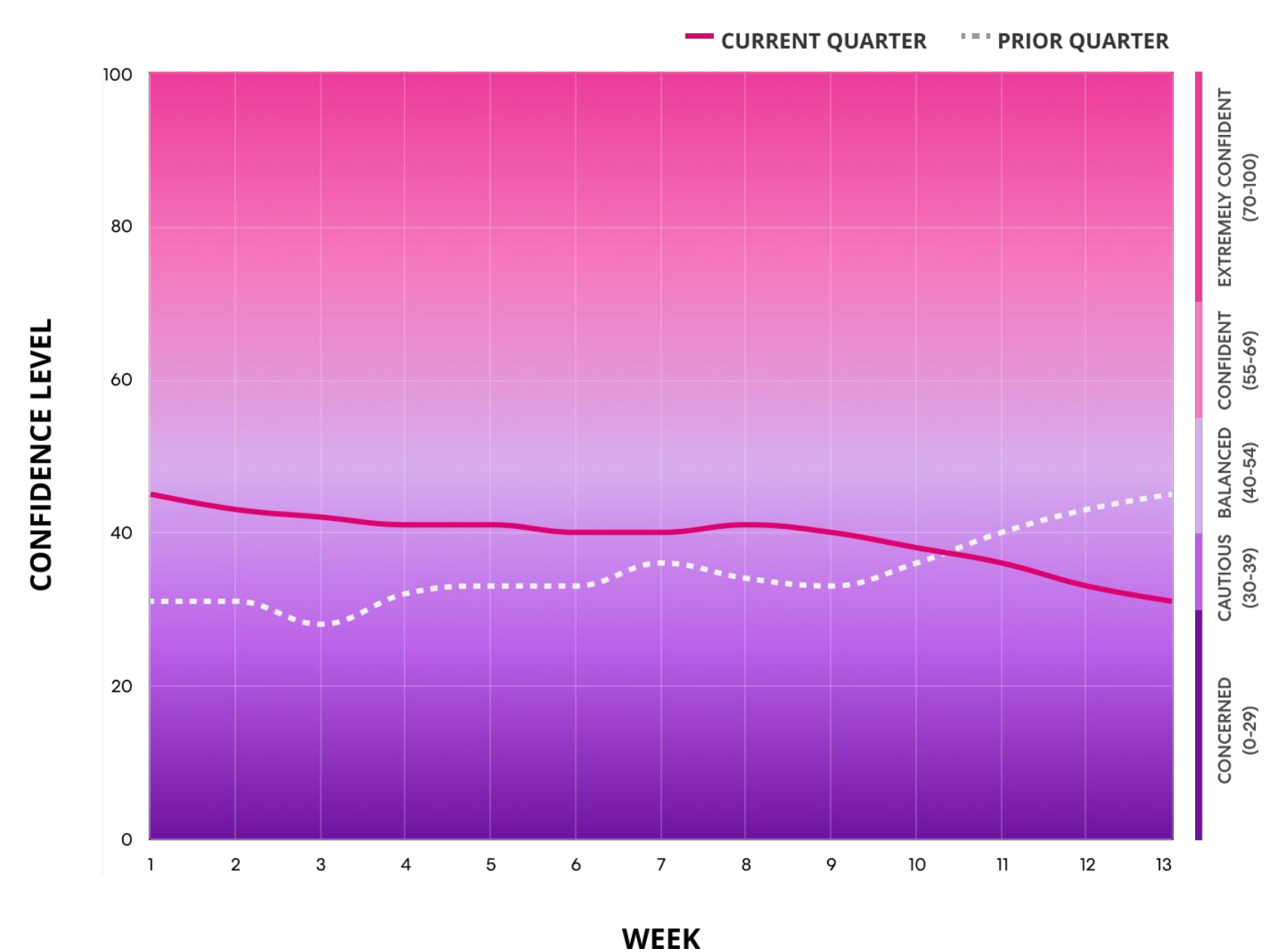
The Sharesies Index is updated and released every three months in line with the financial quarter.

QUARTERLY INDEX RESULTS

July 2024 - September 2024

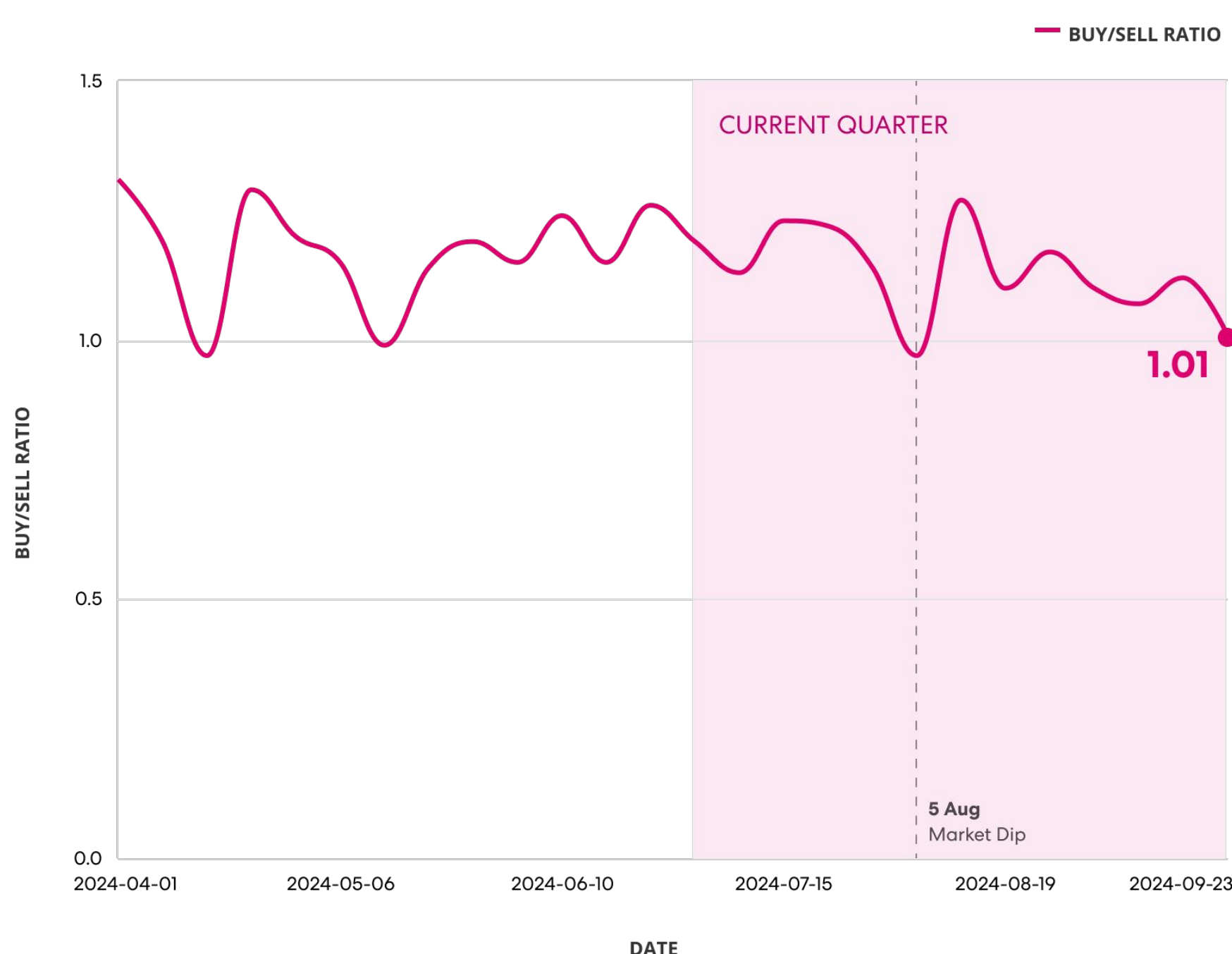
After finishing last quarter in the balanced range at 45, this quarter saw the Sharesies Index decline gradually, to end at 31 in the cautious range. However, the Index remained in the balanced range through July, and even bounced back up following the market dip in August—a marker of strong resilience. But prolonged volatility and uncertainty driven by the upcoming US elections and Fed rate changes may be behind the decline seen into September. September is a historically challenging month for markets, and the Index has dropped from balanced into the cautious range in the previous two Septembers.

Even with more cautious sentiment, investors continued to show resilience as demonstrated with continued net buying and a strong deposit flow.



Key Indicators

What are the indicators that underpin the Sharesies Index?



NET BUY/SELL RATIO

This quarter, the Net Buy/Sell Ratio ratio averaged 1.13, indicating more buying than selling, although slightly less than the 1.17 recorded last quarter. Despite the market dip on 5 August which caused a slide to 0.97, the ratio rebounded to 1.26 the following week. From early September, the ratio slowly declined to end the month at 1.01. Continued net buying across the quarter indicates that although investors are feeling cautious, they are not widely selling down their positions.

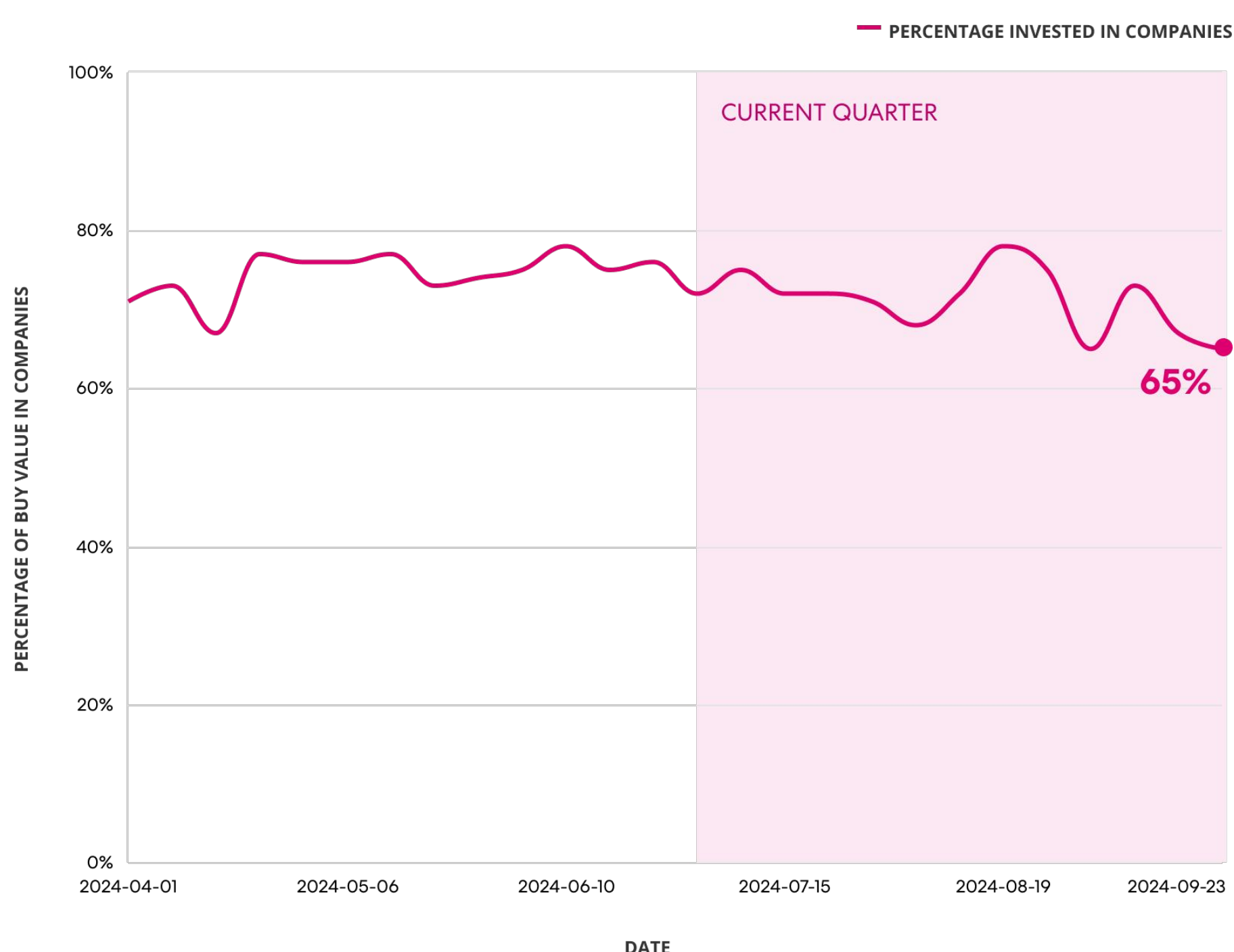
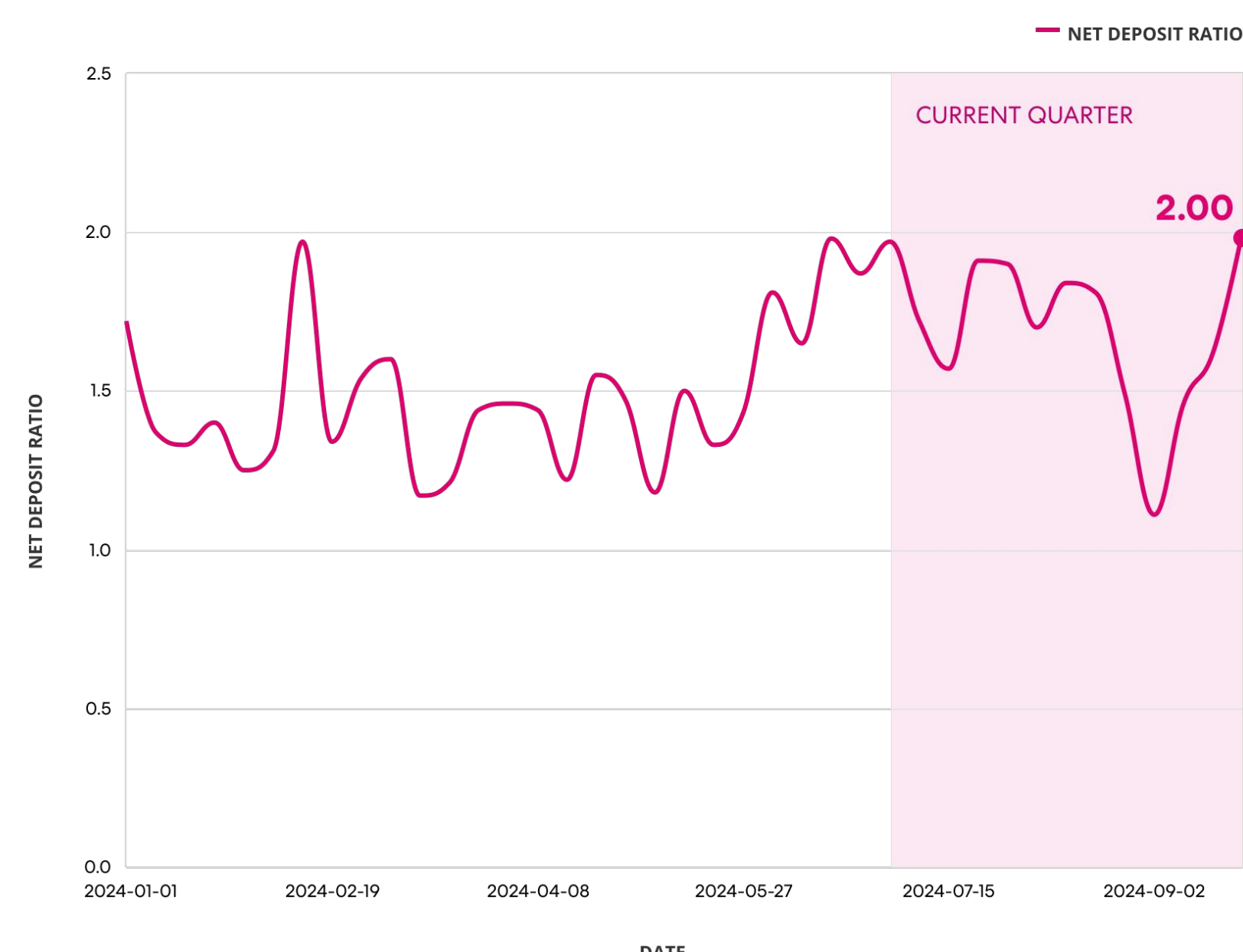
The Net Buy/Sell Ratio is the difference between the total buying and selling values on Sharesies. A Net Buy/Sell Ratio greater than one is when buying outstrips selling and generally is an indicator of confidence. Conversely, a Net Buy/Sell Ratio of less than one may indicate more concern if coupled with other indicators such as withdrawals.

NET DEPOSIT RATIO

The Net Deposit Ratio, with an average of 1.7, was the highest quarterly average since mid-2022. Deposits soared through August, hitting the second highest month ever. And while withdrawals were also up slightly, these didn't keep pace with deposits, which resulted in a strong Net Deposit Ratio for the quarter.

The official cash rate easing in New Zealand by 0.25% in mid-August may have led to investors reassessing where they allocate their wealth. This is reflected in the net amount flowing into Save declining in the later half of the quarter, driving the lower Net Deposit Ratio in September. That said, it did pick back up at the end of the month, finishing the quarter at 2.0 which may indicate investors are positioning themselves to invest back into the market.

The Net Deposit Ratio measures the flow of funds into and out of Sharesies for our Invest and Save products. It is the difference between the total amount deposited and the total amount withdrawn. Historically, a higher Net Deposit Ratio has indicated higher levels of investor confidence.



PERCENTAGE INVESTED IN COMPANIES (PIC)

The Percentage Invested in Companies (PIC) averaged 71% this quarter, the lowest average since mid-2022 when there was a bear market and elevated volatility. The month of September saw the lowest percentage invested across the quarter, ending at just 65%. This is likely due to the high volatility of widely held instruments, making investments such as ETFs or funds more appealing—these tend to be less volatile and also offer increased diversification.

The PIC refers to the percentage of investing that goes into individual companies versus investment funds (managed funds and exchange traded funds). A higher PIC may indicate higher confidence, with investors prepared to take a risk on their company picks, whereas, in periods of lower confidence, investors tend to seek more diversification using funds.

Sharesies Bundle

The Sharesies Bundle looks at the 50 most-owned instruments on Sharesies. We look at the percentage that each instrument represents within our investors' portfolios to produce an aggregated percentage and ranking for the Bundle across all Sharesies investors. We use this approach to identify the investments that have the most widespread popularity across our Sharesies investor community.

The Bundle is updated each quarter, as some instruments grow and others fall in relative popularity. The top ranked instruments, split by companies and ETFs/Funds, are shown below.

TOP 5 COMPANIES across the Sharesies Bundle

AIR NEW ZEALAND LTD	Bundle rank: 1
TESLA INC	Bundle rank: 3
NVIDIA CORP	Bundle rank: 5
APPLE INC	Bundle rank: 7
ROCKET LAB USA INC	Bundle rank: 11

The rankings of our top companies saw little change, except for Rocket Lab, which entered the top five companies, pushing Auckland International Airport Limited to sixth place. This shift is due to Rocket Lab's strong share price growth, specifically at the end of September. Rocket Lab also features in our Top Movers, after climbing four positions in the Bundle over the quarter.

TOP 5 FUNDS across the Sharesies Bundle

SMART US 500 ETF	Bundle rank: 2
PATHFINDER GLOBAL RESPONSIBILITY FUND	Bundle rank: 4
SMART NZ TOP 50 ETF	Bundle rank: 6
VANGUARD 500 INDEX FUND ETF	Bundle rank: 8
PATHFINDER GLOBAL WATER FUND	Bundle rank: 9

The top ETFs and funds on the platform remained consistent again this quarter. These instruments are typically used to dollar-cost-average (regular deposits, no matter market conditions), often through our auto-invest feature. These also tend to be consistent holdings that stay in investor's portfolios for longer periods.

● COMPANY ● ETF ● MANAGED FUND

TOP MOVERS Instruments that moved up the Bundle

VANGUARD S&P 500 GROWTH ETF	▲ 16 Rank: 47
SMART AUSTRALIAN TOP 20 ETF	▲ 5 Rank: 27
ISHARES S&P 500 ETF AUD	▲ 5 Rank: 36
VANGUARD AUSTRALIAN SHARES INDEX ETF	▲ 4 Rank: 31
ROCKET LAB USA INC	▲ 4 Rank: 11

ETFs dominated the top movers this quarter, consistent with the trend of a declining percentage of investment into companies. Australian ETFs in particular showed strong gains, with three of the top five movers having Australian assets or AUD currency. Rocket Lab is the exception here which saw strong share price growth of 115% over the quarter.

TOP SHAKERS Instruments that moved down the Bundle

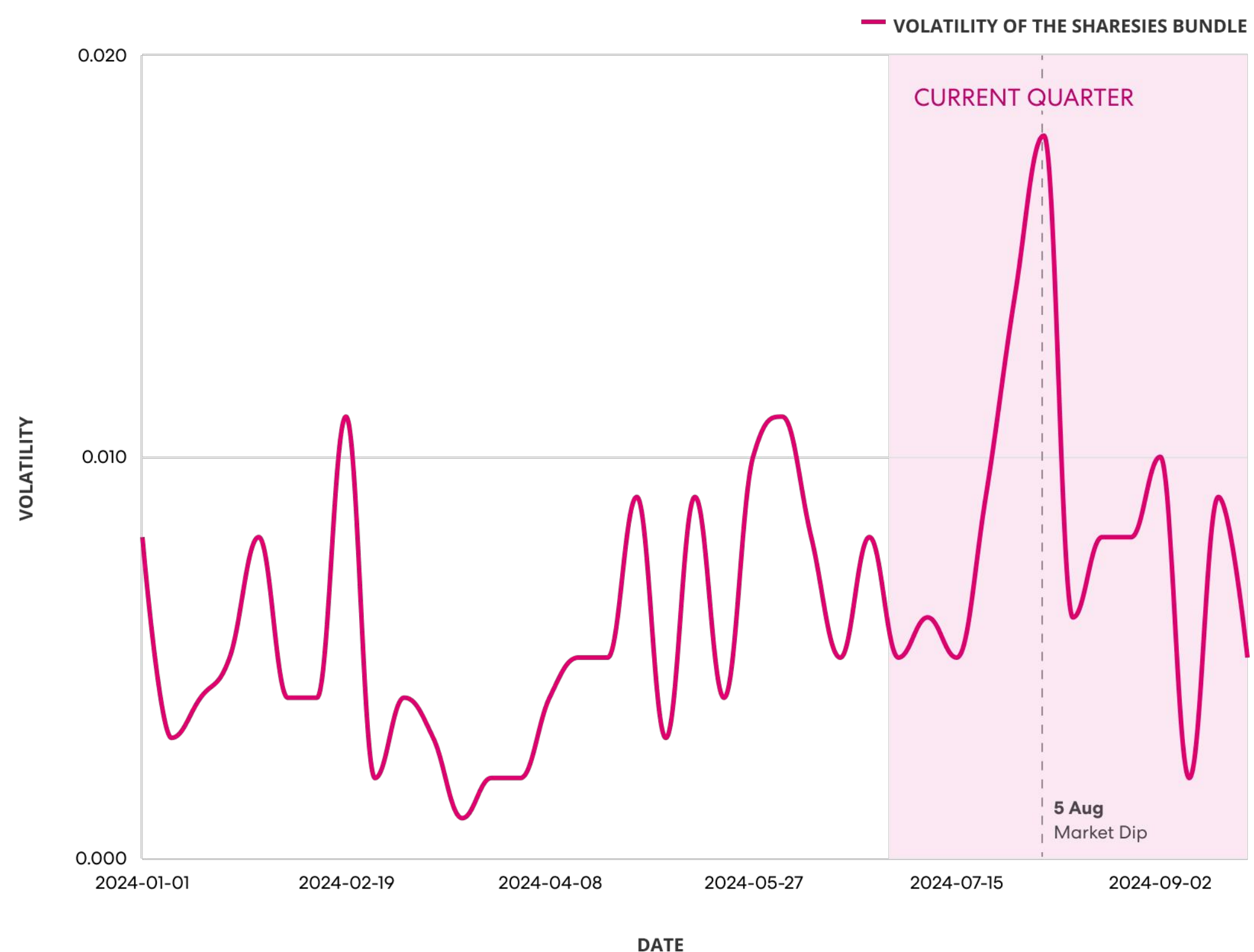
GAMESTOP CORP	▼ 7 Rank: 34
NZ WINDFARMS LTD	▼ 6 Rank: 40
A2 MILK COMPANY LTD	▼ 4 Rank: 22
MAINFREIGHT LTD	▼ 4 Rank: 20
SPARK NEW ZEALAND LTD	▼ 4 Rank: 18

GameStop has dropped back down the bundle after last quarter's brief resurgence. The other instruments which saw declines were all NZX companies. These are not keeping pace with the continued high growth of US companies and the increasing investment into ETFs and funds over individual companies.

VOLATILITY OF SHARESIES BUNDLE

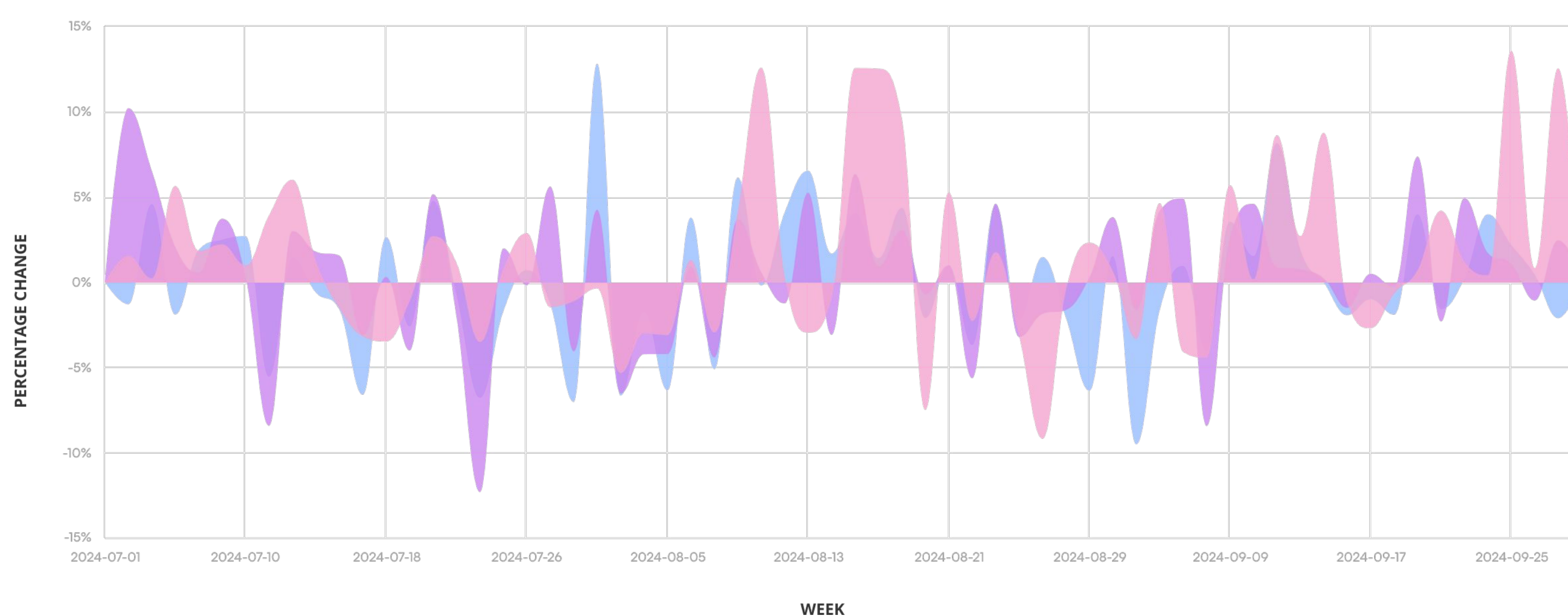
Volatility of the Sharesies Bundle rose again this quarter, averaging 0.008—the highest since early 2023. The increased volatility for the three months was even broader than the US market dip of 5 August, and excluding that week, the average volatility score was still up on previous quarters at 0.007. This ongoing volatility likely ties in with the lower percentage invested in companies, as investors feel cautious and turn toward what are traditionally less volatile investment types.

The volatility of the Sharesies Bundle measures the degree of fluctuation in price for each instrument in the Bundle which is then weighted and aggregated into the volatility score. When volatility is high, it means there is higher exposure to the risk of rapid price changes. Big fluctuations in instrument price can create feelings of uncertainty when observing large movements in portfolio value and dramatic changes in prices when making buying decisions.



WIDELY-HELD US TECH COMPANIES SAW THE HIGHEST PRICE VOLATILITY OF THE SHARESIES BUNDLE

DAILY PERCENTAGE CHANGE IN CLOSE PRICE OF ROCKET LAB, TESLA AND NVIDIA



PERCENTAGE CHANGE ACROSS QUARTER

- Rocket Lab ▲ 115%
- Tesla ▲ 24%
- NVIDIA ▼ -2%

During the last quarter, three of our top five companies in the Sharesies Bundle experienced significant price volatility, with each reacting in distinct ways to the market uncertainty.

For Rocket Lab this volatility came in the form of a rising price, which was up 115% across the quarter. Its price spanned a minimum of \$4.20 to a maximum of \$10.29, illustrating a substantial 145% range. More Sharesies' investors have been buying than selling, but the Net Buy/Sell Ratio was 0.63 across the quarter which indicates investors selling shares as the price increased to lock in gains. This differs from the overall data where we have seen higher volatility, while still maintaining a net buy preference. Even with a low Net Buy/Sell Ratio, investors are generally still sticking with Rocket Lab as seen by a 3% increase in investors holding this stock at the end of the quarter.

Tesla saw a surge in its share price of 24% across the quarter, but within the period this range varied 49% from the lowest to highest point. Similar to Rocket Lab, selling outpaced buys this quarter with a Net Buy/Sell Ratio of 0.91. September had the lowest ratio, at 0.83, which aligns with the broader percentage invested in companies metric (PIC) —the lowest this month.

NVIDIA showed a contrasting scenario. Despite making headlines with substantial price swings, NVIDIA did not maintain an upward trend, resulting in a 2% decrease in its share price across the quarter. The price for NVIDIA ranged between \$90.69 and \$136.15—a difference of 50%. Even with this volatility, Sharesies investors bought more than they sold, with a Net Buy/Sell Ratio for NVIDIA of 1.05. We also saw an increase of 18% in the number of investors holding NVIDIA at the end of September, compared to the start of the quarter

Methodology & Data

The Sharesies Index is a proprietary index which uses highly aggregated and anonymised data from activity we see across almost three quarters of a million investors that have joined Sharesies. Sharesies is a wealth development platform with the purpose of creating financial empowerment for everyone.

To build the Sharesies Index, we've selected a basket of indicators which we believe are correlated with investor confidence. We aggregate the indicators into a single metric using Principal Components Analysis (PCA). PCA is a statistical method which is commonly used to reduce the dimensionality of datasets. The Sharesies Index is based on the first principal component, which explains the majority of the movement in the underlying indicators. By using PCA, we hope to simplify the interpretation of complex data and create a more meaningful index that is designed to gauge how people may be feeling about investing.

The Index doesn't look into individuals' portfolio data, it does not involve surveying investors, and it does not disclose any data that could identify individual investors.

DATA SOURCES

Data is from both New Zealand and Australia across Sharesies' Invest and Save products. We do not include depositing or trading data from our KiwiSaver product in the Sharesies Index.

Net Buy/Sell Ratio

This is the difference between total buying and selling values on a weekly basis and includes trading activity across ASX, NZX and the US exchanges we provide access to (NYSE, NASDAQ and CBOE). While buying and selling volumes may go up and down over time we are interested in the difference between aggregated buying and selling values because the ratio isn't unduly influenced by growth in investor numbers or portfolio values.

Net Deposit Ratio

The Net Deposit Ratio shows the difference between total deposits and total withdrawals from the Sharesies Wallet, which services both the Invest and Save products. We've included Save as we believe this may be an indication of investors' disposable income and, propensity to invest for the future so it will help us understand investors' wealth beyond retail investing.

Percentage Invested in Companies (PIC)

The Percentage Invested in Companies uses trading data from ASX, NZX and the US exchanges and looks across companies, ETFs and managed funds. This is a highly aggregated proxy that we believe indicates changes in the overall risk appetite of investors who use Sharesies.

Volatility of Sharesies Bundle

For the Sharesies Bundle, we determine the top most held investments by considering the percentage of ownership across all investments for all our investors. To ensure a fair representation, we apply a weighted average that values each investor equally in the aggregate score, regardless of the investor's portfolio value. This means that even if a particular investor has a smaller portfolio, their investment choices will have equal impact on the overall rankings of investments.

The volatility of the Sharesies Bundle is calculated using a weighted average for the volatility of each instrument in the Bundle, which is then rolled up into a single metric. Again, the weighting is based on the same logic used to determine the instruments in the Sharesies Bundle. This is not the same as the volatility for a portfolio where an investor owns the whole Sharesies Bundle as it does not consider the impact of diversification on volatility.

DISCLAIMER

The information in the Sharesies Index is made available to you on an "as is" basis and the reporting methodology may change from time to time — you're responsible for checking the accuracy of any information that you use. The Sharesies Index contains general aggregated information only — we don't provide any financial advice or recommendations. Investing involves risk, and past performance isn't always going to be an accurate predictor of future performance. The information in the Sharesies Index is based on the data we have available to us, at the date it was extracted. None of the information from the Sharesies Index is investment, financial, legal or tax advice, and we aren't liable for your use of the information in that way, or for any inaccuracy, error, or incompleteness of any information. You should consider seeking independent legal, financial, taxation or other advice when considering whether an investment is appropriate for your particular objectives, financial situation, or needs.

Sharesies Limited is a registered Financial Service Provider (FSP550746) and an accredited participant on the New Zealand Stock Exchange (NZX).

LEARN MORE

If you have any questions or would like to learn more about how you can use the Sharesies Index, please reach out to us at media@sharesies.co.nz.