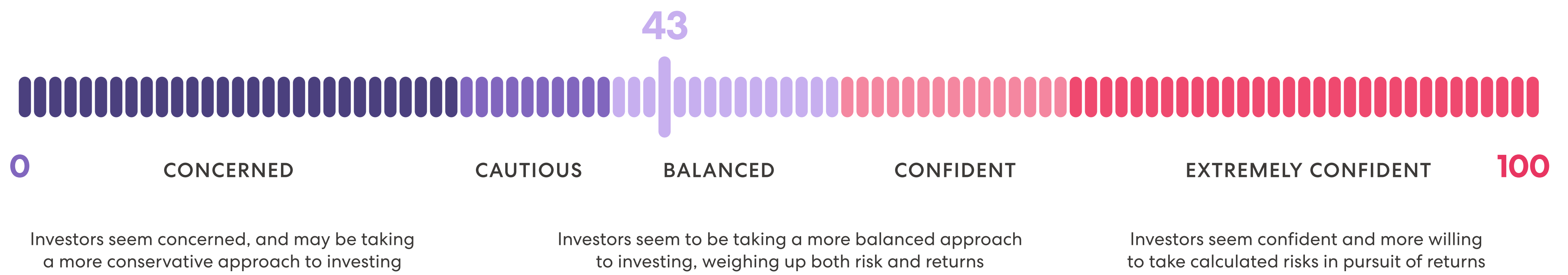


Sharesies Index

How confident are retail investors feeling in the current market?



SUMMARY

The Sharesies Index has **tracked strongly upward over the past 3 months** from an all-time low in March, and is currently at the **highest level of confidence** we have seen **since September 2022**.

Increased trading activity, depositing activity and investors being more bullish with their investing strategies over the past 3 months, seems to have contributed to a **more optimistic mood**:

- We have seen a **steady increase** in the total value of **both buys and sells** throughout the quarter, resulting in June being the **second highest trading month** on record at Sharesies.
- **Deposits are up too** with withdrawals holding fairly constant, resulting in more funds going towards investing and our new Save product. **Sharesies now has over \$2.5b in funds under management.**
- We're potentially seeing **signs of more bullish investing behaviour** emerging, with an increase in the percentage invested in companies over funds, consistently sitting above 80% for the first time since late 2020.

WHAT IS THE SHARESIES INDEX?

We developed the Sharesies Index to gauge how retail investors 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 half a million investors who have joined Sharesies, we have the largest dataset in Aotearoa, from which to gather retail investor insights.

Key inputs to the Sharesies Index include the ratios of buying and selling, deposits and withdrawals, investing in companies versus funds, and the volatility of the 'Sharesies Bundle' (the 50 most owned instruments on Sharesies).

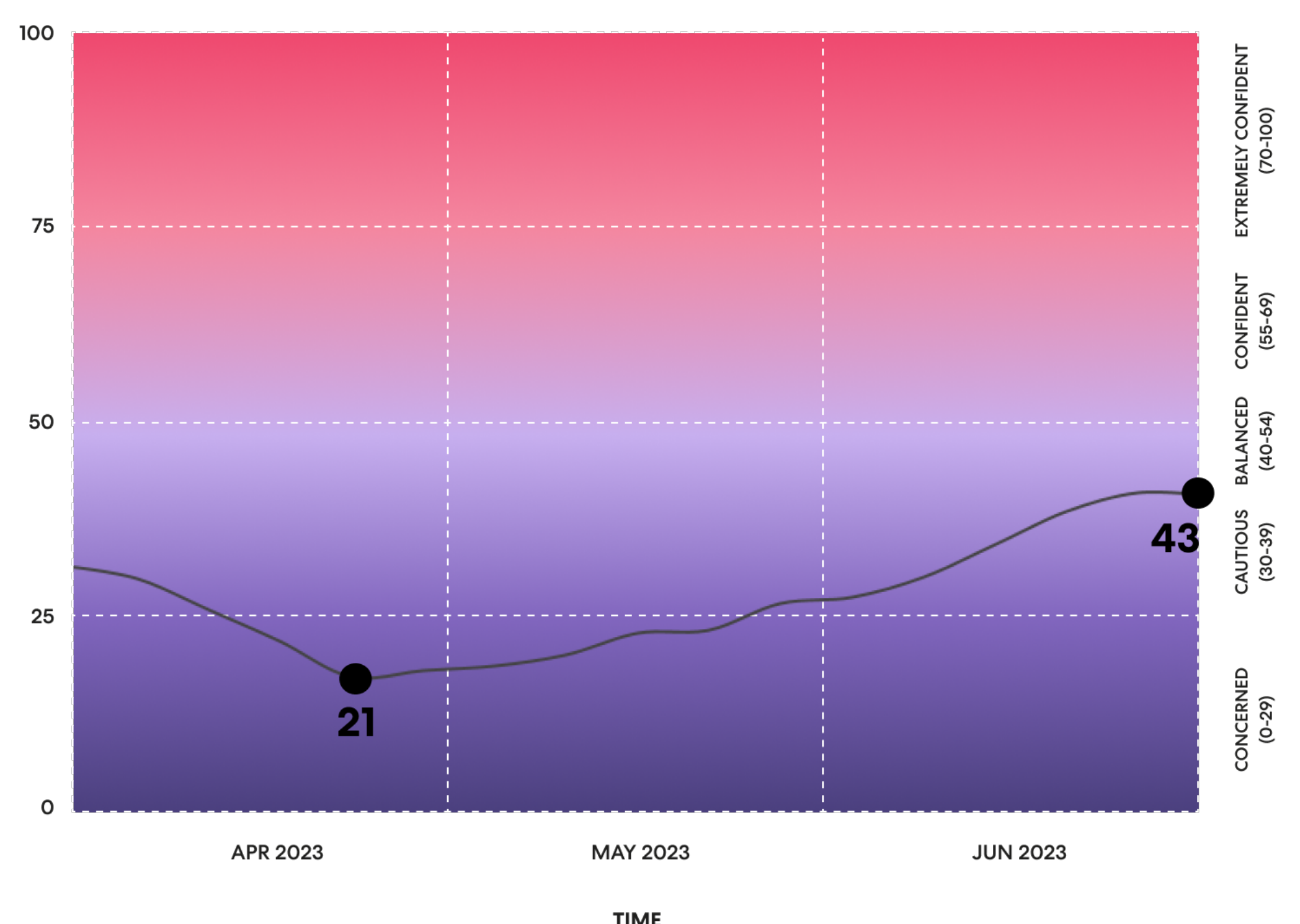
The Sharesies Index will be updated and released every 3 months in line with the financial quarter.

QUARTERLY INDEX RESULTS

1 April - 30 June 2023

On the Sharesies Index, investor confidence has increased strongly over the quarter to 30 June, to a **43 (Balanced)** ranking, up from an all-time low ranking of **21 (Cautious)** at the end of March. This is the highest confidence rating we've seen since September 2022.

Several factors may have contributed to the movement into **Balanced**, including recovery in the markets, indications that the New Zealand official cash rate and inflation have peaked, and investors adjusting to economic conditions including a less severe recession than previously feared.



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LOOKING BACK OVER 3 YEARS

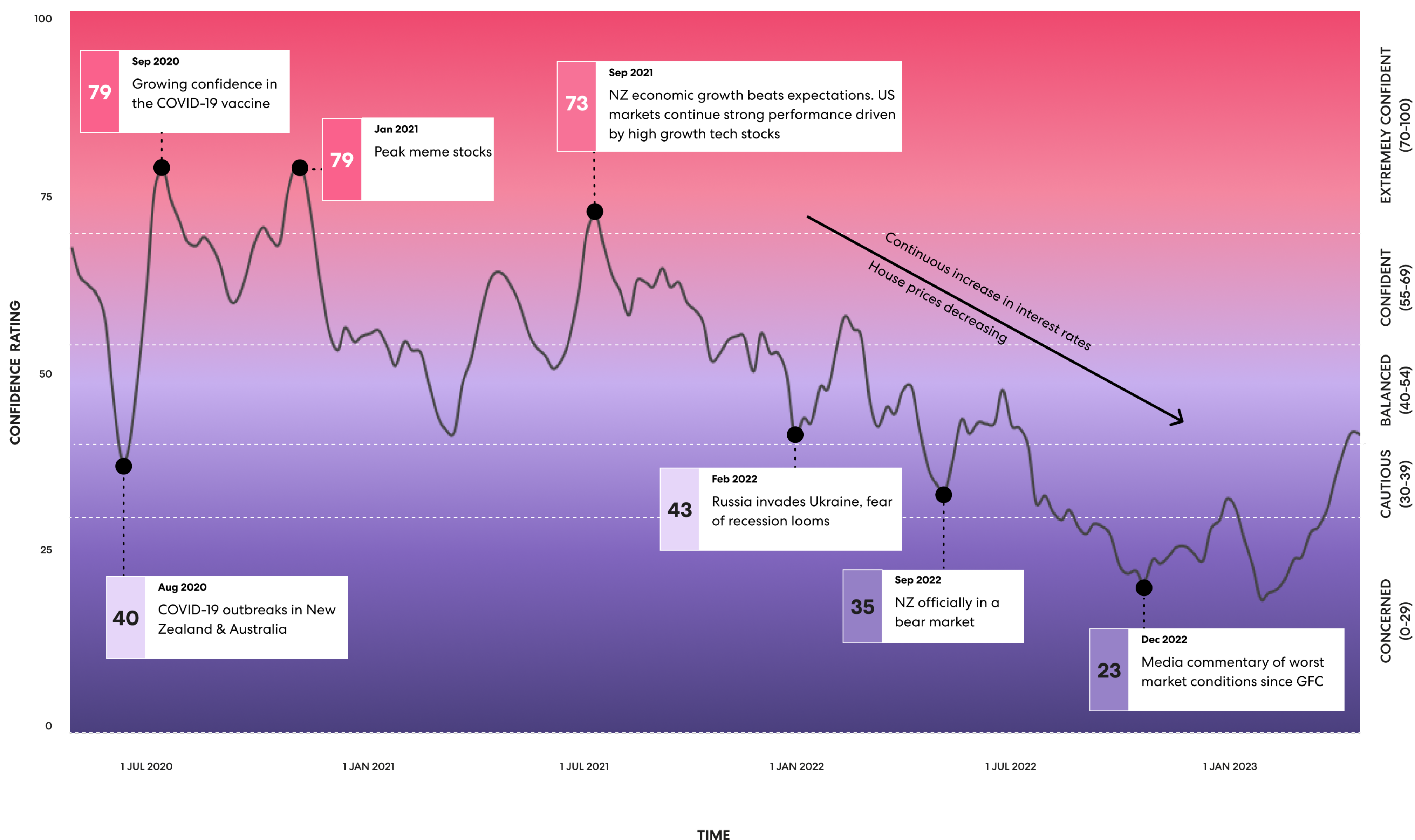
Movements in the Sharesies Index over the past 3 years have reflected major economic events that we would expect to influence investor confidence.

We saw a steep drop in the Sharesies Index in response to the COVID-19 outbreaks in August 2020, followed by rapid recovery in September 2020 as markets rebounded. We also saw a sustained period of Confidence and Extreme Confidence through September 2020 to April 2021. Some of the factors that may have influenced this could be retail investors having more disposable income through periods of lockdown and more time to devote to investing. This was coupled with a sustained period of bull market conditions, plus the rise of meme stocks.

From September 2021 through to January 2023 we saw confidence steadily drop as bear market conditions emerged, the Ukraine war began, cost of living increases set in, interest rates continued to track upwards and property prices trended downwards. This seems to have contributed to investors feeling Cautious or Concerned through early 2023.

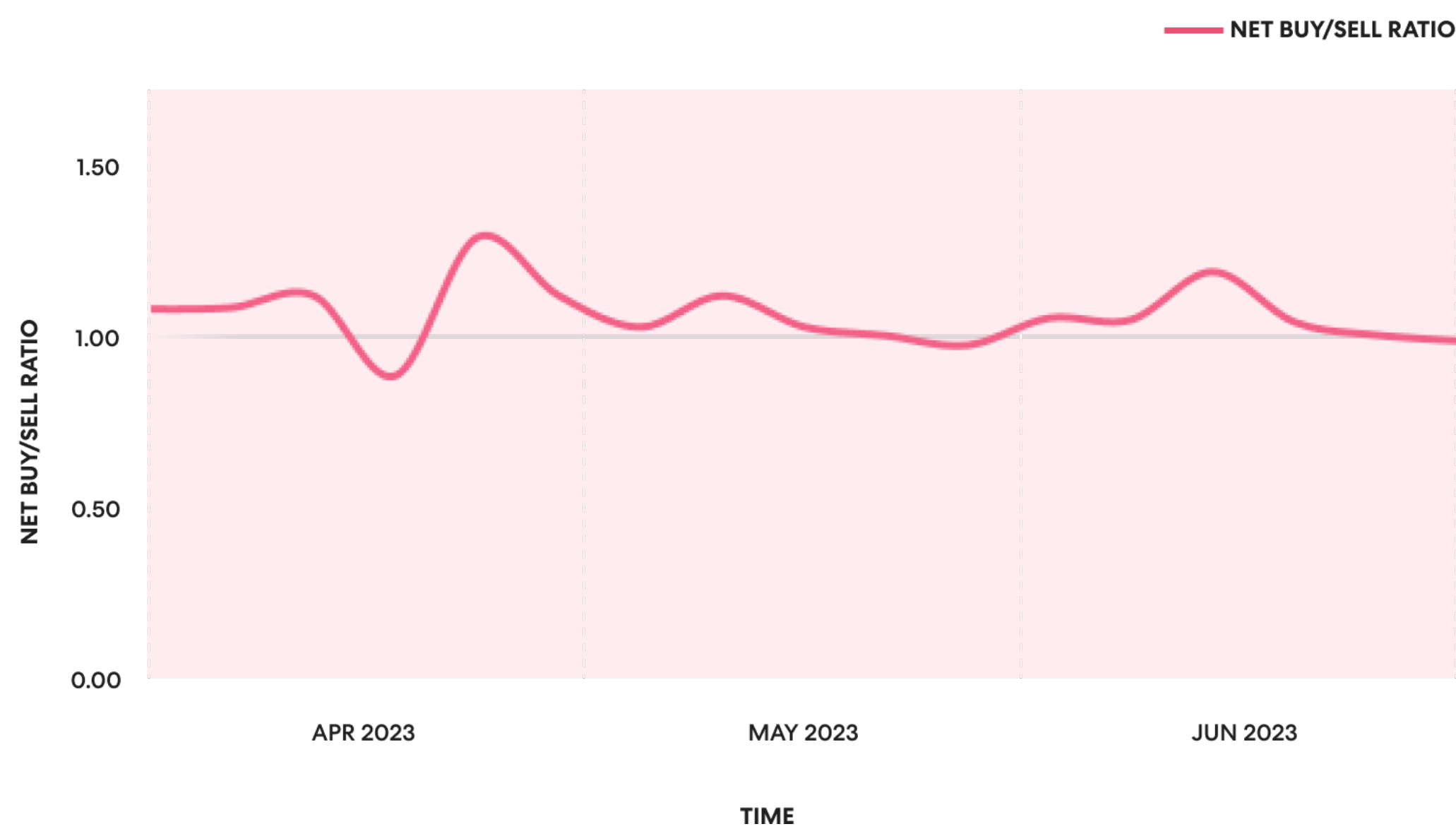
Signs of optimism have slowly emerged since January and we've seen an upwards trend that strengthened through May and June, with investors finishing the first financial quarter of FY24 with a Balanced level of confidence. Looking at other signals in the market, optimism appears to be emerging at a macro level too, with the RBNZ announcement on 14th July to hold the official cash rate, signalling we may be at the end of a cycle of increasing interest rates aimed at curbing inflation and cost of living increases.

3-YEAR SHARESIES INDEX



Key Indicators

What are the indicators that underpin the Sharesies Index?



NET BUY/SELL RATIO

The Net Buy/Sell Ratio is the difference between the total buying and selling values on Sharesies. A Net Buy/Sell Ratio greater than 1 is when buying outstrips selling and generally is an indicator of confidence. Conversely, a Net Buy/Sell Ratio less than 1 may indicate more concern if coupled with other indicators such as withdrawals.

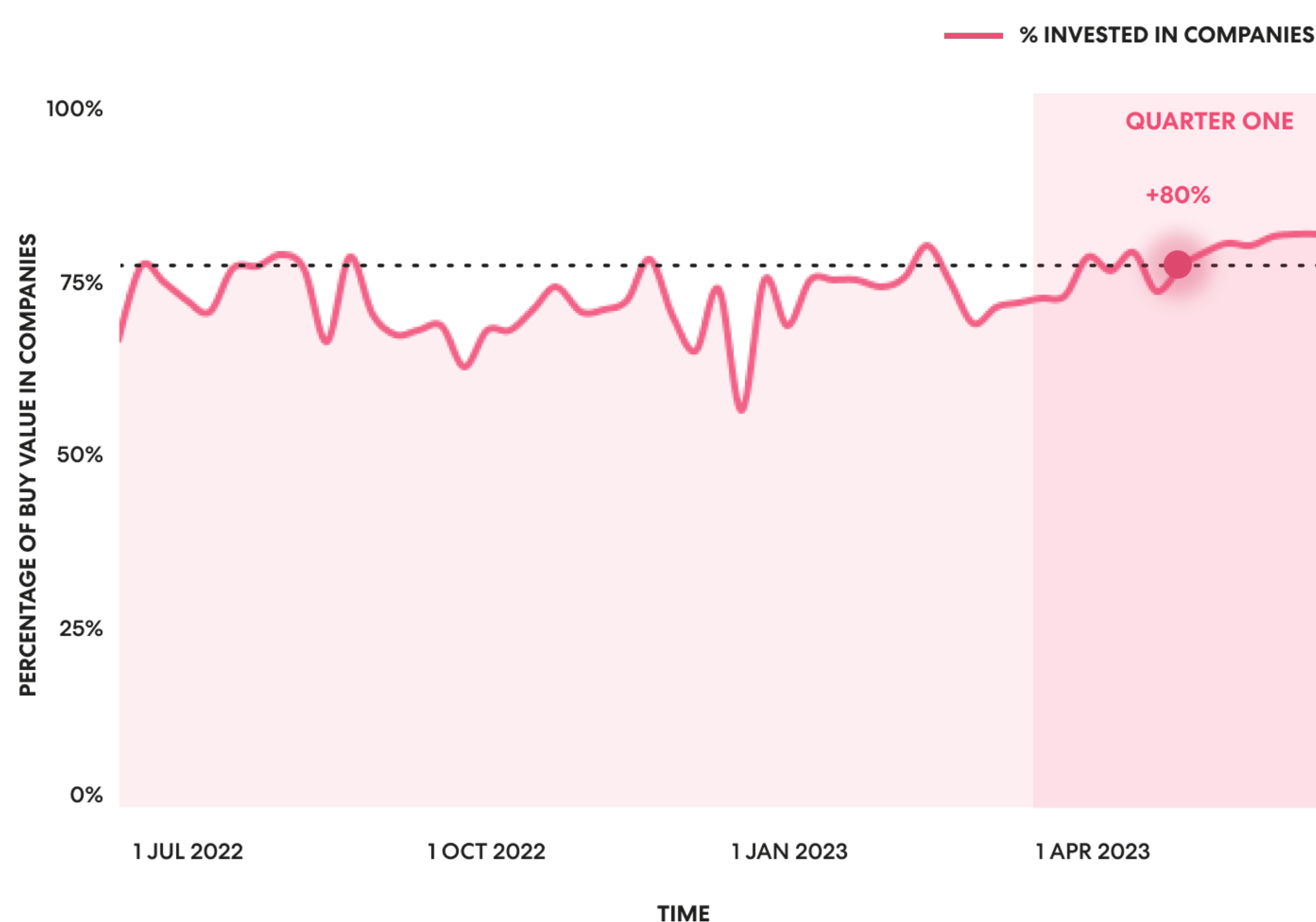
Since the beginning of April the Net Buy/Sell Ratio has remained fairly constant, averaging 1.07 throughout the quarter. While this metric remained stable, meaning the difference between buying and selling values were fairly constant, we have seen a steady increase in the total value of both buys and sells throughout the quarter. This resulted in June being the second highest trading month on record at Sharesies.

NET DEPOSIT RATIO

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

A certain level of withdrawal activity is healthy, as investors use their portfolios to help them achieve mid-term goals like buying a house, a car or putting money towards travel. But in aggregate, we expect to see a Net Deposit Ratio greater than 1 as our investors remain committed to building their portfolios over the long term.

Since mid-May, we've seen a big up-tick in the Net Deposit Ratio, including a year to date high of 2.6 in the first week of June (meaning that for every \$1 withdrawn, \$2.60 was deposited). This was driven by an increase in deposits towards investing but also the launch of our Save product which garnered widespread adoption from our existing investors.



PERCENTAGE INVESTED IN COMPANIES (PIC)

The percentage of investing that goes into individual companies versus investment funds (managed funds and ETFs), gives us an idea of people's risk appetite. A higher Percentage Invested in Companies (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 via funds.

Over the past 3 months, we've seen an upward trend in PIC, holding consistently above 80%. We haven't seen PIC this high since late 2021.

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. This approach lets us identify the investments that have the most widespread popularity across our Sharesies investor community.

The Bundle is updated each quarter to reflect the current top 50 most owned investments, as some instruments grow and others fall in relative popularity.

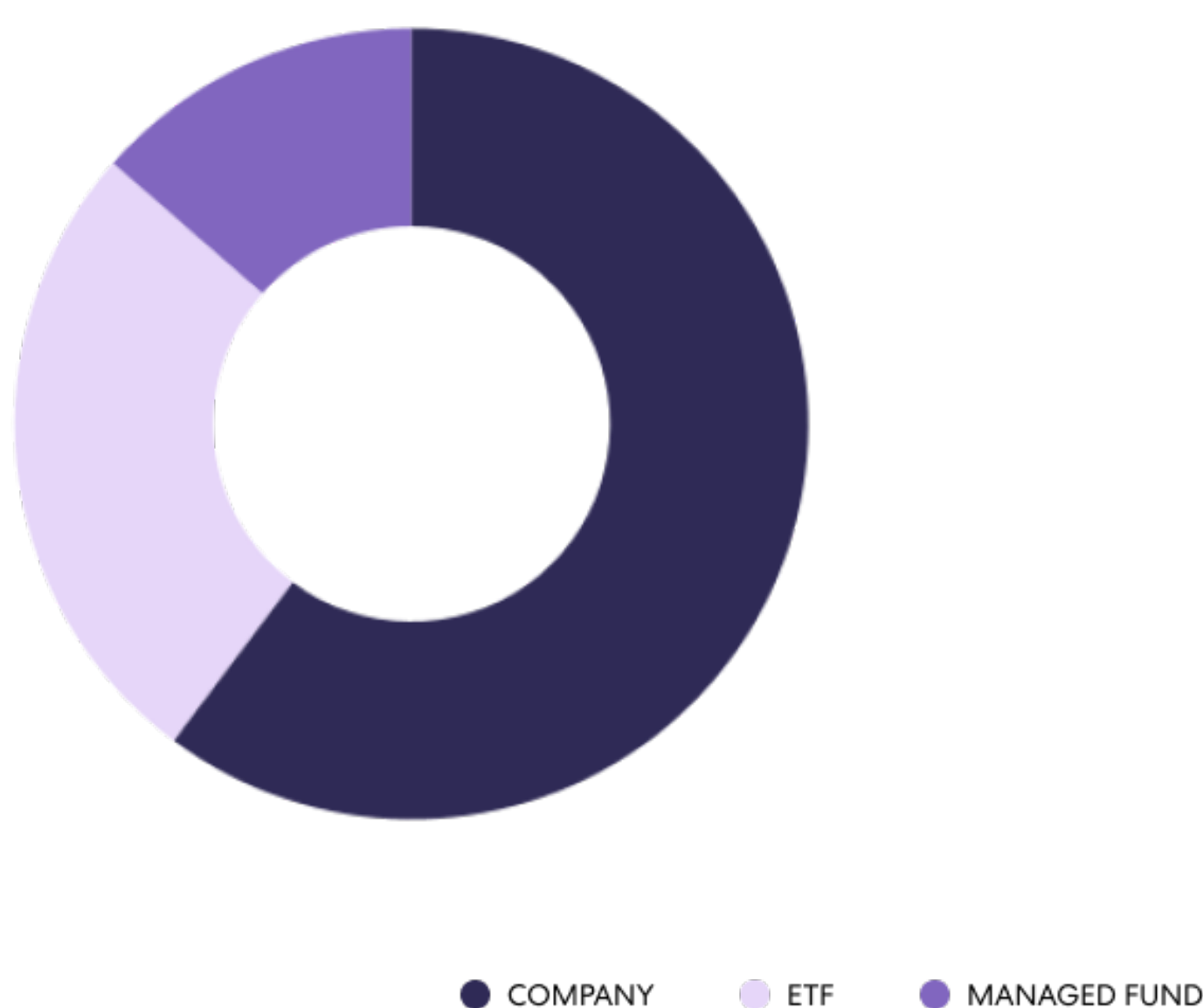
TOP FUNDS IN SHARESIES BUNDLE



TOP COMPANIES IN SHARESIES BUNDLE

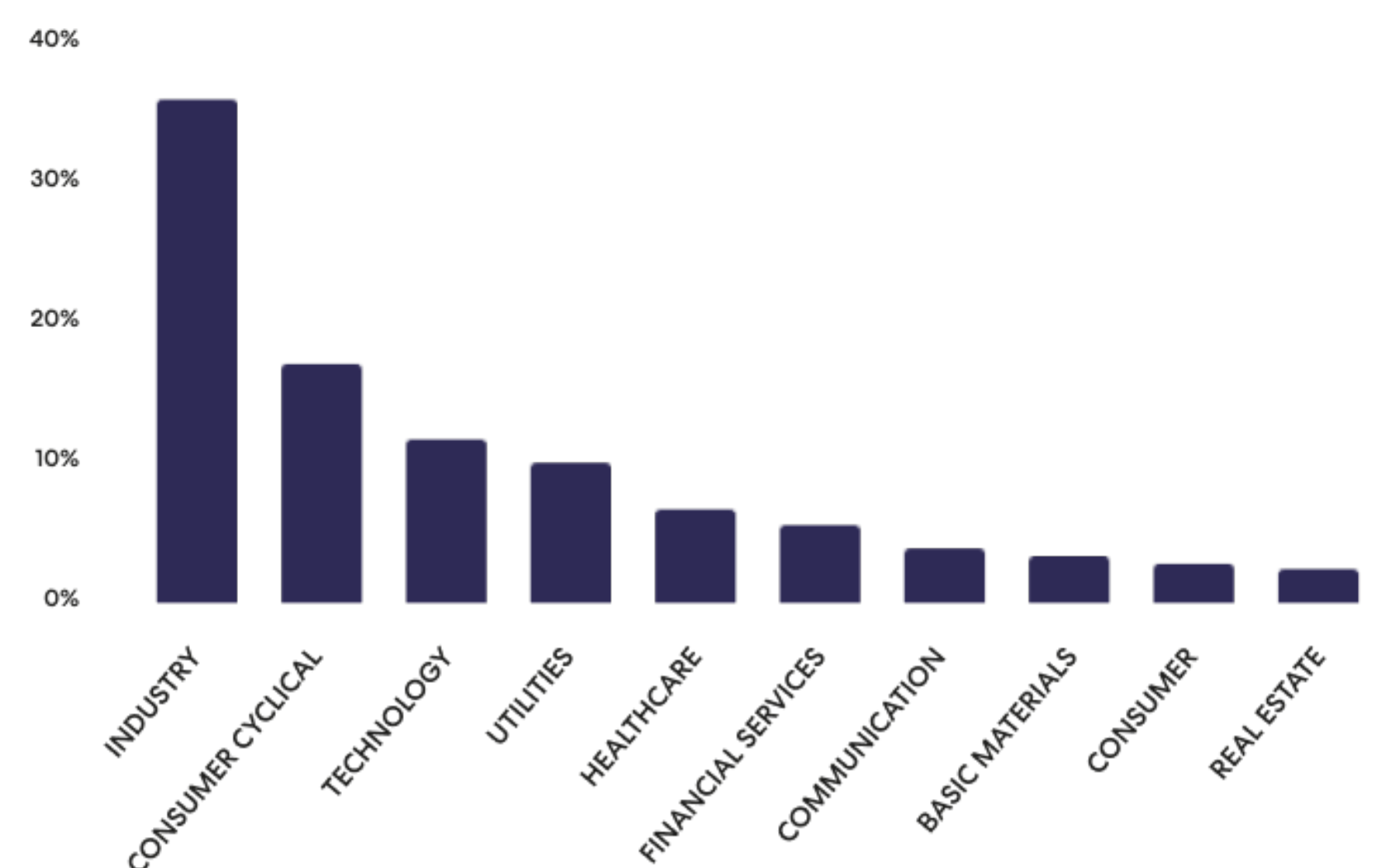


INVESTMENT TYPES



POPULAR COMPANY SECTORS

Note: Sector data is for companies in the Sharesies Bundle only

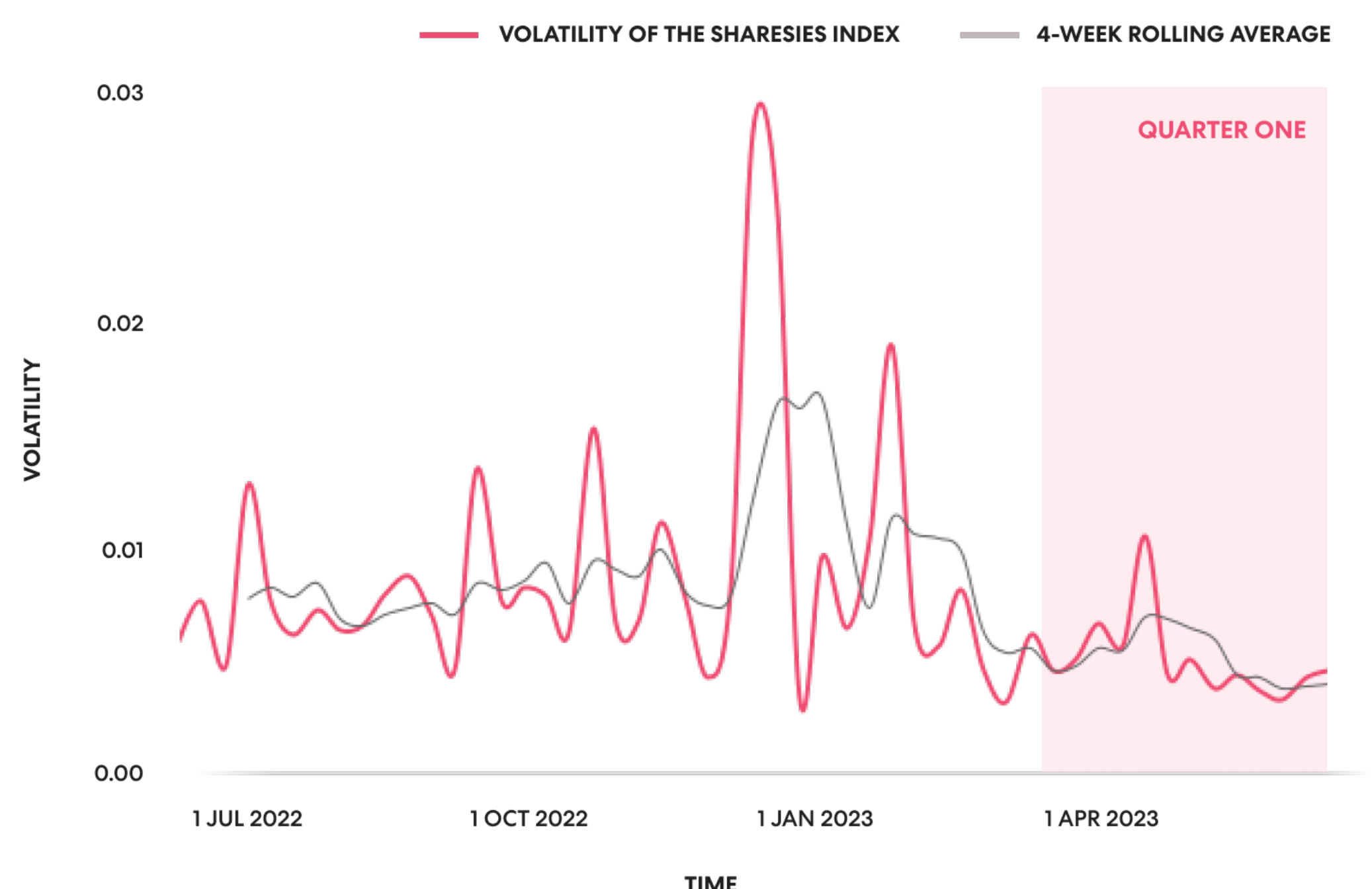


VOLATILITY OF SHARESIES BUNDLE

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.

Investors experienced higher volatility through January and February 2023, but since March volatility has smoothed off and pricing has been more stable for many of the most popular instruments on Sharesies.



Methodology & Data

The Sharesies Index is a proprietary index which uses highly aggregated and anonymised data from activity we see across over half 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 information only - we don't provide any personalised advice or recommendations. Any information we make available to you does not take into account your particular investment objectives, financial situation, or investment needs. None of the information from the Sharesies Index can be taken as personalised 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. The information in the Sharesies Index is based on the data we have available to us, at the date it was extracted.

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.