INVESTING INSIGHTS

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Sharesies

Investors show resilience

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Each month I invite more than 27,000 people to give their thoughts on managing their personal wealth.

The aim is primarily to track changes in asset preference shifts over time. But we can also gain interesting insights into the way people plan to purchase shares, types of property and shares sought, use of an advisor compared with using an app, active versus passive funds management, and a preference for which countries to invest in.

The key results from our May survey yielding 938 responses, include:

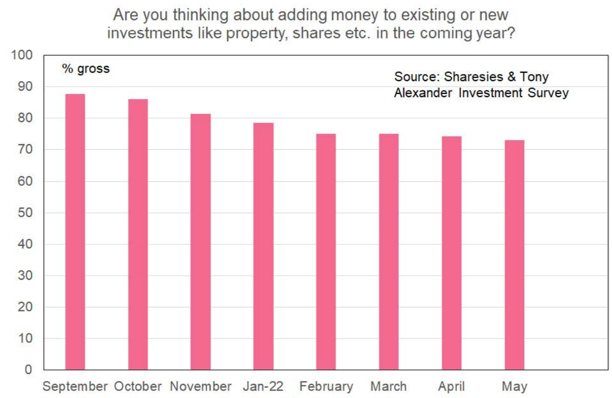
- A worsening global economic outlook is having very little impact on people's long-term plans for building wealth.
- Plans for buying crypto assets are easing slowly.
- Intentions of buying residential property continues to edge downward.
- Demand is growing for shares in businesses in the energy and resource sectors.

I am not a financial advisor, and nothing written here is intended as advice for any individual or group.

Are you thinking about adding money to existing or new investments like property, shares etc. in the coming year?

In light of 20% or more falls in some major offshore share indices and deepening worries about the world economy, supply chains, cost of living, and Russia's invasion of Ukraine, that people might pull back from investing to sit on cash. However, our survey shows that the downward trend in plans for adding to investments is extremely small.

This month 73% of our survey respondents said that they plan adding to their portfolios. This is down only slightly from 74% in April, 75% in March and February, and 81% in November.

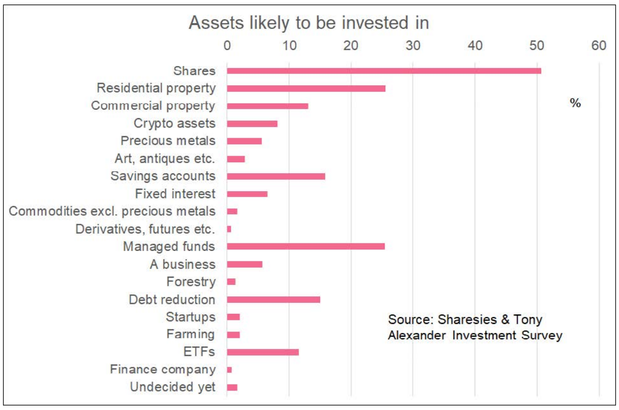


It seems portfolio investments mainly have a long-term focus, which challenges the view that Kiwis have only short planning time horizons.

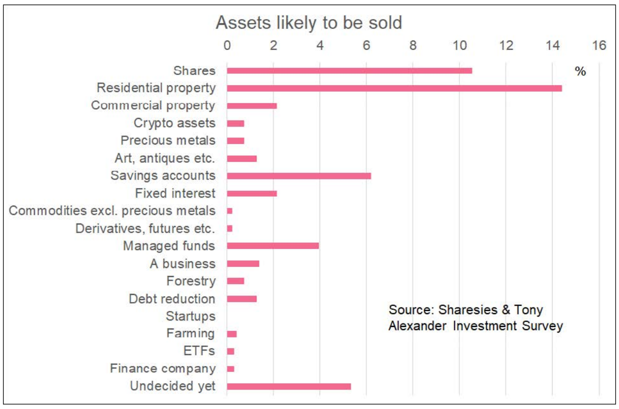
If so, which assets are you likely to invest more in?

We ask people about the assets they plan to buy more of and those they plan to sell some of. The first graph here covers the former, the second the latter.

Shares (as always) are the number one portfolio asset choice, followed by managed funds (largely shares) and residential property.



But when it comes to the assets in wealth portfolios which people are thinking about selling, residential property outweighs shares.

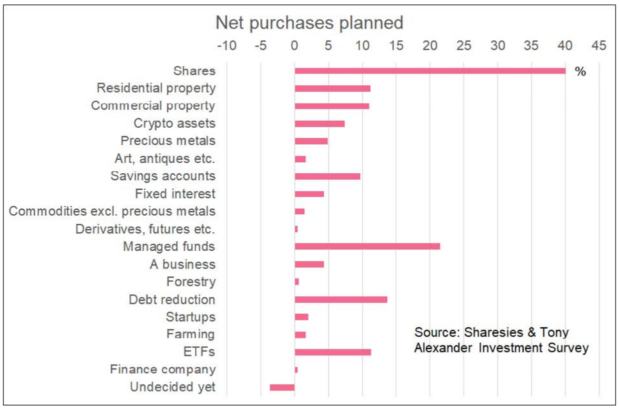


Offsetting the two sets of responses against each other we can create a broad measure of net purchasing intentions for each of the assets we list. Shares are most highly favoured and comprise three categories:

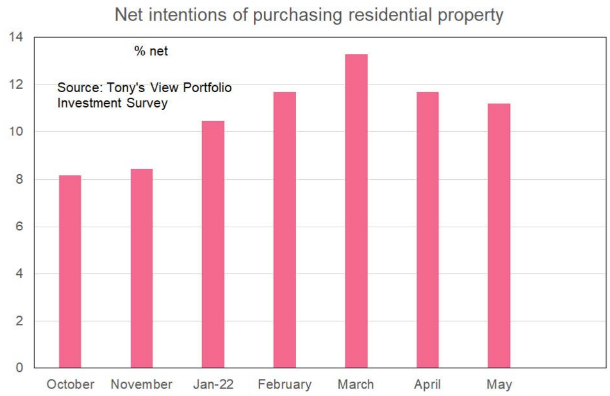
-shares (direct)

-managed funds

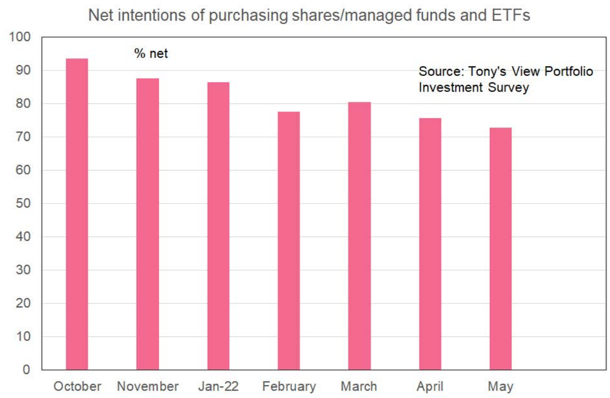
-ETFs (exchange traded funds)



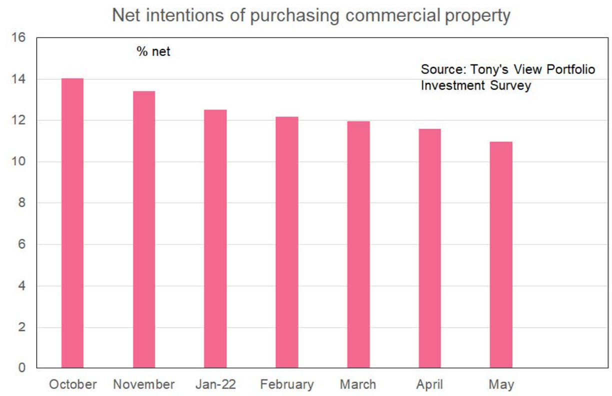
Our interest is more in how asset preferences are shifting over time rather than this static analysis. Net intentions of buying residential investment property are edging back down after rising through to the end of March.



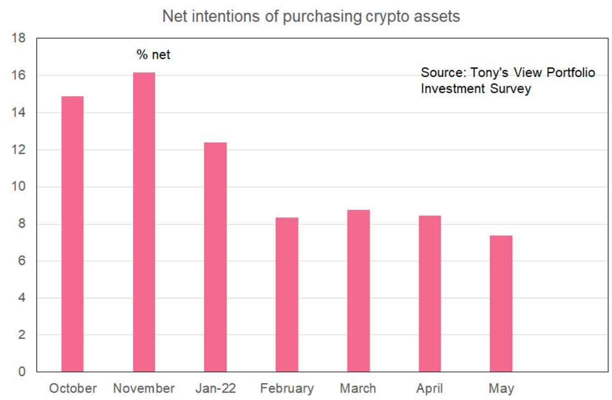
Plans for buying shares through ETFs, managed funds, or directly, have declined only slightly despite recent weakness in share prices and forecasts of a potential world recession.



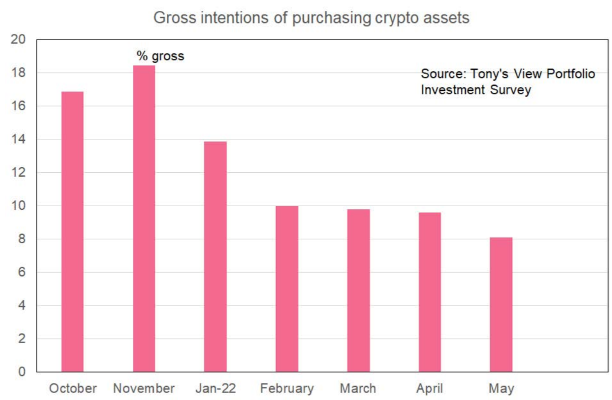
Net intentions of investing in commercial property continue to slowly decline.



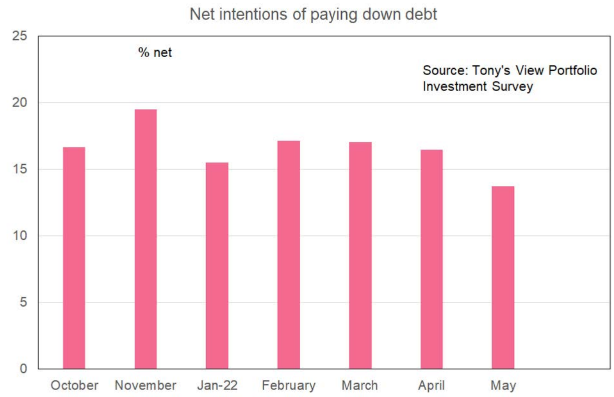
As do net intentions of buying crypto assets.



Has the sharp decline in Bitcoin prices caused any change in gross buying intentions for crypto assets? Only a small decline. 8% of our survey respondents still express a desire to buy,

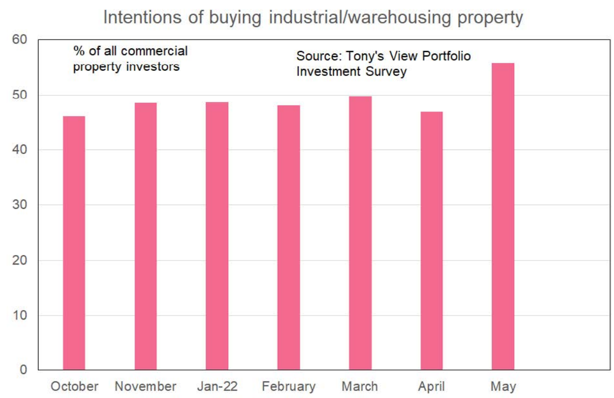


There is still no solid evidence that rising interest rates are leading investors to hasten plans for reducing their debt levels. This may reflect the fact that interest rate levels are not as high (yet) compared with the past.



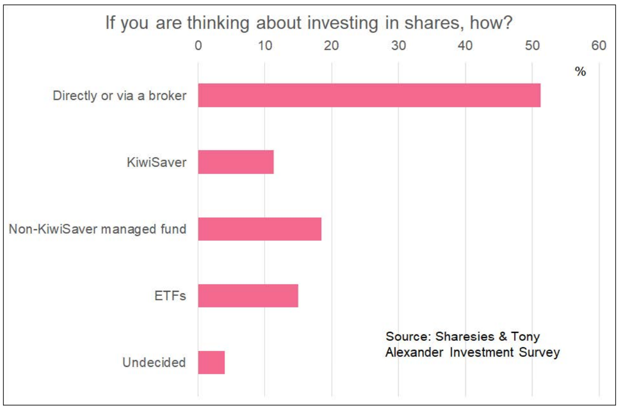
If you are thinking about investing in commercial property, what type is it likely to be?

There's a small downward trend in net intentions to buy commercial property. In each survey the most heavily favoured property sector has been industrial/warehousing. This remains the case, and in fact interest has increased.

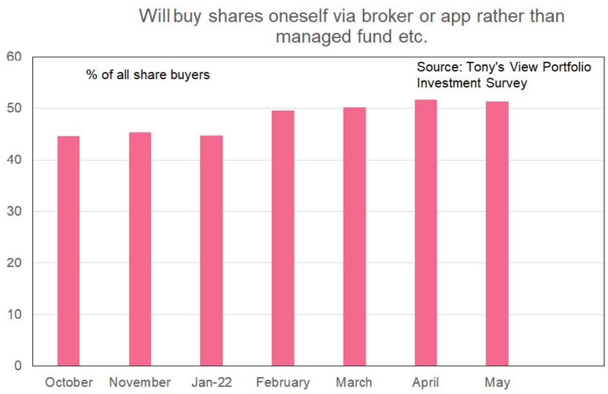


If you are thinking about investing in shares, how?

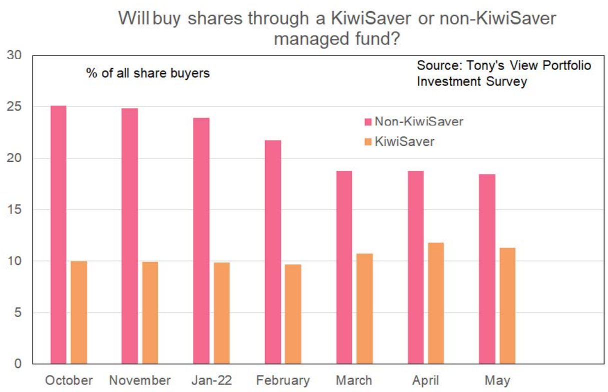
The majority of our survey respondents continue to favour making their own share purchase choices rather than going through an agency of some sort.



The preference for using a broker or app remains broadly upward.

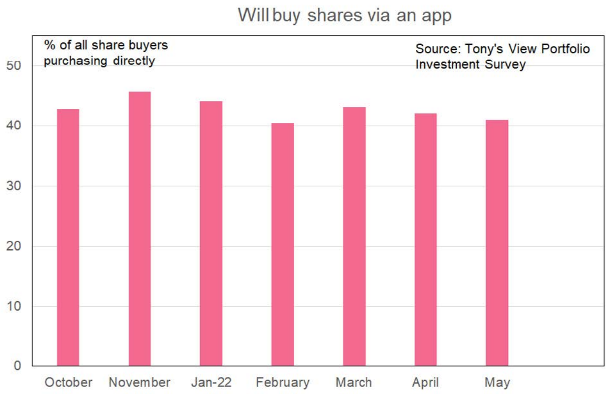


Interest in purchasing through KiwiSaver rather than a non-KiwiSaver managed fund is also broadly moving upward.



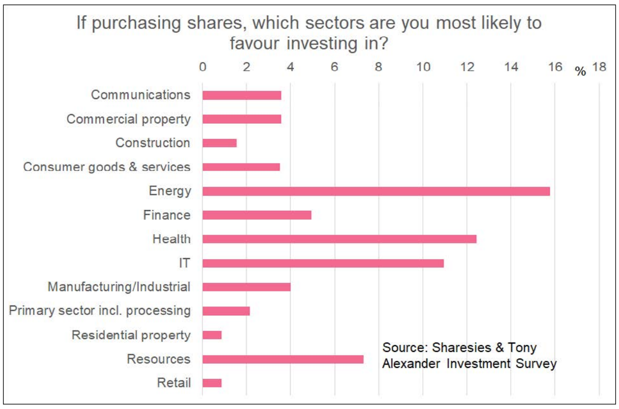
Will you use an app to buy shares or an advisor?

For those who will do their own share buying, there is no change in intentions of using an app. The proportion remains high at 41%.



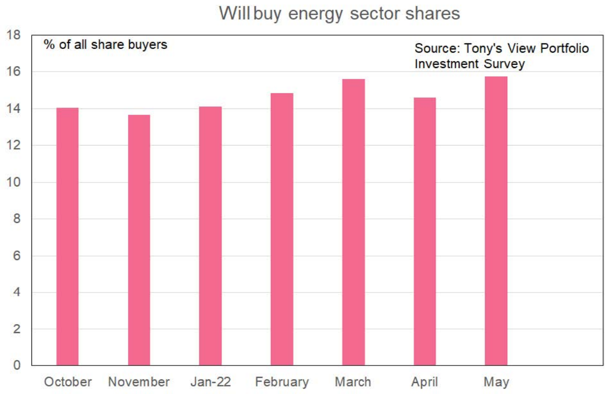
If purchasing shares, which sectors are you most likely to favour investing in?

With this question we are aiming to see change over time in the sectors which people may be showing preference toward. To date, the energy, health, and tech sectors are most favoured.

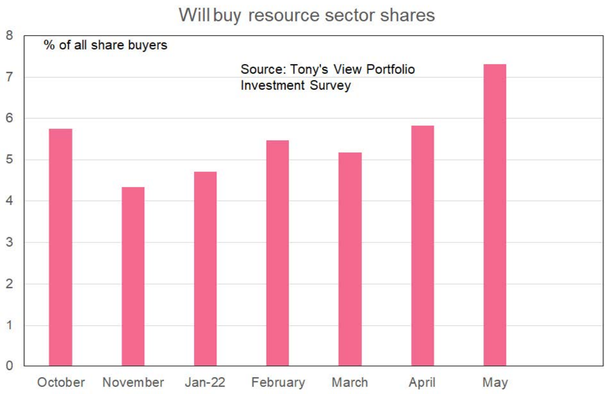


Undoubtedly reflecting the global hike in energy prices and now accelerating development in the green energy sector, there is a growing interest in buying shares in the energy sector.

Sharesies



There is also rising interest in the resources sector.

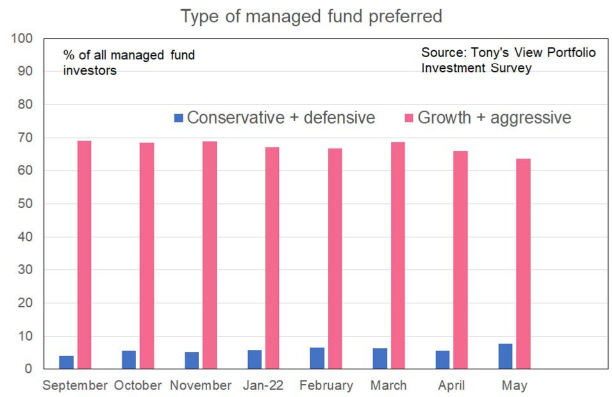


Despite global talk of a rise in onshoring – bringing manufacturing facilities back home, this is not something which investors appear to be anticipating in New Zealand.

And despite our aging population and more news of accommodation shortages for this cohort, a recent lift in demand for retirement sector shares, just takes us back to what it was in October.

If you are thinking about investing in a managed fund, which type?

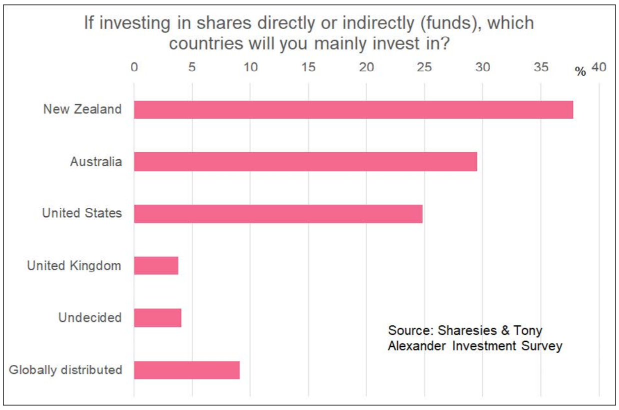
At the margin there is a small decrease in managed fund investors with a riskier profile. Weakness in share prices is not leading to any firm evidence of a shift towards conservative funds – a process which locks in losses.

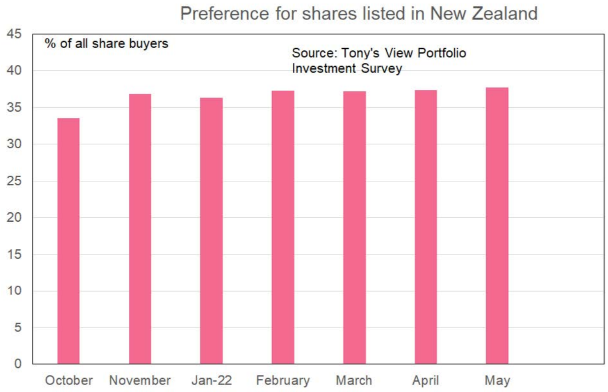


If investing in shares directly or indirectly (funds), which countries will you mainly invest in?

As the next two graphs show, there remains a preference for NZ shares.

My aim in producing this publication is to help the growing number of average Kiwis looking to build an asset base over time for their retirement. If you want to discuss any particular product, business, or asset class then you'll need to do that with a Financial Advisor.





Respondents to the survey make up the following age groups:

< 30 years	3.6%
30 – 50 years	37%
51 – 65 years	41.2%
Over 65 years	28.2%

A breakdown of investment assets for survey respondents (including savings but excluding family home) are as follows:

Less than $500k	20.6%
$500k - $2mn	34.8%
$2mn - $5mn	24.9%
Over $5mn	19.6%