

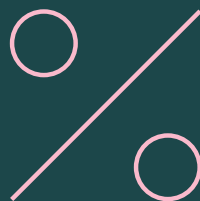
# INVESTING INSIGHTS

WITH TONY ALEXANDER Independent  
Economist



# MAY

2024



# Investing plans rise despite concerns

Tuesday 28 May 2024

Every three months I invite the over 30,000 people subscribing to the weekly Tony's View publication to give their thoughts on the management of their personal wealth.

The aim is primarily to track changes in asset preference over time. But we can also gain interesting insights into the way people plan to buy shares, how they do this (direct v funds), what other assets they hold, and what are the issues they are most concerned about?

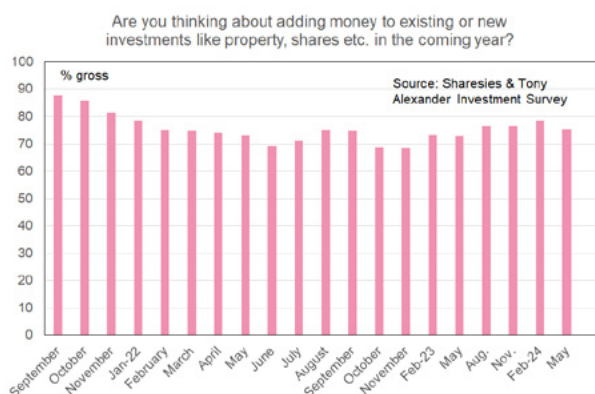
The key results from our latest survey which yielded 947 responses include the following:

- Investors continue to favour assets which can be affected by geo-politics, despite the inherent risk to prices. However, many respondents have a long-term focus, so events over the next 1-2 years are less of an issue.
- Interest in holding both residential and commercial property continues to decline.

**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?

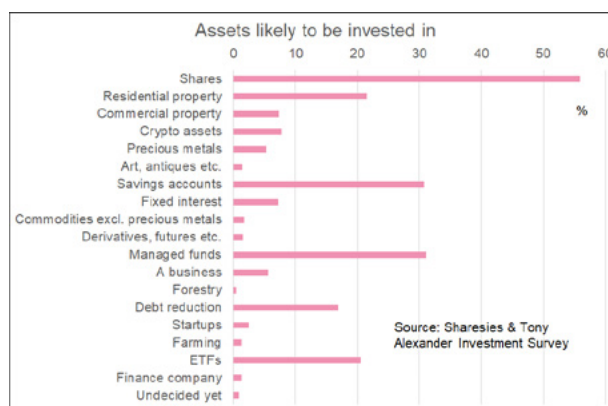
The net proportion of our respondents this quarter who say that they intend adding to their portfolio in the coming year has remained firm at 75%. This is down only slightly from 78% last quarter and illustrates that despite troubled times offshore and new sharp declines in consumer and business sentiment in NZ, the focus for investors remains on the long-term.



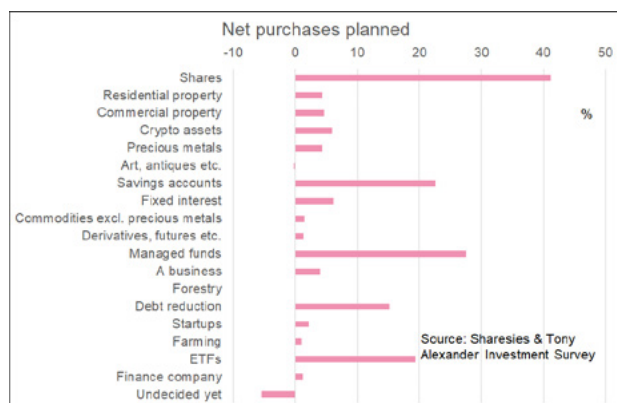
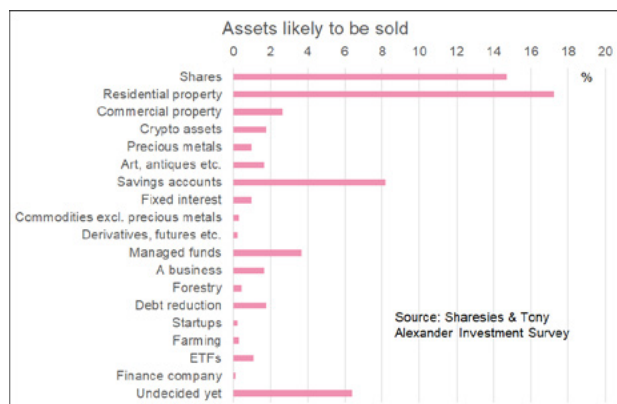
## If so, which assets are you likely to invest more in?

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

Preferred investments remain shares, managed funds and exchange-traded-funds (ETFs). Reducing debt is also seen as a worthy allocation for spare funds.



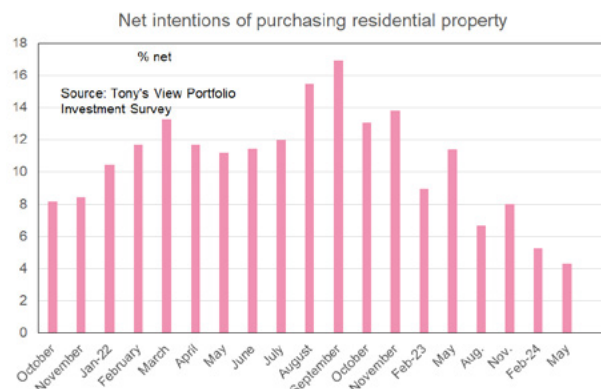
For those thinking about selling some assets the top items are residential property and shares—the same as last quarter.



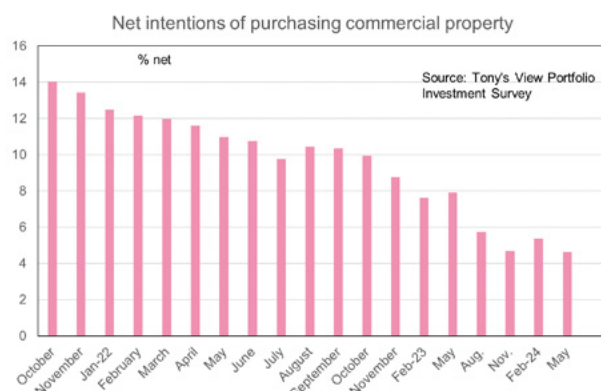
Putting the buy and sell measures together, we can get a feel for where net demand may be headed and theoretically this may indicate price pressures for various assets.

Shares, managed funds and ETFs still rank highly, and this is not surprising considering that such assets are the primary way people with a long-term view gradually build wealth and grow their retirement nest egg.

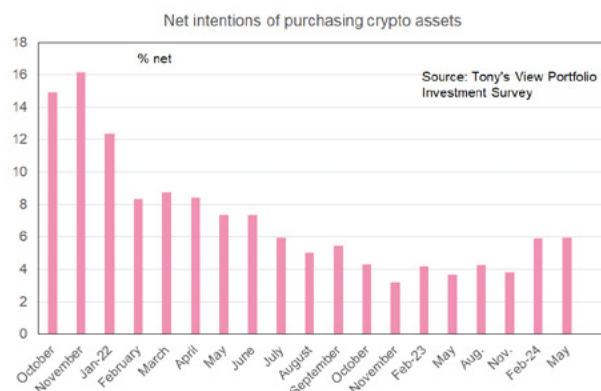
The key asset which people have shown less and less interest in acquiring in the near two year period our survey has been going, is residential property. Net purchase intentions now sit at just 4% compared with 11% a year ago and a peak of 17% in September 2022.



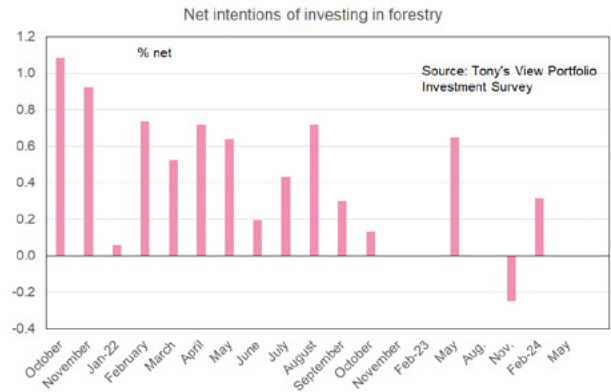
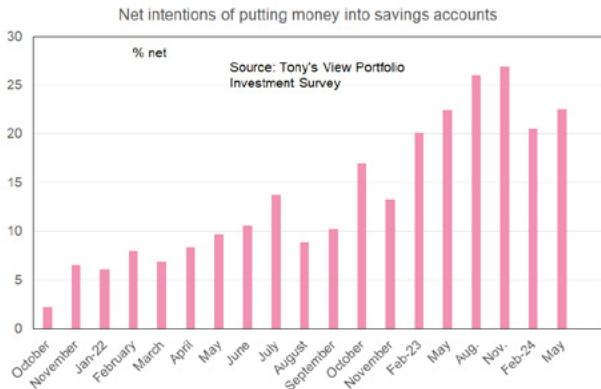
The desire to hold commercial property has also been trending down though over a longer period of time. This likely reflects the combined impact of rising and high interest rates, downward asset revaluations, and being able to secure good tenants as the economy flat-lines.



There has been a slight lift in the desire of investors for crypto assets recently.



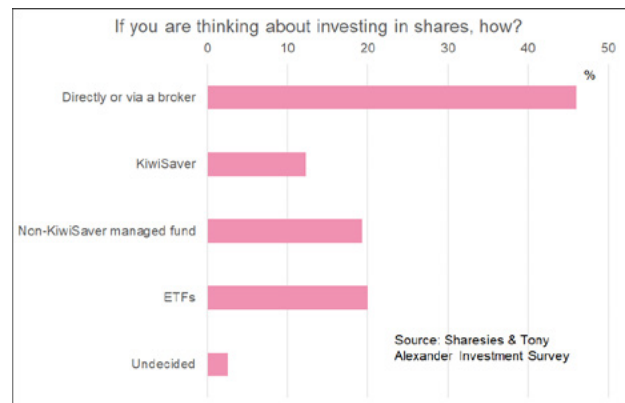
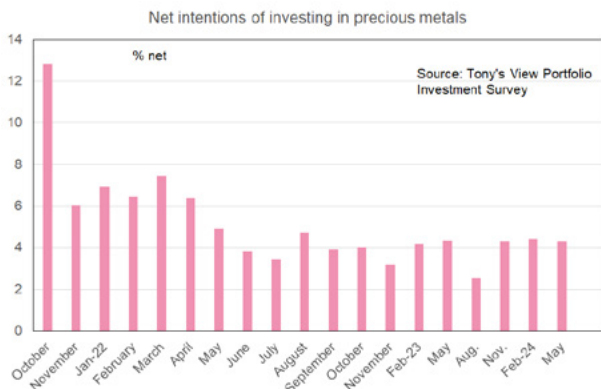
We saw in earlier surveys in response to uncertain economic times, a firm rise in net intentions to park spare funds in savings accounts. But for the last two quarters this has been easing. Perhaps investors are responding to good price gains for other assets.



**If you are thinking about investing in shares, how?**

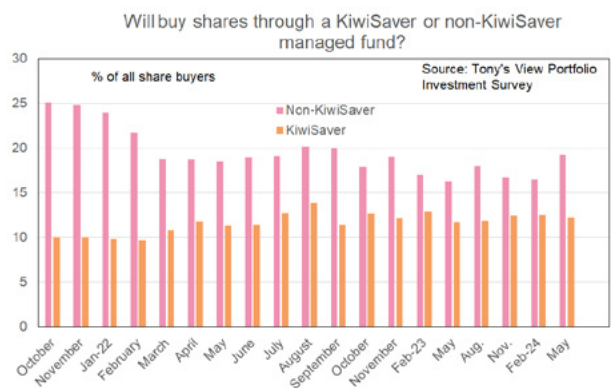
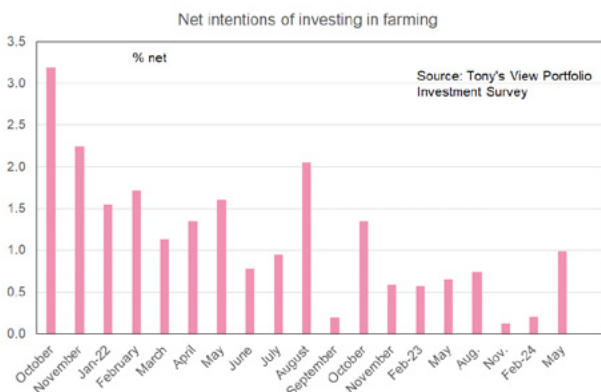
The strong preference of investors is to buy individual shares directly, rather than through a fund or through a broker.

As with previous surveys there are only mild net positive intentions of investing in precious metals despite the likes of gold and copper prices recently hitting record levels.



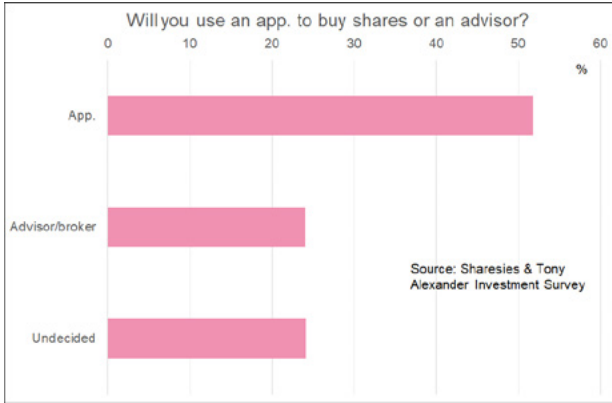
The willingness to gain exposure through managed funds or non-KiwiSaver schemes appears to be trending back up again.

Desires to invest in farming and forestry can be volatile from one survey period to the next. Readings remain relatively low.



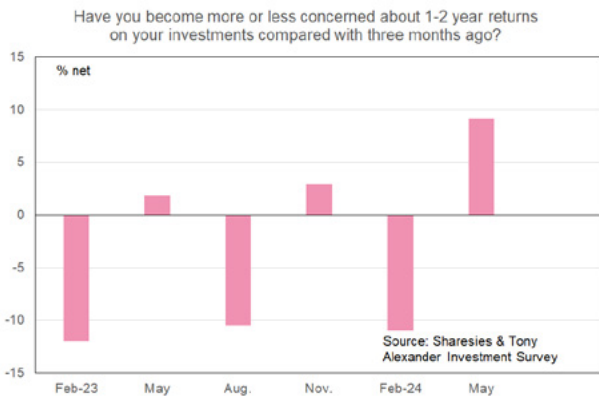
### Will you use an app to buy shares or an advisor?

Purchasing shares through an app remains the most popular.



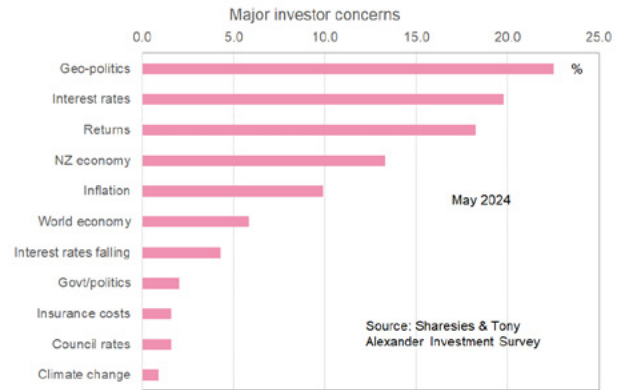
### Have you become more or less concerned about 1-2 year returns on your investments compared with three months ago?

There is no consistency in the degree of concern which people have about their short-term portfolio returns. This net proportion oscillates up then down, then up.



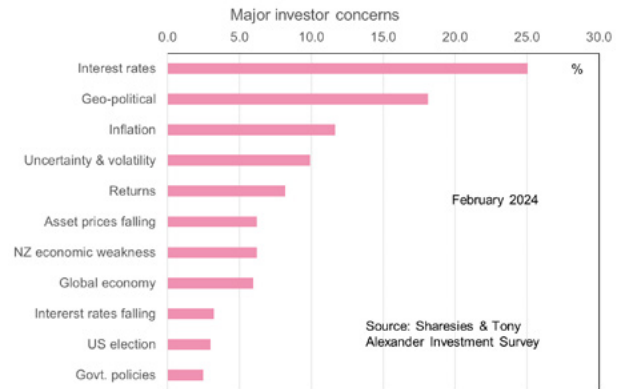
### List the main things causing you concern (if any) for your investment returns in the next 1-2 years.

Top of the list this quarter is geo-politics followed by interest rates and then returns on investments including the risk of a major loss. Insurance costs



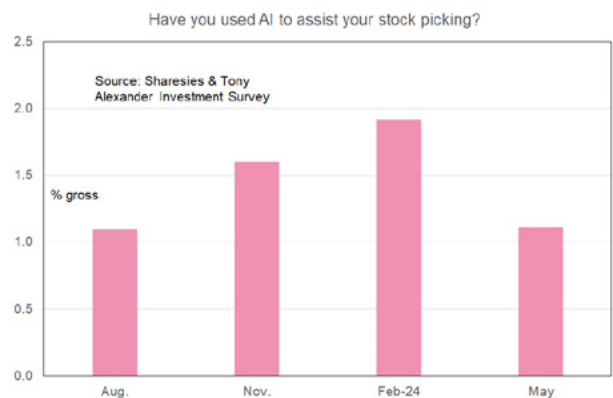
and council rates were mentioned more than before, alongside the effects of climate change.

Three months ago top concerns were also interest rates, inflation, and geo-politics.



### Have you used AI to assist your stock picking?

Artificial intelligence is a popular topic in the media, but there is no upward trend in the proportion of people who say they are using AI to pick stocks.



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**The age of respondents to the survey are as follows.**

< 30 years	2.6%
30 – 50 years	30.0%
51 – 65 years	40.2%
Over 65 years	27.2%

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**Respondent investment assets (including savings but excluding family home) add are as follows:**

Less than \$500k	28%
\$500k - \$2mn	36%
\$2mn - \$5mn	22%
Over \$5mn	14%

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 please contact a Financial Advisor.

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