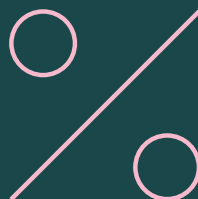


INVESTING INSIGHTS

WITH TONY ALEXANDER Independent
Economist



OCT
2022



Money being put aside

Tuesday 1 November 2022

Each month I invite more than 28,000 people to give their thoughts on managing their personal wealth. The primary aim is to track changes in asset preference over time. But we can also gain interesting insights into the way people plan to purchase shares, the types of 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.

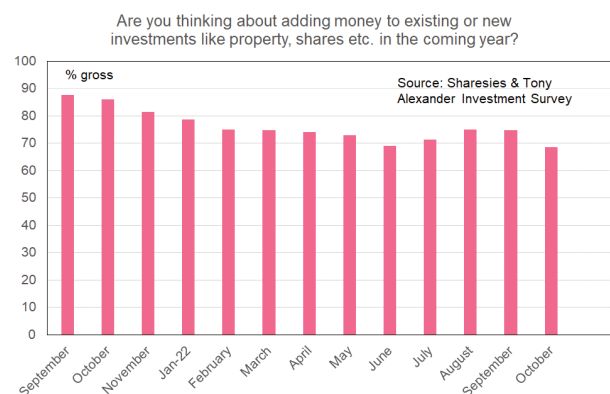
The key results from the October survey yielding 744 responses include:

- Investors are putting money into savings accounts.
- Demand for crypto assets continues to fall.
- Interest in purchasing investment property has eased.

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?

This month, the proportion of respondents who plan to add to their investment portfolio in the coming year has fallen to a record low of 69%, down from 75% in September.



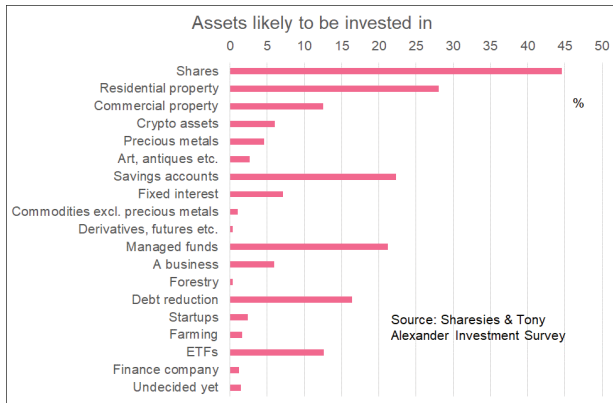
Investing intentions have followed a broadly downward trend since our first survey, except for a brief upswing in interest between July and September.

Amid higher-than-expected inflation, interest rate hikes, a deteriorating world economy and continued volatility in share markets, respondents have grown more cautious about increasing their risk exposure.

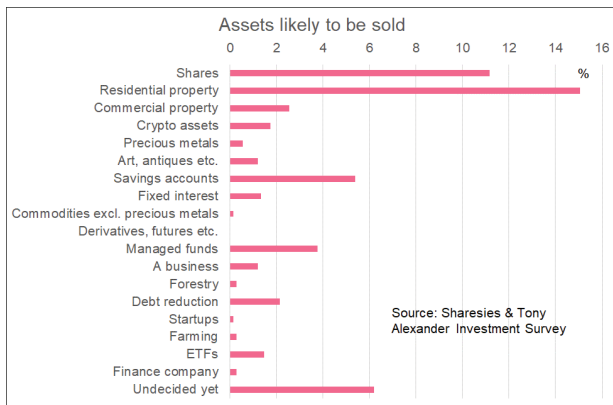
If so, which assets are you likely to invest more in?

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.

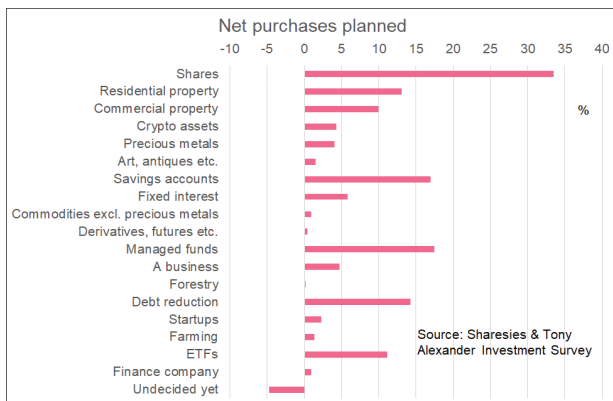
Shares and residential property are highly favoured as usual, but savings accounts are growing in prominence.



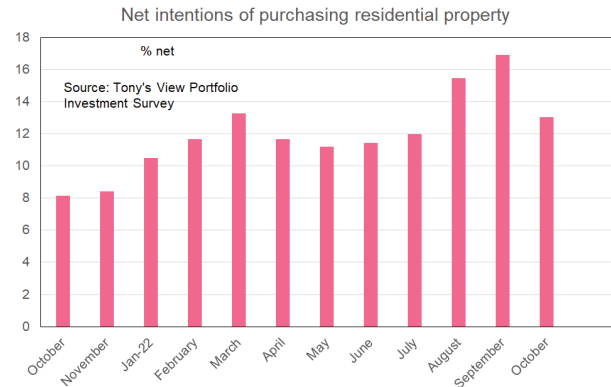
We ask which assets investors are thinking of selling. Residential property and shares are targeted for sale.



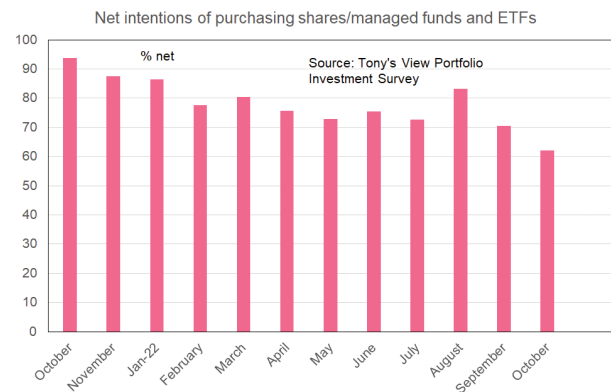
Combining the two sets of responses gives us net asset purchase plans, which we can track over time to see if there are any interesting changes or trends.



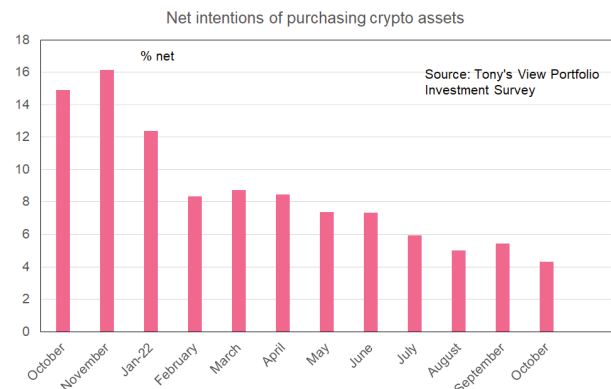
Net plans to purchase investment property have weakened. This is important because it tells us that investors are not quickly following first home buyers back into the residential property market as happened in the early days of the pandemic and as suggested by responses to this question in August and September



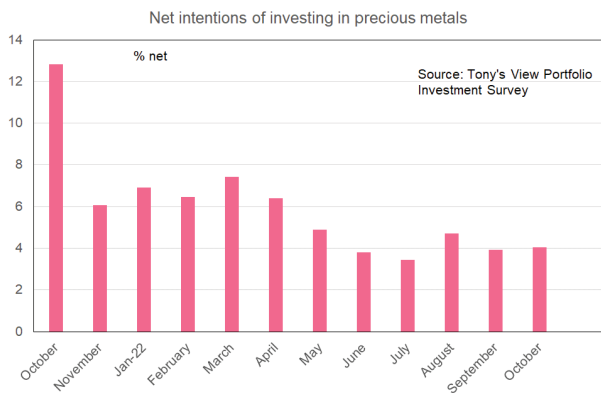
We get a clearer picture of the waning interest in buying shares by grouping together shares, managed funds, and ETFs.



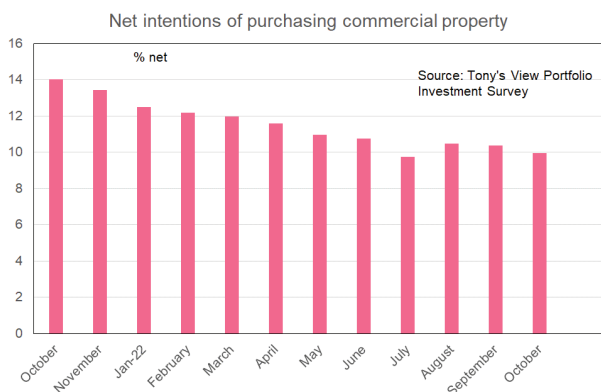
Meanwhile, demand for crypto assets continues to decline.



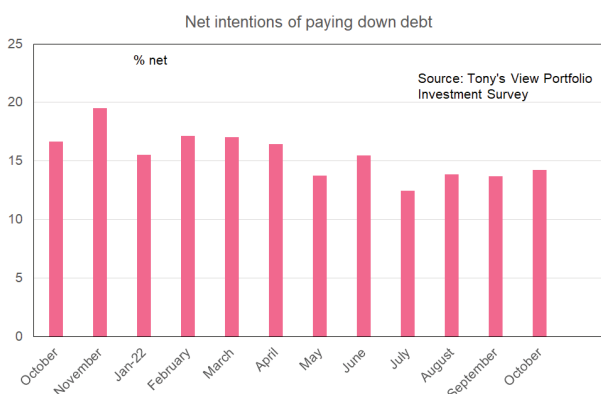
But, net plans for buying precious metals have stabilised in recent months after earlier weakening.



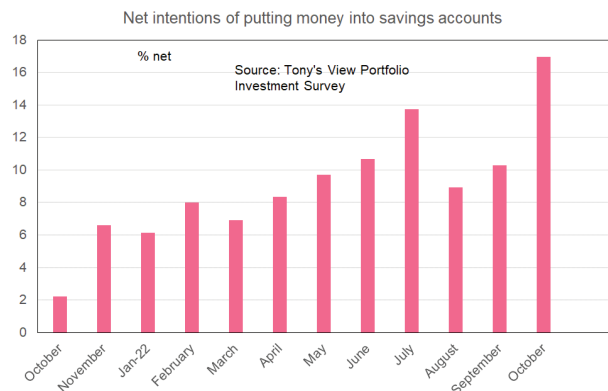
Plans to buy commercial property are relatively steady.



There is a small uptick in the net proportion of respondents who plan to reduce their debt.

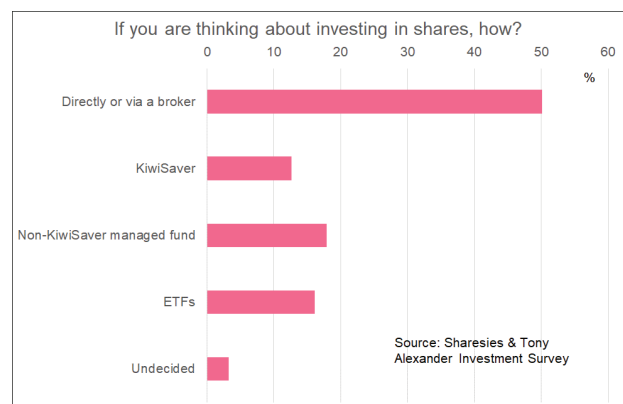


The jump in respondents' net plans to park their money in a savings account is likely to be, in part, a reaction to the extreme economic and geopolitical uncertainty we're currently experiencing.

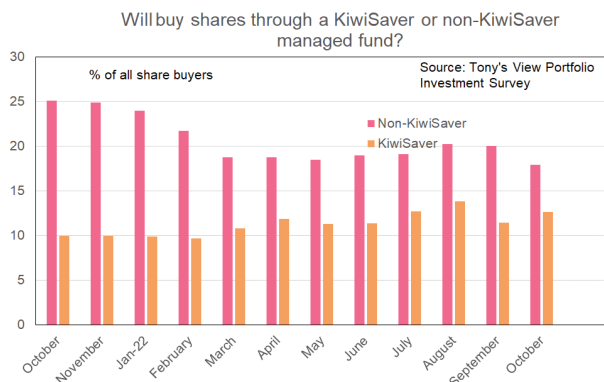


If you are thinking about investing in shares, how?

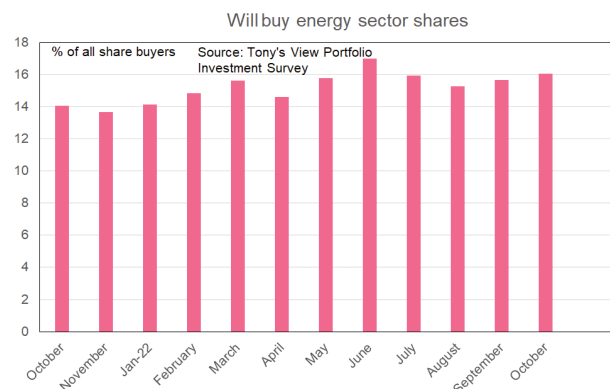
Yet again, exactly half of people looking at buying shares will do so themselves or through a broker. Some 13% will use their KiwiSaver fund.



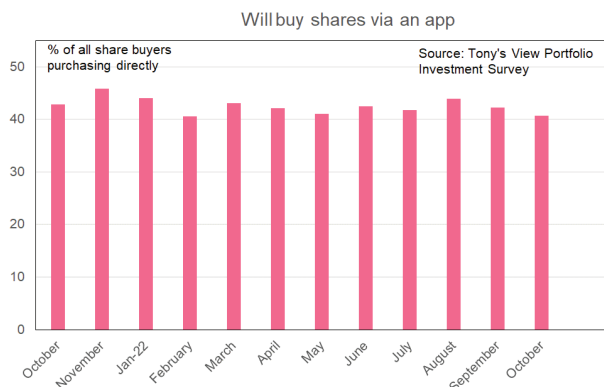
Interest in investing via KiwiSaver has recovered after easing in September.



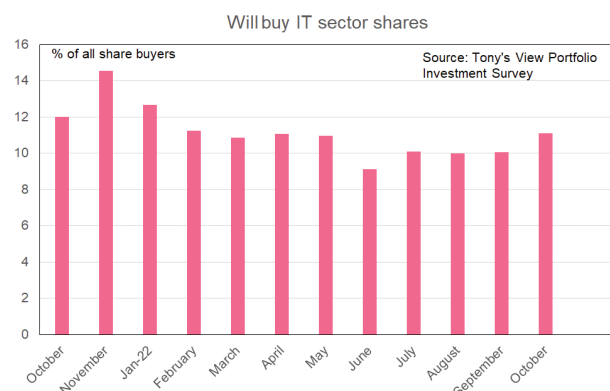
The return of rising oil prices may account for the slight uptick in plans to buy energy sector shares.



Plans to buy shares via an app remains unchanged.



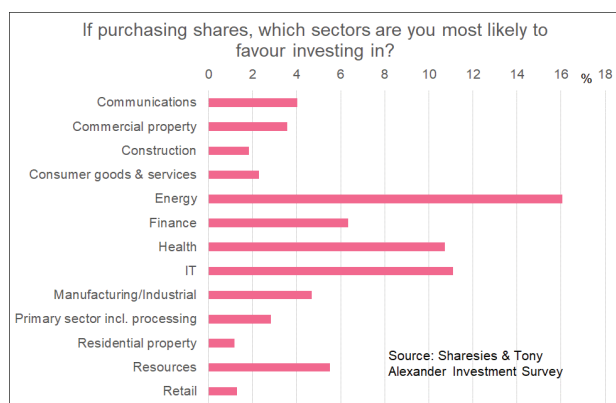
More respondents showed an interest in the IT sector this month. It's quite possible that recent high profile cyber-security breaches have fueled expectations of greater investment in technology systems, ultimately benefiting tech companies.



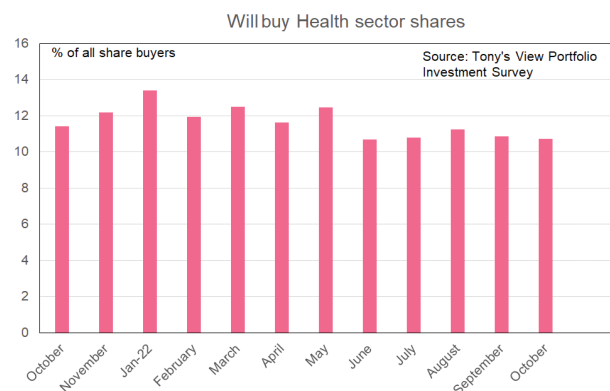
If purchasing shares, which sectors are you most likely to favour investing in?

With this question we aim to see change over time in the sectors people prefer.

As ever, energy, health, and IT remain the most heavily-favoured sectors.

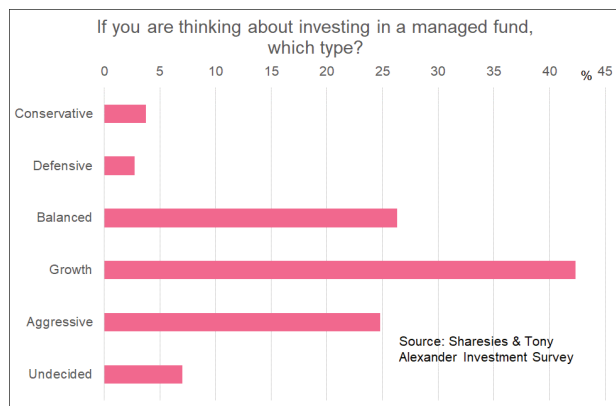
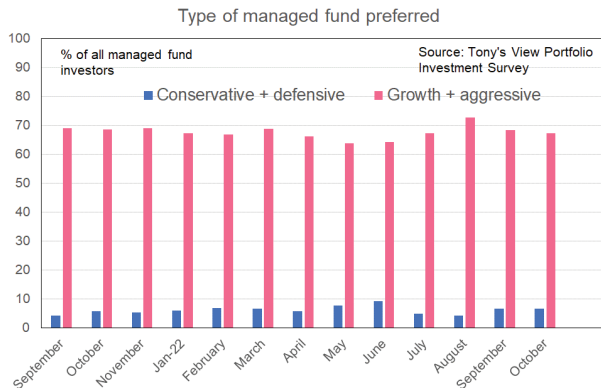


The end of the pandemic could help explain the small downward trend in intentions to buy health sector shares.

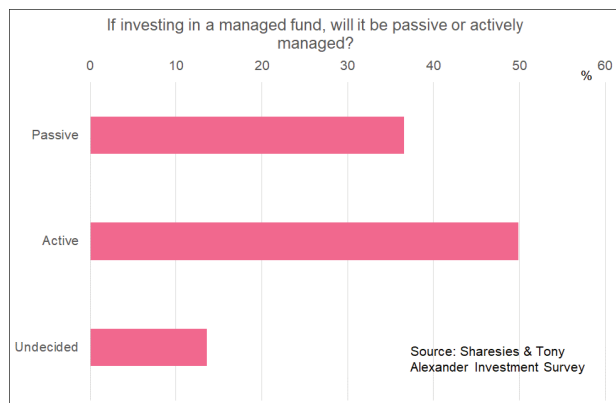


If you are thinking about investing in a managed fund, which type?

The proportion of respondents who favour aggressive or growth focused managed funds has eased for the second month in a row. However, they remain the most popular styles by far.



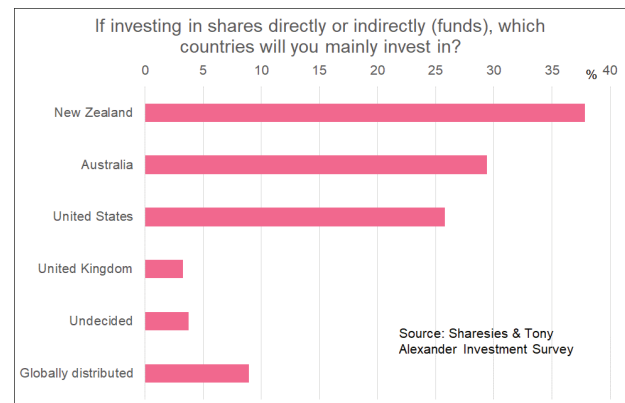
The proportion of respondents who would invest in a passively-managed fund (index-tracking) remains at 37%, compared to 50% who favour an actively-managed fund.



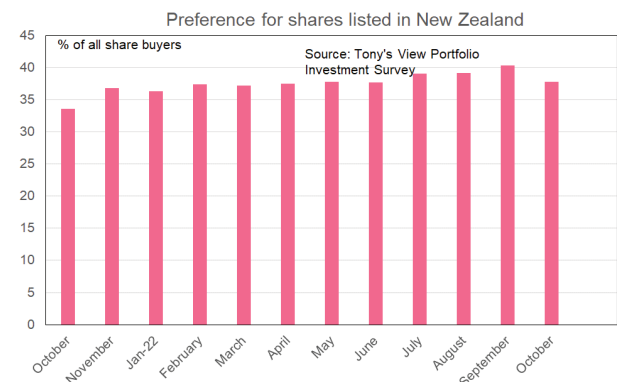
If investing in shares directly or indirectly (funds), which countries will you mainly invest in?

In case there should one day be a firm shift in people's view of New Zealand's long-term prospects, we seek insights into share purchase preferences by country.

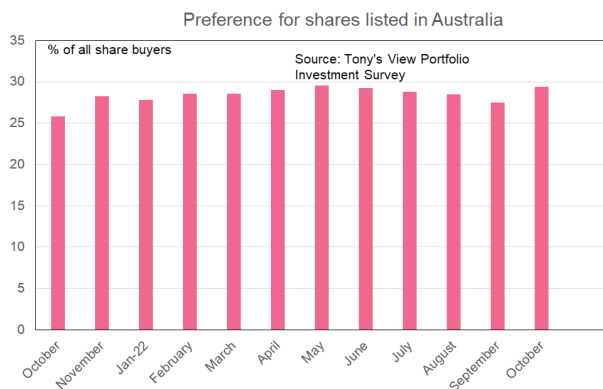
We Kiwis largely restrict ourselves to listed shares in New Zealand, Australia, and the United States.



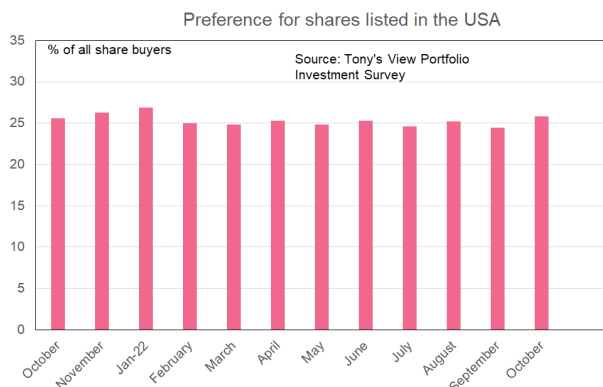
The preference for NZ-listed shares has eased slightly, but it's too early to say whether this marks the start of a downward trend.



There's been a slight uptick in preference for Australian-listed shares, which have perhaps benefited from the easing interest in kiwi shares.



The small rise in demand for US-listed equities could be down to investors bargain hunting after recent sharp falls in US markets.



Respondents to the survey were distributed by age as follows.

< 30 years	4.3%
30 – 50 years	30.0%
51 – 65 years	39.8%
Over 65 years	25.9%

What do your investment assets (including savings but excluding family home) add up to?

Less than \$500k	25%
\$500k – \$2mn	32%
\$2mn – \$5mn	25%
Over \$5mn	18%

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.

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