RETAIL INVESTOR BEAT

MARCH 2024

FIVE HIGHLIGHTS FROM Q1 2024 SURVEY

We spotlight five key takeaways from our latest quarterly survey of 10,000 self-directed investors across 13 markets around the world. Our findings show that retail investors remain loyal to big tech, crypto, and AI. However, many are also planning to adapt their strategy by rebalancing their portfolio ahead of interest rate cuts. Geopolitics is once again rising as a perceived risk amongst retail investors and this cohort of investors is taking politics seriously in this huge global election year. The number of investors continues to grow, led by the young and female, and social media is playing a big part in supporting decision making.

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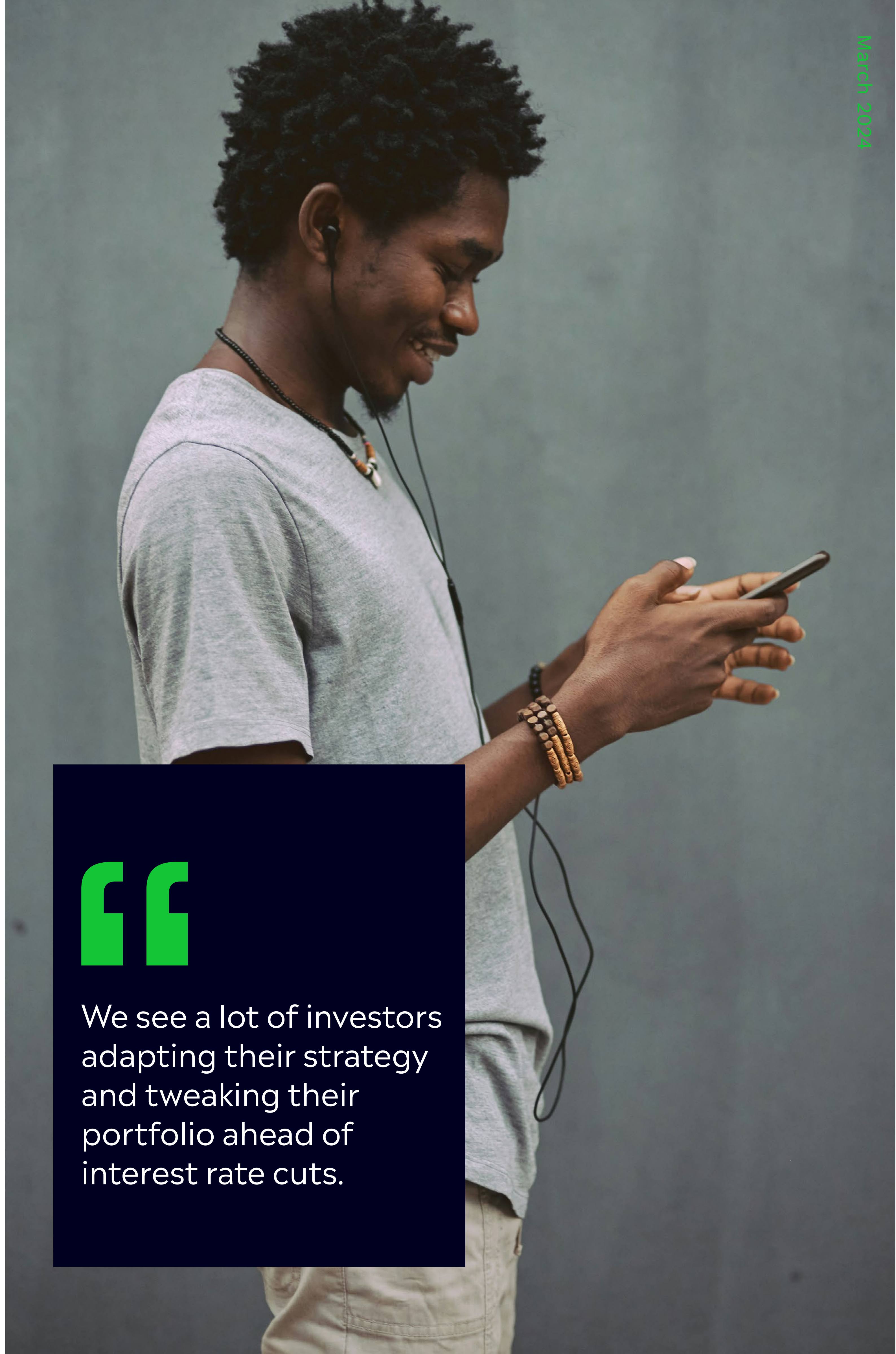

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"We see a lot of investors adapting their strategy and tweaking their portfolio ahead of interest rate cuts.

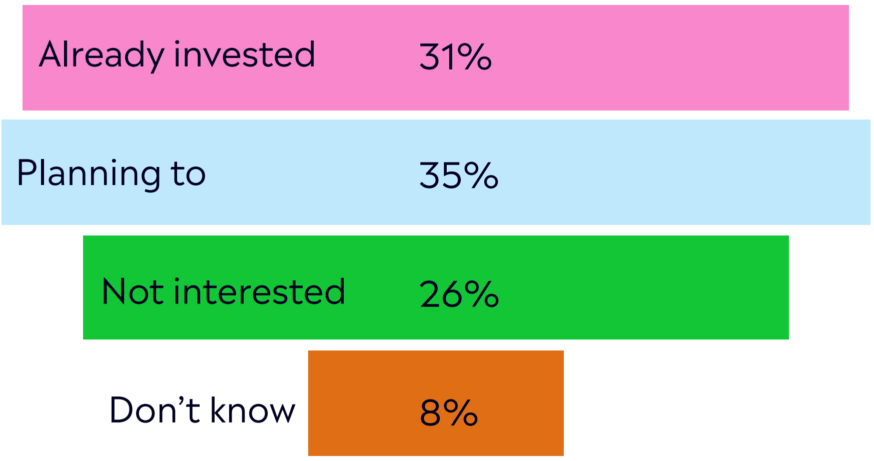
1 INVESTORS STICK WITH TECH AND CRYPTO WHILE INVESTING MORE IN AI

Retail investors are sticking with the big tech and crypto investments that served them so well in 2023. Crypto is now the second most popular asset class after stocks, with a third (34%) of retail investors owning it, and it is easily the best-performing asset of 2023 and of 2024 so far. This is in large part thanks to the launch of spot bitcoin ETFs in January and the buzz ahead of April's bitcoin halving event, which happens once every four years.

Technology, meanwhile, retains its grip on retail investors. It is the second most owned sector, after financial services, and is the sector that investors are most likely to prioritise in 2024. The main attraction of tech stocks in recent times has been the so-called Magnificent 7 which include Alphabet, Apple, Amazon, Microsoft, Meta, NVIDIA, and Tesla. Reflecting their confidence in these companies - which have collectively almost doubled in price since the start of last year - 57% of retail investors plan to either maintain or increase their investments in the stocks this year. However, we've also seen a significant number of investors pull back on these stocks, discussed more on the next page.

Artificial Intelligence (AI) is already very popular and set to get more so, potentially driving further price outperformance, with AI leaders such as Nvidia, ARM and Super Micro already among the best performers so far this year. The proportion of retail investors holding AI-related stocks rose from 27% to 31% in the first quarter of 2024, whilst a much larger 35% plan to invest in AI stocks in the future.

AI stock investment intentions



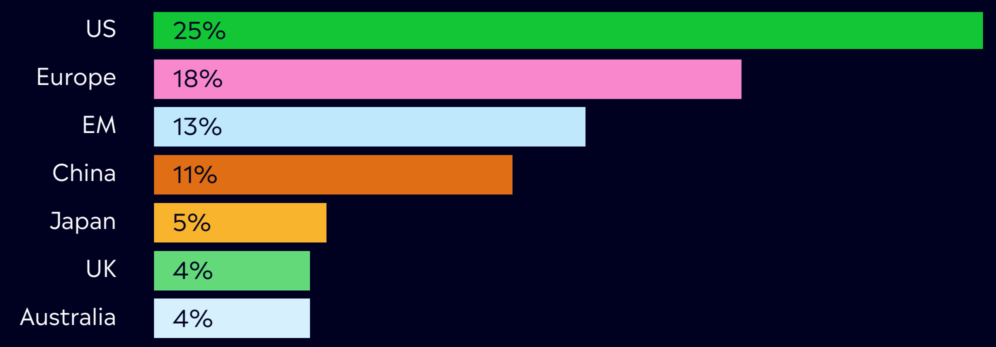
2 INVESTORS PREPARING FOR IMPACT OF RATE CUTS

Retail investors are also looking ahead, with 53% planning to rebalance their portfolios ahead of predicted interest rate cuts by the US Federal Reserve and other central banks over the summer. This proactive approach is being led by younger investors, with the most common change being an increase in equity investments (48%), particularly of dividend stocks (33%), followed by holding less money in cash (36%).

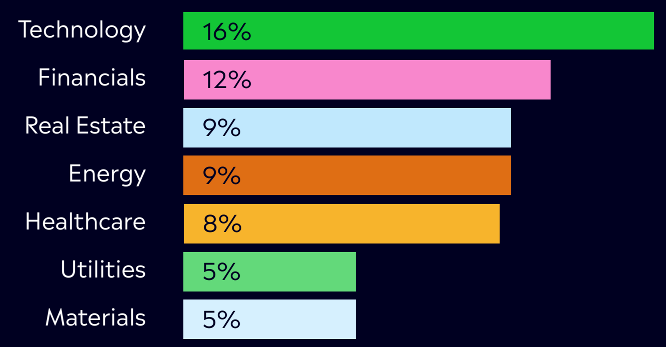
When asked which sectors they would most likely increase their investments in, financial services and real estate came second and third. Both are among the most sensitive to the outlook for an economic soft landing and lower interest rates, illustrating how investors are looking to get ahead of the game. Interestingly, one in four (27%) also plan to scale back investments in the 'Magnificent 7' tech stocks, indicating that a significant number of retail investors sense a market rotation is coming.

Similarly, Europe and emerging markets, both cheap in equity valuation terms and economically sensitive, are the second and third most favoured regional investment destinations amongst investors, with 18% and 13% prioritising them, respectively. Only the super-sized US market is more popular. China is a contrarian fourth most popular market at 11%, whilst Japan, the UK and Australia remain out-of-sight and mind, each polling 5% or less.

Which markets are retail investors prioritising?



Which sectors are retail investors prioritising?



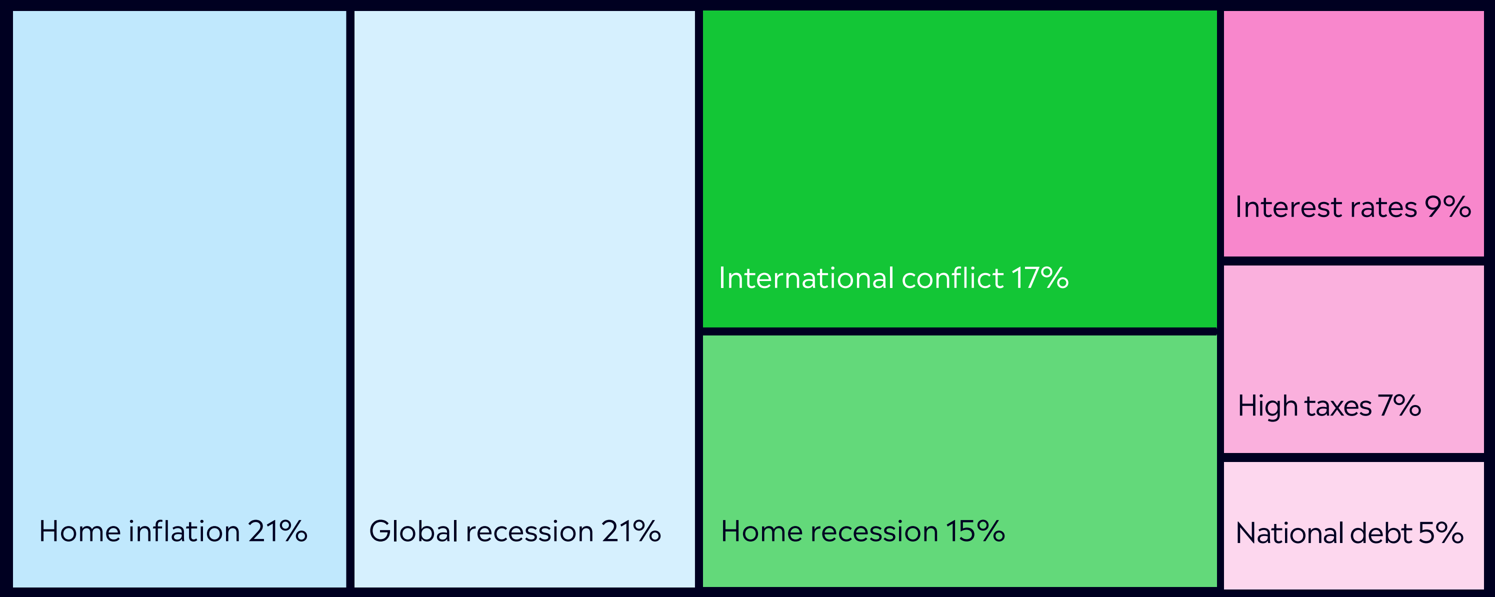
3 INFLATION RISK FALLING WHILST GEOPOLITICAL WORRIES RISE

Retail investors are becoming less worried by inflation, with the proportion of those concerned down three percentage points to 21% in the latest survey. Whilst price rises may be sticky in some regions, they continue to close in on the 2% targets of central banks and are down sharply from the double-digit levels of recent memory. However, inflation is still the biggest perceived risk amongst retail investors, sharing the top spot with the perceived risk of a global recession.

In the last three months, international conflict has risen to become the third biggest perceived risk amongst global retail investors, with 17% worried about it above all else, a three percentage point rise from December. This comes as the Russia-Ukraine war enters its third year, Middle East tensions build and investors deal with an unprecedented heavy election calendar.

Regardless of these risks, an increasing 77% of investors feel confident with their portfolios, with a steady third of investors having increased, or planning to increase, their investment contributions. This is being helped by high levels of income and job security whilst concerns about local economies are unsurprisingly high in the UK and continental Europe as they flirt with technical recessions. Danish and Dutch investors, meanwhile, are the most positive on their home economies.

Biggest investment risks



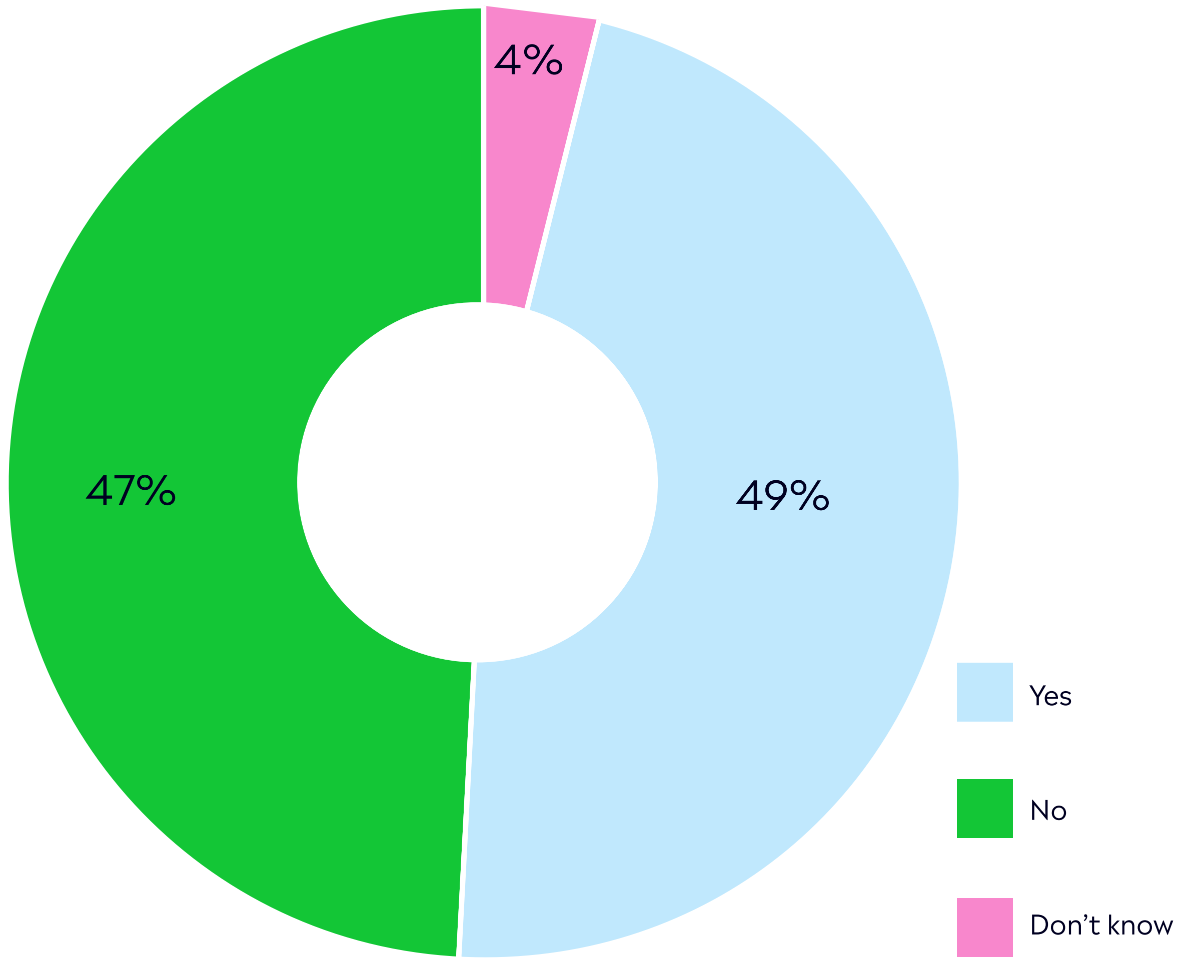
4 ELECTION-HEAVY YEAR PROMPTS INVESTORS TO MIX POLITICS WITH THEIR PORTFOLIOS

Investors are grappling with one of the biggest election years in history, alongside rising geopolitical risks, with over half of the global population, representing more than 50% of its GDP, going to the polls. This is bookended by Taiwan's election, which took place back in January, through to the US election on November 5, with the UK, EU, South Africa, India and Mexico among those in between and upcoming.

Retail investors are challenging the old adage of 'not to mix politics with your portfolio', with 49% considering their investments when deciding who to vote for. This is led by those in the US, Germany, Poland and the youngest cohort of investors, aged 18–34. However, 47% think politics is less relevant to their portfolios, with respondents from Denmark, Netherlands, and those investors aged over 55 most likely to feel this way.

The survey also shows that the political views of global retail investors skew to the right, with 49% identifying as centre-right or right leaning. This compares to only 36% identifying as left or centre left, with a 14% middle ground who either don't know or don't identify as right or left leaning.

Do you consider investments when voting?



5 FINANCIAL INFLUENCERS AND SOCIAL MEDIA'S GROWING ROLE

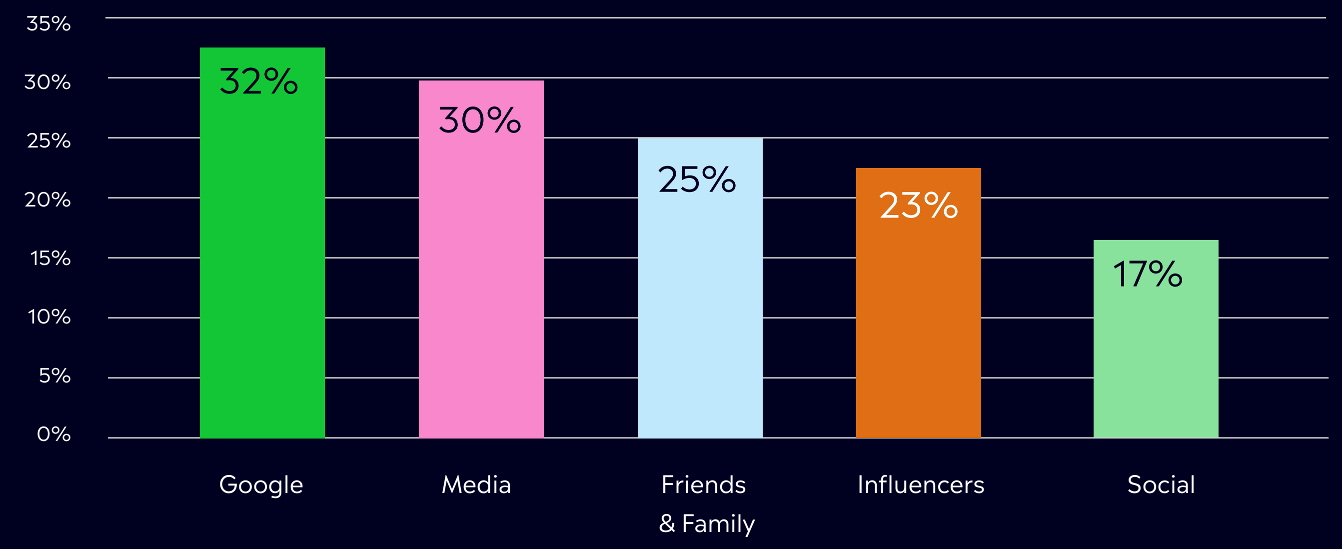
The number of global retail investors is growing, with 7% new in the past year, led by double-digit growth in Eastern Europe and Norway, alongside younger and female investors. This is being helped by the structural drivers of online platforms, a growing investor community, free investing, fractional share ownership, and more people wanting to take control of their financial futures.

Social media is important for researching investments, with financial influencers ranked #4, social media #5 and online forums #8 among sources considered. Personal recommendations rank a high #3 and are relied upon by a quarter of investors. This is behind Google (#1) and the mainstream media (#2), whilst at the foot of the table are podcasts (#9) and books (#10).

Investors are also actively tracking their portfolios, even if they trade less frequently. Around a third (34%) view their investments at least once a day and 32% view their portfolio weekly. This compares to only 4% of retail investors who 'invest and forget', taking the very long view by only checking once a year or less, led by Australia and Denmark.

> Financial influencers have become a key source of investing information. I can only see this trend increasing in the coming years.

Sources of research information used (top 5)



ABOUT THE GLOBAL RIB SURVEY

The Retail Investor Beat was based on a survey of 10,000 retail investors across 13 countries and 3 continents. The following countries had 1,000 respondents: UK, US, Germany, France, Australia, Italy, and Spain. The following countries had 500 respondents: Netherlands, Denmark, Norway, Poland, Romania, and the Czech Republic.

The survey was conducted from 15 February - 5 March 2024 and carried out by research company Opinium. Retail investors were defined as self-directed or advised and had to hold at least one investment product including shares, bonds, funds, investment ISAs or equivalent.

Get in touch

If you would like to speak with Ben Laidler or to find out more about eToro's Retail Investor Beat you can contact eToro's PR team on **pr@etoro.com.**

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