



# Retail Investor 'Beat' Survey Q2

DIY investors stand up to bear market

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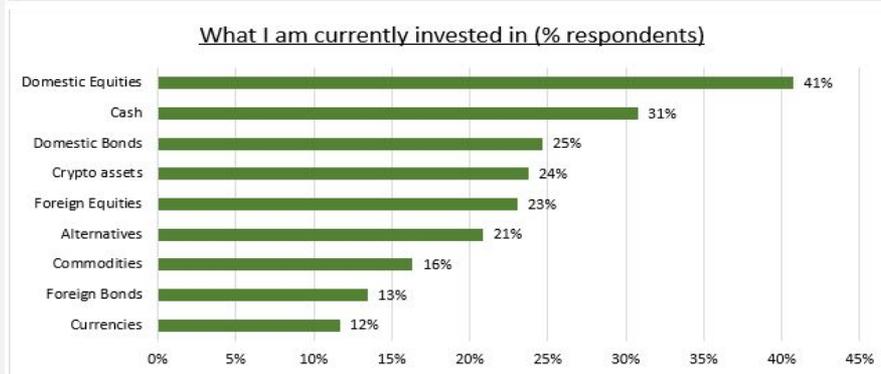
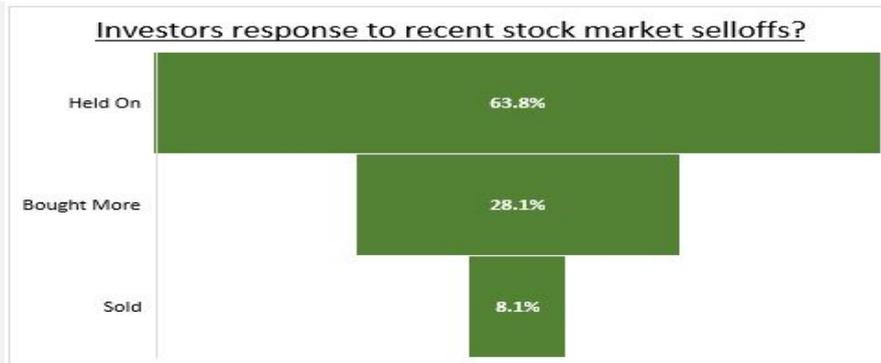
# eToro's Retail Investor Beat: standing up to the bear market

eToro's global *Retail Investor Beat* survey. 10,000 investors in 14 countries, answering 25 questions

- ❑ Only 8% of investors sold investments during recent stock market sell offs, 64% held firm and another **28% bought the dip**.
- ❑ **Investors increased exposure** to commodities (17% of investors), crypto (16%), domestic equities (16%) and cash (15%).
- ❑ 48% plan to invest the same amount of money over the next three months and **30% expect to invest more**.

## Investors are diversifying across new assets and sectors

- ❑ Inflation seen as the **biggest macro risk**, even as growth risks rise, and confidence in investments continues to ease from high levels.
  - ❑ Currently 72% confident, down from 82% high in Q2 21
- ❑ Energy and traditional **'defensive' sectors**, like healthcare and utilities, rise in popularity.
- ❑ Crypto investors were more likely to **'buy the dip'** (39%) than broader investors, and favour meme and alt-coins.
- ❑ New investors are **disproportionately young and female**, and have distinct characteristics and goals.



Source: etoro on Appinio survey data

Past performance is not an indication of future results.

# Why retail matters: helping anchor the market

## Retail equity ownership is high, and increasingly important

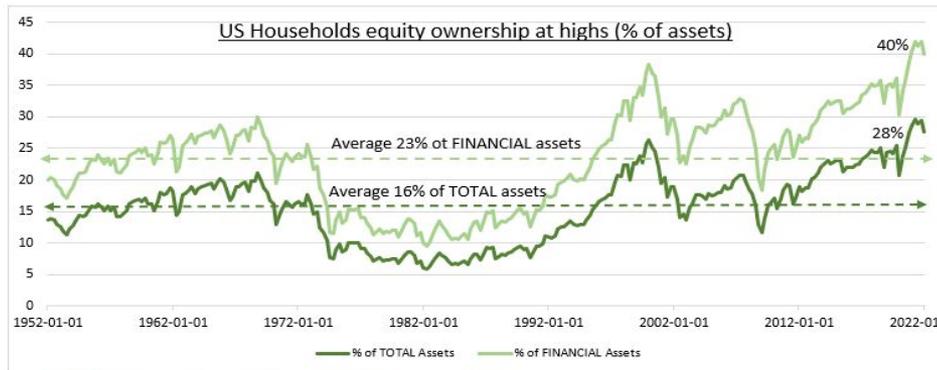
US household equity ownership is close to highest ever, according to US Fed

- ❑ US households have **28% of their total assets in equities**, and 40% of their financial assets (Latest, Q1 2022), driven both by historic market gains and new investors.
- ❑ Reflected in growth of users on online trading platforms, like eToro

## Retail is helping anchor the equity market

- ❑ **Structural investment changes** have driven much of the rising interest. With new online platforms, social media community growth, introduction of free trading, and fractional ownership.
  - ❑ Growth has outlasted the 2020 pandemic lockdown and stimulus cheque boom.
- ❑ **Individual investors have largely held firm or 'bought the dip'**, in sell off this year, preventing it from being even worse.
  - ❑ But are often remain overlooked by many traditional market participants, from stock split to IPO's.

**35% of investors expect to invest more in future. 45% about the same**



Source: US Federal Reserve System (FRED), eToro calculations



Source: eToro. December 2021 preliminary key performance indicator update

Source: etoro on Appinio survey data

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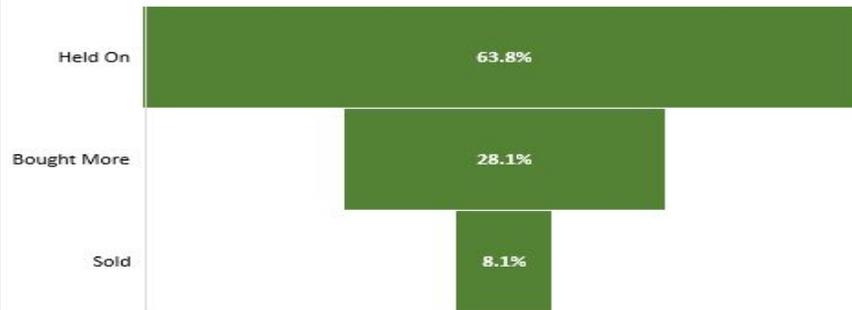
# Focus 1: Resilient reaction to the 'bear' market



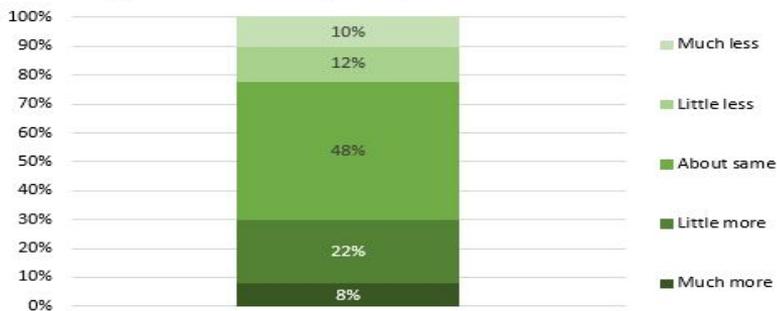
## DIY investors resilient to the 'bear' market

- ❑ Only **8% of investors sold** investments during recent stock market sell offs, 64% held firm and another 28% bought the dip
  - ❑ Poland, Romania, Italy most likely to add. Denmark least
- ❑ Investors increased exposure to commodities (17% of investors), crypto (16%), domestic equities (16%) and cash (15%)
- ❑ 48% **plan to invest the same amount** of money over the next three months and 30% expect to invest more

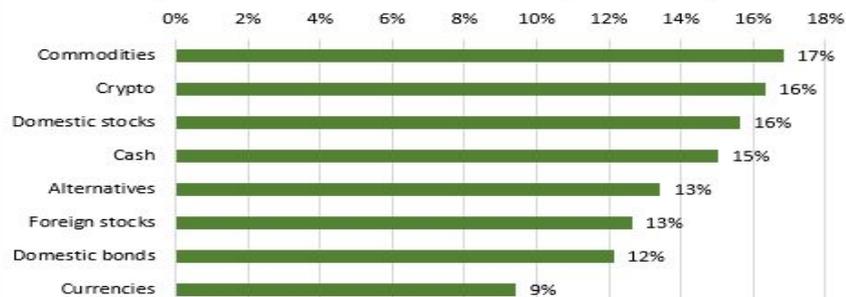
## Investors response to recent stock market selloffs?



## Expect invest more/same/less in next 3-months?



## % of investors who added to positions...



Source: etoro on Appinio survey data

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# Focus 2: The future is female

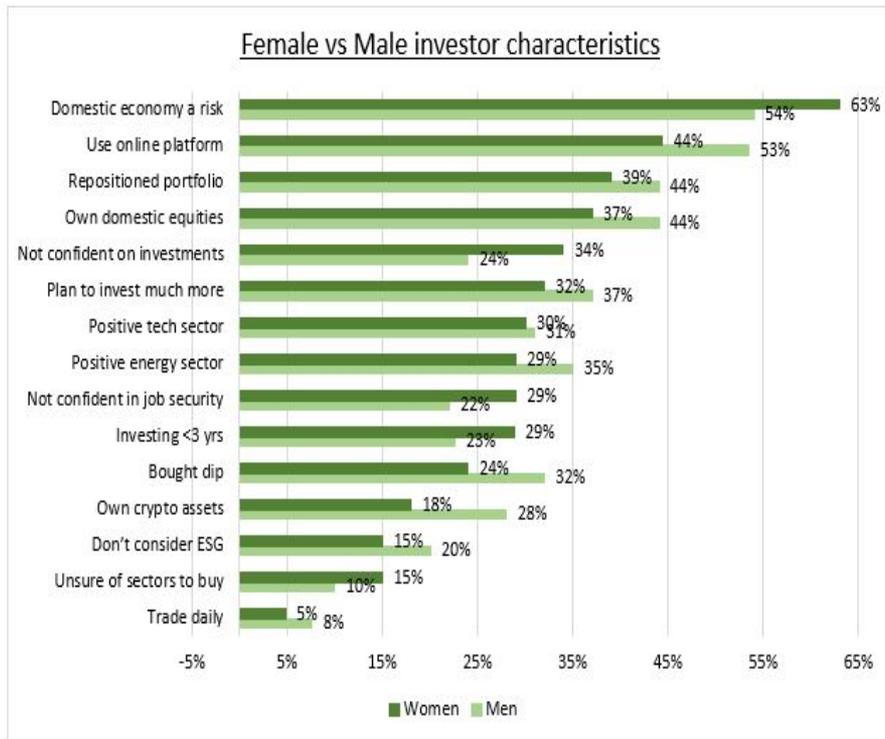
## Rise of the female investor is large and under-appreciated

- ❑ Female investors are growing quickly. **29% are new to investing** vs 23% men. Women already dominate family financial decisions, and this is now spreading to investment decisions.
- ❑ Two-thirds now invest outside their retirement accounts (Fidelity) and **\$30 trillion to shift to women** by end of decade (McKinsey).

## Women invest somewhat differently (and often better) to men

Studies show women are better overall savers and generate better long term investment returns.

- ❑ **Trade less frequently and look longer term.** Only 5% trade daily. Are also less likely to have repositioned portfolio recently.
- ❑ **Have a lower risk appetite.** Are more cautious on volatile assets like domestic equities and crypto.
- ❑ **Exhibit less confidence.** Have less confidence in their investments, and are more unsure of what to invest in.
- ❑ **Have different priorities.** Are more likely to consider ESG when investing. Are less likely to invest in the Energy sector



Source: etoro on Appinio survey data

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# What are they investing in: turn to cash and currencies

## Investors remain well diversified across asset classes

- ❑ 41% invest in domestic equities, and 25% domestic bonds

## Equities fall in popularity as we fall into a 'bear' market

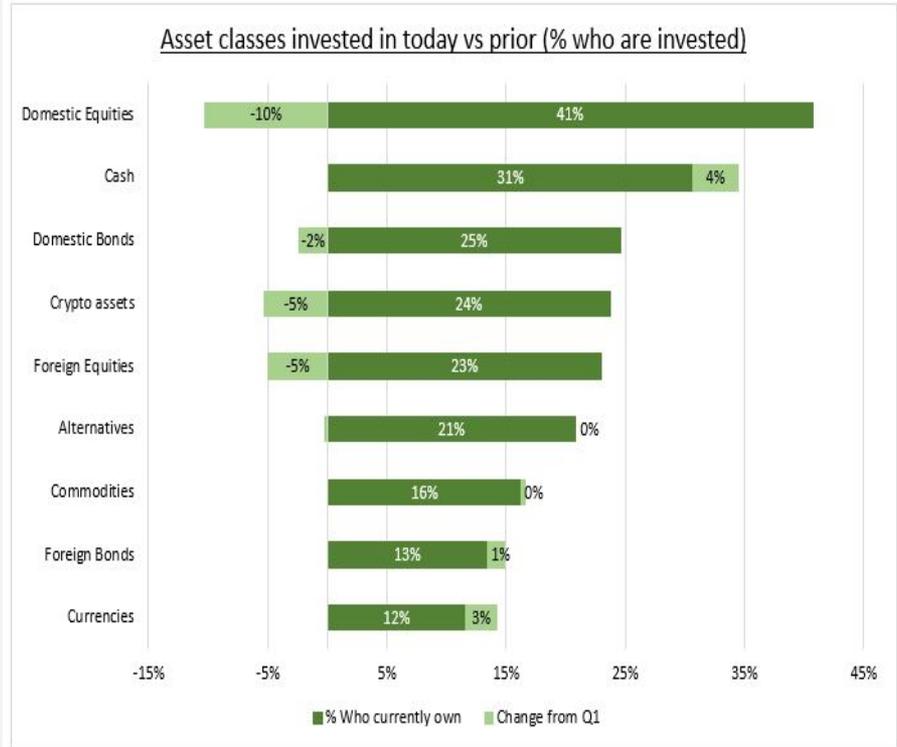
- ❑ Survey showed a 10% fall in domestic equity ownership, and 5% for foreign equities

## Crypto slips from 2nd to 4th most owned asset class

- ❑ 24% of investors own today, down from prior 29%

## Cash surges to 2nd best owned asset. Currencies also more popular

- ❑ **Cash as an investment rose** the most of all assets, as markets plunged, and investors became more defensive
- ❑ Currencies also showed an increase in popularity, with the **US dollar the best asset performer** in Q2



Source: eToro on Appinio survey data

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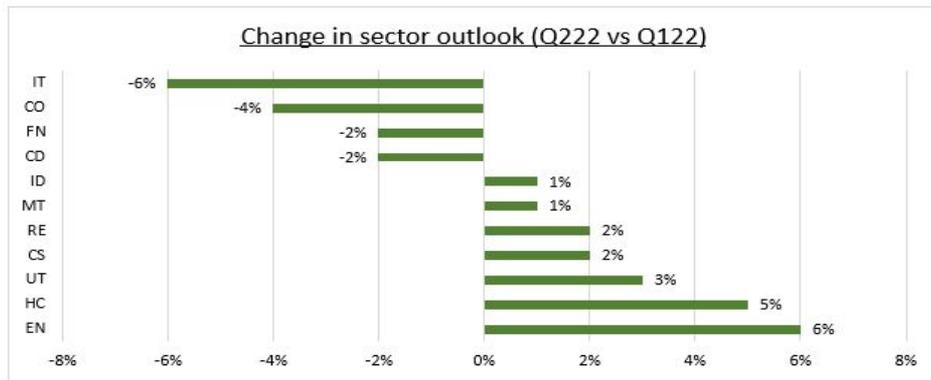
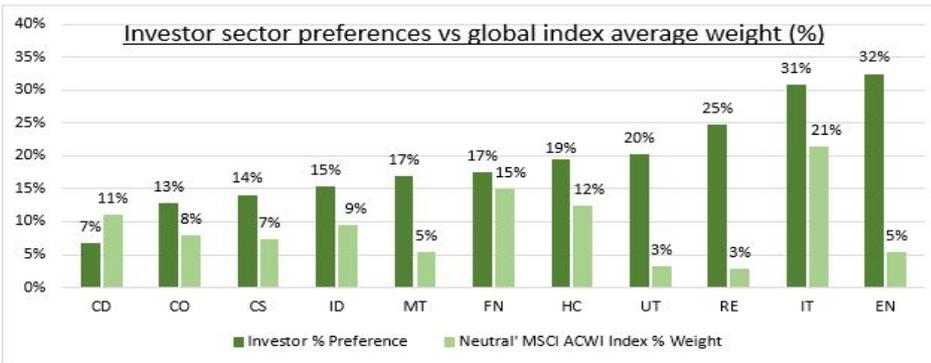
# What are they investing in: move to energy and defensives

## Commodities and traditional 'defensives' are the focus

- ❑ The **energy sector** remains the most popular among DIY investors, with big new allocations.
- ❑ Investors adding to **traditional defensives** with more stable cash flows, and protection against recession. Healthcare, utilities, consumer staples, and real estate all saw allocation gains, with few places to hide in this down market.
- ❑ **Allocations remain very large** to some of these sectors - like energy, real estate, and utilities - compared to their small size.

## Technology becoming less popular as sell off has continued

- ❑ The tech sector remains **only the 2nd best owned sector**. It has been hurt this year as its high valuations has made it vulnerable to the impact of rising interest rates and bond yields.
- ❑ Allocations also fall in related Communications (social media stocks) and Consumer Discretionary (home of Amazon, Tesla) in a **broad move away from 'tech'**.
- ❑ Financials also seen lower allocations, as the benefits of higher bond yields have been outweighed by rising recession risks



Source: etoro on Appinio survey data

CD=Consumer Discretionary, CS=Consumer Staples, ID=Industrials, UT=Utilities, MT=Materials, CO=Communications, FN=Financials, RE=Real Estate, EN=Energy, HC=Healthcare, IT=Information Technology. \* MSCI All Country World Index sector weights

# What are they investing in: crypto investors 'buying the dip'

## Crypto assets now the 4th most owned of all asset classes

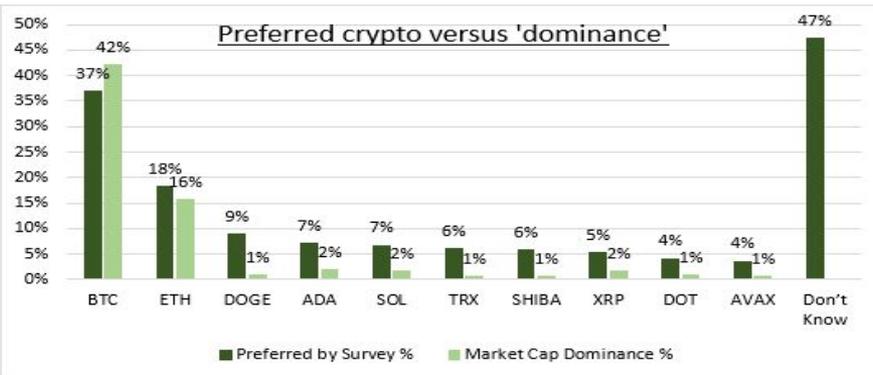
- ❑ Slipped to 4th most owned asset class, behind domestic equities, cash, and domestic bonds.
- ❑ **24% of DIY investors now own** crypto assets, down 5% versus the Q1 survey, given the sharp asset class price pull back.

## 'Don't know' remains the most popular crypto coin

- ❑ Bitcoin (37%) and Ether (18%) seen as best crypto investments ahead, broadly in line with weight in market cap ('dominance').
- ❑ **Meme- and alt-coins** are significantly more popular than their 'dominance' market capitalisations, led by DOGE, ADA, and SOL.
- ❑ **'Don't know' (47%)** remains the 'most popular' crypto asset among respondents, reflecting the need for continued education.

## Investors riding out the correction, or 'buying the dip'

- ❑ 50% of investors have made no changes to their crypto holdings in the recent sharp price correction, whilst **only 12% have sold**.
- ❑ Near four times as many (**39%**) **have bought more**, 'buying the dip'.



Source: etoro on Appinio survey data

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# What are they investing in: themes and commodities

## 'Clean tech' themes most popular, followed by digital transformation

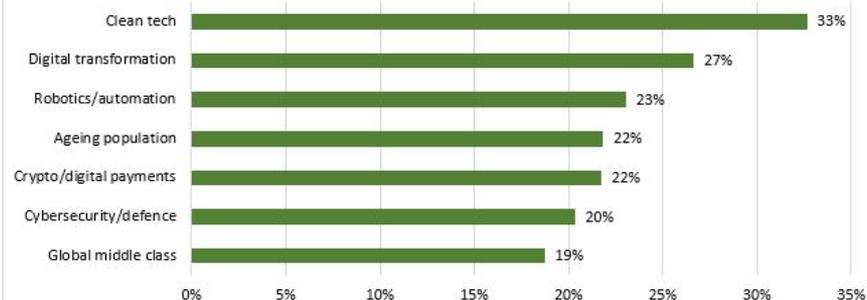
- ❑ 33% see '**cleantech**' as best long term investment theme. Was highest in Australia and Italy, and lowest in Czech and Norway.
- ❑ '**Digital transformation**' theme also popular, despite recent poor tech sector performance. Led by Romania and Italy, and least popular in Denmark and Norway.
- ❑ The '**robotics and automation**' theme was especially popular in Romania, the headquarters of RPA pioneer UiPath (PATH).

See eToro thematic [Smart Portfolios](#). From EV's to vaccines

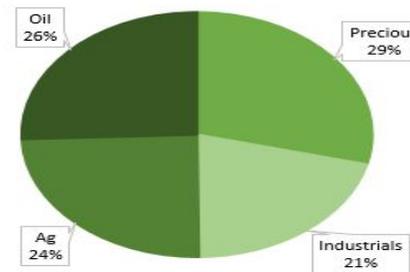
## But commodities also popular. Investors divided on which to choose

- ❑ Commodities has been the **best performing asset class** this year
- ❑ Investors are dividend in preferences. **Precious metals**, that has been poorest performing segment this year, leads preferences. Likely signalling inflation concerns and a contrarian investing bias.
- ❑ This is followed by **oil**, whose prices have remained resilient in the face of rising recession fears, with the supply side still very tight.

Favoured long term investment themes (% respondents)



Which commodity is the best opportunity?



Source: etoro on Appinio survey data

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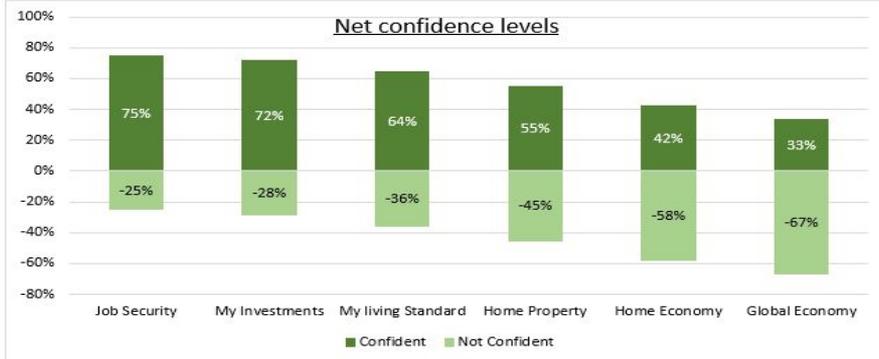
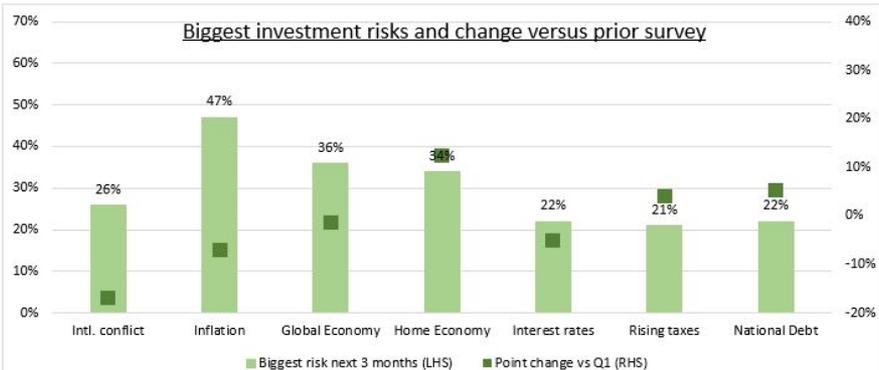
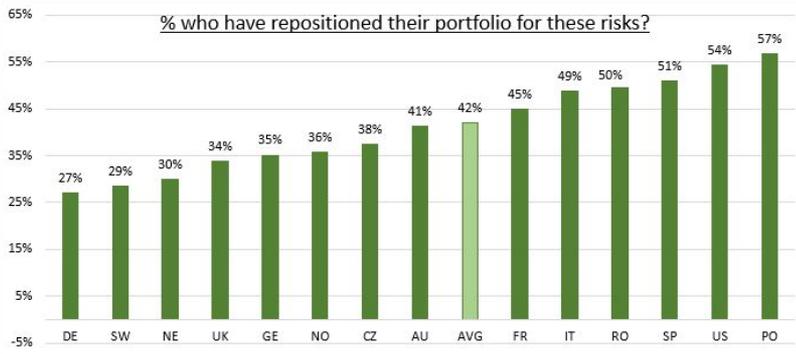
# DIY investor concerns: economic risks are rising

## Inflation the biggest concern, but growth concerns rising

- ☐ Saw **weaker economic confidence**, with 'cost of living' crisis and rising interest rates. But job security high, with labour market tight.

## Despite risk environment, investors are comfortable with allocations

- ☐ Only 42% re-allocated portfolios, adding diversification or quality.
- ☐ Whilst a still high 72% remain confident in their investments.
  - ☐ But is **steadily falling** every quarter. 83% high Q2 2021



Source: etoro on Appinio survey data

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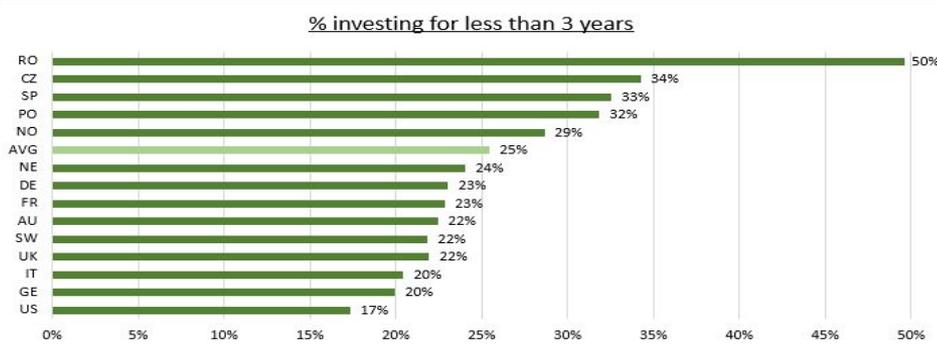
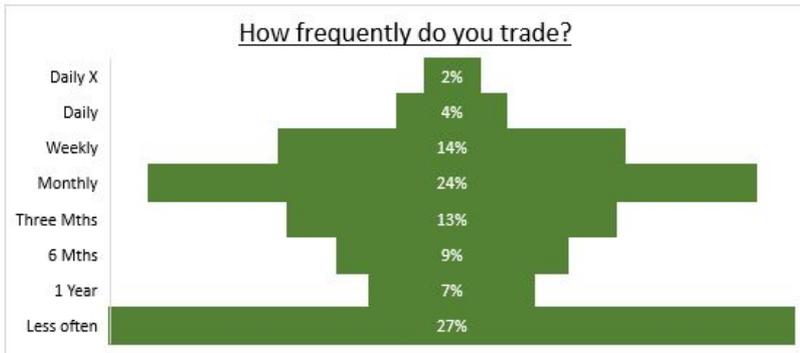
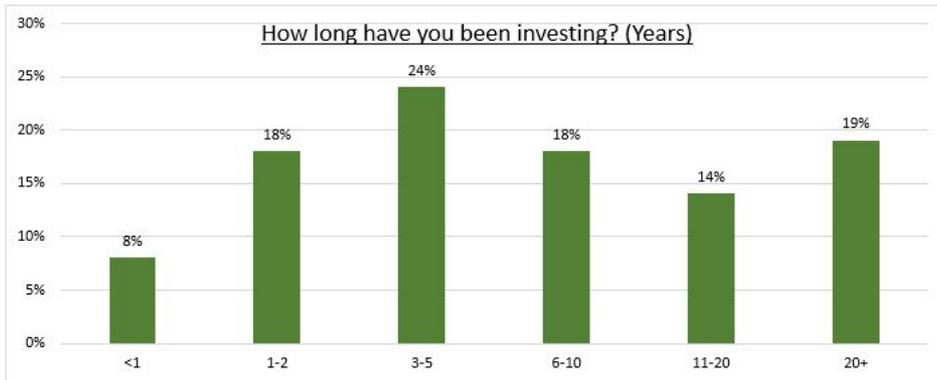
# How retail invests: time in market and trading behaviour

## Many DIY investors are new to investing in recent years

- ❑ 26% have been investing **for under three years**.
- ❑ Greatest percentage of 'new' investors is in **eastern europe**.

## DIY investors are closely tracking investments, but not-over trading

- ❑ **Only 6% investors trade daily**. 27% do not trade once a year.
- ❑ But they are monitoring. 31% daily and **85% at least monthly**.



Source: etoro on Appinio survey data

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# Survey: the Q2 details

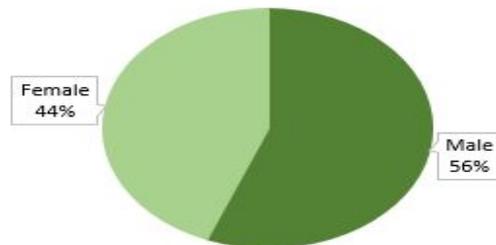
**10,000 self-directed investors in 14 countries, answering 25 questions**

Countries: US, UK, Australia, Germany, France, Italy, Spain, Netherlands, Denmark, Sweden, Norway, Poland, Romania, Czech Republic

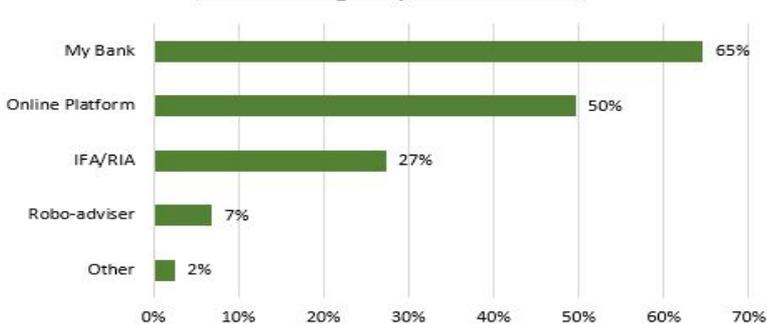
Field Dates: June 7 - 17, 2022

Company: Appinio

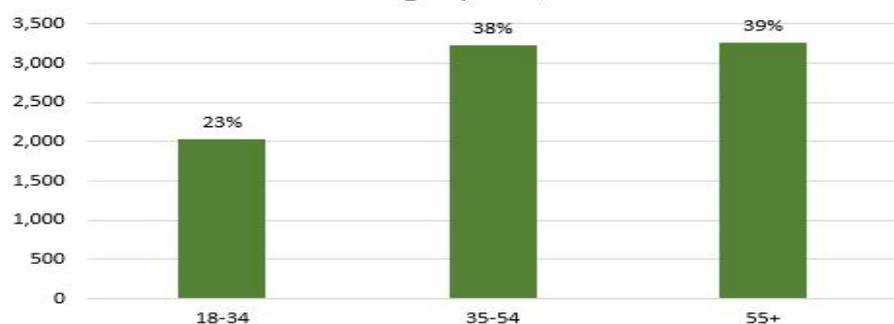
Gender split %



How manage my investments?



Age split %



Source: etoro on Appinio survey data.

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