

RESEARCH
INSIGHTS

Vanguard Investor Insights

April 2022**Introduction**

At Vanguard, we want to change the way Australians invest by providing access to our high-quality, low cost investments and promoting smart investing strategies that will set our investors up for investment success.

The Vanguard Investor Insights series provides unique snapshots into current investing trends and behaviours that we observe to ensure we can deliver on this commitment through a deeper understanding of what's driving investment choices and outcomes.

Mars vs Venus

Research continues to show that men and women approach investing differently. Vanguard investor data shows Australian women are slightly more diversified and balanced in their investment allocations. The trends we've noted align closely with Vanguard's study of differences in investing behaviour amongst Vanguard's male and female clients in the United States.

Over a third (36%) of Australian Personal Investor accounts (excluding SMSF and joint accounts) are opened by female investors, a statistic similar to the ASX's Australian Investor Study which found that 45% of new investors in 2021 were women.

We've observed that female investors are investing in ways that align more closely with Vanguard's long-held investment principles valuing patience and discipline, combined with the power of a broadly diversified investment allocation.

Female investors are:

- More likely to invest in unlisted managed funds than males

- More heavily invested in ESG funds and diversified funds that offer exposure across a range of asset classes
- Less invested in active funds and individual shares

Breakdown of investing behaviours

Behaviour	Females	Males
Percentage of total portfolio invested in ESG funds	3.0%	1.6%
Percentage of total portfolio invested in diversified funds*	42.1%	37.2%
Percentage of total portfolio invested in active funds	3.0%	4.3%
Percentage of total portfolio invested in individual shares	1.2%	1.9%

*Vanguard's four diversified funds are multi-asset class products that deliver a balance of growth and income assets aligned to four risk profiles
*Data as at 31 March 2022

Female investors are more disciplined and likely to adhere to the mantra of "time in the market not timing the market" – half as many female Vanguard investors than male sold an investment in their first six months of investing.

COVID-related investing trends

Vanguard observed the following behaviours during the various lockdown periods during the pandemic.¹

Stay home and save

Aligned to the broader industry trends observed, there was a marked increase in new account openings and cash inflows into Vanguard Personal Investor during the various lockdown periods across Australia.²

New account openings grew by 63% during Delta lockdowns in both NSW and VIC, in comparison to the pre-lockdown period just prior. We also observed a surge in existing investors adding to their existing investments – with daily inflows increasing by 57% and the number of accounts depositing daily increasing by 64%.

These figures fluctuated slightly over the Omicron-induced 'shadow lockdown'³ period, during which Vanguard observed a continued increase in the number of new accounts opening and deposits made, but inflows had continued at the same levels seen during the pre-Omicron period.⁴

- 31% increase in new accounts opened
- 9% increase in accounts making a deposit
- 1% decrease in daily inflows

These figures were more pronounced in states which had less prior lockdown experience. For example, the Delta lockdown effect on investments was more noticeable in NSW than in VIC, with NSW investors⁵ increasing their deposits (81%) in comparison to VIC investors (65%) and other states (48%).

The reverse was observed during the shadow lockdown with other states increasing their investment deposits by 12% while NSW and VIC trailed with 8.5% and 6% respectively.

Under 35s saved most during the shadow lockdown / A generational divide

While the effect of the Delta variant led to increased deposits across all age groups – under 35s (+73%), 35-55s (+55%) and over 55s (+63%), during the shadow lockdown, investors over 55 years reduced their deposits to Vanguard Personal Investor while the under 35s increased their deposits by 14%. The 35-55s increased their deposits marginally (+6%).

A similar trend was observed in new accounts opened – Vanguard noted an across the board increase in new accounts opened during the Delta lockdown but this trend only continued for the younger generation (41% increase for under 35s, 22% for 35-55s and 5% for over 55s) into the shadow lockdown period.

Staying the course through volatility

Our data also shows that Vanguard Personal Investors have largely maintained investment discipline through volatility⁶ related to the Ukraine crisis-and stayed the course.

Inflows to the platform remained relatively steady, reflecting volumes similar to pre-lockdown periods. We didn't observe investors buying through the share market dip with data showing buy and sell trades conversely reduced in volume, while cashing out activity remained at regular levels.

¹ Google movement data was used to estimate lockdown periods across Australia.

Pre-lockdown: 10 June – 30 June 2021

Delta lockdown: 8 August – 12 October 2021

² Figures should not be solely attributed to lockdown as this data falls during the End of Financial Year, a period where increases in deposits and financial transactions have been previously observed.

³ Shadow lockdown: 1 January – 31 January 2022

⁴ Post lockdown: 1 November – 24 December 2021

⁵ Includes ACT investors

⁶ Ukraine crisis-induced volatility: 28 February – 13 March

About Vanguard Personal Investor

Launched in April 2020, Vanguard Personal Investor is designed to offer investors a quality investing platform, not just a trading account. It provides investors – regardless of where

they are in their wealth building journey – low cost access to Vanguard's comprehensive investment menu of managed funds and ETFs, in addition to a range of individual Australian shares.

