Computershare

Australia's ETF evolution

Insights from 30 years of investor behaviour



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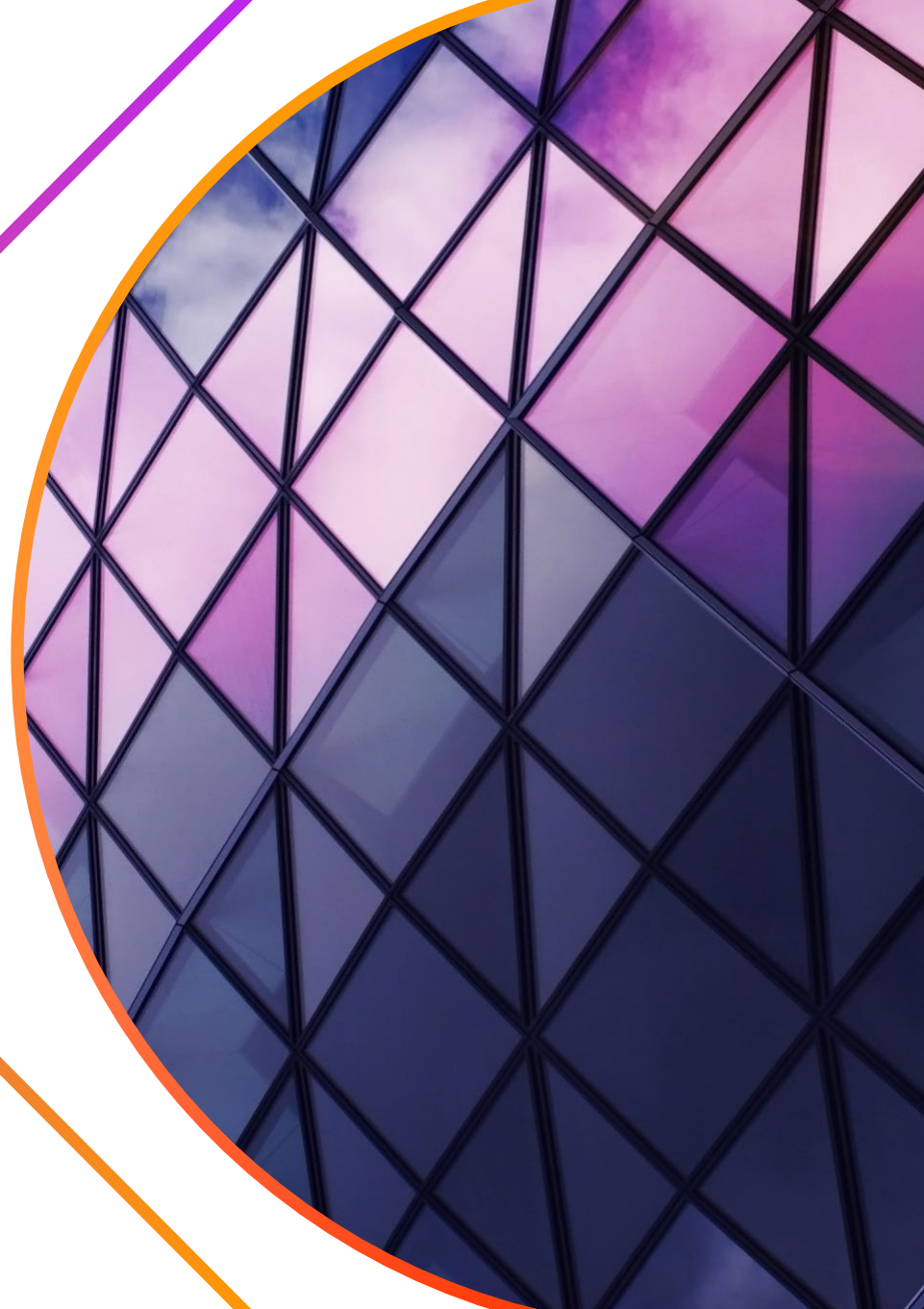
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Introduction

Most of what is written about Australian Exchange Traded Funds (ETFs) is about growth in products, assets and investors. This report looks at how ETFs have changed the way Australians start investing, react to market falls and build their portfolios.

Drawing on 30 years of registry evidence, this report traces that evolution from an era dominated by direct share ownership to one in which ETFs have become an increasingly important starting point, reshaping how Australians access markets, diversify and manage risk.

Our previous ETF research explored investor attitudes, motivations and experiences through qualitative analysis and survey evidence. This edition goes deeper. Using registry data from January 1996 to April 2026, it traces three decades of actual behaviour: what investors held, bought and sold, how they entered the market and how their decisions changed over time.

The period covers three major market disruptions: the dot-com crash, the Global Financial Crisis (GFC) and COVID-19. Each tested investors under different market conditions and at a different stage in the development of Australia's ETF market. Together, these episodes provide unique insight into how investor behaviour changed as the range, accessibility and role of ETFs expanded.

The report covers much more than crises: how investors enter the market and build portfolios, what drives their choice of product and issuer, how their trading affects returns, and why some stay while others leave. It examines what may influence product and issuer selection, how trading decisions may affect investor outcomes, and why some investors may remain engaged while others leave. The report also links holdings to postcode socio-economic data for the first time, showing where ETFs play their largest role and how their use differs across Australian communities.

The main finding is that ETFs now shape where investing begins, how portfolios are built and which issuers investors stay with.

This analysis was undertaken in partnership with Dr Marta Khomyn, Senior Lecturer at Adelaide University, and Associate Professor Benjamin Loos of UNSW Sydney. We sincerely thank them for the rigour, expertise and independent perspective they brought to this research.

As registrar for a large share of Australian listed companies and ETFs, Computershare holds records that span several market cycles and a large, varied group of investors. That is what makes this analysis possible.

We trust this report will provide industry stakeholders with a deeper understanding of that evolution and contribute to informed discussion about the next phase of Australia's ETF market and investor behaviour.



Ibrahim Hussein
Head of ETFs
Computershare Issuer Services
Australia and New Zealand

The Australian ETF market

As at 30 September 2026

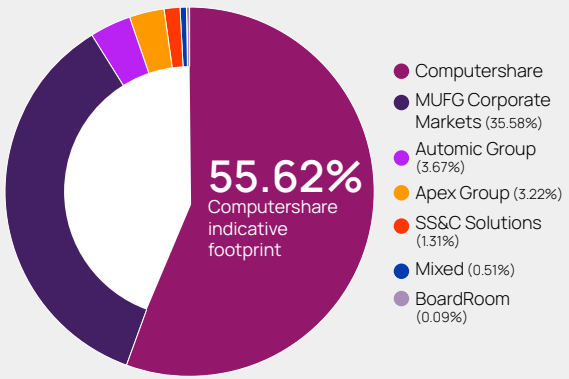
Australian ETF market at a glance

$388B
Assets Under Management

80
issuers

508
listed funds

Where ETF assets are administered[1]



≈59%[2]

or 3 in 5 of estimated Australian ETF investors are administered by Computershare



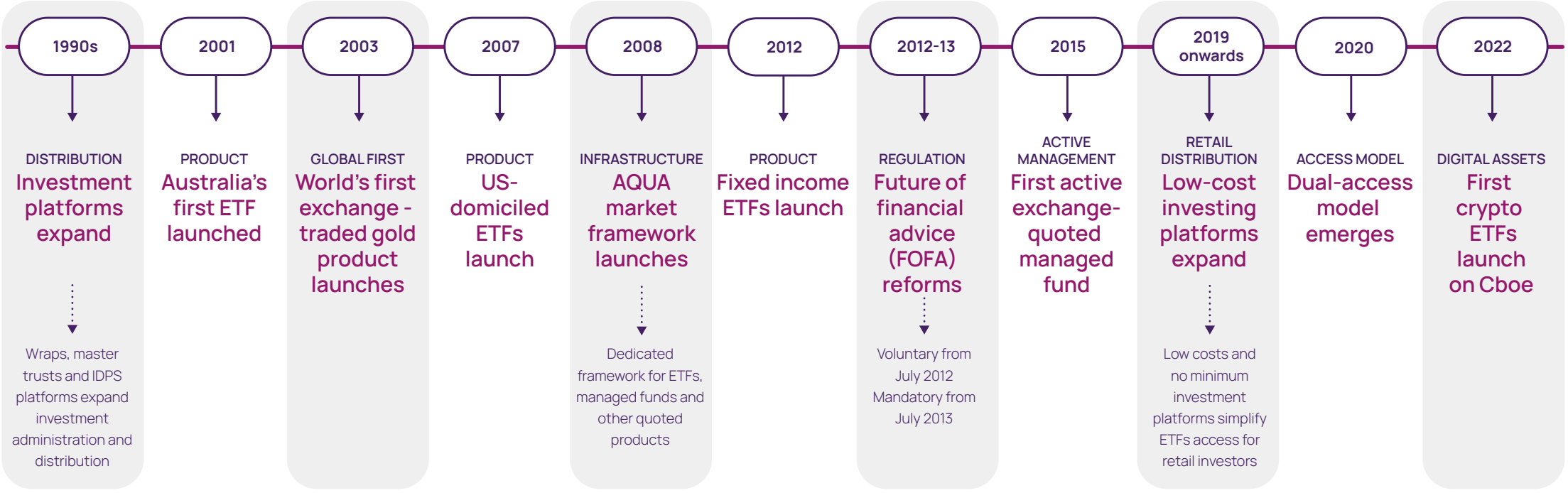
[1] Data Source: TMX Australia Exchange Equities Funds Monthly Report – September 2026; and ASX monthly investments products monthly report – September 2026

[2] Based on Computershare-administered registry data and the Australian ETF investor population estimated in the 2026 ASX Investor Study (see methodology).

The evolution of Australia's ETF ecosystem

Key market, product, distribution and regulatory milestones

30 years of growth



The 30-year lens

What can 30 years of registry data show?

Computershare-administered share registers record the actual transactions of Australian investors, giving this report a 30-year view of how investor behaviour has changed.

A share register is the official record of who holds each listed security and every change to that holding. While a survey captures what investors recall or intend, a register records what they actually did.

This allows the analysis to observe behaviour directly, including how investors traded through each crisis. The same records show when each investor first appeared on the register, what they bought and how long they stayed. A one-off survey cannot answer these questions.

The report draws on one of the longest records of Australian investor behaviour available. It combines longitudinal transaction and holding records with Australian Bureau of Statistics (ABS) Census and Socio-Economic Indexes for Areas (SEIFA) data to examine how investors enter markets, navigate disruption, build portfolios and ultimately stay or leave.

About the data

Source: This report draws on a sample of the data recorded on Computershare-administered share registers, which has been anonymised.

Who's included: The sample includes individual holders only (holder type IND in CHESS).

How trading is measured: Trading measures count on-market purchases and sales, and exclude dividend reinvestment and corporate actions.

How gender is inferred: Gender is inferred from the title on the account. Each investor takes the title used most often across their holdings: Mr is classed as male; Mrs, Ms and Miss as female. Investors with any other title or none (for example Dr, Prof, company, trust and joint-account titles) are left out of gender comparisons. Title is a proxy for gender and may not reflect how an investor identifies.

Postcode analysis: The postcode analysis matches registry data with 2021 Australian Bureau of Statistics (ABS) Census indicators across 984 postcodes, each with at least 25 investors.

Distributions: Distribution statistics are drawn from Computershare proprietary data.

What the register can't see: The register shows what investors did, not why they did it. It does not capture holdings, cash or trading outside the registers Computershare maintains for its issuer clients. Because Computershare's issuer client base represents around 59% of ETF investors, the sample provides a broad view of how ETF investors behave.

The sample indicates the direction and relative scale of change rather than total market figures. Specific percentages and figures cited throughout this report are derived from the sample and should be treated as indicative of trends rather than precise market-wide measurements. The methodology section sets out the details.

ETFs have become the starting point

The share of new investors entering with an ETF rose from 12.5% in 2017 to 73.5% in 2025, making ETFs the predominant starting point for new investors.

Australia's ETF map does not simply follow wealth

Across 984 postcodes, ETFs make up a larger share of portfolios in younger, renter-heavy areas, while higher income and greater economic resources do not correspond with higher ETF allocations.

The ETF gender gap has reversed, but not disappeared

Women overtook men in ETF participation in mid-2021. By April 2026, 48.2% of women held at least one ETF, compared with 45.0% of men, although ETFs still represented a slightly larger share of men's registered portfolio value.

COVID-19 brought record participation but fewer stayed

COVID-19 brought record participation, but only 65.3% of the 2020 investor cohort remained after five years, the lowest rate among comparable cohorts.

Gold attracted investors on the way up and held them on the way down

Holders of GOLD, the largest gold ETF on the register, increased by approximately 150%, and the holder numbers remained consistent when prices fell.

ETFs associated with broader, less volatile portfolios

After an investor's first ETF purchase, average monthly portfolio volatility fell from 8.4% to 6.1%, while 94.9% of adopters saw portfolio diversification improve.

The first ETF issuer tends to capture future purchases

Among investors holding two or more ETFs, 48.7% had purchased exclusively from one issuer, showing the enduring influence of the first issuer relationship.

Selling decisions accounted for most of the return gap

In the direct-share analysis, the timing of sales, not the investments chosen, accounted for 77% of the gap in realised returns between heavy and light sellers.



Over 30 years, Australian investors have moved from receiving and holding individual shares to increasingly entering listed markets through ETFs. This shift has gone with broader portfolios and lower volatility. Better outcomes still depend on what investors hold and whether they stay invested.

How this report is organised

The report follows the evolution of Australian investor behaviour across four periods spanning 1996 to 2026. Each begins with the market and product context of the time, then examines how investors entered the register, traded, constructed their portfolios and responded to changing conditions. Across these four periods, the report examines investor behaviour around three major market disruptions: the dot-com crash, the Global Financial Crisis (GFC) and COVID-19.

Investor trading inactivity was the norm across the full period analysed. In an average month across the entire period, 89% of investors made no trade, turnover was just 1.6% of portfolio value and buying exceeded selling. Each crisis is compared with this baseline. Since most investors do not trade in a normal month, the useful questions are whether participation changes, whether investors become net buyers or sellers, and how much of their portfolios active investors trade.

Act 1: 1996-2016

From the dot-com crash to the Global Financial Crisis

Establishes the pre-ETF baseline and examines investor behaviour through the dot-com crash and GFC, as Australia's ETF market began its early development.

Act 2: 2017-2019

Behaviour shifts before the pandemic

Shows how ETF adoption and ETF-first entry accelerated before COVID-19, with early shifts in who was investing and how ETFs were used within portfolios.

Act 3: 2020-2021

The pandemic tests a new generation of investors

Examines the historic wave of participation during the pandemic, compares the behaviour of ETF and direct-share investors, and identifies a decline in the durability of newer investor cohorts.

Act 4: 2022-2026

A new shape of investor behaviour

Explores the rise of ETFs as an entry point, issuer loyalty, category selection, fees, distributions, reinvestment and the changing composition of investor portfolios.

Three sections then move beyond the timeline:

The state of play in 2026 provides a point-in-time view of ETF use, including the geographic, demographic and socio-economic characteristics associated with ETF portfolio allocation. It also explores gold's evolution, diversification, portfolio breadth and differences between broad-market, thematic and direct-share portfolios.

Selling, leaving and portfolio risk draws on the wider dataset to examine realised returns, selling frequency, tax-related patterns, investor exits, loss aversion and the relationship between ETF adoption and portfolio risk.

Thirty-year investors: Portfolio growth since 1996 looks at investors who remained invested across the full period, separating the effect of new money from investment returns and comparing their experience with the broader market, term deposits and inflation.

From the dot-com crash to the Global Financial Crisis

Australia's investor base broadened, but ETFs remained on the margins

Australia entered this period with a rapidly expanding retail shareholder base. The share of adults owning shares directly rose from 10% in 1991 to 41% in 2000, as privatisations and demutualisations brought many households into listed markets, often through shares they received rather than actively selected. The Commonwealth Bank sell-down left the bank with about 420,000 shareholders by 1996. The two Telstra offers drew about 1.8 million Australians in 1997 and 1.6 million in 1999. The demutualisations of National Mutual, AMP and NRMA Insurance created about 540,000, 1.4 million and 1.6 million shareholders. The AMP listing alone gave shares to around 10% of Australian adults.

The registry sample shows how lasting these events were. For 74% of sampled AMP allottees and 50% of NRMA and IAG allottees, the allocation marked their first appearance on the register. Many remained shareholders for years, leaving these cohorts visible in the sample decades later (see Appendix).

Key events in retail share ownership: adults owning shares directly (%) and the major privatisations and demutualisations, 1986 to 2023

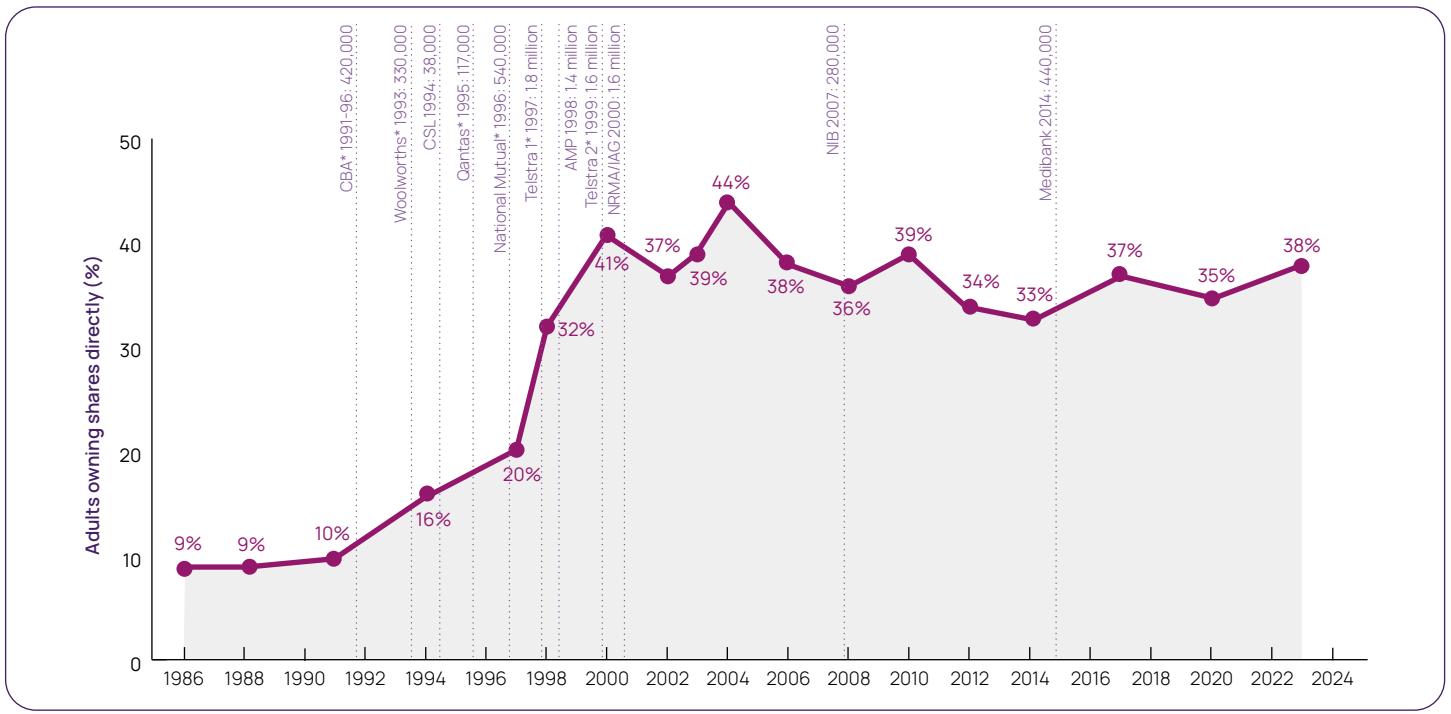


Chart note: Line = adults owning shares directly (%), ASX Australian Investor Study 2023, values as charted by AIRA. Vertical lines = ASX listings, labelled with the number of investors: shareholders on the register at listing or, for Telstra and Medibank, Australians who bought in the offer. CBA was sold in three tranches (1991, 1993, 1996); 420,000 is the register after the last. Events overlap, so the numbers cannot be added. * Not in the Computershare-administered registry sample. Sources: RBA Bulletin (December 1997, January 1999); ANAO Audit Reports No.14 1995–96 and No.10 1998–99; Senate Economics References Committee; Prime Minister's address, 25 October 1999; NRMA Insurance Group Annual Report 2000; CSL (2019); Minister for Finance, 23 November 2014; Computershare (Qantas, NIB).

1998 and 2000 brought 104 and 89 new investors per 100, most of them through AMP (93) and NRMA (66) - a scale only COVID-19 has since surpassed (144 in 2020)

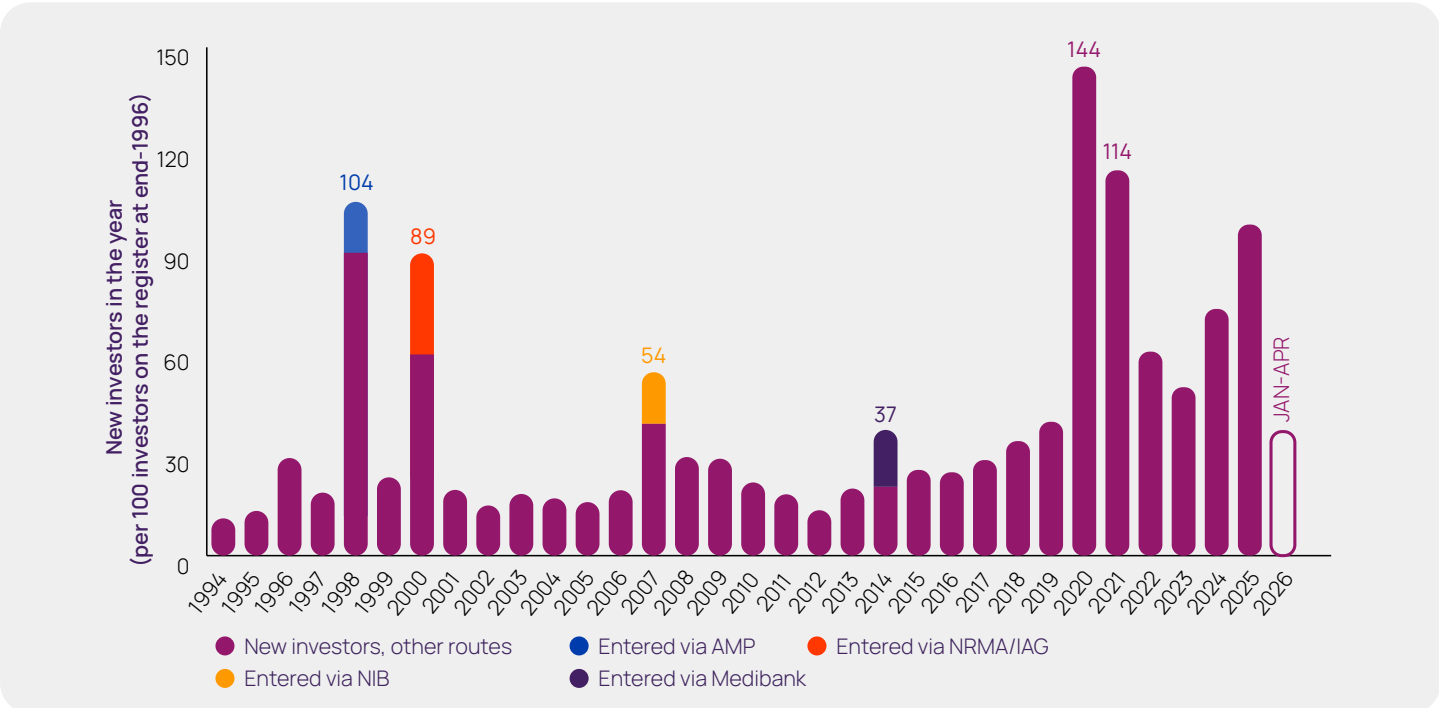


Chart Note: New investors are sampled investors whose first registration with any company fell in that year, shown per 100 investors on the sampled register at the end of 1996. The chart measures growth within the sample and does not represent the number or proportion of Australians who owned shares. 2026 covers January to April.

Compulsory superannuation was also expanding alongside direct share ownership. The Superannuation Guarantee rose from 6% in 1996 to 9% in 2002, while superannuation assets increased from A$245 billion to A$506 billion. Although this report examines retail investors holding shares and ETFs directly, the growth of super was broadening Australians' indirect exposure to listed markets at the same time.

The dot-com bubble: investors largely stayed put

The composition of the emerging shareholder base provides important context for what followed. Some investors may have regarded shares received through demutualisations and public offerings as legacy or windfall holdings rather than positions in an actively managed portfolio. Alongside Australia's relatively limited exposure to technology shares, this may help explain the muted investor response when the dot-com bubble burst.

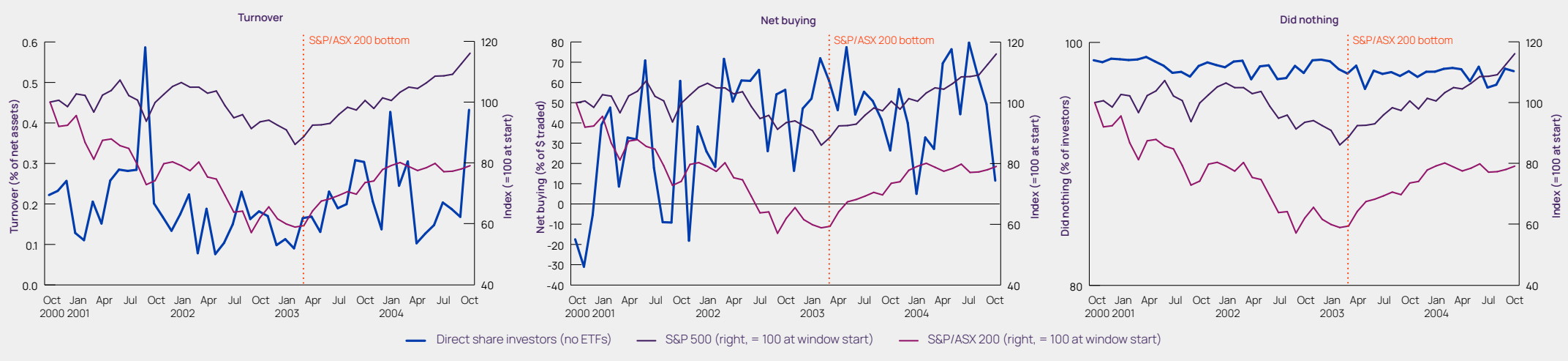
The global technology downturn was less severe in Australia than in technology-heavy global markets. The S&P/ASX 200 fell approximately 23% from its March 2002 high to its March 2003 low (daily closes), while the comparatively small size of Australia's technology sector limited the domestic market's exposure to the global collapse.

Against this backdrop, the registry data shows little sustained change in investor behaviour. ETFs were virtually absent, so the analysis largely reflects direct-share investors.

Around the March 2003 market low, approximately 98% of investors made no trade, broadly consistent with the already high level of inactivity observed in preceding years.

Among the small minority who traded, buying generally exceeded selling. Investors were just as inactive before the downturn.

Dot-com bust: direct-share investor behaviour around the market bottom



Portfolio breadth provided greater protection

Inactivity dominated, but how concentrated a portfolio was mattered far more for outcomes. Between March 2002 and March 2003, 45% of investors holding one security lost more than 30%, compared with 12% of investors holding five or more.

The lesson from the dot-com years is about breadth: investors with broader portfolios were far less likely to suffer severe losses.

Portfolio breadth reduced the risk of severe losses

One security	Five or more securities
45%	12%

4 x Investors holding one security were nearly four times as likely to lose more than 30%

*Tested on 7,876 investors (March 2002 – March 2003)



The GFC: ETF investors were still too few to define the market

ETFs first appeared in the sample in 2003, two years after the first ETF listed on the ASX, but adoption was slow. By October 2004, only 0.2% of sampled investors held an ETF. At the March 2009 low, ETF investors represented around 0.3% of investors.

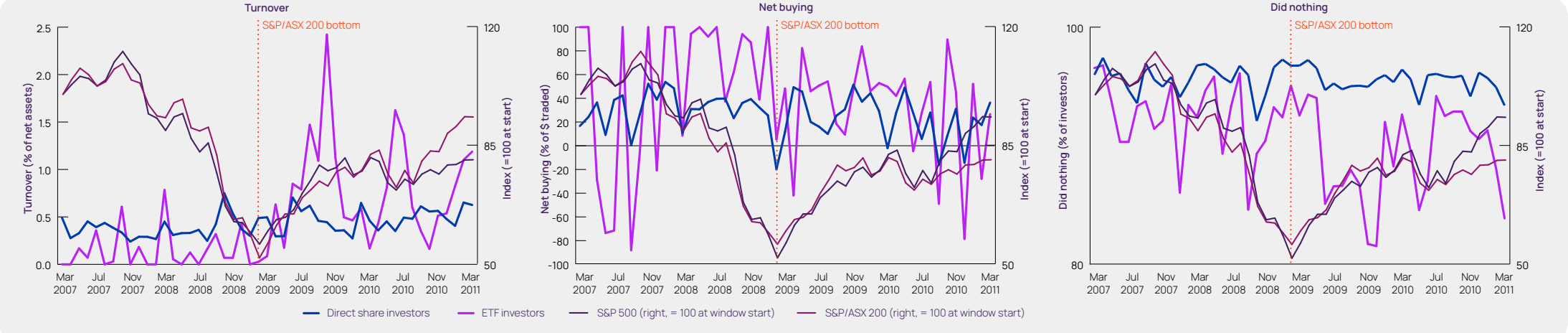
A larger share of ETF investors traded around the market low (fewer made no trade), although they turned over a smaller share of their portfolios than direct share investors.

Both groups remained net buyers on average. Given the small size of the ETF cohort, however, these differences should be treated as indicative rather than representative of a mature ETF market.

The main point is how few ETF investors there were. Seven years after the first ETF listed, ETF ownership remained a niche activity and the sampled cohort was too small to support firm conclusions about ETF investor behaviour.

The GFC shows how early in its development the ETF market still was, more than how ETF investors behave. When COVID-19 struck more than a decade later, the ETF cohort had grown sufficiently to be analysed as a distinct part of the investor base.

Global Financial Crisis: ETF vs direct-share investor behaviour around the market bottom



The investors who stayed

Across the dot-com downturn and the GFC, inactivity was a defining feature of the sampled investor base. The longest-observed investors provide a rare view of what remaining invested added up to over three decades.

Of the 1,217 sampled investors with priced holdings at the end of 1996, 674 remained invested at every year-end and in April 2026. After removing new money and withdrawals, the average value of their holdings increased 5.2 times, compared with 3.7 times for the S&P/ASX 200 price index, 3.1 times for a one-year term deposit and 2.2 times for consumer prices.

The charts are in Thirty-year investors: Portfolio growth since 1996.

Their holdings moved closely with the market, falling during the GFC and in March 2020 before recovering. Even before dividends, however, they finished ahead of the index, term deposits and inflation.

The comparison is descriptive and subject to survivorship bias. It excludes investors who sold, died or transferred holdings to another registry and does not establish that remaining invested caused the stronger outcome.

Across three decades of disruption, the investors who stayed went through every fall and every recovery and still ended well ahead. How broad their portfolios were also made a difference.

At a glance

Australia's retail shareholder base expanded rapidly through privatisations and demutualisations, but investors largely stayed put during both the dot-com downturn and the GFC.

98% of direct-share investors made no trade around the March 2003 market low. Portfolio breadth mattered: investors holding one security were nearly four times as likely to lose more than 30% during the dot-com downturn as those holding five or more.

ETFs emerged during this period but remained on the margins. By the GFC, ETF investors represented only around 0.3% of the sampled register, making the market's limited adoption more significant than the behavioural differences observed between ETF and direct-share investors.



Behaviour shifts before the pandemic

Before COVID-19 arrived, investors started to change what they held and how they entered the market.

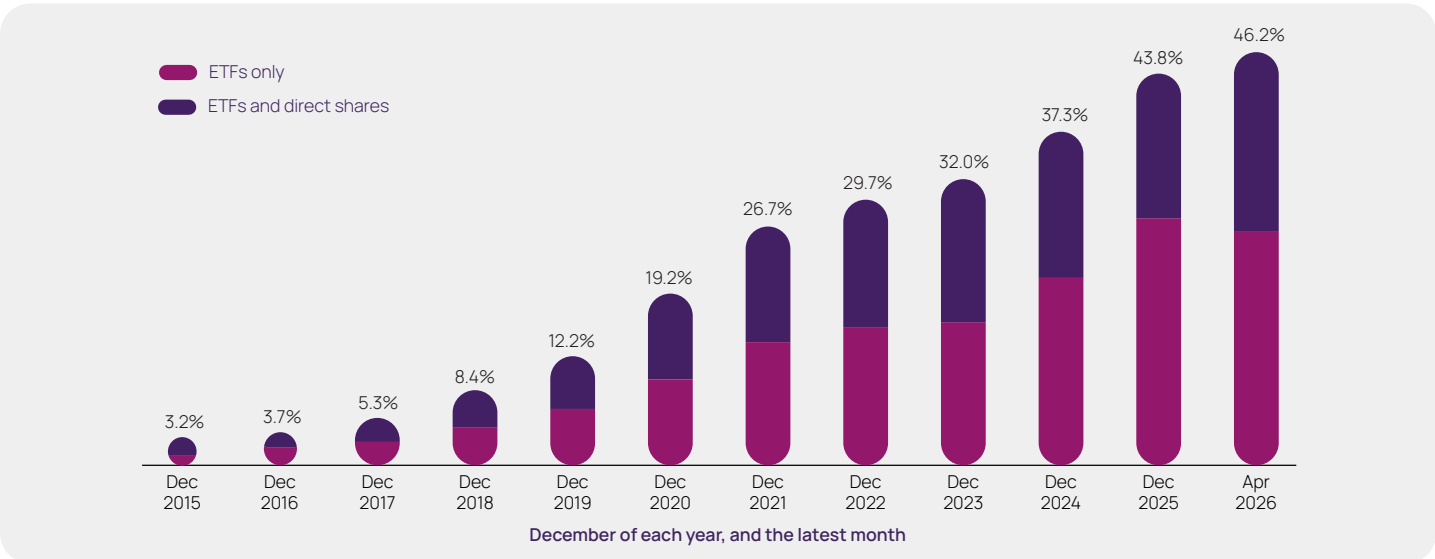
How fast did ETF adoption grow before COVID-19?

The proportion of investors holding at least one ETF more than doubled, from approximately 5% at 31 December 2017 to 12.2% at 31 December 2019. This shows that the move towards ETFs was already well under way before the pandemic.

The proportion of new investors who held at least one ETF in their first month rose from 12.5% in 2017 to 29.9% in 2019, more than doubling in two years. This indicates that ETFs were already becoming a starting point for new investors rather than merely a later addition to share portfolios.

Broad-market ETFs took the largest market-share gains in 2017, which may reflect their role as the main entry point for ETF adoption. Their 2018 gains mainly reflect several funds joining Computershare-administered registers that year. In 2019, fixed income ETFs featured strongly among the fastest-growing funds.

Proportion of investors holding at least one ETF



How did men and women compare?

Participation stayed in single digits for both men and women until late 2018, with men marginally ahead. At the end of 2018, ETFs made up around 4.9% of men's portfolio value and 3.9% of women's, so men held 1.25 times the ETF share of women at the end of 2018, and the ratio narrowed from 1.6 times in 2016 to 1.1 times in April 2026.

At a glance

ETF adoption was already accelerating before COVID-19. Between 2017 and 2019, both the proportion of investors holding an ETF, and the proportion of new investors beginning with an ETF, more than doubled, signalling that the move to ETFs began before the pandemic.

The pandemic tests a new generation of investors

More people arrive than ever before. ETF investors respond to the shock differently from direct share investors, and fewer of the new arrivals stay.

How did ETF and direct share investors respond to the COVID-19 shock?

With ETF holders now a meaningful share of investors, COVID-19 is the first crisis in which ETF and direct share investors can be properly compared. Around the March 2020 decline, average net buying was higher among ETF investors than direct share investors. Averaged over the six months before the low, ETF investors' net buying was 14.6% of the value they traded, against -6.7% for direct share investors.

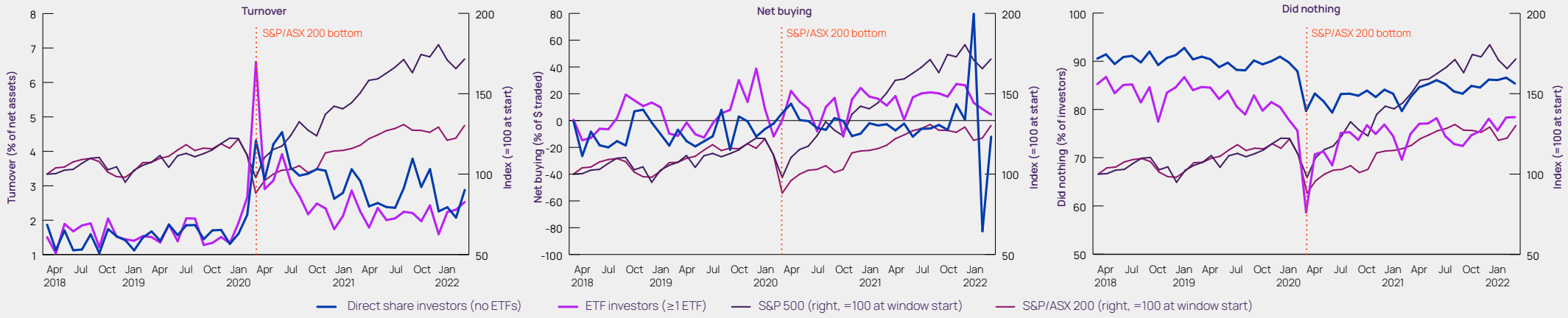
Over the six months after it, the figures were 10.6% against 0.3%. ETF investors were net buyers on average both before and after the low.

The analysis cannot tell whether holding ETFs caused this or whether different kinds of investors held ETFs. ETF investors were also more likely to trade during the sharp market fall.

In March 2020, 58.7% of ETF investors made no trade, compared with 79.7% of direct share investors, while ETF investors turned over 6.6% of their portfolio value compared with 4.3% for direct share investors.

Direct share investors bought more heavily in the crash month itself, but ETF investors were stronger net buyers over the year around it and traded more at the low.

Trading activity around the COVID-19 low (ETF vs direct share investors)



How did new investors land on ETFs?

Investors entered the market, or added ETFs to their portfolios, through three routes:

- joining the register through direct shares,
- joining through ETFs,
- or making a first ETF purchase as an existing direct share investor.

In 2020, all three grew at once. Direct share-first joiners rose 263%, ETF-first joiners 271% and first ETF purchases by existing direct share investors 191%, so ETF ownership grew through new investors and existing share portfolios at the same time. Only 9.2% of the accounts opened in 2020 were second accounts belonging to investors already on the register.

Because the base was much larger, more investors still entered through shares in absolute numbers. By 2022, direct share-first joining had fallen back towards pre-COVID-19 levels, and by 2023 more than half of new investors (56.5%) entered the register holding an ETF.

Year-on-year growth in new investors joining the registry, by channel (1997-2025)

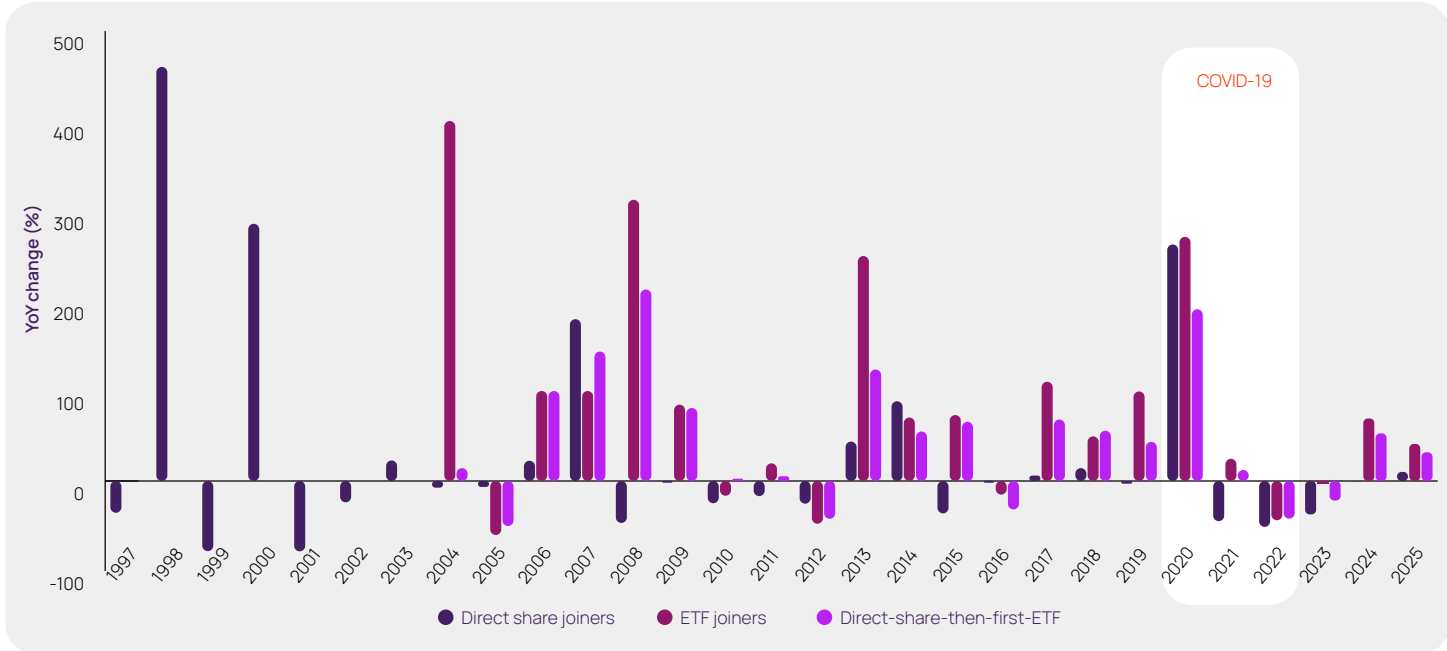


Chart note: New investors counted once at their earliest holding date; ETF first = any ETF opened in the join month, else direct-share-first. 'Direct-share-then-first ETF' = direct-share-first investors dated at their first ETF holding. ETF series begin in 2004 (first ETF joiners in 2003).

In 2020, ETF ownership grew both through first-time investors and through direct share investors adding their first ETF.

Did the pandemic change how investors traded?

Trading in both direct shares and ETFs rose around the March 2020 disruption. During the national lockdown, direct share holders and ETF holders traded at similar rates, about 0.15 and 0.13 trades a week respectively. In the months that followed, trading by direct share holders stayed high while trading by ETF holders fell back, so that direct share holders traded about one and a half times as often.

To test whether lockdown restrictions contributed to the increase, we combined daily mobility and restriction data across all eight states and territories. The analysis separates reductions in movement caused by government restrictions from those people chose to make, and compares how investors behaved on the same day.

Being required to stay home was associated with more trading. Choosing to stay home was not. A one-point increase in the restriction index was associated with a higher daily probability of a trade, 7.81 per 100,000 investor-days through forced movement against 1.59 through voluntary withdrawal. For any trade, only the forced effect was statistically distinguishable from zero.

The pattern was driven mainly by buying. A full Melbourne lockdown, equivalent to approximately 50 points on the restriction index, was associated with roughly one-quarter more daily trading, relative to a baseline in which 1.5% of investor-days included a trade.

Daily trading against movement that restrictions forced and movement people gave up voluntarily, all eight states

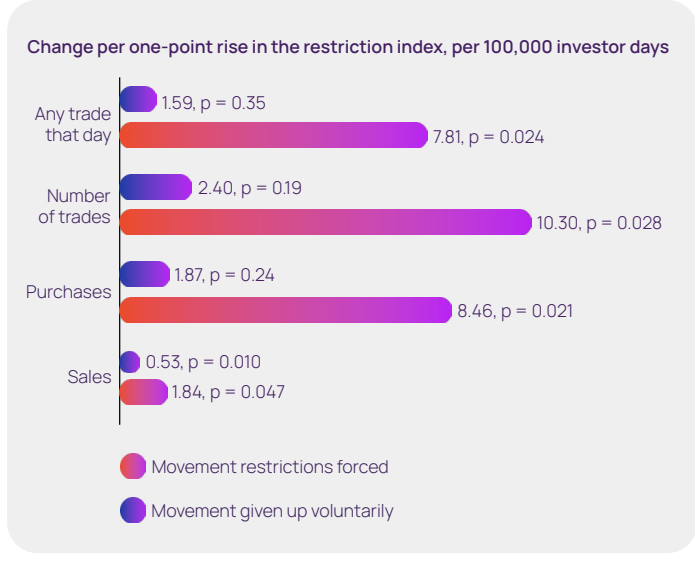
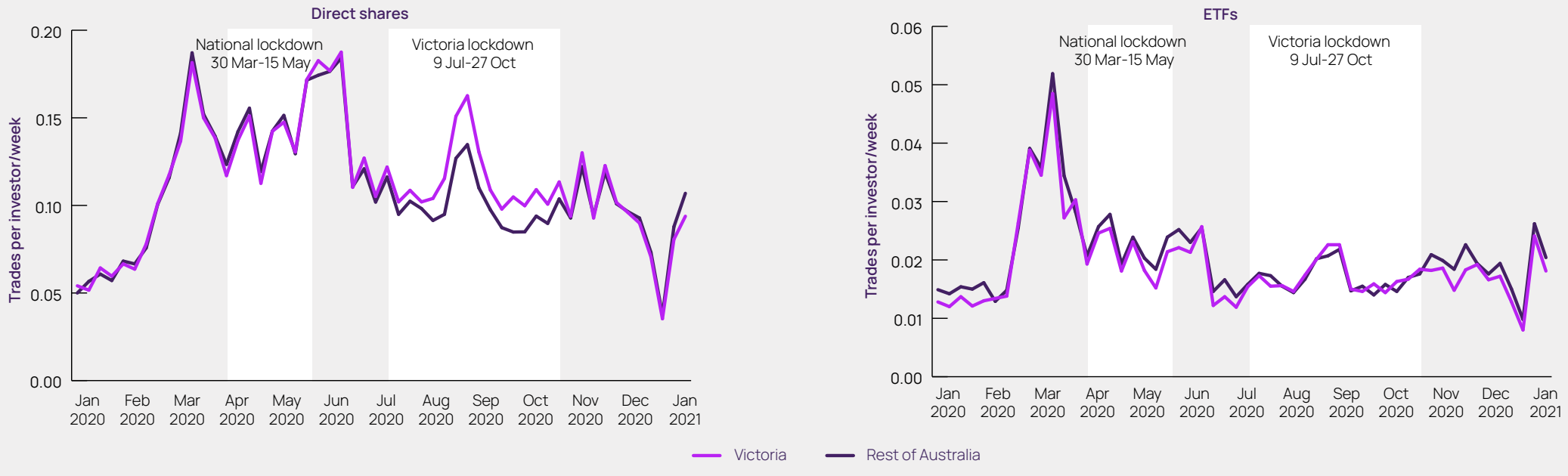


Chart note: Change in daily trading per one-point rise in the official restriction index, per 100,000 investor-days, all eight states, February 2020 onwards. Observed movement is split into the part that tracks the restriction index and the part it leaves over. On the daily probability of a trade the forced channel is 7.81 against 1.59 for the voluntary one, p = 0.024 against 0.35.

Did the hard lockdown in Victoria change trading?



Source: Closing prices. DRP and corporate actions excluded.

Chart note: Trades per week divided by all active investors in each group; the figures in the text divide by the investors holding each product.

During the Victorian lockdown, Victorians traded direct shares about 14% more often than investors elsewhere, while ETF trading was the same in both.

Did the 2020 wave produce better portfolios?

In 2020, the share of new investors beginning with an ETF was virtually unchanged, at 29.8% compared with 29.9% in 2019. Among investors observed before and after the initial disruption, 88.6% did not change the ETF share of their portfolio, and the average increase was only 0.61 percentage points.

The pandemic's immediate effect was on how many people invested, rather than what they chose to buy. ETF adoption accelerated from 2021, after the initial participation wave rather than during it.

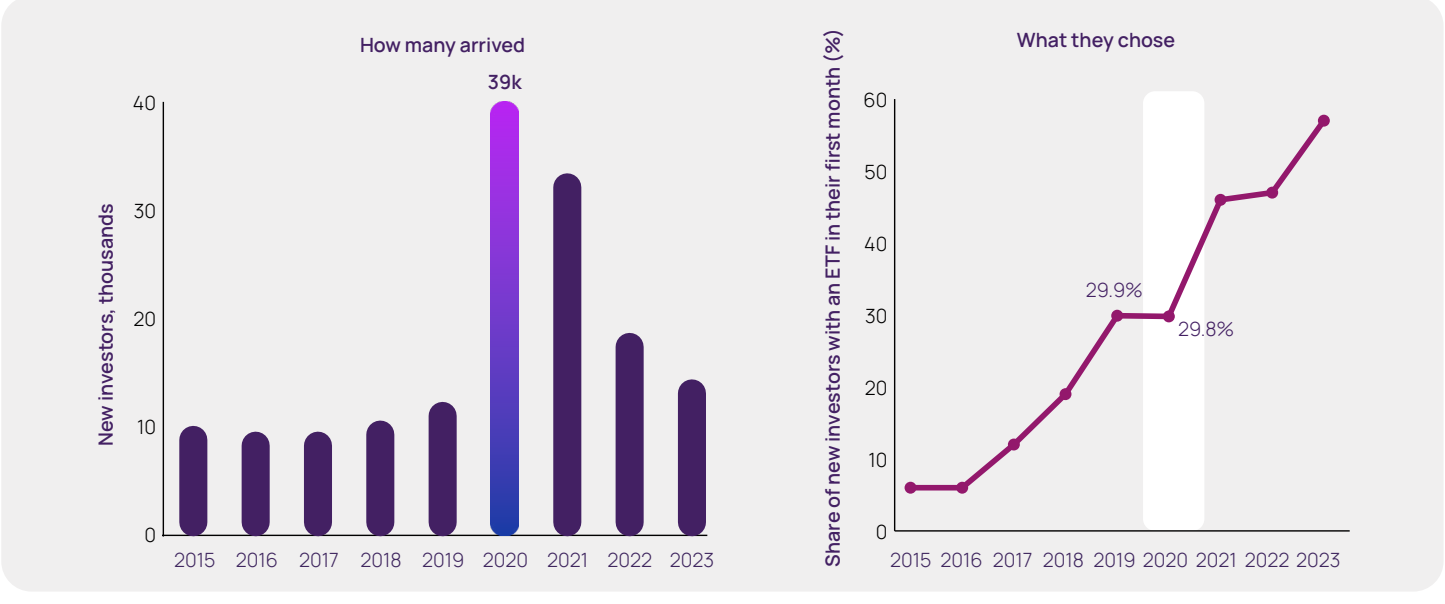
How investors entered nevertheless had lasting consequences for portfolio construction. Across the 2020–21 cohort, the estimated annual diversification shortfall was 7.5%, below the 8.1% recorded by investors entering up to 2014. The apparent advantage came entirely from more of them starting with an ETF.

When investors were compared by what they actually held, the 2020 to 21 cohort did as well or worse within every portfolio type, and much worse among investors holding direct shares only.

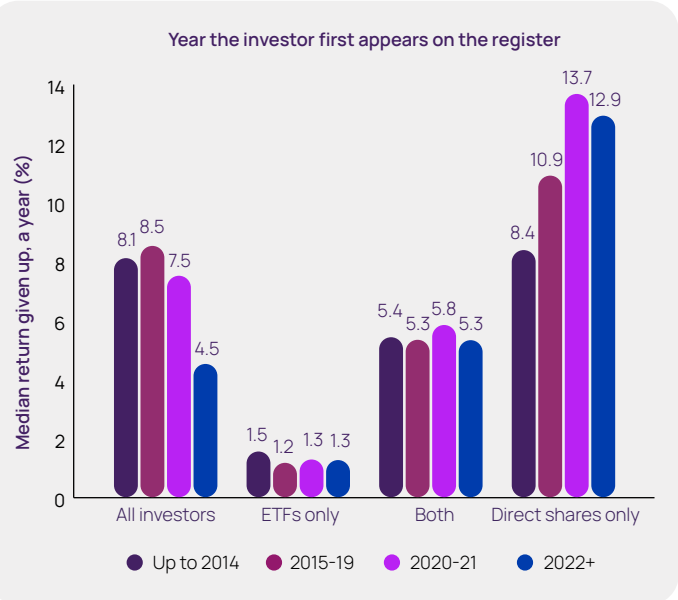
So the pandemic cohort split in two. Those who started with ETFs built broad portfolios. Those who held only direct shares built the least diversified portfolios in the data. ETFs did not cause the surge in new investors, but for many of them an ETF was the route to a diversified portfolio.

COVID-19 changed how many people invested, and their route into the market shaped their portfolios: ETF entrants were comparatively well diversified, while direct share-only entrants recorded the largest shortfall.

COVID-19 nearly quadrupled new-investor numbers but left the entry route unchanged



Median return given up against a world index, by when the investor arrived and by what they hold

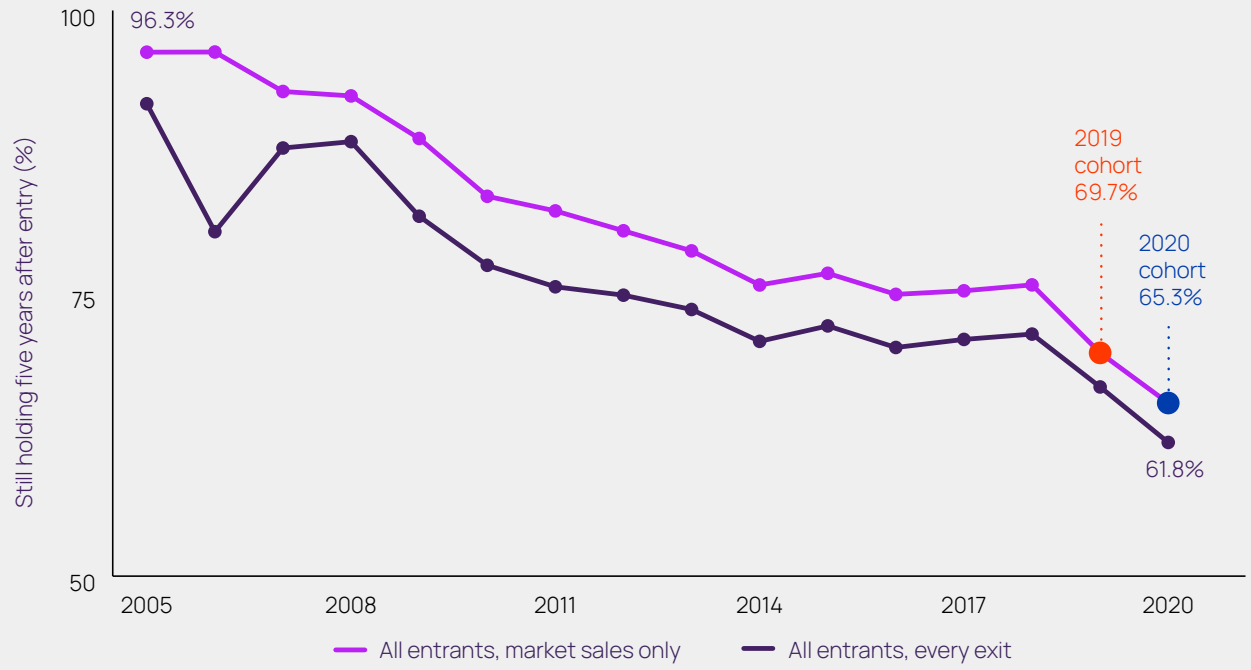


Broad-market, smart beta and thematic ETFs all feature among the strongest growth and market-share gains in 2020 and 2021. In 2021, a thematic ETF recorded the fastest growth of any ETF.

Are new investors staying?

Five-year retention has fallen over the past two decades, reaching 69.7% for the 2019 cohort and 65.3% for the 2020 cohort, the lowest of any cohort observed for five years. More recent one-year retention provides a further indication of this shift, declining from 87.1% for the 2020 cohort to 84.8% for the 2024 cohort. Together, these results suggest that attrition is increasingly concentrated in the first years after investors enter the register.

Five-year retention by year of entry



Which new investors were most likely to stay?

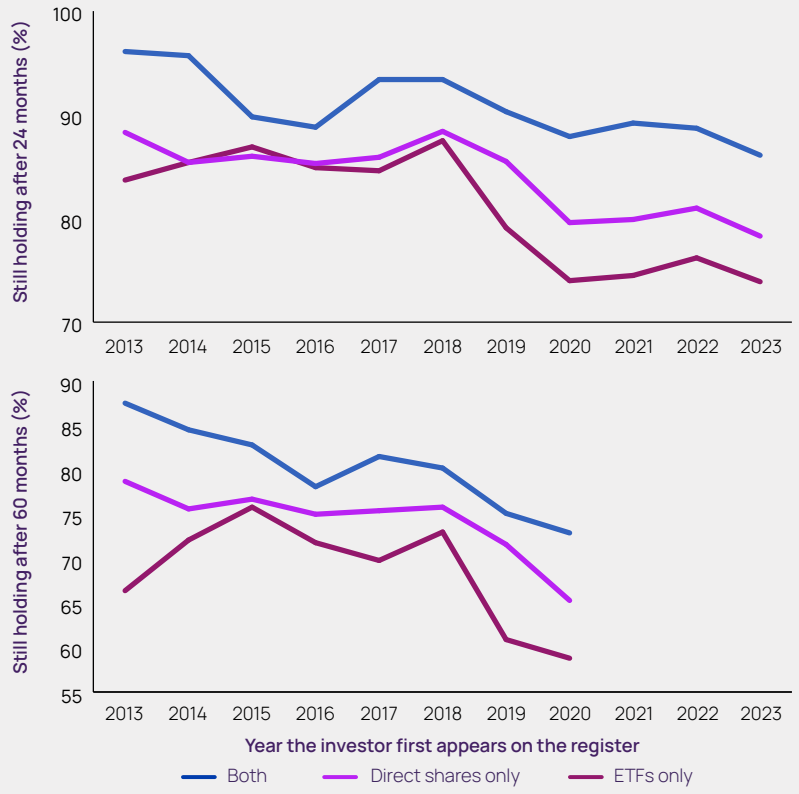
Retention is strongest when investors combine ETFs and direct shares, not when they hold either product alone.

Within the 2020 entry cohort, 74.0% of ETF-only entrants were still holding after two years, compared with 79.6% of direct-shares-only entrants. After five years, retention was 58.8% and 65.3% respectively.

The strongest retention came from investors who held both ETFs and direct shares during their first 12 months. Of these investors, 87.9% remained after two years and 72.9% after five, around 8 to 14 percentage points above either single-product group. This pattern appears across the entry cohorts analysed.

An ETF helps retention less as a product on its own than as an easy second holding for an investor who begins with direct shares. Investors who build portfolios across both product types are materially more likely to remain invested.

Share of entrants still holding, by what they held in their first 12 months, counting only market sales as leaving



At a glance

COVID-19 brought a record wave of investors onto the register, but its immediate impact was on participation rather than product choice.

ETF investors traded more actively and were stronger net buyers across the months surrounding the market low, while the acceleration towards ETF-first investing emerged from 2021. The weak point was retention: only 65.3% of the 2020 cohort remained after five years, the lowest rate among cohorts observed over that period.

A new shape of investor behaviour

After 2022, most new investors entered the market through ETFs, spread across more categories and receiving growing distributions, which they did not consistently reinvest.

Did the acceleration continue after the pandemic?

From 2021, the proportion of new investors arriving with an ETF, the share of investors holding one and the share of trading in ETFs all rose more quickly than before the pandemic. By the end of 2025, more than four in ten investors (43.8%) held at least one ETF.

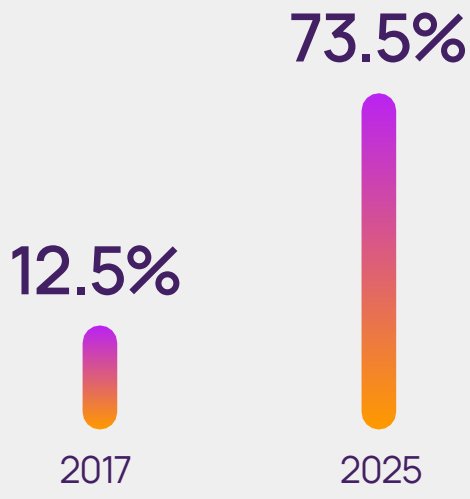
Where does investing now begin?

Our data shows that the share of new investors who held at least one ETF in their first month rose from 12.5% in 2017 to 73.5% in 2025. This reverses the historical order, where investors started with direct shares and added ETFs later.

At a glance

ETFs have moved from a portfolio addition to the predominant entry route among new investors, with 73.5% entering the register holding at least one ETF in their first month in 2025.

Share of new investors entering the register with at least one ETF





How much of the portfolio do ETFs account for?

By the end of 2025, the average investor held 38.8% of their portfolio in ETFs, while ETFs accounted for 20.5% of total portfolio value across the sample. The gap reflects portfolio size: investors with smaller portfolios allocated more heavily to ETFs, while larger portfolios remained more concentrated in direct shares.



38.8%

average investor's ETF allocation



20.5%

ETF proportion of aggregate portfolio value

Did the gender gap close?

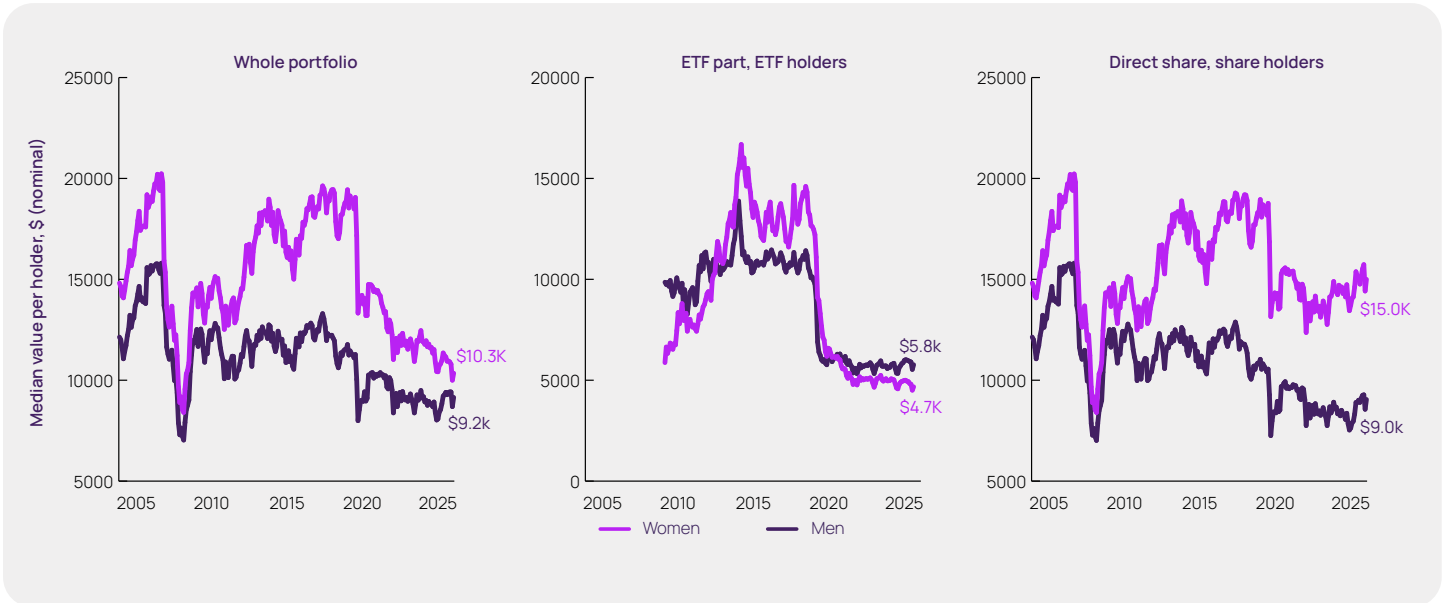
By participation, women moved ahead of men. Women overtook men in mid-2021 and remained ahead in every month thereafter. By April 2026, 48.2% of women held at least one ETF, compared with 45.0% of men. This marks a clear shift from the earlier pattern, when ETF participation was higher among men.

The picture, however, differs when measured by portfolio value. In April 2026, ETFs represent 21.8% of men's portfolio value, compared with 19.2% of women's. In relative terms, men's ETF allocation has gone from approximately 1.6 times women's allocation in 2016 to around 1.1 times in April 2026. As both allocations have grown, in percentage points the difference widened, from 0.8 in December 2016 to 2.6 in April 2026.

Women recorded an estimated annual diversification shortfall of 7.4% a year, compared with 8.7% for men. The difference remained among investors holding no ETFs at all, where the estimated shortfall was 8.2% for women and 9.9% for men. This indicates that the result cannot be explained solely by women holding more ETFs.

Measured in dollars, however, the pattern reversed. The estimated annual shortfall was $1,793 for women and $1,510 for men because women in this analysis held larger portfolios. So, women gave up less as a proportion of their portfolio but more in dollars. Women also had the larger portfolios overall: in April 2026 the median was about $10,300 for women against $9,200 for men.

Median portfolio value per holder, women and men, month by month



Proportion of investors within each gender holding at least one ETF

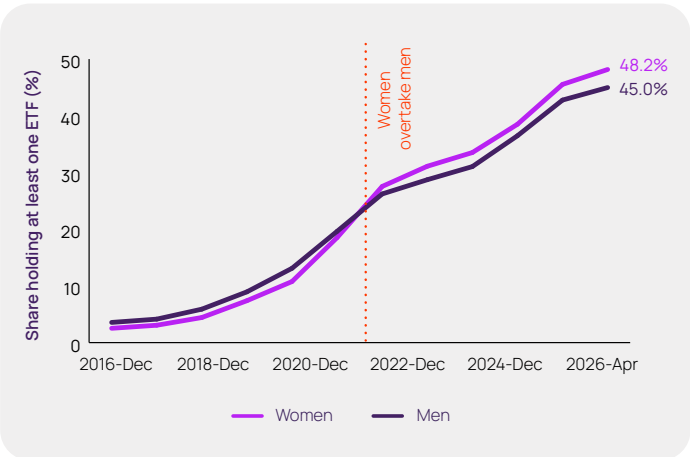


Chart note: Proportion of investors holding at least one ETF, by gender proxied from the title on the account, December of each year and April 2026. Women's proportion passed men's in 2021. In April 2026 it is 48.2% for women against 45.0% for men.

Which ETF categories are gaining share?

By 2025, category leadership had broadened beyond traditional broad-market ETFs. In 2025 smart beta recorded the largest gain in share, followed by precious metals. Broad-market ETFs remained the largest category by holding value but did not feature among the five strongest market-share gainers that year.

Precious metals and thematic ETFs also recorded some of the fastest growth in the value of investor holdings. This measure captures both changes in units held and movements in asset prices, so it should not be read as a direct measure of investor demand or fund flows. Strong gold and silver performance amplified the increase in precious-metals holding values.

Over the longer term, the categories recording the strongest gains have changed repeatedly, from broad-market ETFs and fixed income to smart beta and thematic exposures through the pandemic, and most recently to smart beta and precious metals. The pattern shows that the fastest-growing segments of the register can shift as asset prices, market conditions and investor preferences change, even while broad-market ETFs retain the largest share of holding value.

Which ETFs gained the most market share each year?

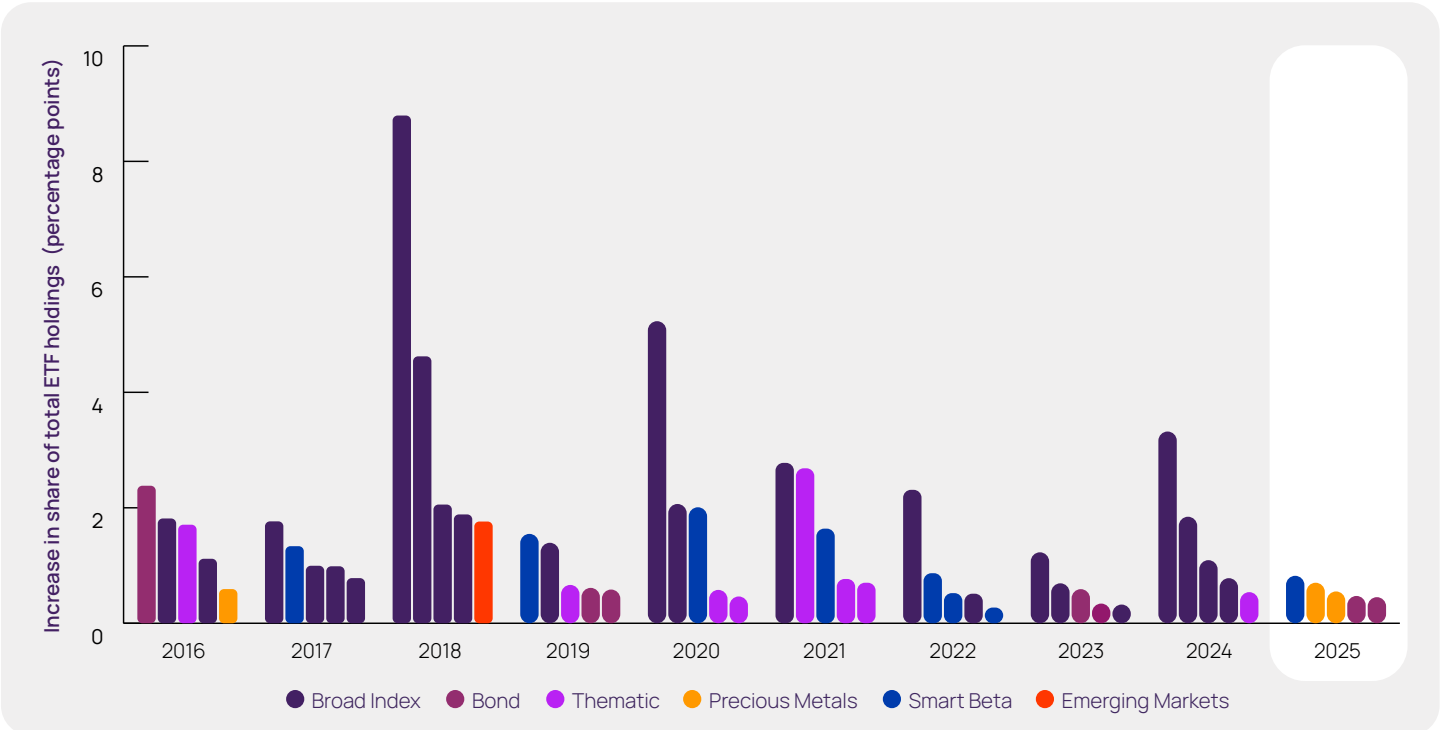


Chart note: The 2018 gains mainly reflect several funds joining Computershare-administered registers that year. The 2025 gains in two cash ETFs reflect purchases by a single large account. Categories follow the Market Index directory, which classes some all-in-one diversified funds as smart beta.

Gold's evolution from safe haven to lasting allocation

Gold ETF adoption on the register has grown in three phases. In the first, after the GFC, rising gold prices coincided with a growing investor base. The number of investors holding the largest gold ETF rose from around 40 at the end of 2007 to around 180 by the end of 2011, as the Australian-dollar gold price climbed from about A$1,000 to A$1,600 an ounce. In the second phase, holders stayed. Gold fell about 25% in Australian-dollar terms between August 2011 and October 2014, yet investor numbers held steady at around 180–200. The group was still small, but holders did not leave as prices fell.

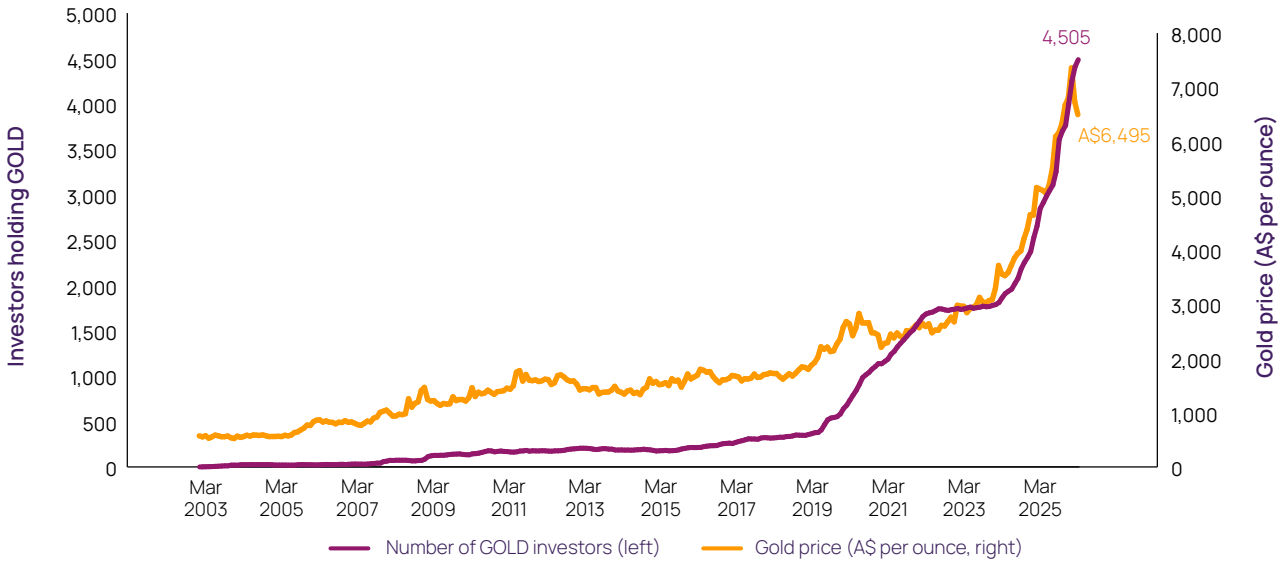
The third and largest wave came with the recent price surge. Between the end of 2023 and April 2026, the gold price more than doubled, from about A$3,070 to A$6,500 an ounce, and the number of investors holding the fund rose by around 150%, from about 1,775 to more than 4,500. Because this counts investors rather than the value of their holdings, the increase reflects new investors buying in, not existing holdings rising with the gold price. Adoption also outpaced the wider ETF market: the share of ETF investors holding the fund rose from 4.7% to 7.2% over the same period. Investor numbers rose fastest in 2025, well after the rally began, which suggests many investors entered after prices had already risen rather than positioning ahead of the move.

Holders also stayed when prices fell. Between July 2020 and February 2021, the gold price dropped about 22%, yet the number of investors holding the fund grew by about a quarter, from around 910 to 1,140. A similar pattern appeared in early 2026: gold fell about 12% from its February peak, but investor numbers kept rising. Price falls have not been followed by a comparable fall in ownership, which suggests many investors hold gold as a portfolio diversifier rather than a short-term trade.

By April 2026, 7.2% of ETF investors held the largest gold ETF.

Our data shows an asymmetric pattern in gold ETF adoption. Rising prices attracted new investors, often after the rally was already under way, while price declines did not lead to a comparable fall in ownership. Rising prices brought investors in, and falling prices did not push them out.

Gold price (A$ per ounce) and number of GOLD ETF investors, 2003–2026



Do fee cuts win market share?

We examine the fee cuts in two categories where the two leading ETFs cut their fees within weeks or months of each other. In broad Australian equity, this happened twice, in mid-2019 and in 2023. In bonds, it happened in early 2023. In each category, one line follows the ETF that cut first and the other follows the rival that matched it. Each line therefore tracks a single fund, measured against the four to five ETFs in broad Australian equity and the eight in bonds. We use a simple event study: we track each fund's share of its category's holdings on the register from 12 months before its fee cut to 12 months after, set the share to 100 at the start, and compare its path before and after the cut. In broad Australian equity, each line averages the 2019 and 2023 rounds.

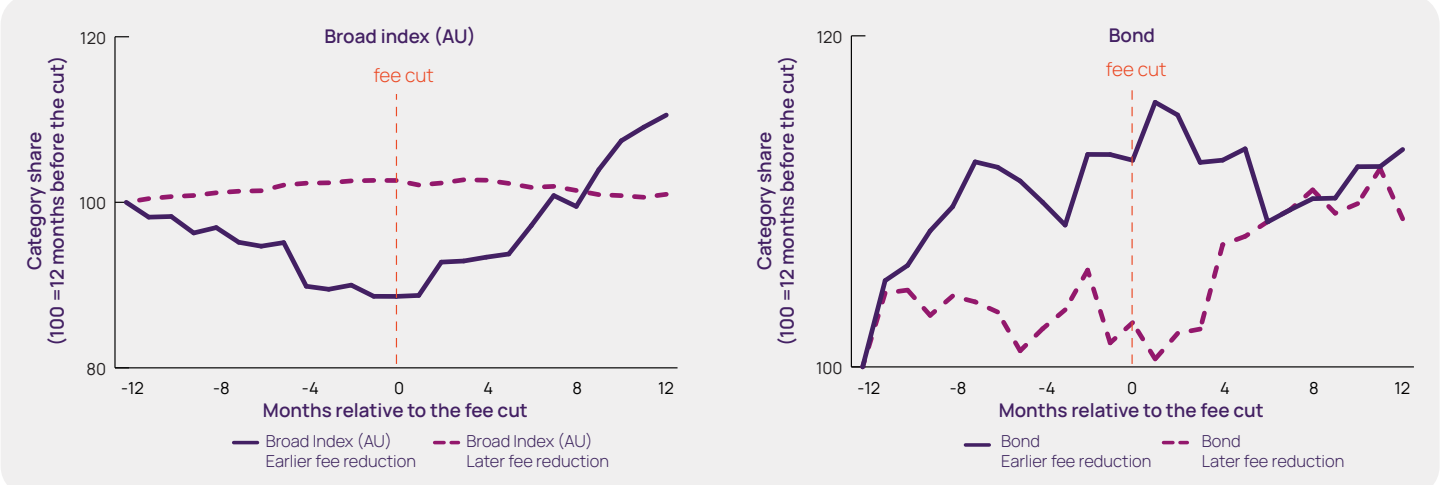
Matching a rival's fee cut did not win share, and cutting first helped only where it reversed a decline. In broad Australian equity, the first fund to cut had been losing share, down 11% in the year before its cut, and finished 10% above its starting level a year after. Most of that gain came in the 2019 round. The fund that matched the cut stayed within a few per cent of its starting level throughout. In bonds, the first fund's share had already risen 13% before its cut and was no higher a year later. The matching fund was flat for six months before rising about 9%, too late to attribute clearly to the cut.

Approach: The data are month-end holding balances from our data sample, valued at month-end closing prices. Fee cuts and effective dates come from issuer announcements. A fund enters a category only if it was already on the register 12 months before the cut, so funds launched during the window do not dilute the shares. Category share is a fund's holding value divided by the category's total holding value in each month. Every cut has a full 12 months of data on each side. The measure reflects holdings on the register, not total fund assets or dollar flows, and it is descriptive rather than causal.

At a glance

Fee cuts on their own rarely moved category share. Matching a rival's cut did not win share, and a first cut helped only where it reversed a loss of share. At the purchase level, fund scale was a much stronger influence than fees. Investors appear fee-aware, but not purely fee-driven.

Category share around fee cuts



Size matters most, but between similar ETFs investors stay with their first issuer

When investors chose among ETFs in the same category, scale was the strongest influence. The analysis compared 278,734 purchases with every ETF available in the same category and month, creating 14.4 million alternatives. ETFs with more holders on the register attracted a disproportionate percentage of purchases, while recent trading activity and the issuer of an investor's first ETF also played a role. Fees and recent performance were much weaker influences once these characteristics were considered.

The 2024 ETF investor survey helps explain why there is no single formula for product selection. Investors aged 44 and under most commonly identified long-term savings as their leading objective, while diversification ranked first among investors aged 45 and over. Ease of trading entered the top three from age 35, while low cost entered the top three only among investors aged 65 and over. Different investors can therefore approach the same ETF menu with different objectives.[3]

Size matters less between close substitutes. When the comparison narrowed to ETFs tracking the same index, the influence of size fell sharply and the issuer of the investor's first ETF became the strongest observed influence. This suggests scale helps determine which exposure enters consideration, while the first issuer relationship can shape which provider an investor selects when the products are otherwise closely comparable.

This adds to the loyalty finding in Computershare's 2024 ETF Insight Report. The survey found that brand loyalty was not a primary consideration when investors selected their initial ETF, but registry evidence showed they tended to remain with an issuer when adding further ETFs. The new analysis identifies where that loyalty begins: the issuer that wins the first ETF purchase retains an advantage over subsequent purchases.[4]

Familiarity matters: investors strongly tend to stay with an issuer they already hold. In the 34,488 purchases where the existing issuer of the investor offered an ETF in the category but not the largest one, 57.7% still went to that issuer, even though its products represented only 39.1% of the available ETF choices. This pattern was also evident at the portfolio level: among investors holding two or more ETFs, 48.7% had purchased exclusively from a single issuer.

> Investors who already held an issuer chose it for 57.7% of purchases, against its 39.1% share of the ETFs available.

The 34,488 purchases where the investor's own brand was on the shelf but was not the largest ETF there

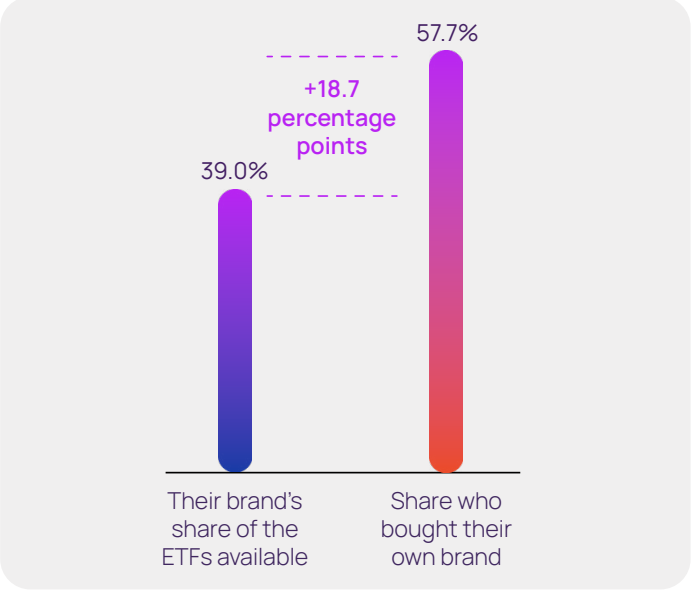


Chart note: Based on unrounded shares of 57.74% and 39.08%.

[3, 4] 2024 Computershare ETF Insights Report

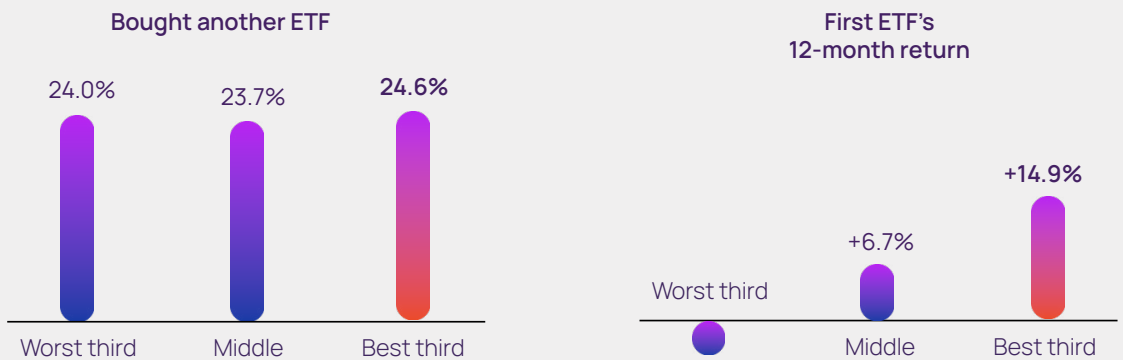
The first ETF often decides which issuer an investor buys from next. Investors do not necessarily select the largest, cheapest or best-performing ETF each time. When products offer similar exposure, an established issuer relationship can outweigh modest differences in size, fees and recent returns.

The finding also adds context to the 2024 survey, where index performance, management fees and ease of trading were each rated as important by more than 80% of respondents.

Those survey responses show what investors say matters to them. The transaction analysis shows what they actually buy. Together, they suggest investors are fee-aware and performance-conscious, but their subsequent choices are also shaped by familiarity, scale and how and where the product is presented.[5]

The effect is not universal. The same-index comparison is concentrated in a limited number of closely comparable ETF pairs, and the first-issuer effect was not equally strong in every category or platform. Across the analysis, the first issuer matters alongside size, liquidity and availability, and fees and recent returns explain little on their own.

Proportion of investors who bought another ETF and the first ETF's 12 month return



At a glance

Investors choose an exposure to suit their goals, and the largest ETFs are considered first. Between close substitutes, the issuer of the first ETF usually captures the next purchase.

[5] 2024 Computershare ETF Insights Report

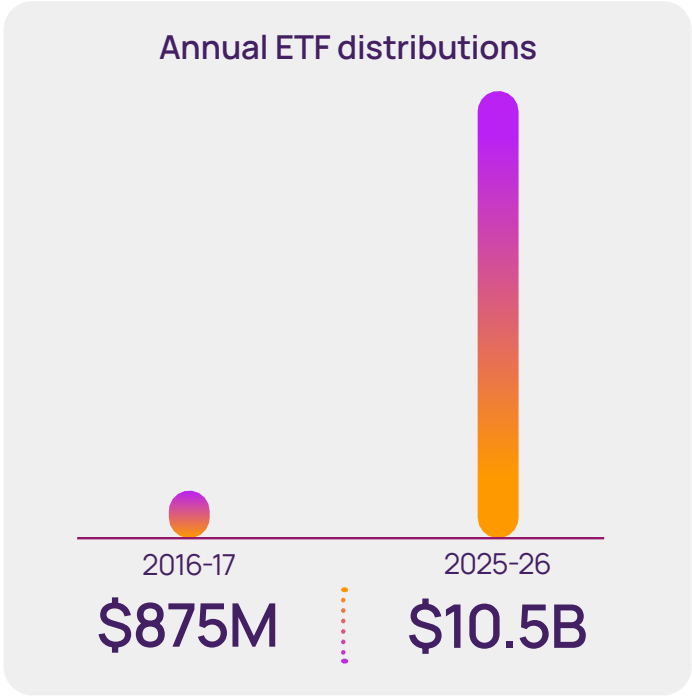
How large has ETF income become?

Annual ETF distributions grew from $875 million in 2016-17 to $10.5 billion in 2025-26, which reflects both the growth in money invested in ETFs and the level of distributions per unit.

The income pool is also broadening. Global equity ETFs generated $4.3 billion in distributions in 2025-26, around 23 times their 2016-17 level, while Australian equity ETFs still contributed almost a third of total ETF income.

Fixed income distributions increased again after 2022 as interest rates and bond yields normalised. However, higher yields were only part of the explanation. The increase also coincided with fixed income ETFs gaining category market share, meaning that a larger pool of investor capital was generating distributions. So total distributions depend on how much money sits in each category as well as on yields.

At this scale, distributions are more than an administrative event. Issuers could look at what investors do with this income.



Do investors use cash distributions to buy more ETFs?

ETF distributions are predictable income events, as most ETFs pay at the same points each quarter, or monthly. Given the size and regularity of these payments, we tested whether investors used them to buy more ETF units or invest more broadly in direct shares.

We found no consistent pattern in investor activity during the main distribution months. ETF income does not appear to translate automatically into top-up buying, although the register cannot show how cash distributions are used elsewhere.

Average new ETF units purchased in distribution months and other months.



Do investors reinvest their distributions using dividend reinvestment plans (DRPs)?

DRP data give a clearer picture of reinvestment. Participation among share-only investors long ran well ahead of that of ETF investors, which may reflect the longer history of reinvestment in direct shares.

ETF investors moved ahead in 2021 and reached about 22% in 2022, but their participation has fallen in each year since. In 2025, 15.7% of ETF investors received at least one ETF DRP allotment, compared with 15.2% of direct share-only investors receiving at least one direct share DRP allotment.

The two rates have moved closer since 2022, mainly because DRP use among ETF investors fell. Because the register cannot see cash held elsewhere, what happens to distributions that are not reinvested remains unknown. As ETF income grows, reinvestment choices may play a larger role in whether distributions compound, sit as cash or move elsewhere.

Most ETFs offer DRP, with the exception of a few cross-listed ETFs and Exchange Traded Products (ETP)

DRP participation and portfolio size

A common view is that investors with small holdings receive small dividends, which are more worthwhile to reinvest than to take as cash. We tested this separately for direct shares and ETFs at the end of 2018, 2020, 2022 and 2025, by comparing how often investors take up a DRP across the range of portfolio sizes, and how large participant portfolios are relative to those of non-participants. Across the four year-ends, between 27% and 31% of investors holding a direct share with an active DRP reinvested in at least one direct share during the year. For ETFs the figure was between 17% and 24%. These rates are among investors holding a fund with an active DRP, so they are higher than the 15.7% of all ETF investors on p33.

For direct shares, DRP participation was highest among investors with mid-to-larger portfolios. At the end of 2025, participation rose from 13% in the smallest-portfolio decile to a peak of 34% in decile 7, where portfolios ranged from approximately $59,000 to $97,000, before falling to 23% in the largest decile. This pattern was consistent across the year-ends examined. DRP participants also had a higher median portfolio value than non-participants in 2025, at $46,000 compared with $33,000, and reinvested a median of $600 during the year.

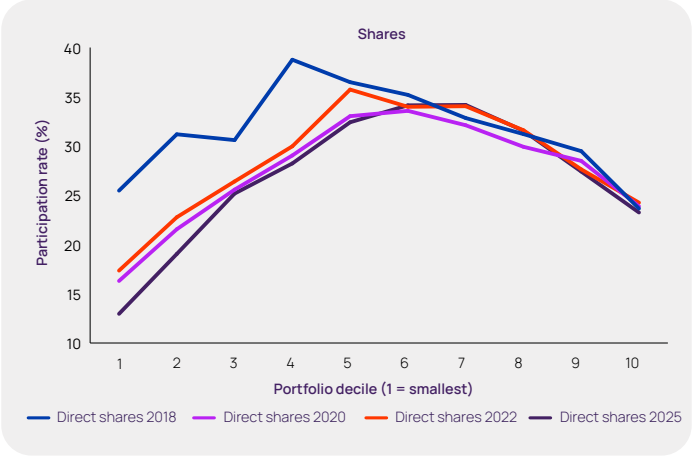
For ETFs the pattern is also hump-shaped, but steeper. At end-2025, 0.6% of investors in the smallest-portfolio decile took up a reinvestment; participation rose to a peak of 38% in decile 9 (portfolios of roughly $53,000 to $129,000) and then fell back to 34% in the largest-portfolio decile. The same shape appears at every year-end examined. Between end-2018 and end-2025, participation in the smallest-portfolio decile moved from 7.9% to 0.6% largely because many more very small ETF portfolios entered the register, and in the largest from 16% to 34%.

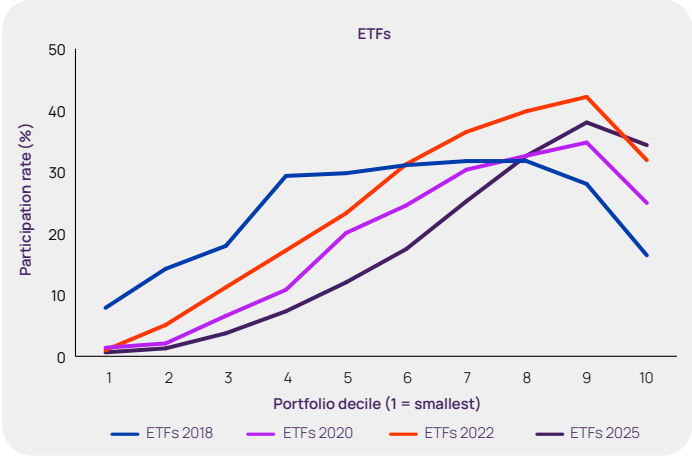
The median DRP participant held a portfolio of $40,000 at end-2025, compared with $6,000 for non-participants (6.6 times as large). For ETFs, the median portfolio of participants was the larger of the two at all four year-ends.

Participants reinvested a median of $500 through DRPs in ETFs during 2025.

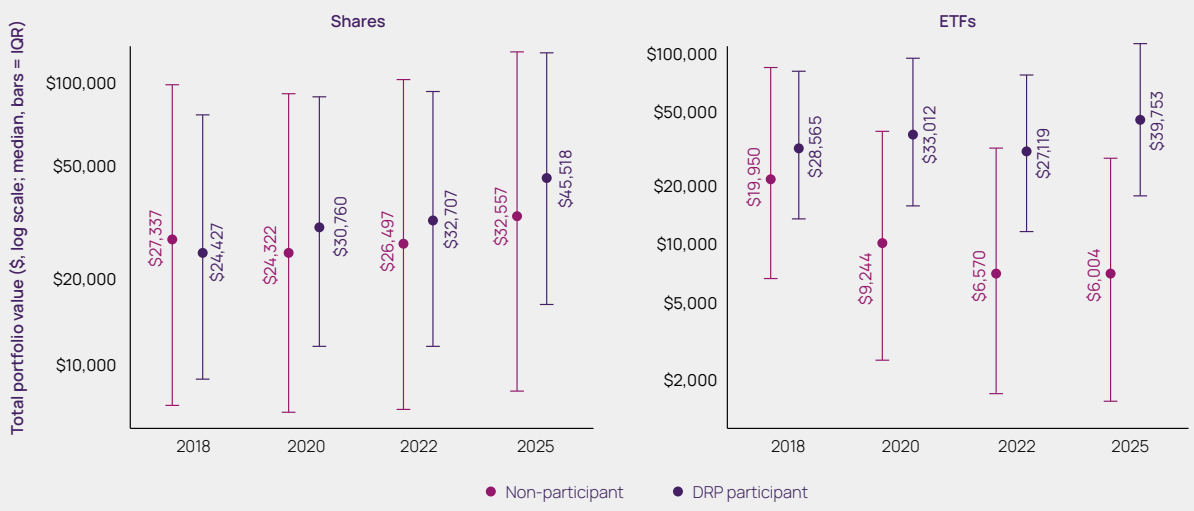
So DRPs are not mainly used by small investors. Participation was lowest among the smallest portfolios and eased from its peak in the largest, across direct shares and ETFs. This may reflect limited engagement with very small or residual holdings, while larger investors may prefer to receive cash or redeploy distributions themselves. However, these explanations have not been tested. The observed relationship is descriptive and should not be interpreted as evidence that portfolio size drives DRP participation.

DRP participation peaks among mid-sized portfolios for both direct shares and ETFs





Portfolio value of DRP participants and non-participants



Source: Closing prices. Population per class and year = investors holding, at the December year-end, a security of that class on which a DRP allotment occurred during the year. Total portfolio value = the investor's combined shares + ETFs holding value at the year-end. DRP participant = took at least one DRP allotment in that class during the year. Markers = median; bars = interquartile range. Descriptive; participants also differ in tenure, activity and security mix. Years in which either group has fewer than 50 investors are not shown.

Proportion of investors using a DRP

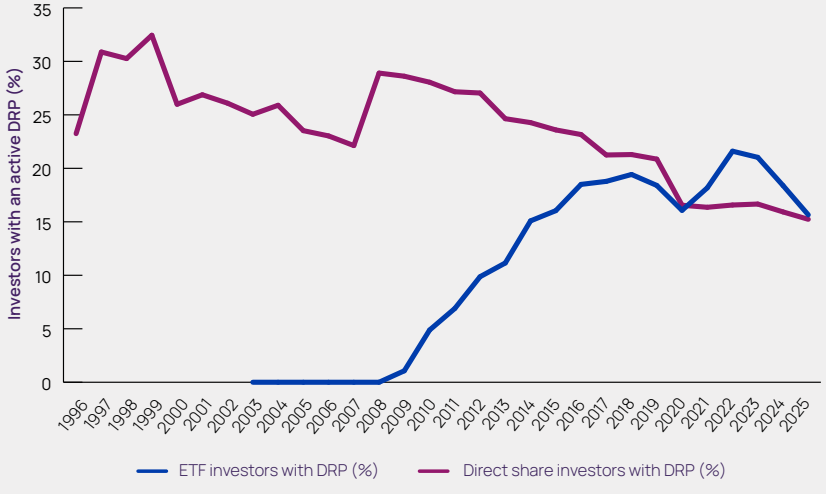


Chart note: Active DRP = at least one dividend-reinvestment allotment in the year. Investors re-classified each year by holdings: DRP scope matched to class (ETF investors: ETF DRP; direct share investors: direct share DRP). 2026 excluded (partial year)

The compounding effect of reinvesting distributions

On the data analysed, reinvesting distributions makes a measurable difference over time. We tracked $100 invested in four long-running ETFs from each fund's launch to April 2026. Reinvesting distributions increased the ending value of the $100 investment in each of the four long-running ETFs examined. From each fund's launch to April 2026, the difference between reinvesting distributions and taking them as cash ranged from 12% to 33% in value.

The difference was largest for the two Australian equity ETFs, at 31% and 33% over 15 to 17 years. It was smaller for the international equity and diversified ETFs, at 15% and 12%. These differences reflect each fund's distribution history, performance and time in the market. They should not be generalised beyond the funds and periods examined.

The analysis tracked monthly market-price movements and distributions from each fund's launch to April 2026.

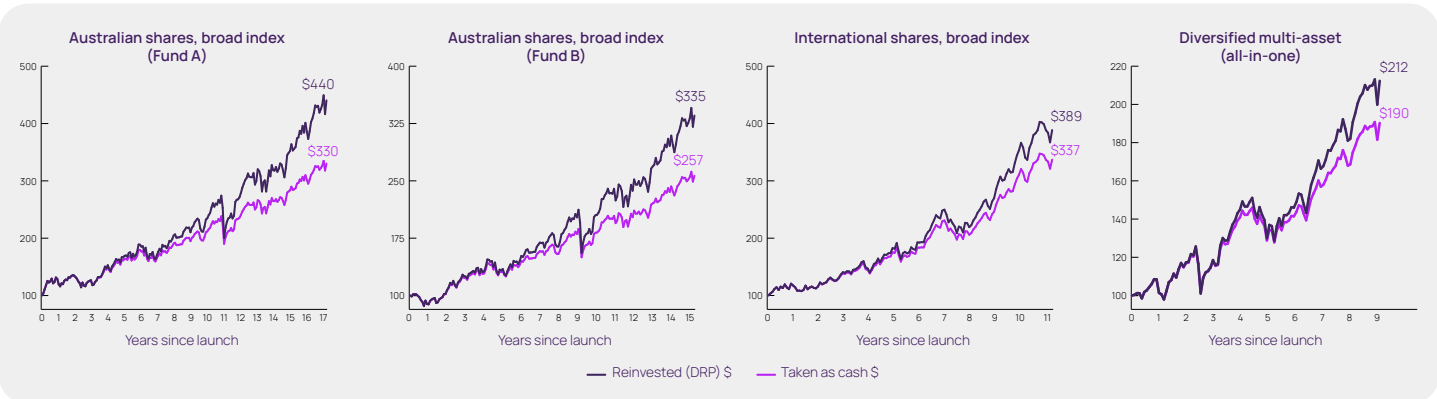
In the reinvestment scenario tested, distributions purchased additional units that subsequently participated in price movements and future distributions. In the cash scenario, distributions were retained as cash and earned no return. Across the four ETFs examined, the results illustrate how reinvested distributions can compound over time, although the size of the effect varied by fund, distribution history and investment period.

These comparisons are illustrative: they ignore tax and brokerage and assume cash earns no return.

At a glance

Annual ETF distributions have grown twelve-fold to $10.5 billion in 2025-26. This is a large, regular flow of income, and much of it is not reinvested through DRPs. Payment dates could be a natural point to prompt investors to reinvest or review their portfolio. Investors may also take distributions as cash and use them as part of a dollar-cost averaging or other investment strategy, although our registry data cannot show how cash distributions are subsequently used.

$100 invested at fund launch: distributions reinvested vs taken as cash (to April 2026)



The state of play in 2026

This section is a snapshot of where ETFs sit in Australian portfolios today, measured at a single point in time rather than traced as a trend.

Australia's emerging ETF geography

For the first time, registry data has been matched with ABS postcode characteristics to show where ETFs play the largest role in portfolios and how their use differs between communities.

Where do ETFs make up the largest share of portfolios?

We matched Computershare postcode-level ETF holdings with 2021 Census and ABS's Socio-Economic Indexes for Areas (SEIFA) characteristics across 984 postcodes containing at least 25 investors of any security. The analysis uses aggregated, anonymised data and compares communities rather than individuals and examines the share of registered portfolio value held in ETFs at 30 April 2026.

The results challenge the assumption that ETF adoption simply follows wealth. Our analysis shows ETF portfolio share is associated with the education and occupational profile of communities. The strongest single factor, however, is age. A one-standard-deviation increase in median age is associated with an approximately five to seven percentage-point reduction in ETF share, meaning younger postcodes hold materially more of their registered portfolio value in ETFs.

Housing also matters. After accounting for age and other postcode characteristics, ETFs represented a higher share of holdings in areas with more renters, higher median rents, larger households and more people per bedroom.

By contrast, areas with higher median household incomes tended to have a lower ETF share. The negative link with household income became stronger once rental prevalence and rent levels were included in the analysis.



ETF category share across socio-economic variables (value weighted, % of all ETF dollars)

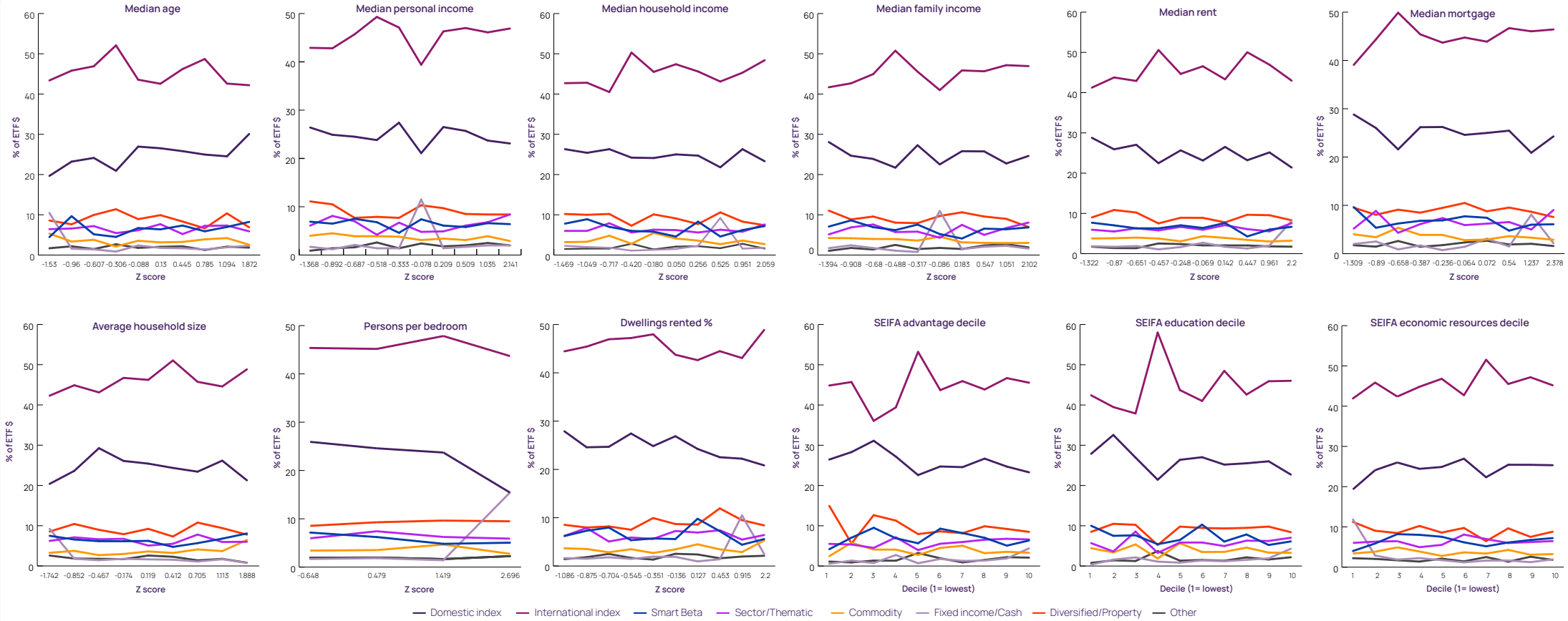


Chart note: Fixed income spikes in single groups reflect one large account.

A simpler view across 1,284 postcodes: one SEIFA decile higher goes with 0.54 percentage points more ETF share on the Index of Education and Occupation, 0.63 points less on the Index of Economic Resources and 0.36 points more on the Index of Relative Socio-economic Advantage and Disadvantage. These effects are small next to age, which moves ETF share by 5 to 7 points per standard deviation of median age.

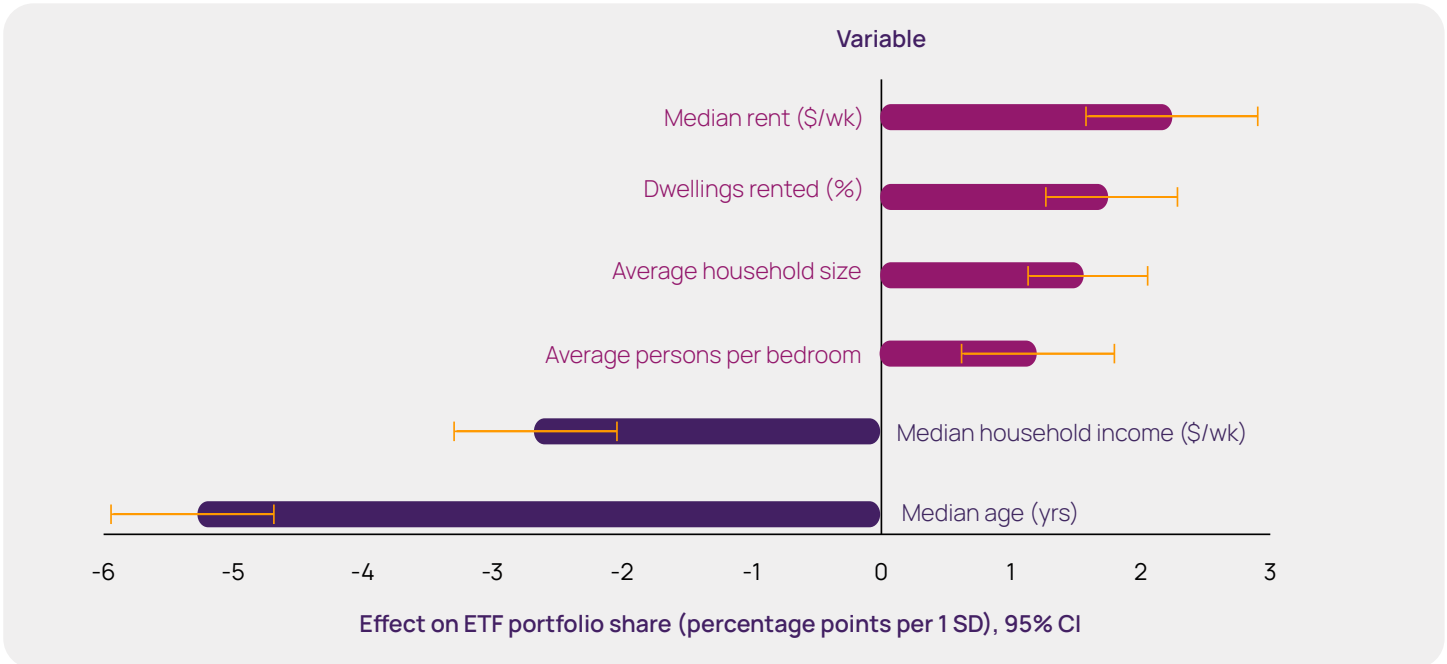
Portfolio composition across socio-economic conditions

A second analysis examines how ETF holdings are divided between product categories across 763 postcodes containing at least 25 ETF investors.

International index ETFs form the largest share in every group, at 36% to 58% of ETF holding value. The geographic differences appear mainly in what communities hold around that core.

On the Index of Relative Socio-economic Advantage and Disadvantage, domestic index ETFs account for about 26% of ETF value in the least advantaged decile, against 23% in the most advantaged. Diversified all-in-one and property ETFs account for about 15%, against 8.5%.

Effect of postcode characteristics on ETF proportion (percentage points per standard deviation)



What our analysis reveals about financial capability and opportunity

The postcode analysis challenges the idea that ETF engagement follows household wealth. ETF portfolio share rises with the SEIFA Index of Education and Occupation, and younger, renter-heavy postcodes also allocate more of their registered portfolio value to ETFs. By contrast, ETF share falls as household income and economic resources rise.

These results matter because the SEIFA indexes capture different dimensions of a community. The Index of Education and Occupation reflects an area's educational and occupational profile, while the Index of Economic Resources measures household income and wealth. Stronger economic resources do not necessarily translate into a larger ETF allocation. SEIFA is assigned to areas rather than individuals, so the findings describe communities and should not be interpreted as measuring the education, wealth or financial knowledge of individual investors.[6]

One possible explanation is that investing depends on knowledge and confidence as well as money, and that areas with higher education levels have more of both. The data cannot test this.

Computershare's 2024 ETF research lends weight to this interpretation. That survey found that limited knowledge was the most common reason non-ETF investors gave for not holding ETFs. More broadly, 48% of non-ETF investors identified a lack of understanding and 32% identified a lack of information as barriers to ETF investment. The survey also found considerable potential interest among younger non-investors, including 85% of those under 25 and 69% of those aged 25 to 34.[7]

That said, the postcode results identify an allocation pattern, not an access or participation gap. Read alongside our earlier survey evidence about knowledge barriers, they raise a testable question about whether financial capability and access contribute to geographic differences in engagement.[8]

[6] Australian Bureau of Statistics

[7] Computershare 2024 ETF insights

[8] National Financial Capability Strategy 2022

For policymakers, the finding raises a broader financial-inclusion question: do Australians in different communities have equal opportunities to acquire the knowledge, confidence and access needed to participate in financial markets?

The current analysis cannot answer that question fully. It measures how much registered investors in each postcode allocate to ETFs, not how many people in each postcode invest.

A natural next step is to compare the number of registered investors in each postcode with its adult population, across all listed holdings rather than ETFs alone. Because the registry data is a sample, this would show where participation is relatively higher or lower rather than the exact share of adults who invest.

At a glance

Australia's ETF map does not simply follow wealth. ETFs play a larger role in younger, renter-heavy postcodes and in communities with stronger education and occupational characteristics, while higher income and greater economic resources do not predict a larger ETF allocation.

Together with Computershare's 2024 finding that limited knowledge and understanding remain key barriers to ETF adoption, the results point to a broader financial-capability and opportunity gap. Investing may depend on knowledge and confidence as well as on money.

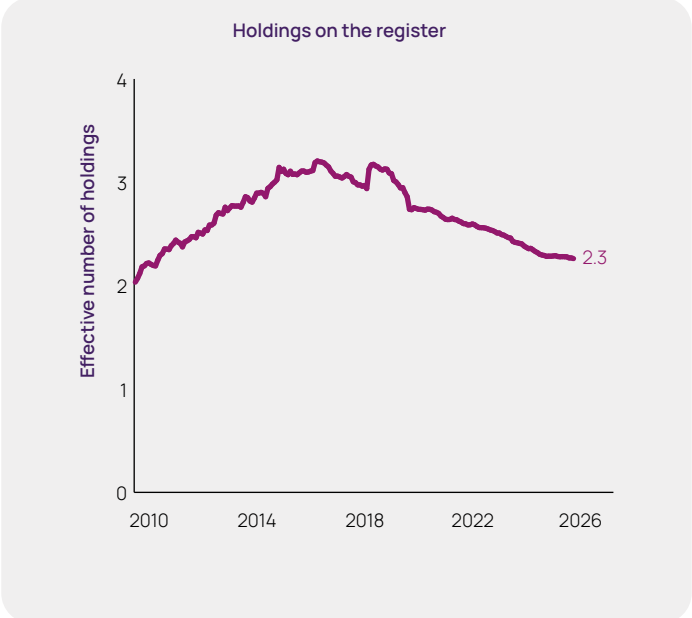


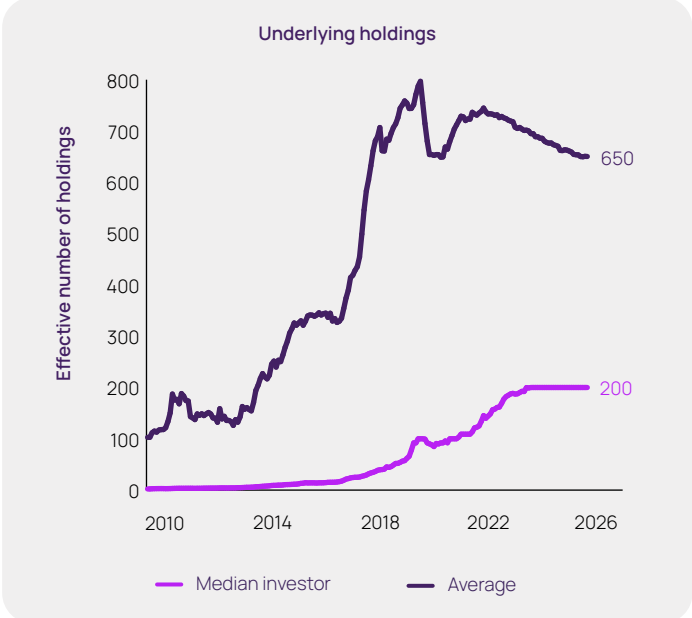
How diversified are ETF investors today?

What appears on the register or trading screen tells only part of the story. Each ETF is recorded as one listed position, but that single line can represent exposure to hundreds of underlying securities.

By April 2026 the median ETF investor held about 200 underlying securities, and the average was about 650, while holding about two lines on the register. The measure is an upper bound because it does not adjust for overlap between ETFs, but the central insight remains: an ETF portfolio can be far broader than its visible line items suggest.

Effective number of holdings of investors who hold at least one ETF





What does under-diversification cost?

We compared the return per unit of risk of each investor with that of a broad world share index. The diversification shortfall is the extra return a year an investor could expect from that index at the same level of risk. It comes from risk that a few holdings carry and a broad index spreads away, which earns no extra expected return. It measures a theoretical difference in portfolio efficiency against a single benchmark, not a realised cash loss, forecast return or an indication that any portfolio is appropriate for an individual investor's objectives, risk tolerance or circumstances.

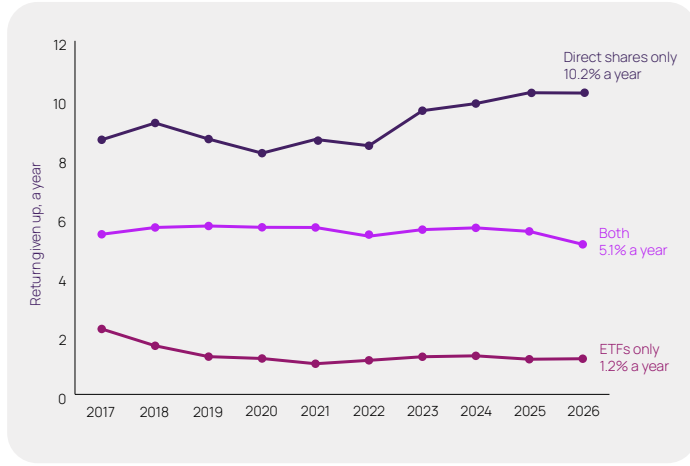
In the five years to April 2026, investors holding only ETFs recorded an estimated shortfall of 1.2% a year, compared with 5.1% for those combining ETFs and direct shares and 10.2% for those holding direct shares alone.

But it matters which ETFs are held. Across all years in the sample, investors holding no ETF had a median shortfall of 9.1%, compared with 3.4% for investors whose ETFs were all broad-market and 5.7% for those holding only thematic ETFs. Breadth mattered more than geography: after holding portfolio breadth constant, broad domestic and international ETFs produced similar outcomes.

Portfolio type	Shortfall a year	At median portfolio value
ETFs only	1.2%	$147
ETFs and direct shares	5.1%	$1,190
Direct shares only	10.2%	$2,089

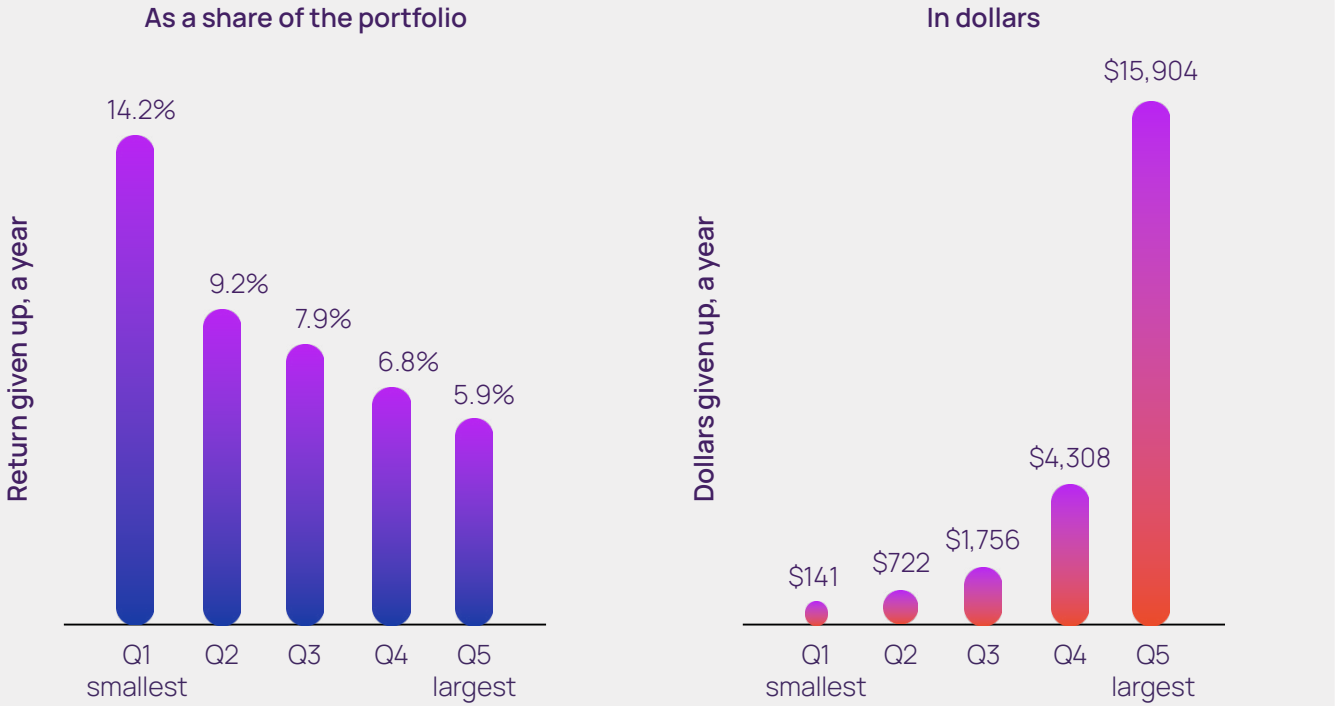
Smaller portfolios gave up more as a share of their value. Investors in the smallest portfolio quintile gave up an estimated 14.2% a year, compared with 5.9% for the largest. In dollar terms, the pattern reversed, from $141 for the smallest portfolios to $15,904 for the largest portfolios.

Diversification shortfall by year and portfolio type



Across all years: 3.4% shortfall with only broad-market ETFs, against 5.7% with only thematic ETFs and 9.1% with no ETF

Diversification shortfall by portfolio size



At a glance

Diversification depends on breadth. Broad-market ETFs were associated with the lowest shortfalls, while smaller portfolios bore the greatest cost in percentage terms and larger portfolios bore the greatest cost in dollars.

Selling, leaving and portfolio risk

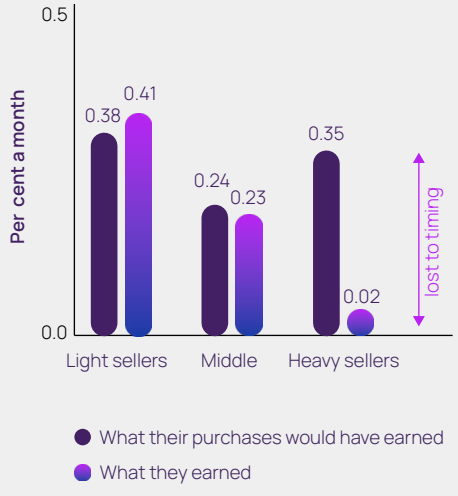
These findings pool selling behaviour across the register rather than examining one market episode. They show when investors sell, how frequently they realise gains and losses, and how those decisions affect realised returns.

Heavy selling, not investment selection, accounts for most of the return gap.

Investors classified as light sellers realised an average return of 0.41% a month, compared with 0.02% for heavy sellers. Yet the investments selected by heavy sellers would have returned approximately 0.35% a month if held, suggesting that investment selection alone was not the main problem.

Differences in selling decisions accounted for 0.30 percentage points of the 0.39 percentage-point gap in realised returns between light and heavy sellers, or 77%. Heavy sellers bought investments that would have done about as well, and lost most of the difference through when they sold.

Return on the portfolio they assembled, against what they realised



Return on the purchases against the return earned, sellers in ten equal groups

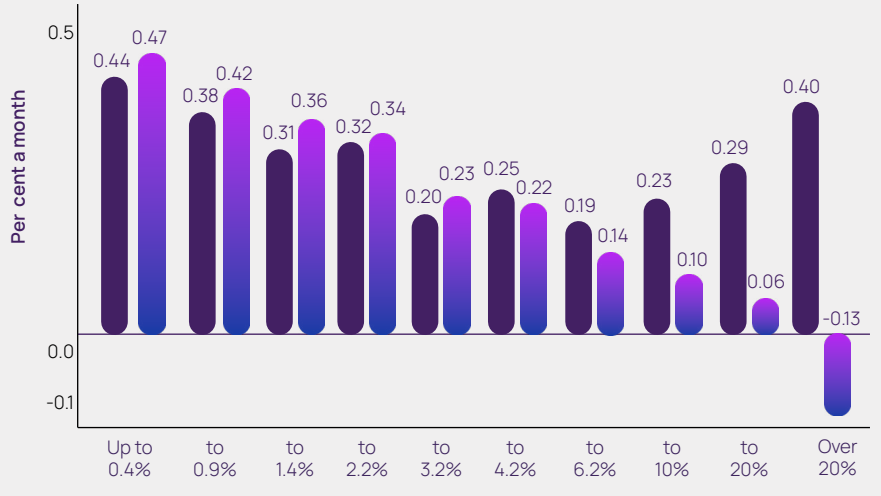


Chart note: Heavy and light sellers are defined using average monthly sell turnover, calculated as the value sold divided by portfolio value at the start of the month. Investors were ranked using their selling behaviour during 2018 and 2019; returns are averaged over all months and are for direct-share holdings. Heavy sellers comprise the top third and light sellers the bottom third. Light sellers sold less than 1.7% of their portfolio a month and heavy sellers more than 5.4%. Investors who did not sell were analysed separately.

The tax calendar leaves a visible mark

For 11 months of the year, investors realised gains more readily than losses. June was the only exception, when losses were realised more frequently than gains. The timing of that reversal is consistent with tax-loss selling before the end of the financial year, although the data cannot establish the motivation behind any individual transaction.

A second shift appears around the 12-month holding threshold. Direct shares held three to 11 months were more likely to be sold at a loss than at a gain, most of all in the first months; from 12 months, sales at a gain were more common.

Under the tax settings applied during the analysis period, eligible Australian-resident individuals could reduce a capital gain by 50% after holding an asset for at least 12 months, while losses received no equivalent discount.[9]

Positions sold in June and in other months, ETFs and direct shares



Difference between when gains are sold and when losses are sold, direct shares and ETFs



[9] Australian Taxation Office

The 2026 to 27 Federal Budget changes the value of that incentive, but not the significance of the threshold. From 1 July 2027, the 50% discount is confirmed to be replaced for individuals, trusts and partnerships by CPI-based cost-base indexation and a minimum 30% tax rate on real capital gains. The 12-month holding requirement continues to apply to eligible assets, including shares.[10]

These results give a baseline for measuring the effect of the change. Investors previously approached month 12 under a fixed 50% discount. From July 2027, they will approach the same threshold under an inflation-adjusted regime. Whether that changes the concentration of gain realisations around 12 months will be an important behavioural question once sufficient post-reform data becomes available.

At a glance

Selling behaviour materially shaped investor outcomes. Timing explained 77% of the realised-return gap between heavy and light sellers, while sales clustered around two tax markers: the end of the financial year and the 12-month CGT threshold.

That threshold remains under the tax reforms commencing on 1 July 2027, creating a future test of whether changing the tax benefit also changes investor behaviour.



[10] Budget 2026-27, Australian Taxation Office

Why do investors leave?

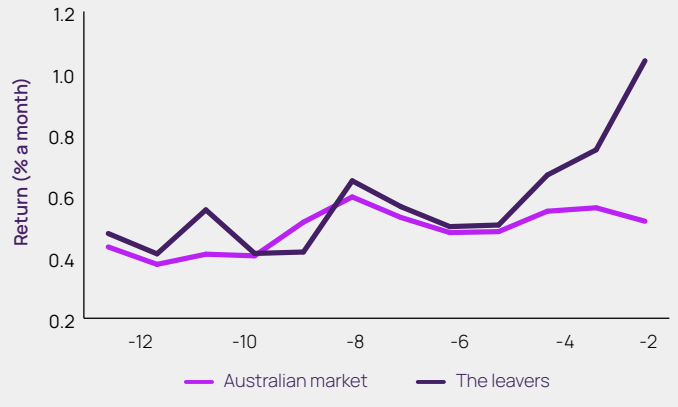
Investors who left by selling did not experience weaker recent returns. Their average monthly return over the preceding year was 0.67%, compared with the 0.60% recorded by investors who stayed. Their return was strongest two months before they left, the last month shown.

Their portfolios were different. Investors who left by selling held a median of one security and $4,441, compared with two securities and $7,522 among those who stayed. They also carried around one-tenth more volatility for a similar return. Each additional security held was associated with an approximately one-third reduction in the monthly likelihood of leaving, linking broader portfolios with stronger retention.

Holding a direct share was associated with better retention than holding an ETF, contrary to what a simple diversification argument might predict. This suggests that the relationship between portfolio construction and retention depends not only on breadth, but also on the type of investment and the role it plays in the portfolio.

Most first exits were active decisions, with 78.1% made entirely through on-market sales. Yet leaving was not always permanent: more than one in five investors who left by selling subsequently returned to the register. For many investors, leaving was only a break.

Mean monthly return of market sellers in their final twelve months, against the Australian market



More than one in five investors who left by selling subsequently returned to the register

At a glance

Investors did not leave because their returns had deteriorated. Those who departed typically held smaller, more concentrated and more volatile portfolios, while each additional security was associated with a materially lower likelihood of exit. Even then, more than one in five later returned, showing that leaving the register is often a pause rather than an endpoint.

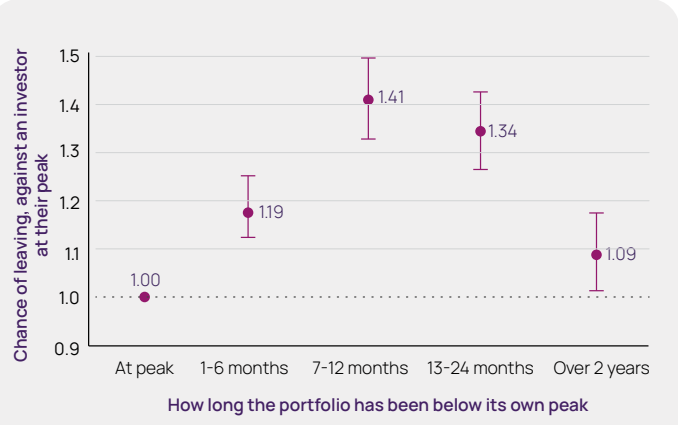
Does a loss make investors more likely to stay?

Recent returns generally did not predict whether investors left, with one notable exception: substantial losses appeared to delay departure. Investors whose portfolios had fallen by more than 20% over the preceding 12 months were estimated to be 31% to 52% less likely to leave by selling in the near term, with the largest effect for the deepest losses. For losses between 10% and 20%, the reduction was approximately 16%. Returns better than minus 10%, including gains of any size, produced no material change in exit risk.

Gains did not make investors more likely to leave, but substantial losses appeared to hold them on the register, consistent with a reluctance to crystallise a loss by selling.

If a portfolio stays below its previous peak for an extended period, exit risk then rises, so this reluctance appears to delay selling rather than prevent it. The effect is strongest among investors holding direct shares only and less evident among ETF-only investors, which may point to the role diversified products can play in reducing regret over any single security.

Monthly probability of leaving by selling on the market, holding depth of loss constant



Each dot shows how likely investors are to leave by selling in a given month, relative to investors whose portfolio is at its peak (1.00). For example, 1.19 means 19% more likely. The comparison holds constant how far below its peak the portfolio is, how long the investor has been on the register and the calendar month. Vertical lines show 95% confidence intervals.

Do ETFs reduce portfolio risk?

Portfolios became materially more diversified and less volatile around an investor's first ETF purchase. Diversification improved for 94.9% of adopters and average monthly volatility fell from 8.4% to 6.1%, while average returns did not materially change.

Part of this improvement was already under way, as adopters were generally growing their portfolios and reducing concentration before buying an ETF. A matched comparison nevertheless indicates that ETF adoption added to the reduction in risk.

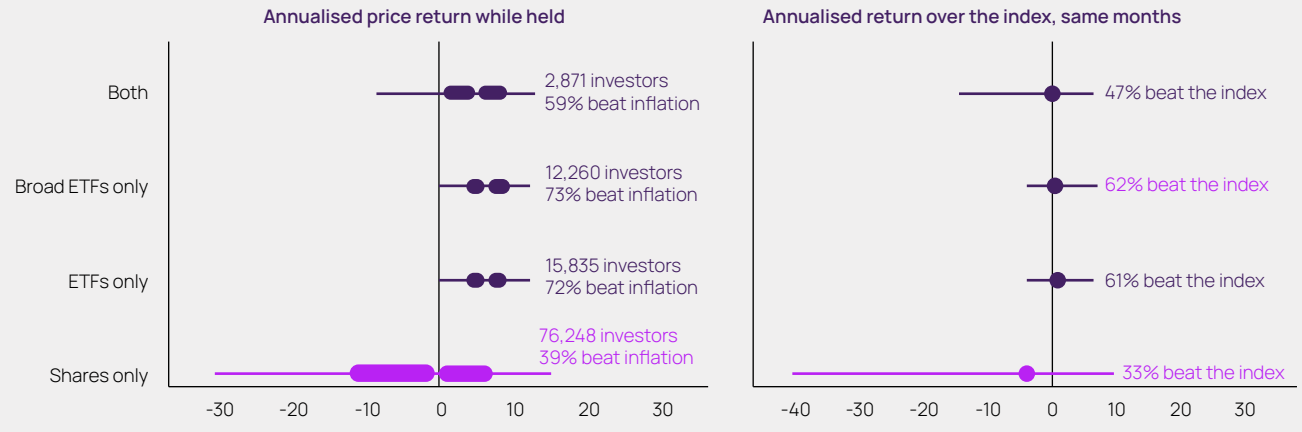
Among investors observed continuously, 2016 and 2017 adopters had monthly volatility approximately 0.8 percentage points lower than similar investors who waited until 2023 or later. The gap widened to approximately 2.2 percentage points by 2021 while returns did not improve, so the early adopters earned the same returns with less risk. Both charts are on p56.

Five years after arrival: Direct shares, ETFs or both?

Investors who arrived on the register from January 2010 to April 2021 and held for at least two of their first five years were tracked from their first month and grouped by what they held in that month. Returns are price returns on their own holdings, so new money and dividends are left out, and each investor is compared with the ASX 300 index ETF, consumer prices and the cash rate over the same months.

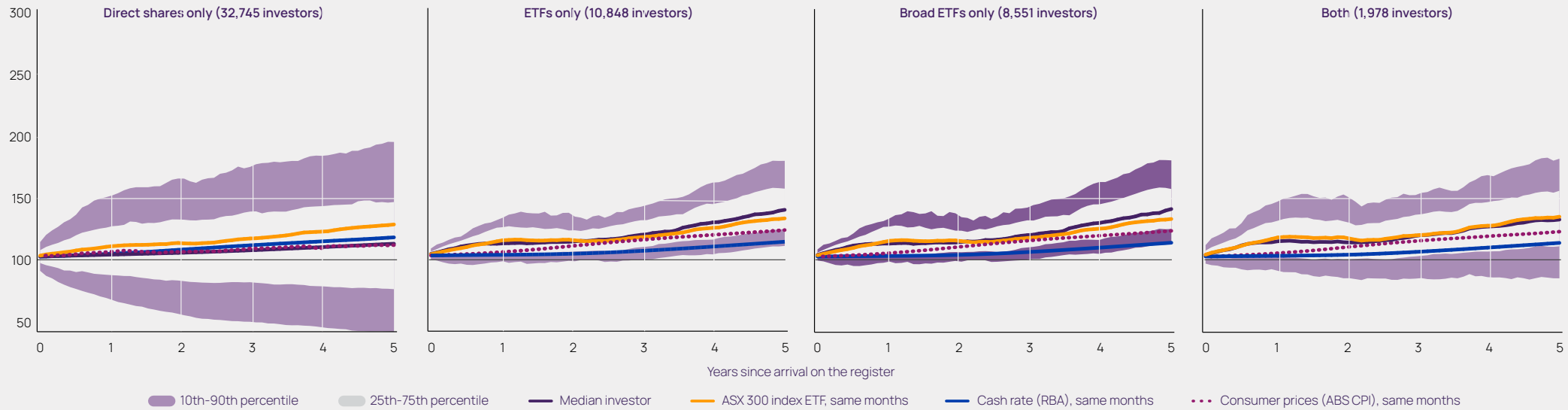
On the data analysed, investors who started with ETFs only did better and, above all, more consistently. Over the months they held, the median ETF-only investor earned 6.2% a year and 72% beat inflation. The median investor who started with direct shares only lost 0.6% a year and 39% beat inflation. The weakest tenth of ETF-only investors lost 0.2% a year or more; the weakest tenth of direct shares-only investors lost 30.8% or more.

First five years of investors who arrived from 2010 to 2021, and held for at least two of those years



Among those investors who stayed the full five years, the median ETF-only investor turned $100 into $137, against $130 for the ASX 300 index ETF, $121 for consumer prices and $111 for the cash rate over the same months. The median direct shares-only investor reached $109, against $126 for the index over the same months, and the weakest tenth ended at $39 or less. Fewer shares-only investors stayed: of all who arrived, 33% held for the full five years, against 53% of ETF-only investors.

Every investor who arrived from 2010 to 2021 and stayed five years, by what they first held



Investors who arrived from 2010 to 2021 and stayed five years. Benchmarks are averaged over the same months as the investors

The lead of ETF-only investors over the index comes from where they invested. Those whose first ETFs held only Australian shares matched the ASX 300 index ETF and 51% beat it.

Those whose first ETFs included world or US shares beat the index by a median 2.3 percentage points a year and 72% beat it, because world and US shares rose faster than Australian shares over these years.

Investors who stayed since 2015: Direct shares, ETFs or both?

Of the investors with priced holdings at 31 December 2015, 27,483 direct shares-only investors, 249 ETF-only investors and 791 investors holding both stayed on the register at every year-end to April 2026. Excluding new money, the holdings of investors with both direct shares and ETFs rose 1.94 times (6.6% a year) and those of ETF-only investors 1.91 times (6.5% a year), against 1.81 times (5.9% a year) for direct shares-only investors. All three groups finished ahead of the S&P/ASX 200 price index (1.64 times, 4.9% a year).

The difference is larger for the typical investor. The holdings of the median direct shares-only investor rose 1.48 times, below the S&P/ASX 200, while those of the median ETF-only investor rose 1.71 times and the median investor holding both 1.75 times. Direct shares-only portfolios are more spread out: a minority of strong performers lifts the group average, while most direct shares-only investors trailed the market.

ETF-only investors tracked the relevant index closely until 2020 and pulled ahead in the recovery after the COVID-19 crash. Over the full period their holdings rose 1.91 times, compared with 1.35 times for consumer prices and 1.28 times for $100 rolled over in a 1-year bank term deposit, so they comfortably preserved and grew purchasing power even before counting distributions.

Series (Dec 2015 = 100)	Apr 2026 value	Multiple	Per year
Direct shares and ETFs, average investor	194	1.94×	6.6%
ETFs only, average investor	191	1.91×	6.5%
Direct shares only, average investor	181	1.81×	5.9%
Direct shares and ETFs, median investor	175	1.75×	5.6%
ETFs only, median investor	171	1.71×	5.3%
Direct shares only, median investor	148	1.48×	3.9%
S&P/ASX 200 price index	164	1.64×	4.9%
Consumer Price Index	135	1.35×	3.0%
1-year bank term deposit	128	1.28×	2.4%

Thirty-year investors: Portfolio growth since 1996

Of the 1,217 individual investors with priced holdings on the register at 31 December 1996, 674 (55%) still held shares or ETFs at every year-end to April 2026. Measured in dollars, the portfolio of the typical (median) stayer grew 18 times and that of the average (mean) stayer grew 58 times. Most of that growth, however, reflects money added over three decades rather than investment performance. Sales before about 2010 are thinly recorded, so the 55% overstates how many investors actually stayed.

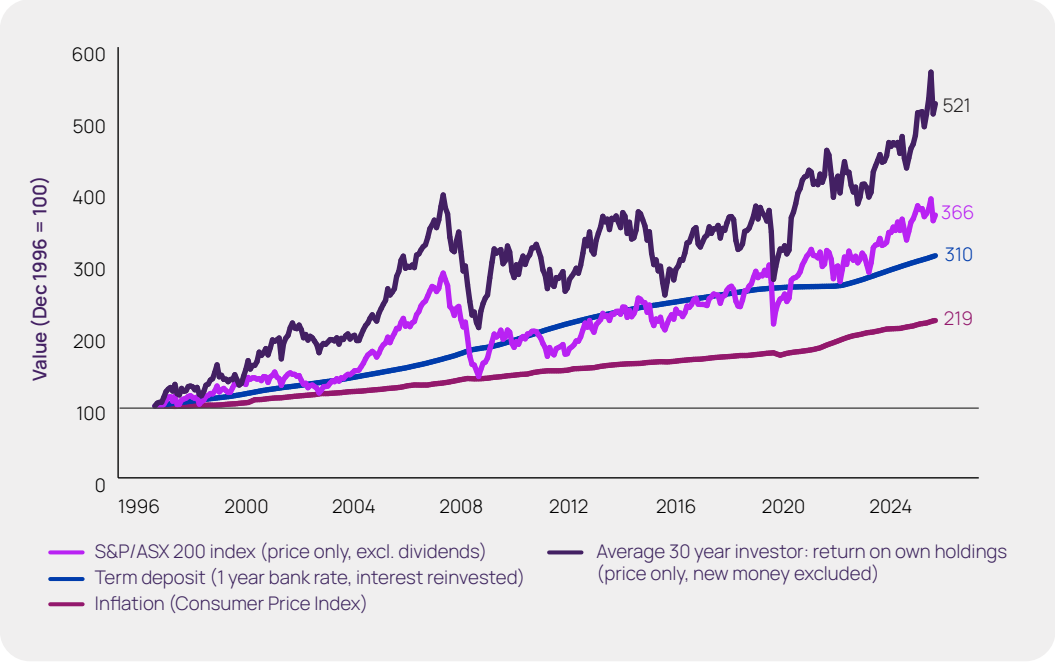
Once new money and withdrawals are removed, the holdings of the average stayer rose 5.2 times in price terms, about 5.8% a year, against 3.7 times for the S&P/ASX 200 price index (4.5% a year). The holdings of the median stayer rose 4.2 times. Over the same period consumer prices rose 2.2 times and $100 rolled over in a 1-year bank term deposit grew to $310 (3.1 times). Long-term direct investors therefore beat inflation comfortably and, even before counting dividends, finished ahead of both the term deposit and the index.

The returns of the stayers tracked the market closely (correlation of monthly returns 0.88, market beta 1.03): they fell with the index in the GFC and in March 2020 and recovered with it. The holdings of the stayers stayed above the term deposit throughout, whereas the S&P/ASX 200 price index itself spent long stretches below the deposit line, from the GFC until the 2020 recovery.

The figures are descriptive. Conditioning on investors who stayed for thirty years builds survivorship into the comparison: people who sold out, died or moved their holdings to another registry are excluded, and they may have fared differently.

Series (Dec 1996 = 100)	Apr 2026 value	Multiple
Median stayer, portfolio value incl. new money	1,781	18×
Mean stayer, portfolio value incl. new money	5,809	58×
Average stayer, time-weighted price return	521	5.2×
Median stayer, time-weighted price return	420	4.2×
S&P/ASX 200 price index	366	3.7×
1-year bank term deposit	310	3.1×
Consumer Price Index	219	2.2×

Return on the holdings of stayers against the S&P/ASX 200, a term deposit and inflation



Portfolio value of stayers including new money: median, mean and middle half

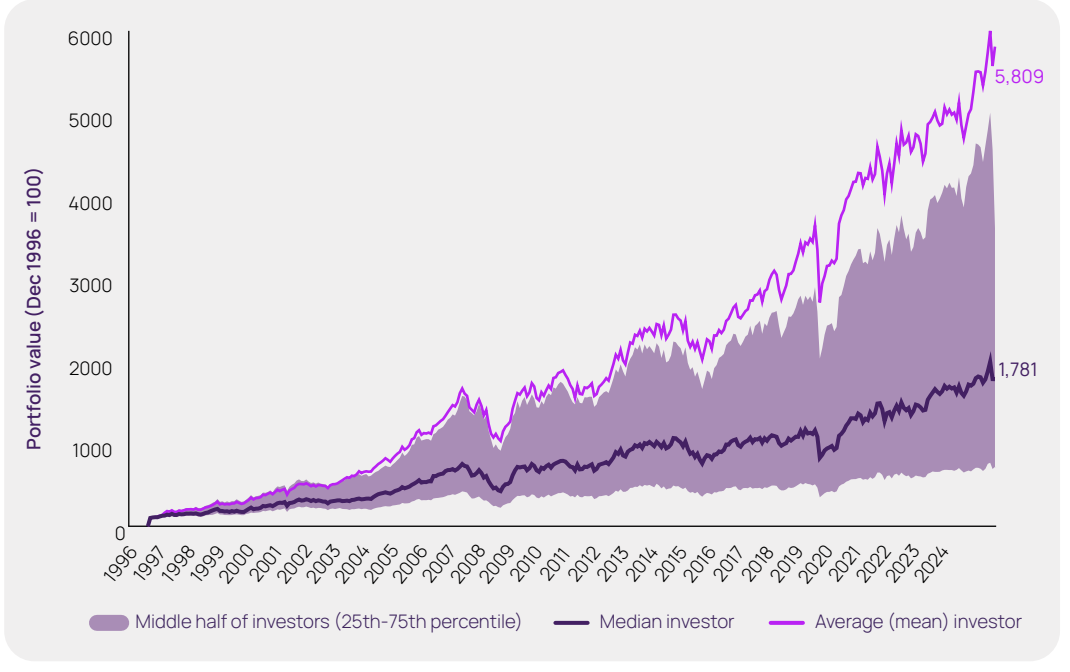
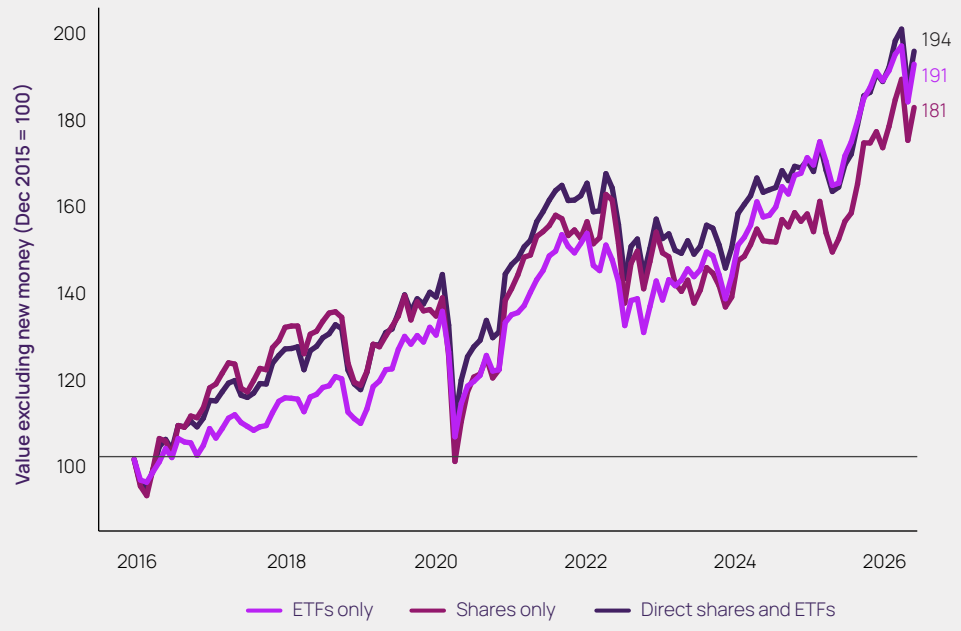


Chart Note: The S&P/ASX 200 began on 31 March 2000; earlier values are the pre-launch history published with the series by Yahoo Finance, rebased to 100 in December 1996.

Portfolio value excluding new money, by holdings in December 2015



Return on own holdings: ETFs only

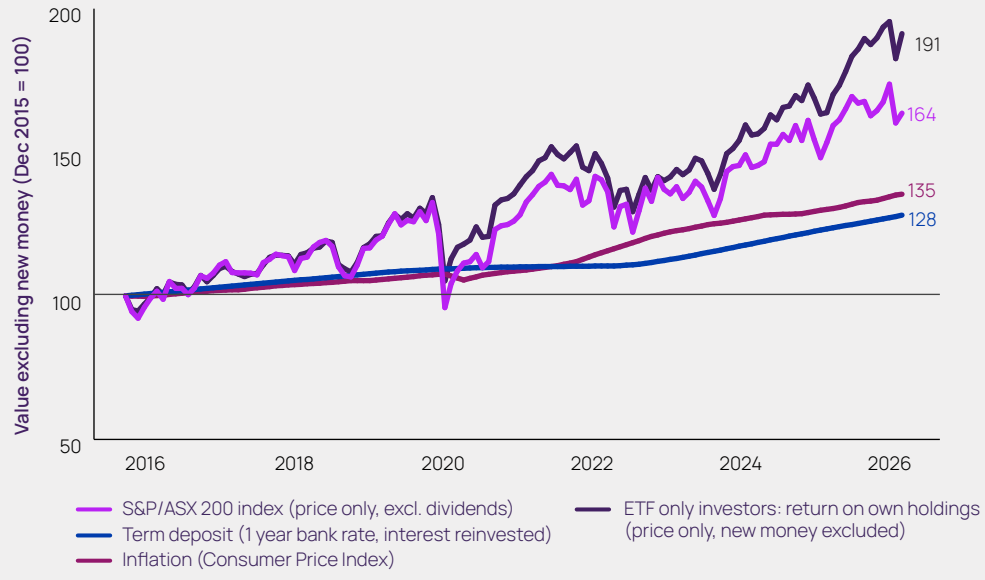


Chart note: The figures are descriptive. Conditioning on investors who stayed for the whole period builds survivorship into the comparison: investors who sold out or moved their holdings elsewhere are excluded, and they may have fared differently. Groups are fixed by holdings in December 2015, so the comparison describes where investors started, not what they held throughout.

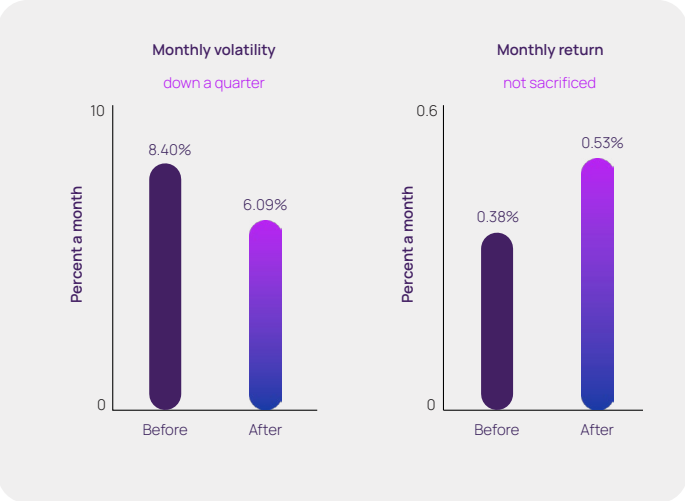
All investor lines and the S&P/ASX 200 line are price returns that exclude dividends and distributions, whereas the term-deposit line includes its interest, so the comparison with the deposit is conservative for direct shares and ETFs.

The average monthly portfolio volatility fell from 8.4% to 6.1% after a first ETF purchase and 94.9% of ETF adopters saw portfolio diversification improve.

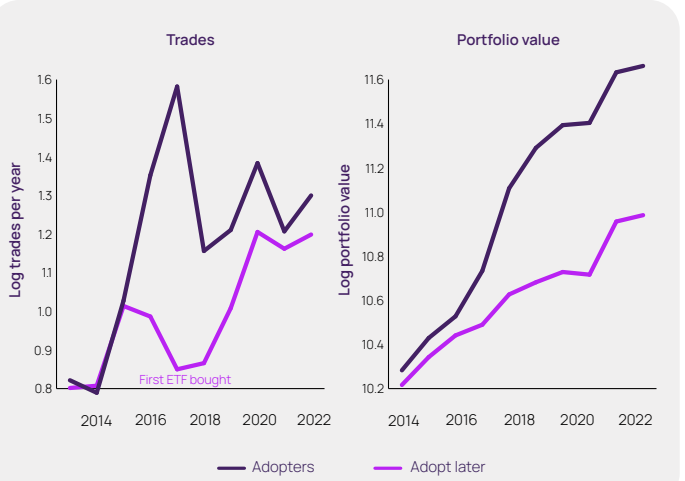
At a glance

For more than two-thirds of adopters, portfolio volatility fell after the first ETF purchase. Average volatility declined by more than a quarter, from 8.4% to 6.1%, without a reduction in average returns.

Volatility and return, twelve months either side of a first ETF purchase



Investors who buy a first ETF in 2016 or 2017 against those matched to them who buy one in 2023 or later



Back to contents

The next phase of ETF evolution: From evidence to execution

1. Strengthening the first-investment experience

What the evidence shows

In 2025, 73.5% of new investors entered the register holding at least one ETF in their first month. The first ETF is no longer simply an addition to an established portfolio. For many investors, it is the starting point.

Considerations for the industry

- How effectively does the initial investor experience explain the ETF's exposure, concentration, risks and intended portfolio role?
- Could early communications be aligned more closely with different investor objectives and levels of experience?
- How might investors' progression from a first ETF towards a broader portfolio be understood and measured?
- Are investors receiving sufficient context to assess how their first ETF fits within their wider investment strategy?

Strategic implication

The first ETF increasingly shapes the context in which investors learn, diversify and make subsequent investment decisions. The quality of that initial experience may therefore influence outcomes well beyond the first purchase.

2. Supporting more durable participation

What the evidence shows

Five-year retention declined to 65.3% for the 2020 cohort, the lowest among cohorts observed over five years. More recent results also indicate that attrition is increasingly concentrated in the early years after investors enter the register.

Considerations for the industry

- What do retention patterns reveal when examined by entry cohort, tenure, initial product and portfolio breadth?
- At what points in the investor journey does disengagement become more likely?
- Could communication and education during the early years of ownership help investors navigate periods of uncertainty?
- Should acquisition measures be considered alongside longer-term indicators of sustained participation?

Strategic implication

Adding many new investors does not necessarily mean keeping them. Understanding the factors associated with early attrition could help stakeholders assess whether growth is translating into lasting participation.

3. Understanding the value of the first issuer relationship

What the evidence shows

Among investors holding two or more ETFs, 48.7% had never purchased outside a single issuer. When ETFs offered closely comparable exposure, the issuer of an investor's first ETF was an important influence on what they bought next.

Considerations for the industry

- What pathways do investors follow after purchasing their first ETF?
- How clearly does an issuer's product range support different portfolio objectives and subsequent investment needs?
- Could greater consistency across disclosure, communications and investor servicing strengthen trust and understanding?
- To what extent does repeat purchasing reflect product suitability, familiarity or both?

Strategic implication

The issuer of the first ETF tends to have an edge when it comes to future purchases. The issuer may retain that edge if its range suits what the investor needs next.

4. Positioning fees within the broader proposition

What the evidence shows

In the events examined, fee reductions did not consistently raise category share. One first mover recovered lost share, while other outcomes were flat or emerged too late to attribute confidently to the fee change. The results suggest fees operate within a broader competitive proposition rather than independently determining investor choice.

Considerations for the industry

- How might the timing and materiality of a fee change affect its competitive impact?
- Does a fee reduction materially alter the ETF's position within its category?
- How do scale, liquidity, issuer familiarity, availability and distribution reach interact with fees?
- Which measures best capture the effect of a fee decision, including category share, investor selection and longer-term retention?

Strategic implication

Fees matter, but a fee cut alone rarely wins market share. It helps most when it makes an ETF clearly cheaper than its rivals.

5. Developing ETF income as an investment channel

What the evidence shows

Annual distributions paid by the ETFs in the analysis grew from $875 million in 2016–17 to $10.5 billion in 2025–26. However, the registry data shows no consistent increase in purchasing during distribution months.

Considerations for the industry

- How does reinvestment behaviour vary across products and investor segments?
- Do investors receive clear and timely information about their distribution choices?
- Are there avoidable points of friction when investors make or change a DRP election?
- Could distribution periods provide a natural opportunity for investors to review income needs and portfolio objectives?
- To what extent could recurring ETF income become an additional channel into diversified investment?

Strategic implication

ETF distributions now represent a substantial and recurring pool of investor income. While the register cannot observe what happens to cash paid elsewhere, a pool this large is worth understanding: how much is reinvested and what would help investors decide.

6. Focusing investor education on portfolio quality

What the evidence shows

ETF adoption was associated with broader and less volatile portfolios, but the benefit depended on the exposure selected. Broad-market ETFs were associated with lower estimated diversification shortfalls than thematic ETFs or portfolios with no ETF exposure. Selling decisions also accounted for 77% of the realised-return gap between heavy and light sellers.

Considerations for the industry

- How clearly is the distinction between broad diversification and concentrated or thematic exposure communicated?
- Can investors readily understand the underlying breadth, overlap and concentration within their portfolios?
- Are risk-adjusted outcomes being considered alongside headline returns?
- Could greater emphasis on investment behaviour help investors understand the potential consequences of frequent selling?
- How might the effectiveness of investor education be assessed through portfolio outcomes and behaviour, rather than engagement alone?

Strategic implication

Holding an ETF does not by itself improve outcomes. Broad ETFs, held and not traded often, do.

7. Broadening financial capability and opportunity

What the evidence shows

The Census and SEIFA-linked analysis indicates that ETF allocation does not simply follow household wealth. ETFs play a larger role in the registered portfolios of younger, renter-heavy communities and areas with stronger education and occupational characteristics.

Considerations for the industry

- What do geographic differences reveal about access to investment knowledge, confidence and opportunity?
- Are investor education and engagement strategies reaching communities beyond traditionally affluent segments?
- Could information be adapted for different levels of financial experience and capability?
- How might portfolio-allocation analysis be extended to examine participation relative to the adult population?
- Where could collaboration between issuers, platforms, advisers, government and industry bodies help address knowledge or opportunity gaps?

Strategic implication

Making products available may not be enough to widen participation; knowledge and confidence matter too.



Conclusion

Growth in assets is not the only measure of success for the ETF market. Issuers have an opportunity to consider the full investor experience, from the first ETF purchase through subsequent product selection, income decisions and periods of market stress. Platforms and advisers can contribute through clearer comparison, portfolio context and accessible reinvestment pathways. Policymakers and industry bodies can explore the financial-capability and opportunity gaps identified through the geographic analysis.

The next phase of ETF development will not be measured by growth alone. It will also be reflected in whether investors make informed choices, construct broader portfolios and remain engaged over time.

ETFs have become a mainstream entry point to investing. The next opportunity is to help turn that first investment into the foundation for a broader, more resilient and enduring portfolio.



Methodology

About this section

This section sets out how the Computershare-administered registry data was compiled and what each piece of analysis does, step by step, and which assumptions it rests on. It follows the structure of the report, and it is grouped by theme so a reader can go straight to the finding they want to check.

The analyses covered

Theme	Report section	What it shows
Behaviour through crises	Acts 1 and 3	Trading, net buying and inactivity around the dot-com, GFC and COVID-19 market lows
How new investors arrived	Act 3	Year-on-year growth in new joiners by entry route
Lockdown trading	Act 3	Weekly trading in Victoria against the rest of Australia, and daily trading against forced and voluntary falls in movement
Retention	Act 3	Share of each entry year still holding after one, two and five years, and by what they held in their first 12 months
ETF adoption and allocation	Acts 2 and 4	Share of investors holding an ETF, share of new investors starting with one, and ETF share of portfolio value
ETF participation by gender	Acts 2 and 4	ETF participation and ETF allocation by value, men and women
Diversification shortfall	Acts 3 and 4, The state of play in 2026	Extra return a year available from a broad world share index at the same risk, by entry year, gender, portfolio type and portfolio size
Category share and growth	Acts 2, 3 and 4	ETFs and categories that won the most share or grew fastest each year
Gold	Act 4	Investors holding the largest gold ETF against the gold price
Fee cuts	Act 4	Category share of the ETF that cut fees first and the ETF that matched it, before and after the cut
Which ETFs investors choose	Act 4	How size, fees, past returns and the issuer of the first ETF relate to the ETF an investor buys next
Distributions and reinvestment	Act 4	Buying in distribution months, DRP participation overall and by portfolio size, and $100 reinvested against cash
ETF geography in Australia	The state of play in 2026	SEIFA indexes, postcode drivers of ETF share, and ETF category mix by community
Holdings inside ETFs	The state of play in 2026	Lines held on the register against the securities held inside each ETF
Selling and realised returns	Selling, leaving and portfolio risk	Realised returns of light and heavy sellers, split into what they bought and when they sold
Tax timing	Selling, leaving and portfolio risk	Gains and losses sold in June against other months, and either side of twelve months of holding
Leaving the register	Selling, leaving and portfolio risk	Who leaves by selling, and how returns, losses and portfolio breadth relate to leaving
ETF adoption and risk	Selling, leaving and portfolio risk (charts on p56)	Volatility, return and diversification before and after a first ETF, and early against later adopters
Five years after arrival	Selling, leaving and portfolio risk	Five-year returns of new investors who started with direct shares, ETFs or both, against an ASX 300 index ETF, cash and inflation
Long-term investors	Act 1, Selling, leaving and portfolio risk, Thirty-year investors	Portfolio growth of investors who stayed since 1996 and since 2015, against the S&P/ASX 200, a term deposit and inflation
Turnover against other studies	Appendix	Monthly portfolio turnover against German and US brokerage samples

How the data is compiled

Every analysis starts from the same cleaned and valued registry panel. This section describes how it is built once, so the theme sections that follow only describe what is specific to each analysis.

What is the registry sample?

The data is a sample drawn from Computershare-administered registers and covers 1 January 1996 to 30 April 2026. Computershare drew a random sample of investor names from its Registry Intelligence database and supplied every account held under each sampled name, subject to agreed criteria: the holder is an individual, the account is not held by a custodian and it has an Australian registration address. Because the sample is drawn by name across the whole register, it includes investors who never held an ETF, which allows ETF and share investors to be compared.

Three datasets come out of the extract. The holdings list records the attributes of each account, including title, postcode, state and the date each holding was opened: 744,460 accounts and 2,421,255 account and issuer registrations. The transaction history records every movement in each holding, including on-market trades, dividend reinvestment allotments and corporate actions. The balance history records the unit balance of each holding at every month-end. Balances and transactions were supplied for CHESS-sponsored accounts, 355,402 of the 744,460; issuer-sponsored registrations appear in the holdings list only. Each account is identified by its Holder Identification Number (HIN).

Who is an investor?

A HIN is an account, not a person. Investors often open more than one account over time, for example with a new broker, and different people can share a name. Every count of investors in this report uses the following definition.

Step 1: Group accounts. Accounts are grouped when they share the coded first name and surname, the second initials, the title used most often on the account and the postcode used most often on the account. A missing second initial is treated as no information rather than as a match.

Step 2: Remove groups that cannot be separated. Any group covering more than five accounts is excluded, because very common names in dense postcodes cannot be split into people reliably. This removes 50,881 accounts (6.83%) and leaves 693,579.

Step 3: Join accounts proven to belong to one person. Two accounts with the same name are joined where one transfers a holding to the other in an exactly offsetting movement on the same day, and where a dated change of address on the holdings list links an earlier and a later account. Repeating the transfer test with the group labels shuffled at random finds 2 matches against 25,829, a false match rate of about 1 in 10,000.

The result is 537,906 investors. The main entry results were recomputed with one account counted as one investor and with every name and postcode counted as one investor. Across the three, the 2020 entry surge relative to 2017 to 2019 differs by less than 1%, and the share of 2020 entrants starting with an ETF stays within a quarter of a percentage point of the 2019 share.

When does an investor arrive and leave?

An investor arrives in the first month in which they hold a positive balance. This is the definition used for the share of new investors starting with an ETF, for retention, for the diversification shortfall by entry year and for the five-year returns of new investors. The chart of new joiners by entry route instead dates arrival by the earliest opening date of any holding on the holdings list, so the two counts differ.

An investor leaves in the last month in which they hold a positive balance, and only once twelve further months pass with nothing held, so an investor who sells everything and buys again within a year has not left. Leaving by selling means the last holdings were sold on market. Other exits come from takeovers, schemes of arrangement, transfers to another registry and other corporate actions.

Which securities are included?

The analysis keeps two types of securities. An ETF is any security Computershare tags with an ETF group, excluding the Australian Office of Financial Management (AOFM) government bond line. A direct share is an ordinary fully paid share with no ETF group. Every other security, including options, hybrids, notes and rights, is removed. The final universe contains 180 ETFs and 721 direct shares. Other cleaning steps remove rows with an invalid state code, negative holding balances and transactions of zero units. Dividend reinvestment allotments are flagged from their transaction codes, so they can be excluded from trading measures or counted on their own.

How are holdings and trades valued?

Unit balances are converted to dollars with daily closing prices (the Universal Close Price). A holding is valued at the close on the last trading day of each month. If no close is available that day, the most recent close in the previous 20 trading days is used; otherwise the holding has no value that month. Trades are valued at the close on the trade date, with no carry forward. Prices are available for 667 of the 721 direct shares and 172 of the 180 ETFs. Most unpriced securities are stapled property trusts, delisted companies or a few recently listed ETFs. Holdings without a price are left out of every value-based measure.

Which holders are excluded?

A small number of accounts behave like market makers or institutions rather than individuals, even though they passed the individual-holder filter. All 246,124 holder accounts (HINs) with at least one on-market purchase or sale were screened on two layers. The first flags market-maker behaviour: frequent same-size buy and sell round trips across more than 20 securities, near-zero net trading relative to gross trading on large volumes, or repeated round trips that straddle a month-end. The second flags accounts too large to be an individual: a one-directional trade of more than $1 million on at least two days. The screen flags 337 holders, 0.14% of the total, who account for 53% of gross on-market dollar volume. They are excluded from every analysis except the crisis charts, the market-share and fastest-growth rankings, the postcode analyses and the distribution-month analysis, which use the full cleaned sample; the fee-cut analysis excludes one market-maker account only.

How is trading measured?

Trading counts on-market purchases and sales only, identified from the CHESS daily movement codes for an increase (a buy) and a decrease (a sale) in a holding. Dividend reinvestment allotments, corporate actions such as takeovers, schemes and code changes, and off-market transfers are excluded.

How are gender and location assigned?

Gender is inferred from the account title. Each investor takes the title that appears most often across their holdings: Mr is classed as male, and Mrs, Ms and Miss as female. Investors with any other title or none, such as Dr, Prof, company, trust and joint-account titles, are left out of gender comparisons. Title is a proxy for gender and may not reflect how an investor identifies.

Location is taken from the postcode or state recorded on the most recently opened holding of the investor. Postcodes are matched to the 2021 ABS Socio-Economic Indexes for Areas (SEIFA) and the 2021 Census General Community Profile for postal areas, which give median age, income, rent and mortgage repayments, household size, persons per bedroom and dwelling tenure.

What does the sample represent?

The sample covers only Computershare-administered holdings. It cannot see holdings or cash held elsewhere, including ETFs from issuers that use another registry. Computershare administers about 59% of the Australian ETF investor population estimated in the 2026 ASX Investor Study (see Computershare market share below). The sample therefore shows the direction and relative scale of change, not totals for the whole market. All statistical precision is calculated at the level of the sampled name, because one name can cover several accounts.

The analyses

Investor behaviour through three crises

Where it appears: Act 1 (dot-com and GFC charts and the ETF holder figures) and Act 3 (COVID-19 chart and the net buying, inactivity and turnover figures).

What it shows: whether investors bought, sold or held around the low point of each downturn, and whether ETF investors behaved differently from investors who held only direct shares.

Step 1: Classify investors each month. An investor is an ETF investor in a month if they held at least one ETF at the end of the previous month, and a direct share investor otherwise. Only investors with a positive portfolio value at the start of the month are counted.

Step 2: Measure trading. For each group, the dollar value of on-market purchases and sales, the number of trades and the number of investors who made no trade are added up. Turnover is the smaller of purchases and sales divided by the average portfolio value of the group at the start and end of the month. Net buying is purchases minus sales, divided by purchases plus sales, so +100% means only buying and -100% only selling. Did nothing is the share of investors in the group who made no on-market trade that month.

Step 3: Mark the low. Each chart runs from about two years before to two years after the low of the S&P 500 (9 October 2002, 9 March 2009 and 23 March 2020) and marks the low of the S&P/ASX 200 (13 March 2003, 6 March 2009 and 23 March 2020), which the text refers to. The S&P 500 and the S&P/ASX 200 are drawn on each chart, rebased to 100 at the start of the window.

Step 4: Summarise the COVID-19 window. The before and after figures are simple averages of monthly net buying over the six months before the March 2020 low (September 2019 to February 2020) and the six months after it (April to September 2020). The March 2020 figures are the values for that month.

Assumptions: Net buying is value-weighted, so large trades count more than small ones, while inactivity is a count of investors. ETFs were essentially absent during the dot-com bust, so no ETF line is shown. ETF investors were 0.2% of investors in October 2004 and 0.3% in March 2009, so GFC results for ETF investors are indicative only. The analysis describes behaviour and does not establish why investors traded.

How new investors arrived

Where it appears: Act 3, How did new investors land on ETFs?, and the chart of year-on-year growth in new joiners by entry route.

Step 1: Date the arrival of each investor at the earliest date any of their holdings was opened, from the holdings list. Each investor is counted once, in their join year.

Step 2: Assign the entry route. An investor is an ETF joiner if any holding opened in their join month is an ETF, and a direct share joiner otherwise. Direct share joiners who later open an ETF holding are counted again, in that year, as existing investors adding a first ETF.

Step 3: Count each series per calendar year from 1996 to 2025 and calculate the year-on-year change from 1997. 2026 is a partial year and is excluded.

Assumptions: Arrival is the first time an investor appears in the sample. Someone who invested earlier through another registry, or before 1996, counts as new. Holdings that were allotted rather than bought, such as demutualisation shares, count as an arrival. ETF joiners first appear in 2003, so the ETF series begins in 2004; growth from a small base can be large. Of the accounts opened in 2020, 9.2% were second accounts of investors already on the register.

Lockdown trading

Where it appears: Act 3, Did the pandemic change how investors traded? and Did the hard lockdown in Victoria change trading?

Victoria against the rest of Australia. Each investor is assigned to the state on their most recently opened holding. Each month an investor is active if they held a positive balance at the month-end or traded during the month. Weekly on-market trades from 30 December 2019 to 11 January 2021 are split into direct shares and ETFs and divided by the active investors in that group and month. The national lockdown (30 March to 15 May 2020) and the Victorian lockdown (9 July to 27 October 2020) are shaded. The trades a week quoted in the text (0.15 for share holders and 0.13 for ETF holders) instead divide by the investors holding each product.

The national test. Daily trading in each of the eight states and territories from February 2020 is related to movement, measured as the fall in visits to retail, transit stations and workplaces in the Google Community Mobility Reports. Movement is split into the part predicted by the stringency index of the Oxford COVID-19 Government Response Tracker (Hale et al., 2021) (forced) and the remainder (voluntary). The model holds the state and the date constant and weights by the number of investors. A ten-point rise in stringency lowers movement by 5.5 points, a strong first step ($F = 48$). Results are per 100,000 investor-days for a one-point fall in movement.

Assumptions: State comes from the registered address, which may not be updated after a move. With eight states, precision is limited, and the p-values are reported on the chart. The Victorian comparison is descriptive.

Retention

Where it appears: Act 3, Are new investors staying? and Which new investors were most likely to stay?; Key insights; The next phase, point 2.

Step 1: Follow each investor from the month they arrive to the month they leave, as defined above.

Step 2: Estimate the share of each entry year still holding after 12, 24 and 60 months with a survivor function (Kaplan and Meier, 1958), so that investors whose outcome is not yet known do not count against their cohort. A cohort is reported at a horizon only if its earliest entrant could reach it and then be observed for twelve more months: five-year figures stop at the 2020 cohort and two-year figures at 2023.

Step 3: Count leaving in two ways. In the first, every exit counts. In the second, only selling on market counts, and an investor who leaves through a takeover, scheme or transfer is followed until that month and not counted as leaving. The figures in the text (69.7% for 2019 and 65.3% for 2020 after five years; 87.1% for 2020 and 84.8% for 2024 after one year) use the second. Counting every exit, five-year retention for 2020 is 61.8%.

Step 4: Compare by what the investor held in their first twelve months (shares only, ETFs only, both), within the same entry year.

Assumptions: The comparison is descriptive; investors choose what to hold. An investor who moves holdings to a registry outside the sample counts as leaving under the first measure only.

ETF adoption and portfolio allocation

Where it appears: Act 2, How fast did ETF adoption grow before COVID-19?; Act 4, Did the acceleration continue after the pandemic?, Where does investing now begin? and How much of the portfolio do ETFs account for?; Key insights.

Step 1: Participation. At each month-end, the share of investors with a positive balance who hold at least one ETF.

Step 2: Entry with an ETF. Of the investors arriving in a year, the share holding at least one ETF in their first month.

Step 3: Allocation of the average investor. For each investor, ETF holding value divided by total holding value in direct shares and ETFs, averaged across investors: 38.8% at the end of 2025 and 41.0% in April 2026.

Step 4: ETF share of total value. ETF holding value across all investors divided by total holding value: 20.5% at the end of 2025 and 21.0% in April 2026. The gap between the two measures shows that smaller portfolios hold proportionally more in ETFs.

Assumptions: Both value measures move with prices as well as with buying and selling. Holdings without a price are left out.

ETF participation and allocation by gender

Where it appears: Act 2, How did men and women compare?; Act 4, Did the gender gap close?; Key insights.

Participation is the share of men and of women holding at least one ETF at each month-end. Women passed men in July 2021; in April 2026 the figures were 48.2% and 45.0%. Allocation by value adds up ETF holding value and total holding value separately for men and for women: in April 2026 ETFs were 21.8% of the portfolio value of men and 19.2% of women. The ratio of the two was 1.6 in December 2016, 1.25 in December 2018 and 1.1 in April 2026.

Assumptions: Title is a proxy for gender. Joint, entity and gender-neutral titles are excluded.

Diversification shortfall

Where it appears: Act 3, Did the 2020 wave produce better portfolios?; Act 4, Did the gender gap close?; The state of play, What does under-diversification cost?; The next phase, point 6.

What it shows (following Calvet, Campbell and Sodini, 2007): shares carry two kinds of risk. Market risk is the rise and fall all shares share, and investors are paid for bearing it.

The second kind belongs to individual companies, and investors are not paid for it because spreading money across many companies removes it at almost no cost. The diversification shortfall is the extra return a year an investor could expect from a broad world share index with the same level of risk.

Step 1: Monthly returns. For each investor, monthly price returns on their holdings, less the RBA cash rate.

Step 2: Window. The five years to each December, requiring at least 36 months of returns; for 2026, the window runs to April 2026.

Step 3: Compare with the world index. Over the same months, the correlation of the portfolio with a broad world (excluding Australia) share index ETF and the volatility of the portfolio relative to it. One minus the correlation is the relative Sharpe ratio loss of Calvet, Campbell and Sodini (2007): the share of the return per unit of risk of the index that the portfolio gives up. Multiplying by the premium and the relative volatility turns it into a return a year: 6.7% x (portfolio volatility / index volatility) x (1 - correlation with the index).

Step 4: Dollars. The dollar shortfall is the percentage times the value of the portfolio.

Step 5: Sample and summary. Investors who traded on market at least once or held more than one security, which leaves out single inherited parcels never traded. Results are medians.

Example: a portfolio of three bank shares swings twice as much as the index and has a correlation of 0.6 with it. If all of its risk were market risk it would be expected to earn twice the premium, 13.4% a year. With a correlation of 0.6 only 60% of that is earned, about 8.0%. The shortfall is the difference, about 5.4% a year (6.7% x 2 x 0.4).

Assumptions: The 6.7% premium is imposed, following Calvet, Campbell and Sodini (2007), who use the 1983 to 2004 average excess return of a world index. Estimating it from that ETF, priced only since December 2014, would be too imprecise; a different premium scales every figure in proportion and does not change any comparison. Returns exclude dividends. The measure covers registered holdings only and is an estimate of lost efficiency, not a realised loss, a forecast or a judgement of whether a portfolio suits an investor.

Which ETFs and categories gained ground

Where it appears: Act 2 and Act 3, the notes on the fastest-growing ETFs; Act 4, Which ETF categories are gaining share? and the chart of the top five ETFs by gain in share each year from 2016 to 2025.

Step 1: Add up investor holding value per ETF at 31 December each year, excluding the AOFM line.

Step 2: Market-share gain is the change, in percentage points, in the share of each ETF in total ETF holding value from the previous December. The five largest gains are shown for each year. The 2018 gains mainly reflect several funds joining the Computershare register that year.

Step 3: Fastest growth is the year-on-year percentage change in the December holding value of an ETF. The first two years of each ETF are excluded, and an ETF needs at least $1 million in holdings in the previous year to be ranked.

Step 4: Each ETF is assigned the category in the Market Index ETF directory (marketindex.com.au), such as broad index, bond, thematic, precious metals, smart beta, cash and emerging markets. Delisted ETFs not in the directory are classed as other.

Assumptions: Both measures use holding values, so they move with prices as well as with buying and selling, and should not be read as fund flows; this matters most for gold and silver in 2025. Shares are shares of Computershare-registered holdings, not of total market assets.

Gold ETF adoption

Where it appears: Act 4, Gold's evolution from safe haven to lasting allocation; Key insights.

The analysis counts investors with a positive balance in GOLD, the largest gold ETF on the register, at each month-end from December 2003 to April 2026, also as a share of investors holding any ETF and as an index (December 2003 = 100). Units are adjusted for the 10-for-1 unit split in June 2022. The gold price is the BullionVault spot price in Australian dollars per ounce at each month-end; for 2003 to 2006 the closing price of GOLD is scaled to it using the overlap in 2007. Between December 2023 and April 2026, holders rose from 1,775 to 4,505 (about 150%) while the gold price rose from about A$3,070 to A$6,500 an ounce.

Assumptions: Counting holders rather than value means the measure reflects investors entering, not existing holdings rising with the price. Gold held through other products is not counted.

Do fee cuts win market share?

Where it appears: Act 4, Do fee cuts win market share?; The next phase, point 4.

Step 1: The analysis starts from 26 fee reductions announced by three ETF issuers between December 2015 and July 2024, with effective dates and fees before and after, checked against issuer websites. Fourteen were made by ETFs whose registers are not managed by Computershare, leaving 12 reductions across nine ETFs on the register. Two of these, in international infrastructure and international property, fall outside the categories analysed, leaving 10 reductions across seven ETFs in broad Australian, US and global equity and bonds.

Step 2: Each month, the category share of an ETF is its holding value divided by the holding value of all eligible ETFs in its category. An ETF counts only if it was on the register twelve months before the cut. The share is set to 100 twelve months before the cut and followed for twelve months after it.

Step 3: The report shows the two categories with comparable events. In broad Australian equity, the two leading ETFs cut fees within weeks of each other in 2019 and again in 2023; in bonds, the two leading ETFs did so in 2023. For each category the chart shows the ETF that cut first (solid line) against the ETF that matched it (dashed line); in broad Australian equity the two rounds are averaged. The other two bond cuts in the event list, in 2020 and 2024, are not charted.

Assumptions: All ETFs in a category track similar markets, so common price movements largely cancel out. The share is of Computershare-registered holdings, not of total assets. The analysis does not control for other changes at the same time, such as platform listings or marketing.

Which ETF investors choose

Where it appears: Act 4, Size matters most, but between similar ETFs investors stay with their first issuer; Key insights; The next phase, point 3.

Step 1: For each of 278,734 ETF purchases, the menu is every ETF in the same category priced in that month (median 66 ETFs), 14.4 million rows in all.

Step 2: A conditional logit choice model (McFadden, 1974) relates the ETF chosen to characteristics of every ETF on the menu: number of holders on the register, recent trading activity, past return, age, fee where available, and whether it comes from the issuer of the first ETF of the investor. The model is repeated on ETFs tracking the same index.

Step 3: Of the 34,488 purchases where the existing issuer of the investor offered an ETF in the category but not the largest one, 57.7% went to that issuer, against its 39.1% share of the ETFs available, a difference of 18.7 percentage points.

Step 4: Among investors holding two or more ETFs, the share who bought from one issuer only (48.7%).

Assumptions: These are associations. The same-index comparison rests on a small number of close pairs of ETFs. Fees are available for part of the menu only.

Distributions and reinvestment

Where it appears: Act 4, How large has ETF income become?, Do investors use cash distributions to buy more ETFs?, Do investors reinvest their distributions using DRPs?, DRP participation and portfolio size and The compounding effect of reinvesting distributions; The next phase, point 5.

Buying in distribution months. On-market ETF purchases and sales from 2016, excluding the AOFM line, are netted per account and month. January, April, July and October are treated as distribution months, following the quarterly cycle of most ETFs. For each year, average net units bought per account in distribution months are compared with other months, with 95% confidence intervals. The unit is an account and the measure is in units, so ETFs with lower unit prices weigh more. This analysis uses the transaction records directly, without the cleaning steps and holder screen described above, and applies one quarterly calendar to all ETFs, although some pay monthly or half-yearly.

DRP use. An investor is an ETF investor in a year if they held an ETF at any month-end that year, and a direct-share-only investor if they held a direct share and no ETF. An investor used a DRP if they received at least one allotment in that year: ETF allotments for ETF investors, direct share allotments for direct-share-only investors. The series runs from 1996 to 2025 and gives the 15.7% and 15.2% figures for 2025. An election that produced no allotment in the year is not observed.

DRP participation and portfolio size. For shares and ETFs separately, at the end of 2018, 2020, 2022 and 2025, the population is every investor holding a security on which at least one investor in the sample received a DRP allotment that year. Investors are ranked by total portfolio value (shares and ETFs at the December month-end) into ten equal groups, and the participation rate is the share who received at least one allotment in that class during the year. Participants and non-participants are also compared on median portfolio value, with the interquartile range. Groups with fewer than 50 investors are not shown. Portfolio value covers only holdings in the sample; participants also differ in tenure, trading and holdings, so the comparison is descriptive.

Reinvested against cash. $100 is followed in each of four long-running ETFs (two broad Australian share ETFs, a broad international share ETF and a diversified all-in-one ETF) from the first month with a price to April 2026. Monthly price returns come from month-end closes; a fall of more than 50% in a month is treated as a unit split. Each distribution is inferred from the register as the value of DRP units allotted divided by the value those investors held at the previous month-end. The reinvesting investor adds the distribution to the balance; the cash investor sets it aside. The comparison ignores tax, franking credits, brokerage and DRP discounts, and the cash earns nothing.

ETF geography in Australia

Where it appears: The state of play, Where do ETFs make up the largest share of portfolios?, Portfolio composition across socio-economic conditions and What our analysis reveals about financial capability and opportunity; Key insights.

Each investor is assigned to the postcode on their most recently opened holding, and ETF share is ETF holding value divided by total holding value at 30 April 2026. Three analyses use different postcode thresholds.

SEIFA lines: 1,284 postcodes with more than 10 investors. Postcode ETF share (the simple average of investor shares) is regressed on the SEIFA decile of each index. A decile higher goes with +0.36 points for overall advantage, +0.54 for education and occupation and -0.63 for economic resources.

Postcode characteristics: 984 postcodes with at least 25 investors. Each Census characteristic is standardised, so results read as percentage points of ETF share per one standard deviation. The regression weights postcodes by their number of investors and uses standard errors robust to unequal variance. Median age is in every model; other characteristics are chosen by a search over combinations of three to six variables that keeps overlap low (variance inflation factor of 5 or less). The preferred model includes median age, share of rented dwellings, median rent, persons per bedroom, median household income and average household size, and explains 58% of the variation.

Category mix: 763 postcodes with at least 25 ETF investors. ETFs are grouped into eight categories from the Market Index directory (domestic index, international index, smart beta, sector and thematic, commodity, fixed income and cash, diversified and property, other; all-in-one funds count as diversified). Within each decile of a characteristic, the share of each category is pooled ETF dollars in that category over all ETF dollars.

Assumptions: SEIFA and Census data describe areas in 2021, not individual investors in 2026. ETF share measures how registered investors allocate, not how many people in a postcode invest. The registered address may be out of date. These analyses do not apply the holder screen. The regressions show associations, not causes.

Holdings inside ETFs

Where it appears: The state of play, How diversified are ETF investors today?

Each ETF is classified from its published name, with names from an external directory where the registry description is generic. Where an ETF publishes its number of holdings, that number is used; otherwise an assumed number for its category. Leveraged and inverse products count as one holding. Holdings on the register are measured as the effective number of holdings from portfolio weights; the underlying measure counts the securities inside each ETF. Overlap between ETFs is not removed, so the underlying figure is an upper bound.

Selling and realised returns

Where it appears: Selling, leaving and portfolio risk, Heavy selling, not investment selection, accounts for most of the return gap; Key insights; The next phase, point 6.

Step 1: Sell turnover is the value sold in a month divided by portfolio value at the start of the month. Investors who sold in 2018 and 2019 are ranked on their average monthly sell turnover and split into thirds: light sellers below 1.7% a month, heavy sellers above 5.4%. Investors who did not sell are reported separately.

Step 2: The realised return is the monthly return on their direct-share holdings, valued with the previous month units at both prices so that purchases and sales do not count as performance.

Step 3: The comparison return takes the same purchases on the same dates and never sells them.

Step 4: The gap in realised returns between light and heavy sellers (0.41% against 0.02% a month) is split, following Bhattacharya, Loos, Meyer and Hackethal (2017), into the part due to what they bought and the part due to when they sold: 0.30 of the 0.39 points, or 77%, is due to selling. A second chart repeats this for ten groups of sell turnover.

Assumptions: Direct shares only; price returns; averaged over all months. Descriptive.

Tax timing

Where it appears: Selling, leaving and portfolio risk, The tax calendar leaves a visible mark.

Following Odean (1998), every position held at a month-end is recorded as sold or not that month and as standing at a gain or a loss against its purchase price. For each calendar month, the share of available gains sold is compared with the share of available losses sold, separately for ETFs and direct shares. For the twelve-month test, every sale is placed at the number of months the position had been held, and the share of gain sales at each holding period is compared with the share of loss sales. A position starts when it appears after being absent. The 50% capital gains discount for individuals has applied since 21 September 1999 to assets held at least twelve months.

Leaving the register

Where it appears: Selling, leaving and portfolio risk, Why do investors leave? and Does a loss make investors more likely to stay?

Leavers and stayers. Investors who left by selling are compared with investors who stayed on their return over the preceding year, number of securities, portfolio value and volatility. Of first exits, 78.1% were made entirely through on-market sales, and more than one in five investors who left by selling later held something again.

What predicts leaving. For every investor and every month they still hold something, leaving by selling that month is related to their portfolio over a twelve-month window that ends two months earlier, so that the sale that ends the holding is not used to explain itself: the return over that year (in bands), how far the portfolio is below its previous peak and for how long, number of securities, whether it holds an ETF, and trading. The model compares investors in the same calendar month and with the same time on the register. Results are multiples of the usual chance of leaving: 1.19 means 19% more likely. A Poisson model is used in place of a logit because of the number of time controls; at a monthly departure rate below 1% the two agree to three decimal places.

Assumptions: The model shows which situations go with leaving, not why investors leave. The base rate is low (about 0.5% a month for an investor with a flat year), so large multiples are small changes in absolute terms.

ETF adoption and risk

Where it appears: Selling, leaving and portfolio risk, Do ETFs reduce portfolio risk?; Key insights; the charts of volatility and return around a first ETF purchase.

Step 1: Each of 24,901 investors who bought a first ETF is compared with themselves over the twelve months before and the twelve months after: volatility (standard deviation of monthly returns), average monthly return and diversification (the effective number of holdings, counting the securities inside each ETF). Average volatility fell from 8.4% to 6.1% a month and diversification improved for 94.9%.

Step 2: Because investors choose when to buy an ETF, a matched comparison following Loos, Ma, Previtero and Hackethal (2024) follows 342 investors who bought a first ETF in 2016 or 2017 against investors on the same path who did not buy one until 2023 or later. They are matched on the level and trend of six characteristics in 2013 to 2015, and the same investors are followed every year. Volatility of the adopters was about 0.8 percentage points lower in the first year and 2.2 points lower by 2021, with no difference in returns.

Assumptions: Step 1 describes what happens around adoption, not its effect. Step 2 compares early with late adopters, not with investors who never adopt.

Five years after arrival

Where it appears: Selling, leaving and portfolio risk, Five years after arrival: shares, ETFs or both?

Step 1: Every investor arriving from January 2010 to April 2021 is followed for 60 months from their first month and grouped by what they held in it: shares only, ETFs only (with broad ETFs only as a subset), or both.

Step 2: Returns are monthly price returns on their own holdings, using start-of-month weights, so new money and dividends are left out. Investor-months with a return below -41% or above +77% are dropped.

Step 3: Each investor is compared with the price of an ASX 300 index ETF, the RBA cash rate and the ABS consumer price index, compounded over the same months as the investor.

Step 4: Of the 124,303 investors who arrived with a priced first month, the 94,954 with returns in at least 24 of the 60 months are summarised by their annualised return while held. The 45,571 with a return in all 60 months are shown as stayers. The share who stayed the full five years (33% of shares only investors and 53% of ETFs only investors) is out of all arrivals.

Assumptions: Descriptive. The comparison with the index depends on the period: world and US shares rose faster than Australian shares over these years.

Long-term investors

Where it appears: Act 1, The investors who stayed; Thirty-year investors; Investors who stayed since 2015.

Investors with priced holdings at 31 December 1996 (1,217) or 31 December 2015 are followed to April 2026, keeping those who held something at every year-end. Portfolio value including new money is reported alongside a time-weighted price return that removes new money and withdrawals. Benchmarks are the S&P/ASX 200 price index (the index began on 31 March 2000; earlier values are the pre-launch history published with the series by Yahoo Finance, rebased to 100 in December 1996), $100 rolled over in a one-year bank term deposit and the consumer price index. Groups for 2015 are fixed by holdings in December 2015.

Assumptions: Conditioning on staying builds survivorship into the comparison. Investor and index lines exclude dividends while the term deposit includes interest.

Turnover against other studies (Appendix)

Monthly turnover follows Barber and Odean (2000): the average of sales turnover (value sold over portfolio value at the start of the month) and purchase turnover (value bought over portfolio value at the end of the month), each capped at 100%. It is compared on two matched bases. Averaged over investor-months it is 1.62% here against 6.22% in a German online brokerage sample (Laudenbach, Loos, Pirschel and Wohlfart, 2021). Averaged per investor among investors observed three years or more it is 1.85% against 5.97% for the US households in Barber and Odean (2001).

How the Australian shareholder base was built

AMP allotments are dated 1 January 1998 and NRMA/IAG allotments 24 July 2000 in the registry, matching the demutualisation dates (Reserve Bank of Australia, Bulletin, January 1999; NRMA Insurance Group, 2000 annual report). The shares were listed later: AMP in June 1998, NRMA Insurance Group on 8 August 2000, NIB on 5 November 2007 and Medibank on 25 November 2014. In the charts, allotments are dated at the listing so that each step lines up with the event line.

Other sources. Direct share ownership percentages are the values labelled on the Australasian Investor Relations Association chart Key events in retail ownership, which cites the ASX Australian Investor Study 2023; they are not computed from the registry. Superannuation Guarantee rates are from the Tasmanian Audit Office, Special Report No. 19 (1997), for 1992 to 2002 and from the ATO thereafter. Superannuation assets are APRA figures. Listed companies and market capitalisation are World Federation of Exchanges data published by the World Bank. Population is ABS estimated resident population; real GDP growth and unemployment are from the IMF World Economic Outlook; the cash rate is from the RBA.

Computershare market share

Computershare administers 2.6 million ETF holdings across 1.65 million unique ETF holders, about 59% of the Australian ETF investor population estimated in the 2026 ASX Investor Study. Applying the published margin of error of the survey gives a range of about 55% to 63%. This compares registry data with a survey estimate and is not an exact market share.

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Marta works closely with industry and policymakers. She was a Visiting Researcher at Cboe Australia, co-authored papers with the RBA, and consulted for the World Bank on the economic impact of digital infrastructure projects in developing countries. She also writes for The Conversation on markets and investing. Before joining Adelaide Business School, she taught finance at the University of Technology Sydney and the Stockholm School of Economics in Riga.



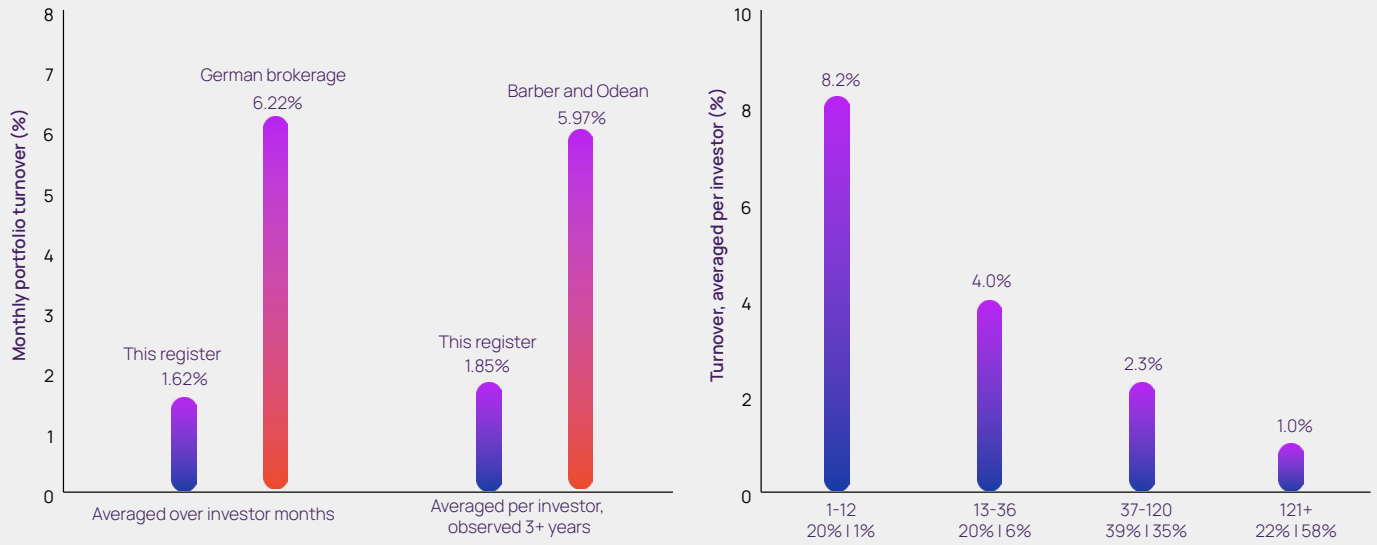
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Dr Benjamin Loos joined the School of Banking and Finance in 2022. Before joining UNSW he held positions as Professor for Digital Finance at Technical University of Munich, as Associate Professor at University of Technology Sydney, and as Assistant Professor at Mannheim Business School. He completed his PhD in 2015 at Goethe University Frankfurt with a thesis titled "Potential Solutions to Individual Investors' Investment Mistakes". He has also worked in the investment banking departments of Bank of America and HSBC.

His research is mostly in behavioural and household finance with a particular focus on financial advice, product innovations like ETFs, fintech, financial health, and individual investor behavior in general. To address new fundamental questions his research is based on big proprietary datasets stemming from collaborations with banks and fintechs as well as from field- and laboratory experiments.

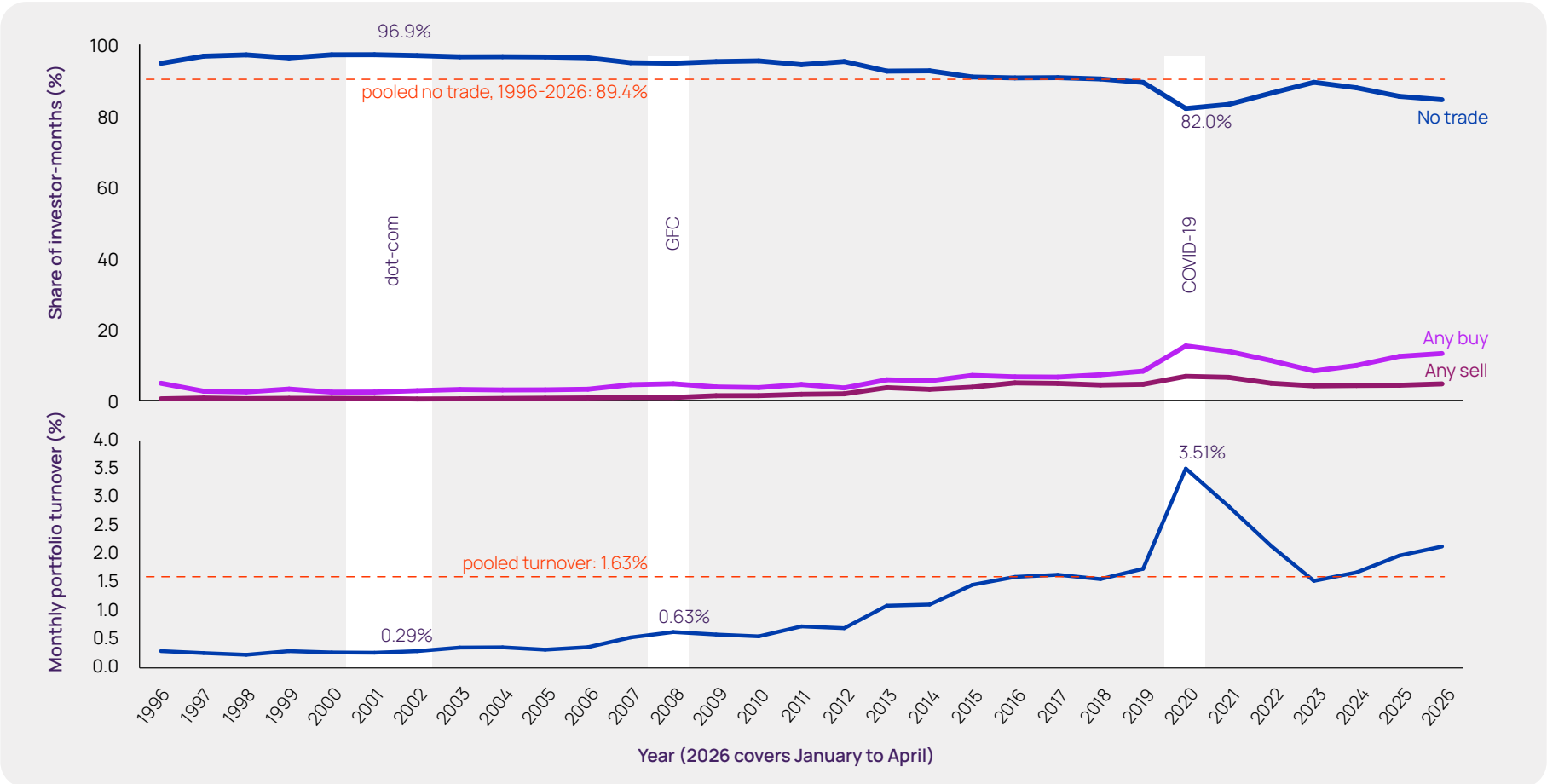


Monthly portfolio turnover against brokerage samples, each comparison on a matched basis, and by investor tenure

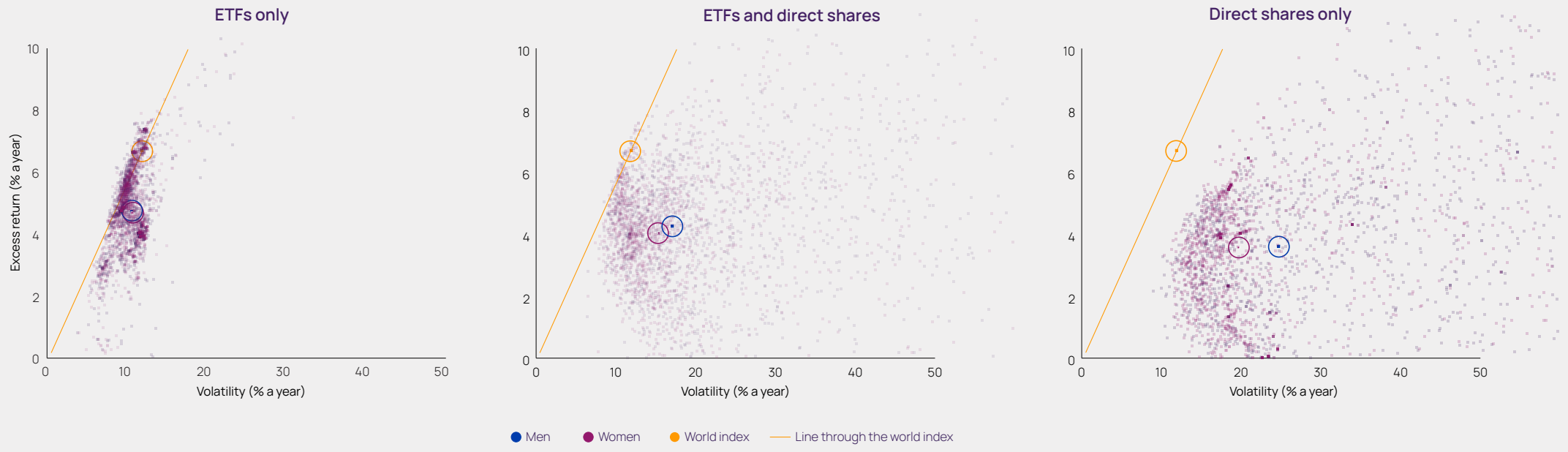


Monthly portfolio turnover, Barber-Odean definition, on two matched bases. Averaged over investor-months: 1.62% here against 6.22% in a German online brokerage sample. Averaged per investor, among investors observed three years or more: 1.85% against 5.97% for Barber and Odean's households. Right panel: turnover per investor by months observed, with each group's share of investors and of investor-months.

Share of investor-months with no trade, with a buy and with a sell, and mean monthly turnover, by year



Annualised return against volatility by investor-year, split by gender and by what the investor holds



What became of the demutualisation shareholders

For 74% of sampled AMP allottees and 50% of NRMA/IAG allottees, the demutualisation was their first registration with any listed company. Many went further: 49% of new AMP shareholders and 21% of new NRMA/IAG shareholders opened a registration with another company within five years. The later events reached proportionally fewer first-time shareholders, consistent with more of their members already holding shares by 2007 and 2014.

Event	Type	Listed	Allottees in sample	Per 100 on 1996 register	New to register (%)	New who bought another direct share within 5 yrs (%)	Still holding after 5 yrs (%)	Still holding after 10 yrs (%)
AMP	Demutualisation	Jun 1998	16,785	124	74	49	70	56
NRMA/IAG	Demutualisation	Aug 2000	18,041	134	50	21	69	58
NIB	Demutualisation	Nov 2007	6,322	47	32	30	54	45
Medibank	Privatisation	Nov 2014	11,495	85	20	43	51	41

Allottees = sampled investors with a registration in the event company opened in its allotment window. New to register = that was their first registration with any company. Still holding = an open registration in the event company 5 or 10 years after listing. Source: Computershare-administered registry sample.

Australia's changing investment landscape, 1996–2026

In 1996 Australia had 18.3 million people, unemployment of 8.5% and a cash rate of 6.00%. The ASX listed 1,135 domestic companies worth 78% of GDP, and in the 1997 ASX survey only 20% of adults owned shares directly. Compulsory superannuation was four years old, with employers contributing 6% of wages into a system holding A$245 billion. By 2026 the population is 28.0 million, listed companies number 1,782, the guarantee is 12% and super assets exceed A$4.4 trillion, while the share of adults holding direct shares is 38%, barely changed since 2002. The sampled register, meanwhile, is 9.3 times its end-1996 size.

Indicator	1996	2002	2008	2016	2020	2026
Population (million)	18.3	19.6	21.4	24.4	25.7	28.0
Real GDP growth (%)	4.0	4.2	2.6	2.7	-2.0	1.6
Unemployment rate (%)	8.5	6.4	4.3	5.7	6.5	4.3
RBA cash rate, end of year (%)	6.00	4.75	4.25	1.50	0.10	4.60
ASX-listed domestic companies	1,135	1,355	1,924	1,969	1,902	1,782
Market capitalisation (% of GDP)	78	96	65	105	129	114
Adults owning direct shares (%)	20	37	36	37	35	38
Superannuation Guarantee rate (%)	6	9	9	9.5	9.5	12
Superannuation assets (A$ billion)	245	506	1,050	2,110	2,900	4,438
Investors on the sampled register (index, end-1996 = 100)	100	312	416	505	701	930

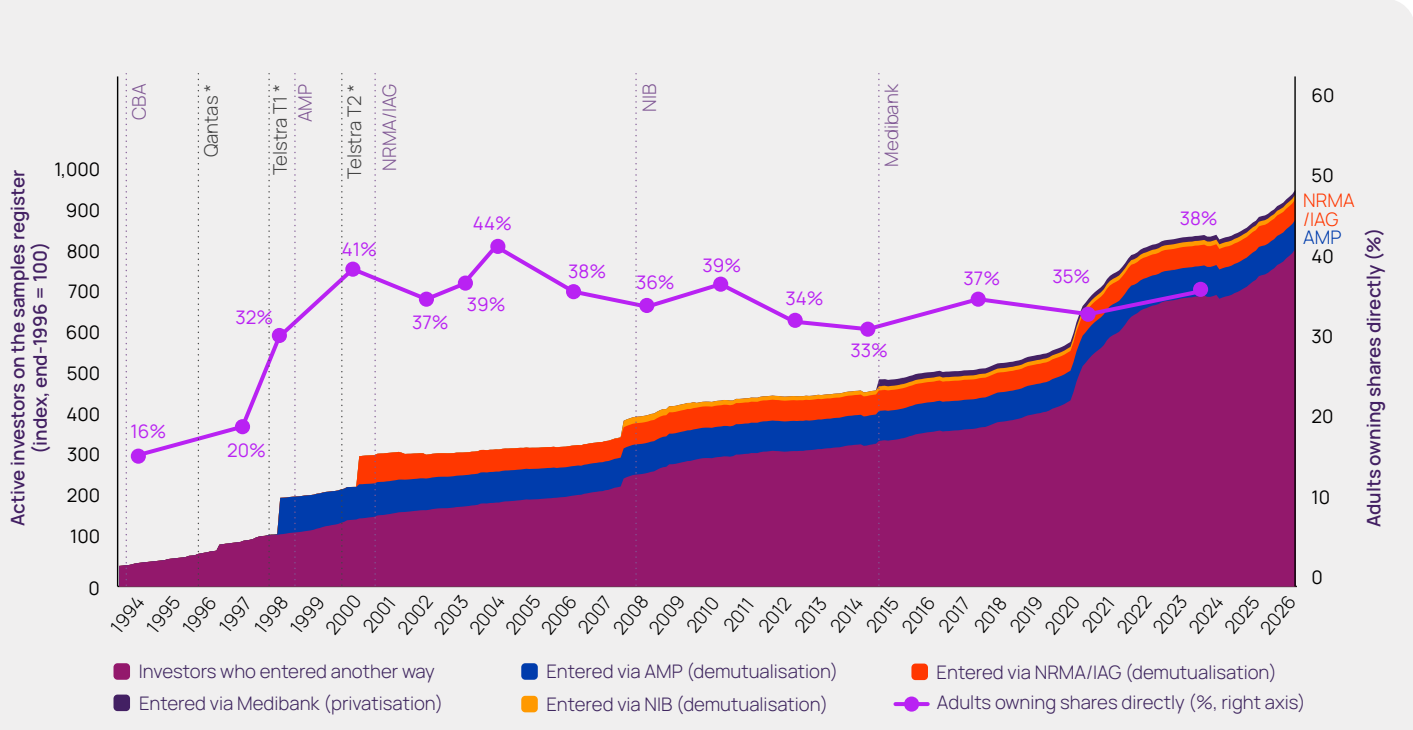
Sources: Population (million): ABS estimated resident population, annual average; 2026 = ABS population clock, 26 Jun 2026 I Real GDP growth (%): IMF World Economic Outlook; 2026 column = 2025 I Unemployment rate (%): IMF World Economic Outlook, annual; 2026 column = 2025 I RBA cash rate, end of year (%): RBA; 2026 = target after the 29 Sep 2026 decision I ASX-listed domestic companies: World Federation of Exchanges via World Bank (CM.MKT.LDOM.NO); 2026 column = 2025 I Market capitalisation (% of GDP): World Federation of Exchanges via World Bank (CM.MKT.LCAP.GD.ZS); 2026 column = 2025 I Adults owning shares directly (%): ASX Australian Investor Study 2023 as charted by AIRA; nearest survey: 1997, 2002, 2008, 2017, 2020, 2023 I Superannuation Guarantee rate (%): Tasmanian Audit Office (1997) and ATO; rate for the financial year starting July of the column year I Superannuation assets (A$ billion): APRA; Jun 1996, Sep 2002, Dec 2008, Jun 2016, Jun 2020, Mar 2026 I Investors on the sampled register (index, end-1996 = 100): Computershare registry sample (this analysis); 2026 = Apr 2026

Demutualisations and the sampled shareholder base, 1994 to 2026

Because our data comes from a large random sample of investor names rather than the full register, we show the size of the shareholder base as an index: the number of sampled investors holding shares at the end of 1996 is set to 100, and the index then rises and falls in step with the sampled investor base.

The AMP demutualisation took the index from 118 at end-1997 to 211 a year later, and the NRMA/IAG demutualisation lifted it to 307 by end-2000, a 2.6-fold increase in three years, coinciding with the jump in direct share ownership from 20% to 41% in the ASX surveys (right axis). NIB in 2007 and Medibank in 2014 added further, smaller steps. The coloured bands show that a large proportion of these new shareholders stayed on the register for decades, so the demutualisation cohorts are still a visible part of the investor base in 2026. Telstra and Qantas are on other registries and are marked in grey for context.

Demutualisations built the shareholder base: the AMP and NRMA/IAG allotments lifted the sampled register 2.6-fold in three years (index 118 › 307) as direct share ownership doubled from 20% to 41%



Source: Computershare share registry sample — a random sample of investor names; the index shows the relative size of the sampled investor base, not national participation. Active investor = at least one open registration at month-end. Direct share ownership: ASX Australian Investor Study 2023, values as charted by AIRA. Vertical lines = ASX listing dates; *grey = not on Computershare's register, shown for context.

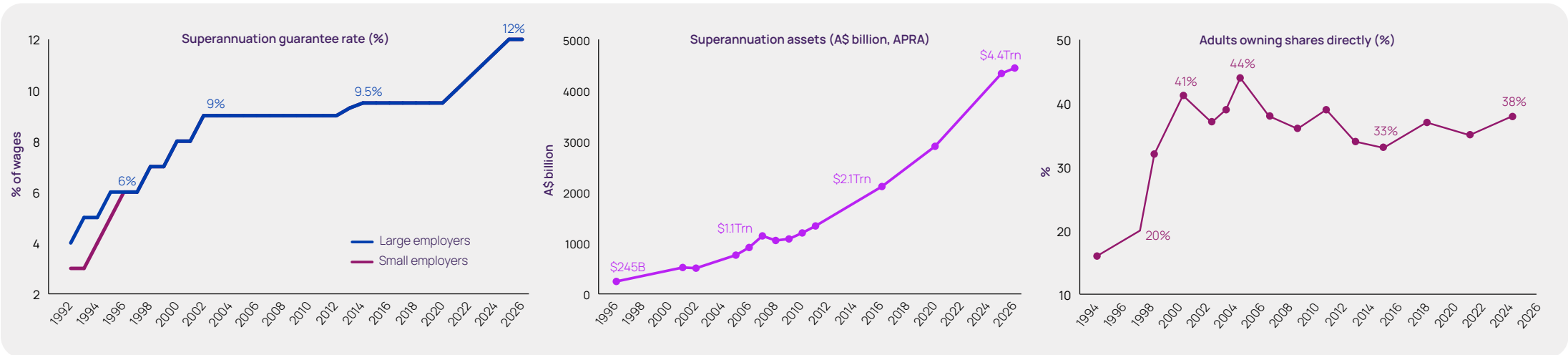
Compulsory superannuation and direct share ownership

In our data, we only account for individual investors holding their direct shares and ETFs directly, not through super. Still, superannuation is the other half of the 1990s story.

The Superannuation Guarantee rose from 6% of wages in 1996 to 9% in 2002 and 12% today, and super assets grew from A$245 billion to A$4.4 trillion. A large part of that money is invested in listed shares, so most working Australians now have a stake in listed companies through their super fund.

Direct ownership tells a different story: after peaking at 44% in 2004 it has stayed between a third and two-fifths of adults, even as indirect ownership through super became nearly universal.

Compulsory super doubled from 6% to 12% of wages and super assets grew 18-fold since 1996, while direct share ownership peaked in 2004 and has since held between a third and two-fifths of adults.



Sources: SG rates — Tasmanian Audit Office Special Report 19 (1997) for 1992-2002. ATO thereafter (financial year starting July). Super assets — APRA, observations at the dates shown (no interpolation). Direct share ownership — ASX Australian Investor Study 2023, values as chartered by AIRA. Super-held shares are held by funds, not individuals, so they do not appear on the individual-holder registry sample.

This history may help explain the muted trading response later observed in the registry data. Some investors may have regarded these shares as windfall or legacy holdings rather than positions in an actively managed portfolio. The register records how each holding reached an account, but not why.

About half of the holdings on the register by the end of 2002 arrived through an on-market purchase; the rest arrived by conversion, transfer or allotment, routes that include shares received in floats and demutualisations. The historical context suggests that inactivity during the dot-com downturn may reflect the nature of the shareholder base, as well as Australia's more limited exposure to the technology-led market collapse.



Computershare

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We leverage our expertise and experience in financial services, technology development and stakeholder communications to create dynamic partnerships that lead to advanced, compliant and people-focused solutions for our clients. Many of the world's leading organisations use us to enhance the value of their relationships with their investors, bondholders, customers and employees.

Founded in Australia in 1978, we have a proven track record of delivering high value services to more than 25,000 private and public companies. We are represented in all major financial markets and have over 11,000 employees worldwide.

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