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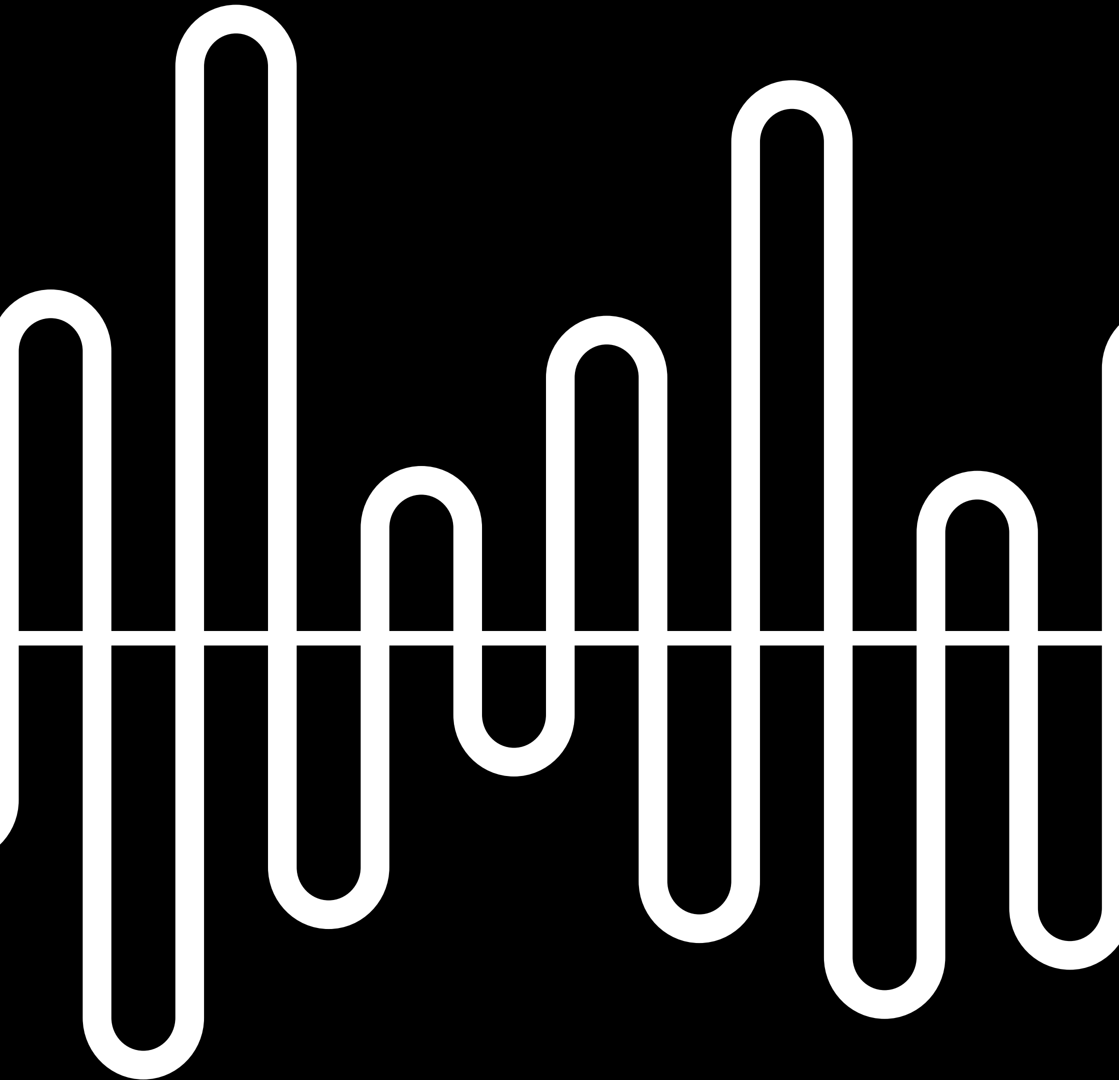
Finimize Modern Investor Pulse

Smarter, Better, Stronger



March 2024

Q2 2024

Table of contents

Q2 2024

Introduction

This year is set to be a banner year for retail investors. Their optimism is at an all-time high and they've started the year by investing record amounts into UK and US stock markets. On top of this, they still have significant cash balances on hand to invest throughout the rest of the year, and the Great Wealth Transfer will give some investors an added boost. All this means it's an exciting time for the investment platforms that serve modern retail investors.

Against this backdrop, the financial services firms that'll be successful are those that can meet retail investors where they are with engaging content and advice that ensures they're supported at this pivotal time. The latest data from our Modern Investor Pulse shows that, at a time when investors are hungrier for financial information and guidance than ever before, they're turning away from social media and towards credible and independent sources.

The question is whether investment services are in a position to provide the news, insights, and guidance modern retail investors crave. Our data suggests not all currently are: only 20% of retail investors believe their investing platforms provide them with all the information they need to make investment decisions.

This presents a huge opportunity for investment platforms and services that can give modern retail investors the insights and information they're looking for – especially in a record-breaking year for retail investment and during a generational transition.

Happy reading,

Max Rofagha
CEO & Founder

Pulse Highlights

74% believe global stock markets will be higher in 12 months

48% plan to invest at least $10,000 in the next 12 months

85% prefer a long-term approach to investing

42% use social media significantly less than they used to for investing

Retail investor trends in

Q2 2024

Stock markets in Europe, the US, and Japan have hit record highs this year, while early February saw the highest number of daily net purchases of stocks ever. That's all happening against a backdrop of retail investor optimism which has reached new highs for the second quarter in a row.

As the data in last quarter's Pulse suggested, the dry powder that retail investors unexpectedly stored up in 2023 is now being put to work, with investors continuing to purchase AI-boosted tech stocks and look more closely at crypto, while turning their attention away from cash savings accounts and money market funds.

Our survey indicates that many modern retail investors aren't blindly optimistic, however: almost half believe AI-related stocks are currently in a bubble, and just under a third reckon cryptocurrencies are too. That said, they're committed for the long haul, with 85% of survey respondents saying they favor a long-term approach and therefore don't adjust their investments daily or weekly.

Amid this mix of optimism and caution, our data shows that retail investors are increasingly dedicated to keeping themselves up to date with financial news via trusted and credible channels. That's in stark contrast to social media: 42% of respondents are using social media significantly less than they used to for getting investing advice. That's not because they don't want advice, mind you: almost 70% said they're more interested in getting financial advice and information than ever before.

Key figures from the Q2 2024 Modern Investor Pulse

Here's the preview:

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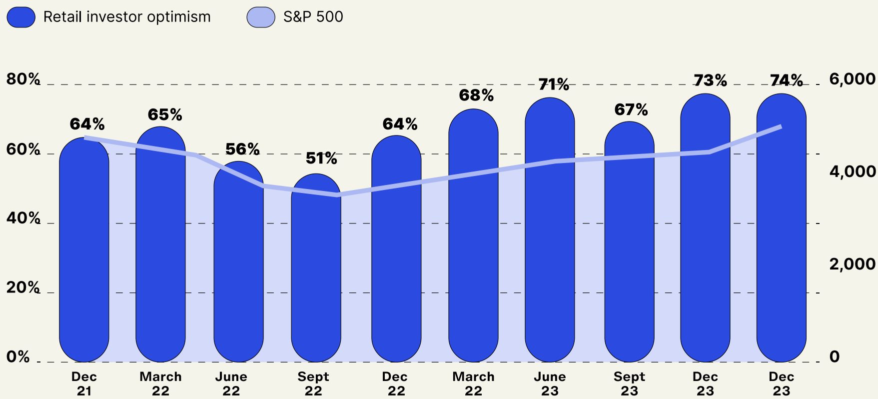
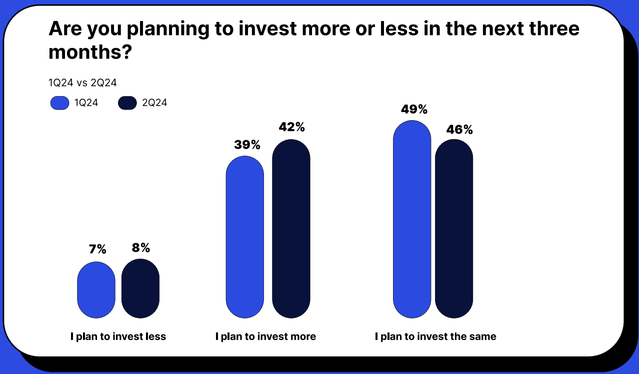
Retail investor optimism is at a record high for the second quarter running

Last quarter, investor optimism hit a record high. This quarter that record was narrowly broken, with 74% of modern retail investors saying they think global stock markets will be higher a year from now, coinciding with the S&P 500 hitting fresh new highs.

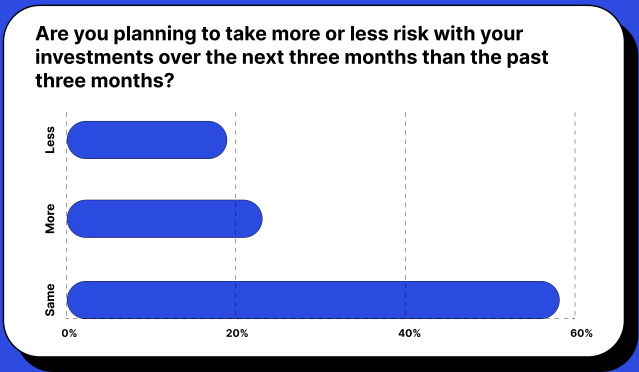
Proportion of respondents who think global stock markets will be higher in 12 months and S&P 500 level



Despite their optimism, almost half of investors are holding steady and leaving their investment plans unchanged, a 3% drop from last quarter. But over 40% plan to invest more, a 3% rise from last quarter. Only 8% plan to reduce the amount they invest over the next three months.



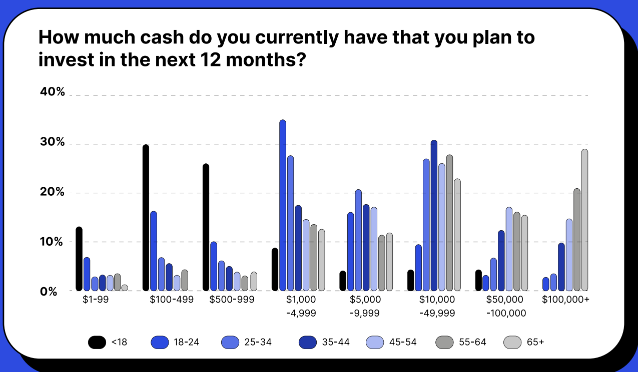
The fact that the majority of investors are choosing not to take any more risk likely reflects the consistency of their optimism, balanced by not getting carried away. Indeed, when it comes to certain flavors of the month, 48% of respondents believe AI assets are in a bubble, while 31% feel the same about cryptocurrency.



Half are planning to invest at least $10,000

As for modern retail investors' cash holdings, 48% of survey respondents said they're holding onto at least $10,000 that they plan to invest in the next 12 months. 11% are planning to invest between $50,000 and $100,000, with a further 12% planning to invest over $100,000, all of which is broadly in line with last quarter's totals.

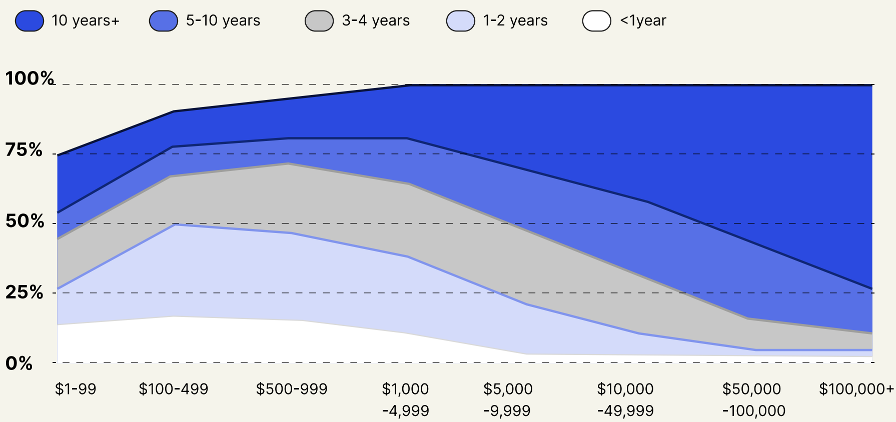
There's little variation in cash balances between age groups spanning from 35 to 64. As you might expect, older cohorts tend to have bigger cash piles available to invest, with almost 30% of over-65s having more than $100,000 on hand and 20% of 55 to 64-year-olds. But younger groups continued to demonstrate that they're more affluent than they're often given credit for: 65% of 18 to 24-year-olds and 83% of 25 to 34-year-olds have more than $1,000 in cash that they plan to invest in the next 12 months.



Our data also shows that the amount of cash retail investors have to invest tends to increase in line with their "time in the market". For instance, 74% of respondents who have been investing for a decade or more have $100,000 on the sidelines, compared to 2% of those who have been investing for fewer than two years. That stands to reason. More experienced investors are likely to be older, and that time advantage will have allowed them to earn higher sums or inherit windfalls. That time advantage will also have helped their investments benefit from compound interest, building their confidence, and potentially making them likelier to plan to invest larger sums than those who are less experienced.

How much cash do you currently have that you plan to invest in the next 12 months?

Split by investing experience



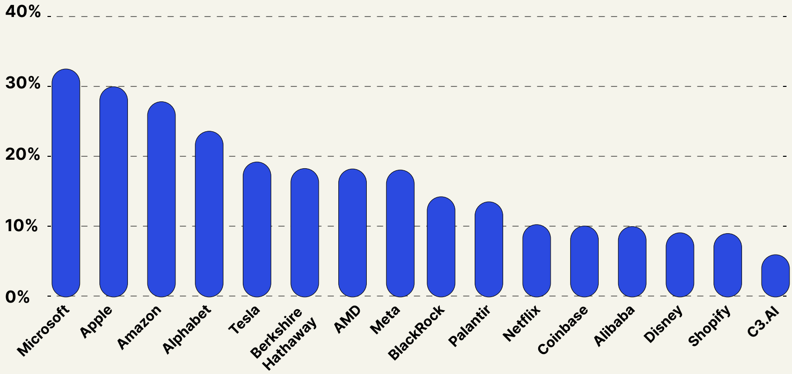
Investing services should remember that acquiring users with potentially large account balances doesn't have to be a short-term game. Sure, you can aim for those who are already at the higher end. But there's perhaps an underappreciated opportunity in 'landing and expanding' with less experienced investors whose confidence and account balances may grow with time.

Carl Hazeley, Chief Analyst & VP Content, Finimize

Tech stocks and ETFs are top picks for long-term focused investors

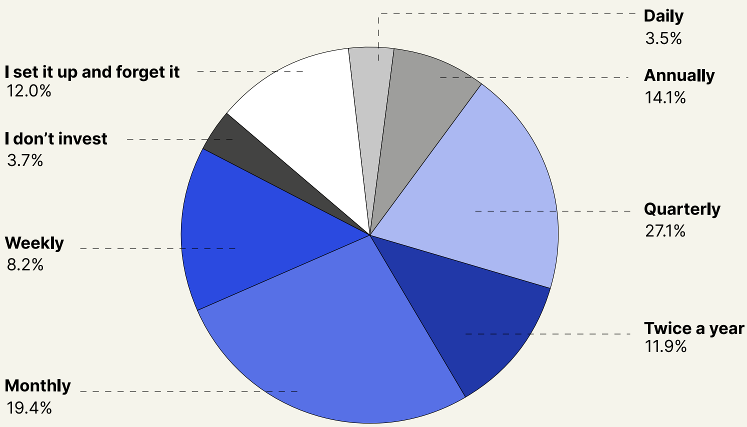
With AI-linked tech still surging and economists continuing to forecast US interest rate cuts, albeit later in the year than previously, retail investors' interest in stocks has remained strong, with 69% of respondents saying they're looking to allocate money toward the asset class. Nvidia (36%) overtook Microsoft (33%) as the top stock pick, closely followed by Apple (33%), Amazon (27%), and Alphabet (23%) – all companies that are benefiting from investors' seemingly never-ending bout of AI fever. Elsewhere, 19% and 18% of respondents were making plans to purchase Tesla and Meta stocks, respectively.

Which stocks do you plan to invest in over the next 6-12 months?



The fact that interest in stocks climbed 3% from 66% last quarter could suggest a small risk-on shift among retail investors, but responses elsewhere paint a more nuanced picture. Although 48% of investors think we're in an AI bubble, only 8% plan on selling their AI-related investments. Cynics might see this as a classic example of retail investors being "dumb money" – the last ones to sell out of overvalued assets. However, our data posits a different explanation: modern retail investors are focusing on the long-term and as such, aren't having their investment philosophies be pulled from pillar to post by news headlines. That maturity is reflected in how often the respondents choose to adjust their investments, with 85% making adjustments no more often than monthly, 65% only adjusting quarterly at most, and 12% taking a "set-it-and-forget-it" approach.

How often do you adjust your investments?

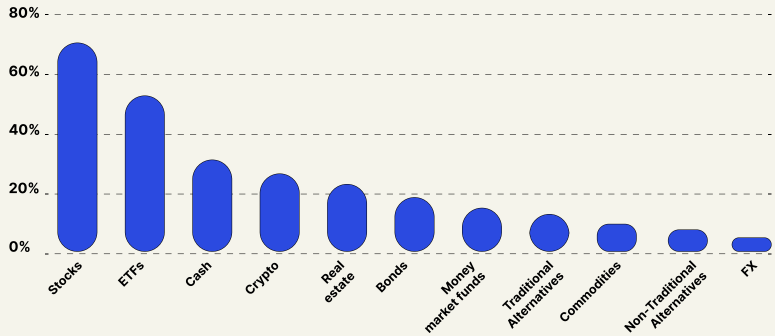


85% of survey respondents said they're in favor of a long-term approach and therefore don't adjust their investments daily or weekly. That long-term lens means that even when they feel asset valuations are inflated in the near term, they're able to look past it and not take short-term reactionary steps like selling off investments. Indeed, our data also showed most investors aren't planning to invest less or reduce their risk levels, suggesting a long-term focus despite what may be short-term bubbles.

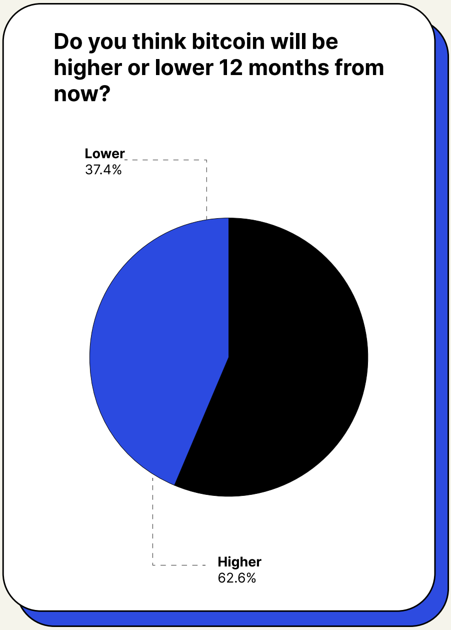
Carl Hazeley, Chief Analyst & VP Content, Finimize

This not-so-dumb-money approach seems to be leading many retail investors to diversify further and invest in exchange-traded funds (ETFs). 52% of respondents plan to put cash into ETFs, up from 49% previously making it this quarter's second most popular choice. That's a likely example of investors' ongoing desire to buy into long-term themes and trends that they're interested in – like AI, green energy, and healthcare for example – as well as a sense of reduced risk compared to betting on individual stocks.

Where do you plan to invest most of your surplus income over the next 6-12 months?

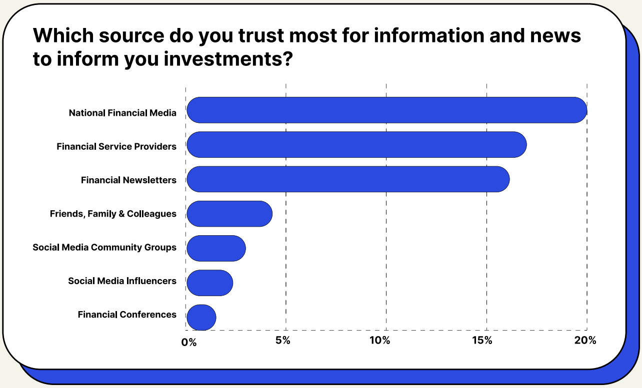


Data in our Q1 Modern Investor Pulse showed that 2023's geopolitical and macroeconomic uncertainty had left two-thirds of survey respondents holding back cash they'd earmarked to invest. As a result, coming into this year, there was a higher-than-usual amount of retail investor dry power ready to be deployed if market conditions were encouraging. Well, that deployment has started. Key stock market indices in the US, Europe, and Japan have already hit record highs this year, retail investors broke the record for daily net purchases of stocks in early February, and inflows into spot bitcoin ETFs have soared. In short, retail investors are returning to markets in a big way, partly at the expense of sitting on cash. The number of investors planning to keep money in cash products dropped to 30% this quarter from 33%, while only 14% plan to put cash into money market funds, down from 19% last quarter. While this is likely being driven by the impressive gains in the stock markets, anticipated interest rate cuts are likely a factor too, with cash looking increasingly less attractive long-term.



Looking at digital assets, 26% of respondents are planning on investing in cryptocurrencies over the next 12 months, continuing the steady upward trajectory from 23% last quarter and 18% before that. The increase in crypto's popularity won't surprise many given January's long-awaited approval of spot bitcoin ETFs by US regulators. The announcement triggered a surge of inflows, with $10 billion invested in a matter of weeks into newly-created ETFs from the likes of BlackRock, Grayscale, and Fidelity. Since then, the value of the OG cryptocurrency has skyrocketed to new all-time highs. Last quarter, modern retail investors were split almost 50-50 on whether bitcoin would be higher in a year. Now, a majority of 63% feel that way.

Social media's influence is falling as investors look for trusted advice



Our Pulse data shows that 42% of modern investors are using social media for significantly less than they used to for investment advice. While retail investors are often characterized as meme-stock fanatics, we know that to be far from the truth. Only 15% of modern retail investors have ever invested in a meme stock, and social media is, in fact, one of the least trusted sources of information and news for informing investments.

But investors aren't shunning quality. 65% of retail investors are more interested in financial advice and information than ever before, rating independent trade and financial media as the most trustworthy sources. And while our data shows a longer-term approach from many investors, that doesn't mean they're not staying informed of the market's movements. 63% of respondents check the financial news every day, and only 10% never check the news before investing.

Perhaps worryingly for investment platforms at large, only 20% of retail investors believe their trading platforms provide them with all the information they need to make investment decisions. For platforms that can plug that gap, there's a huge opportunity to increase market share.

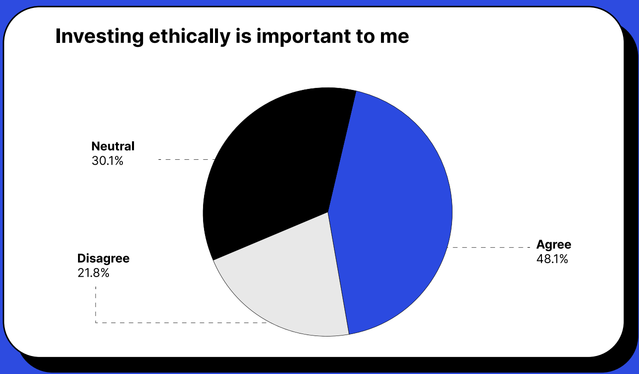
Retail investors increasingly led by personal values

More than half the world's population will head to the ballot box this year, putting the question of how investing ties into personal values top of mind.

43% of modern retail investors said they wouldn't invest in something if it didn't fit with their values, even if it would make them money – and there wasn't much difference between those who identified as conservative versus liberal. There was a difference depending on age, though, as investments aligning with their values mattered more to older investors than younger ones.

Despite this, just 14% of respondents admitted to being put off investing in companies under some form of boycott, with virtually no difference between liberals and conservatives. That suggests retail investors' values are more intrinsically driven than determined by external factors, which is aligned with the drop-off in the influence of social media (where boycotts often gain momentum) on their investing.

Almost half of retail investors (48%) feel ethical investing is important to them. This was more important to female investors compared with men and some of the older generations compared to younger.



Retail investors are back in a big way, but with a difference. We know they learn by doing, and can see they're employing lessons previously learned. Particularly when it comes to adopting a degree of caution towards trending areas like AI and Crypto. They're hungrier for financial information and guidance than ever before, are turning away from social media towards trusted sources to make more informed decisions, and taking a long-term view. As well as utilizing more diverse products such as ETFs.

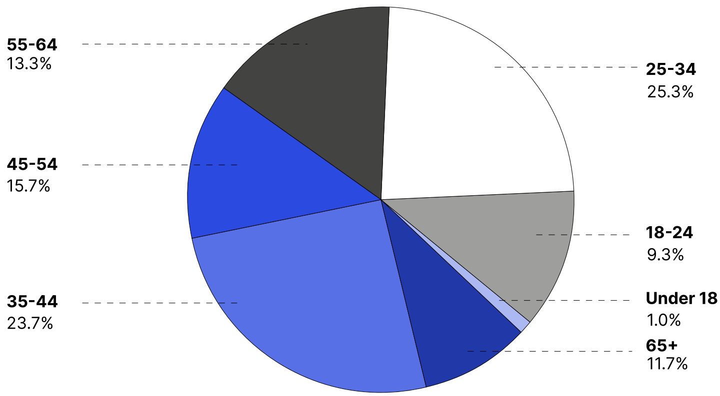
Max Rofagha, Founder & CEO, Finimize

About the Modern Investor Pulse

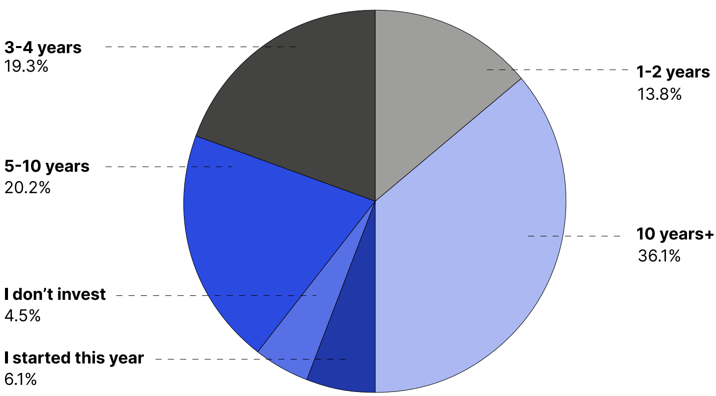
The Modern Investor Pulse is a quarterly survey of retail investors who are part of the Finimize community. You can access previous surveys here.

Data for Q2/2024 collected in March 2024
Number of respondents: Over 2,400

Ages of Q2 2024 respondents



Investing experience of Q2 2024 respondents



What is Finimize?

Finimize is an investing insights platform that empowers modern retail investors with daily bite-sized analysis from world-class analysts, and helps financial institutions engage with the modern investor.

Why is Finimize different?

With over one million subscribers to its newsletter and mobile app, Finimize is home to one of the biggest retail investor communities in the world. Over 70,000 attend its member-organized events each year.

Alongside its direct-to-consumer offering, Finimize has partnered with over 300 fintechs and financial institutions to support their efforts to engage with modern retail investors.

Why is it needed?

The retail investor community is set to account for 61% of global AUM by 2030. Some of the biggest global asset management firms in the world are firmly setting their sights on this growing market, with plans to release investment vehicles that specifically target retail investors. Finimize's ability to communicate with this audience is closing the information gap for DIY investors. That's a massive draw for institutions looking for ways to engage and retain their retail investor clients.

About Finimize for Business

Understand, attract, and communicate with modern retail investors better than ever before.

We've helped more than 300 businesses grow their businesses, including startups, scaleups, and long-established financial service firms. To do that, we leverage our insight-driven, community-informed expertise, and produce content designed to grow our partners' reach and help them engage with modern retail investors at scale.

FINIMIZE CONTENT

Jargon-free, unbiased, and actionable financial content that attracts market-leading engagement.

Meet the educational needs of a wide range of retail investors, from beginners to experts, with our content licenses and bespoke content solutions. You can seamlessly integrate the Finimize Content API while retaining maximum flexibility. That means you can give your customers the type of information that actually matters to them, in text and audio formats, thanks to our extensive tagging framework.

FINIMIZE PROMOTE

Multi-channel campaigns that leverage our daily reach into a community of over one million retail and accredited investors.

Connect and grow with one of the biggest and most engaged retail investor communities in the world – an enormous opportunity for financial service firms. Discover a robust range of **multi-channel campaigns,** tailored around the way modern retail investors learn and access information.

SUMMITS

An opportunity to directly connect with the most engaged members of our million-strong retail investor community.

The Finimize Modern Investor Summit is the world's biggest event of its kind: 20,000 investors joined the two-day summit in December to engage with industry experts like Ray Dalio, Jamie Dimon, Cathie Wood, and Mark Cuban. Choose from a highly impactful range of sponsorship packages to get involved, all designed to help financial services hit their marketing and business goals.

Contact

If you have questions, want to dive deeper into this data, or hope to use this analysis to build better connections with retail investors, contact **business@finimize.com** .

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