

# The £500 billion stock market investment bonanza

January 2021

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Investment professionals, business journalists, financial advisors, fund managers and stock brokers in the retail share trading industry.

# Who is this report by?

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# Britain is in the midst of a stock market investment boom.

First time investors are taking to equities, perhaps like never before. Wealth managers and investment platforms such as Hargreaves Lansdown have seen account openings and assets under management leap in the last six months.



Company filings show 400,000 new account openings -- £20 billion worth of business.

In early December AJ Bell reported that revenues for the year jumped 21% to £127 million, with profits up 29% to £49 million. That represents a profit margin (£49m on sales of £127m) that very few industries can match. Between March 23 when the FTSE 100 hit a low of 4999 and December 3, it rose 1500 points.

That is a £440 billion rise in shareholder value. Since then, markets have kept going – a £500 billion boom. At the time of writing, the FTSE 100 is at 6667. No wonder the new breed of investor is enjoying their new found hobby. But who are they?

Findoutnow.co.uk set out to discover, by asking over 10,000 unique panel respondents insightful questions.

# Key findings

- Younger people make up the bulk of the new investors
- The newcomers are twice as likely as established investors to have been furloughed
- Older investors are far less likely to try a new trading platform
- The most common reason for not investing is lack of knowledge, rather than lack of money

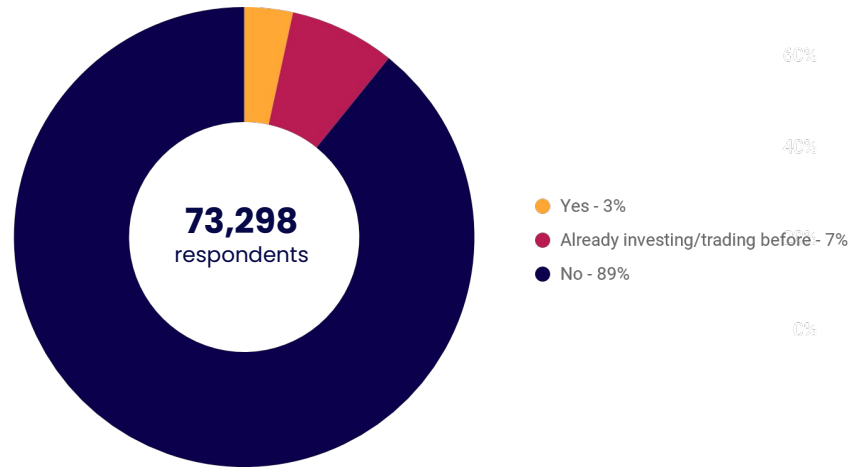
## Investors profile at-a-glance

	New investors	Established investors	Panel
<b>Proportion</b>	3.4%	7.4%	89.2%
<b>Male</b>	58%	60%	35%
<b>Average Age</b>	49.5	60	56
<b>Married</b>	43%	56%	50%
<b>Geographical</b>	12% live in London	11% live in London	7% live in London
<b>Brexit vote</b>	47% Leave	45% Leave	53% Leave
<b>2019 Election vote</b>	43% Conservative Party	51% Conservative Party	44% Conservative Party

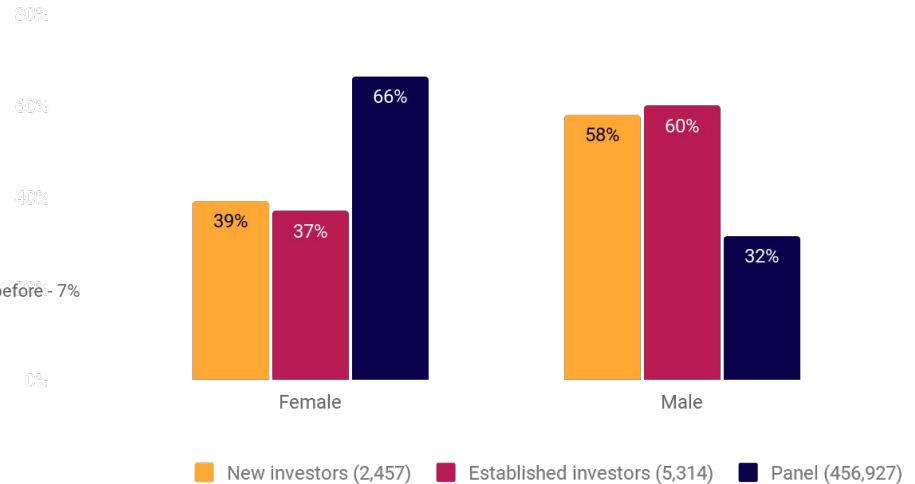
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We asked our panel:

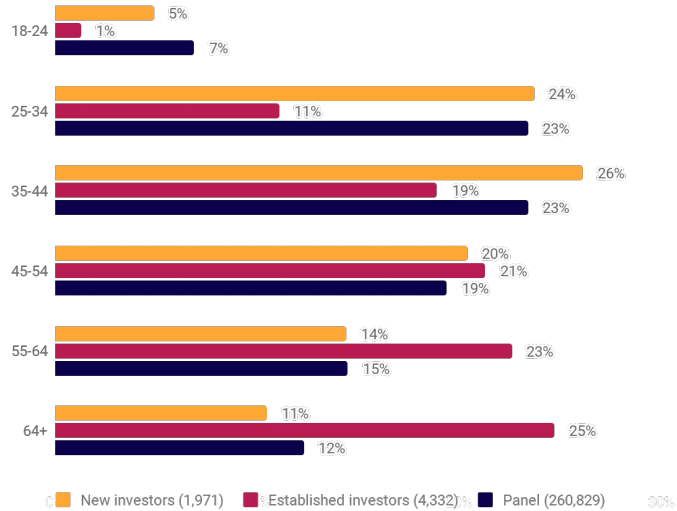
## Have you started investing/trading in the financial markets since the pandemic?



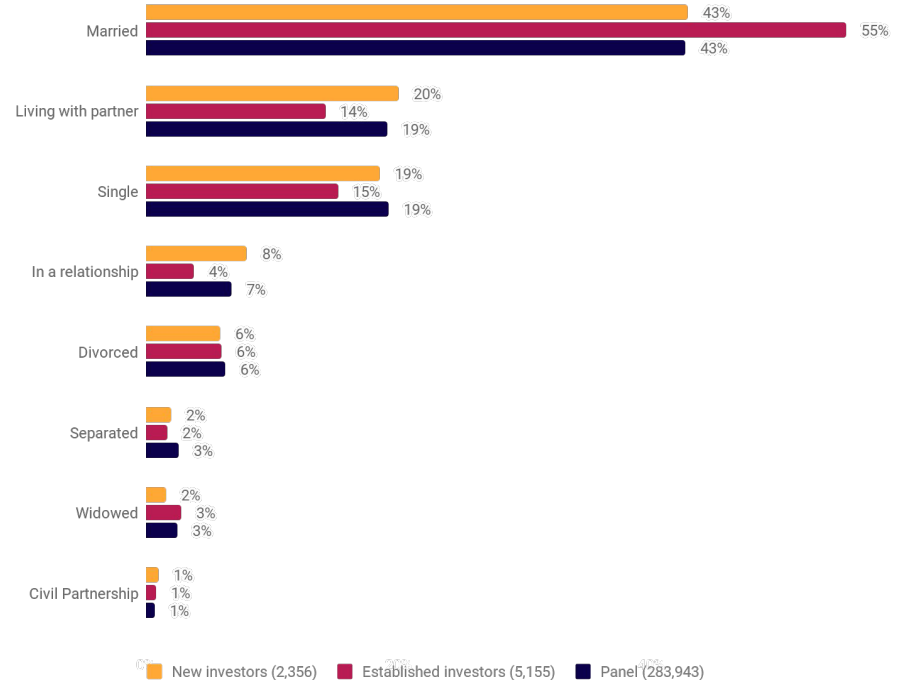
Investors, whether new or established, are predominantly male.



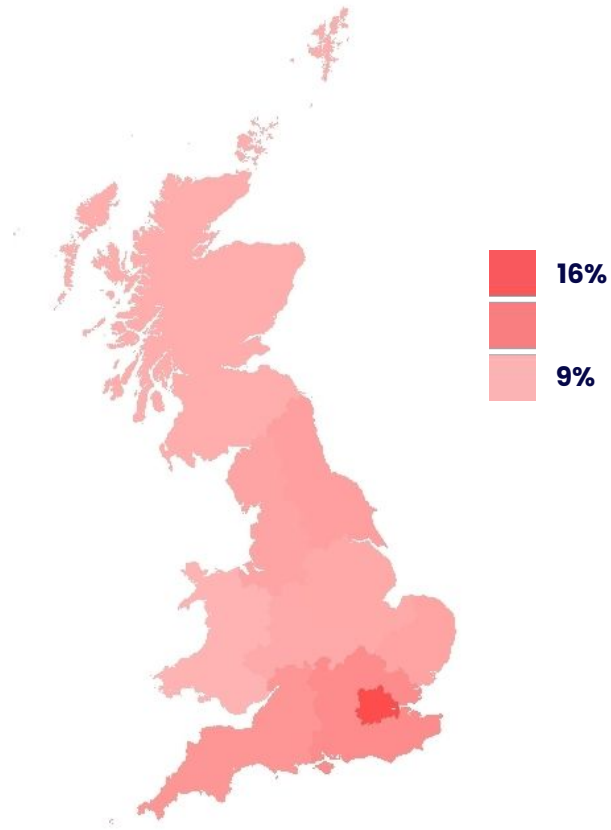
New investors are young, with a large skew towards <44 of age.



Established investors are more likely to be married.



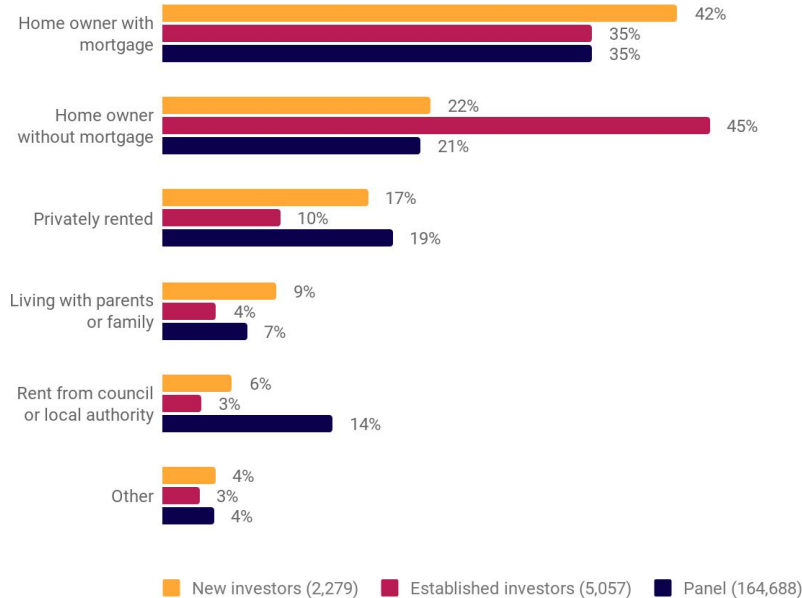
## Investor profile | Geographical distribution



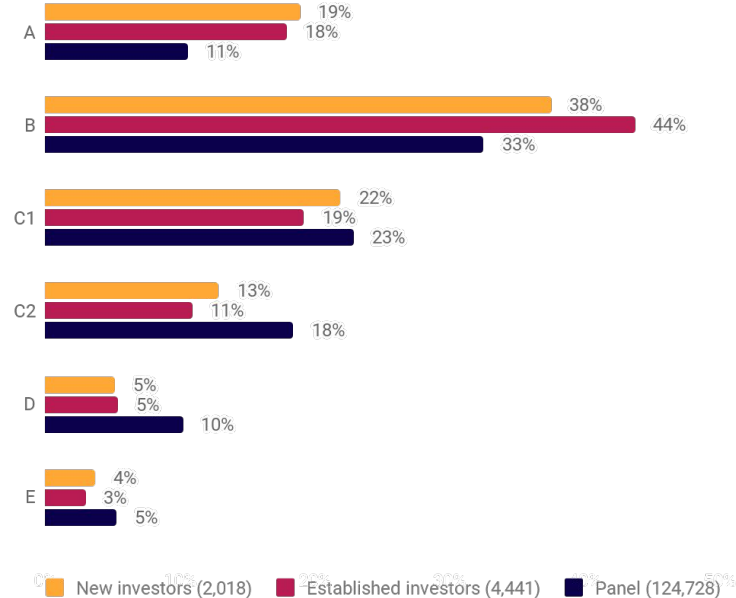
The geographical distribution between the (non-)investor groups are very similar, though London has the highest proportion of investors, established or otherwise.

# Investor profile | Residential & social grade

Established investors are more likely to be homeowners without mortgages



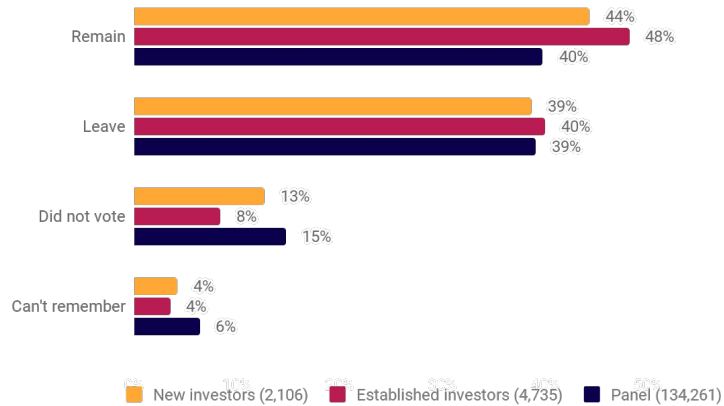
Unsurprisingly, a higher concentration of investors is observed in the higher socioeconomic groups



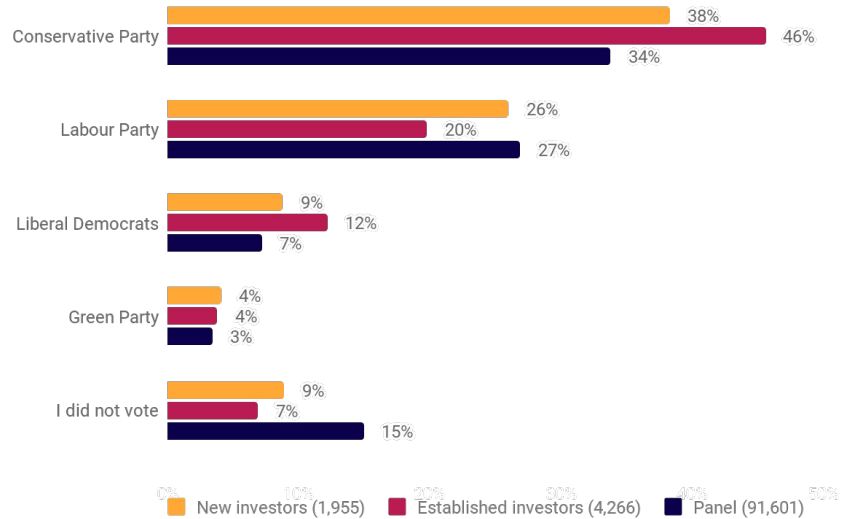


# Investor profile | Political stance

Investors were more likely to vote “remain” in the EU Referendum.

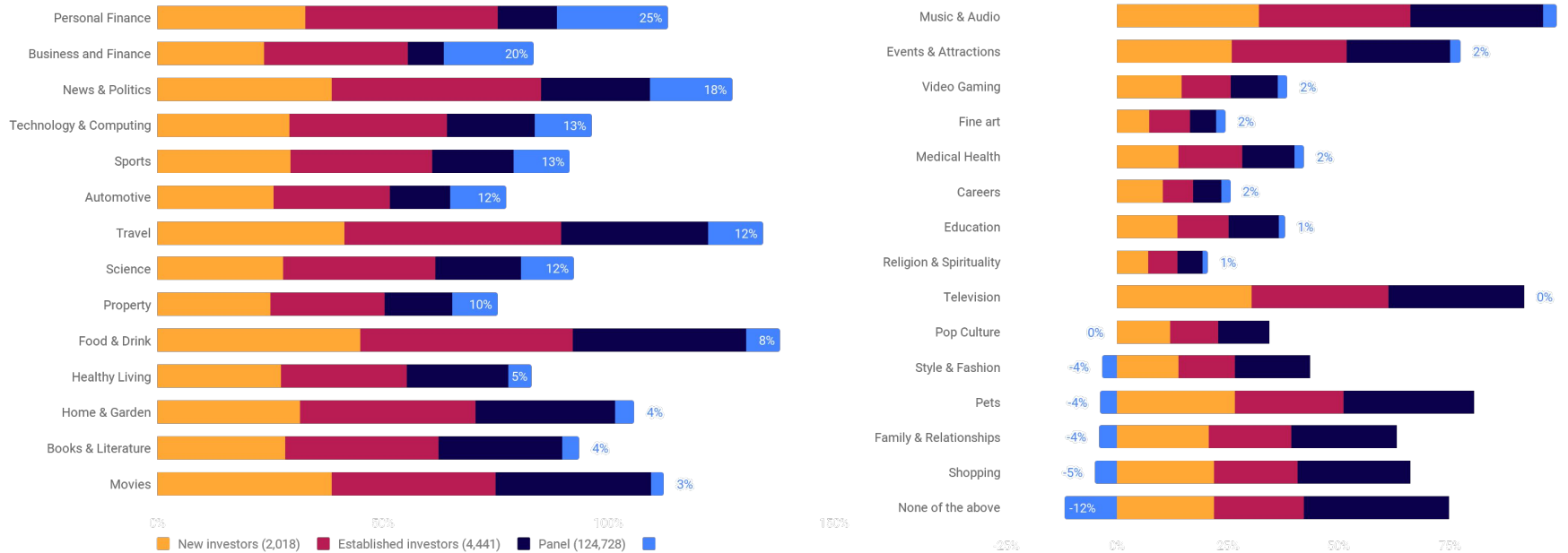


New investors prefer the Labour Party, while established investors prefer the Conservative Party.



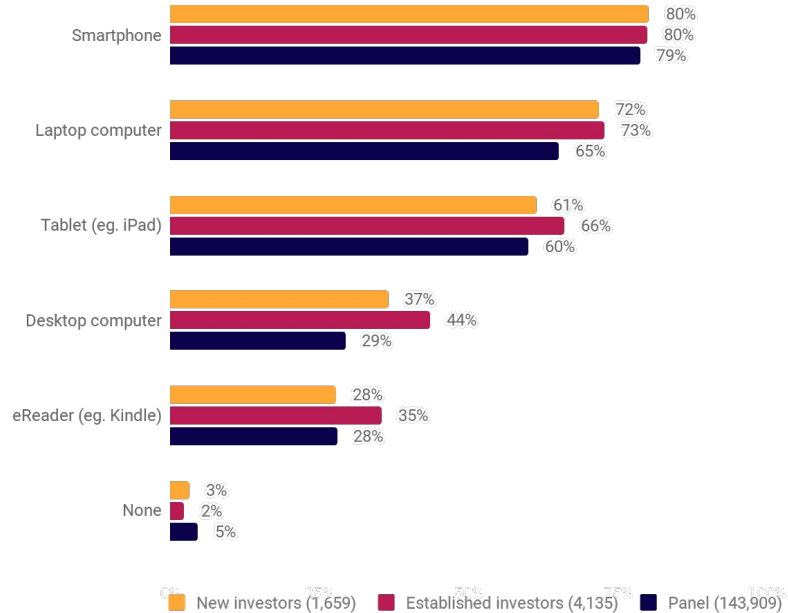
# Investor profile | Interests & media consumption

Excess interest in automotive, finance and news & politics, property, science, sports and technology for investors; new investors are particularly interested in careers and video gaming



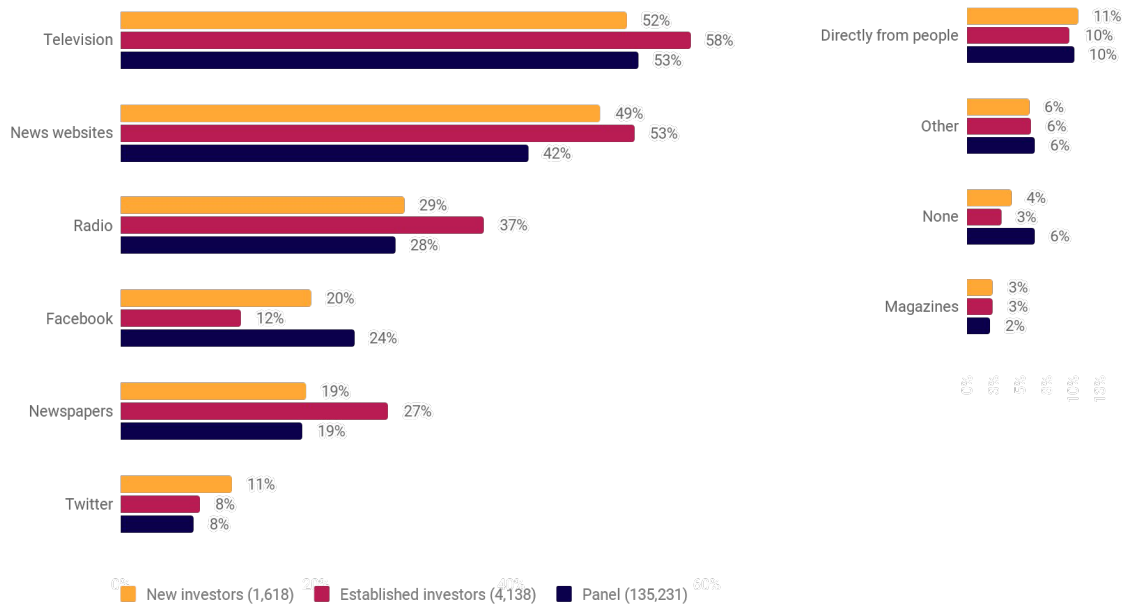
# Investor profile | Interests & media consumption

Established investors are more likely to own desktop PCs, eReaders and tablets.



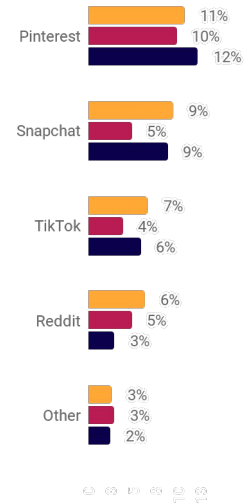
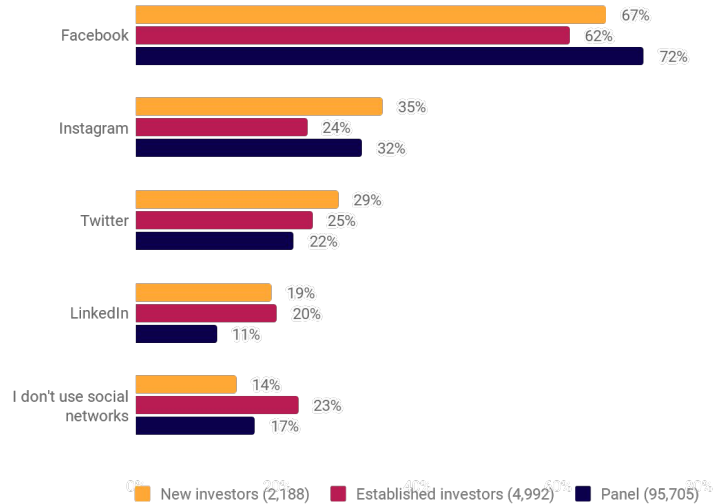
# Investor profile | Interests & media consumption

Established investors source their news from traditional sources such as TV and newspaper, whereas new investors source theirs from Facebook and Twitter.



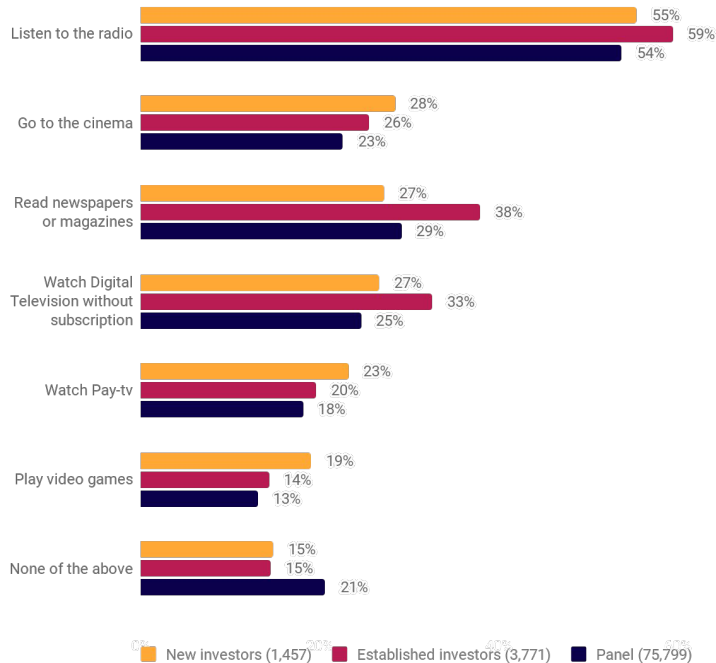
# Investor profile | Interests & media consumption

Investors tend to be LinkedIn and Twitter users; New investors are keen on Instagram, established investors dislike social networks.



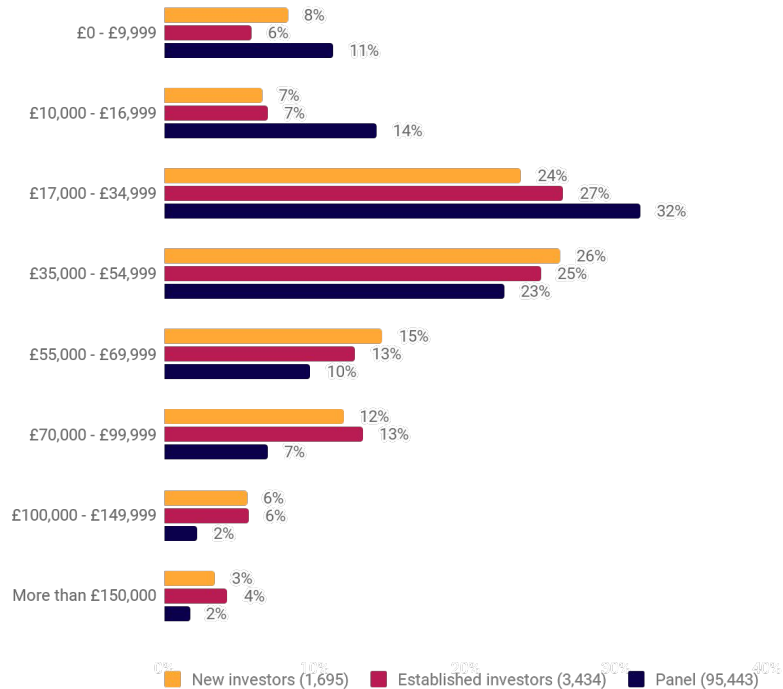
# Investor profile | Interests & media consumption

Established investors are more likely to watch TV, listen to radio and read newspapers/magazines, whereas new investors like the cinema, playing video games and watching pay-TV.

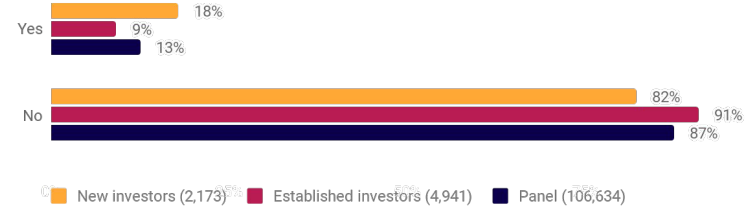


# Investor profile | Financial status

Investing interest positively correlates with household income.

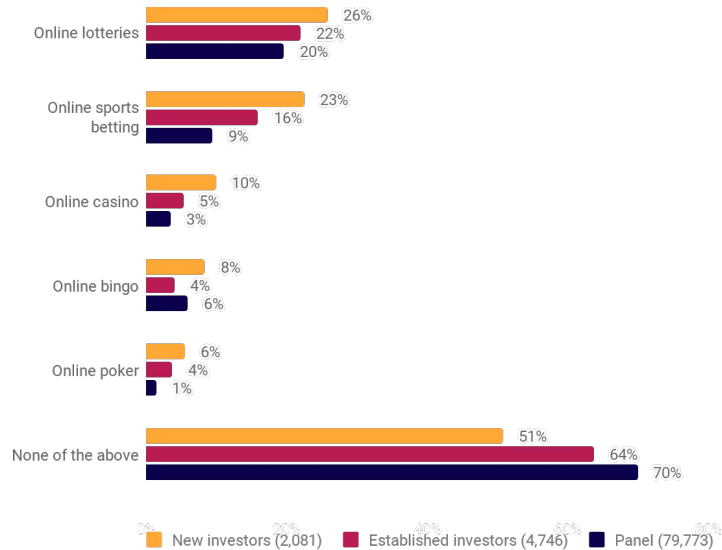


New investors are twice as likely to be furloughed than established investors.

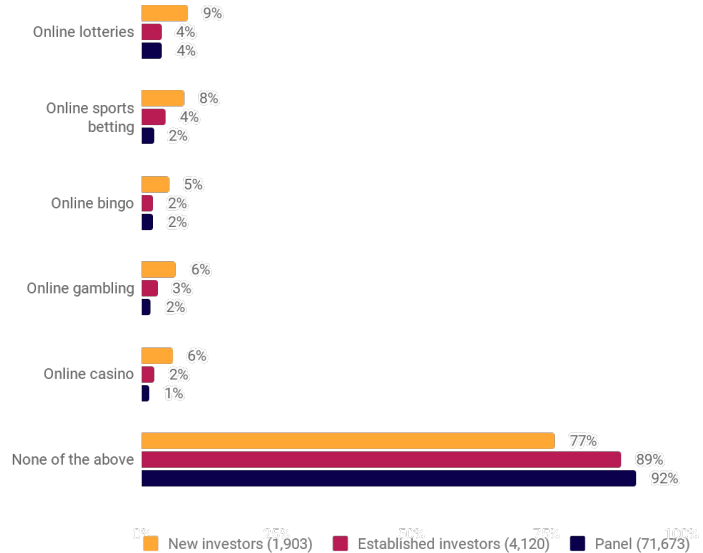


# Investor profile | Gambling

New investors have a higher tendency of being involved in many online gambling activities.



New investors have also more likely to have opened accounts to gamble online during the pandemic.

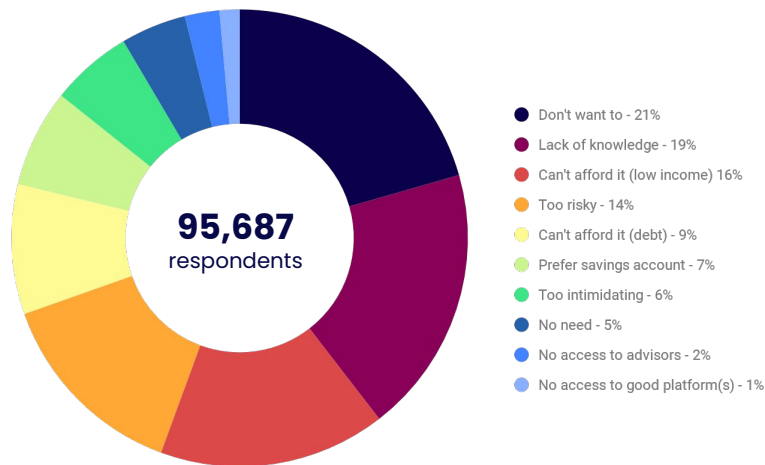




# Non investors

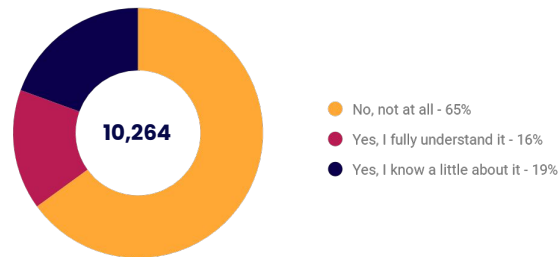
We asked our panel:

## Why are you not investing/trading in the financial markets? (Tick all that apply)

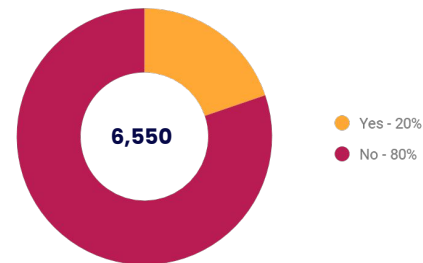


"Don't want to" and "Lack of knowledge" with 21% and 19% votes respectively are the leading reasons for people to not invest.

## Are you aware of the compound effect in investing?



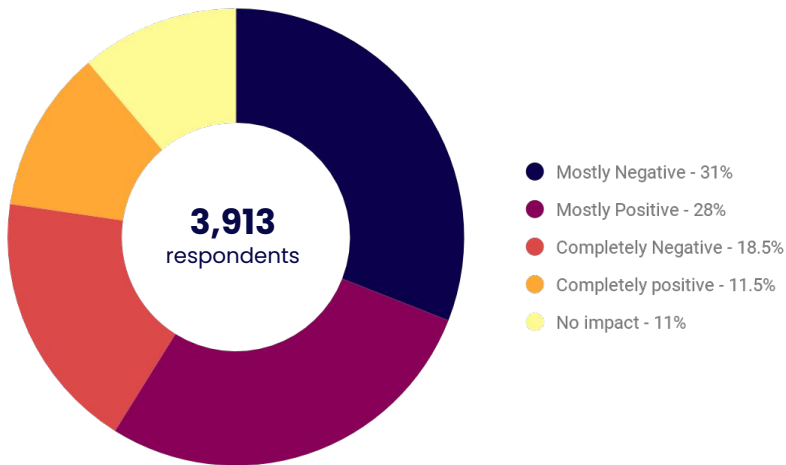
## Are you investing for your child(ren)?



Only about 16% claim to fully understand the compound effect, and only about 20% of parents are investing for their child(ren).

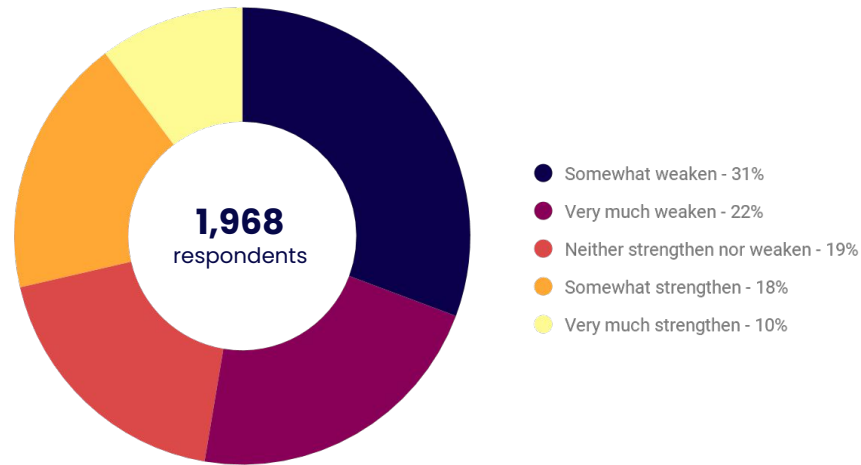
# Economic sentiment & currency trading

**Do you think Brexit will have a positive or negative effect on Britain's economic situation long term?**



**Do you think Brexit will strengthen/weaken the pound?**

Established and new investor targeted

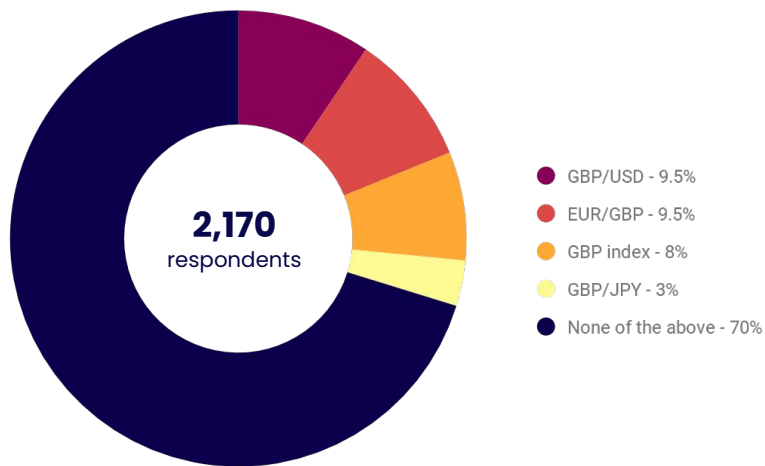


The economic outlook is pessimistic overall, with a 44:56 positive to negative ratio for the UK's economic outlook after Brexit, and a 35:65 strengthen to weaken ratio for the pound's outlook.

# Economic sentiment & currency trading

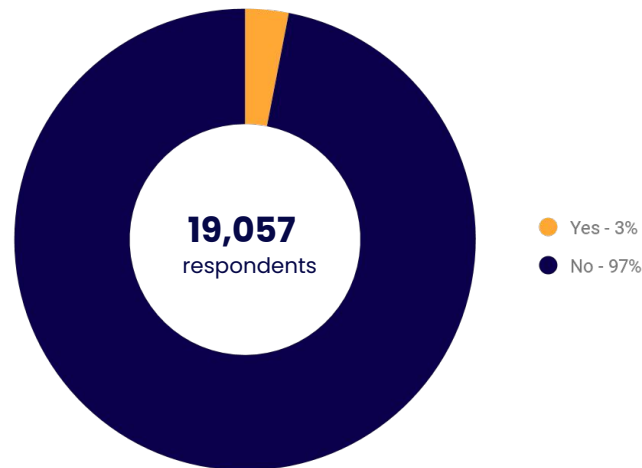
## Which of the following currency pairs/index do you trade?

Established and new investor targeted



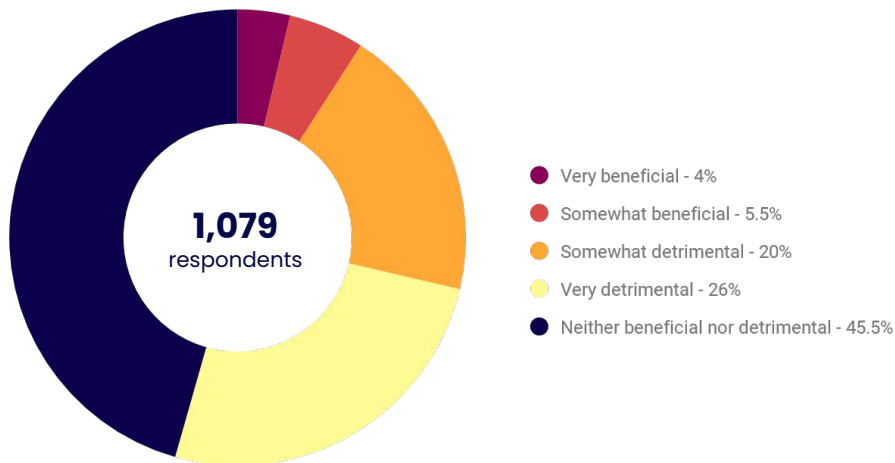
Almost 75% of investors do not trade GBP related currency products. Of those who do, GBP/JPY is the least popular currency pair for the major GBP currency pairs.

## Do you own any cryptocurrencies (Bitcoin, etherium, etc)?

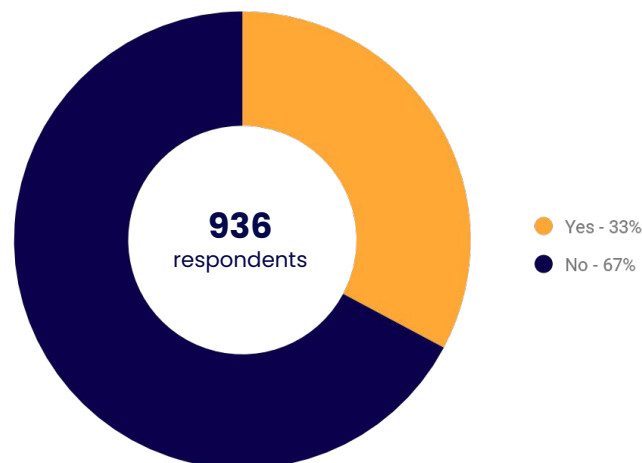


Only under 3% of our panel own any cryptocurrencies.

**If the Bank of England reduces interest rate to negative, do you think it would be beneficial / detrimental to your investment portfolio?**



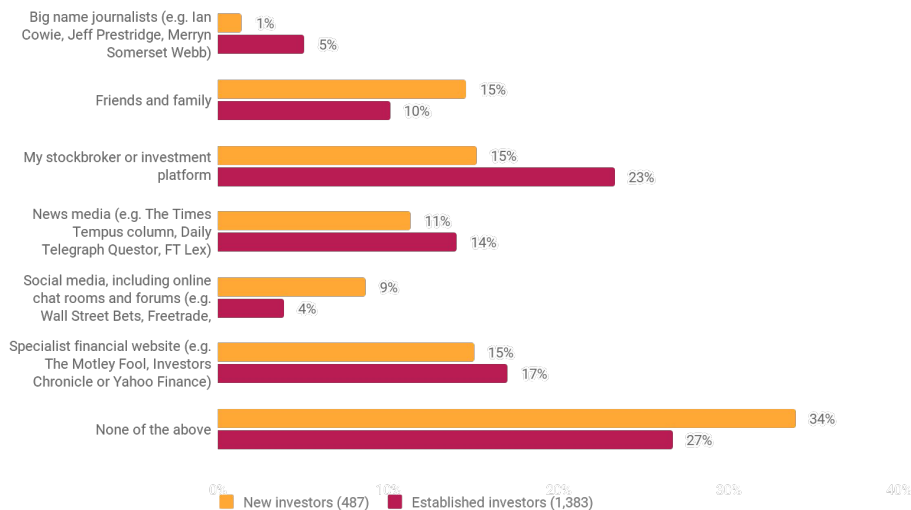
**Would you restructure your investment portfolio if the interest rate is reduced to negative?**



Almost half of investors think negative interest rates would be detrimental to their portfolios, but only 1/3 of investors would restructure their portfolios if negative interest rates were to be introduced.

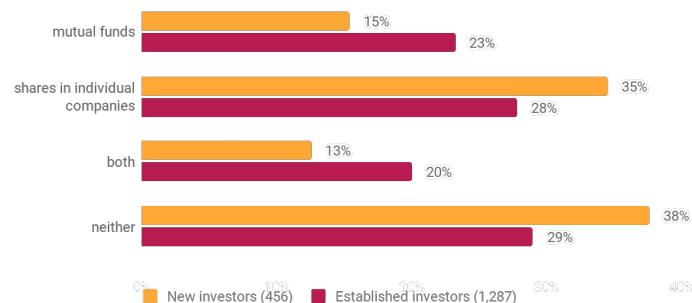
# Miscellaneous | people with invested assets

## Which of the following do you get your investment ideas from? (Tick all that apply)



New investors have the tendency of getting investment ideas from arguably less legitimate sources, such as social media and friends & family.

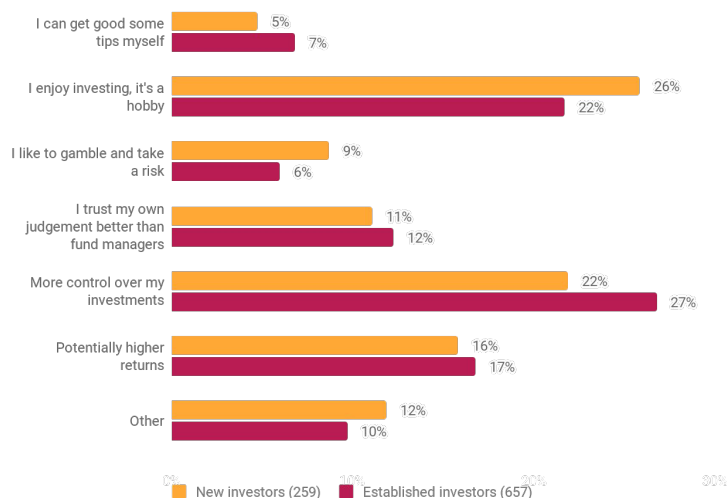
## Which of the following do you buy? (Tick all that apply)



They also seem to have a higher risk tolerance and seek exposure in individual stock shares; and are also more likely to invest in asset classes other than stock shares and mutual funds.

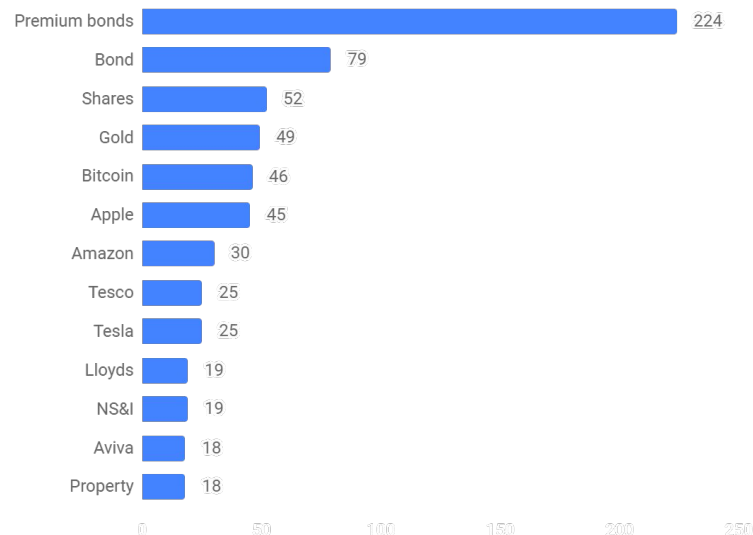
# Miscellaneous | people with invested assets

**If you buy shares in individual companies instead of a mutual fund run by a professional fund manager, why? (Tick all that apply)**



New investors are more likely to view investing as a hobby.

**What are your favourite companies or assets (e.g. commodities, bonds) that you are currently invested in?**



Premium bonds are our panel's favourite financial asset to invest in by a large margin.

# What does all that show?

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The data suggests that investing newcomers are comparatively younger, with strong interests in video gaming, careers and gambling. In terms of social media, newcomers are primarily LinkedIn and Twitter users, which resonates with their interest in careers. Despite the positive correlation between household income and interest in investing, investing newcomers are more likely to be furloughed than both established investors and non-investors.

It appears that the primary reason for non-investors to avoid shares is lack of education. "Don't want to" and "Lack of knowledge" are the top reasons for not investing.

The vast majority of our respondents admit they do not fully understand the compound effect of interest. And the vast majority of parents are not investing for their children.

For these investors, they regard the long term economic outlook for both the UK and the pound as pessimistic overall due to Brexit.

That may explain why only a minority of them are actively involved in currency trading. Perhaps if approached in the right way by the right platform, they could be persuaded.

Cont'd.

# What does all that show?

Cont'd.

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However, only a minority of investors are actively involved in currency trading and less than 3% own any cryptocurrency assets, despite the extraordinary boom in bitcoin and other such alternative currencies.

When asked about the potential introduction of a negative interest rate, almost half think it would be detrimental to their investment portfolios but only a third plan to restructure their portfolios in this scenario. Premium bonds and other savings bonds are our respondents favourite assets to invest in. They remain cautious. But are eyeing the stock market like never before.

One last point. The results from our panel show an unusually large percentage of the new investors are women, a gender that has typically been less keen to buy shares.

Robinhood, the trading platform, recently reported (1) via the Wall Street Journal that the number of women on its service tripled. They are plainly open for business, for those with the right proposition.

The opportunity for the industry is clear. For companies seeking to raise money, there may never have been a better time.

(1) [WSJ – Robinhood wants more female investors, so does everyone else](#)





## Any questions?

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