

Sydney, Australia — 1 February 2010

Australian investor sentiment soars 124% in 12 months

Renewed interest in managed funds and superannuation

ING Investment Management (INGIM) today released its December 2009 quarterly Investor Dashboard Sentiment Index survey which shows Australians continue to be optimistic about the investment environment, their general financial wellbeing and the resilience of the Australian economy.

Australian investor sentiment is up 124% in the last 12 months highlighting the rapid improvement in economic and financial conditions. Although Australians rank fifth amongst the 12 Asian countries surveyed with an overall sentiment score of 148 - up 3.5% since the previous quarter - their confidence based on economic assessment places Australia equal second, alongside Singapore and marginally behind India.

Asia bullish with Japan still lagging

All countries in the Asia Pacific showed optimistic investor sentiment, apart from Japan which slipped into pessimistic territory. A number of key factors driving sentiment in the region include:

- Stabilisation of financial markets and the health of local sharemarkets.
- Expectations of improved domestic property prices with China, Thailand, Indonesia and India being the most optimistic.
- Improving sentiment regarding US economic conditions with a large swing from negative to positive sentiment over the last 12 months.
- A growing view that local economic conditions are improving.
- Return on investment has either increased or not changed for the majority (83%) of investors in Q4/09.

The vast majority of surveyed Australians (82%) believe their economic situation has improved (up 76% from Q3), and the early prognosis for 2010 looks rosy, with 73% of Australians expecting the economy to continue to improve over the next three months compared with only 7% expecting it to worsen.

Superannuation and local stocks still a favourite

The survey also provides key insights into how Australians plan to change their investment portfolios.

Over the next three months the most significant changes planned by Australian investors are to increase their allocation to superannuation, local stocks and cash.

Within local share portfolios Australians plan to increase their investment in the materials, energy and transportation/ warehousing sectors.

The survey also reveals an increased interest in local managed funds/unit trusts, with 24% of survey respondents using them as an investment tool compared with only 14% in the previous quarter. Furthermore, 19% of investors plan to increase their exposure to managed funds within the next three months.

Martin Donnelly, Head of Distribution and Deputy CEO of INGIM, said given the rapid turnaround in the economy and improvement in financial markets, it is not surprising to see investors re-assessing their investment strategy.

"In 2009 markets were fuelled by macro-economic recovery, so investors found it easier to make double digit returns. However, as we work our way through 2010 micro factors will become more important, which will make security selection more challenging for many investors. Therefore it makes sense for investors to seek out professionally managed funds to add to their existing investment tools," said Mr Donnelly.

The quarterly survey is undertaken by research company Nielsen on behalf of ING. The December 2009 survey interviewed 3,730 mass affluent investors¹ in 12 countries² across the Asia Pacific region to gauge their views on government policy, economic conditions, household and personal finances, financial markets and their investment strategies.

Key Australian statistics from the ING Investor Dashboard Survey (December 2009)

- 82% of Australian investors believe their economic situation has improved (up 76% from Q3). 73% expect the economy to continue to improve over the next three months compared with only 7% expecting it to worsen.
- 67% of Australian investors expect an increase in property prices (up from 61% in Q3) and 56% expect the stock market will rise (down from 67% in Q3) over the next 3 months.
- 29% of Australian investors said their investment decisions had been negatively impacted by the state of the US economy (down from 38% in Q3). However, there are views the worst may not be over, with 24% expecting the US economy to worsen over the next three months (up from 16% in Q3). In addition, 53% of Australian investors believe it will take two years or more for the US to come out of recession.
- 66% of Australian investors said their return on investments (ROI) had improved (up from 58% in Q3).
- 58% of Australian investors said their personal financial situation had improved (up from 50% in Q3).
- 56% of Australian investors said their household financial situation had improved (up from 48% in Q3).
- 70% of Australian investors expect inflation to rise in the next quarter (up from 60% in Q3) and 89% expect inflation to rise over the course of 2010 (similar to Q3).
- 29% of Australian investors believed government policy on investment had been favourable over the last quarter (down from 38% in Q3).

Ends

¹ Individuals with disposable assets or investments of US\$100,000 or more, except for Indonesia (US\$60,000) and the Philippines (US\$60,000).

² Countries surveyed included Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.

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About ING Investment Management

ING Investment Management is the specialist global investment arm of ING Group, one of the leading financial services companies in the world and with more than A\$695 billion in assets under management worldwide across different asset classes. In Australia, ING Investment Management also has a strong presence, with 47 investment professionals managing around A\$35 billion of clients' assets. INGIM's clients include institutions such as superannuation funds, government agencies and charitable organisations, as well as individual investors.

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