



FACULTY OF
BUSINESS &
ECONOMICS

The Global Proxy – Melbourne Institute Shareholder Confidence Index™

February 2012



MELBOURNE INSTITUTE®
of Applied Economic and Social Research



Global Proxy Solicitation

Global Proxy – Melbourne Institute Shareholder Confidence Index

February 2012

Table 1: Shareholder Confidence Index

	Feb 2011	Nov 2011	Feb 2012	% change on Nov-11	% change on Feb-11
Shareholder Confidence Index	120.9	96.7	102.8	6.3	-14.9
Current Confidence Index	115.8	80.4	92.1	14.6	-20.4
Expected Confidence Index	126.0	113.0	113.5	0.4	-9.9

The Global Proxy – Melbourne Institute Shareholder Confidence Index rose by 6.3 percent in February 2012, following a rise of 3.4 per cent in November 2011. While this was the second consecutive quarterly increase, the Index had not recovered, and it remained below its value a year ago (14.9 per cent below). The increase in the Index came from an improved outlook in current conditions which went up by 14.6 per cent. Although the future was still perceived to be less than rosy, the Expected Confidence Index has improved compared to last year - expectations were flat rather than negative this quarter.

Chart 1 shows the performance of the GPS-MI Shareholder Confidence Index against the movements of the S&P/ASX 200 Share Price Index. Despite concerns, shareholders have continued to signal confidence in Australian shares.

Compared to last quarter, the component-indices indicate an improvement in returns. There is a huge turnaround in perceptions about volatility: shareholders now expect less uncertainty in the months ahead. The Trading Intentions Indices suggest that buy/sell activities are likely to remain modest (see Table 2).

Chart 2 presents respondents' intentions to trade (buy/sell) various types of shares. The intentions are very similar to what was reported last quarter. Shares in "industrials" remained the stand-out type of shares of interest to investors.

Chart 1: GPS-MI Shareholder Confidence Index and the S&P/ASX 200 Share Price Index

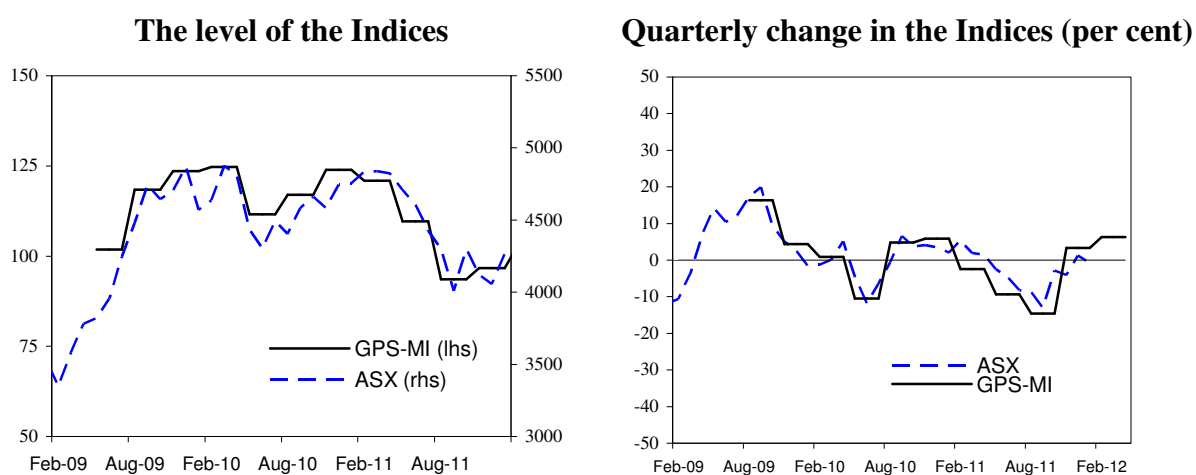


Table 2: Shareholder Confidence Index – component questions

	Feb 2011	Nov 2011	Feb 2012	% change on Nov-11	% change on Feb-11
Current returns index ¹	117.5	77.1	77.2	0.0	-34.3
Expected returns index ¹	139.1	110.4	112.8	2.1	-18.9
Current volatility index ²	118.9	47.6	79.9	68.0	-32.8
Expected volatility index ²	103.9	99.1	104.6	5.6	0.7
Current Trading Intentions index ³	111.0	116.6	119.4	2.4	7.5
Expected Trading intentions index ³	135.0	129.6	123.2	-4.9	-8.7

1: A number greater than 100 means that more respondents say that returns will be **higher** compared to respondents who say that returns will be lower

2: A number greater than 100 means that more respondents say that volatility will be **lower** compared to respondents who say that volatility will be higher

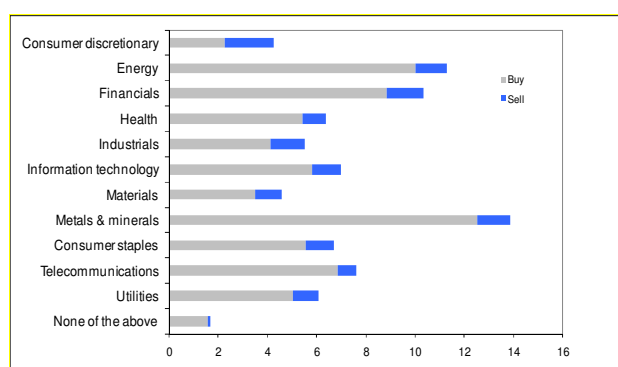
3: A number greater than 100 means that more respondents say that they will **buy** compared to respondents who say that they will sell

Table 3: Shareholder Confidence Index – by Years of Experience

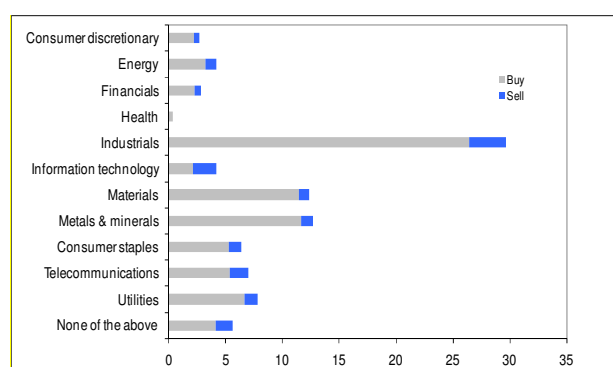
	Feb 2011	Nov 2011	Feb 2012	% change on Nov-11	% change on Feb-11
0-10 Years					
Shareholder Confidence Index	127.4	95.1	103.7	9.1	-18.6
Current Confidence Index	122.1	74.8	93.1	24.5	-23.7
Expected Confidence Index	132.6	115.3	114.3	-0.9	-13.8
11-20 Years					
Shareholder Confidence Index	123.4	98.6	99.7	1.1	-19.2
Current Confidence Index	119.0	82.8	87.9	6.1	-26.1
Expected Confidence Index	127.8	114.3	111.5	-2.4	-12.7
21 – 30 Years					
Shareholder Confidence Index	123.8	99.2	101.6	2.5	-17.9
Current Confidence Index	117.0	83.1	94.5	13.7	-19.3
Expected Confidence Index	130.5	115.3	108.7	-5.7	-16.7
31 and above					
Shareholder Confidence Index	114.4	91.0	106.7	17.2	-6.8
Current Confidence Index	108.5	75.4	93.0	23.4	-14.2
Expected Confidence Index	120.4	106.6	120.3	12.8	-0.1

Chart 2: Trading Intentions: Types of Shares (per cent)

Current Intentions



Future Intentions



Released: 20 February 2012
 Interview period: 1-3 February 2012
 Sample size: 1000

Coverage: shareholders, all states and ACT
 Stratified by gender, age and location

SPECIAL QUESTIONS: Survey Results

Question: Should voting at Company Meetings be made compulsory?

	Yes	No	Don't Know
Gender			
Male	25.3	68.8	5.9
Female	21.5	71.8	6.7
States			
New South Wales	23.3	70.7	6.0
Victoria	26.8	68.0	5.2
Queensland	23.8	68.6	7.6
Western Australia	21.5	70.8	7.7
South Australia	15.5	75.5	9.0
Tasmania	17.5	78.1	4.4
Age-group (years)			
Under 44	23.3	74.7	2.0
45-54	16.5	79.2	4.3
55-64	16.1	81.5	2.4
Over 65	27.6	63.9	8.5
ALL	23.8	70.0	6.2

Question: This year, are you likely to participate in Rights Issues and Capital Raisings?

	Yes	No	Don't Know
Gender			
Male	24.6	58.1	17.3
Female	13.8	60.0	26.2
States			
New South Wales	21.6	53.5	24.9
Victoria	19.7	68.6	11.7
Queensland	17.2	61.6	21.2
Western Australia	25.2	50.7	24.1
South Australia	15.7	59.2	25.1
Tasmania	16.8	60.0	23.2
Age-group (years)			
Under 44	22.6	56.4	21.0
45-54	22.2	62.8	15.0
55-64	25.8	52.2	22.0
Over 65	17.8	60.9	21.3
ALL	20.4	58.8	20.8

Question: How concerned are you that the Crisis in Europe will affect your Australian investments?*

	Very concerned	Concerned	Neutral	Unconcerned	Don't know
Gender					
Male	30.9	40.9	12.2	13.6	2.4
Female	30.7	37.1	9.3	18.4	4.5
States					
New South Wales	31.6	37.7	10.4	17.0	3.3
Victoria	27.7	45.7	10.1	13.5	3.0
Queensland	34.1	36.4	16.6	10.4	2.5
Western Australia	35.0	30.9	11.6	20.8	1.7
South Australia	28.0	42.8	4.1	18.4	6.7
Tasmania	22.5	32.3	20.2	24.6	0.4
Age-group (years)					
Under 44	25.7	32.9	17.1	23.8	0.5
45-54	44.7	33.5	13.3	7.6	0.9
55-64	30.6	42.3	11.2	15.9	0.0
Over 65	28.6	40.8	9.8	16.2	4.6
ALL	30.8	39.5	11.1	15.4	3.2

Disclaimer: Global Proxy Solicitation, the University of Melbourne and the Melbourne Institute give no representation, make no warranty, nor take any responsibility as to the accuracy or completeness of any information contained herein and will not be liable in contract tort, for negligence or for any loss or damage arising from reliance on any such information.

The *Global Proxy Melbourne Institute Shareholder Confidence Index*TM represents the professional analysis and views of the Melbourne Institute. For information on the data contained in the report contact the Melbourne Institute on (03) 8344 2196.

This report is copyright. Apart from any fair dealing for the purposes of study, research, criticism or review, as permitted under the *Copyright Act*, no part may be reproduced without written permission.

ABOUT THE GLOBAL PROXY - MELBOURNE INSTITUTE SHAREHOLDER CONFIDENCE INDEX

Global Proxy Solicitation and the Melbourne Institute have partnered to undertake and publish market leading research to address the question of shareholder confidence amongst Australians who invest in shares.

The Global Proxy - Melbourne Institute Shareholder Confidence Index™ is a summary balance measure of shareholders' confidence in the Australian share market. It is based on shareholders' assessment of three factors: Returns, Volatility and Trading Intentions (whether to buy or sell). Information from these factors are summarised and presented as component Indices. The components are then compiled into the Shareholder Confidence Index.

The first survey was conducted during March 2009 and the latest survey was conducted during the first week and second weeks of November 2011. All surveys are conducted over the telephone and are based on 1000 respondents aged 18 years and over across Australia who directly own shares in companies listed on the Australian Securities Exchange. The survey is published quarterly.

The Index is designed for easy interpretation - a value below 100 is suggestive of 'bearish' sentiment while a value above 100 is suggestive of 'bullish' sentiment.

ABOUT GLOBAL PROXY SOLICITATION

Global Proxy Solicitation (GPS) is Australia's leading shareholder engagement firm and provides specialised shareholder solicitation and research services for company meetings, takeover bids, schemes of arrangement and corporate actions.

The firm acts for ASX listed and foreign companies, private equity, hedge funds and activist and dissident investors. Since 2007 GPS has conducted campaigns for transactions valued at over \$435 billion and spoken to over 1.8 m investors.

Further information on GPS can be found at www.gps-proxy.com

ABOUT THE MELBOURNE INSTITUTE OF APPLIED ECONOMIC AND SOCIAL RESEARCH

The Melbourne Institute is the first University-based research institute of its kind in Australia, established for the purpose of conducting research into a wide range of macroeconomic, microeconomic and social economic issues. It was established in 1962 as a research department of the Faculty of Economics and Commerce at the University of Melbourne. The Melbourne Institute is a major centre for applied economic and social research that is nationally and internationally renowned in academia, government, business and community groups.

The Melbourne Institute seeks to promote a deeper understanding and discussion of economic and social issues of national significance as well as to foster effective policy responses to these issues.

As well as contributing strongly to the academic literature in economics, the Melbourne Institute has a long-standing tradition of collaborating with major organisations by providing consultancy services and evidence-based quantitative research.

Further information on the Melbourne Institute can be found at www.melbourneminstitute.com