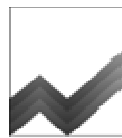




Global Proxy Solicitation  
STRATEGY / EXECUTION / OUTCOMES



MELBOURNE INSTITUTE®  
of Applied Economic and Social Research

## Media Statement

20 February 2012

### Investors Provide Ongoing Support for Rally in Share Prices

- **Strong backing for industrial companies as switch from resources continues**
- **Weak support for rights issues and capital raisings despite positive overall sentiment**
  - **Considerable concerns remain about the European financial crisis**

Retail share investors say that they will continue to buy Australian shares, further supporting the 2012 sharemarket rebound, after boosting the Global Proxy-Melbourne Institute Shareholder Confidence Index for the second consecutive quarter. Since its inception two years ago, the Index has emerged as a convincing leading indicator of investor trends as applied to the S&P/ASX 200 Share Price Index (see accompanying graphs).

The confidence index rose by 6.3 per cent to 102.8 in the February quarter, compared with a rise of 3.4 per cent in the previous period. While the index still remains 14.9% below the peak that it reached in February last year, the latest survey shows that the upward trend remains intact.

“This is an encouraging outcome, especially because it comes at a time when mortgage rates have started to inch up and substantial lay-offs have been announced across a range of industries,” said the Melbourne Institute’s Professor Guay Lim. “Some caution remains among investors, and expected confidence levels have flattened out.”

The component indices that comprise the overall Index indicate improving returns when compared with the previous quarter. In particular, there was a substantial turnaround in concerns about volatility, showing that respondents expect less uncertainty in the months ahead. Trading intentions suggest that buy/sell actions are likely to remain modest.

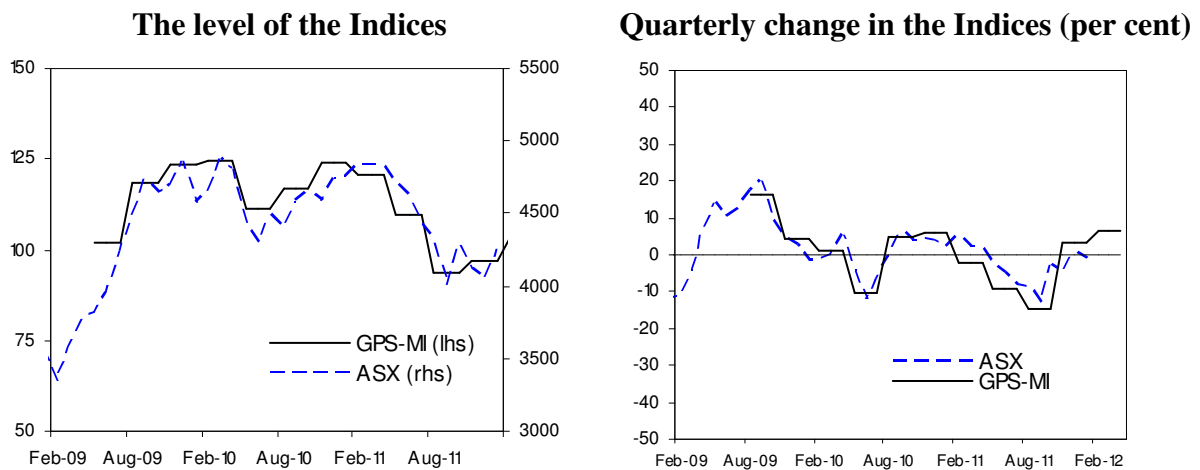
Industrial companies remained of stand-out interest to investors, displaying twice the levels of interest being given to the previously fancied materials and metals & minerals sectors. While the mining boom continues in Australia with respect to the number of new resource projects under construction, investors believe that better value lies elsewhere. The defensive utilities, telecommunications and consumer staples sectors are attracting modest levels of attention.

The latest survey also asked investors if they would be likely to participate in rights issues and capital raisings. "Some 79.6 per cent of respondents said that they either would not contribute to requests for capital or they did not know if they would," said Global Proxy's Managing Director Maria Leftakis. "That indicates that it could be an uphill battle for companies to raise funds from retail investors for acquisitions and also to launch successful IPOs in 2012 despite the recent lift in share prices."

Respondents were also asked if they were concerned that their Australian investments would be affected by the financial crisis in Europe. There was a combined 70.3 per cent who said that they were either very concerned or concerned about the impact. Just 15.4 per cent said that they were unconcerned.

On the question of whether voting at company meetings should be made compulsory, 70 per cent said that it should not be and 23.8 per cent said that it should.

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



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### **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](http://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.melbourneinstitute.com](http://www.melbourneinstitute.com)