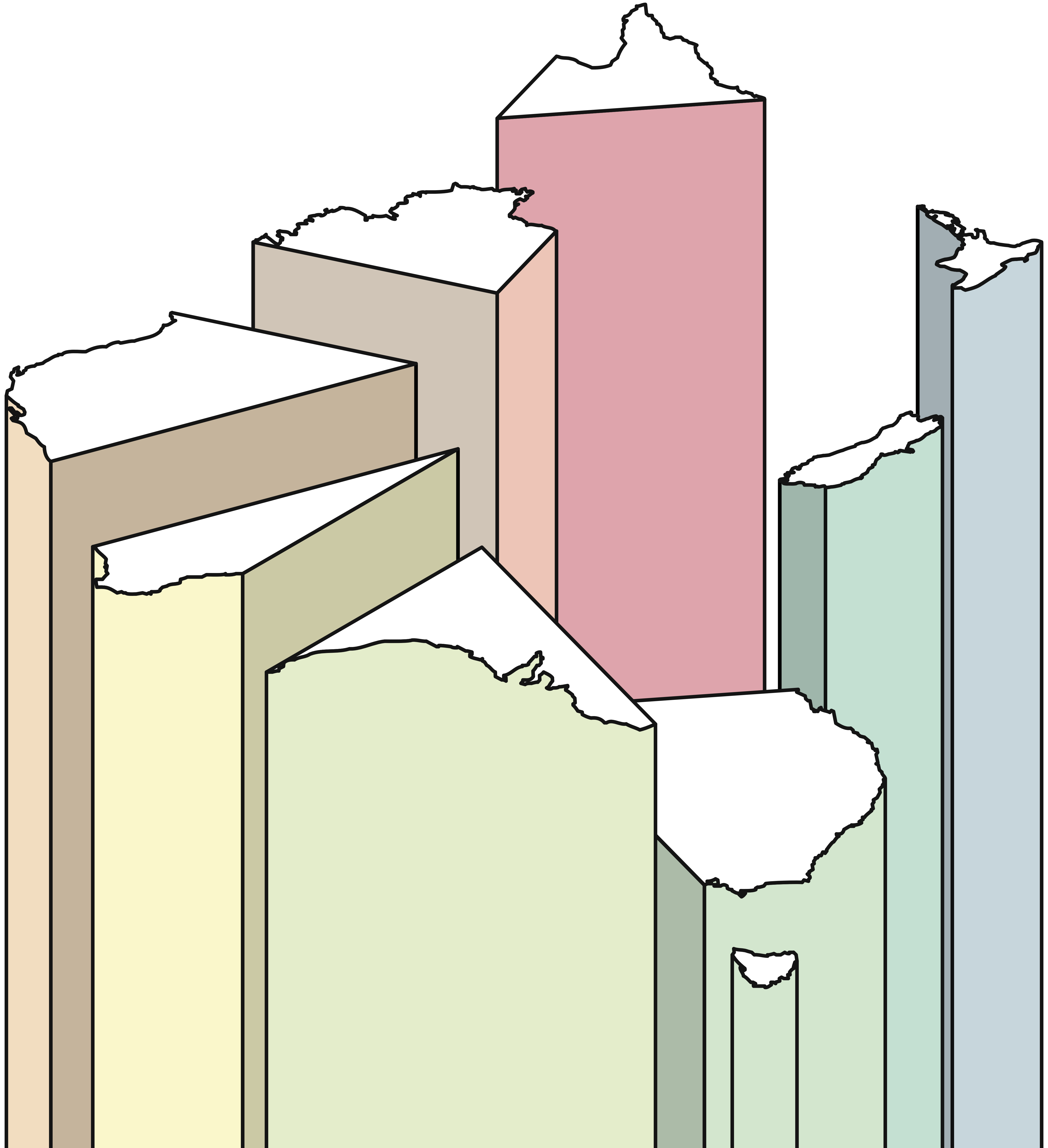
The Ambition Report

2024 Australia & New Zealand



Contents

Executive summary

The Stake Ambition Report looks at the motivations and strategies of people who are proactively taking action to grow their wealth in Australia and New Zealand.

Since last year's Ambitious Investors Report, we've seen **challenging conditions on both sides of the Tasman**. Australia has been contending with a per-capita recession and New Zealand fell back into a full recession in March 2024.

Yet it's been a positive time for many investors. The U.S. and Australian share markets have seen strong gains, while property prices have recovered in Australia and held up in New Zealand. So how is this scenario affecting investor sentiment as they consider what to do next?

This year's report shows that the cost of living is still an immediate issue, but there's an acknowledgment of **a longer term shift in our economy**, as the traditional blueprint to achieving financial security – namely getting a 'good job' and buying property – is not as accessible or reliable as it once was.

The numbers back this up. In Australia, over the past 30 years, house prices have risen by an average of 8%[1] per annum, compared to around 3% for wages, and it's a similar story in New Zealand[2]. Given the property market's increasing barriers to entry, **people are looking for other routes to building wealth**.

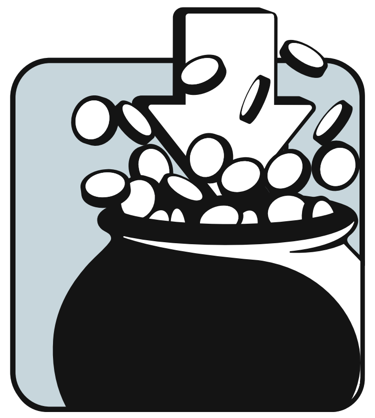
Rather than simply waiting for things to get better, they are upskilling, delaying gratification and engaging with financial markets to supplement their hard work. Despite the impact of housing costs, goods inflation and slow wage growth, 80% of investors are at least moderately confident about their financial future, trusting their ability to determine their own success.

We believe that **greater participation in an active and transparent financial market is essential** for helping more people to reach their goals, and we invite you to read these insights to find out why.

— Jon Howie, CEO, Stake

1 AMP: https://www.amp.com.au/insights-hub/blog/investing/econosights-intergenerational-wealth
2 CBRE: https://www.cbre.co.nz/insights/articles/long-term-house-price-growth-in-new-zealand-will-have-different-drivers-in-the-future

Key themes



Wealth over hustle

Investors are increasingly focused on owning assets like stocks and property, as these continue to appreciate faster than wages.

The most common financial ambition is to retire and live off investments.

More on page 6

Generation Postponed

6 in 10 believe that the intergenerational wealth gap is holding young people back, and a similar number think people are increasingly relying on inheritance to reach financial security.

But investors aren't waiting around.

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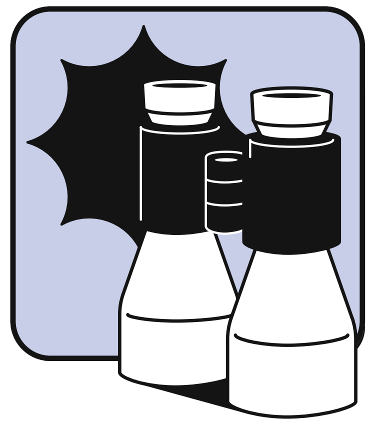

Future-focused

Amidst cost of living pressures, investors are cutting back discretionary spending and sacrificing today for tomorrow.

3 in 4 have directed some percentage of their income to investments over the past six months.

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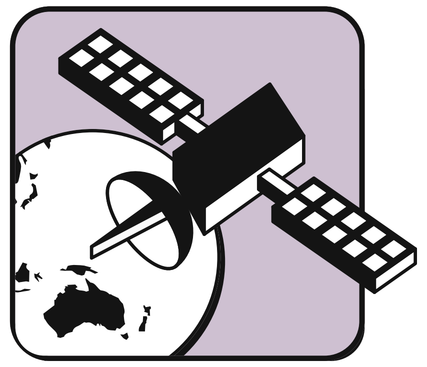

Close to home

There's a bias for locally listed equities across ANZ, despite impressive gains in the U.S.

But younger investors are more willing to look overseas for opportunities.

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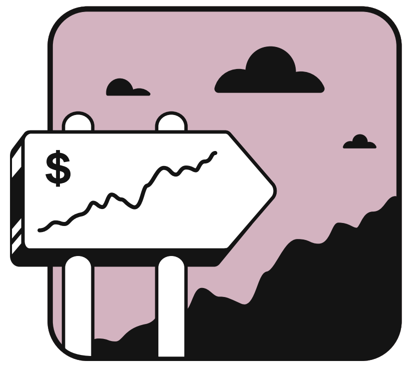

Reclaiming retirement

Over 4 in 5 investors believe that by the time they retire, most people will be working past the age of 65.

This is sparking a proactive approach to wealth creation.

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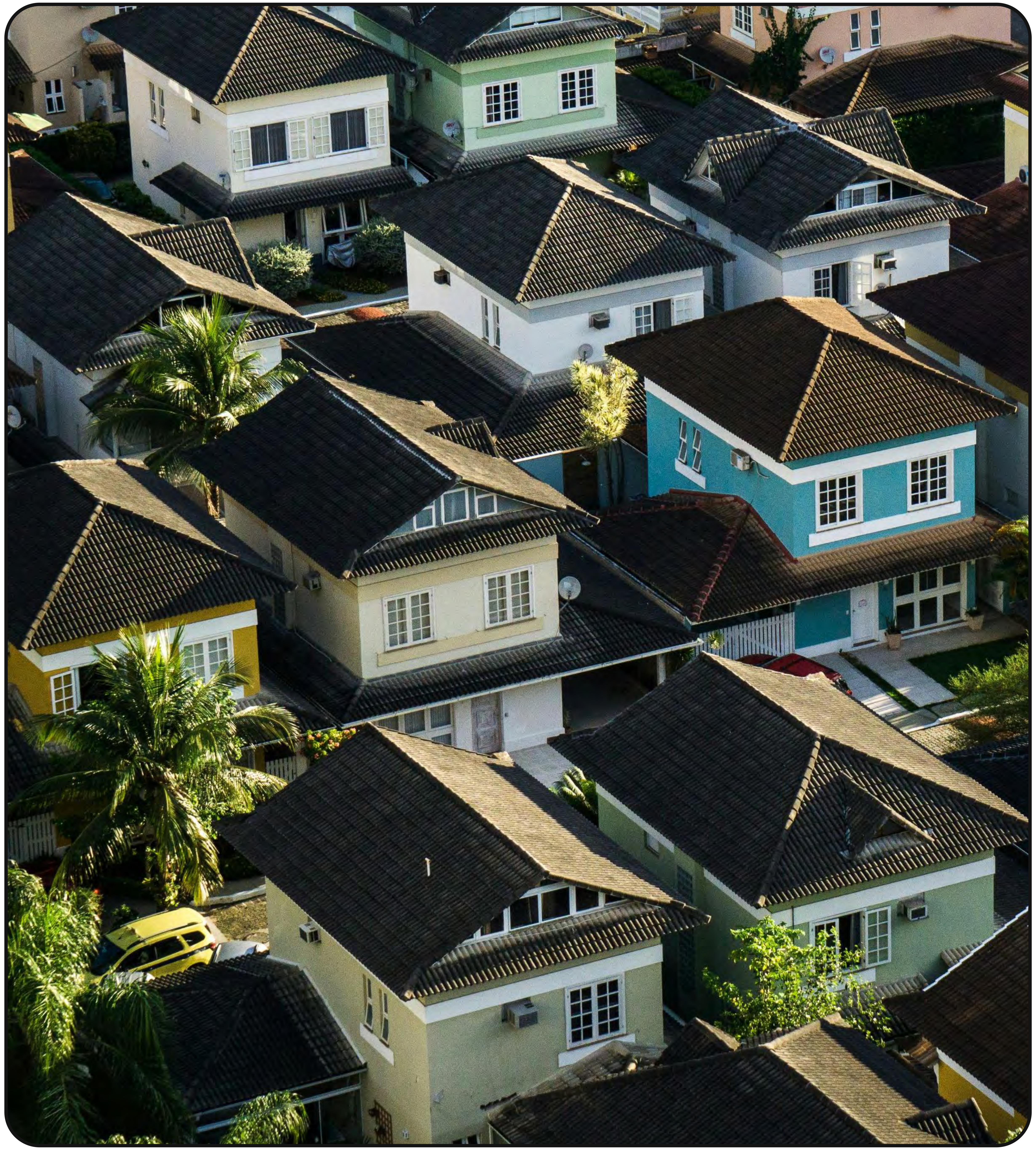


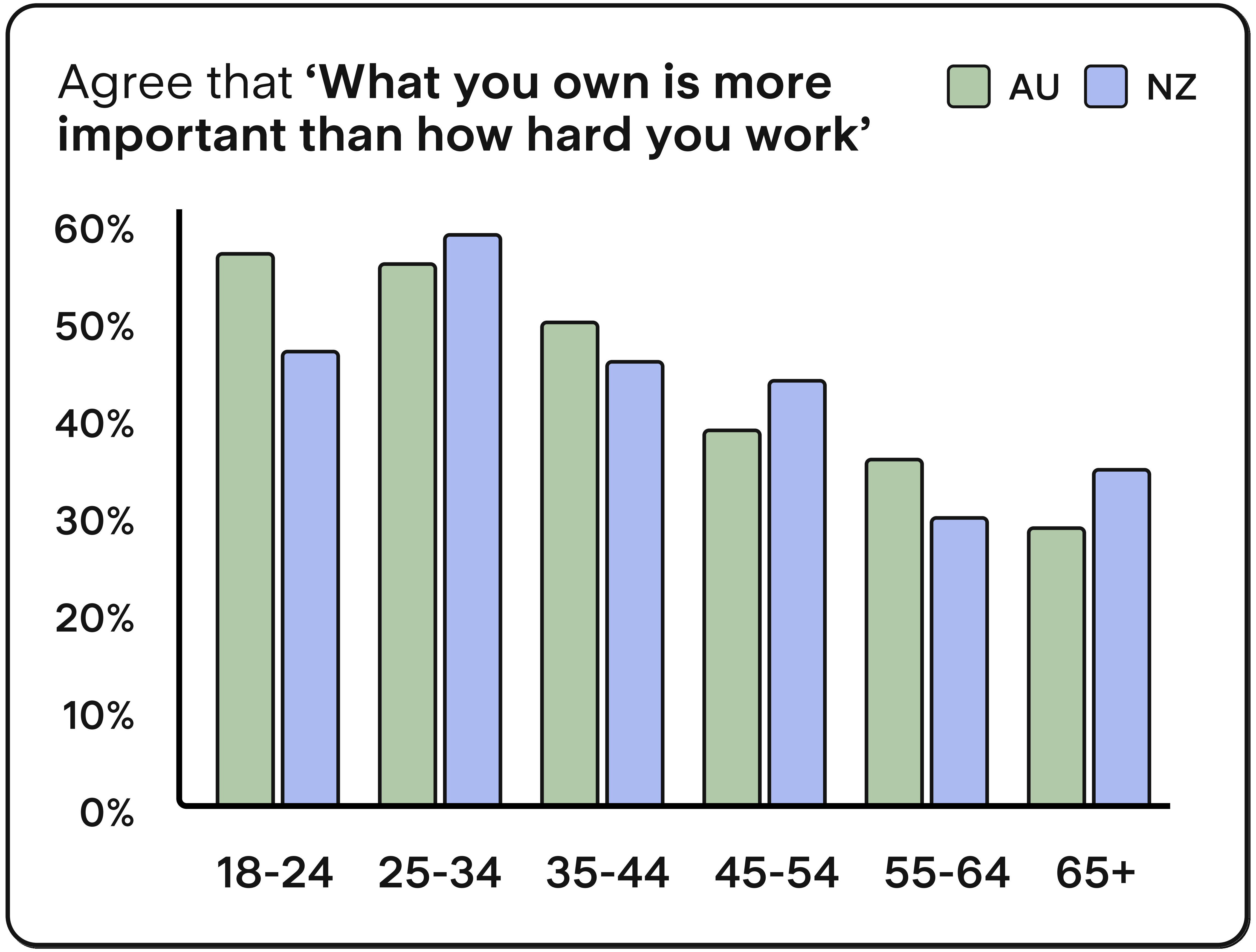
Part 1

Investor Ambitions

Asset ownership is considered more important than income for building wealth.

When asked if what you own is more important than how hard you work in today's economy, almost twice as many respondents agreed (AU: 46% | NZ: 47%) than disagreed (25% in both countries).

This is particularly true for young people, who have mostly missed out on the impressive property and stock price gains we've seen since the global financial crisis.

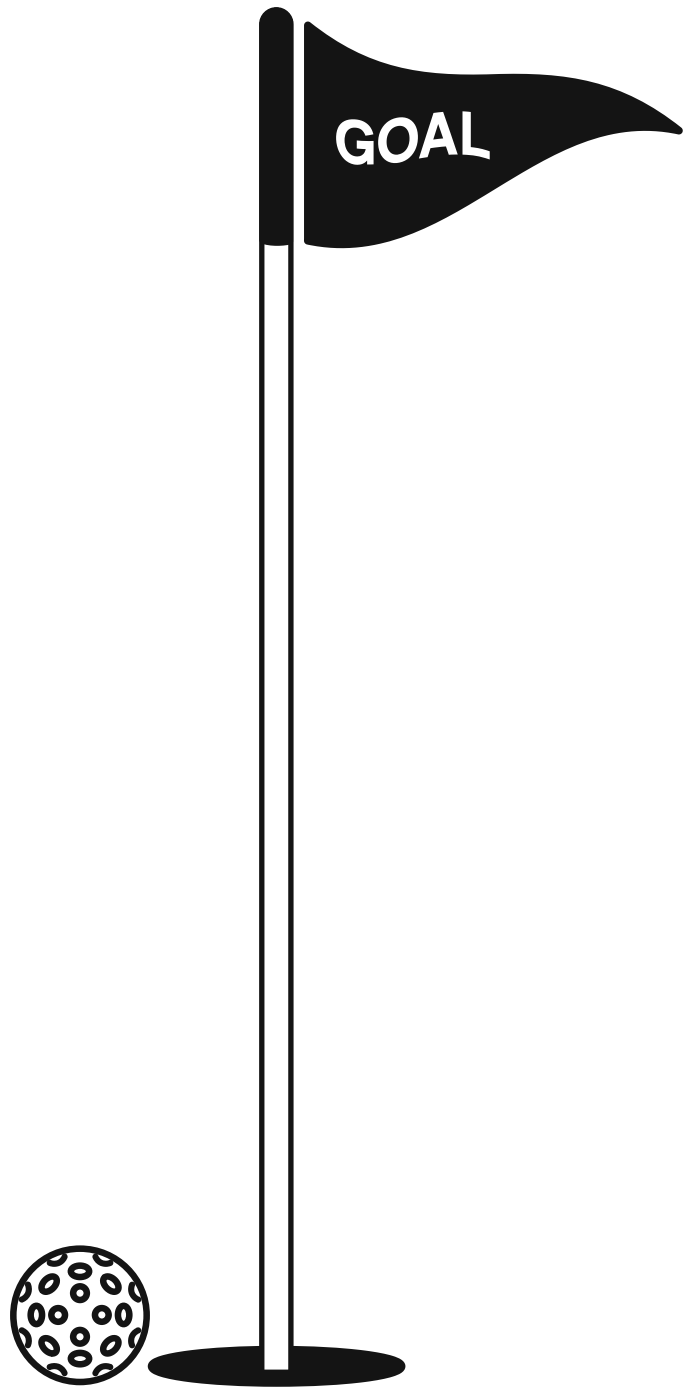


Striving for stability

Investors say financial success is more about balance and security than simply chasing more.

Themes of financial freedom and lifestyle flexibility were rated as more important than status symbols like impressive job titles, expensive cars or luxury items.

'Owning my own business' is quite far down the list, suggesting that entrepreneurship is not as widespread an aspiration today as some might think.



How investors define financial success

AU

1. Being debt free (86% agree)
2. Owning my own home (85%)
3. Being able to live in an area that I choose (77%)
4. Having capacity to support a family/better support my family (75%)
5. Flexibility to cut down working hours/quit my job and live off my investments (65%)

NZ

1. Being debt free (88% agree)
2. Owning my own home (82%)
3. Having capacity to support a family/better support my family (77%)
4. Being able to live in an area that I choose (73%)
5. Flexibility to cut down working hours/quit my job and live off my investments (61%)

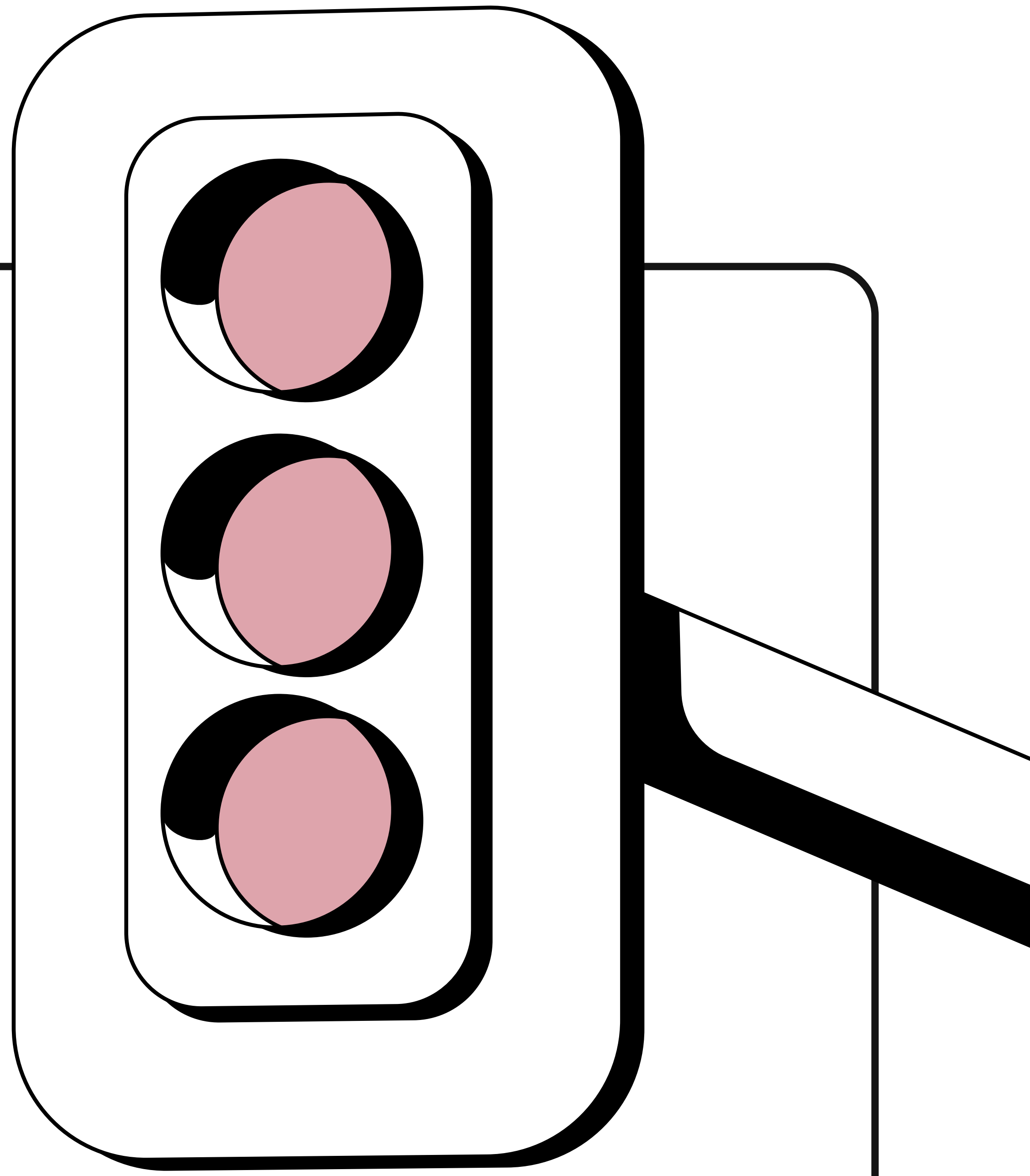
6. Being able to travel extensively **7.** Owning my own business
8. Owning a large/impressive home **9.** Having an impressive job title **10.** Owning luxury items

The main obstacles? Macroeconomic issues. Nothing personal.

Across ANZ, the top three barriers to reaching financial goals are housing costs, goods inflation and slow wage growth – all pointing to income that isn’t keeping up with costs. While trends such as ‘quiet quitting’ may have drawn criticism, they could reflect a feeling that **work is just not compensating people as they need**.

Despite the housing crisis being identified as an issue, 73% of Australians and 72% of Kiwis said they would buy an investment property if they had the means.

Biggest barriers to reaching financial goals



1. **Housing costs**
2. **Goods inflation**
3. **Slow wage growth**

AU: **4.** Costs of supporting a family **5.** Unfair tax system **6.** Health-related costs **7.** Wealth inequality **8.** Job security **9.** Job availability **10.** A lack of personal finance skills

NZ: **4.** Costs of supporting a family **5.** Unfair tax system **6.** Wealth inequality **7.** Job security **8.** Job availability **9.** Health-related costs **10.** A lack of personal finance skills

Investing to break barriers

Rather than just accepting these barriers, investors are proactively turning to the markets to overcome them.

When asked about the most accessible ways to build wealth, **Aussies and Kiwis are almost five times more likely to point to the stock market (53% and 51% respectively) than the property market (11%)**.

This is particularly true for young investors – 59% of the 18-34 cohort in Australia see the share market as more accessible, compared to 43% for over 55s. It's similar in New Zealand, with 56% of Kiwis aged 18-34 vs 32% of over 55s. More on this on page 21.

Their top goals are to retire and live off investments, and supplement income.

This is consistent on both sides of the Tasman, with holidays coming third – which aligns with the idea that Aussies and Kiwis are trying to avoid burnout.

What are the biggest motivations for you to invest?

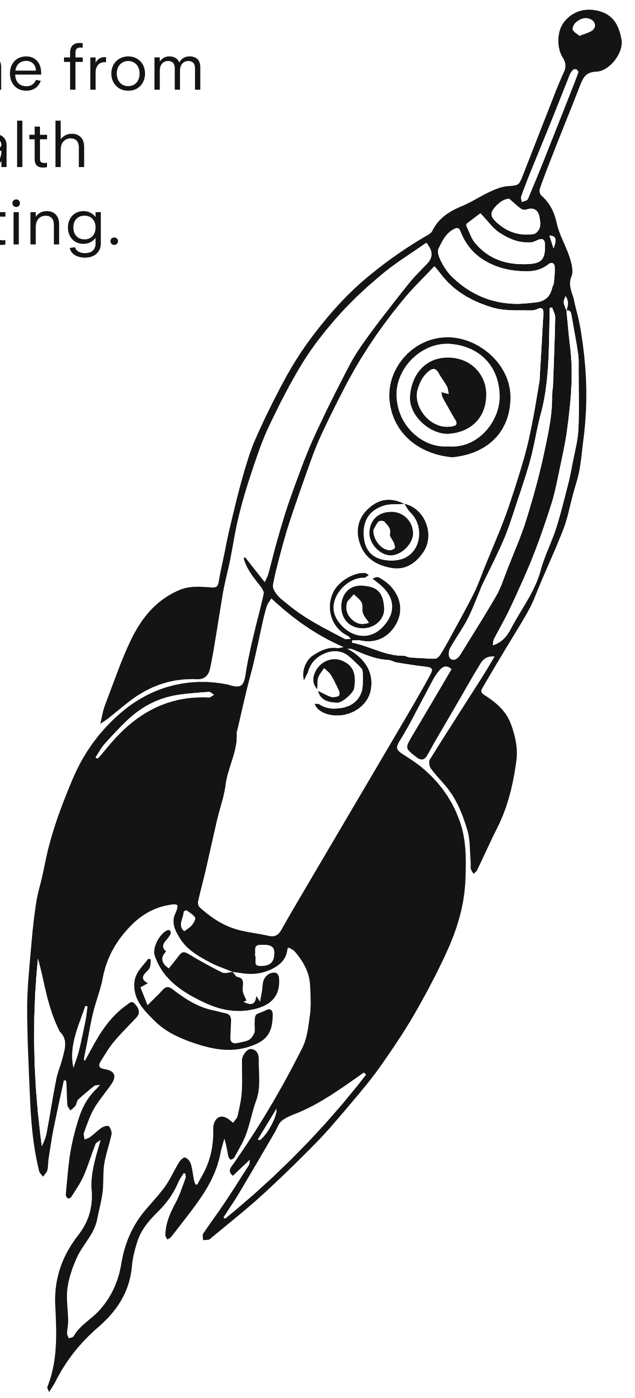
1. Retire and live off my investments
2. Supplement my income with investments
3. Fund a holiday or extended travel
4. Cut down on working hours
5. Buy my own home

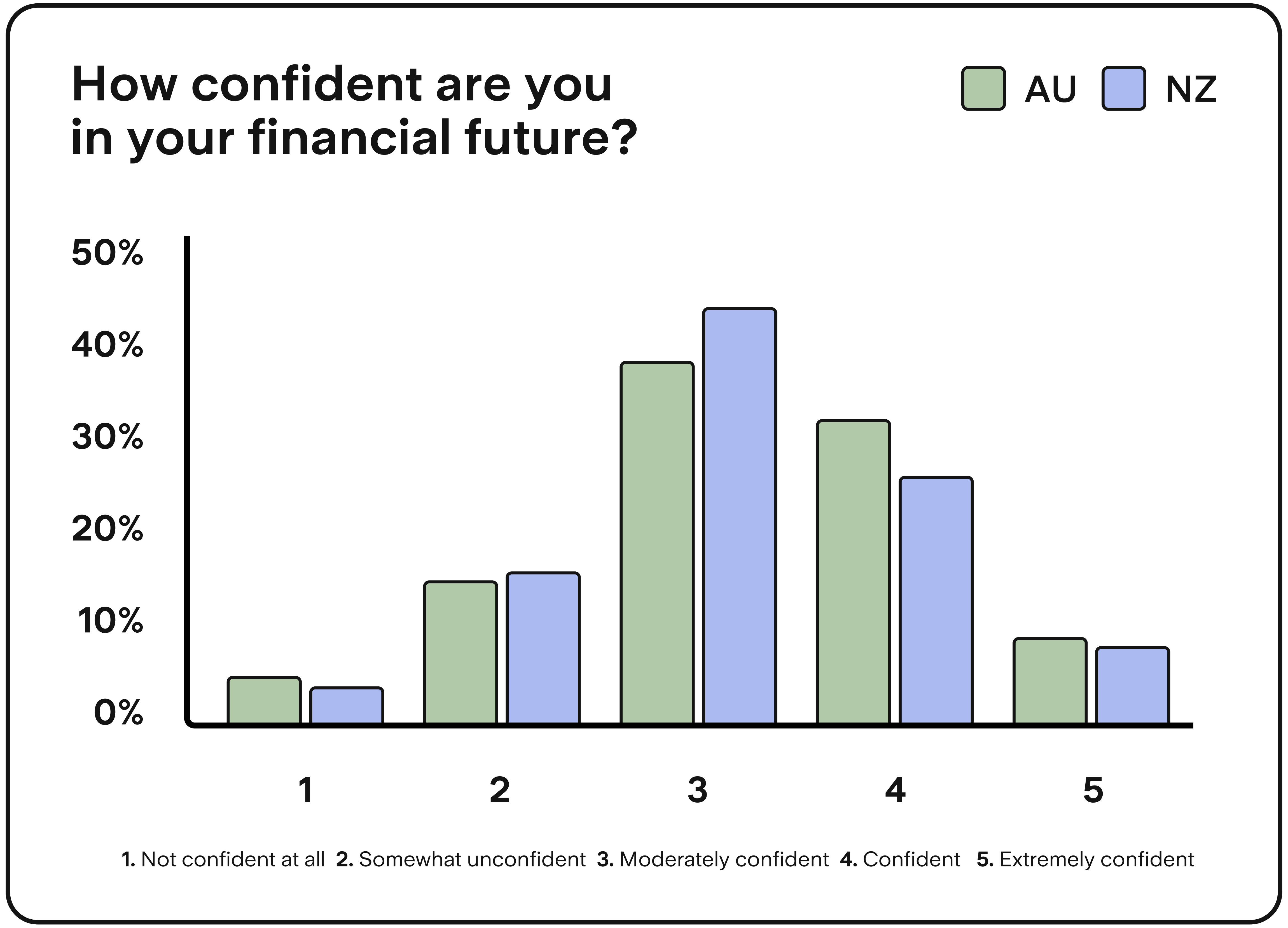
AU **6.** Support my physical and mental health **7.** Start/support a family **8.** Upgrade or renovate a home **9.** Fully pursue a hobby or passion **10.** Buy more consumer goods

NZ **6.** Start/support a family **7.** Support my physical and mental health **8.** Upgrade or renovate a home **9.** Fully pursue a hobby or passion **10.** Buy more consumer goods

Despite the challenging conditions, 80% of Australian and Kiwi investors are at least moderately confident in their financial future.

This confidence may come from taking charge of their wealth creation journey by investing.





Investors are building their own skills as they go.

Only 10-11% say they learned about finances or investing at school. Most are proactively bridging that knowledge gap through friends and family, and self-directed resources such as books and online platforms.

Biggest influence on investing knowledge

AU

1. Friends and family (54%)
2. Finance and investing books (43%)
3. Social media platforms (27%)
4. Professional financial advisor (26%)
5. News sites and magazines (25%)

6. On-the-job learning through my career **7.** Podcasts **8.** Higher education **9.** Government resources **10.** School education

NZ

1. Friends and family (58%)
2. Social media platforms (41%)
3. Finance and investing books (38%)
4. Podcasts (30%)
5. Professional financial advisor (23%)

6. On-the-job learning through my career **7.** Higher education **8.** News sites and magazines **9.** Government resources **10.** School education

"My journey as an investor began with a curiosity about the stock market, and I've been actively learning and refining my approach ever since. Books like *One Up On Wall Street* by Peter Lynch, along with insights from YouTube channels, podcasts and my own experiences, have shaped my investment philosophy. I've learned valuable lessons about the market's ups and downs and the importance of long-term strategies."

— Tyler McGinniskin, 33

Stake customer

73% of investors surveyed say the intergenerational wealth gap is a concern.

This is consistent in Australia and New Zealand. While the number goes as high as 80% in younger age brackets, the majority of those aged 65 and above (59%) also agree that ‘the growing gap in wealth between different generations is concerning’.

Approximately 6 out of 10 across ANZ agree that financial support from parents and relatives is increasingly essential to building financial security, and that others are relying on inheritance. Yet only a minority have received such assistance themselves.

Percentage of investors that have received significant financial assistance or inheritance from family in their adult life so far

	18-24	25-34	35-44
AU	33%	26%	24%
NZ	25%	30%	35%

Among the Australian respondents who are parents, 39% said that they had supported their children to buy a home. Of this group, 14% admitted it had limited their ability to travel, 14% said it decreased their ability to save or invest and 11% said it pushed back their retirement.

Over the next 20 years, Australians are expected to inherit an estimated $3.5 trillion[3], or $320,000 per person on average – the greatest wealth transfer in the country’s history – but **investors don’t want to wait around**.

3 Productivity Commission: https://www.pc.gov.au/research/completed/wealth-transfers

62% believe this wealth divide is holding young people back right now.

This is particularly true for those aged 18-34 (AU: **74%** | NZ: **68%**).

Examples of plans delayed due to financial reasons

Travelling

55% of NZ investors

Buying a home

53% (AU) and 47% (NZ) of investors aged 18-24

38% (AU) and 23% (NZ) of investors aged 25-34

Almost a quarter of investors aged 35-44

Medical/dental work

30% of NZ investors aged 35-44

Having a family

23% (ANZ) of investors aged 18-34

Further education/training

1 in 5 AU investors aged 18-24

Getting engaged or married

1 in 5 (ANZ) investors aged 18-34

Starting own business

18% of AU investors aged 18-24

Part 2

Adapting to the Cost of Living

As the cost of living crisis takes hold, essentials such as groceries and utilities are causing financial strain for most investors across ANZ.

While HECS debt is low on the overall list and the indexation rate will be reduced from July, 55% of 18-24 year old Australians say this is causing at least moderate strain – including 32% that are suffering high to severe strain.

Areas that are causing financial strain for investors

AU & NZ

1. Grocery and food expenses
2. Utilities
3. Salary not keeping pace with inflation

4. Rent or mortgage payments
5. Transport / vehicle maintenance
6. Healthcare costs
7. Childcare payments
8. Student / HECS debt

But the ambitious bunch still have their eye on long-term growth, cutting back where they can.

The Australian figures suggest that each category has been cut back less this year, when compared to the 2023 Ambitious Investors Report[4]. This could be interpreted as good news for consumer confidence, or simply a reflection that the most drastic budget adjustments were made back then, rather than in the last six months.

Takeaway food, cafes and restaurants, and holiday and travel remain the top three areas for cutbacks.

Areas Aussies have cut back on over the past six months

	AU	NZ
1.	Takeaway food	Takeaway food
2.	Eat-in cafes and restaurants	Eat-in cafes and restaurants
3.	Holidays and travel	Clothing and footwear
4.	Out of home entertainment	Out of home entertainment
5.	Clothing and footwear	Holidays and travel
6.	Alcoholic drinks and tobacco	Hobbies and interests
7.	Savings or investments	Savings or investments
8.	Online subscriptions	Alcoholic drinks and tobacco
9.	Hobbies and interests	Online subscriptions
10.	Beauty, skincare and cosmetics	Beauty, skincare and cosmetics

4 Stake Ambitious Investors Report 2023: https://hellostake.com/au/blog/stake-updates/ambitious-investors-report

Future-focused

While cutbacks show that investors remained focused on the future, **the reduced consumer spend is taking a toll on businesses** – which risks perpetuating the struggling state of the economy.

One study from IBISWorld[5] predicts that 1 in 13 Australian food and beverage businesses will close in the next 12 months. And we've already seen a decline in attendance of Australian nightclubs as people choose to stay home.

As people continue to scale back spending in these areas, the cultural scene could suffer further.

5 Sydney Morning Herald: https://www.smh.com.au/goodfood/eating-out/the-reason-so-many-restaurants-are-closing-20240523-p5jg04.html

"For me, financial success is about building a balanced lifestyle and being in control. To stay on track, me and my partner have accounts for living costs, investments, emergencies, and bigger splurges like holidays, which helps us spend responsibly while still giving ourselves room to have fun."

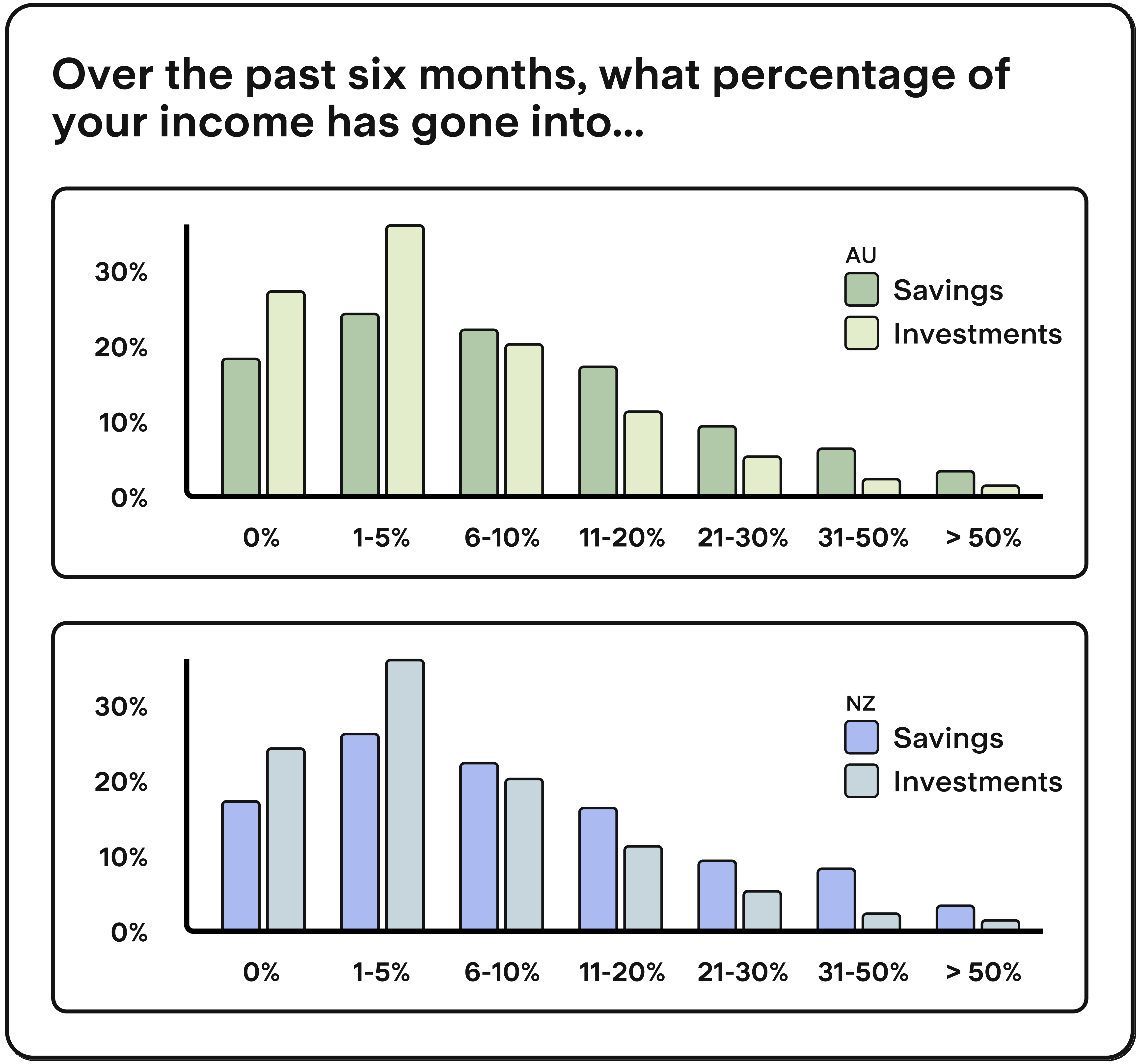
— Micheala Ripa, 29

Stake customer

Future-focused

Over the past six months, about three quarters of investors have directed some percentage of their income to investments.

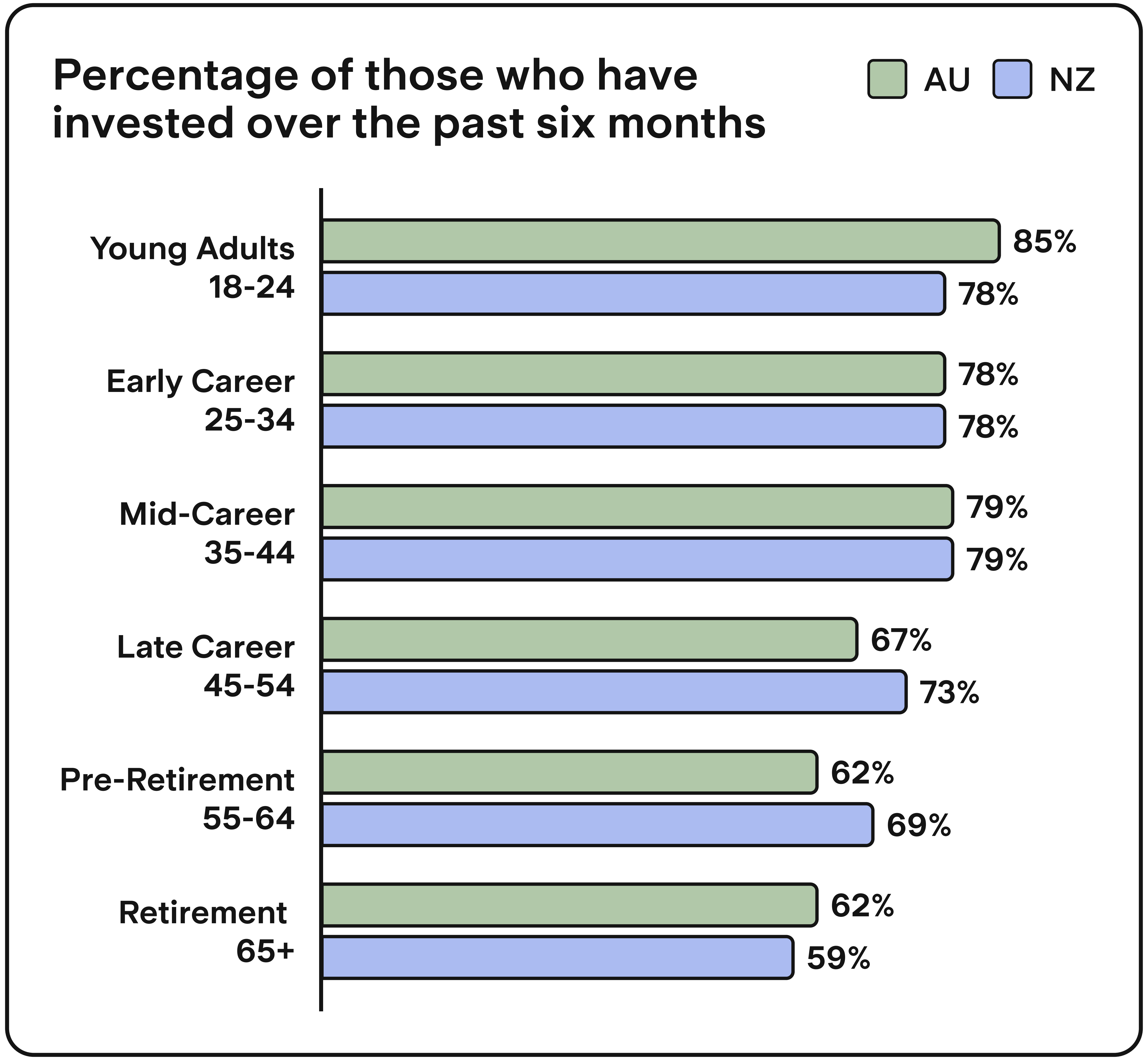
An impressive **67% of investors have held on to all of their shares** over the past 12 months, staying focused on building financial security.



Future-focused

Younger generations have maintained their investment habits at a higher rate than their seniors over the past six months.

This aligns with their views of the share market as an opportunity to achieve long-term stability while traditional assets like housing get further out of reach.



"In an environment of low wage growth, an inaccessible property market, high student debt, and elevated living costs, many are turning towards the share market to grow their wealth. The relatively low barriers to entry, and the history of strong market returns over the long term, mean stocks are an attractive option for those working towards a more comfortable future."

— Shani Jayamanne, 31

Senior Investment Specialist at Morningstar

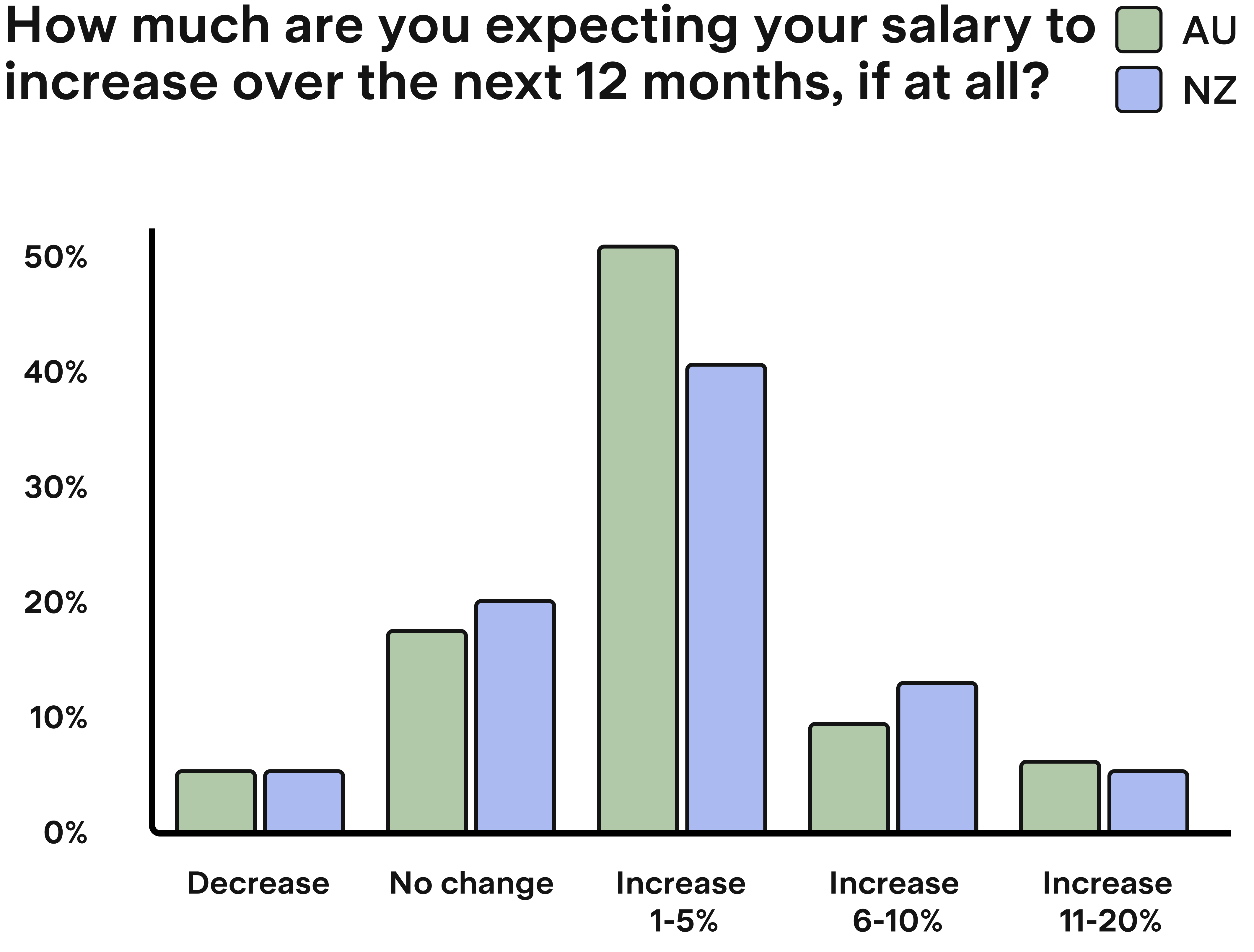
Wage expectations in a tight market

Across ANZ, most aren't expecting their wages to increase significantly.

Australia is firmly back to being an employers' market, with recent research[6] revealing that **redundancy fears are stopping employees from searching for better pay.**

Job security is also down in New Zealand, with a struggling labour market and a wave of public sector layoffs. March quarter data shows an unemployment rate of 4.3%, up from 4% in December, and this is pegged to rise to 5% by the end of 2024[7]. **Kiwis who are employed are also largely choosing to stay put.**

How much are you expecting your salary to increase over the next 12 months, if at all?



Wage confidence is so low that 1 in 5 investors (AU: 19% | NZ: 22%) expect no increase at all, and 5% expect their salary will actually decrease. That's at least **a quarter of investors whose purchasing power could go backwards** against an inflation rate of 3.6% in Australia and even higher in NZ.

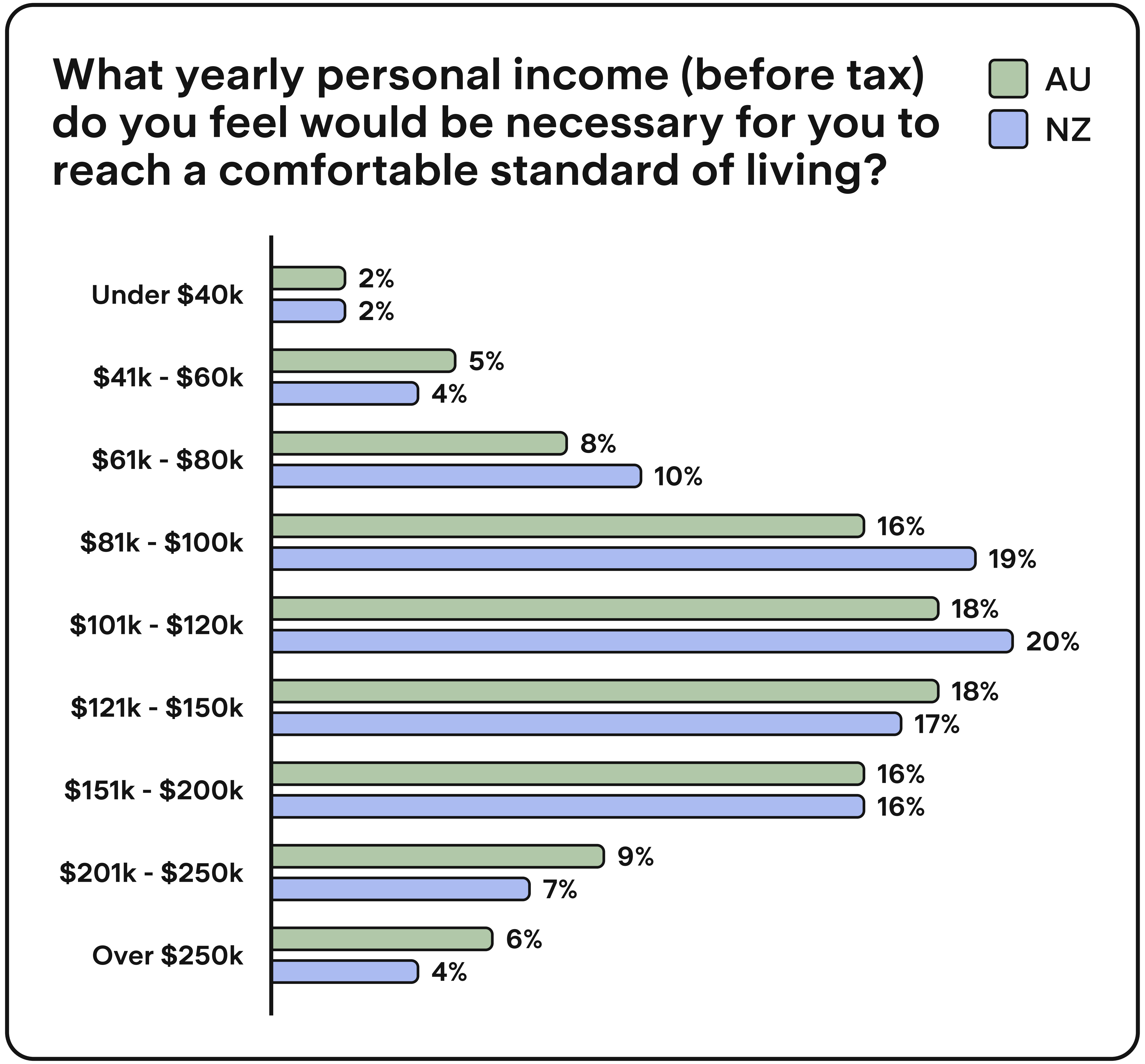
6 Randstad: https://au.finance.yahoo.com/news/sad-reality-aussie-workforce-043318613.html
7 Radio New Zealand: https://www.rnz.co.nz/news/business/515480/unemployment-pegged-to-rise-to-5-percent-by-2024-end

Income inadequacy

The ideal salary range has increased considerably since our 2023 report.

When asked what income they would need to live comfortably, most Aussie investors (18%) selected the **$121-150k bracket, closely followed by $101-120k.** Last year, the largest group (21%) said they needed $81-100k – indicating that incomes aren't going as far today.

In New Zealand, **64% of investors feel they need to earn over $100k** to afford a comfortable standard of living.

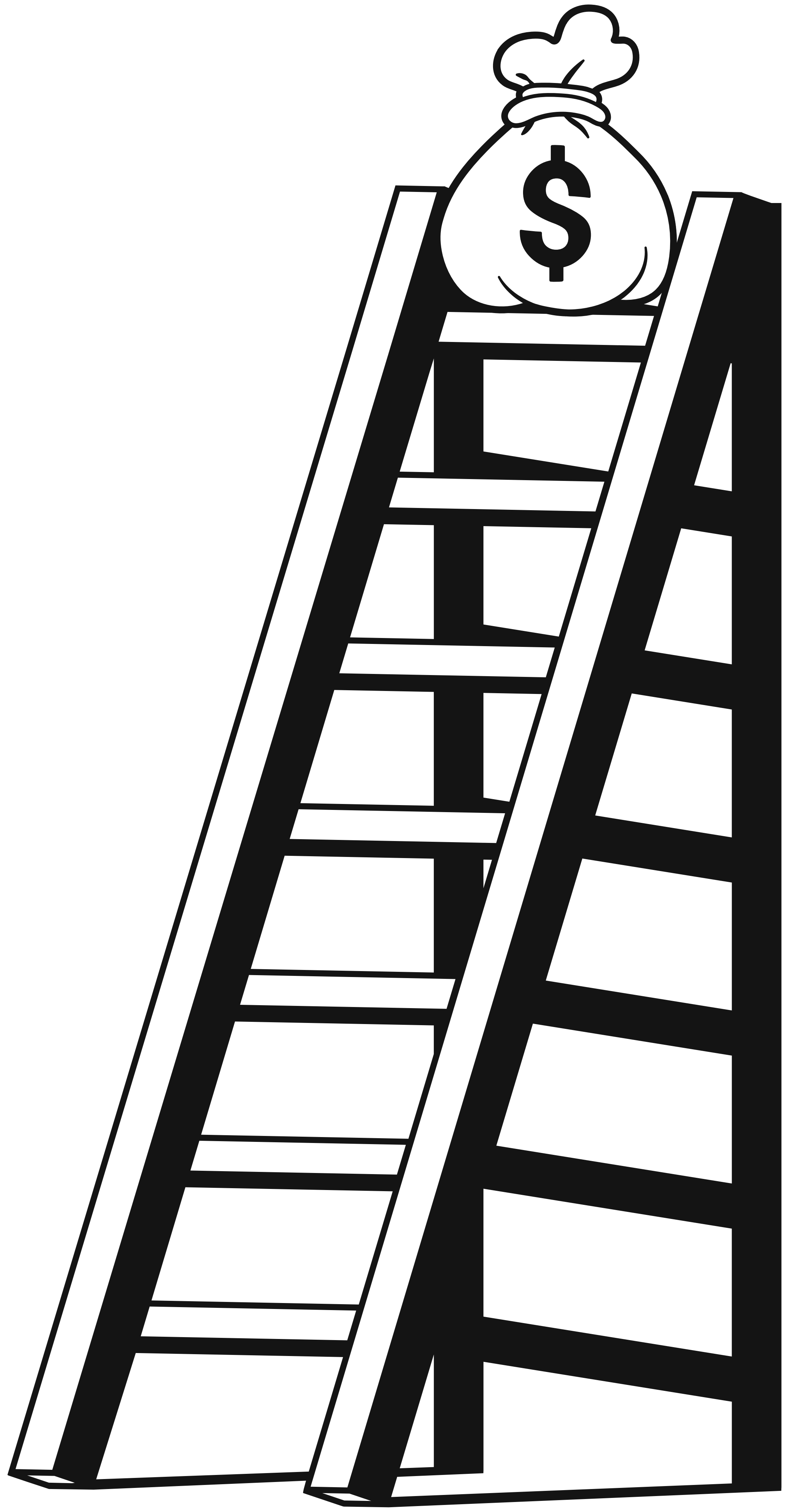


Income inadequacy

Investors tend to strive for the next income bracket as the sweet spot.

For example, a huge **78% of NZ investors in the median salary band of $48-70k say they would need to earn $80k or above**. In Australia, those in the highest tax bracket of $180k+ are the most likely to say they need over $200k per year to have a comfortable lifestyle.

Putting the high cost of city living in the spotlight, **35% of respondents living in metro areas shared they'd need between $121-200k**. This number drops to 28% amongst those living regionally.



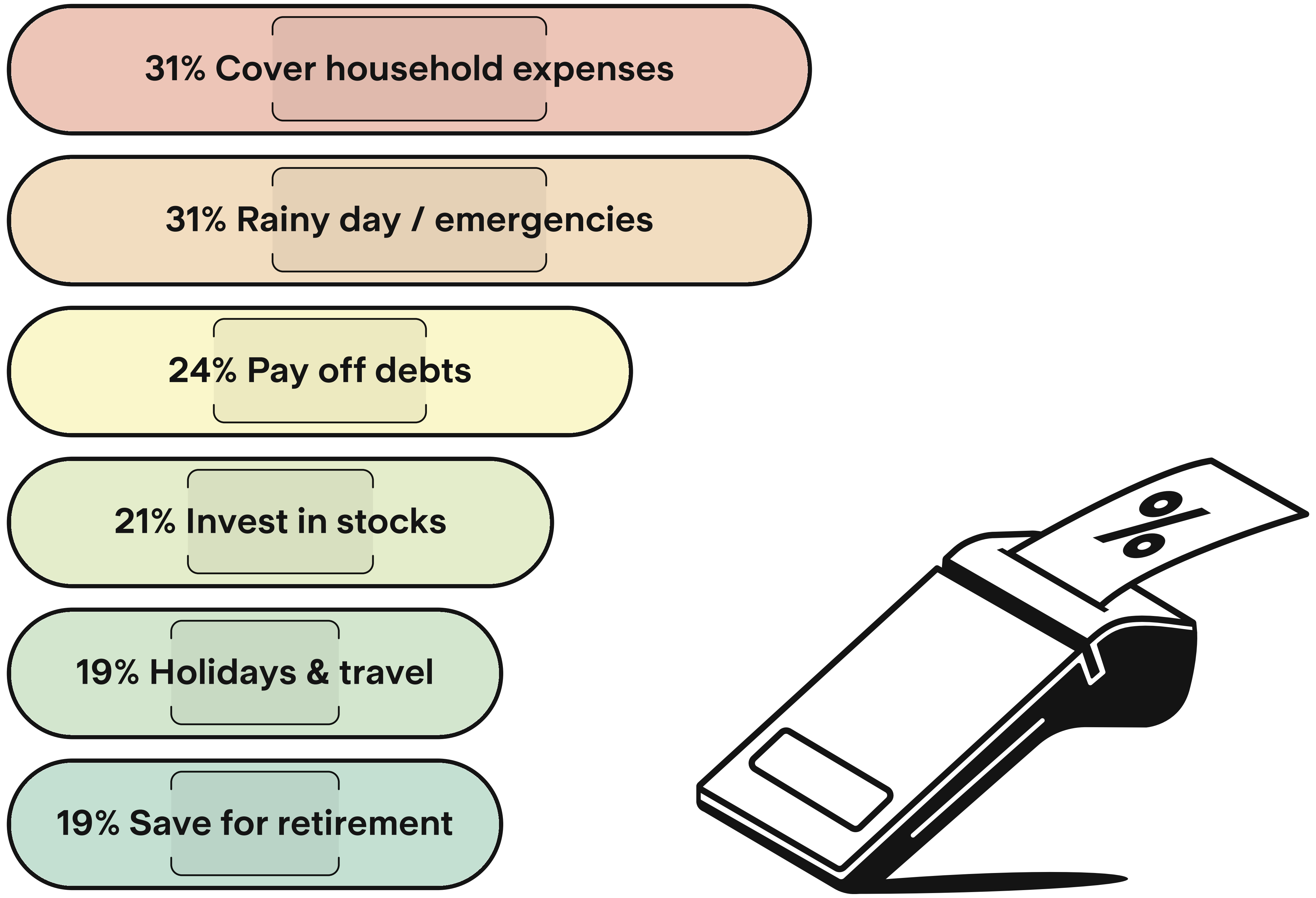
Tax relief

The new tax cuts will bring a welcome respite to Aussies, helping their wages stretch further in a tight economy.

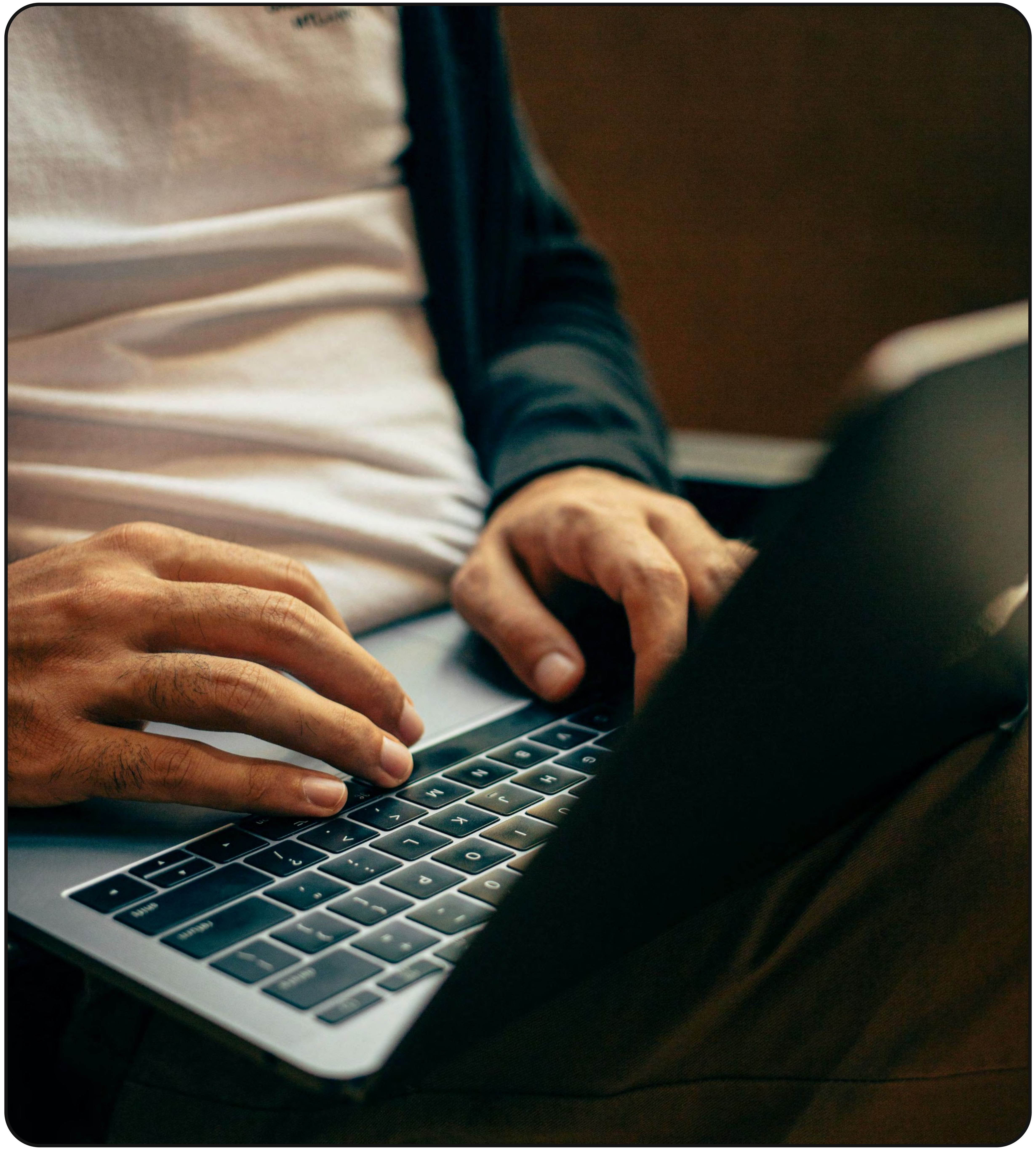
This July, Australia's stage three statutory tax cuts[8] have come into effect. Aussie workers with a salary of $70k (around the median average of $67k) are set to get back $1,429, per year, effectively giving them a small pay rise as a buffer against the rising costs of goods and services.

Australians are more likely to save and invest the extra money, compared to discretionary spending.

Australians will use the money from the tax cut to:



8 HR Block https://www.hrblock.com.au/tax-academy/stage-3-tax-cuts-explained#:~:text=What%20were%20the%20stage%20three,earning%20between%20%2445%2C000%20and%20%24200%2C000.



Part 3

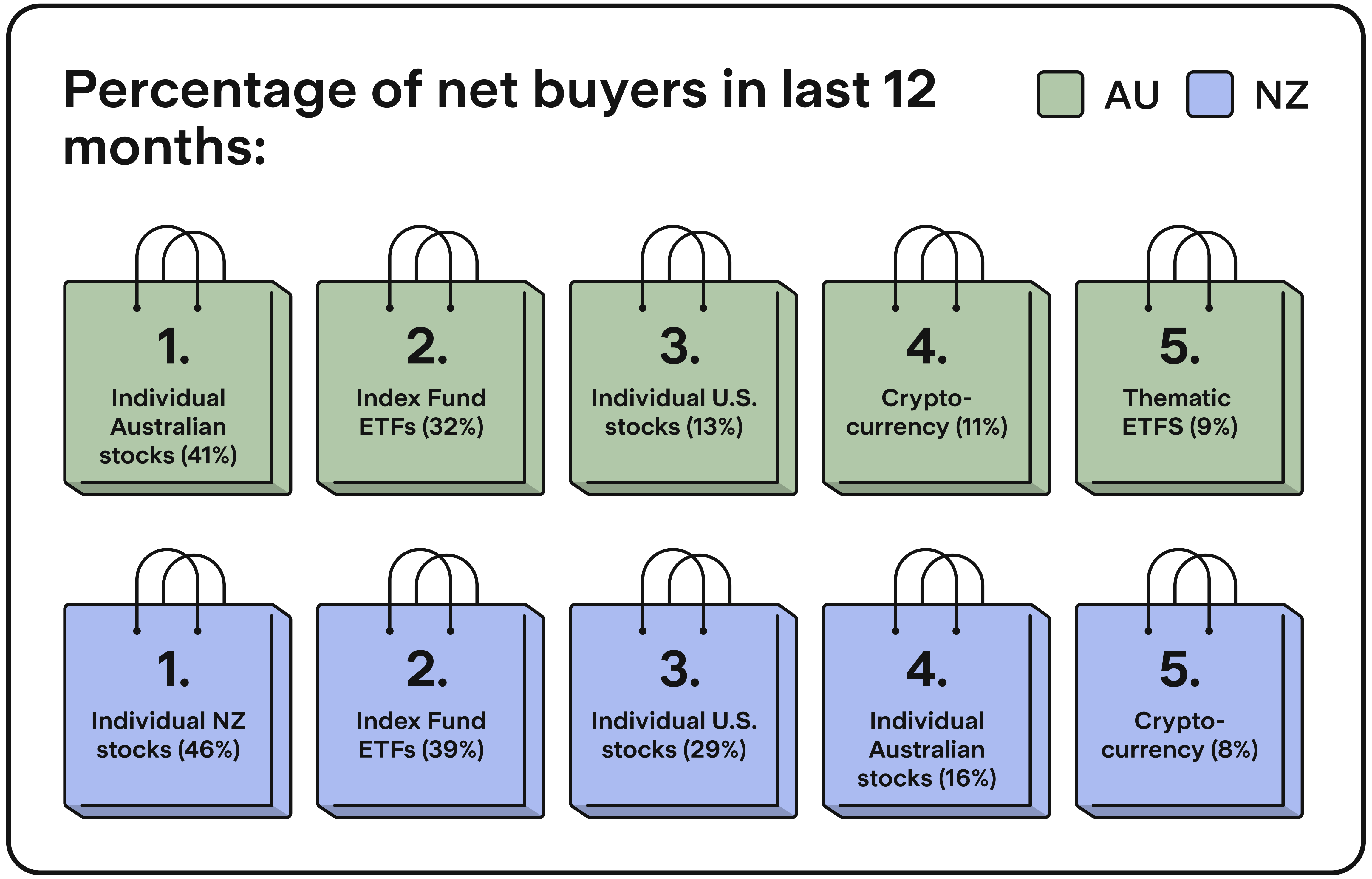
Investment Strategies

Close to home

The most popular investments reveal that Aussies and Kiwis are prioritising their local markets.

This bias is consistent across age groups: **local stocks were the most bought assets** (AU: 41% | NZ: 46%) in the last 12 months, followed by index fund ETFs, then U.S. stocks.

This could be a missed opportunity, particularly in New Zealand: in the same period, the NZX50 largely stayed flat, versus gains of approximately 23% for the S&P 500.



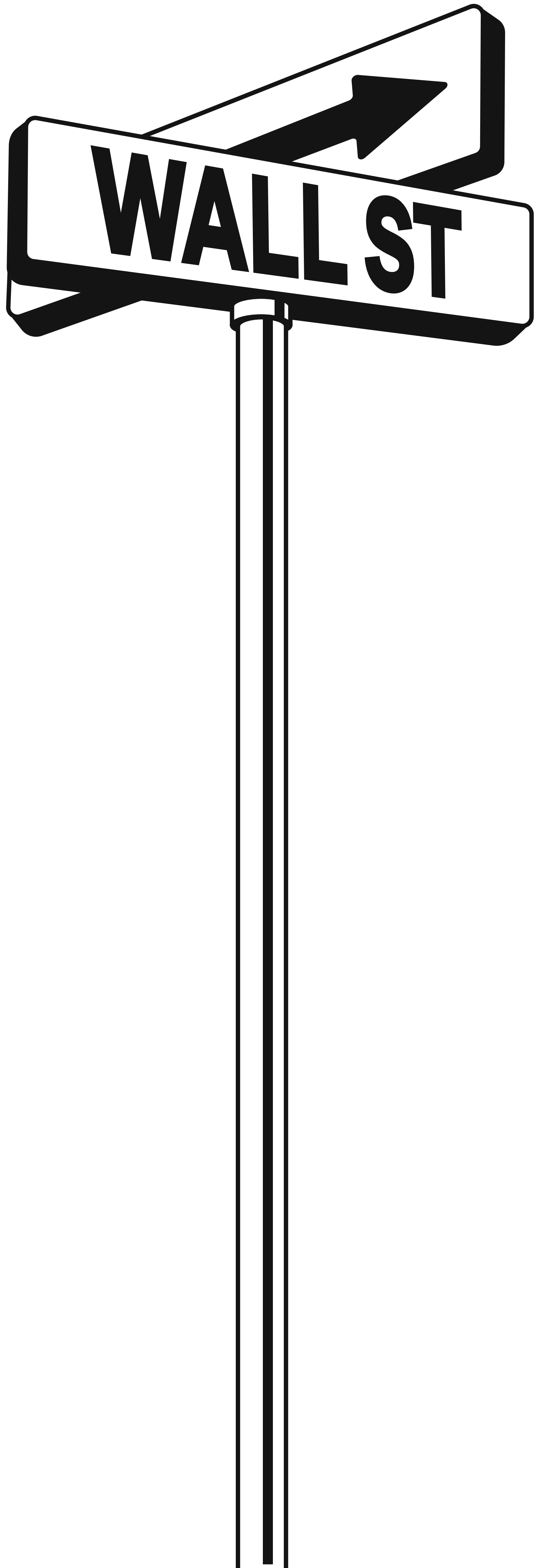
Close to home

Younger investors are more likely to look for exposure to individual U.S. stocks.

60% of 18-24 year old Australians say they plan to hold or own U.S. stocks over the next year, compared to 35% of the over 55s. This could be a result of improved access to Wall St in recent years, and/or the larger offering of familiar consumer brands.

Cryptocurrency also continues to be more popular with young age groups, perhaps reflecting their risk tolerance profiles. In New Zealand, investors aged 35-44 are the ones with the strongest appetite for crypto: 11% have bought more than they have sold in the past 12 months. However, ETFs and stocks are far more popular in both instances.

In Australia, **ETFs remain the most popular type of equity for those with less than five years of experience**. After 6-10 years of investing, individual shares start to overtake ETFs, suggesting that people become more confident to pick stocks with time spent in markets. 47% of 18-24 year olds investors and 45% of 25-34 year olds were net buyers of index fund ETFs in the past year. This contrasts with just 13% for those aged 55-64 and 6% of over 65s.



“After learning the Warren Buffett investment strategy, I soon realised my ‘circle of competence’ lay not in banks and mining companies, but in the large U.S.-listed businesses I encountered every day. Diversifying into the U.S. not only helped my investment returns, but also kept me captivated as an investor, helping me form lifelong habits and even start a YouTube channel.”

— Brandon van der Kolk, 29

Host and founder of New Money

Close to home

Kiwi investors are more willing to diversify overseas.

Local bias aside, Kiwis show a **greater interest in individual U.S. stocks than Aussies** (29% vs 13%), and **16% of them invest on the ASX**. This could be due to a sluggish local market, which fell to a six-month low this May.

However, it's worth noting that in Australia, investors are still gaining U.S. exposure through locally listed ETFs. Trading data on Stake shows that **three of the top five overall ASX-listed equities bought last year are ETFs with high exposure to U.S. stocks**: IVV, VGS and NDQ.

Most bought stocks over the past 12 months on Stake

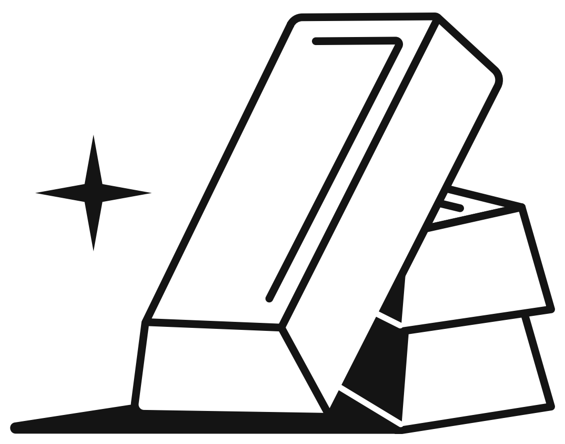
Stake Aus (AU only)

1	VAS	Vanguard Australian Shares Index ETF
2	IVV	iShares S&P 500 ETF
3	VGS	Vanguard Msci Index International Shares ETF
4	NDQ	Betashares Nasdaq 100 ETF
5	PLS	Pilbara Minerals Ltd

Stake Wall St (ANZ)

1	TSLA	Tesla, Inc.
2	NVDA	NVIDIA Corporation
3	AAPL	Apple Inc.
4	AMZN	Amazon.com, Inc.
5	VOO	Vanguard S&P 500 ETF

When asked about their outlook on major investment themes for the next year, investors took a shine to gold – as well as AI and EVs.



Despite the interest in gold, only 7% of Kiwi investors have been a net buyer of commodities in the last 12 months. It could be economic barriers holding Kiwis back from investing in gold, or simply a lack of access, as there are no gold ETFs available on the NZX.

Investor sentiment around themes

AU Positive	AU Negative	NZ Positive	NZ Negative
1 Gold (49%)	1 Weight loss drugs (33%)	1 AI (51%)	1 Weight loss drugs (36%)
2 EVs (46%)	2 China's recovery (31%)	2 Gold (50%)	2 Uranium and nuclear energy (26%)
3 AI (44%)	3 Indian stocks (26%)	3 EVs (42%)	3 China's recovery (24%)
4 Lithium (42%)		4 Lithium (34%)	
5 Copper (41%)		5 Copper (32%)	

Artificial intelligence, having gained impressive momentum over the past year, has reached number #1 in NZ and #3 in AU. Electric vehicle (EV) stocks are popular but polarising: 46% of Australian investors see the theme positively, while 20% are actually detractors. Regardless, investors remain relatively bullish when it comes to metals related to electrification, like lithium and copper.

While investors are relatively bullish on the market in general, they're **still conscious of sticky inflation/high interest rates and a slowing global economy** as the main risks over the next 12 months.

The positive sentiment around gold – widely regarded as an inflation hedge – reflects this uncertainty about the economic climate.

Biggest risk to portfolios

AU / NZ

AU

1. Inflation/high interest rates (47%)
2. Slowing global economy (43%)
3. Geopolitical conflict (35%)
4. Increasing government debt (22%)
5. Domestic politics (21%)

6. China's economy **7.** Climate change/environmental risk **8.** The U.S. presidential election **9.** De-globalisation and trade tariffs **10.** None of the above

NZ

1. Slowing global economy (49%)
2. Inflation/high interest rates (47%)
3. Geopolitical conflict (34%)
4. Increasing government debt (24%)
5. Domestic politics (22%)

6. Climate change/environmental risk **7.** The U.S. presidential election **8.** China's economy **9.** De-globalisation and trade tariffs **10.** None of the above

Most investors are worried they won't have enough money to fund a comfortable retirement.

That's 53% in Australia and 59% in NZ. A significant 4 in 5 [AU: 80% | NZ: 82%] believe that, by the time they retire, **most people will be working past the age of 65**.

In Australia, that's a disconnect with most of the general population, who are still aiming to step back between their 65th and 66th birthdays[9]. Investors, generally more engaged with finance, seem to realise they **need a more proactive approach to protect their retirement goals**.

If there's anxiety around nest eggs, this shows in how often investors are checking their superannuation balances: 43% of Australians surveyed do this at least once per month, while 60% in New Zealand check KiwiSaver balances in the same timeframe.

How often do you check your superannuation balance?

	AU	NZ
Once a week	15%	25%
≥ once per month	28%	35%
≥ once every three months	24%	21%
≥ once every six months	17%	9%
≥ once per year	9%	7%
< once per year	4%	3%
Never	3%	1%

9 ABS https://www.abs.gov.au/media-centre/media-releases/australians-still-intending-retire-between-65-and-66

Despite concerns over delayed retirement, **a significant number of investors (AU: 30% | NZ: 49%) would repurpose their superannuation or KiwiSaver to buy a property if given the chance**. While this has been debated as a potential solution to the housing crisis, one study in Australia has shown that early access to super would result in increased reliance on government-funded age pensions after retirement, with a projected taxpayer cost of $1 trillion[10].

That said, **self-managed super funds are a more well-trodden path** for Australians looking to invest in property through their super. Respondents who have an SMSF say their top reasons for doing so are greater investment control (55%), the ability to buy property (32%), cost-effectiveness (27%) and the potential for better returns (26%).

A lack of confidence and knowledge about managing retirement funds is preventing many from taking the SMSF route.

Investors without SMSFs believe they require too much time on admin and reporting (54%), think it takes too much time to choose investments (52%), don't trust themselves to manage retirement funds (47%) or are put off by the perceived complexity of setting an SMSF up (43%).

10 9news https://www.9news.com.au/national/raiding-super-fund-for-house-deposit-could-cost-taxpayers-one-trillion-dollars/9f540ed9-faef-458e-9414-06ffcc5baa01

About the research

The Ambition Report, conducted by Pureprofile in partnership with Stake, involved online surveys carried out between 9 May 2024 and 17 May 2024.

The study surveyed 2,011 investors in Australia and 1,011 investors in New Zealand, all aged 18 and above, who do not consider themselves to be retired.

Investors were defined as individuals currently holding investments in the share market, including through KiwiSaver or self-managed super funds, but excluding retail superannuation funds.

STAKE The Ambition Report

The research is for informational purposes only and does not constitute financial advice or a recommendation to invest in financial markets.