

Australian Investors Association and Adviser Ratings

INVESTMENT SENTIMENT INDICES – FEBRUARY 2003

INVESTMENT SENTIMENT GOING DOWNHILL FAST

PLEASE NOTE NEW CHART ADDED – SENTIMENT INDEX TRENDS
See end of media release (page 5)

Financial Advisers have never been more pessimistic about the prospects for the sharemarket and their pessimism is mirrored by investors.

The Investment Sentiment Surveys conducted by Adviser Ratings and the Australian Investors Association for February 2003 have seen both Investors and Financial Advisers become massively more bearish since the last survey conducted in December 2002.

Gone is the Christmas cheer shown in the December survey and the harsh realities of looming international hostilities and continuing falling local and international share markets seem to have affected both investor and adviser sentiment.

Advisers have recorded their most pessimistic view since the Sentiment surveys began in July 2002. Adviser sentiment is the most bearish it has been at 15.6% and is three (3) times the December figure. Yet still over a third (35.4%) of Advisers expect the share market to go up in the next six months. Almost 50% of Advisers expect no change.

Meanwhile Investors continue to be more pessimistic than Advisers with only 12.1% believing the sharemarket will rise in the next 6 months and a record 35.5% taking the opposite view.

Investors have reflected their pessimism about the sharemarket in their Asset Allocation by showing record lows for allocation to both domestic and international sharemarkets and record highs for cash and property.

Adviser's asset allocation reflects the same movements, however for both the movements in allocation on average are not particularly large.

The very significant increase in pessimism for both investors and advisers suggests a drop in sharemarket activity and perhaps even a further sell off, however the sentiment surveys have not been undertaken for a long enough period to be used as a predictive tool

Please refer to the following charts for further information.

The next Sentiment Surveys will be conducted for March 2003.

The surveys have been operational since July 2002 and are proving to be of significant interest to the financial services industry, the public and the media.

The Australian Investors Association is an independent not for profit association that provides independent investment education for members and represents the interests of individual investors to government and the financial services industry. www.investors.asn.au

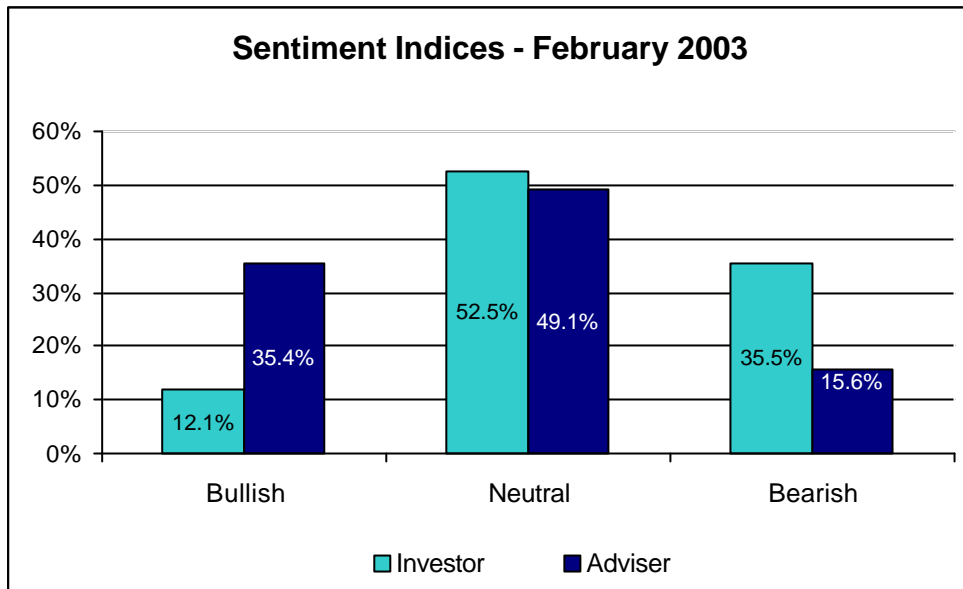
Adviser Ratings provides independent Ratings of Financial Planners to assist investors in choosing a Financial Planner. www.adviserratings.com.au

CONTACTS

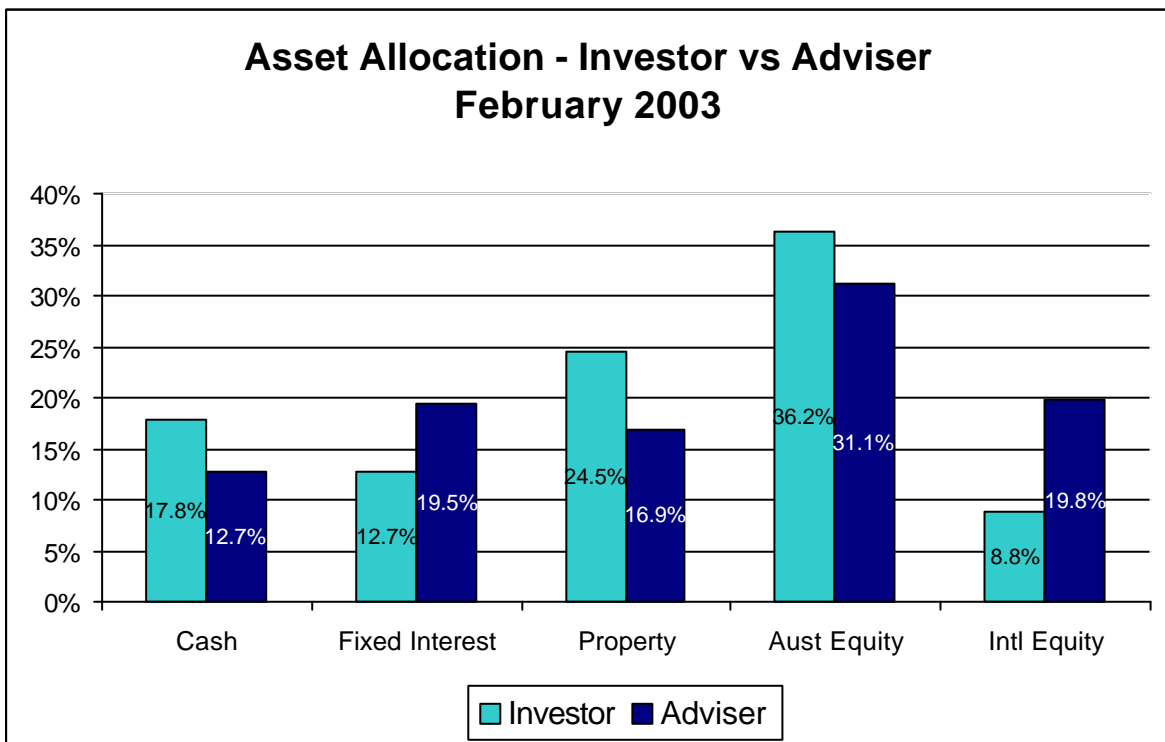
Bob Andrew (07) 3892 5529
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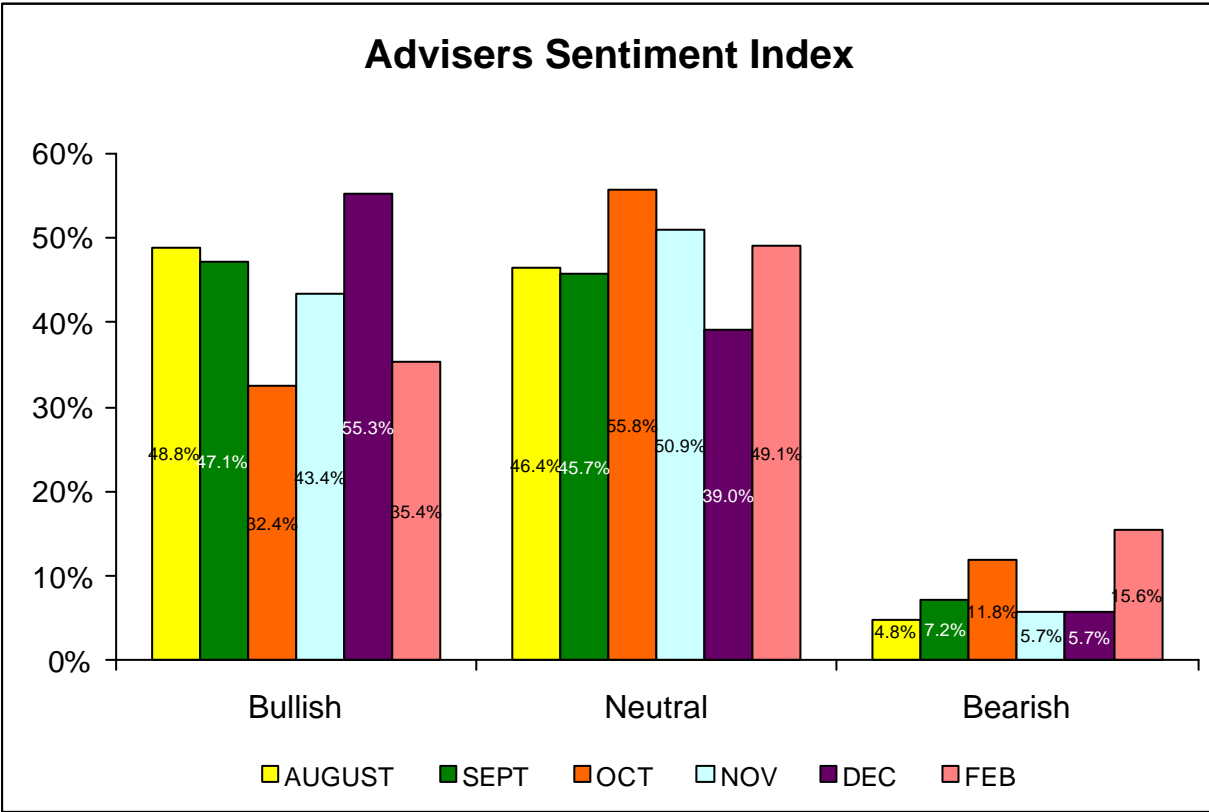
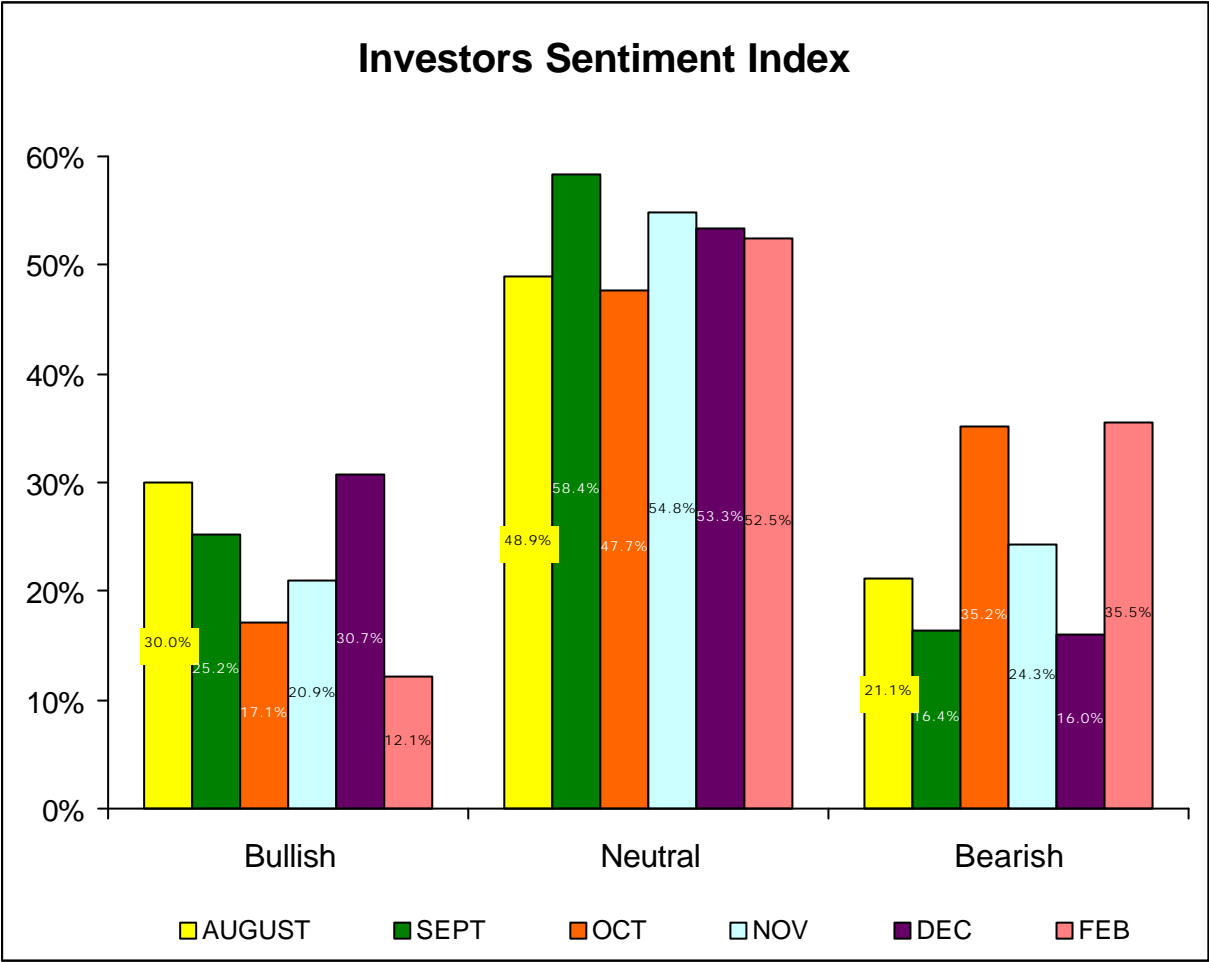
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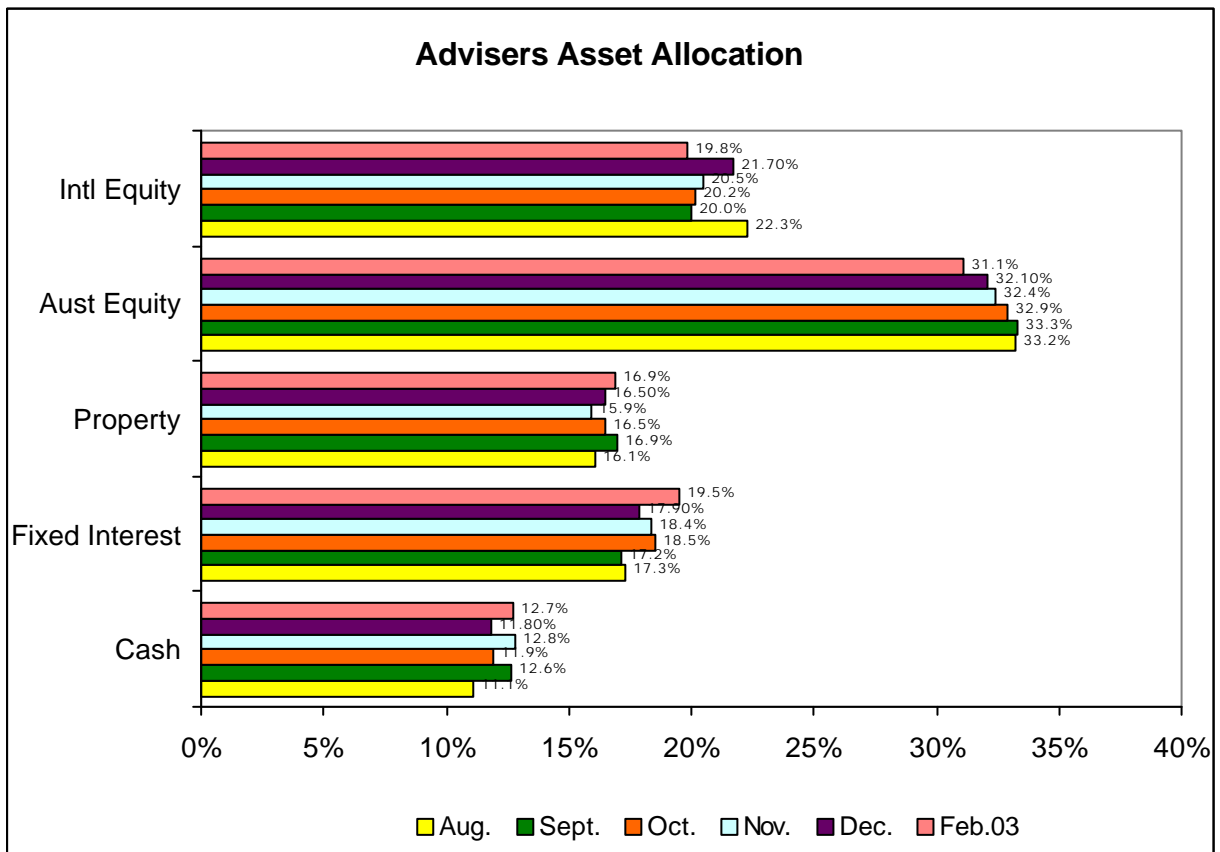
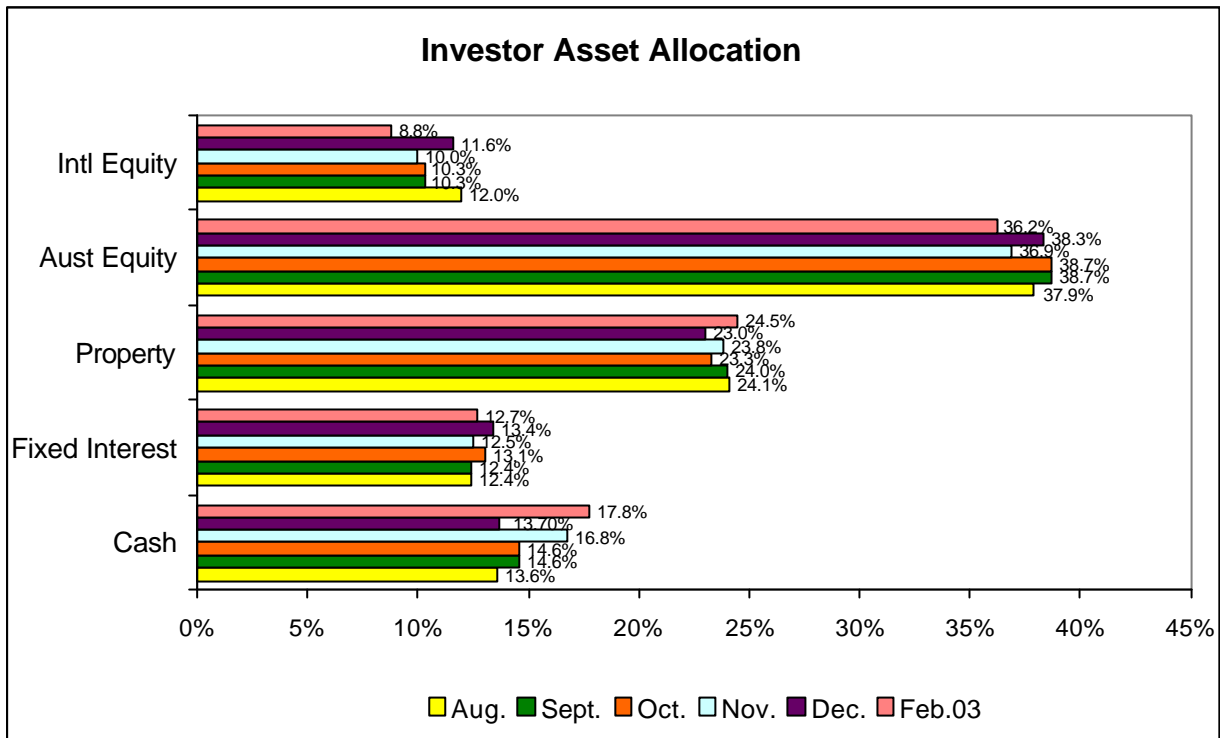
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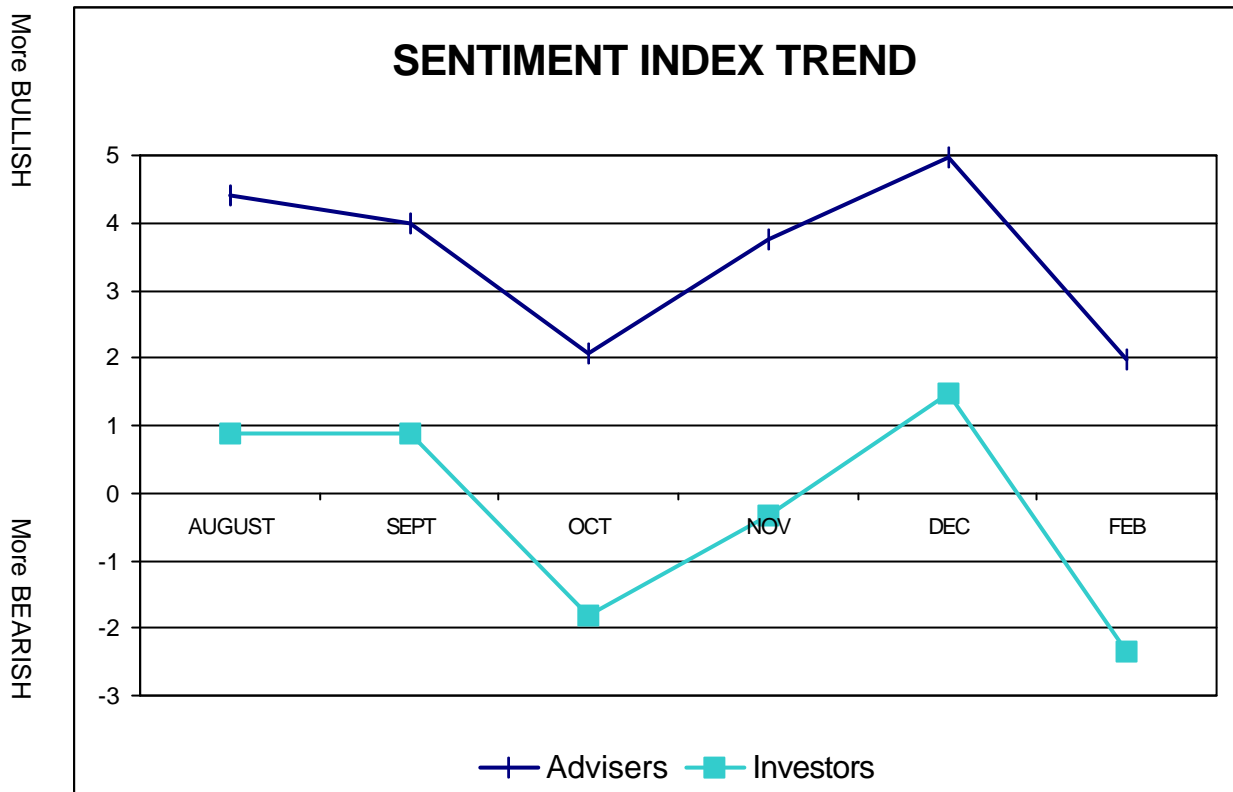


There remains significant gaps between Investor and Adviser Sentiment, however the trends appear to correlate. (see final Chart)









This NEW chart shows the Trend in Sentiment for Investors and Advisers.

Overall Sentiment is calculated by reference to the percentage of Bulls, Bears and those with a Neutral view.

The range of possible results is 10 to minus 10, where 10 is 100% Bulls, minus 10 is 100% Bears and 0 is 100% Neutral.

At this relatively early stage in the history of the Sentiment Surveys the most interesting observation is that the trends are almost perfectly parallel and that the gap is consistent.

What will be interesting to observe in coming months will be a convergence of results and speculation on what events could cause this to happen.