



A Management Presentation on.... Opportunities in Educating Retail Investors

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Report Flow

Project Background & Objectives

Research Design & Sample Structure

**Overview of General Investor's Market
Incidence
Investor's Profile**

**Current Investment Behavior
Potential Investors
Existing Investors**

Background, Research Objective, Research Design



Project Background



- The Securities and Exchange Commission (SEC) Thailand was established in 1992 and as the capital market supervisory agency with the status of an independent state agency.
- The SEC's 2010 - 2012 strategic plan focuses on four major goals:
 - Maintain orderly market
 - Ensure investors protection
 - Foster business innovation
 - Promote competition
- To help achieve its goals, one of SEC's requirements is to determine what retail investors know about investment in the capital market in order to educate them via an appropriate communications strategy.

Overall Research Objectives

Primary Objectives

- To identify if the level of knowledge and understanding of retail investors have about the capital market is sufficient to protect their interests, as well as identify areas of improvement
- To explore awareness and attitudes towards SEC's role as an information and knowledge provider and its role in investor protection
- To understand the (information) needs of retail investors and their preferred communication channels in order to develop appropriate investor education strategies

Secondary Objectives

- To explore the incidence of existing investors and potential investors amongst a target consumers
- To understand current investment behaviour in relation to SEC-regulated investment products
- To understand what drives investment in various investment products in order to develop future strategies

Research Approach



- To help profile and investigate attitudes, needs and behaviour of the Thai investors market, a 2-step methodology was applied.

Step 1 :

Random survey of a cross section of Thai adults with sufficient monetary potential to invest in SEC regulated investment products to understand the incidence of non-investors, lapsed investors, potential investors and existing investors.

Step 2 :

Target specific adults who are already existing investors of SEC regulated products - to provide a deeper understanding of how existing investors thought about and made their investment decisions.

Overall Sample Design & Timing



Method

Quantitative Face to Face Interviews

General Profile

Male / Female, aged 20 years old and above
Do not include people who work in Bank, Financial Institutions, Ads Agency, and Market Research company
Have either personal income over 25,000 Baht/month (if working), or household income over 40,000 Baht/month (if non-working)

Sample size

Step 1: N = 750 via Random Sampling of Target Respondents
Bangkok (50%) – n=375 and Upcountry (50%) – n=375 (equally spread across pre-selected provinces)
Step 2: N=250 booster interviews amongst existing investors via Quota sampling

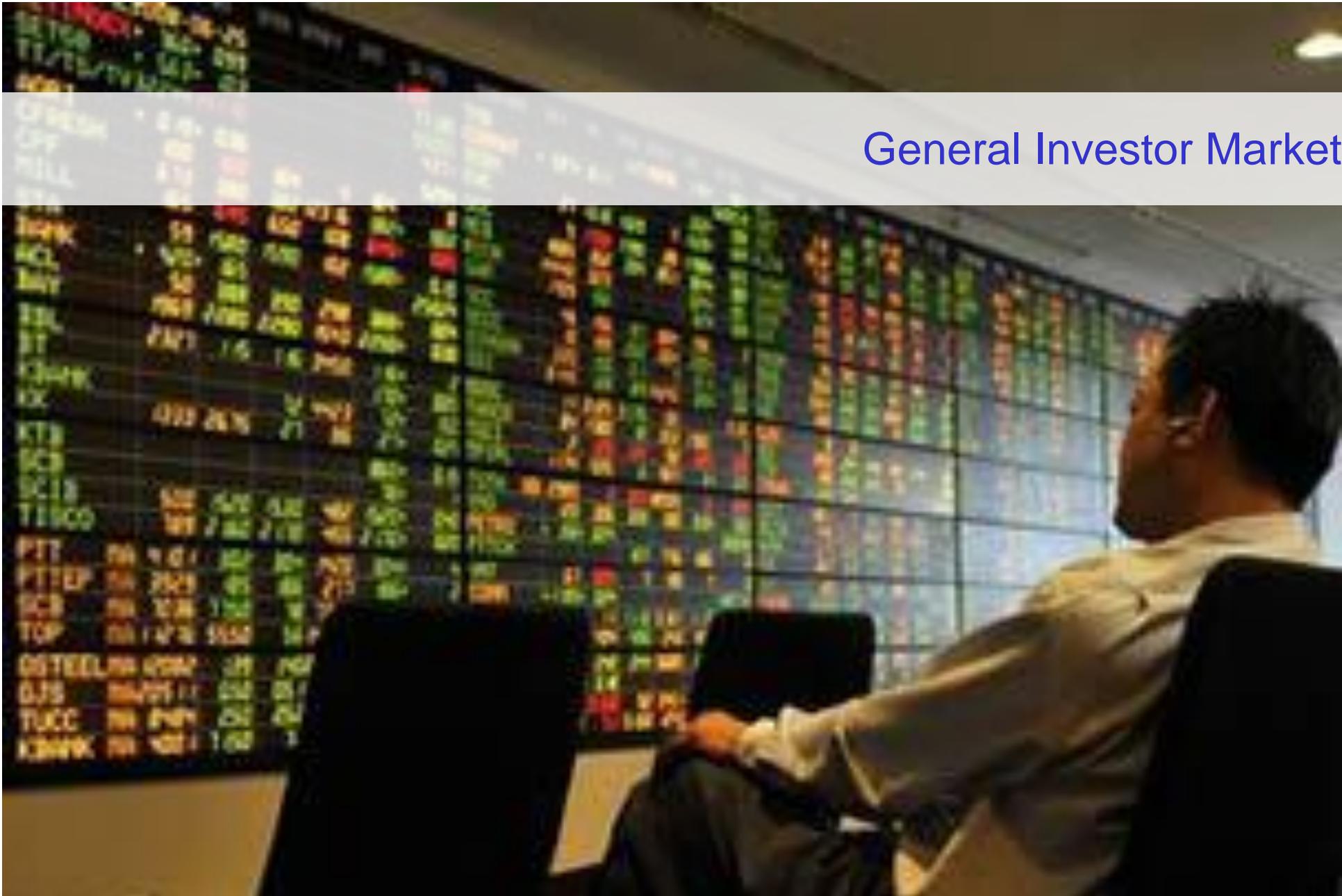
Area covered

Bangkok,
North (Chiang Mai, Nakorn Sawan),
South (Song Khla, Phuket),
Northeast (Nakorn Ratchasima, Khon Kaen)

Field dates

16 January 2010 – 09 February 2010

General Investor Market



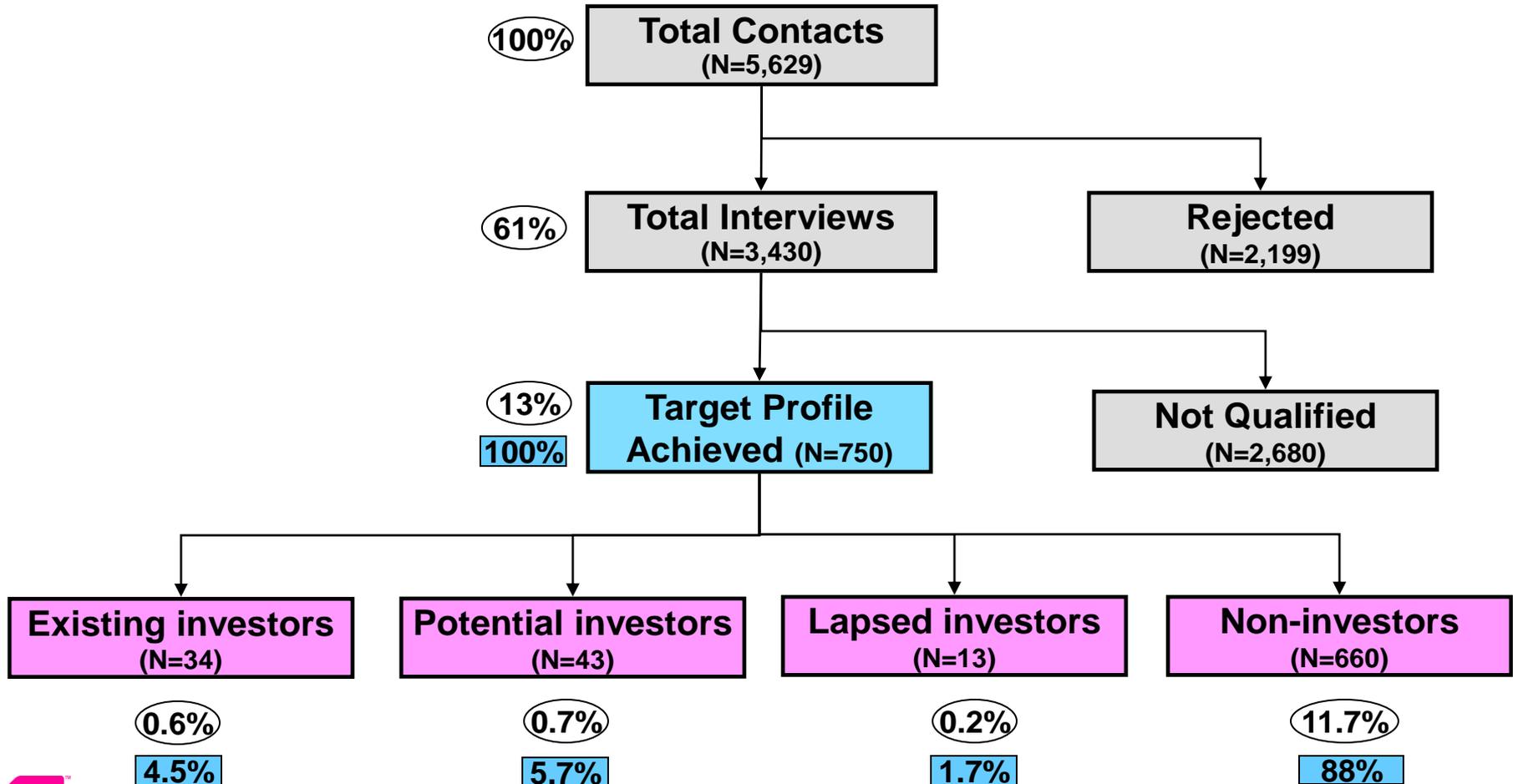


Overview

Incidence Level of Investors Amongst Key Target Audience



- The incidence of existing investors is around 4.5% from the target group (i.e. Male / Female, aged 20 years old and above and have either a personal income over 25,000 Baht/month (if working), or household income over 40,000 Baht/month (if non-working))

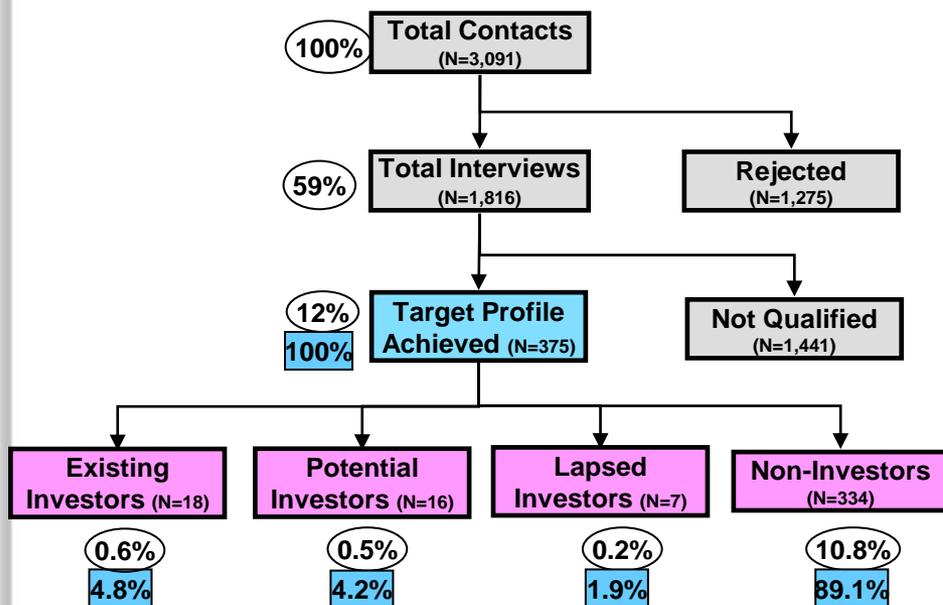


Incidence Level of Investors Amongst Key Target Audience (By Region)

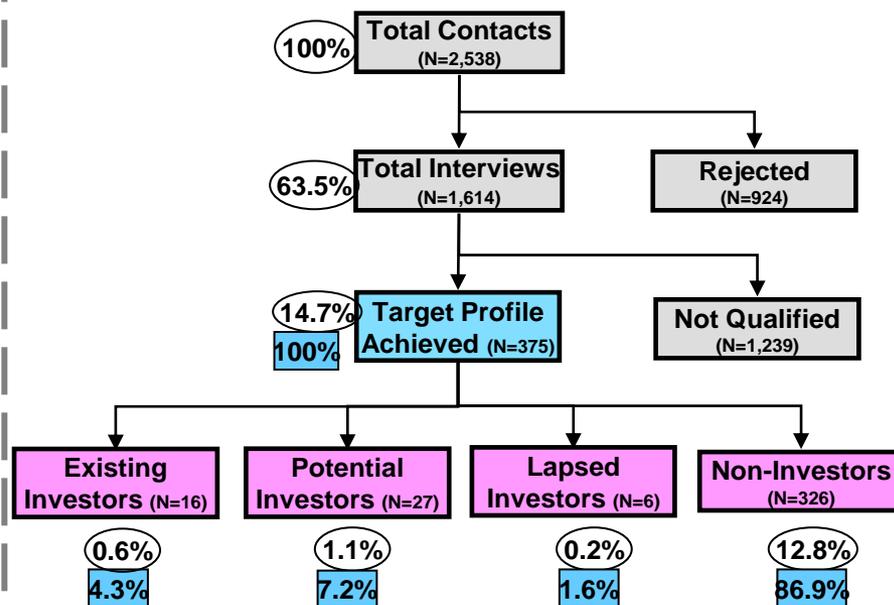


- The incidence of existing investors in Bangkok is a bit higher than in upcountry while the incidence of potential investors occurs mostly in upcountry.

Incidence of Target Investors (Bangkok)



Incidence of Target Investors (Upcountry)



Reasons For Not Investing (Non-Investors)

Base: Those who do not hold any investments (n=660)



- The main reason that most of the target group do not invest in financial investment products is due to lack of product knowledge. Economic uncertainty is also a key barrier

Fig in%

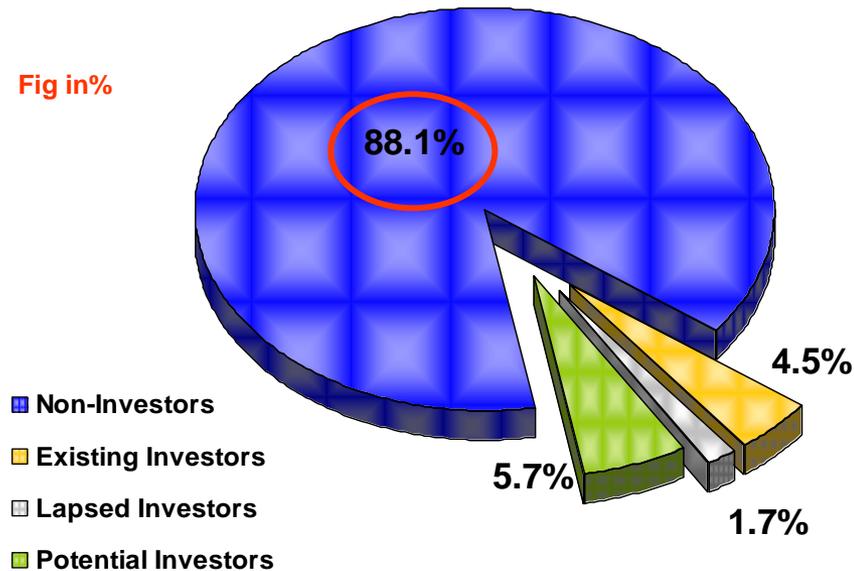


Fig in%

Non-investors
n = 660

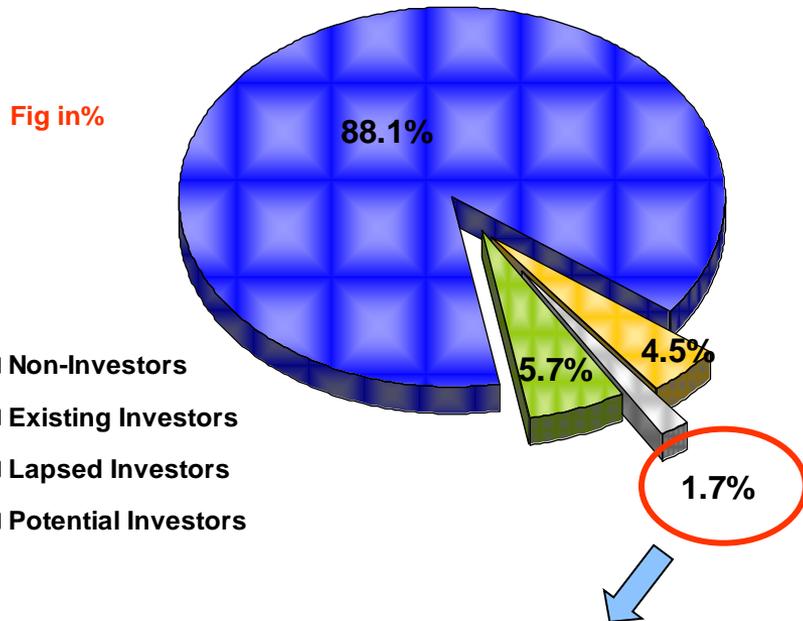
■ Lack of product knowledge and therefore couldn't predict what might happen to the value of the money invested	58%
■ Economic recession - didn't want to take the risk that the value for investments would fall	27%
■ I need the money for another purpose	15%
■ I now prefer saving account rather than other investment products because it is less risky	12%
■ Political instability in Thailand - didn't want to take the risk that the value for investments would fall	7%
■ Don't have enough allocated budget for an investment	7%
■ Inconstancy in income and expenses in the family	5%

Reasons for stopping investment (Lapsed Investor)

Base: Those who invested in past year but currently do not hold any (n=13*)



- Lapsed Investors stopped investing because they needed their money to invest for another purpose and because of worries about the economic recession



- Non-Investors
- Existing Investors
- Lapsed Investors
- Potential Investors

Recent Product Invested

Stocks	4 #
Mutual Funds	9 #

Fig in #

(Note, very small base) n = 13*

TOTAL

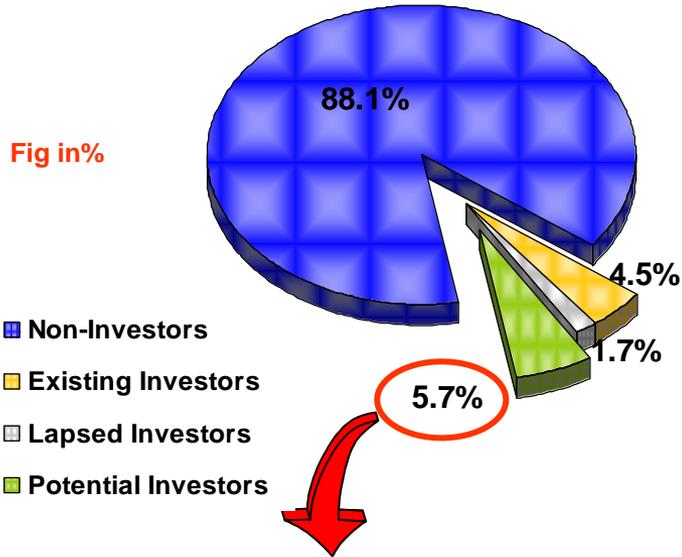
■ Need money to invest for another purpose	6 #
■ Economic recession - didn't want to take the risk that the value for investments would fall	5 #
■ Lack of product knowledge	3 #
■ Don't have enough allocated budget for an investment	1 #
■ The investments were making a loss so I decided to sell them	1 #
■ Political reason (Political instability in Thailand - didn't want to take the risk that the value for investments would fall)	1 #
■ Low interest / Low dividend	1 #

Potential Investor's Hopes and Fears

Base: Those who plan to invest in the next 12 months (n=43)



- Potential investors will look to invest in mutual funds (60%) followed by stocks (33%). Lack of product knowledge and fear of the economic recession are reasons for not investing



Interest to Invest in Next 12M n=43

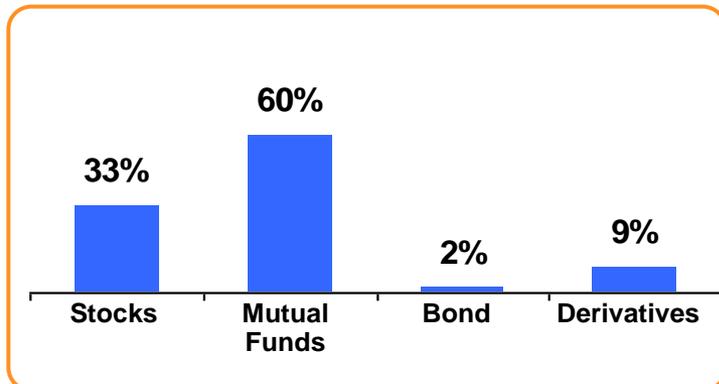


Fig in%

Potential investors

n = 43

■ Lack of product knowledge and therefore couldn't predict what might happen to the value of the money invested	44%
■ Economic recession - didn't want to take the risk that the value for investments would fall	44%
■ I needed the money I had invested for another purpose	16%
■ I now prefer saving account rather than other investment products because it is less risky	7%
■ Political instability in Thailand - didn't want to take the risk that the value of investments would fall	7%
■ Don't have enough allocated budget for an investment	2%
■ Inconstancy in income and expenses in the family	2%

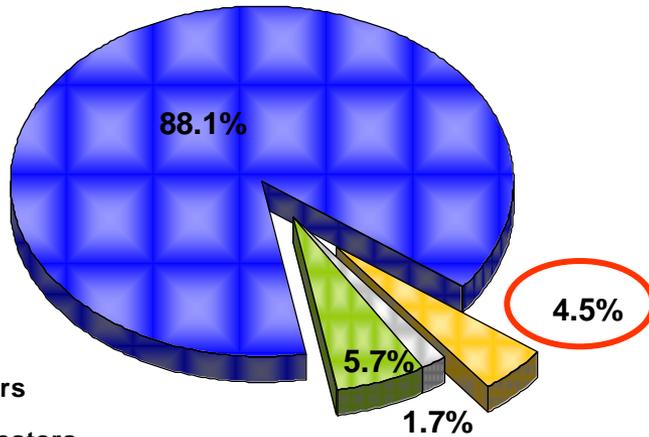
Investment amongst Existing Investors (1)

Base: Those who are currently investing - Random (n=34)



- Amongst existing investors in the general population, mutual funds are the key product invested in.

Fig in%

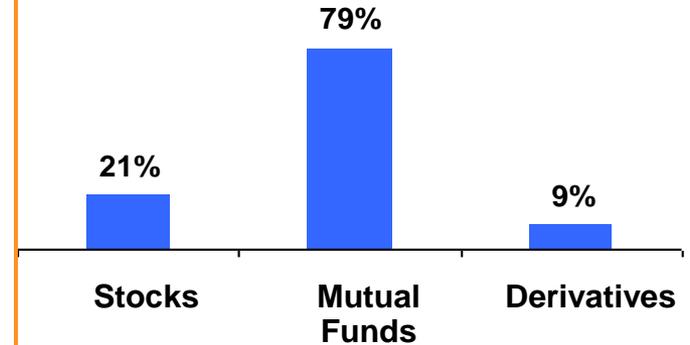


- Non-Investors
- Existing Investors
- Lapsed Investors
- Potential Investors



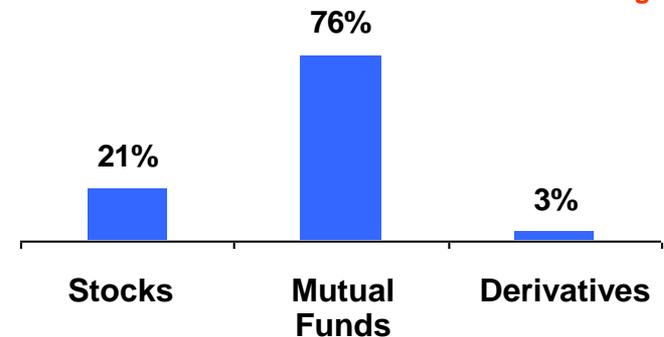
Currently Investing

Fig in%



Spending Most Investment In

Fig in%



Investment amongst Existing Investors (2)

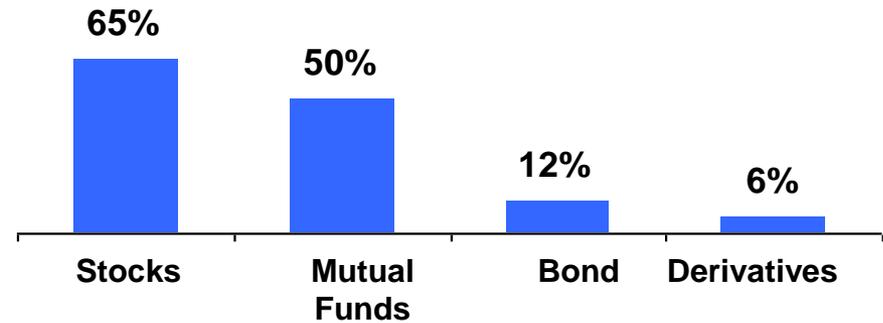
Base: Those who are currently investing – Total Boosters (n=250)



- However, looking deeper into to the total existing investors market, there is higher investment in stock (58%) though mutual funds (37%) remain a key product for investment.

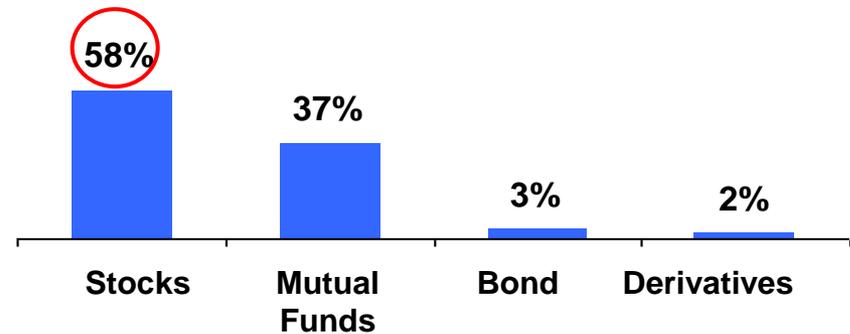
Currently Investing

Fig in%



Spending Most Investment In

Fig in%

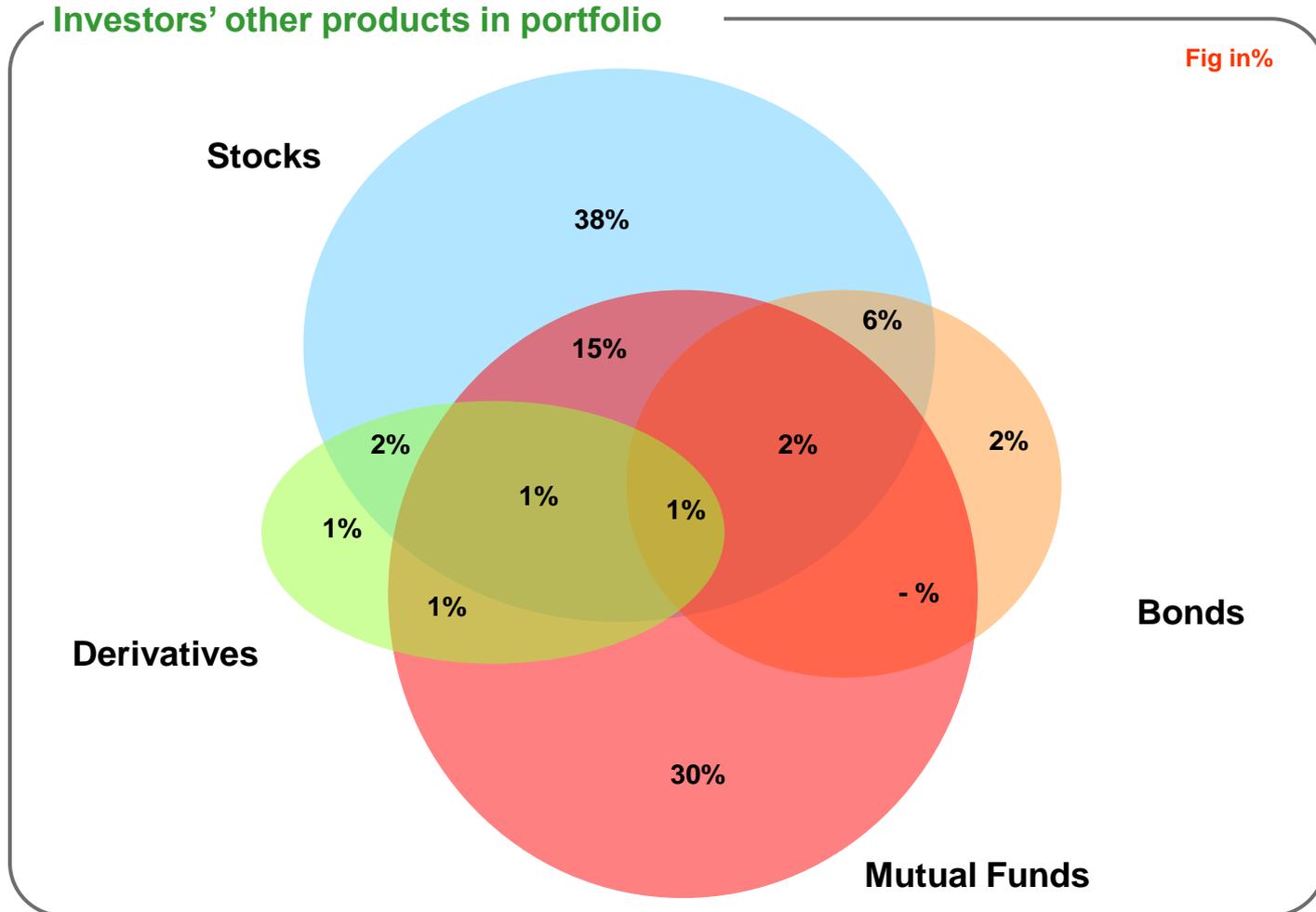


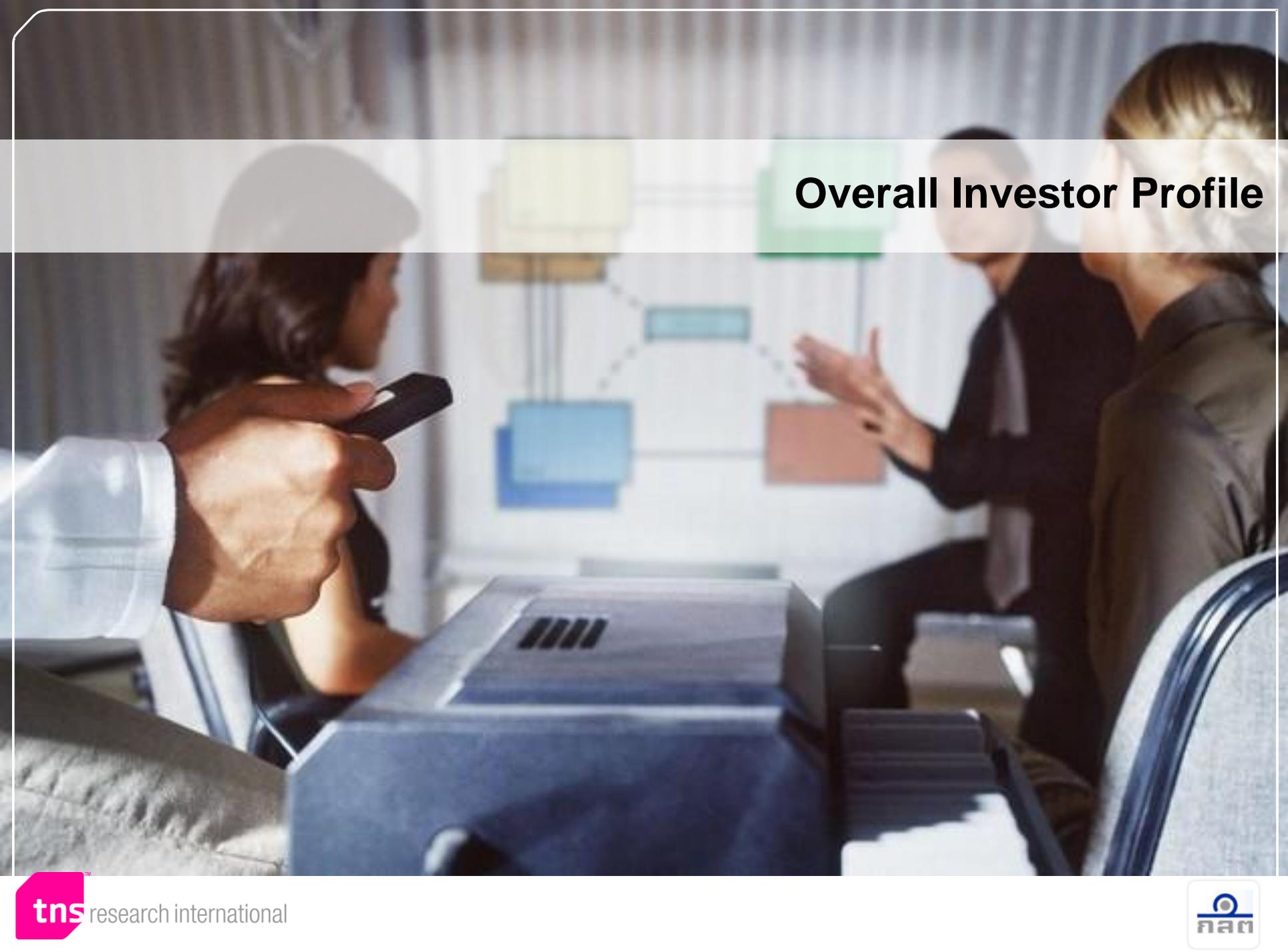
Investment amongst Existing Investors (3)

Base: Those who are currently investing – Total Boosters (n=250)



- Looking at the overall portfolio, 38% are investing only in stocks, with 30% only in mutual funds. The rest have a spread across several investment products with the greatest overlap (at 15%) between these two products.



A blurred office scene showing a meeting. In the foreground, a person's hand is holding a smartphone. In the background, a man in a suit is gesturing while speaking to a woman. On the wall behind them is a flowchart with several colored boxes (yellow, green, blue, red) connected by lines. The text "Overall Investor Profile" is overlaid on the right side of the image.

Overall Investor Profile

Overall Investors' Profile

Base: Potential Investors & Existing Investors



- Married women form a majority of investors – though this may in part, be a function of their availability when interviews were carried out. Existing investors have a slightly higher skew in education and household income.

Fig in%

	Potential investors N=43	Existing investors N=250
Profile		
Women	65%	65%
Working Full Time	95%	76%
Married/ Living Together	60%	62%
Age		
Below 40 years old	66%	51%
Below 50 years old	89%	81%
Core Age: 30-39 yrs old	47%	39%
Monthly Household Income		
40,000 – 59,999 Baht	56%	24%
60,000 Baht or more	28%	74%
Education Level		
Completed Secondary/Vocational	33%	10%
Completed Bachelor's degree or higher	58%	83%

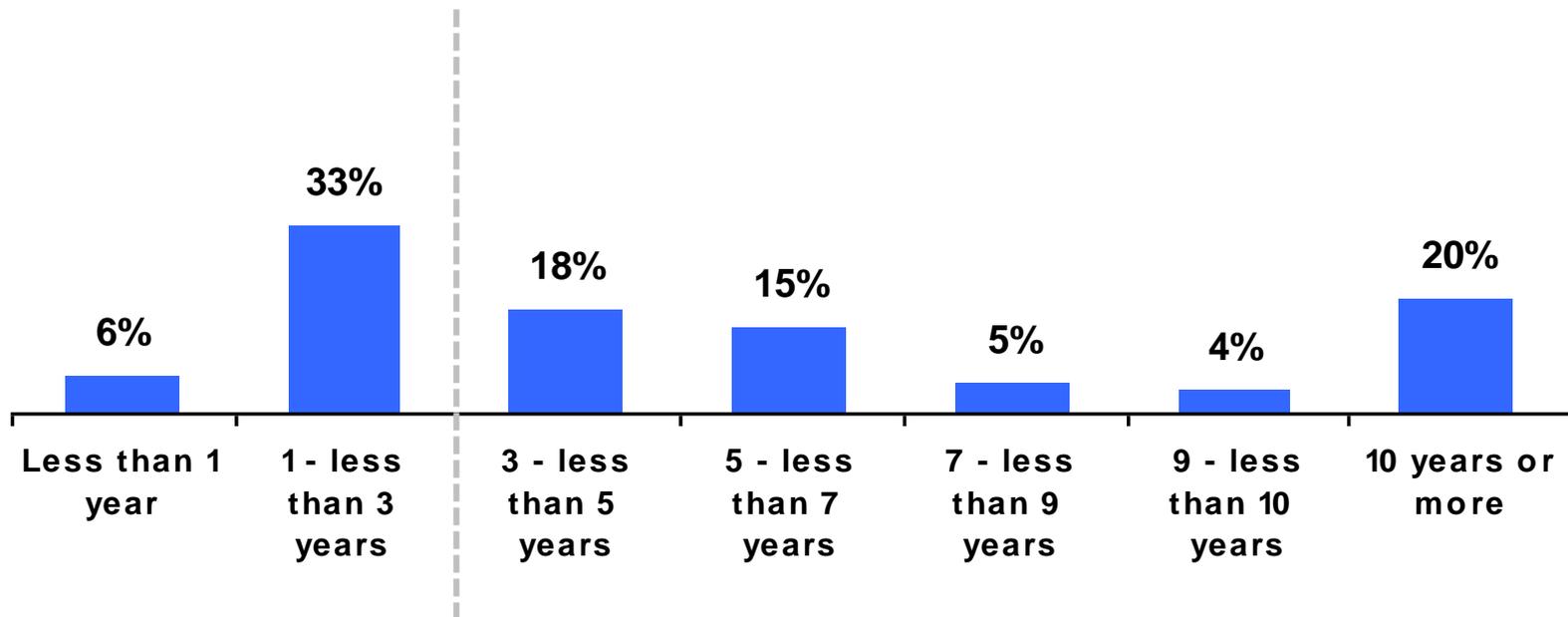
Investment Experience amongst Existing Investors

Base: Those who are currently investing – Total Boosters (n=250)



- Looking at total existing investors, around 40% have less than 3 years experience in investment. At the other end of the spectrum, 20% have more than 10 years experience.
- Based on this difference, the survey found some key differences in investment behavior and thus, existing investors will also be explored on this basis.

Fig in%



Investors' Profile based on Years of Experience

Base: Potential Investors & Existing Investors



- It appears that the profile of investors who have invested for less than three years are skewed towards individuals who are single, younger and working full time.

Fig in%

	Potential investors N=43	Existing investors N=250	Existing < 3 yrs N=98	Existing > 3 yrs N=152
Profile				
Women	65%	65%	64%	64%
Working Full Time	95%	76%	90%	66%
Married/ Living Together	60%	62%	48%	72%
Age				
Below 40 years old	66%	51%	75%	36%
Below 50 years old	89%	81%	97%	71%
Core Age: 30-39 yrs old	47%	39%	51%	31%
Monthly Household Income				
40,000 – 59,999 Baht	56%	24%	23%	24%
60,000 Baht or more	28%	74%	73%	74%
Education Level				
Completed Secondary/Vocational	33%	10%	5%	14%
Completed Bachelor's degree or higher	58%	83%	90%	79%

Current Investment Behaviour (by each group)



Potential Investors



Potential Investors' Personal Conditions



Investment Style

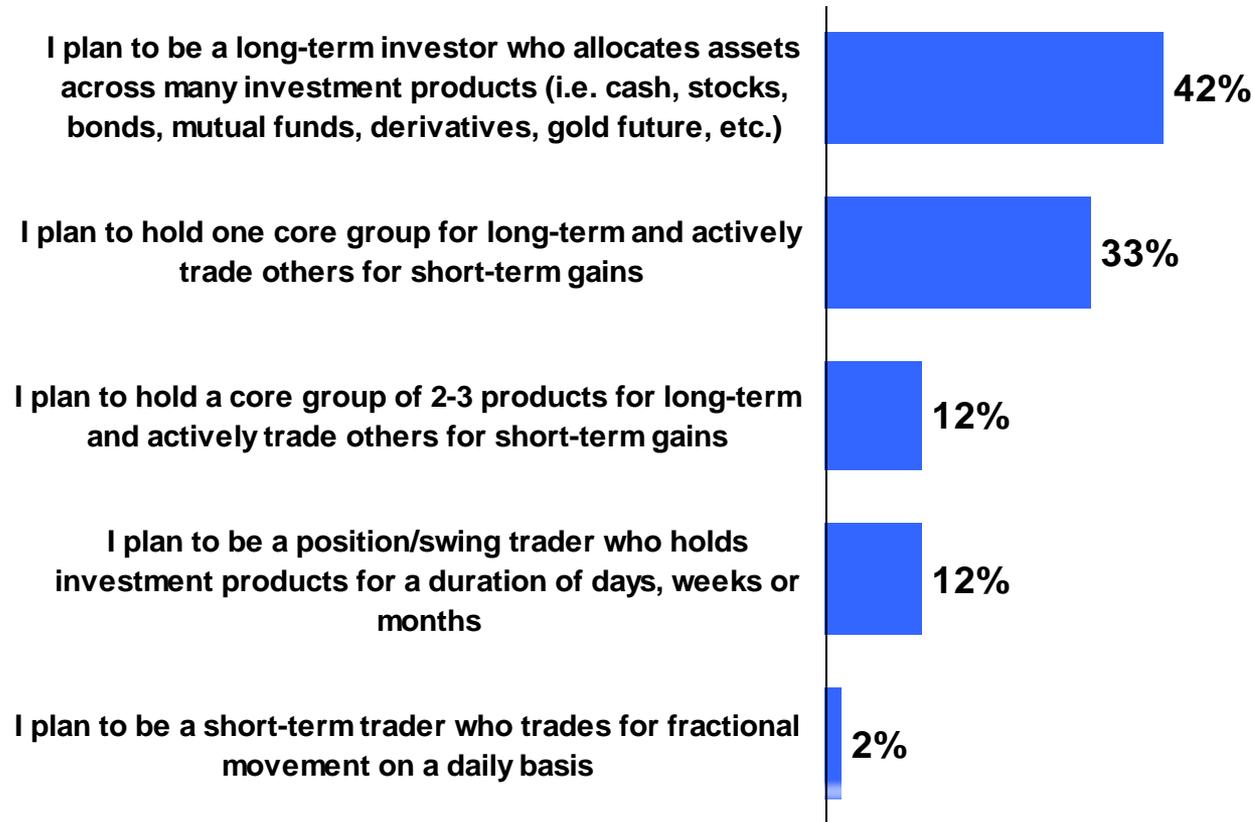
Base: Potential investors (n=43)



- Amongst potential investors, 86% plan to be long term investors with their portfolio comprising a range of different investment products designed to meet their medium to long term needs. Fewer than 15% plan to be short term investors.

Investment Timeframe

Fig in%



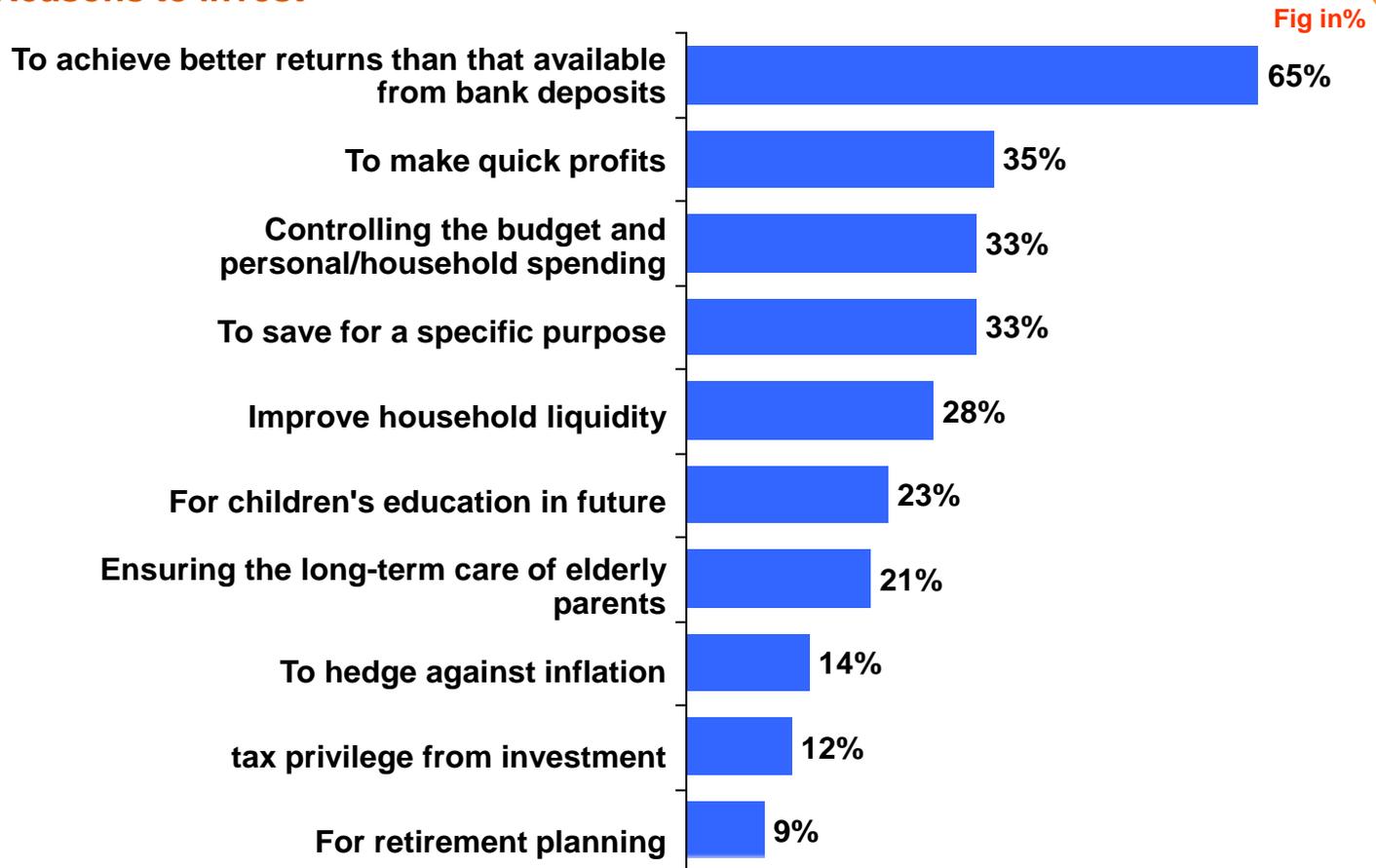
Primary reason for investment

Base: Potential investors (n=43)



- The primary reason for investing are to achieve better returns than bank deposits (65%), with quick profits a distant second (35%)
- Other reasons are controlling the budget and personal/household spending (33%) and (using the investments as a vehicle for) saving for a specific purpose (33%)

Reasons to invest



Current stage of life & Risk Acceptance from the investment

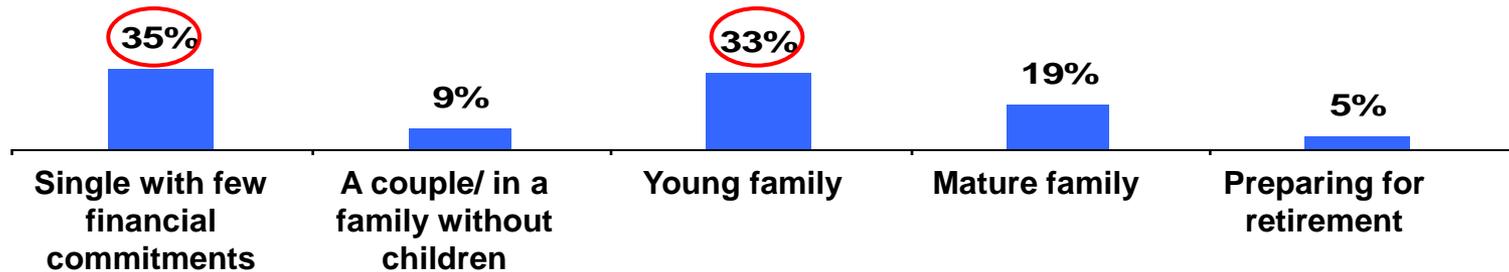
Base: Potential investors (n=43)



- Potential investors tend to be single (35%) and young families (33%). Thus, their investment approach is to be more cautious/ prudent (74%) in which they have a balanced portfolio delivering on both medium to long term financial goals, and which will whether changes in tax levels and inflation.

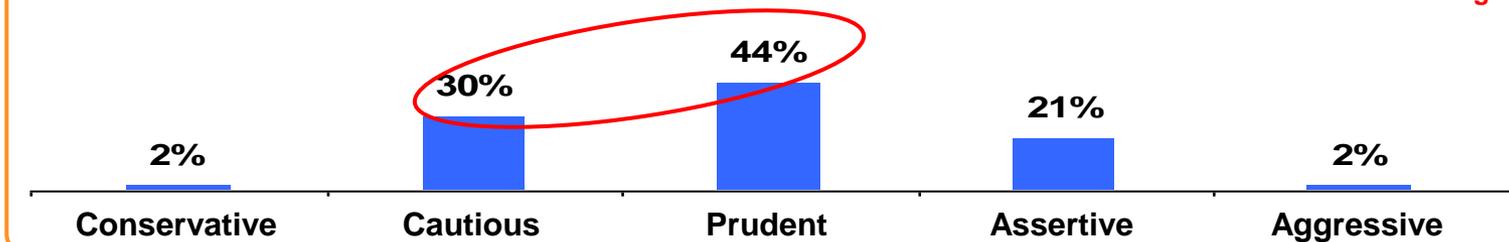
Current stage of life

Fig in %



Risk Acceptance

Fig in %



Overall Familiarity with Investment Products

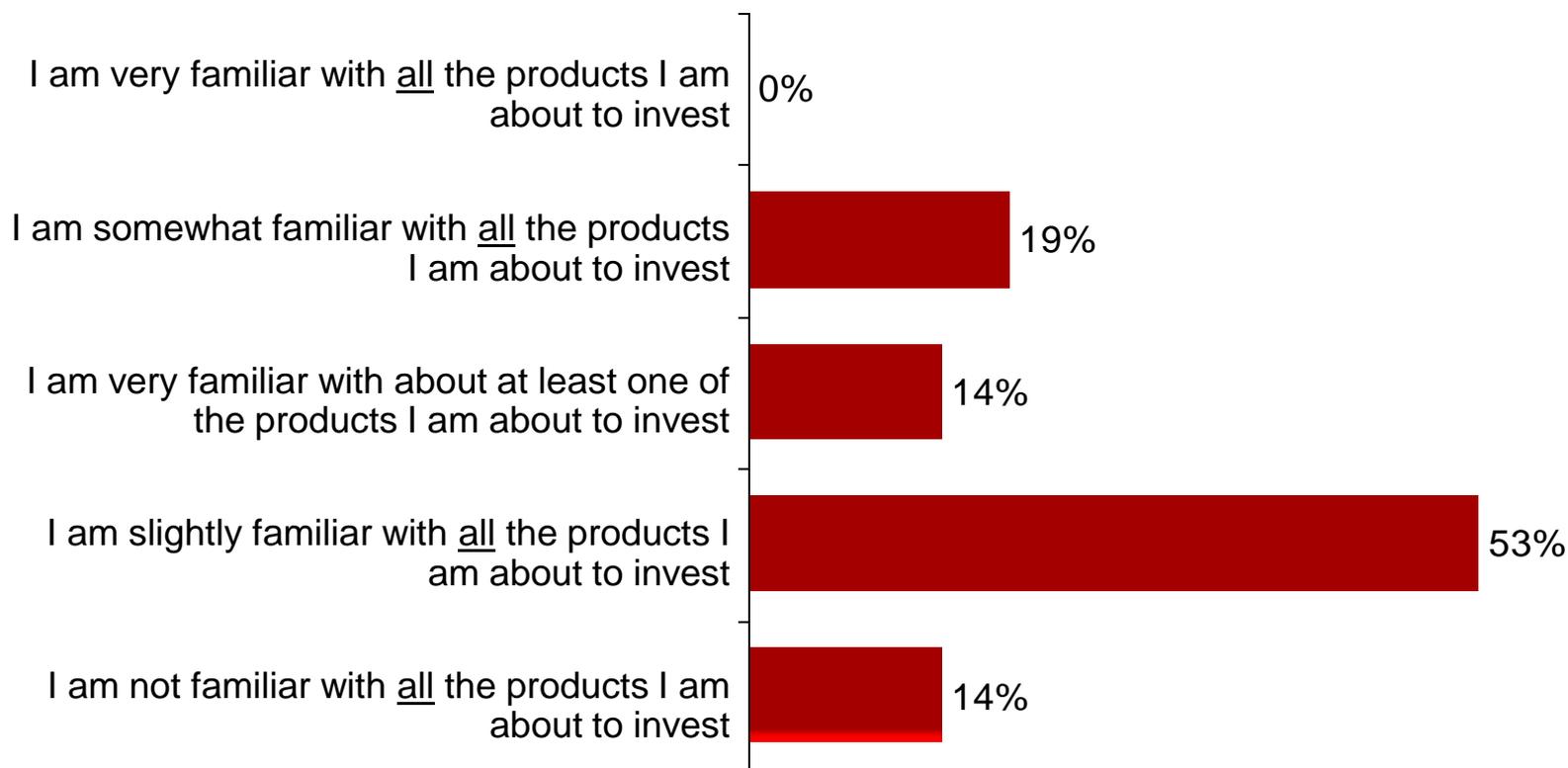
Base: Potential investors (n=43)



- Familiarity with investment products is a key issue for potential investors with two thirds not at all or only slightly familiar with the products they plan to invest in. This, of course, is a potential barrier to investment and a continued focus on education is required

Overall Knowledge Toward Investment Products

Fig in %

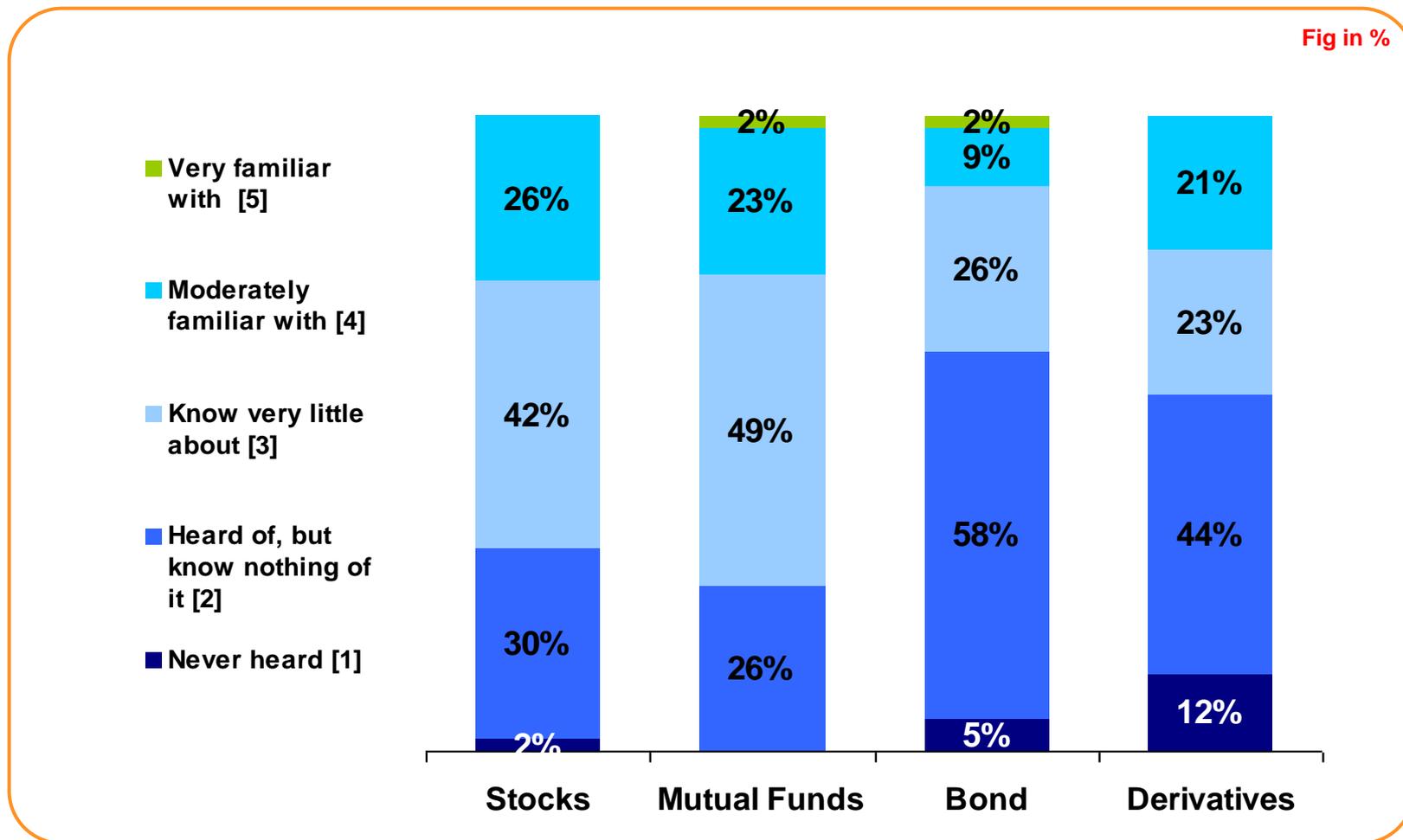


Overall Familiarity with Specific Investment Products

Base: Potential investors (n=43)



- Stocks and mutual funds are products that potential investors tend to be most familiar with and thus explaining why these products are often most invested in



Products Interested in Investing

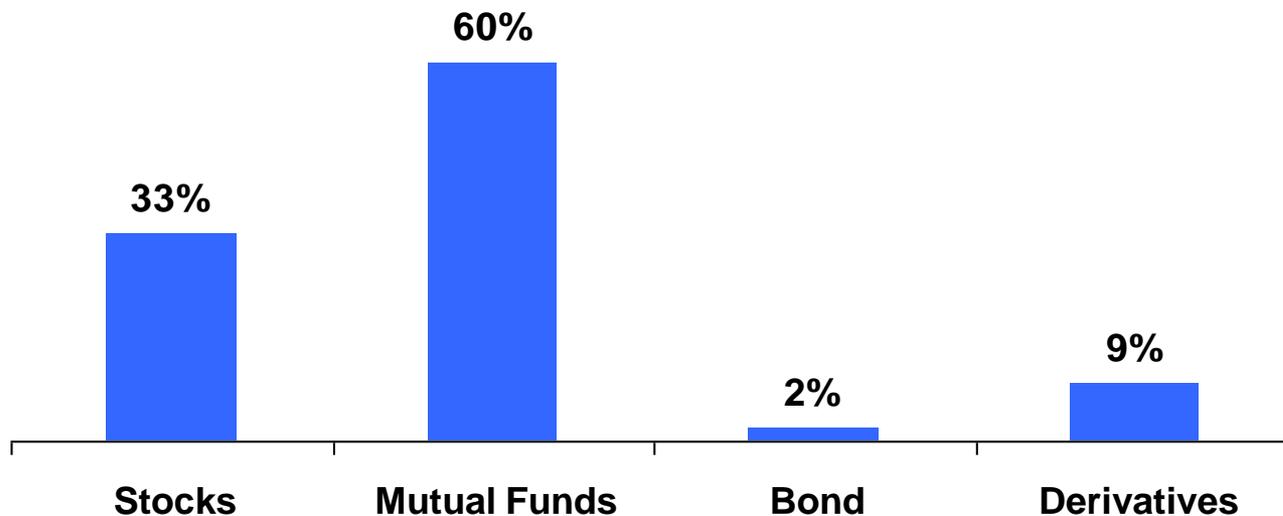
Base: Potential investors (n=43)



- Potential Investor's signal most interest in investing in mutual funds and this may stem from comparatively greater product knowledge but also

Interest in Investing in Next 12 Months

Fig in %



Perception About Level of Risks

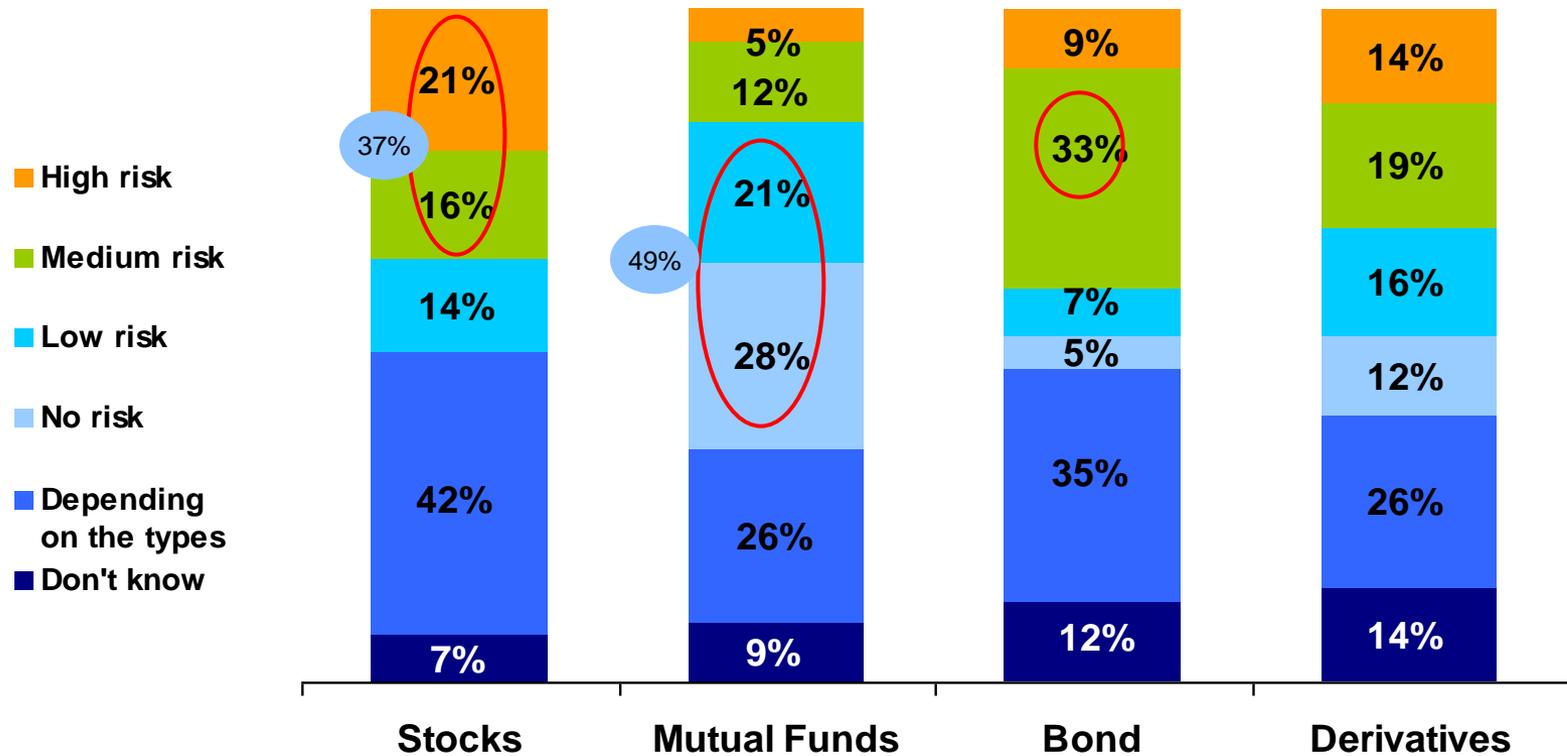
Base: Potential investors (n=43)



- Interest in investment in mutual funds may be borne from the fact that they are generally considered lower risk than either stocks, bonds and derivatives

Perception about Level of Risk

Fig in %



Investment Decision-Making

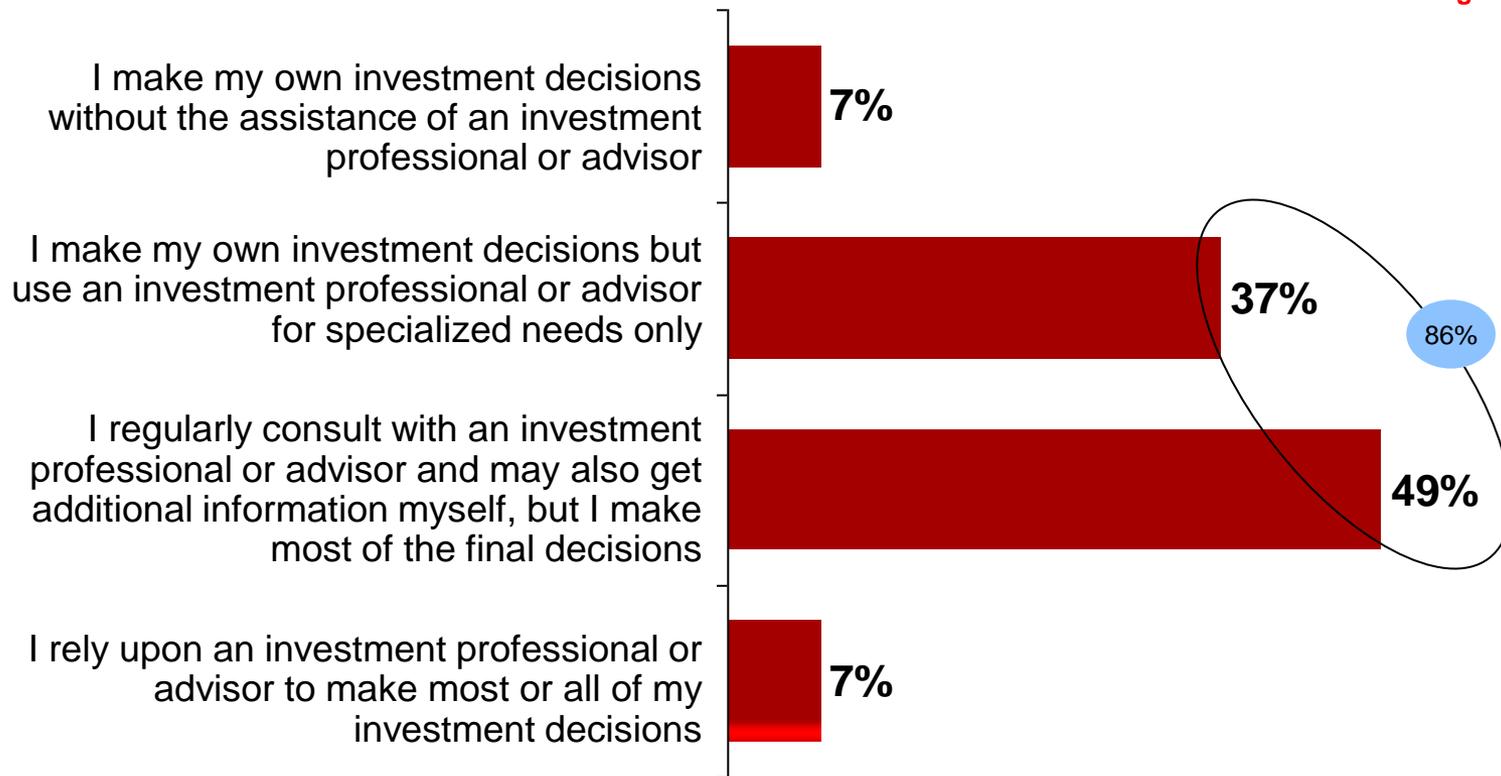
Base: Potential investors (n=43)



- Given the general lack of familiarity with investment products, it is not surprising to see that investment professions play a key role in investment decision making. SEC clearly needs to work this group not only to promote its own role but also as a means to reaching potential investors

Investment Decision-Making Approach

Fig in %



Perusal of Investment Documents

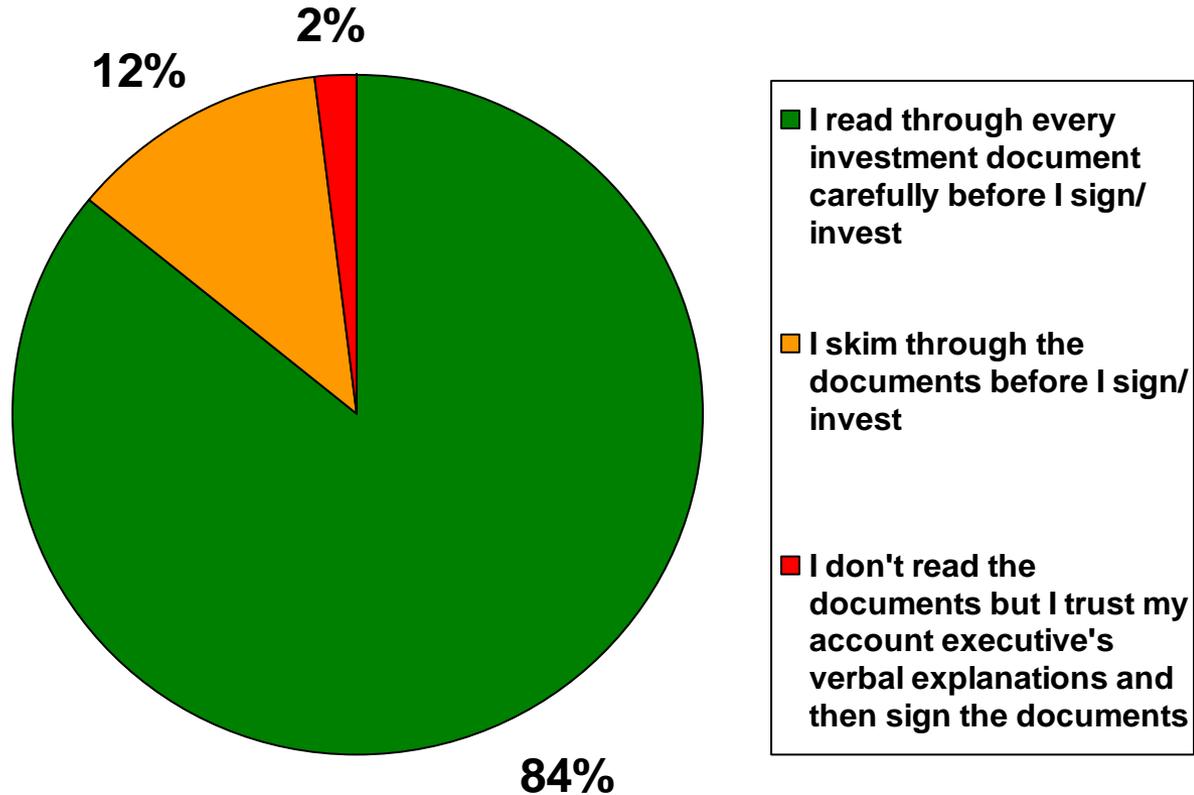
Base: Potential investors (n=43)



- Potential investors do however recognise the value of due diligence and will therefore, carefully read all documentation before signing

Perusal of Investment Documents

Fig in %



Source of Investment Information



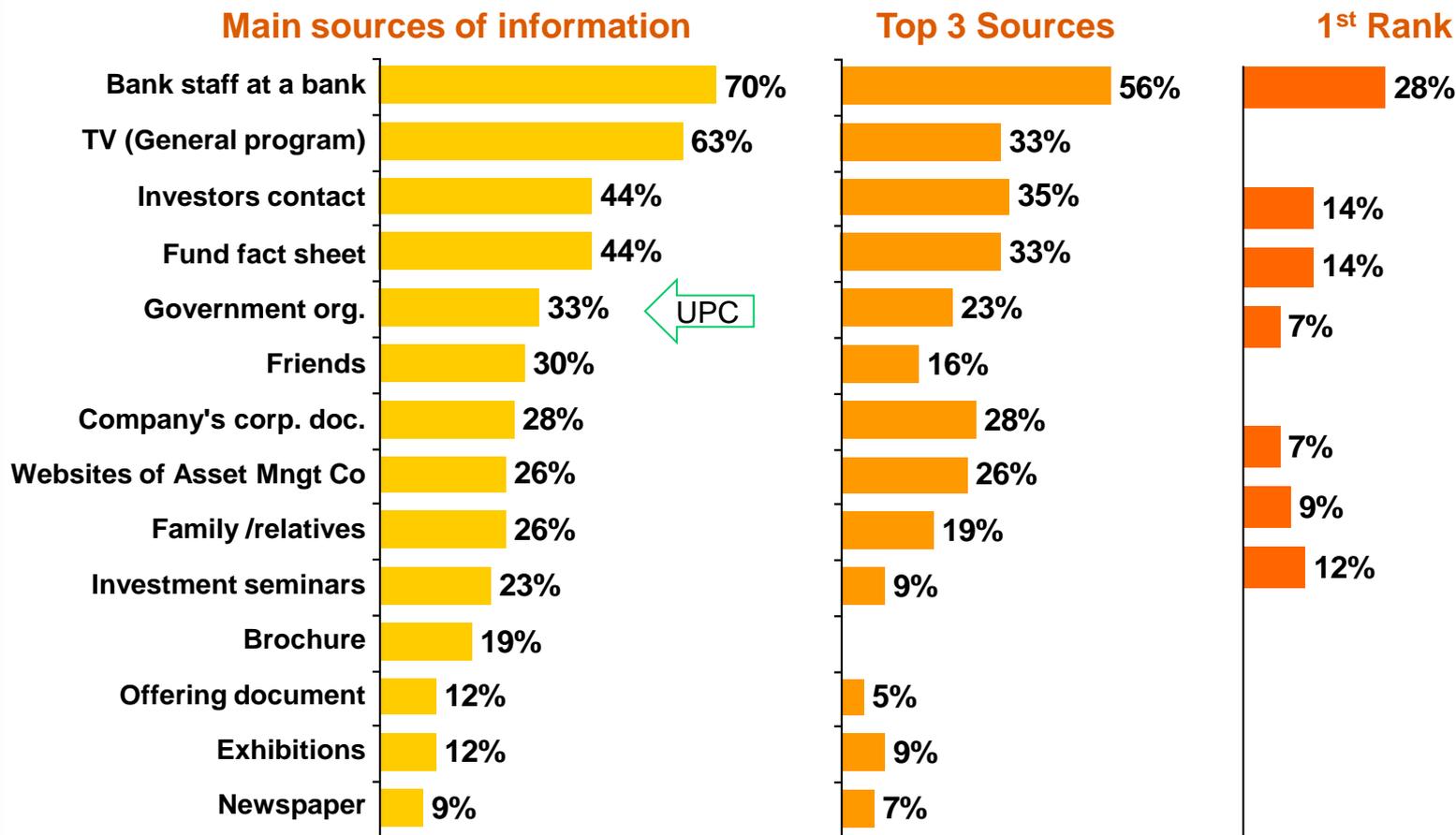
Source of Information for Investment Products

Base: Potential investors (n=43)



- The key sources of information re investment products are bank staff (70%), TV-general programs (63%) followed by investment professionals/contacts (i.e. broker/asset management companies) (44%) & fund fact sheets (44%). Bank staff are noted as the most important source of information.

Fig in %



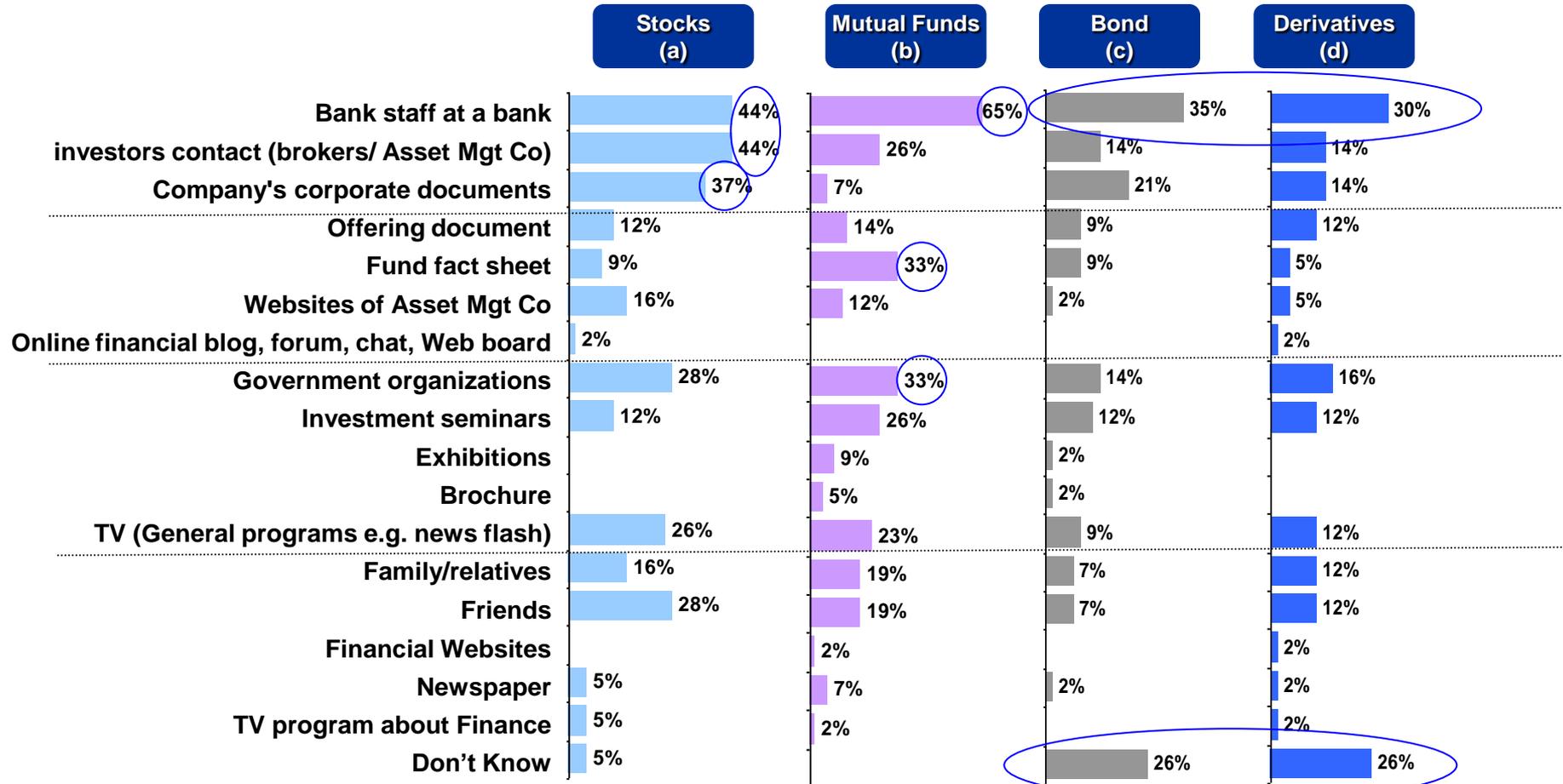
Source Of Information For Each Investment Product

Base: Potential Investors (N=43)



- Brokers (44%), bank staff (44%) and a co's corporate documents (37%). are the main sources of information for stocks. For mutual funds, potential investors look to bank staff (65%), fund fact sheet (33%) & Govt orgs (33%).
- Over 25% do not know where to get information from for bonds and derivatives, though around 30% would expect the bank staff to be knowledgeable.

Fig in %



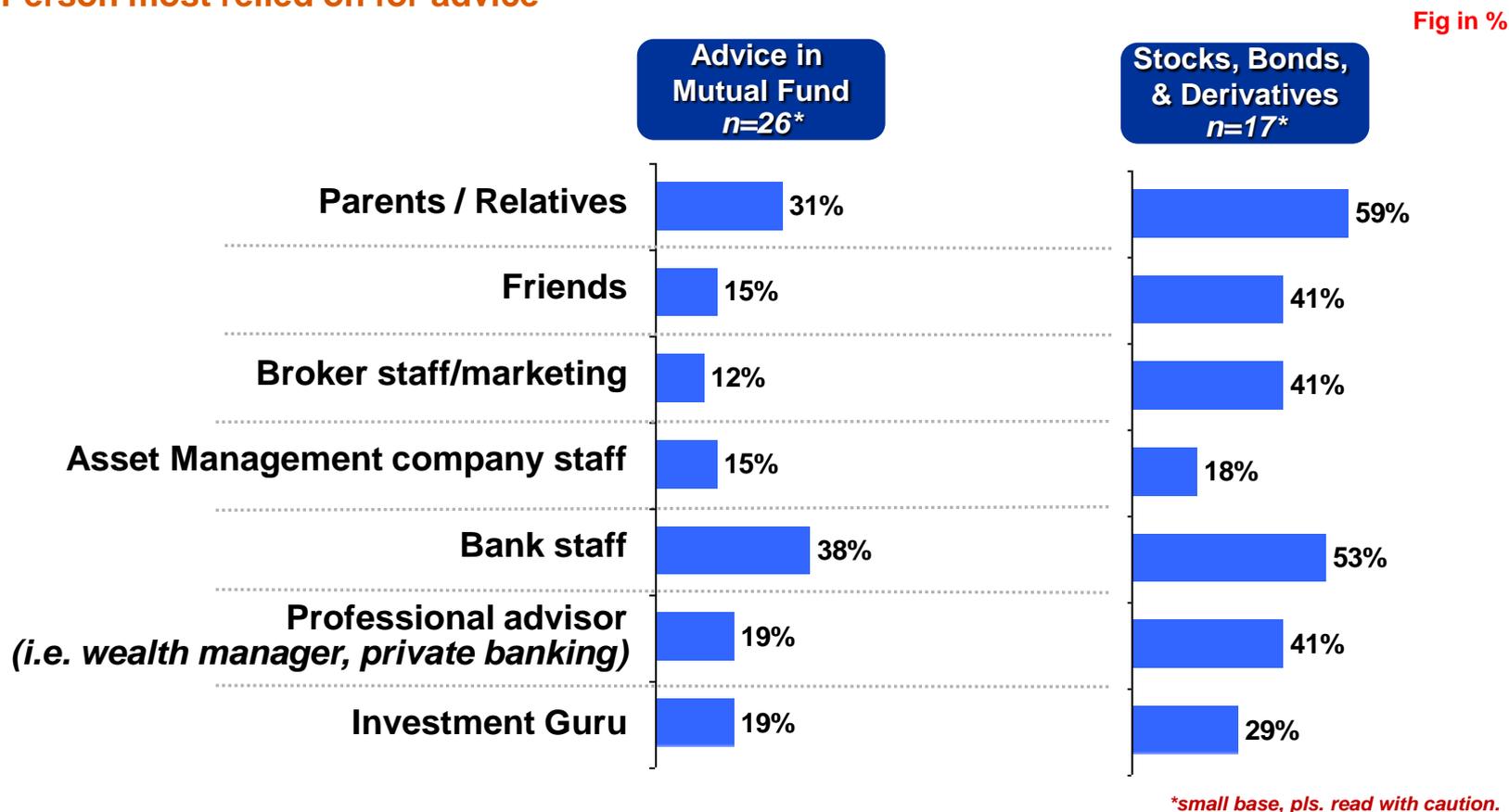
Person most relied for the advice ...

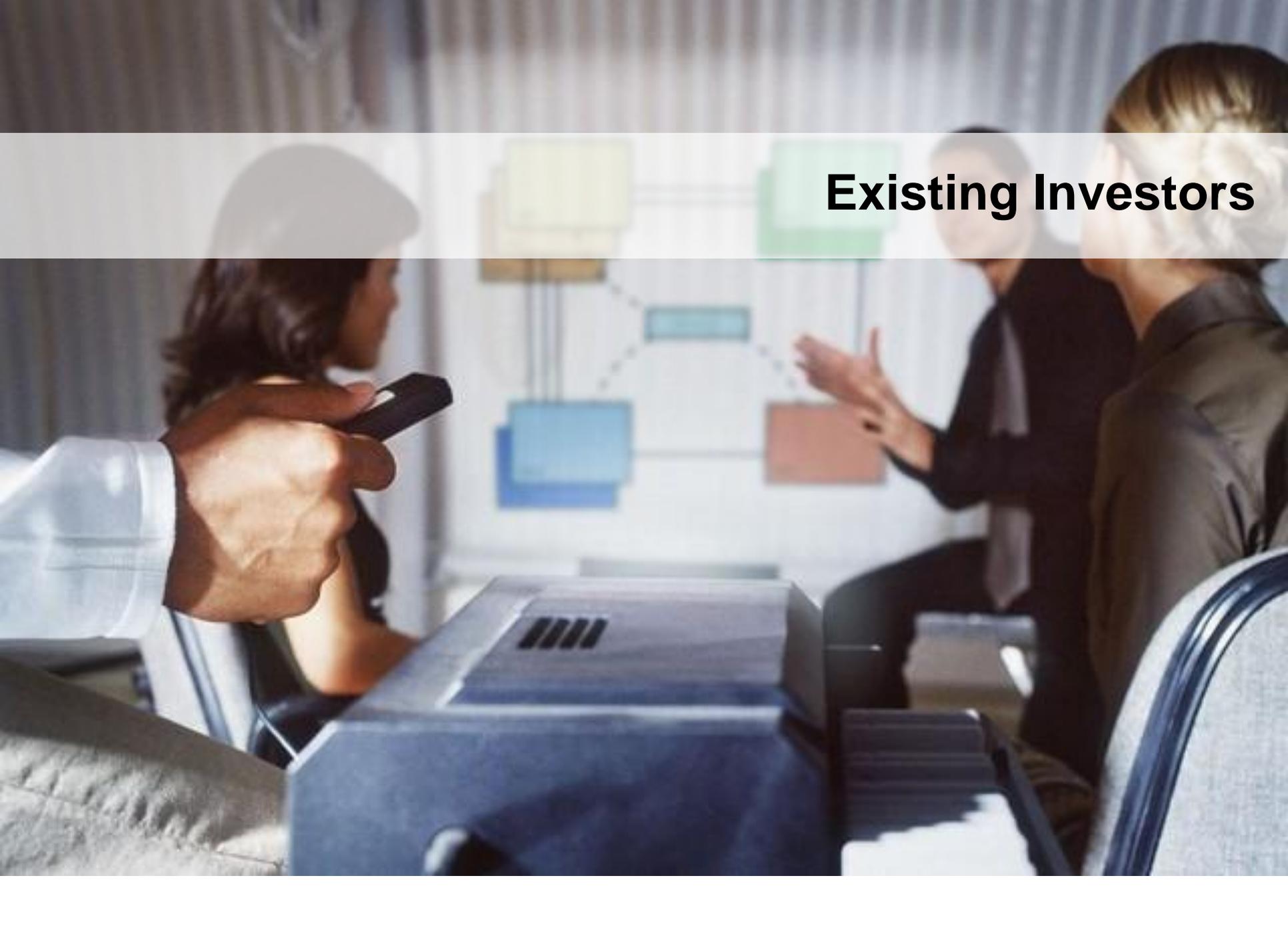
Base: Potential investors who are looking at specific investment products



- Bank staff and parents/relatives are deemed the more reliable sources when potential investors are seeking specific information of certain products.

Person most relied on for advice



A blurred office scene showing a meeting. In the foreground, a person's hand is holding a smartphone. In the background, a man in a suit is gesturing while speaking to a woman. A diagram with colored boxes and lines is visible on the wall behind them.

Existing Investors

Existing Investors' Personal Conditions



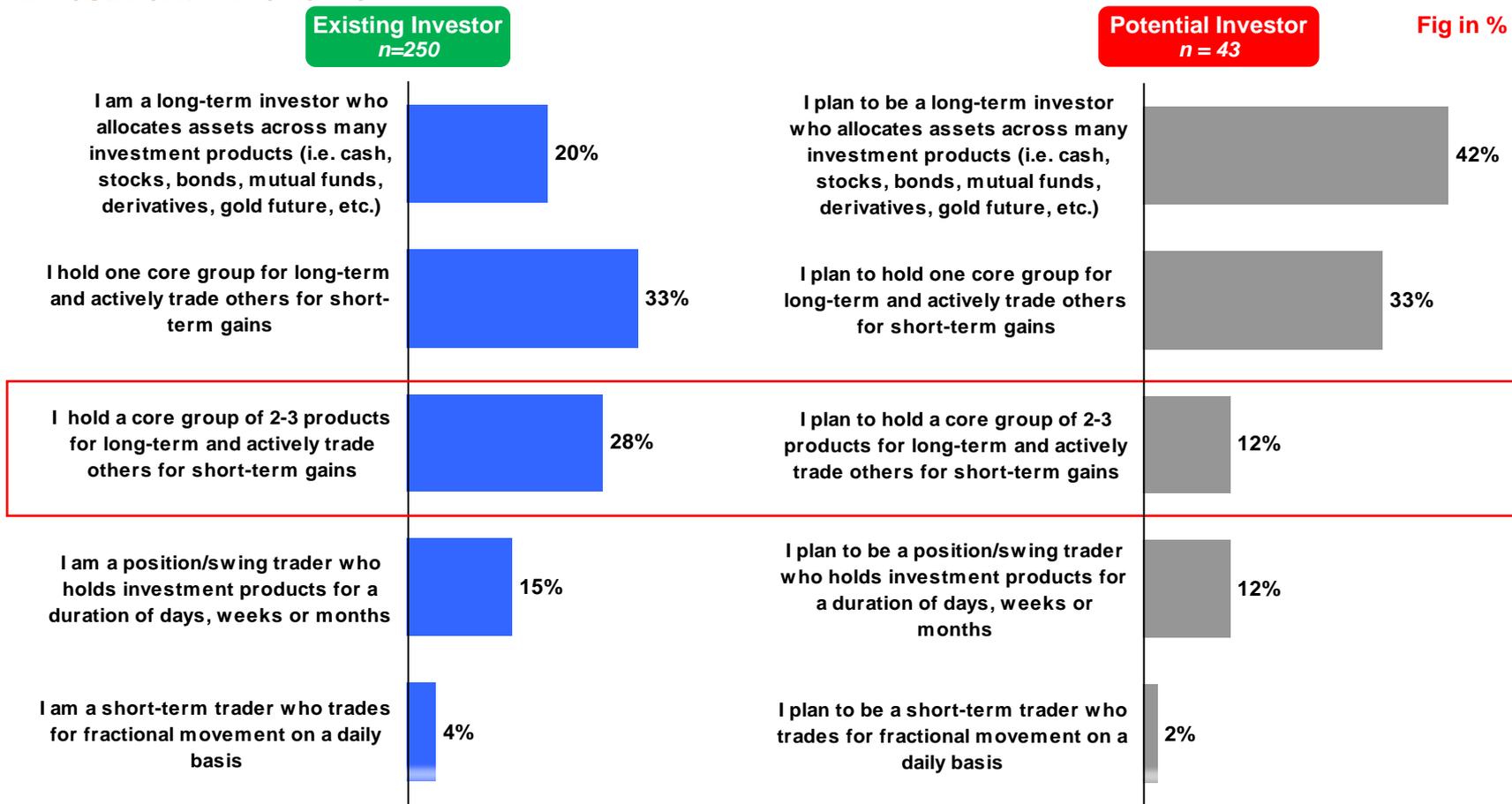
Investment Style

Base: Existing Investors (n=250)



- While a majority of existing investors (also) invest for the long term, they tend to be more focused, holding 2-3 key products and actively trade others. This is unlike potential investors who hold more diversified portfolio's (most likely in an attempt to spread their risk)

Investment Timeframe



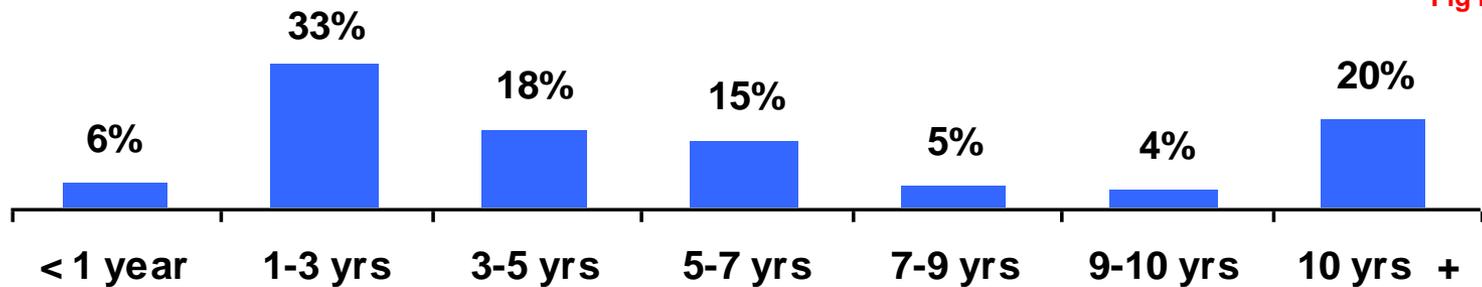
Experience amongst Existing Investors

Base: Existing Investors (n=250)

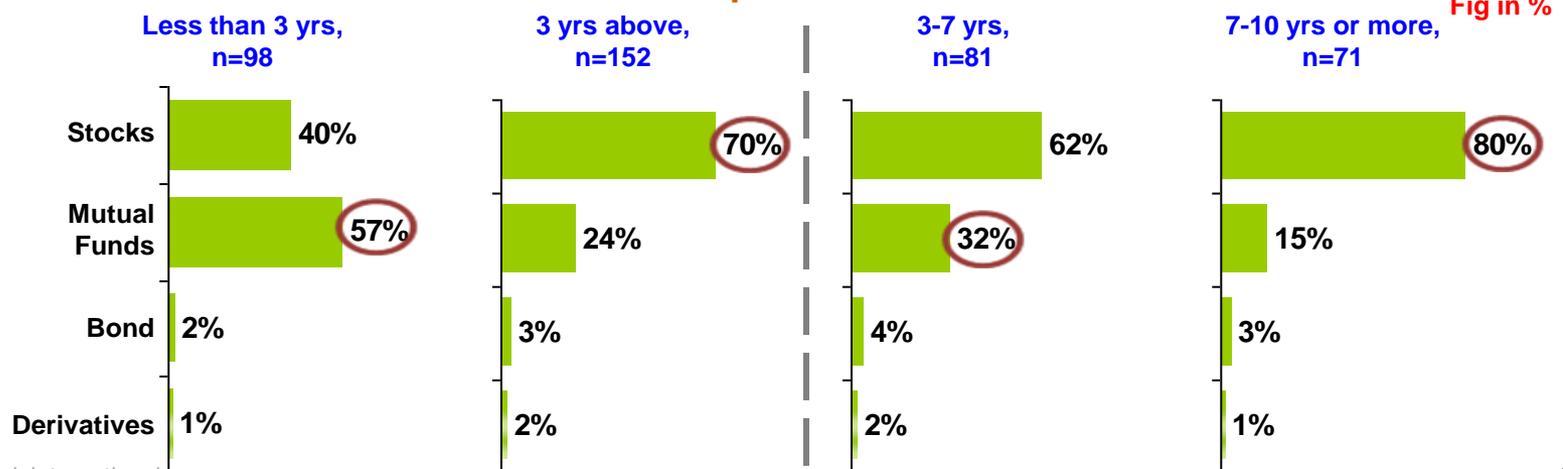


- Based on the number of years of experience, more experienced investors (3yrs+ investment experience) are significantly more likely to invest in stocks (70%) while less experienced investors take up mutual funds (57%).
- Additionally, the investors with 3-7 years of experience are likely to invest more in mutual funds than those who have experience 7 years and above.

Investment Experience



Investment Product from Investment Experience



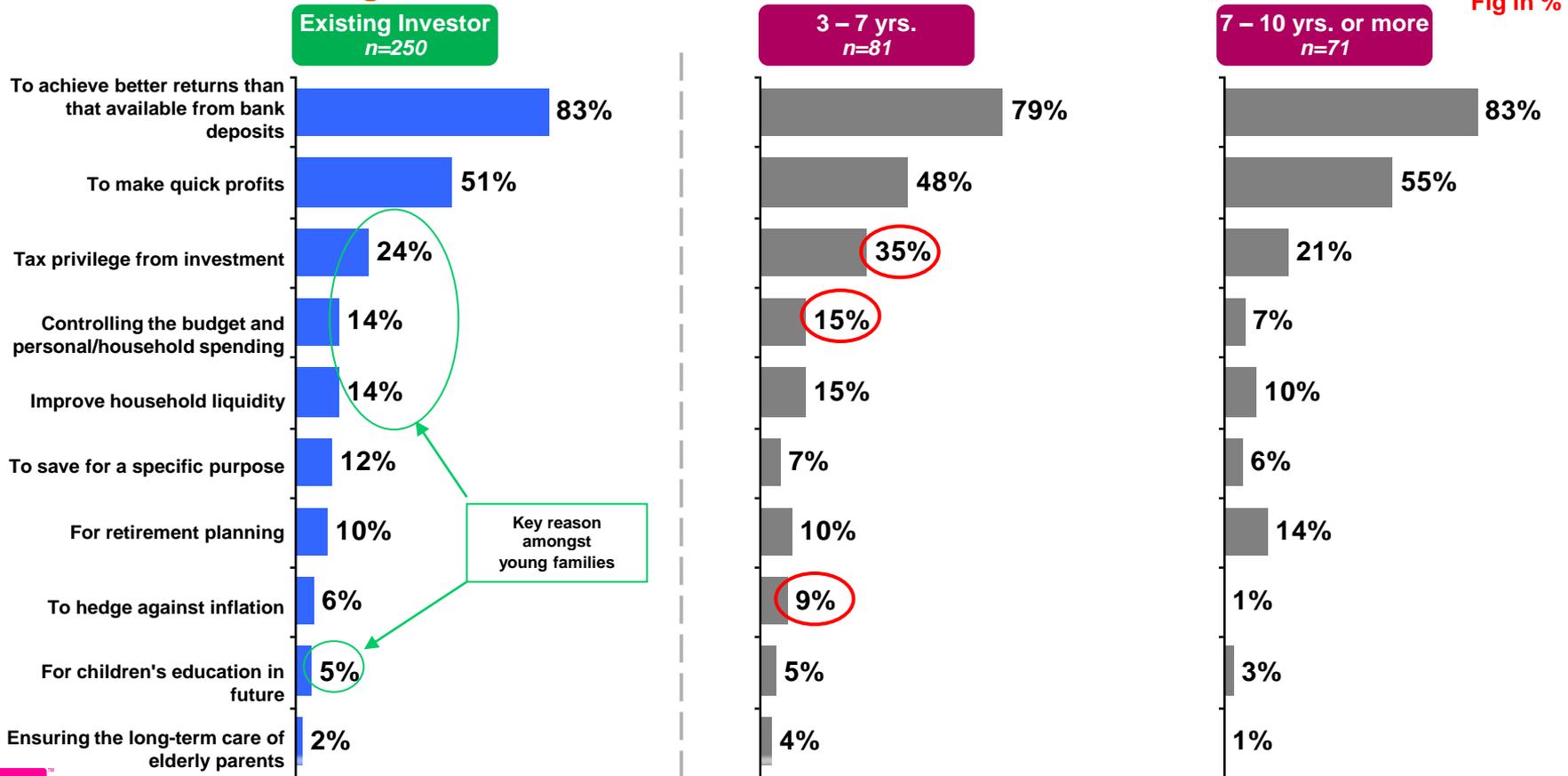
Primary reason for investment

Base: Existing investors (n=250)



- The top reasons for investing are similar to potential investors but as we see the focus on financial returns is far stronger for existing investors with 83% saying they invest to achieve better returns than bank deposits and 51% stating a desire/expectation of quick profits.
- In the aspect of investment experience, the investors with 3-7 years of experience also think about tax privilege, budget allocation, and inflation than those who have higher experience as well.

Reasons for investing



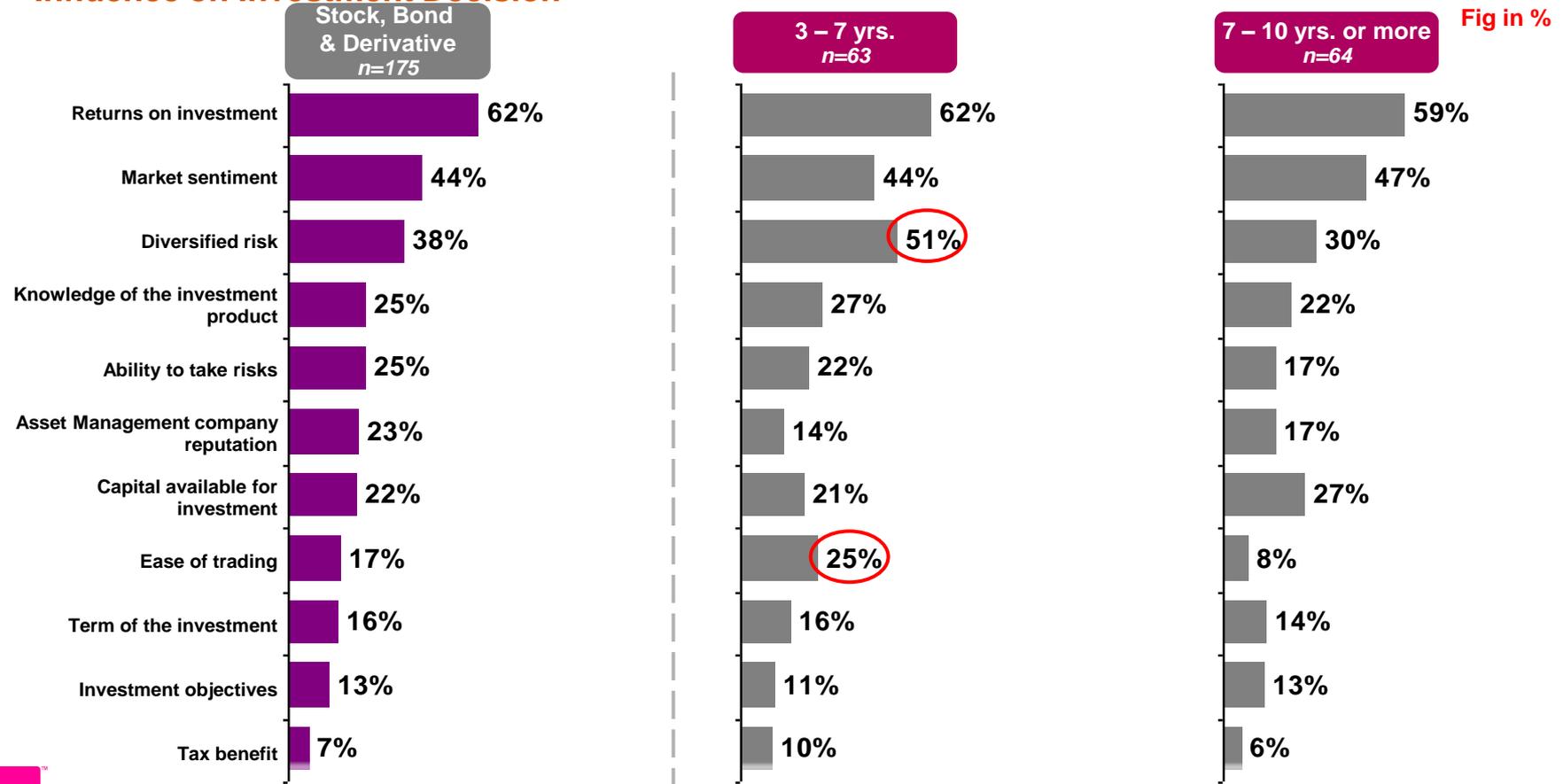
Primary reason for Investment in Specific Products (1)

Base: Existing investors (n=250)



- The key reason to choosing Stock, Bond & Derivative is based on gaining a good return on the investment made (62%). Investing in stocks, bonds and derivatives is also mainly influenced by market sentiment (44%) as well.
- Additionally, risk diversification and ease of trading are also the key triggers in an investing in stocks, bonds and derivatives for the investors with 3-7 years of experience than those higher experience.

Influence on Investment Decision



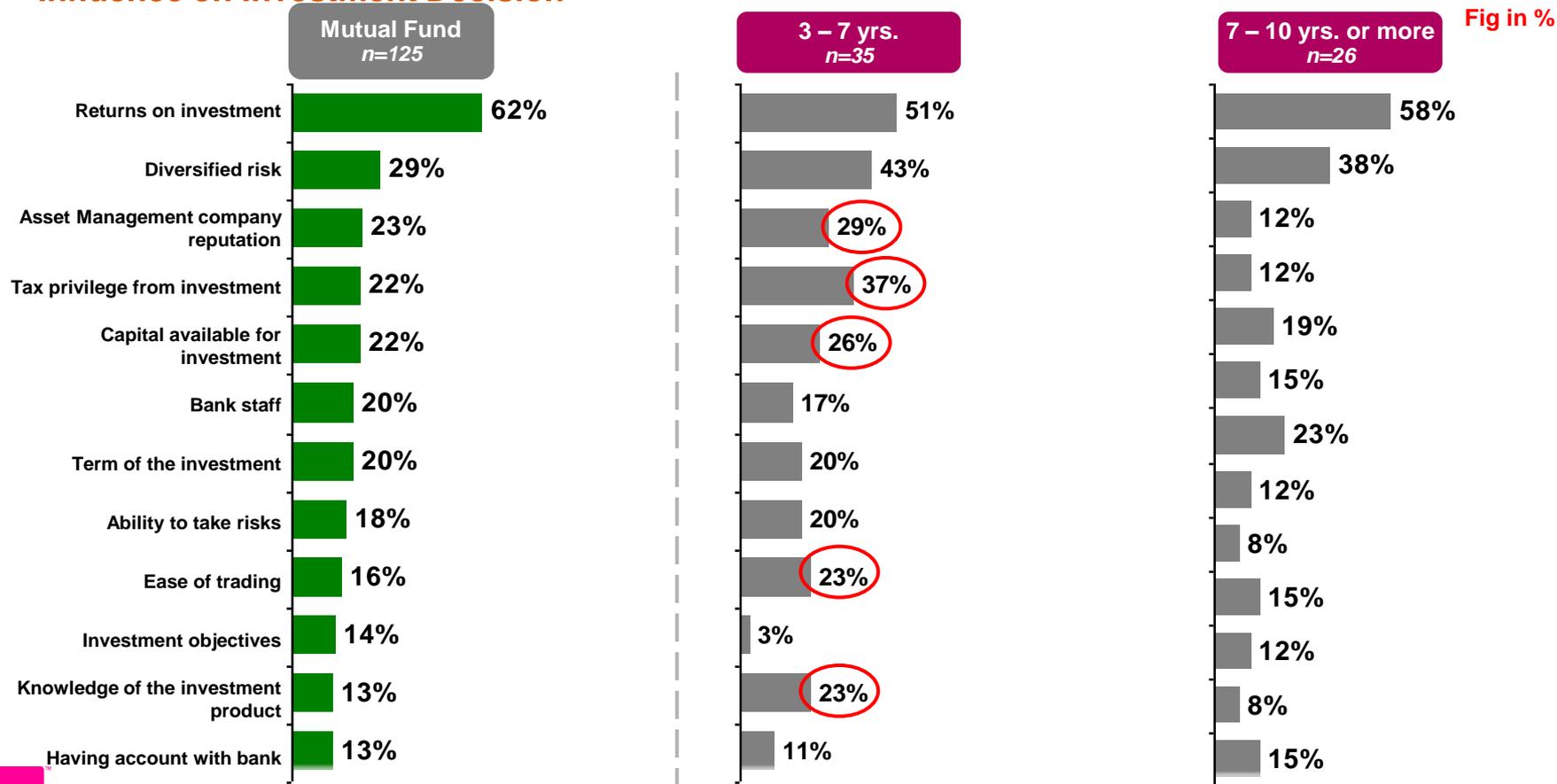
Primary reason for Investment in Specific Products (2)

Base: Existing investors (n=250)



- Besides the key reason in choosing mutual funds for a good return on the investment (62%), mutual fund investors are also influenced by wanting to diversify (spread) the level of risk they are exposed to (29%).
- Furthermore, the investors with 3-7 years of investment experience also think about asset management company's reputation, tax privilege, capital available as the key issues for an investment in mutual funds than those higher experience as well.

Influence on Investment Decision



Current Life Stage

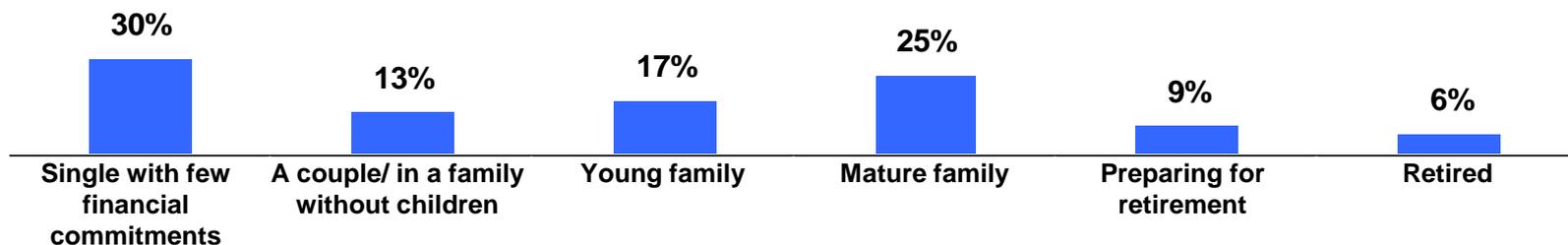
Base: Existing Investors (n=250)



- Existing investors cover the broad spectrum of life stages however, when looking at the level of investment experience we see that existing investors with less than 3yrs investment experience tend to be singles (45%) whereas investors with more (3yrs +) experience are more likely to be mature families or heading towards retirement.

Current stage of life

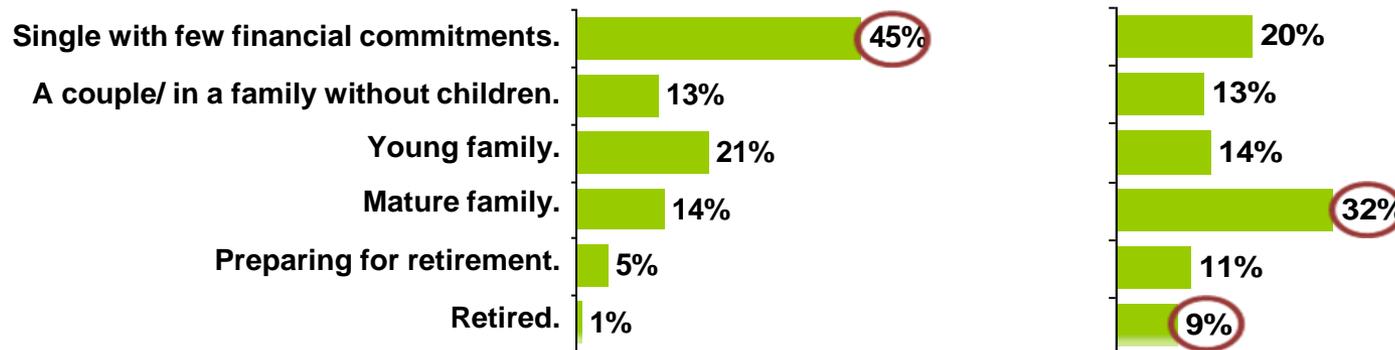
Fig in %



Investment Exp. (<3 yrs) N=98

Investment Exp. (3yrs+) N=152

Fig in %



Risk Acceptance

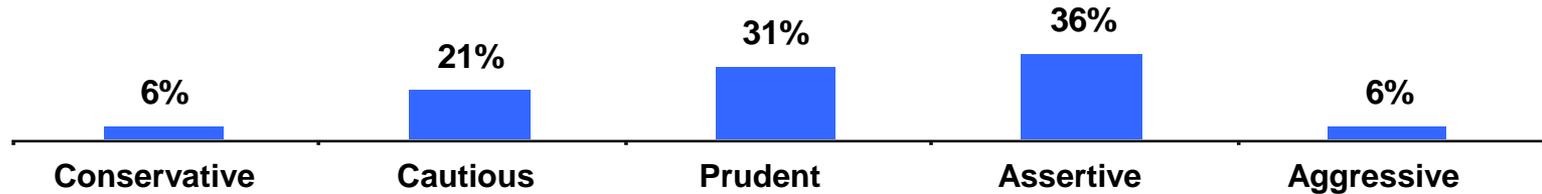
Base: Existing Investors (n=250)



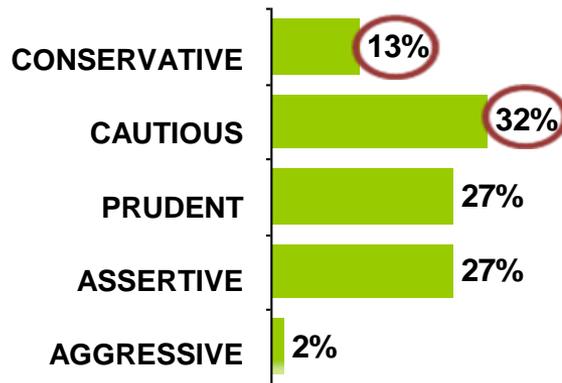
- When looking at risk acceptance profiles, around 60% of existing investors classify themselves as more cautious/prudent. However this changes quite significantly with experience - more than half (51%) of more experienced investors see themselves as being assertive or aggressive in terms of their acceptance of risk

Risk Acceptance

Fig in %

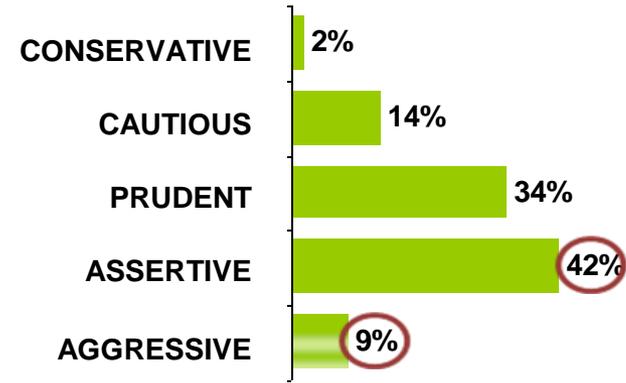


Investment Exp. (< 3 yrs). N=98



Investment Exp. (3 yrs+). N=152

Fig in %



Investment decision-making approach

Base: Existing Investors (n=250)



- Existing investors tend to be more independent in their decision making than are (less experienced and) potential investors with 70% rarely or only using advisers for specialist needs.

Investment Decision-Making Approach



Perusal of Investment Documents

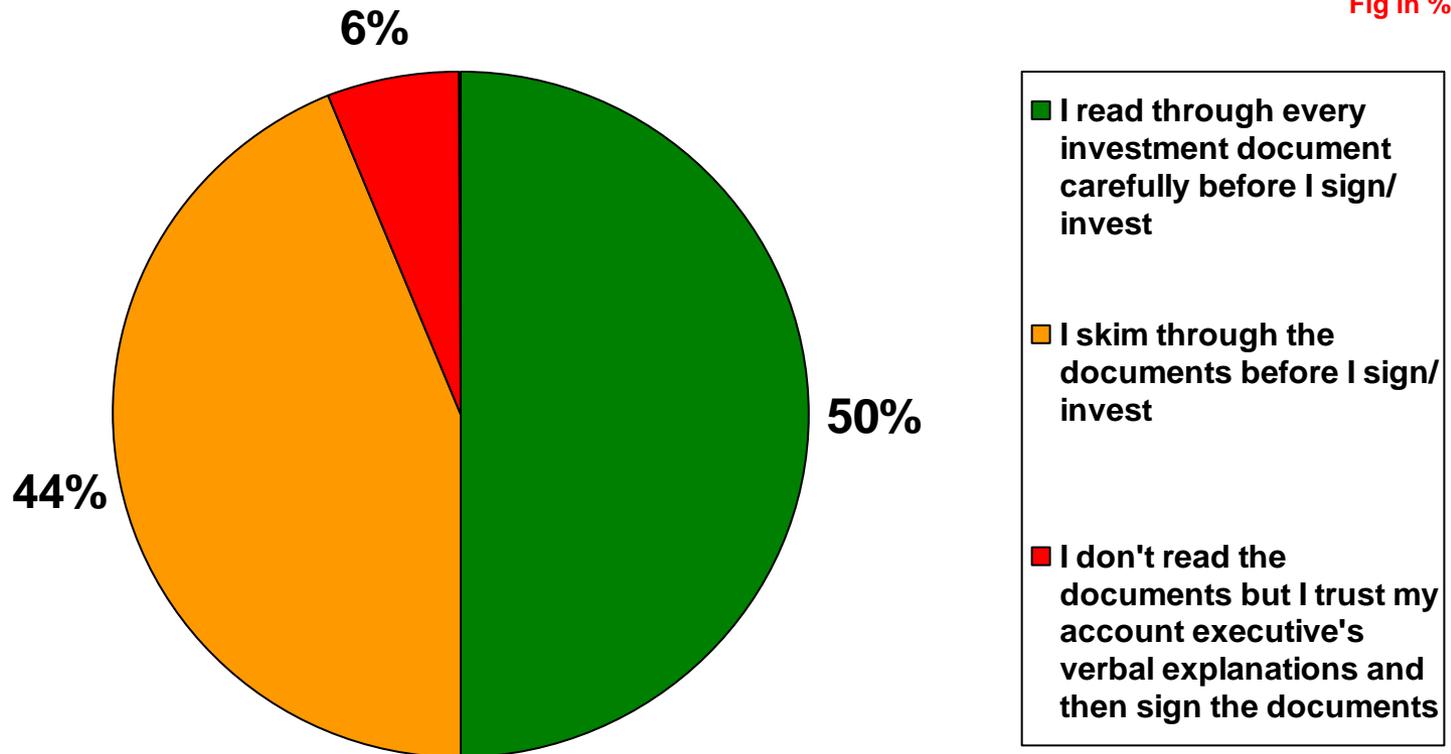
Base: Existing Investors (n=250)



- Existing investors are less prone (than potential investors) to reading investment document, perhaps due to experience and confidence but this is an area that SEC needs to remind investors of the need to be diligent.

Perusal of Investment Documents

Fig in %



Investment Confidence Amongst Existing Investors

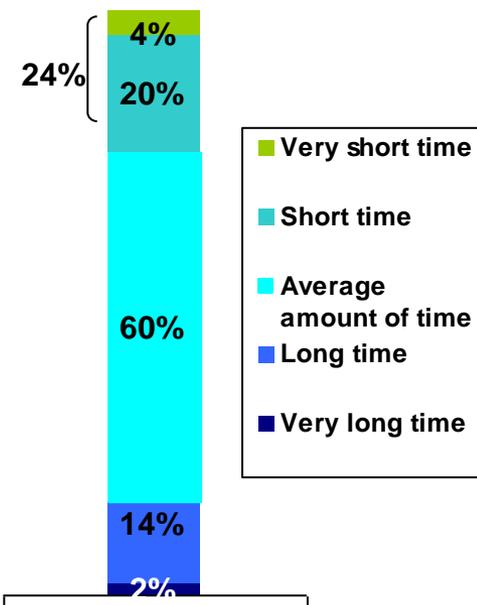
Base: Existing Investors (n=250)



- 60% of existing investors feel that they spend an 'average amount of time' in making their investment decisions but over 80% are confident in the investment decisions they make. They also consider themselves be adaptable and able to cope with adverse situations.

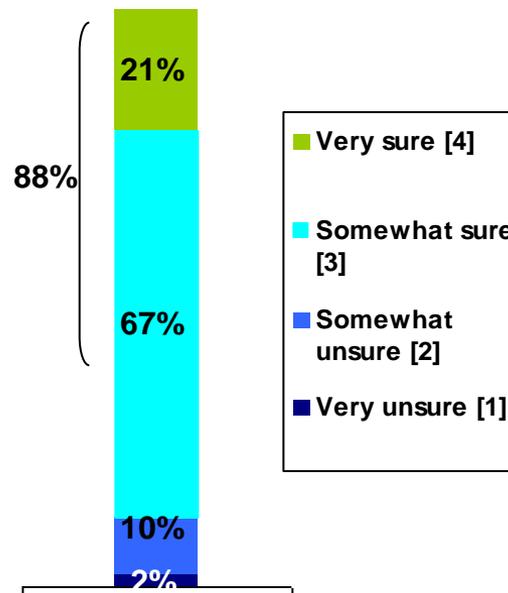
Time taken to make investment decision

Fig in %



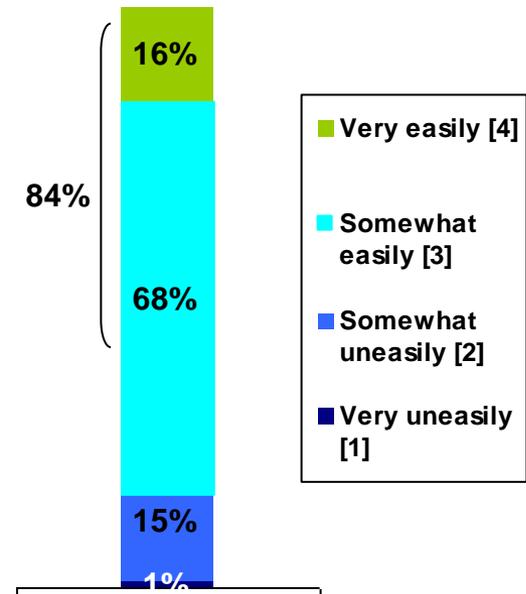
Confidence in Investment decision

Fig in %



Adapt for unfavorable financial change

Fig in %



Investment Knowledge & Product Knowledge



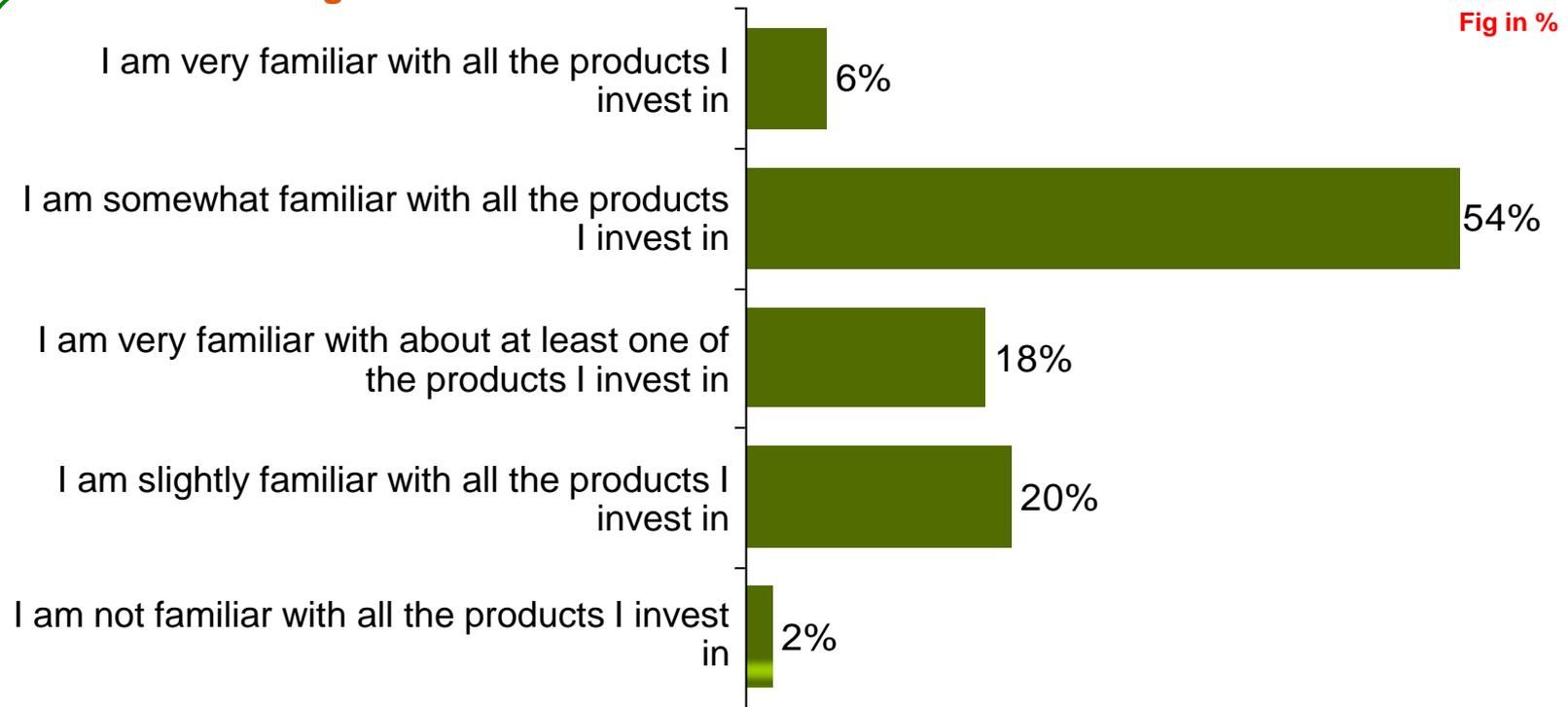
Familiarity towards Investment Products (1)

Base: Existing Investors (n=250)



- Not surprisingly, most current investors claim some level of familiarity with the products they invest in – and this is greater than potential investors. However, with only one in five saying they are very familiar at least one product

Overall Knowledge Toward Investment Products



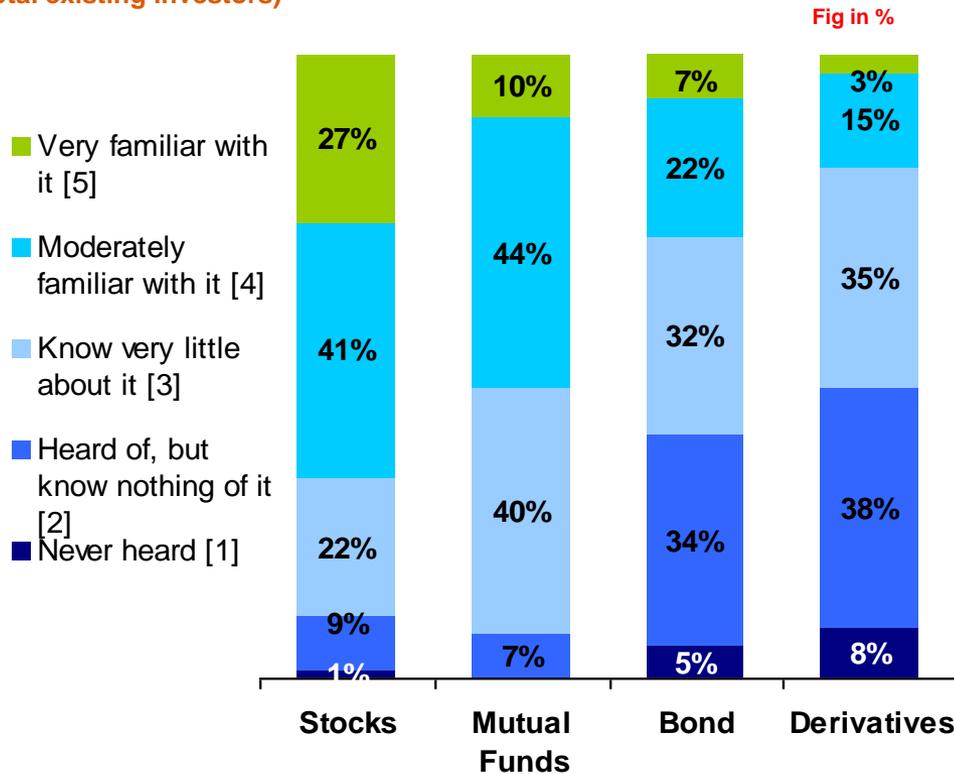
Familiarity towards Investment Products (2)

Base: Existing investors (n=250)



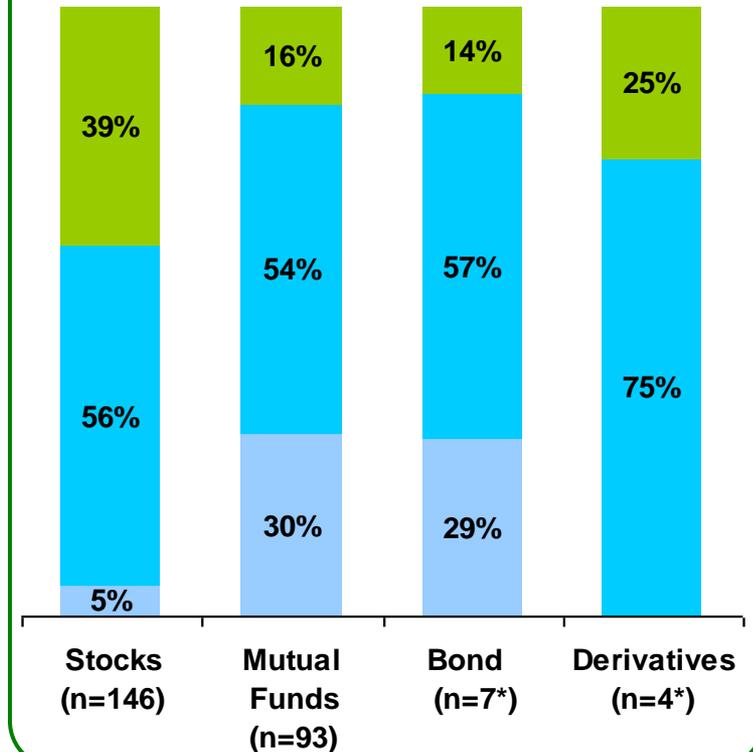
- Familiarity does however vary considerably by type of product. Thus, 95% of those investing in stock claim to be very or moderately familiar. On the contrary, mutual funds investors claim less familiarity

Familiar with investment products (total existing investors)



Familiar with investment products (by investors spending most in each product)

(by investors spending most in each product) Fig in %



Perception of Risks towards Investment Products

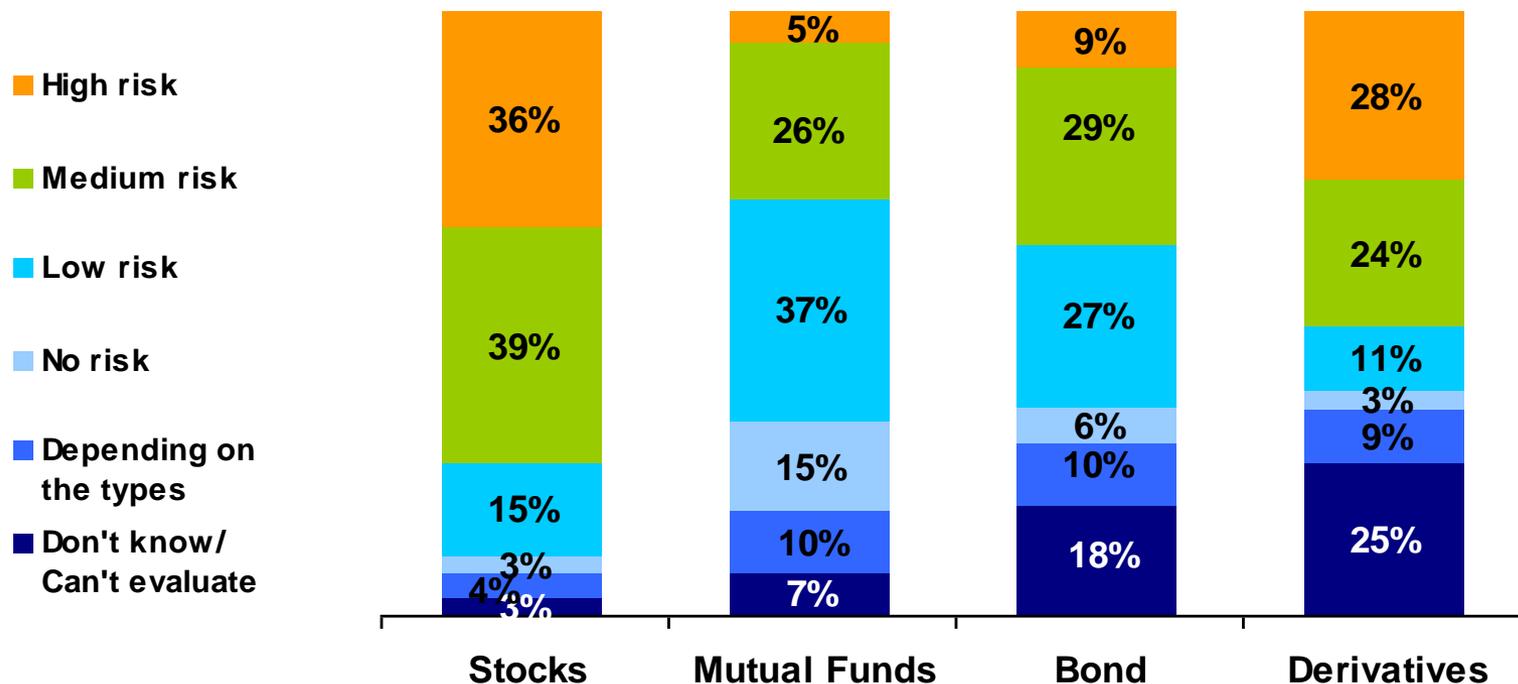
Base: Existing investors (n=250)



- A key factor driving the perceived level of risk associated with a particular product may be familiarity. Thus, familiarity with stocks is relatively high and as such (this understanding) results in perceived higher risk. What is really interesting is that existing investors believe these products to be more risky than do potential investors – are they more realistic?

Perception about Level of Risk

Fig in %



Source of Investment Information



Source of Information for Investment Products

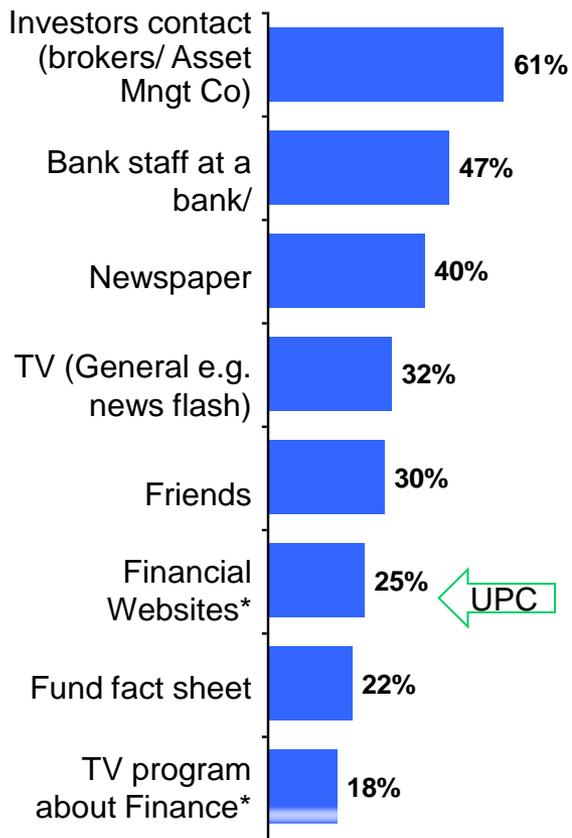
Base: Existing investors (n=250)



- Top information sources amongst existing investors are investor contact (61%), bank staff (47%) and newspapers (40%) – with this being somewhat different to potential investors who rely more on general/more accessible sources such as bank staff and general TV programs

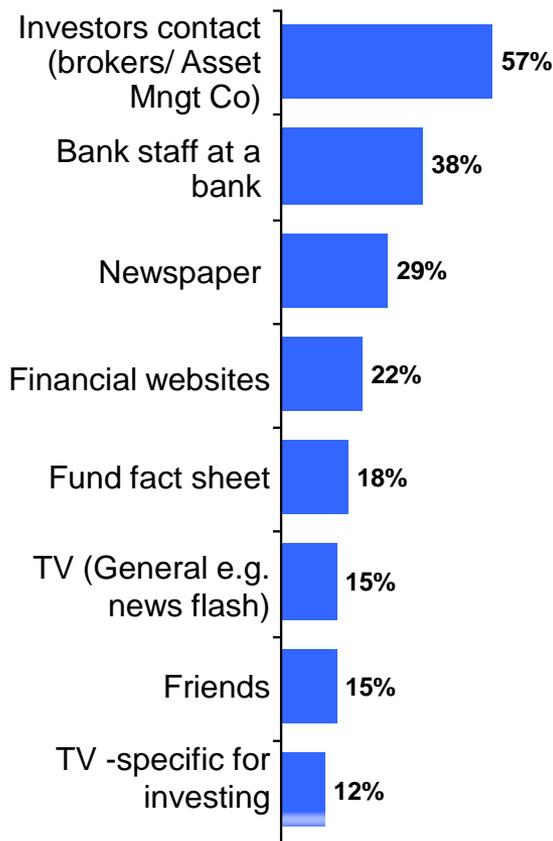
Overall sources of information

Fig in %



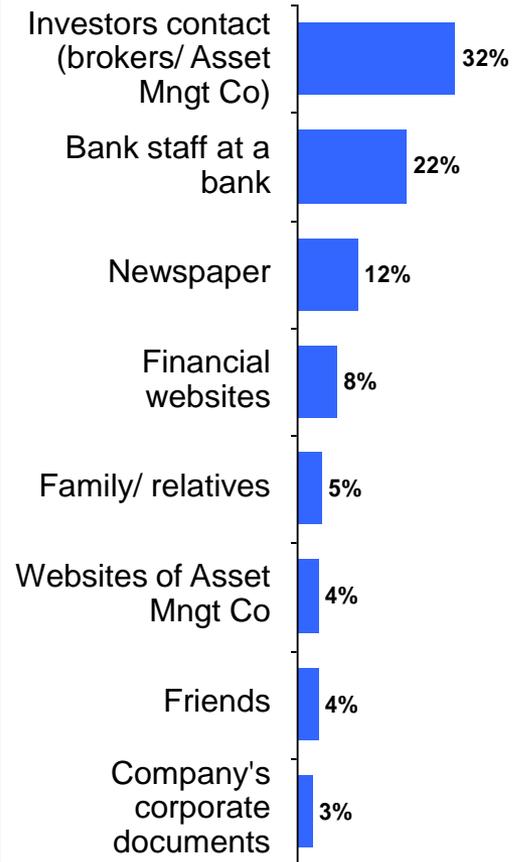
Top 3 Sources

Fig in %



1st Rank

Fig in %



Source of Information for Investment Products

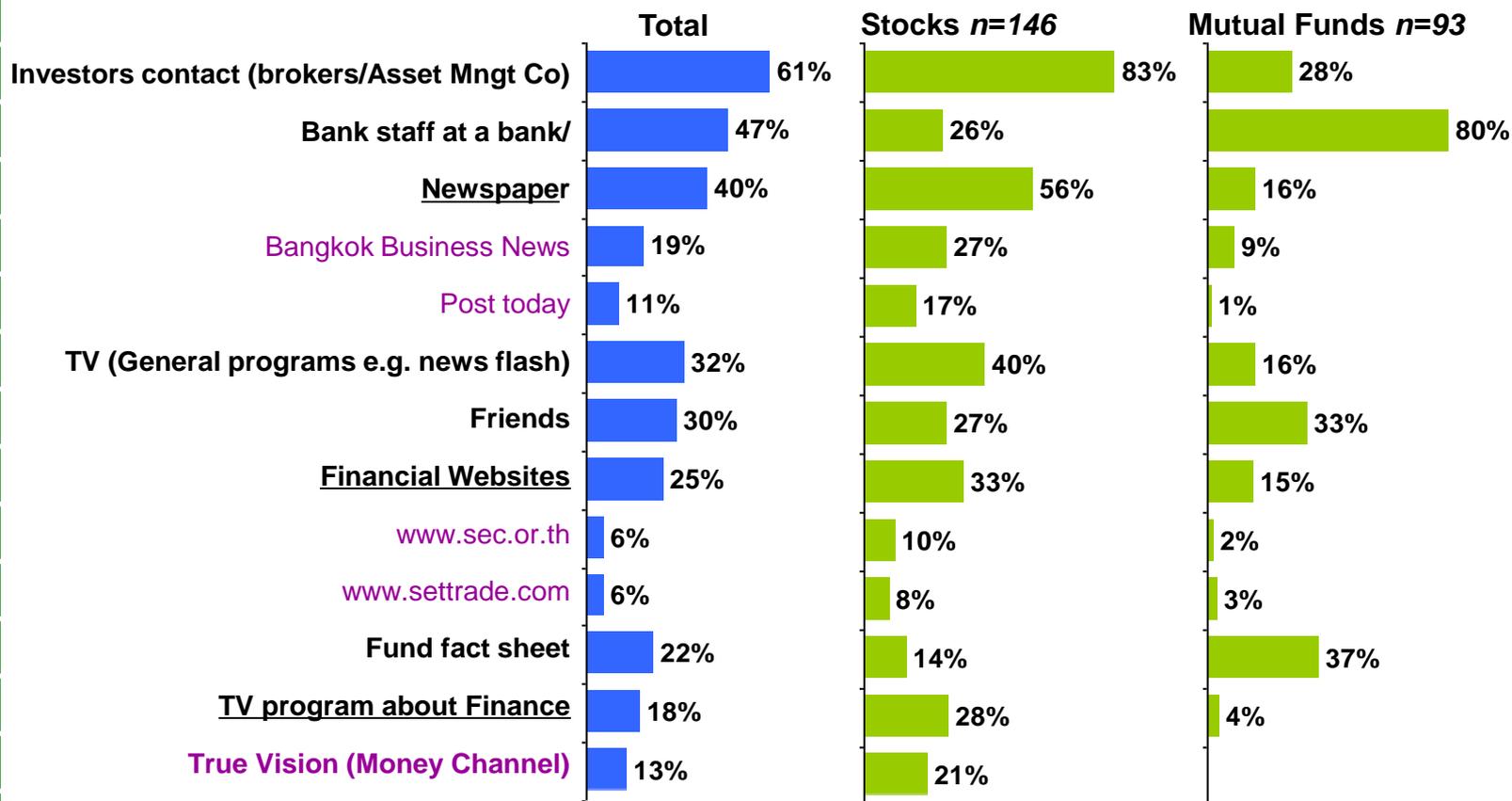
Base: Existing investors (n=250)



- Financial websites (25%) also feature well. However the SEC and SET gain few mentions in this respect with both referred to by about 6% of investors. However, they appear to be more beneficial to stock investors. TV programs geared for finance (18%) are also considered: True Vision (Money Channel) is best noted for this (13%), also more among stock investors.

Sources of information by investors

Fig in %



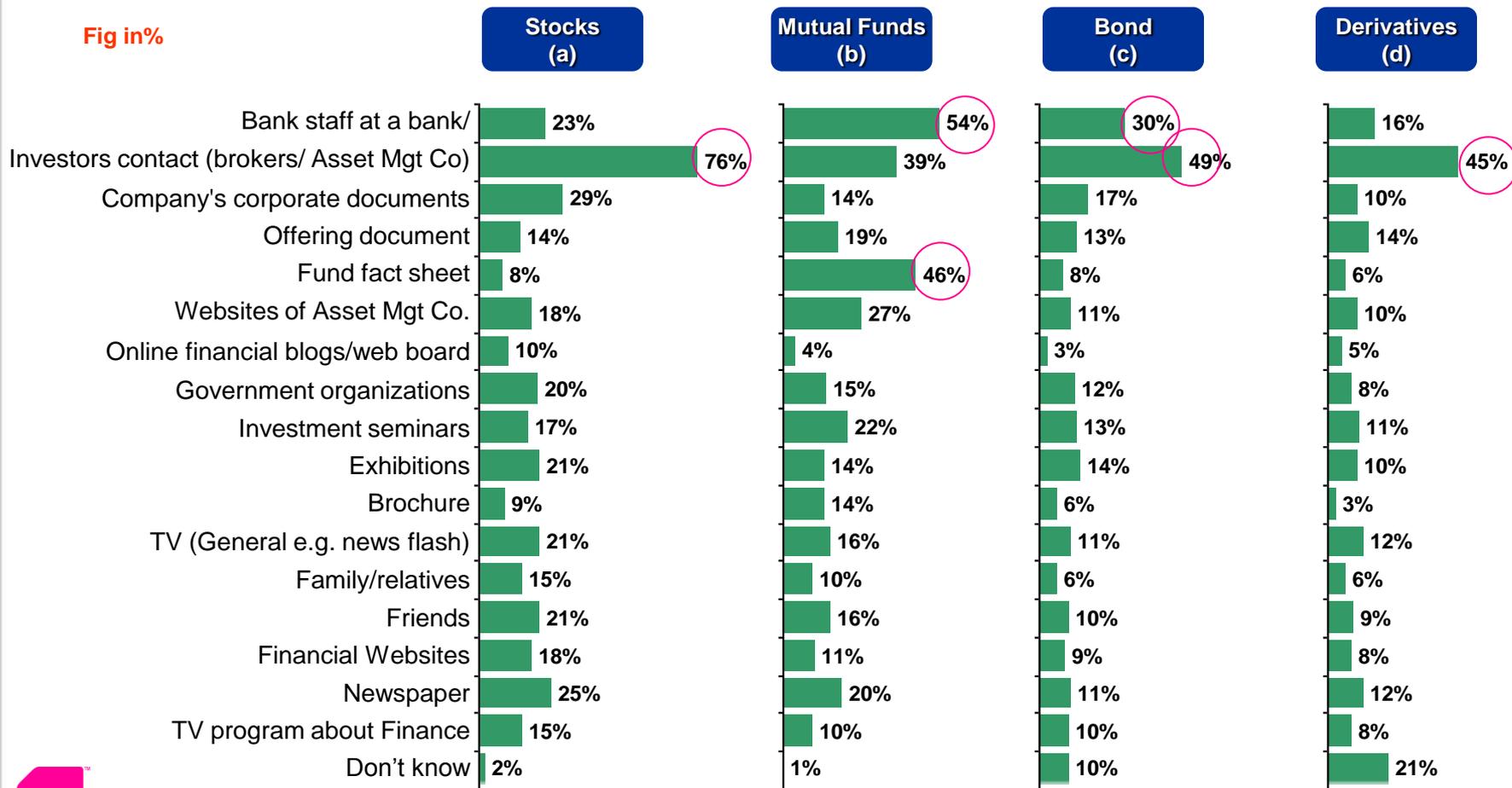
Source Of Information For Each Investment Product

Base: Existing Investors (N=250)



- Information about stocks are sourced from broker (76%) & company's corporate documents (29%). Mutual funds have bank staff (54%) and fund fact sheet (46%) while for bonds and derivatives, investor contact is the main source of information (49%) for bonds and 45% for derivatives. Around one in five do not know where to go for information about derivatives

Fig in%



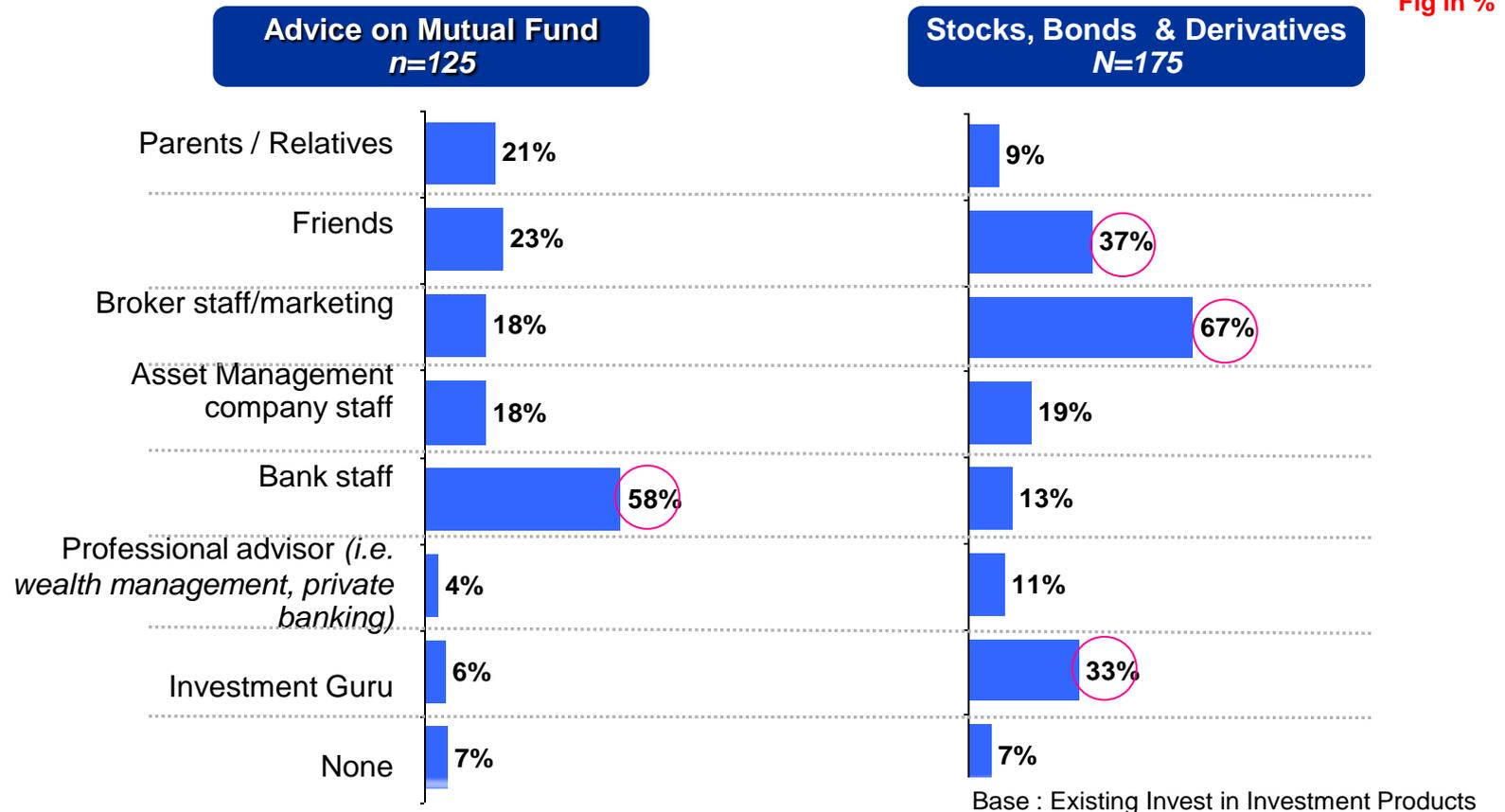
Person most relied for the advice ...

Base: Existing Investors (N=250)



- For Existing investors, bank staff (58%) are still the most reliable source of information for mutual funds. Broker staffs (67%) is the most reliable source for stocks, bonds, derivatives, though friends and investment gurus are also noted.

Person most relied for the advice



Areas of SEC's Concerns towards Investor Knowledge

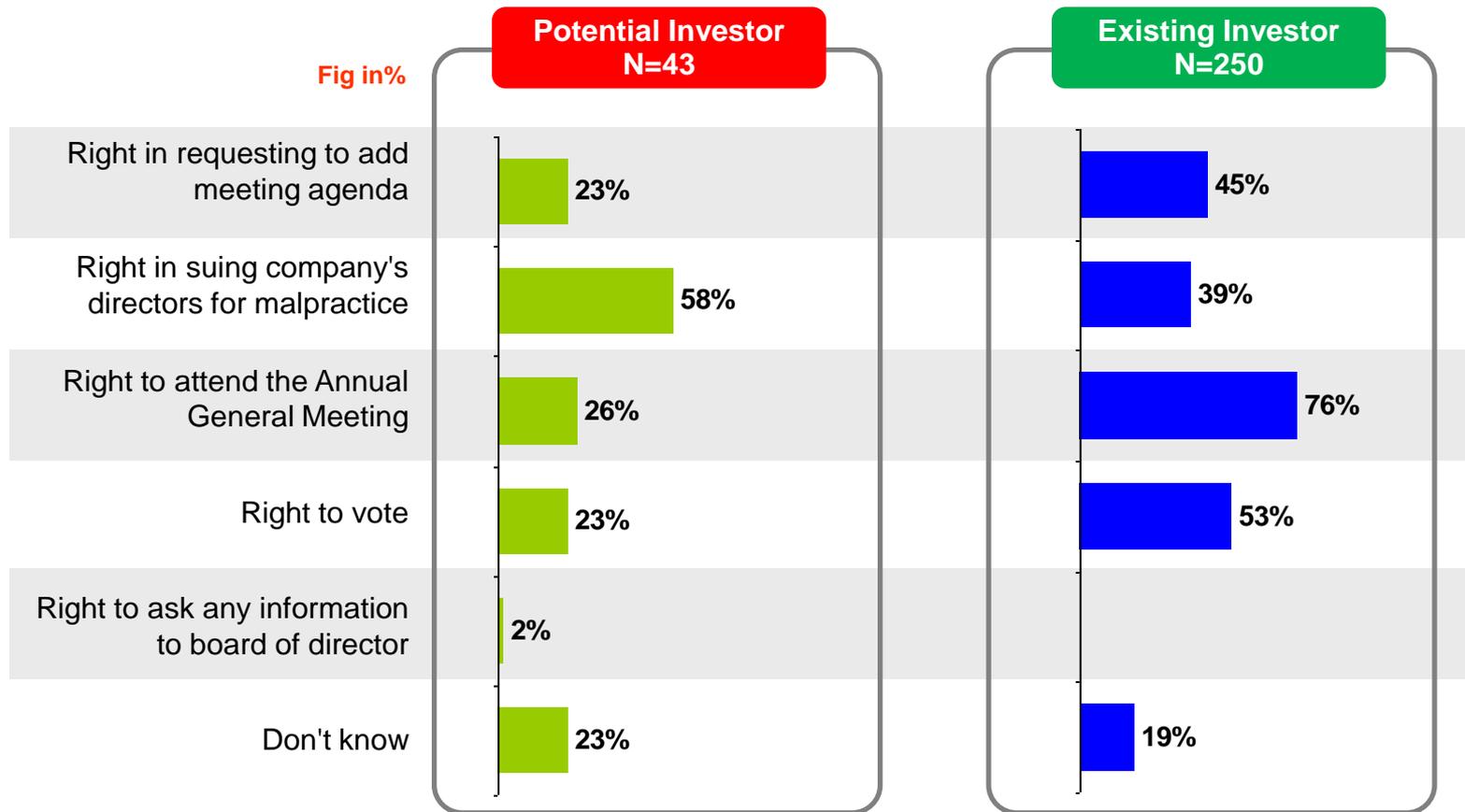


Awareness of Rights as a Company's Shareholder

Base: Potential Investor & Existing Investors



- When asking about what rights they have, existing investors are more aware of their entitlements than are potential investors. Thus, 58% of potential investors believe they have the right to sue a company's directors for malpractice. One in four believes they have the right to attend the Annual General Meeting (26%). Just less than one in four indicate they would not know any of their rights but more worryingly, one in five existing investors say they do not know any of their rights.

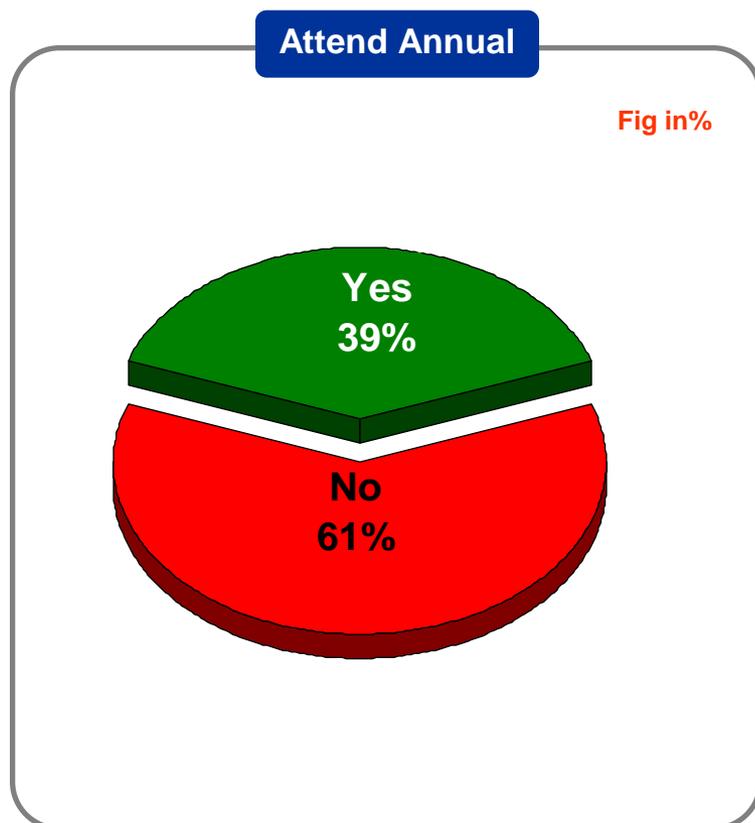


Awareness to Attend Annual General Shareholders' Meeting

Base: Existing Investors (n=250)



- Although 76% of existing investors are aware they have a right to attend annual general meetings, less than 40% of the existing investors have not attended because of a lack of time or problems getting to/from where the meeting is to be held.



Reasons for Not Attending

Fig in%

- Do not have time / far meeting location
- Do not know when the meeting occurs
- Hold not enough stocks to attend the meeting / Do not have right to attend the meeting
- Not necessary because not investing in long-term
- Not necessary because contact broker staff every morning

Those who never attend Annual Meeting (N=98)
33%
17%
6%
3%
2%

Awareness to Attend Annual General Shareholders' Meeting

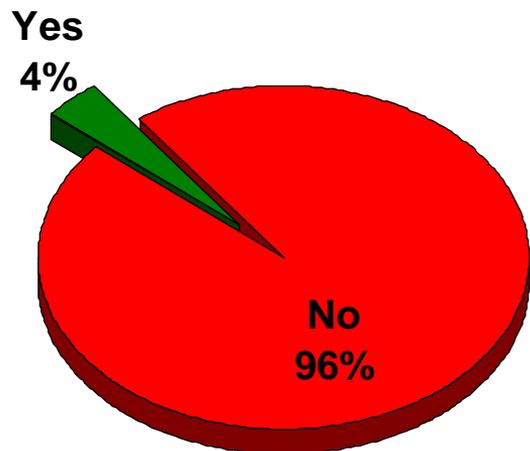
Base: Those who did not attend Annual Meeting (n=146)



- For those who never attend the Annual Meeting, 96% do not ask for any representatives to attend the meeting. The main reasons are they do not have representative (38%) and they never know that they have to attend the meeting, so they never ask for proxy (29%).

Ask Representative

Fig in%



Reasons for Not Designating

Fig in%

- Do not have representative / proxy
- Never know that I have to attend the meeting, so never ask for proxy
- Trust no one / Do not want other person know my personal info
- Hold not enough stocks to attend the meeting
- Do not want to bother other person
- Not necessary because broker staff regularly inform the information
- Want to go by myself in order to know the information
- Most relevant persons are not interested to attend
- Never know that I can ask other as the representative to attend

Existing Investor

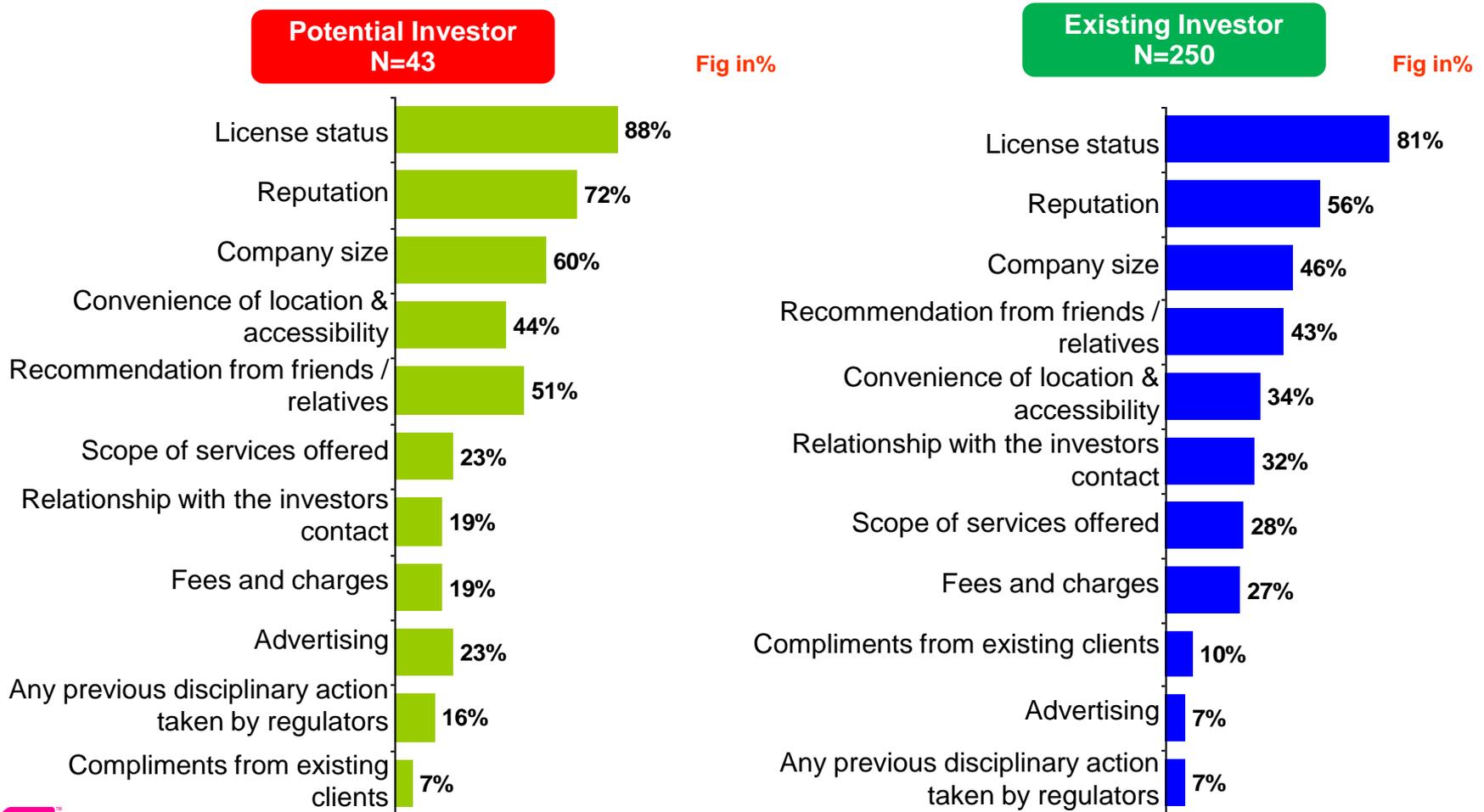
Do not have representative / proxy	38%
Never know that I have to attend the meeting, so never ask for proxy	29%
Trust no one / Do not want other person know my personal info	12%
Hold not enough stocks to attend the meeting	9%
Do not want to bother other person	5%
Not necessary because broker staff regularly inform the information	1%
Want to go by myself in order to know the information	1%
Most relevant persons are not interested to attend	1%
Never know that I can ask other as the representative to attend	1%

Factors Considered before Opening Accounts with Intermediaries

Base: Potential Investor & Existing Investors



- Before opening an account with a financial intermediary, the license status (75%) is considered the most important factor followed by company's reputation (57%) and size (52%). Additionally, Potential investors attach greater importance to these factors than existing investors.



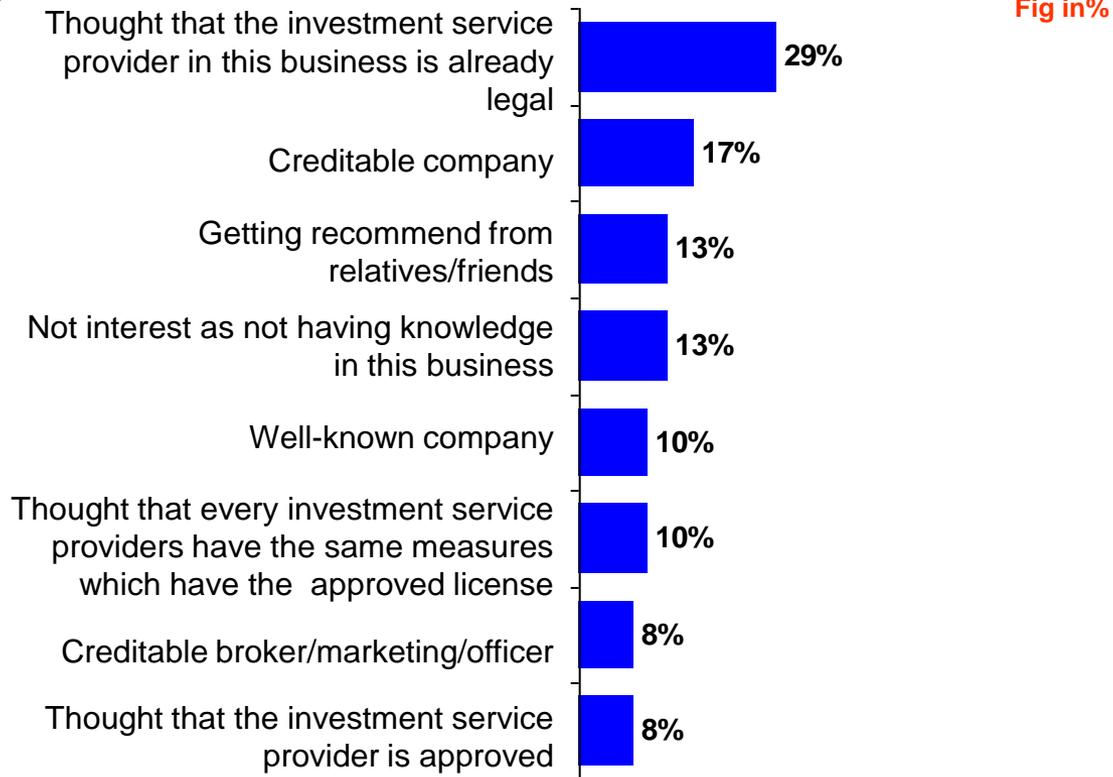
Reasons For Not Considering the Service Provider's Licenses



Base: Those who do not consider license status amongst existing investors (n=48)

- For existing investors who would not check the license (19%), around a third automatically believe that as the company is in business it must already be licensed/legally registered. Others may not check because the intermediary had been recommended by friends/family or that they consider the company to have a reputable name (and so, do not need to check).

Reasons for Not Considering Licenses



Investment Document Perusal & Tracking Performance

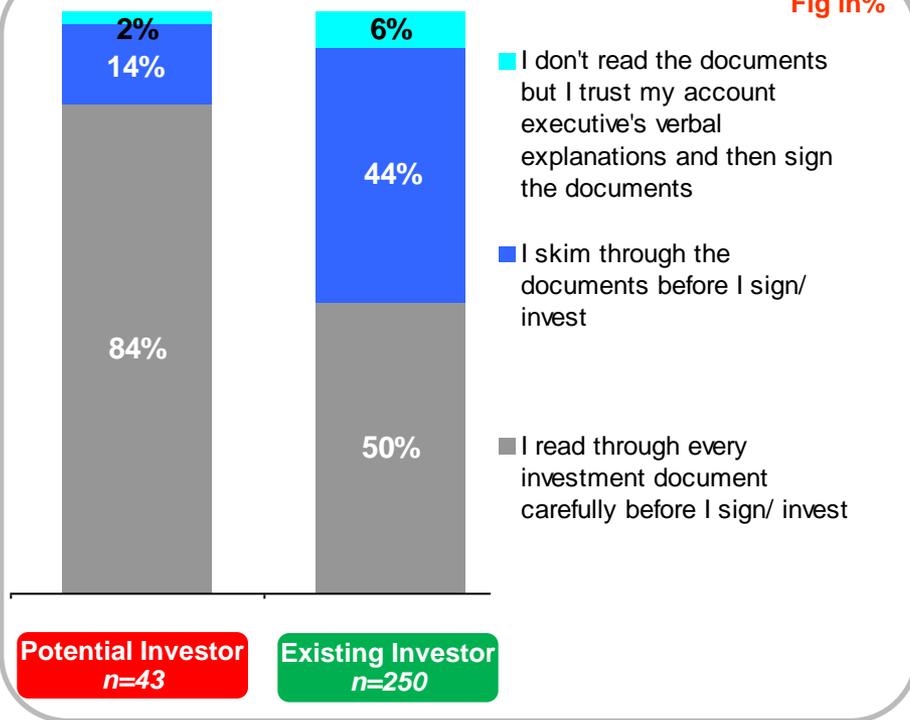
Base: Potential Investor & Existing Investors



- When investing, existing investors are less likely to carefully/thoroughly read every document they are given before signing than are potential investors. Whether this boils down to experience or complacency is open to question. Thus, it may be necessary to encourage and reiterate the importance of all investors to be vigilant in reading these documents.
- Only 40% of existing investors check their investment performance statement every time they receive one. About 80% of stocks investors and 60% of mutual funds investors check performance statement most of the time or every time

Investment Document Perusal

Fig in%



Check performance statements

Fig in%

