



## Home bias declines as turbulent markets drive diversification

March 29, 2023

- Number of retail investors holding stocks listed in their home market falls 12%
- More investors holding foreign stocks, commodities & bonds
- Retail investor confidence has rebounded to highest level since Q4 2021

**Wednesday March 29** – The proportion of retail investors holding locally-listed stocks has fallen by 12% in the past year whilst the popularity of several other asset classes has increased, according to the latest Retail Investor Beat from social investing network eToro.

The findings – taken from a quarterly survey of 10,000 retail investors across 13 countries – indicate that after more than a year of highly turbulent markets, retail investors have become better diversified. They are looking further afield for opportunities in different markets and asset classes, with less ‘home bias’.

The percentage of global retail investors with exposure to domestic equities has fallen from 51% in Q1 2022 to 45% in Q1 2023 (12% or 6 percentage points). The move away from the home equity market is more prevalent in the US, where the proportion of retail investors holding domestic equities has fallen from 60% in Q1 2022 to 42% in Q1 2023 – a 30%, or 18 percentage point, drop.

Meanwhile in Europe, whilst there are stark country-by-country differences, the proportion holding domestic equities has remained stable at 45%. Spain shows a pronounced decline in home bias, with 21% fewer investors holding domestic equities whilst Italy, Poland and Czech Republic buck the trend.

**Commenting on the latest report, Ben Laidler, Global Markets Strategist at eToro, said:**“It has never been easier or cheaper for investors to take advantage of the diversification and investment opportunities in the rest of the world, with more ETF’s and commission free trading, for example. The market volatility of the last year seems to have been the catalyst, with the proportion of investors looking to their home markets falling below 50% for the first time. This certainly feels like a turning point.”

Whilst domestic equities have declined in popularity, the proportion of investors holding stocks in foreign-listed companies has risen modestly, up 4% since last year. More pronounced rises were seen in markets such as the US (25% increase) and the UK (12% increase), with the EU seeing a 7% increase.

After 15 months of faltering markets, retail investors are also increasingly diversifying into different asset classes; the percentage holding commodities has jumped from 16% to 27%, those with foreign bonds has risen from 12% to 17%, those with alternative investments (for example, real estate) is up from 21% to 23%, those with FX exposure is up from 9% to 19%, whilst those crypto exposure has remained steady at 29%.

### Table shows change in proportion of retail investors holding certain asset classes

% of retail investors holding asset class	Q1 2022			Q1 2023		
	Global	US	UK Europe*	Global	US	UK Europe*
domestic equities	51%	60%	48% 45%	45%	42%	43% 45%
foreign equities	28%	16%	25% 30%	29%	20%	28% 32%
foreign bonds	12%	16%	10% 15%	17%	18%	16% 18%
Commodities	16%	17%	11% 17%	27%	30%	26% 27%
Alternative investments (.e.g. real estate)	21%	18%	15% 18%	23%	27%	17% 23%

\*Average % calculated across the 10 European countries we surveyed – country-by-country figures included in notes to editors

“Whether it be the US tech giants, Europe’s luxury leaders, or Asia’s fast growing economies, investors are seemingly now looking at some of the investment options not available locally. It’s a reminder that even the bigger stock markets, like the UK or France, are only 3 to 4 per cent of global equity markets. There are 45 major developed and emerging stock markets, not one”, adds Laidler.

“This latest survey also shows a significant rise in investors holding international bonds in their portfolio compared to last year. This may be a smart diversification move with bond yields now the highest in over a decade, after their dramatic price falls last year.”

The latest Retail Investor Beat also found that retail investor confidence has rebounded to its highest level since the 2021 bull market, 76% are confident in their portfolios vs 69% in the previous quarter. More than two in five (44%) have upped their

investment contributions in 2023.

In terms of risks, inflation remains the biggest perceived threat amongst retail investors, with 22% citing this, whilst international conflict (18%) has risen to become the second biggest perceived threat.

## ENDS

### Notes for editors

#### About this report

The Q1 2023 Retail Investor Beat was based on a survey of 10,000 retail investors across 13 countries and 3 continents. The following countries had 1,000 respondents: UK, US, Germany, France, Australia, Italy and Spain. The following countries had 500 respondents: Netherlands, Denmark, Norway, Poland, Romania, and the Czech Republic.

The survey was conducted from 20th February – 9th March 2023 and carried out by research company Opinium. Retail investors were defined as self-directed or advised and had to hold at least one investment product including shares, bonds, funds, investment ISAs or equivalent. They did not need to be eToro users.

Complete country-by-country data on change in retail investors holding different asset classes between Q1 2022 and Q1 2023 is available upon request

#### Media contacts

pr@etoro.com

#### About eToro

[eToro](#) is a social investment network that empowers people to grow their knowledge and wealth as part of a global community of investors. eToro was founded in 2007 with the vision of opening up the global markets so that everyone can trade and invest in a simple and transparent way. Today, eToro is a global community of more than 30 million registered users who share their investment strategies; and anyone can follow the approaches of those who have been the most successful. Due to the simplicity of the platform users can easily buy, hold and sell assets, monitor their portfolio in real time, and transact whenever they want.

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