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13 September 2021

Committee Secretary  
Standing Committee on Economics  
PO Box 6021  
Parliament House  
Canberra ACT 2600

By email: [economics.reps@aph.gov.au](mailto:economics.reps@aph.gov.au)

Dear Sir/Madam

By way of background, the Australasian Investor Relations Association (AIRA) was established in 2001 to advance the awareness of best practice in investor relations in Australia and New Zealand and thereby improve the relationship between listed entities and the investment community. The Association's 160 corporate members are principally ASX 300 and NZX 50 listed entities and now represent over A\$1.2 trillion of the total market capitalisation of entities listed on ASX/NZX.

To assist the Committee with this inquiry, we thought it might be useful to try and provide some more meaningful data on the ownership of the S&P / ASX 300 companies. To that end, we commissioned one of Australia's leading share register analysis providers, Orient Capital, to look at the average share ownership across S&P/ASX 300 companies in a number of different ways.

- i) Average Share Register Structure S&P / ASX 300
- ii) Passive investment in the S&P / ASX 300
- iii) Superfund investment in the S&P / ASX 300
- iv) Voting discretion in the S&P / ASX 300

### **ASX Data Review**

- The data contained within this submission has been derived from proprietary shareholding data, across the S&P/ASX 300 Index, over the past 3 years (as at July 2021, July 2020 and July 2019). It has been analysed and aggregated based in investment discretion (investment manager), source of funds (beneficial ownership) and voting discretion (proxy voting – Corporate Governance).
- The data has been attained through the analysis of nominee disclosure responses, issued pursuant to s672A(1)(a) & s672A(1)(b) of the Corporations Act of Australia, for companies listed on the ASX (incorporated in Australia). The data covers, by market weight, an average of 73.3% of the index over the 3 periods provided and the data has been calculated across both an average % of issued share capital and % of value.
- Please note, Issued Share Capital (ISC) is an average % holding across the S&P/ASX 300 Index while the value is a % of the total market capitalisation across the S&P/ASX 300 Index. ISC assumes all holdings are equal, while value does not i.e a 5% holding in Commonwealth Bank of Australia (ticker CBA) would be of a higher value than a 5% holding in Woodside Petroleum Limited (ticker WPL).

- **ISC** – this is the average % holding for investors across the S&P/ASX 300 Index:

$$\frac{(\sum \% \text{ holding})}{(\text{No. companies})}$$

- **Value** – is the % value of the investor's holdings across the index divided by the total market capitalisation of S&P/ASX 300 Index:

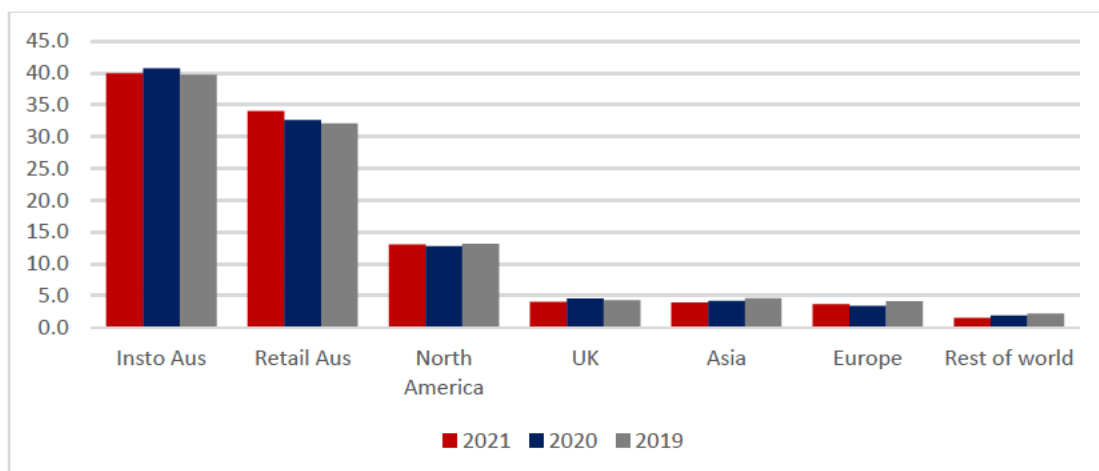
$$\frac{(\sum \text{Investor holding value})}{(\sum \text{Market capitalisation})}$$

## **Orient Capital Findings:**

### **I) AVERAGE SHARE REGISTER STRUCTURE S&P / ASX 300**

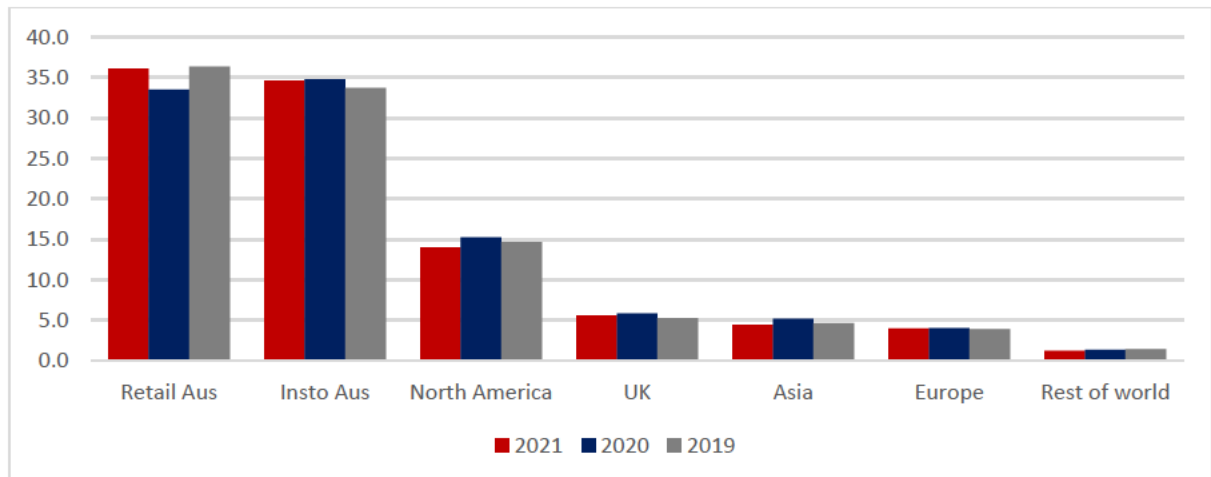
#### **Average Share Register S&P/ASX 300 by Issued Share Capital**

- Domestic institutions are the largest holders of the S&P/ASX 300 by % ISC, accounting for approximately 40% as at July 21.
- Domestic retail holders are the next largest investor group accounting for 34%, and growing.
- The third largest region is North America with around 13% of registers in their management. This is dominated by the big 3 index investment houses of BlackRock, Vanguard and State Street.



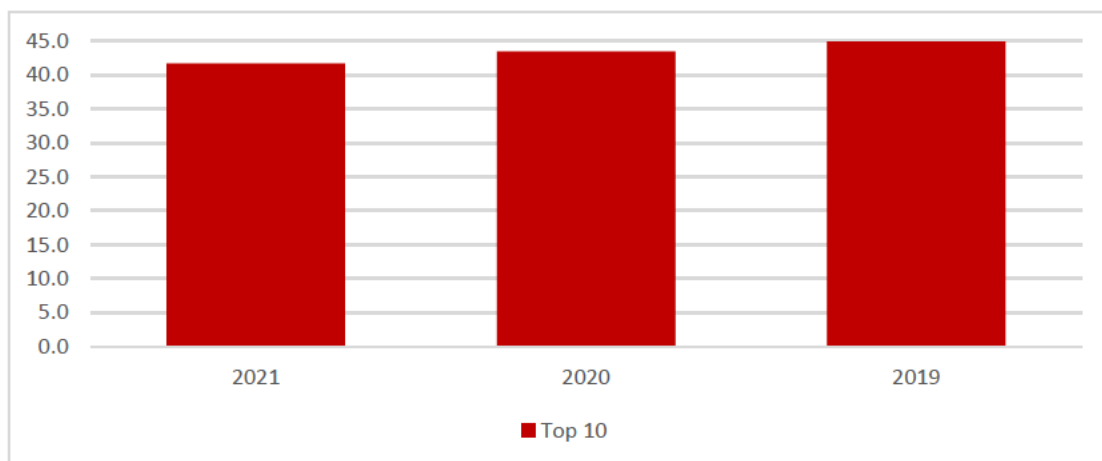
### Average Share Register S&P/ASX 300 by Value

- Retail Australia investors are the largest group of investors when analysing the data based on value, with approximately 36% of the market. This is predominantly due to the structure of the largest listed issuers on the ASX and their journeys to local bourse.
- Next is domestic institutions which account for almost 35% by value.
- As per the ISC data the next largest region is North America with a slightly higher portion by value of 14%.



### Average Cumulative Issued Share Capital for top 10 Investors S&P/ASX 300

- The average cumulative % captured by the top 10 investors of companies within the S&P/ASX 300 index is about 42% according to the 21 data.
- This has decreased over the period by approximately 3% from 45% in 2019.
- An analysis on the average cumulative holdings captured by the top 10 parent companies has not been completed for this study. Related parties (directors etc), retail holders and corporate positions are grouped together for the purposes of this analysis.

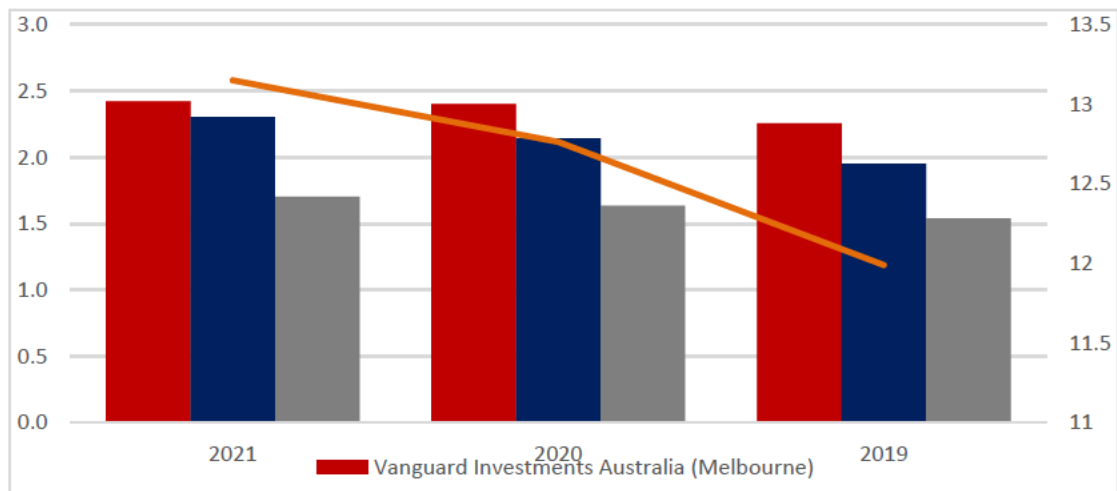


## Orient Capital Findings:

### II) PASSIVE INVESTMENT IN THE S&P / ASX 300

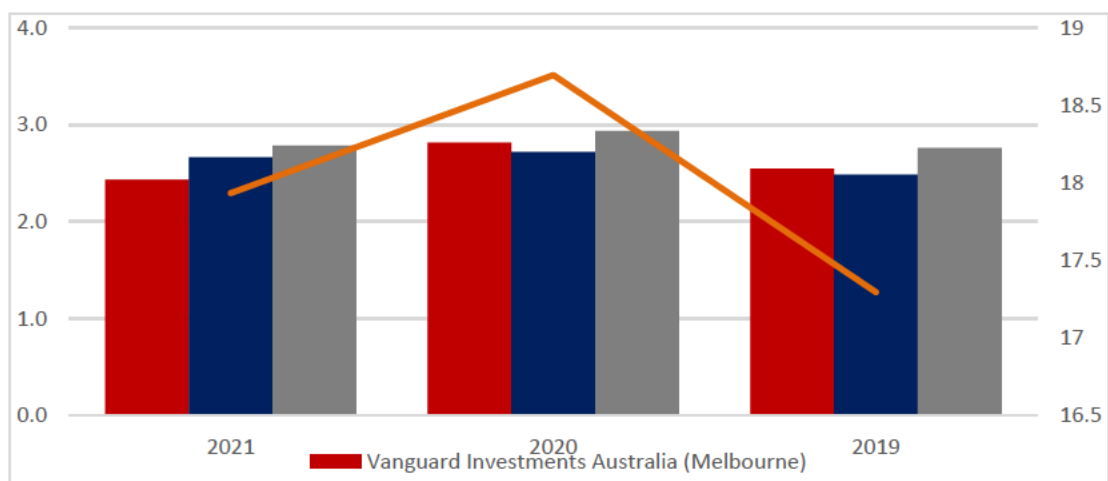
#### Average Index Investment S&P/ASX 300 by Issued Share Capital

- The influence of index investors over time has increased as a % of ISC, with approximately an average of 13.2% of companies controlled by investment managers with a primary investment style of index.
- The overall data is dominated by the 3 largest index investors in the S&P/ASX 300 index, which account for approximately half of the investment.



#### Average Index Investment S&P/ASX 300 by Value

- The overall market value managed by index investors appears to have peaked in July 20 with 18.7% of the market under management.
- This may be due in part to broader index products offered in the market across varying asset classes and additional stock lending activities, which can reduce the reported holding for the investors. Note that in many scenarios index investors will open their stock to be lent by nominees/brokers.

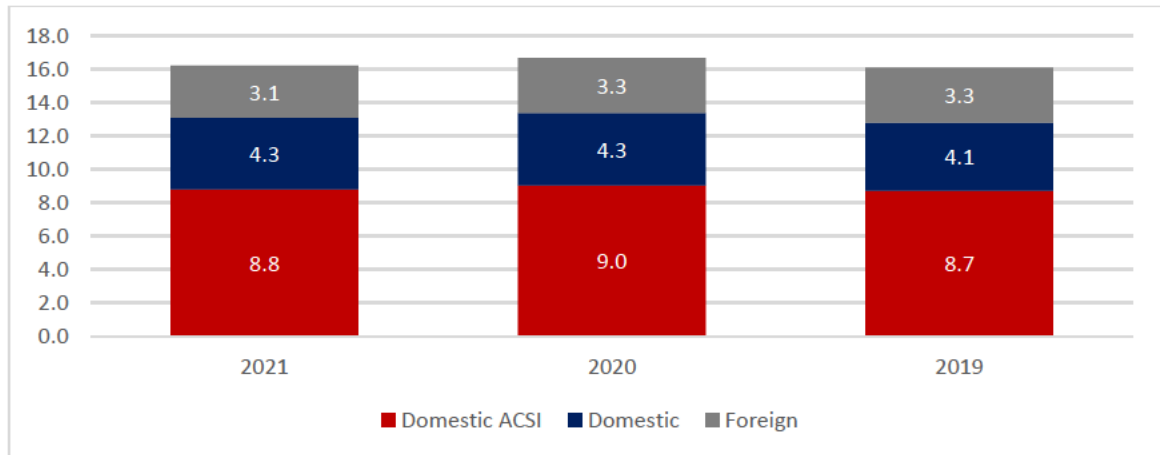


## Orient Capital Findings:

### III) SUPER FUND INVESTMENT IN THE S&P / ASX 300

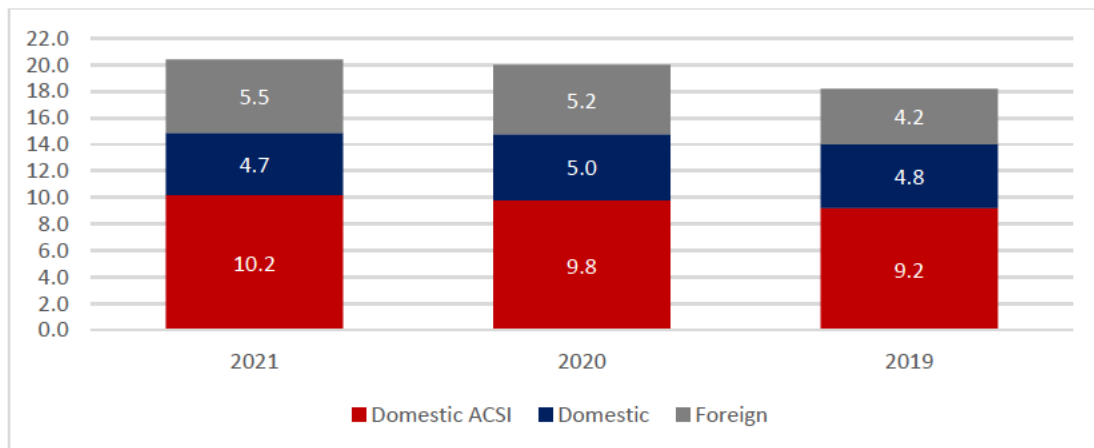
#### Average Super Fund Investment into S&P/ASX 300 by Issued Share Capital

- The overall average % ISC captured by superannuation funds in our analysis is 16.2%.
- This is split between domestic funds 13.1% and global 3.1%.
- The domestic data further reflects that approximately 8.8% is through members of ACSI<sup>1</sup> and 4.3% through other.



#### Average Super Fund Investment Into S&P/ASX 300 by Value

- The overall % value captured by super funds in our analysis is 20.4%.
- This is split between domestic funds 14.9% and global 5.5%.
- The domestic data further reflects that approximately 10.2% is through members of ACSI and 4.7% through other.



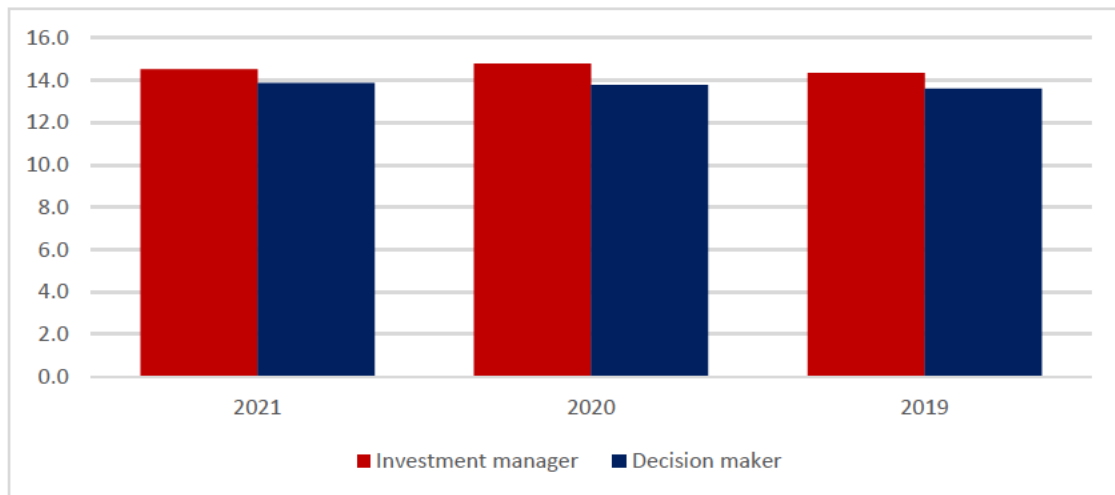
<sup>1</sup> Members of ACSI were identified from the ACSI website.

## **Orient Capital Findings:**

### **IV) VOTING DISCRETION IN THE S&P / ASX 300**

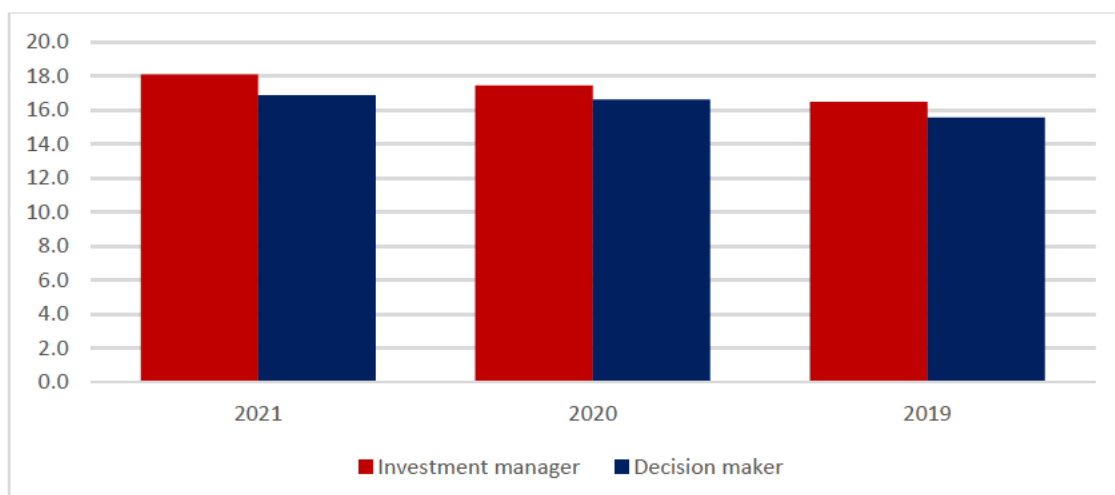
#### **Voting Discretion S&P/ASX 300 by Issued Share Capital**

- The average % ISC for the top 10 investors (by %ISC) in the market is approximately 14.5%.
- This number decreases to 13.9% when looking at the top 10 by decision maker.
- Of the top 10, 60% of the voting is controlled by beneficial owners including super funds and sovereign wealth funds.



#### **Voting Discretion S&P/ASX 300 by Value**

- The % value for the top 10 investors in the market (by % Value) is approximately 18.1%. This number decreases to 16.9% when looking at the top 10 by decision maker.
- Of the top 10 60% of the voting is controlled by beneficial owners including super funds and sovereign wealth funds



### **About Orient Capital**

- Orient Capital (OC) is a global leader in shareholder identification analysis, equity market intelligence, proxy solicitation, webcasting, investor communication and shareholder management technology. We are a wholly-owned, but independent subsidiary of the Link Group, a global share registry and technology services provider. OC has been providing global analysis data on behalf of listed issuers in the Australian market for over 25 years.

We would welcome the opportunity to further discuss.

Kind Regards

Ian Matheson  
CEO