Moomoo User Midyear 2024 Investor Survey

2024 1H moomoo user personal finance survey

Introduction

- *Better-than expected first-quarter earnings, solid economic and employment data and expectations for improved corporate efficiencies largely driven by generative AI helped push markets near all-time highs at the end of the first half of 2024.*

- *The S&P 500 is up almost 33% as of June 28, 2024 since its recent bottom in October 2023, while the Nasdaq 100 index is up almost 40% led mostly by gains in Artificial Intelligence (AI) stocks as of June 28.*

- *Moomoo surveyed its users halfway through the year to find out how their investing journey has progressed so far this year and what their expectations for the second half will be.*

- *The survey aimed to gain better understanding of the current landscape by answering three key questions.*

The companies in the Nasdaq-100® include 100-plus of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization. The S&P 500 is an unmanaged index of 500 widely held stocks. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investors' results will vary. Past performance does not guarantee future results.

Three Key Questions We Asked Surveyed Users

How are surveyed users doing?	What is the investor sentiment?	*Where do we go now?*
• ***Investors are generally trading more and are more profitable than at this time last year, but inflation and confidence are concerns.***	• With US markets near all-time highs, investors have adopted a more neutral tone on markets, the possibility of recession and AI valuations.	• Investors are expecting more volatile markets as the election looms, but still expect tech shares to outperform in the second half.

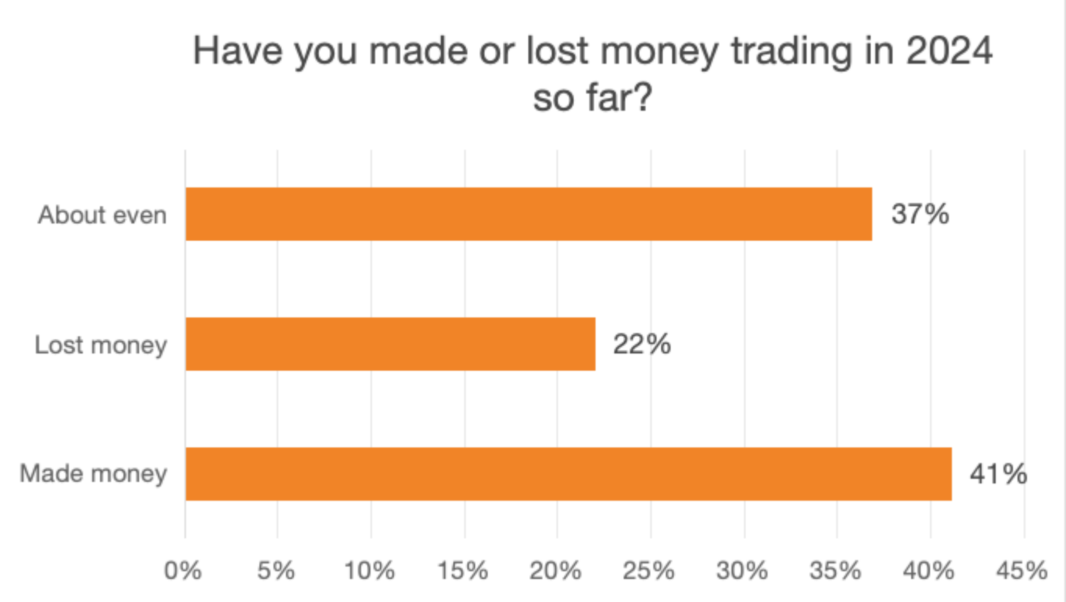
The survey results provided herein may not represent other customers' experience, and there is no guarantee of future performance or success and should also not be construed as investment advice. Experiences may differ than the ones represented here.

1. How are surveyed users doing?

41% of surveyed users experiencing positive returns in 2024 compared to 36% at the same point in 2023.

- The S&P 500 index rose 15% in the first half of 2024, a similar return to its 16% return in the first half of 2023 while the Nasdaq 100 index advanced 17%, as tech shares have generally outperformed.

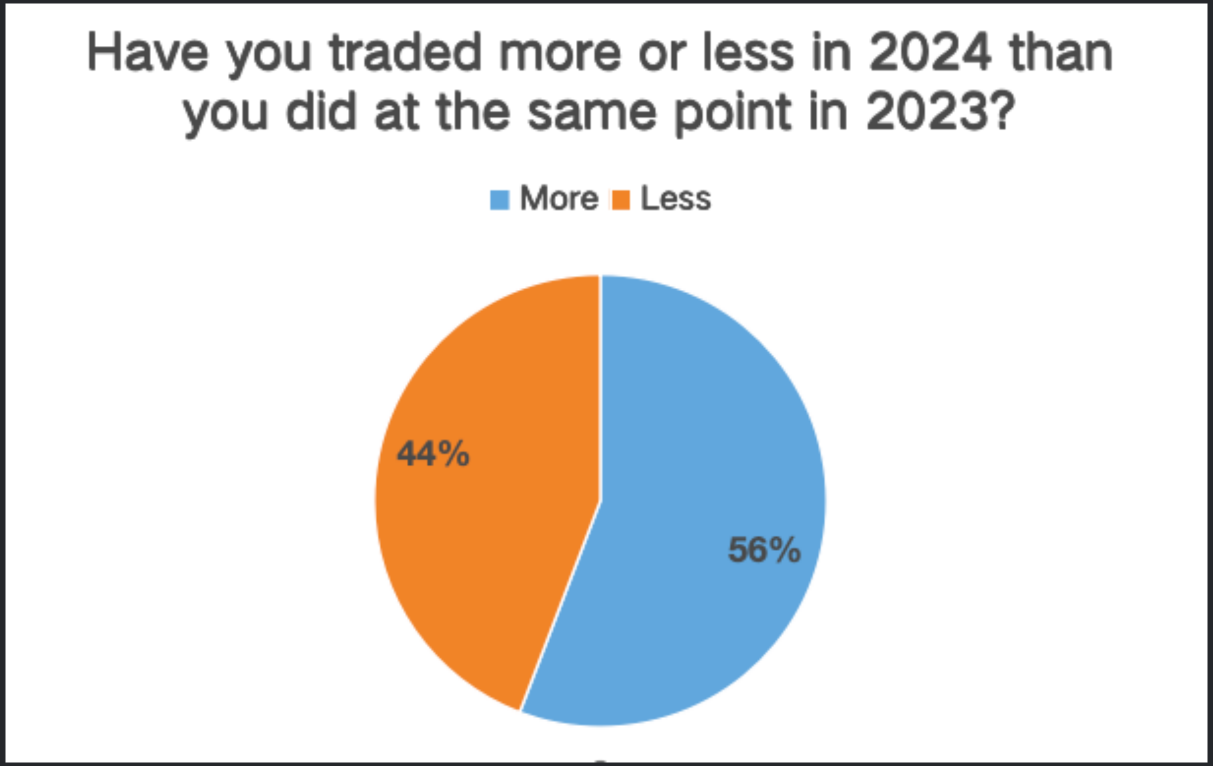
- A surprising performance given the narrow rally:
  - Fewer investors lost money this year compared to last (-11%)
  - This despite almost 40% of S&P 500 stocks having a negative return in the first half.
  - Much of the stock market's gains were focused in stocks related to AI in the tech and energy sectors.
  - Solid first quarter earnings from S&P 500 companies which grew 7.9% y/y on average compared to analysts' expectations of 3.8%, helped drive gains. (Source: Bloomberg)



With more users making money, they are trading more than they did at the same point last year.

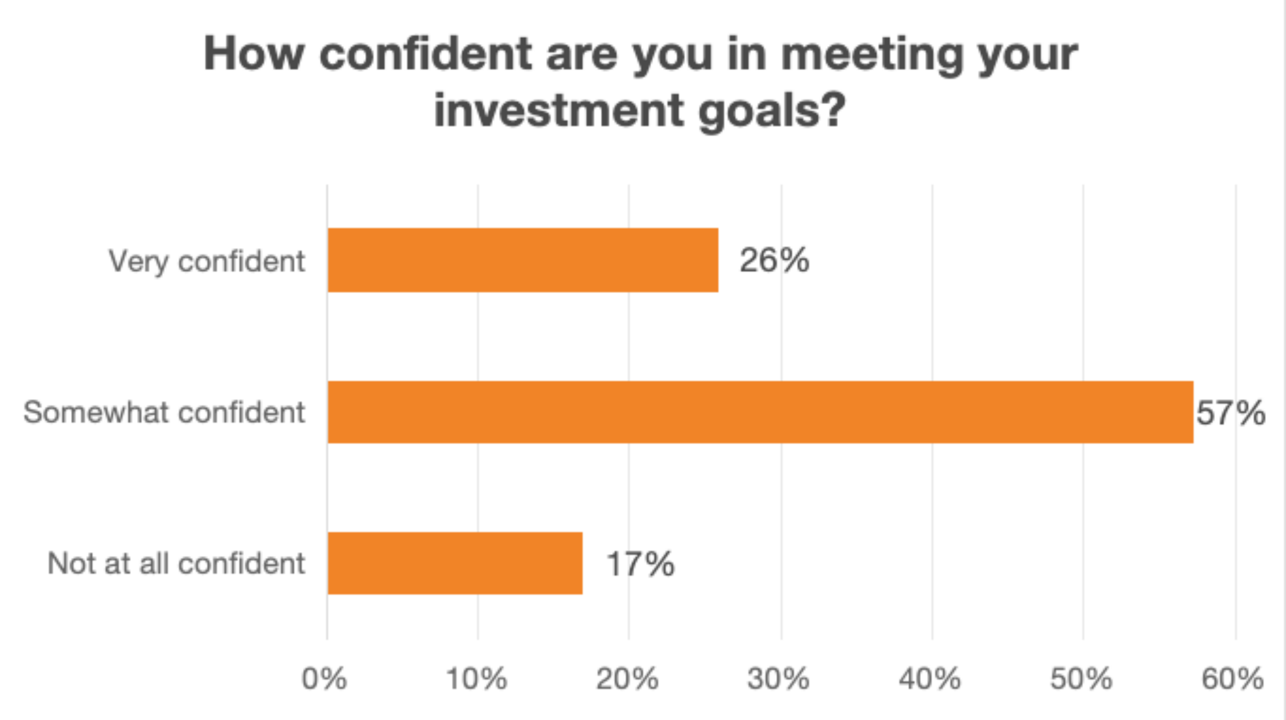
- Hispanic/Latinos (62%), households with greater than $130,000 in income (61%) and under 25-year-olds (75%) are the demographic groups trading the most among our survey participants.

- More widely available investor education materials, no account minimums and the availability of fractional share trading may be factors behind increased trading among young people.



Confidence in meeting their investment goals continues to decline among users as housing affordability remains out of reach for many households.*

- Investor confidence in meeting their investment goals remained similar YOY with a slight drop in confidence sentiment as 26% felt confident this year compared to 31% last year.
- With mortgage rates near 7% and median US home prices above $400,000, home payments are up 50% since the beginning of 2020 compared to only a 23% increase in wages over the same time period.



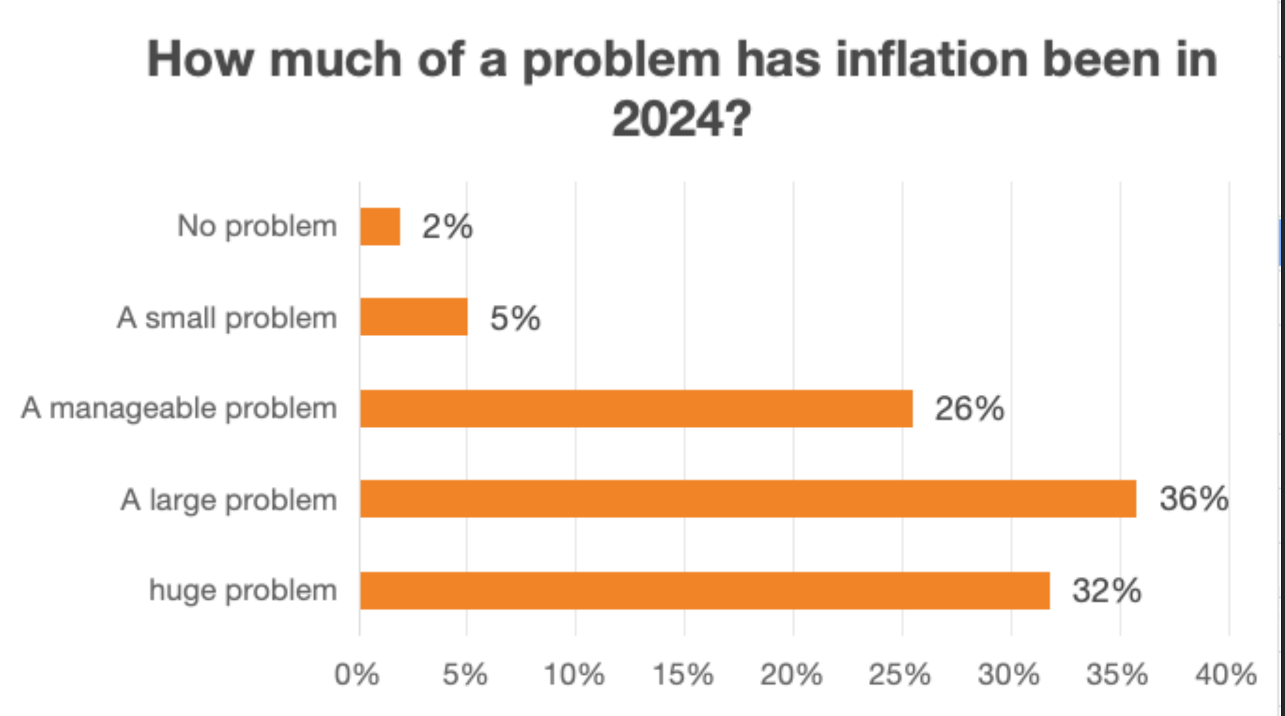
*Source: https://www.bankrate.com/real-estate/home-affordability-in-current-housing-market-study/#key-takeaways

Inflation remains top concern for users despite some progress.

- 68% of users see inflation as a huge or large problem compared to 71% in the prior 1H23 survey.

- The rate inflation has remained at or below 3.5% every month in 2024, but inflation in the service sector remains sticky and overall inflation levels remain above the Federal Reserve's 2% mandate.

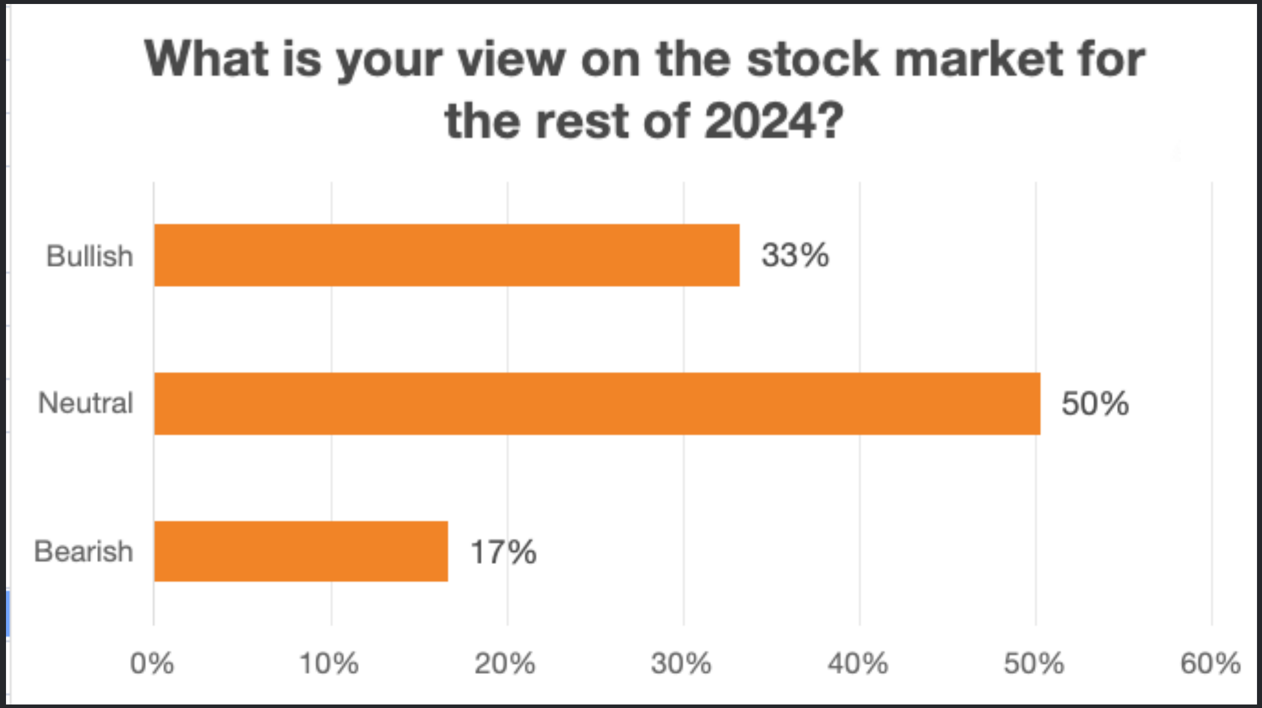
- Inflation is a much bigger concern among lower income households (40% of those with incomes lower than $35,000 see it as a huge problem) than high income ones (23% of those with incomes over $130,000 see it as a huge problem)



2. What is the investor sentiment?

Investors are adopting a slightly more neutral tone with markets at near all time highs.

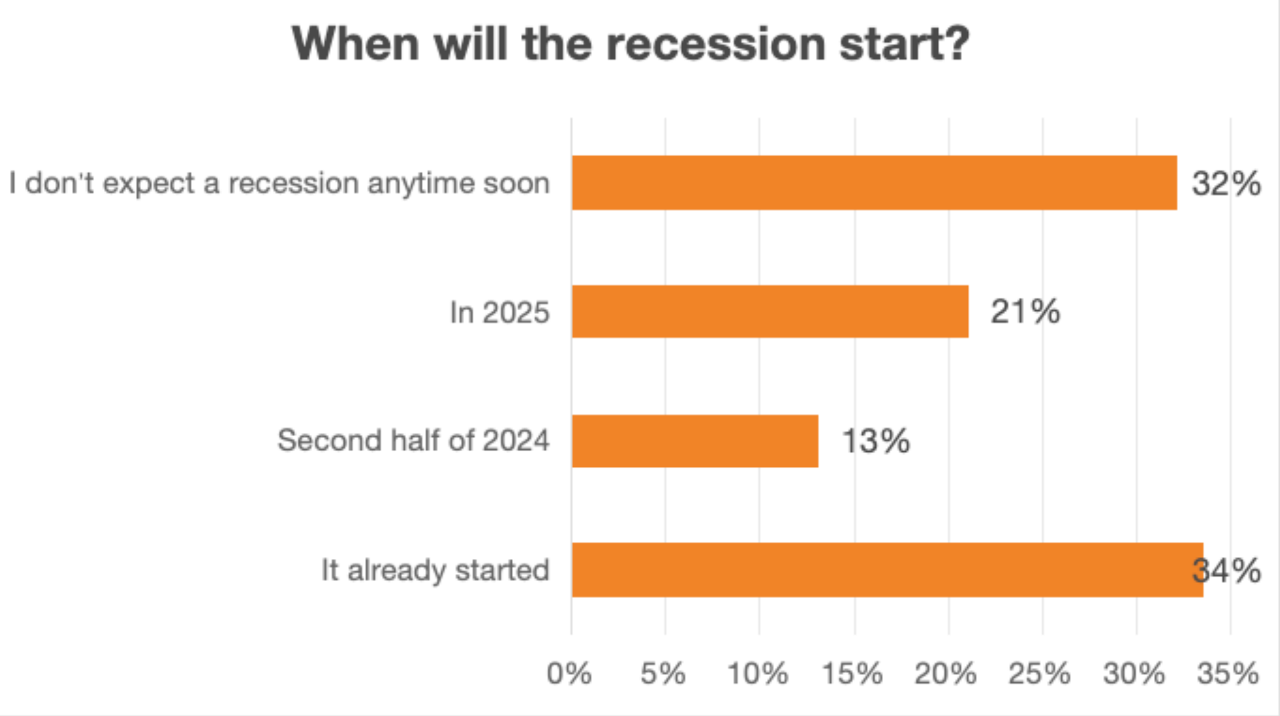
- the bullish sentiment also remained steady with a slight drop to 33% of investors feeling bullish compared to 39% last year.
- % last year
- 50% of users are neutral compared to 43% a year ago.
- With the S&P 500 up ~25% over the past year the forward price-to-earnings multiple of the index has rise from ~19.5x to ~21.5x as of June 28, 2024.
- The results may indicate some users' expectations of a market pause to allow earnings growth to catch up with stock performance.



What is the investor sentiment?

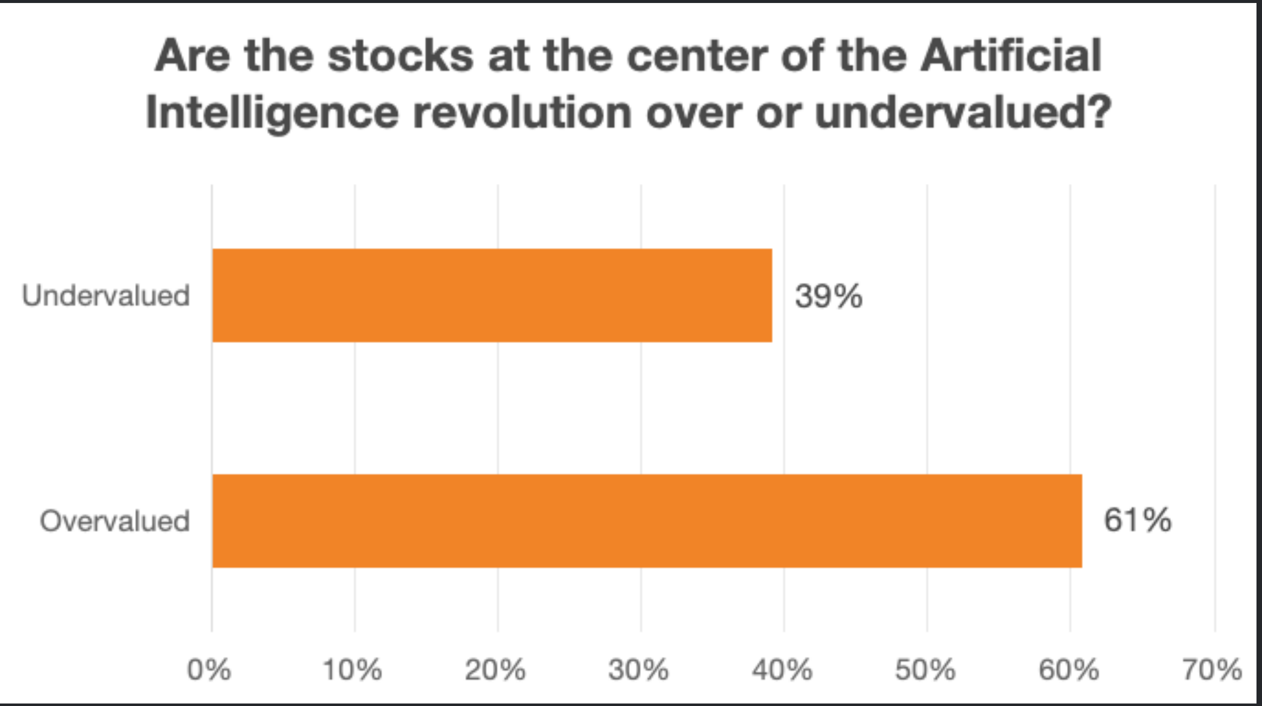
More users do not expect a recession anytime soon, but they are still in the minority

- According to the survey, 31% of investors don't expect a recession anytime soon compared to 26% at the beginning of the year and 18% a year ago.
- Investors over 65 are more upbeat about the country's economic prospects with 41% not expecting a recession anytime soon.
- A majority of investors still think a recession has already started or will begin this year.
- This is slightly at odds with professional economists who see a 30% chance of recession over the next year on average as compared to a 50% chance at the beginning of the year and a 65% chance a year ago.



Investors are still split over AI stock valuations following significant outperformance in the first half of the year.

- 61% of surveyed investors see AI stocks as overvalued compared to 54% at the beginning of the year.
- All four of the top S&P 500 performers year-to-date, Super Micro Computer, Nvidia, Vistra and Constellation Energy have seen gains based in part on the expected increase in demand for the power generation and infrastructure needed to enable AI solutions.

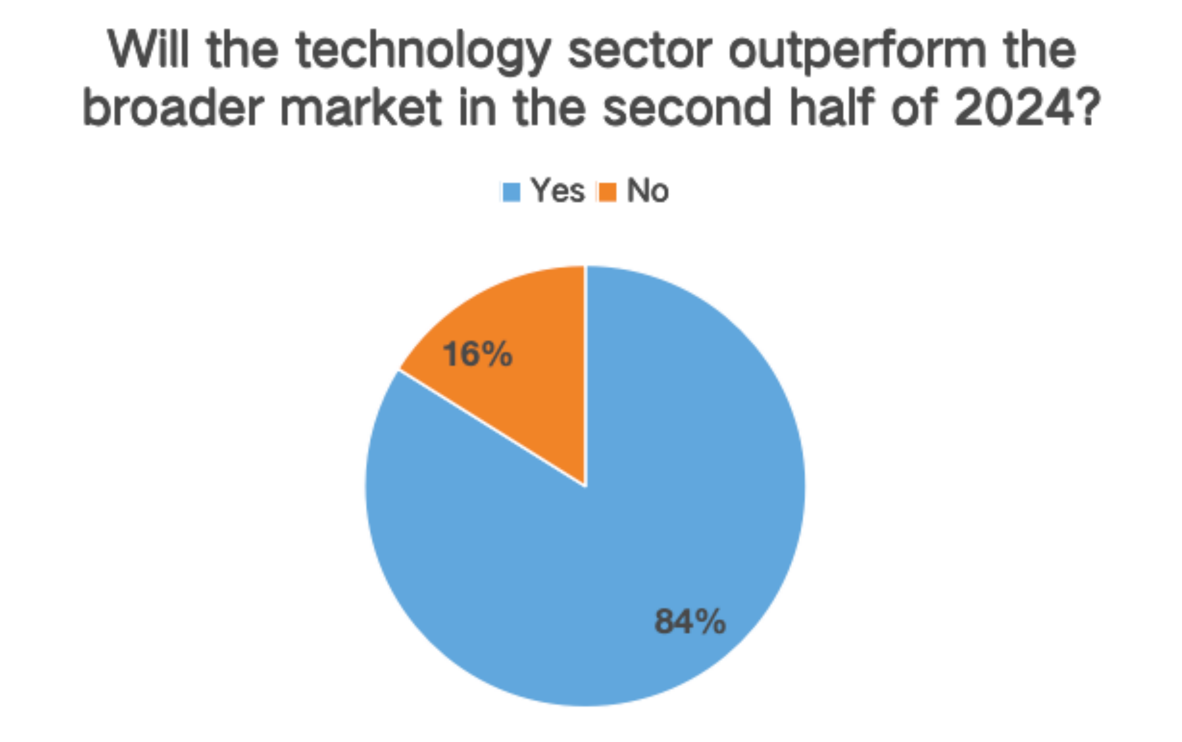


Sector investing tends to be more volatile than investments that diversify across many sectors and companies. The tech sector, in particular, face challenges such as technology obsolescence, short product cycles, and increased competition among other reasons.

3. Where do we go now?

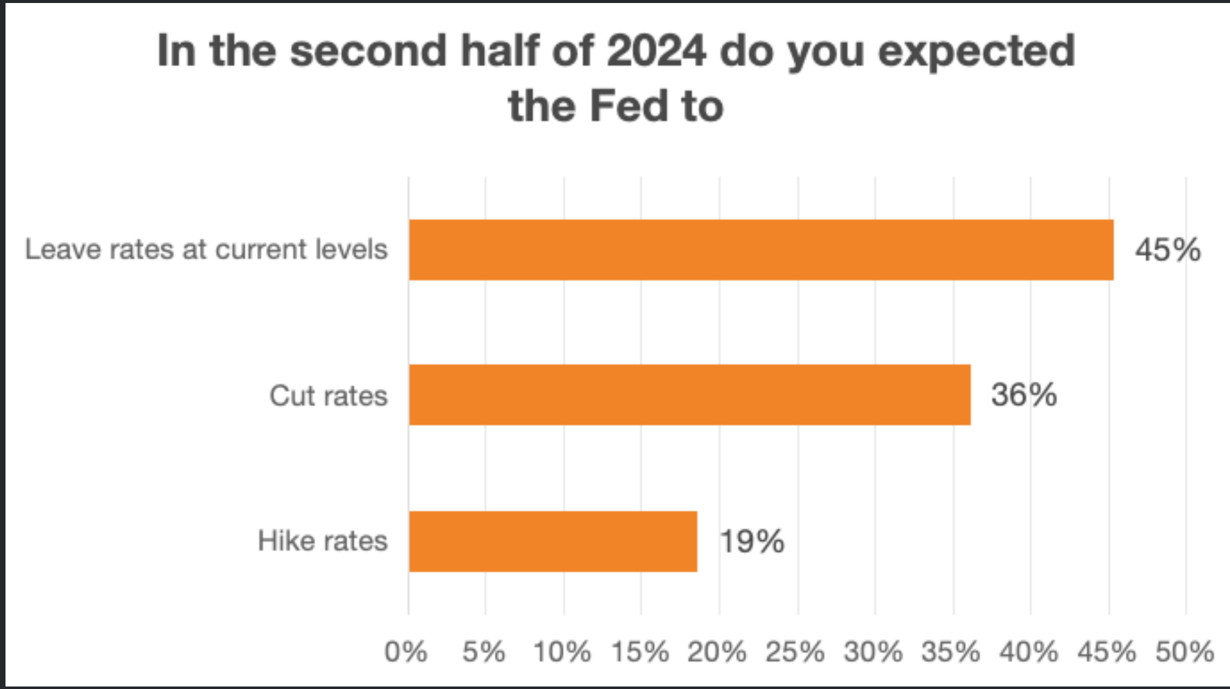
Despite concerns over valuations of stocks in the AI sector, a large majority of investors expect the tech sector to continue to outperform in the second half of 2024.

- 84% of surveyed users expect the tech sector to outperform the broader market compared to 82% at the beginning of the year.
- The tech sector of the S&P 500 is up ~28% as of June 28, 2024, over double that of the broader index.



Investors continue to expect the Fed to be more hawkish than the market is pricing and even the Fed itself expects the rate path to be.

- 32% of investors expect the Fed to cut rates in the second half of 2024 compared to 73% at the beginning of the year.
- 27% of investor expect the Fed to hike rates in the second half.
- While investors on average are slightly biased towards expecting rate cuts, their views are much more balanced than the Fed which sees a much higher bar to hike rates.
- Fed members on average expect the Fed to cut rates once this year while the market is pricing in two 25bps cuts down from six at the beginning of the year.



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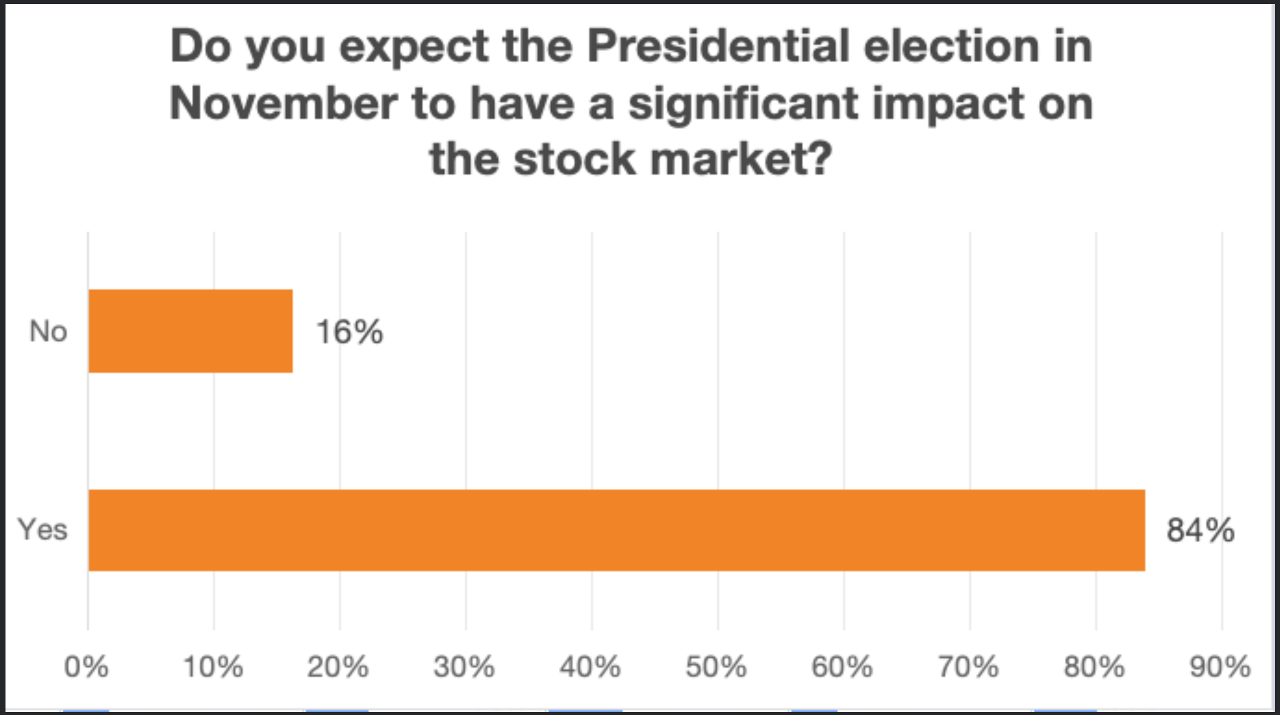
84% of investors expect the presidential election in November to significantly impact the stock market

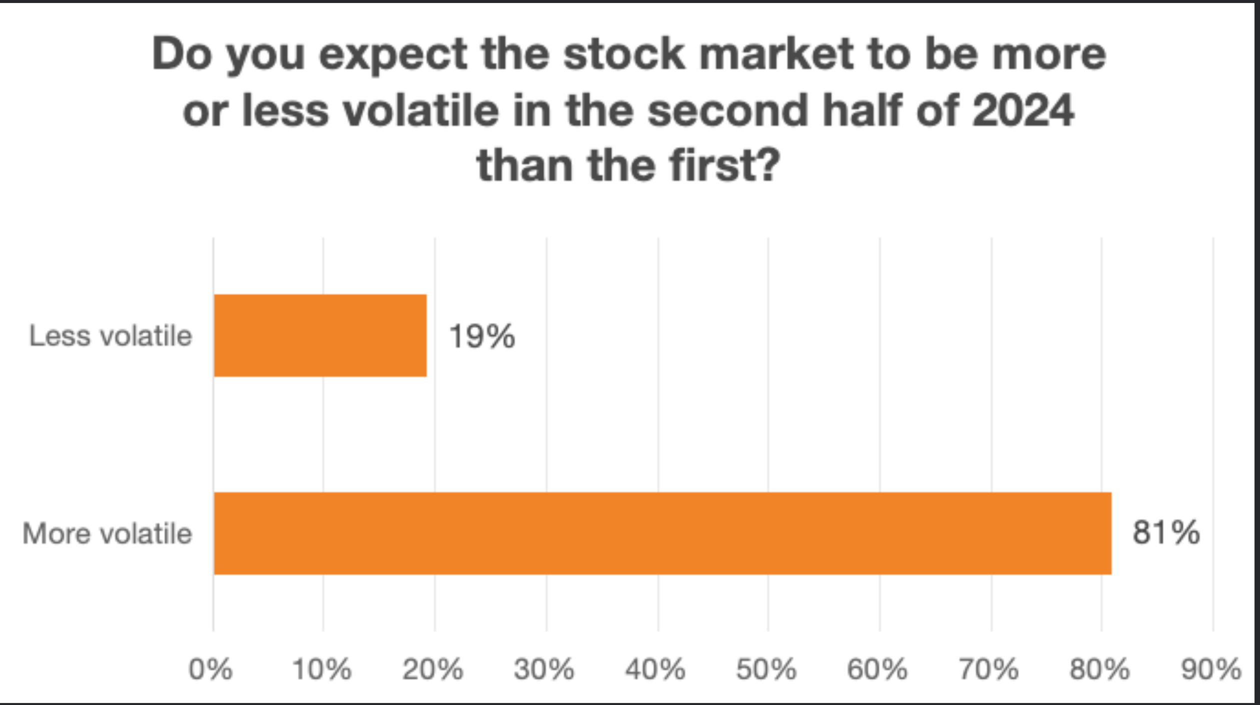
- With a close presidential race and one-third of Senate seats and all the House seats up for grabs, the November elections could be pivotal in shaping how much control of the government each party will have.
- While studies have shown that US elections have minimal impact on the stock market in the medium and long term, there have been short-term swings in the past.
- Vix futures expiring around the election, which are indicative of expectations of future volatility, are priced much higher than the closer to expiration dates.
- This indicates traders expect the fall to be more volatile than the rest of the summer.



Where do we go now: https://www.usbank.com/investing/financial-perspectives/market-news/how-presidential-elections-affect-the-stock-market.html

The majority of investors expect markets to be more volatile in the second half of 2024 as elections, possible Fed rate cuts and a slowing economy are in focus.

- ***Where do we go now?*** 81% of surveyed investors expect the market to be more volatile in the second half of 2024 compared to the first half of 2023.
- The Vix, a measure of expected volatility, was recently trading below its long-term average near levels last seen in 2020.
- Volatility is mean reverting so it is not unexpected that many investors expect it to rise from current low levels.
- While rate cuts are often cheered by investors in the days immediately after they happen, the stock market has seen an average 20% drawdown in the year following the first rate cut in a cycle (source: Marketwatch).



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Summary

- Among the surveyed users, a narrow market rally in general has not dented investor performance which rose compared with last year.

- Investors are split over the valuation of AI stocks but continue to expect tech shares generally to outperform.

- More volatile markets are expected in the second half by many investors with elections being a key event in determining future direction.

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Disclosures:

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