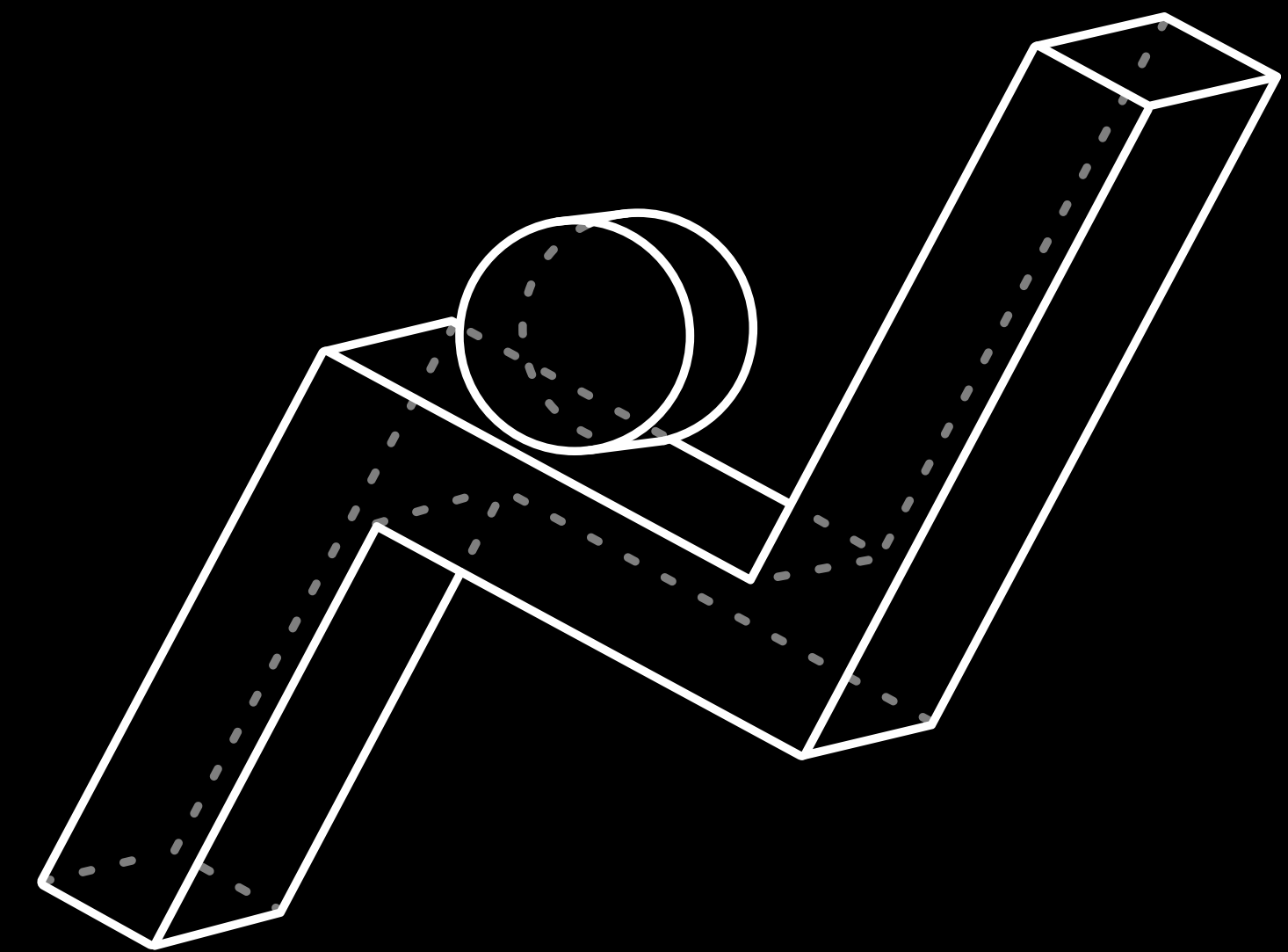


The Retail Investor Report

Individual investors are maintaining participation in the public markets — with behaviors that demonstrate increased diversification and new approaches to research and discovery.

Here's a look at what's next →



They're not leaving — so what's next?

In 2020, a wave of retail investors entered the stock market. During the next two years, approximately 30 million new brokerage accounts were opened in the U.S. By 2021, retail investors comprised 25% of total equities trading volume, nearly double the percentage reported a decade prior.

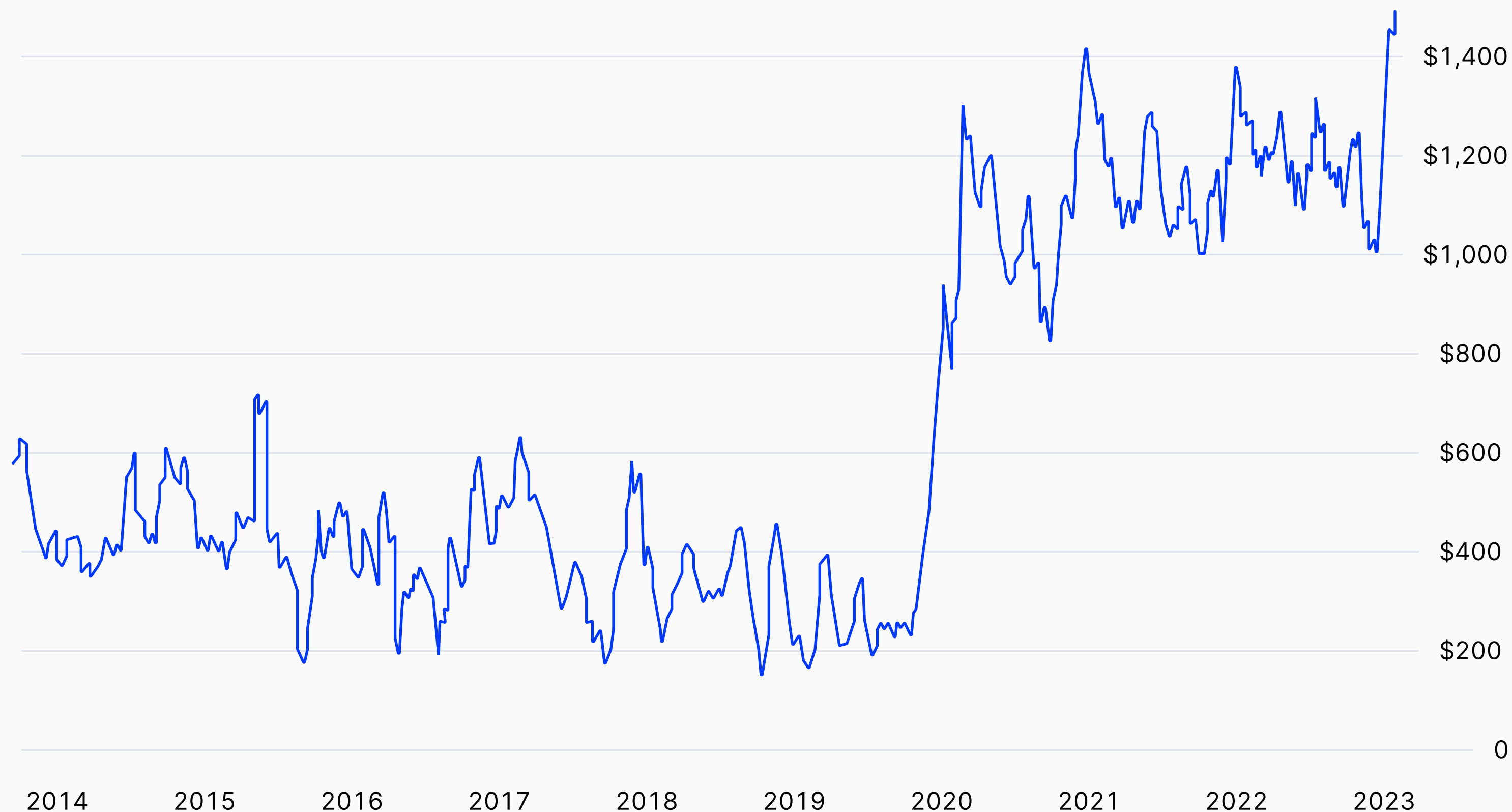
And they've stuck around. In February 2023, retail investors across platforms set a new all-time high for weekly inflows, with \$1.5 billion dollars pouring into the market in a single week.

Participation in the public markets remains high; and, more significantly, it is evolving. This report dives into what's new, and what's next.

Sources: [The Economist](#) (2021); [BNY Mellon](#) (2021), [BNN Bloomberg](#) (2023)

Retail investor flows are exceeding 2021 highs

Daily net inflow by individuals (\$mn, 21-day moving average)



Key Findings

1 Expanding Interests

Investors continue to diversify across asset types, with new innovations and cultural trends sparking moments of discovery.

- Investors on Public increased the number of distinct asset types owned by **25%** year-over-year.
- ETF share of portfolio AUM on Public increased **4.4X** year-over-year.
- AI thematic ETFs have seen a **34%** YoY increase in net new investors.
- Cultural buzz, both positive and negative, translated into newly converted retail investors. Total investors in Mattel increased **6.6X** following the “Barbie” movie premiere, and AB InBev total investors increased **1.5X** amid the Bud Light controversy beginning in April 2023.

2 Doing the Diligence

Retail investors are increasing their focus on due diligence, and closely vetting sources for trust and credibility. Nearly one-fifth of investors say they are already using AI for investment research.

- When prioritizing sources for financial information, **69.4%** of retail investors say trust and credibility are more important in 2023 vs. 2022. A majority say that these factors are “significantly” more important.
- The biggest factor when determining trust is having an established track record of credibility and/or expertise.
- **19%** of retail investors are already using AI to power investment research, with the majority of holdouts interested in learning how.
- The growing role of AI in investment research is balancing social media as an information channel. **16.4%** of investors say that social buzz is an ‘important signal’ in their decision-making.

Key Findings

3 Shifting Sentiment

Retail investors are heading into the back half of 2023 with confidence — and mixed feelings on the state of the economy.

- Economic outlook is mixed: **59.9%** of retail investors are optimistic or neutral about the economy and **40.1%** are pessimistic.
- **31.1%** of investors say their risk appetite has increased in 1H 2023, compared to 16.7% who reported an increased appetite for risk at the start of the year.
- ESG continues to be a cultural battleground, with **55%** of investors representing anti-ESG sentiment and **45%** representing pro-ESG sentiment.
- **27.3%** of retail investors say they participated in a proxy vote so far in 2023, with the biggest points of friction being a lack of awareness of the vote and a lack of context around what’s on the ballot.

Expanding Interests

Investors continue to diversify across asset types, with new innovations and cultural trends sparking moments of discovery.

Investors on Public increased the number of distinct asset types they own by 25% year-over-year.

ETF share of portfolio AUM on Public is up 4.4X year-over-year.

AI thematic ETFs saw a 34% YoY increase in net new investors on Public.

Cultural buzz, both positive and negative, translated into new retail investors for Barbie parent company Mattel (MAT) and Bud Light parent company AB InBev (BUD).

Following the flows: Retail investors diversify across asset types and investment vehicles

+25%

YoY increase in average number of asset types held in Public investors' portfolios

Source: Public Platform Insights, includes stocks, ETFs, crypto, alts, and T-bills.

4.4X

YoY increase in ETF share of Public investor portfolio AUM

Source: Public Platform Insights; based on position value; includes stocks, ETFs, cryptos and alts.

In the wake of volatility in 2022, retail investors have evolved into multi-hyphenates. Some may have entered the public markets as single-stock traders, but data shows that they continue to diversify their portfolios to include new strategies, asset types, and investment vehicles. In 2023, this included making fixed income an integral part of their portfolio mix and increasingly adopting ETFs to build multi-strategy portfolios.

According to broader industry reports, ETF share of total stock market trading volume grew significantly year-over-year (inclusive of institutional and retail), with some analysts estimating that ETFs now make up 33% of total stock market trading vs. 26% in 2013. During the first half of 2023, ETF share of portfolio AUM on Public was up 4.4X year-over-year.

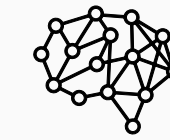
Investing themes during 1H 2023 included ephemeral moments and emerging mega trends



Banking crisis sparks a short-lived trend

The tumultuous banking environment in March inspired retail investors to invest in large institutional banks like Charles Schwab, Bank of America, U.S. Bank, Wells Fargo, PNC, Citigroup, and J.P. Morgan Chase, which saw a combined 70.2% increase in net new investors. Schwab saw the most month-over-month trading volume increase within financial services from February to March 2023.

This trend was concentrated within a few weeks, with growth slowing into Q2 2023. In Q2, large banks saw only a 0.97% average growth in net new investors. By contrast, large banks saw 5.31% QoQ growth in net new investors in Q1.

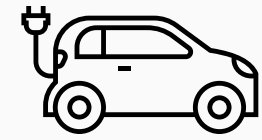


Artificial intelligence stocks convert on the hype

AI thematic ETFs collectively saw a 34% YoY increase in new retail investors in 1H 2023, with the average value of a buy order coming in 96% higher in 2023 vs. 2022.

During the first half of 2023, AI stocks comprised 14% of the top 50 stocks on Public by pageviews, following trending interest in AI as an investment opportunity due to the popularity of generative AI.

See how investors are leveraging AI for investment research on P. 15.



EV captures buzz, but doesn't always drive buys

Investor interest in a category does not always convert to flows. In January 2023, the top 10 stocks in the EV sector (as measured by Public platform ownership) saw a 47% increase in pageviews MoM, but only a 0.8% increase in net new investors that month. Net investors in the top EV ETFs shrunk by 2% from January to August 2023.

As of August 2023, EV interest, at least in specific players, shows signs of ramping up. Rivian (RIVN) re-emerged as a top-viewed stock page on Public, and Vietnamese automaker VinFast (VIN) had a strong debut following its SPAC IPO on Aug. 15.

Pageviews demonstrate shifts in retail investor interest over time

Stock Pageviews — Public Platform

Q1 2023	Q2 2023	Q3 2023 TO-DATE*
1 TSLA	1 TSLA No change	1 TSLA No change
2 MULN	2 AMZN +1	2 AMC +3
3 AMZN	3 MULN -1	3 AMZN -1
4 AMC	4 AAPL +1	4 AAPL No change
5 AAPL	5 AMC -1	5 MULN -2
6 APE	6 NVDA +4	6 NVDA No change
7 GOOG/L	7 GOOG/L No change	7 TTOO New
8 BBY	8 MSFT +3	8 RIVN New
9 CVNA	9 SPY +4	9 GOOG/L -2
10 NVDA	10 APE -4	10 MSFT -2
11 MSFT	11 VOO +5	11 APE -1
12 TRKA	12 DIS +2	12 TUP New
13 SPY	13 TOP New	13 VOO -2
14 DIS	14 SOFI New	14 META +4
15 FRC	15 AI New	15 DIS -3
16 VOO	16 IDEX New	16 SPY -7
17 GME	17 TIO New	17 NKLA New
18 HKD	18 META +2	18 PLTR +1
19 LCID	19 PLTR New	19 CVNA New
20 META	20 F New	20 LCID New

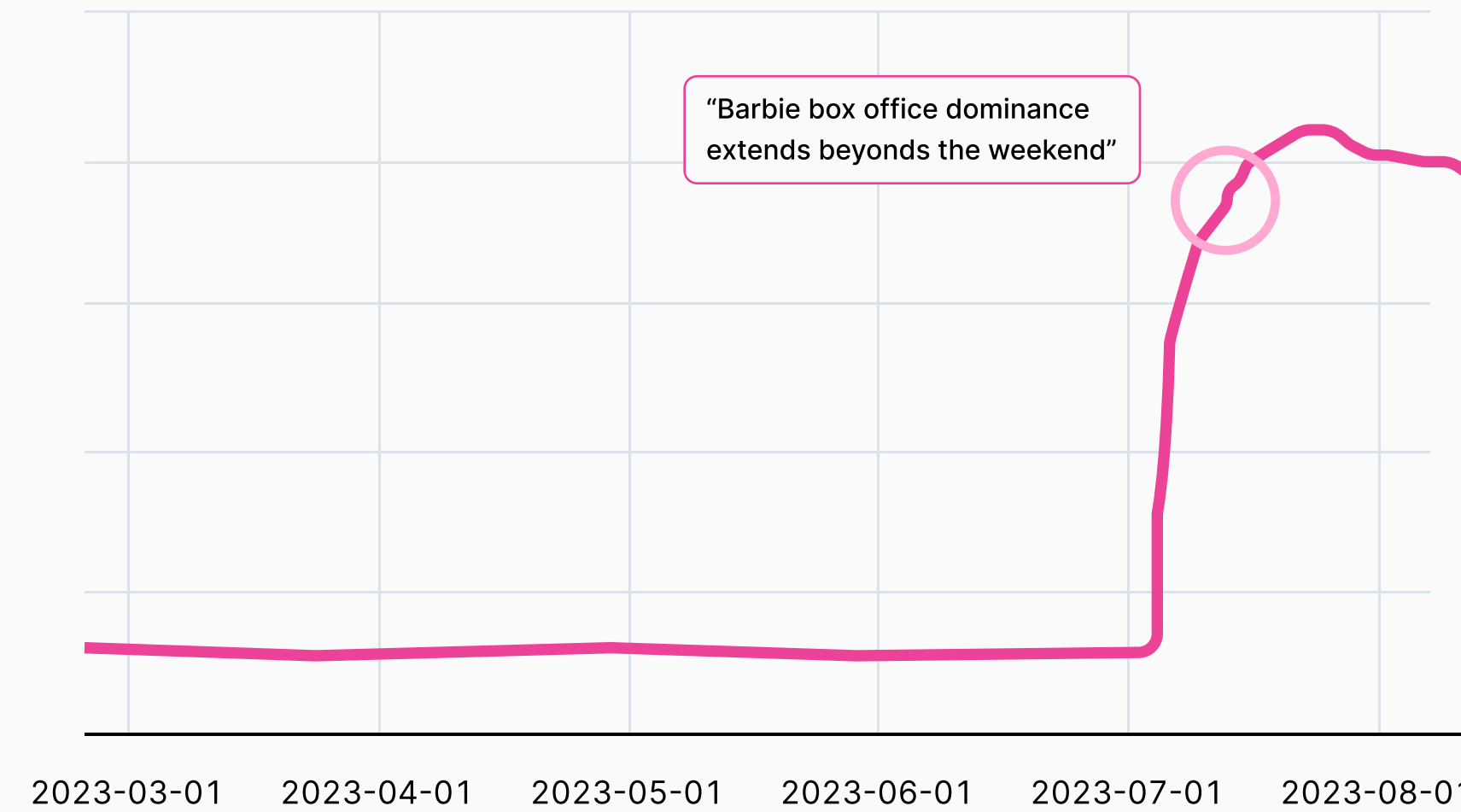
Looking at traffic to specific stock pages within the Public platform signals shifting interest areas among retail investors over time.

While pageviews do not always correlate with buying behaviors, they do demonstrate where retail investors are looking to explore more information about the company's background and key financial metrics.

In Q2 2023, conversations around ChatGPT's momentum and applications of AI across a range of industries led to increased pageviews of AI stocks. In Q3, this interest was less concentrated within AI and included a resurgence of research into EV automaker Rivian (RIVN) and Tupperware (TUP), with the latter emerging as a popular speculative target in July and August 2023.

In some cases, cultural buzz—both positive and negative—converts new retail investors

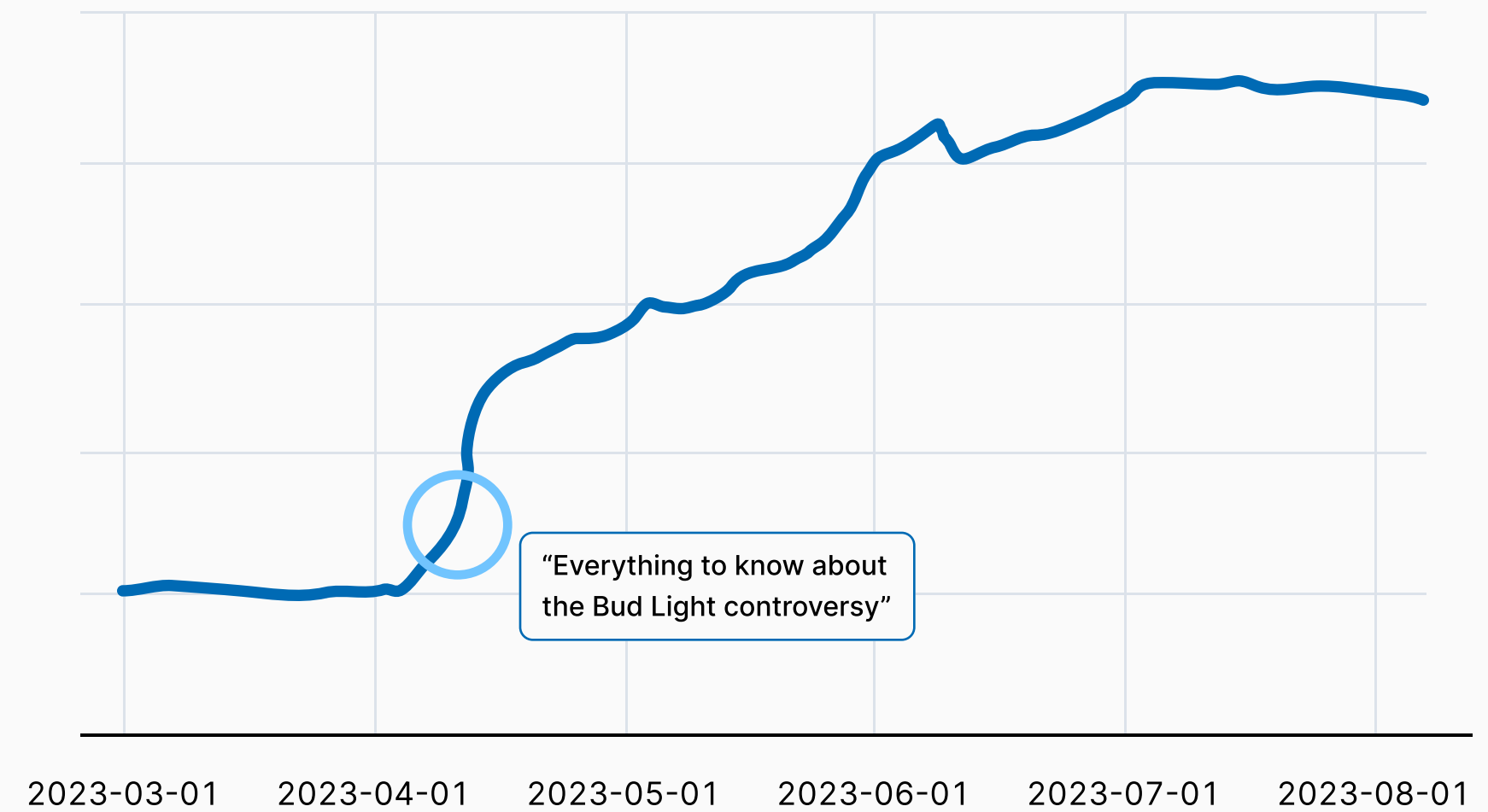
MAT total investors increased 6.6X QoQ



Source: Public Platform Insights (Mar-2023 through Aug-2023)

A massive run-up campaign to Barbie’s eventual record-setting box office debut drove retail investors to connect the dots between the film’s central brand and its parent company. In July 2023, net new investors in Mattel shot up 6.6X, with participation in the stock continuing to sustain beyond opening weekend.

BUD adds new investors amid controversy



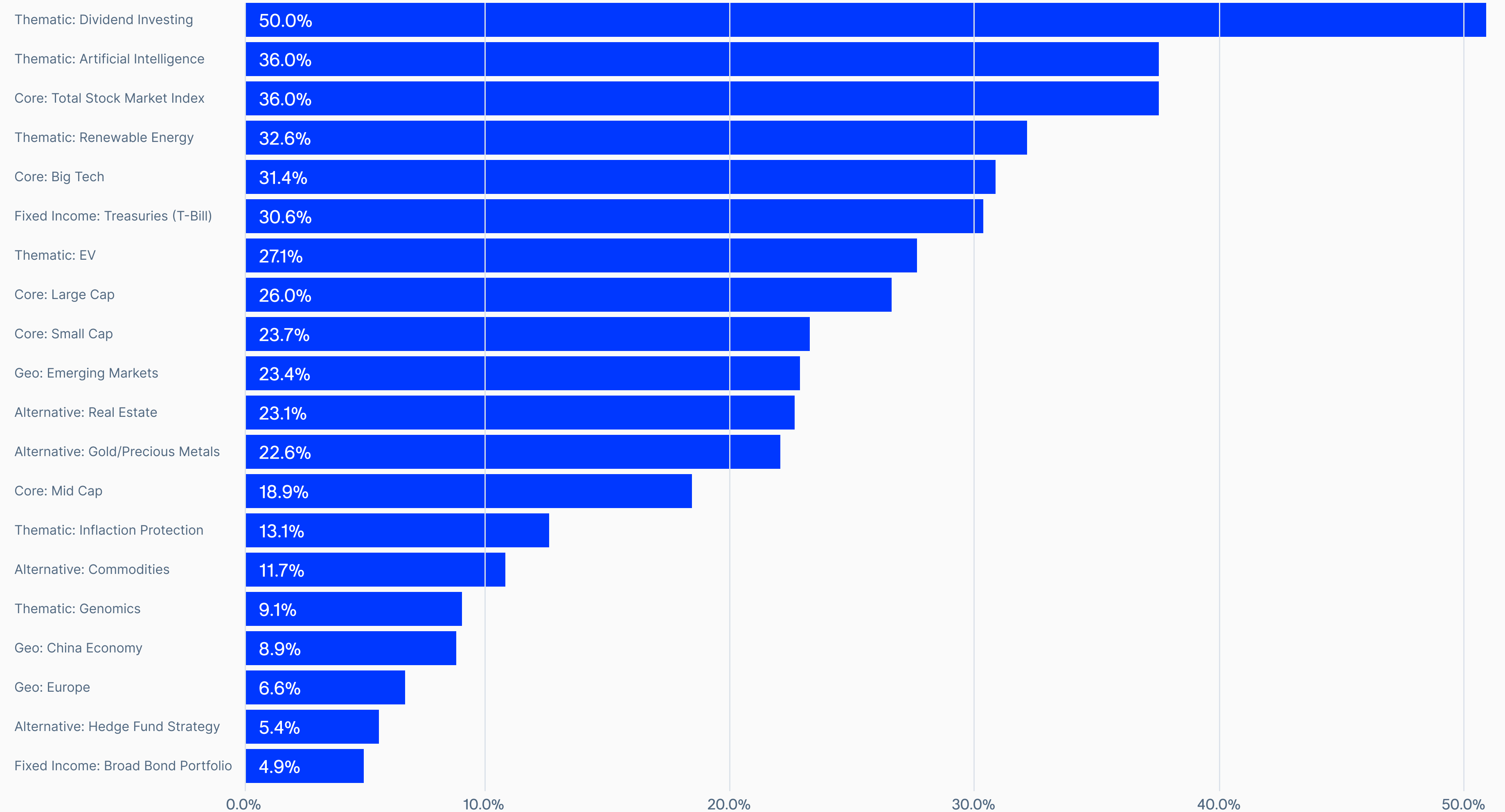
Source: Public Platform Insights (Mar-2023 through Aug-2023)

Bud Light found itself at the center of the culture wars in April 2023, with a deluge of media attention focusing on a marketing campaign that featured creator Dylan Mulvaney. The controversy seemed to drive new retail investors to the brand’s parent company, AB InBev. In Q2, 72% of BUD orders were buys (higher than the previous 3-month average of 63%), with total investors increasing 1.5X.

Popular
 thematics
 are trending
 alongside
 tried-and-true
 strategies

Most prioritized investment strategies for 2H 2023

In 2H 2023, which investing strategies are you interested in as part of your overall portfolio strategy? (Select all that apply.)



Retail investors have evolved from stock-pickers to strategy-seekers

“Meme-stock 2.0: Wall Street’s retail trading boom is back”

Financial Times

In 2023, retail investors are proving that they are more than the meme movement that they were made synonymous with in 2021. Increasingly, investors are making decisions based on specific strategies versus single stocks, and just 16.4% of say that social media buzz is an “important” factor in when making investment decisions (see P.13).

On Public, the average position value of non-meme stocks has been higher than that of meme stocks since October 2022.

The Financial Times summarizes these trends as new era of retail investing, reporting that, “some industry participants suggest the meme stock generation has mellowed and is using apps that first took off during the pandemic boom for more traditional investing purposes.”

“Retail investors are strategy-seekers more than they are stock-pickers. We continue to be impressed by the evolution of individual investors and the ways in which they are identifying opportunities that meet their long-term investment objectives.”

Monique Le
Head of the iShares Digital Wealth and Retail Investor Business at BlackRock

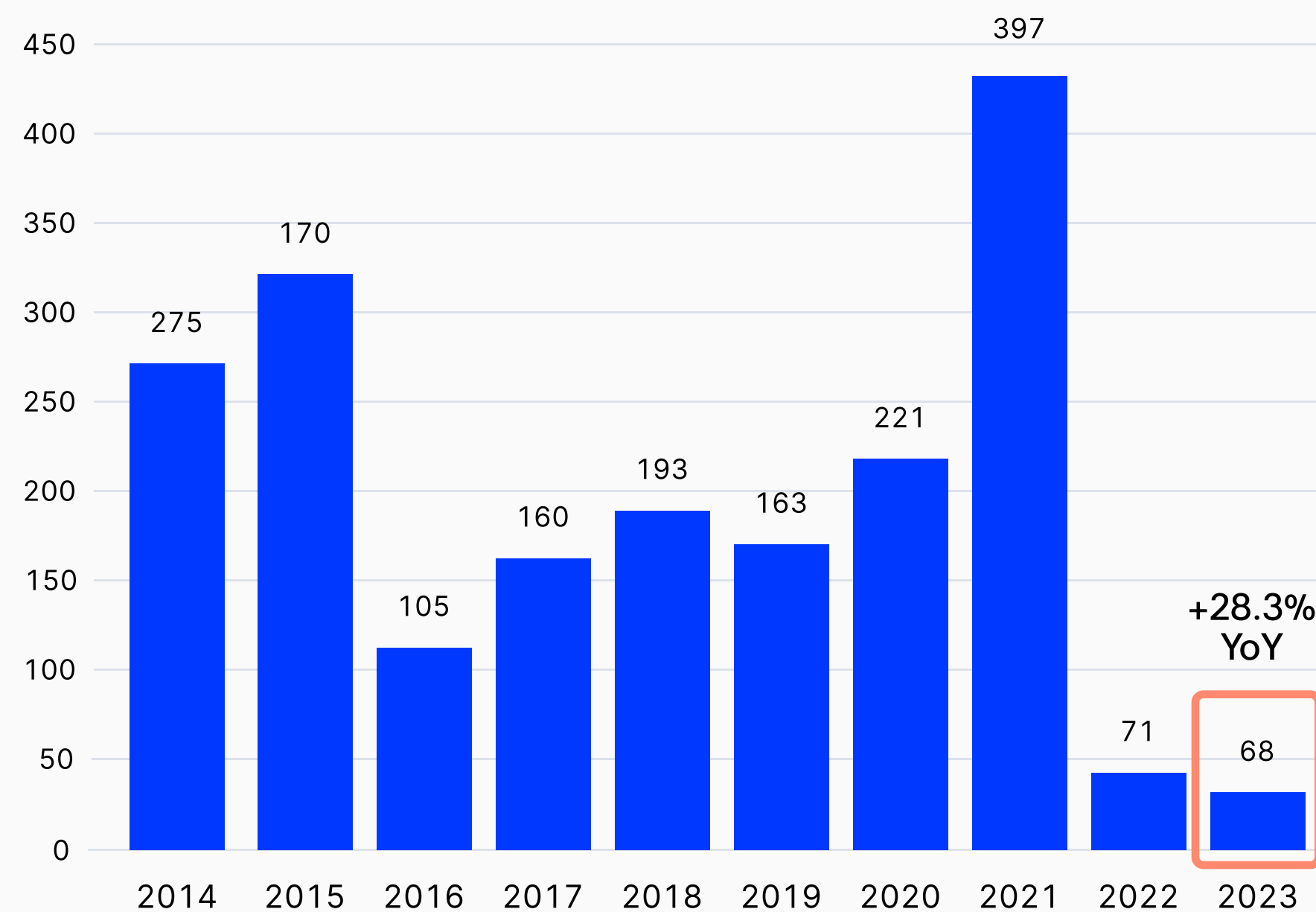


Public launched Investment Plans in 2023 to offer a way for retail investors to discover data-backed strategies that align with their individual goals and preferences. Learn more at Public.com/investment-plans.

As IPO market thaws, retail investor interest follows

IPO pricings gain momentum YoY, though well off 2021 levels

IPO Pricings by Year



Most popular IPOs on Public as of Aug. 2023

- 1 **CAVA** CAVA 6/15/2023
- 2 **K kenvue** KVUE (spin-out) 5/4/2023
- 3 **A** BATRA (spin-out) 7/19/2023
- 4 **ODDITY** ODD 7/19/2023
- 5 **nextracker** NXT 2/7/2023

Source: Public Platform Insights; total unique investors, \$2B+ market cap.

Retail investors are searching for future IPOs

reddit	SPACEX	PLAID
+130% QoQ	+95% QoQ	+20% QoQ

Source: Public Platform Insights; data reflects search query trends from Q1 to Q2 2023.

“The IPO market is on the upswing after a 2022 to forget. Although deal flow remains slow, IPO proceeds have already surpassed last year’s total, thanks to a slate of deals from large and well-known companies, particularly in the consumer sector. Importantly, most of the larger deals have delivered double-digit returns, which has helped to draw investors back to the market. The long-awaited multi-billion-dollar offering from chip designer Arm, set for September, will mark the first major tech IPO of the year, and could help pave the way for the IPO market to gain further momentum heading into 2024.”

Nick Einhorn
 VP of Research, Renaissance Capital (IPO)

Doing the Diligence

Retail investors are increasing their focus on due diligence and closely vetting sources for trust and credibility. Nearly one-fifth of investors say they are already using AI for investment research.

When prioritizing sources for financial information, 69.4% of retail investors say trust and credibility are more important in 2023 vs. 2022. A majority say that these factors are now “significantly” more important.

19% of retail investors already use AI for investment research, with most holdouts open to and interested in learning how.

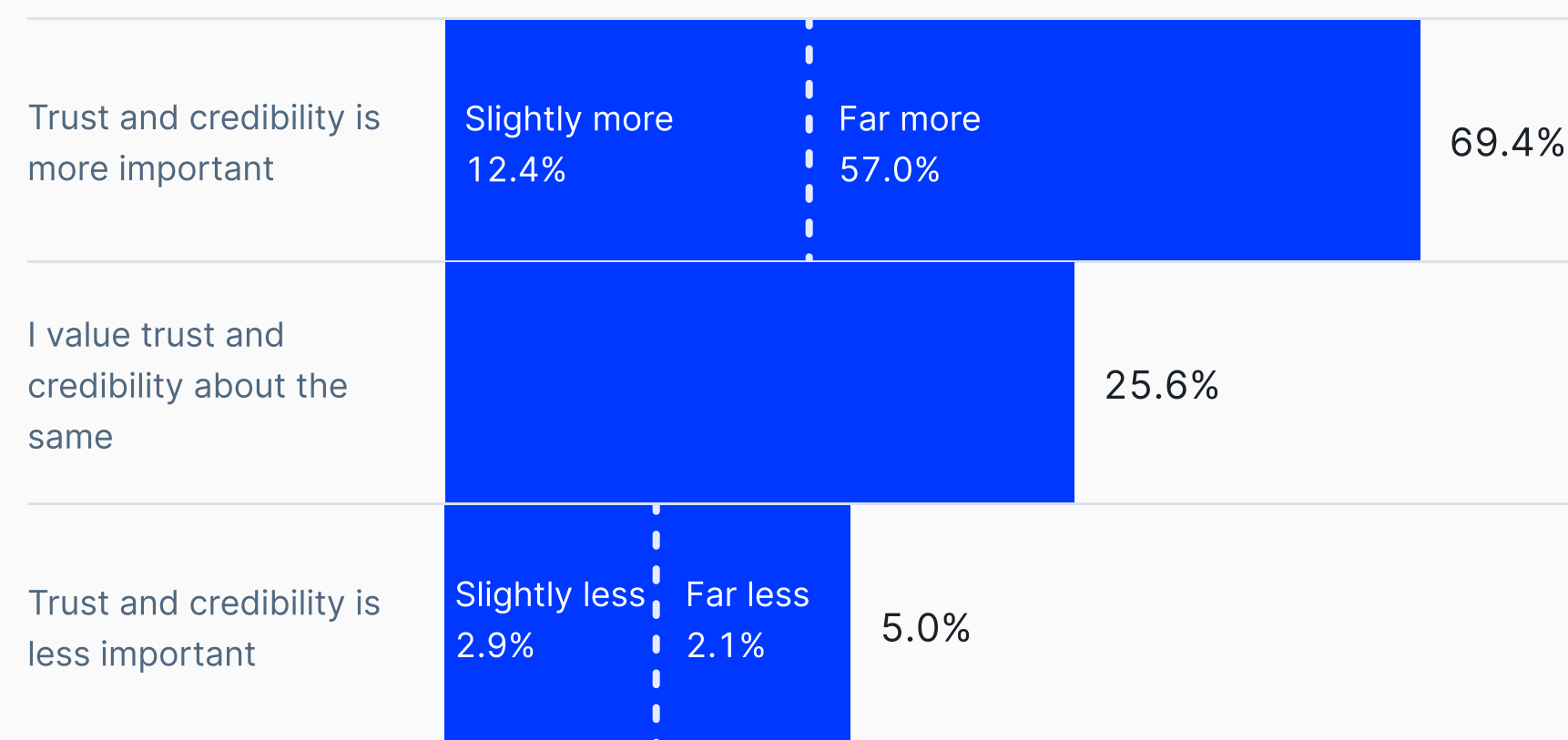
The growing role of AI in investment research is balancing social media as a channel for decision-making. 16.4% of investors say that social buzz is an important signal in their decision-making.

Trust and credibility are more important than ever as investors vet a wider range of sources

Nearly 70% of retail investors say that trust and credibility of financial information is more important in 2023 than it was in years prior. Investors are putting their trust in sources with sound track records, proven expertise, and balanced perspectives. Having a large social following is the least important trust signal.

Importance of trust & credibility

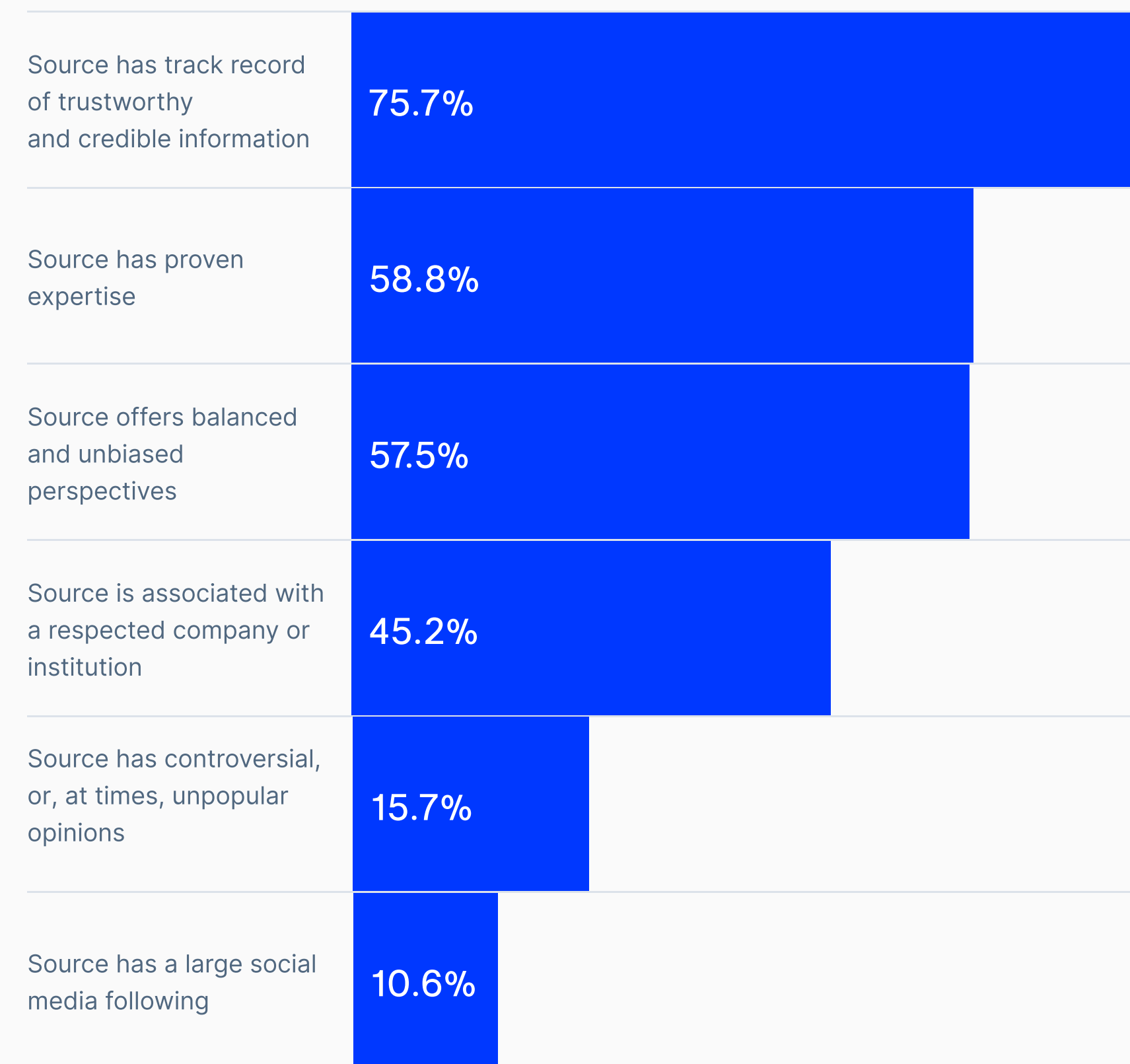
How has the importance of “trust and credibility” in financial information and ideas changed for you compared to last year, if at all?



Source: Public Investor Survey (Jul-2023, n=1,005)

Vetting for credibility

How do you determine which sources are trustworthy and credible when it comes to financial information? Select all that apply.



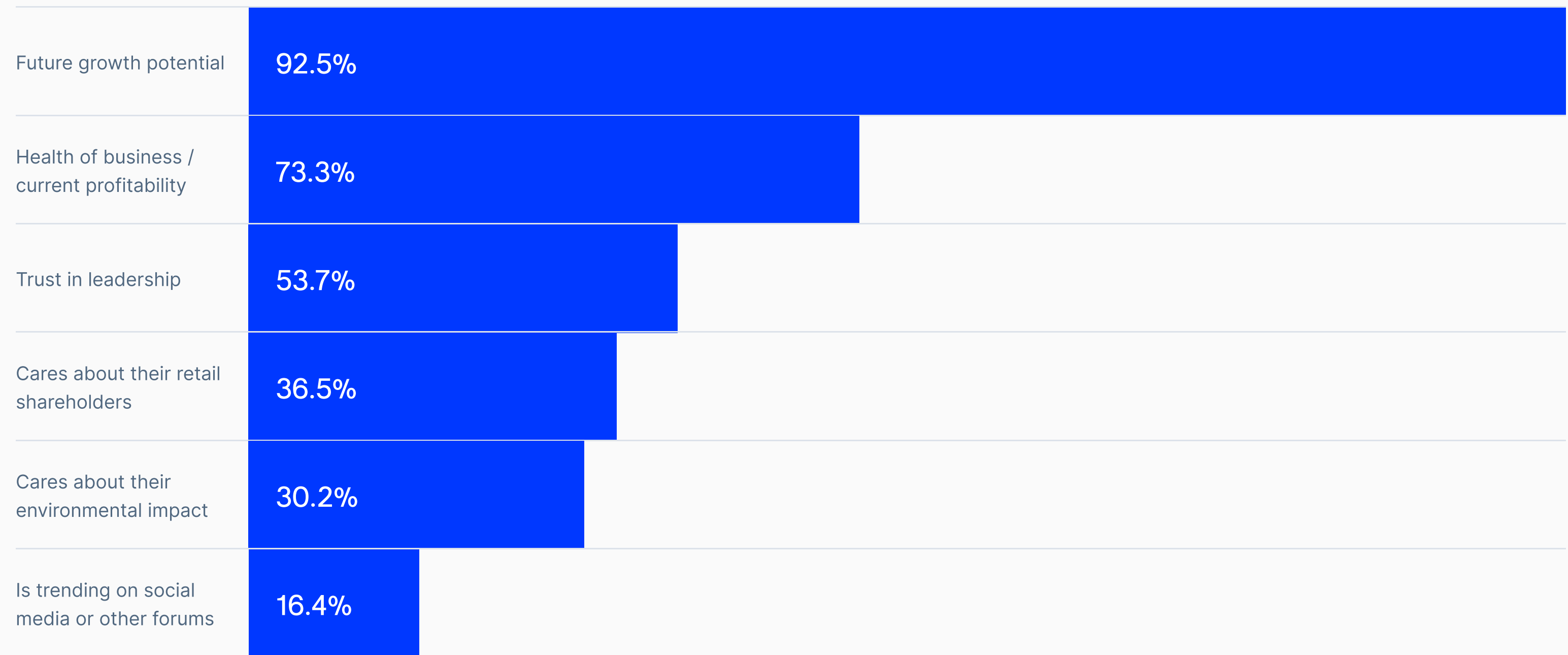
Source: Public Investor Survey (Jul-Aug 2023, n=1,015)

Financials and fundamentals rank higher than values and hype

Today's retail investors cite financial metrics that signal growth potential and/or strong fundamentals as the most important signals they look to when making an investment decision. Shaking off the meme-trader stereotypes, social media buzz is the least-cited factor among retail investors.

Top factors driving investment decisions

Which factors are important to you when evaluating a potential investment opportunity? (Select all that apply.)

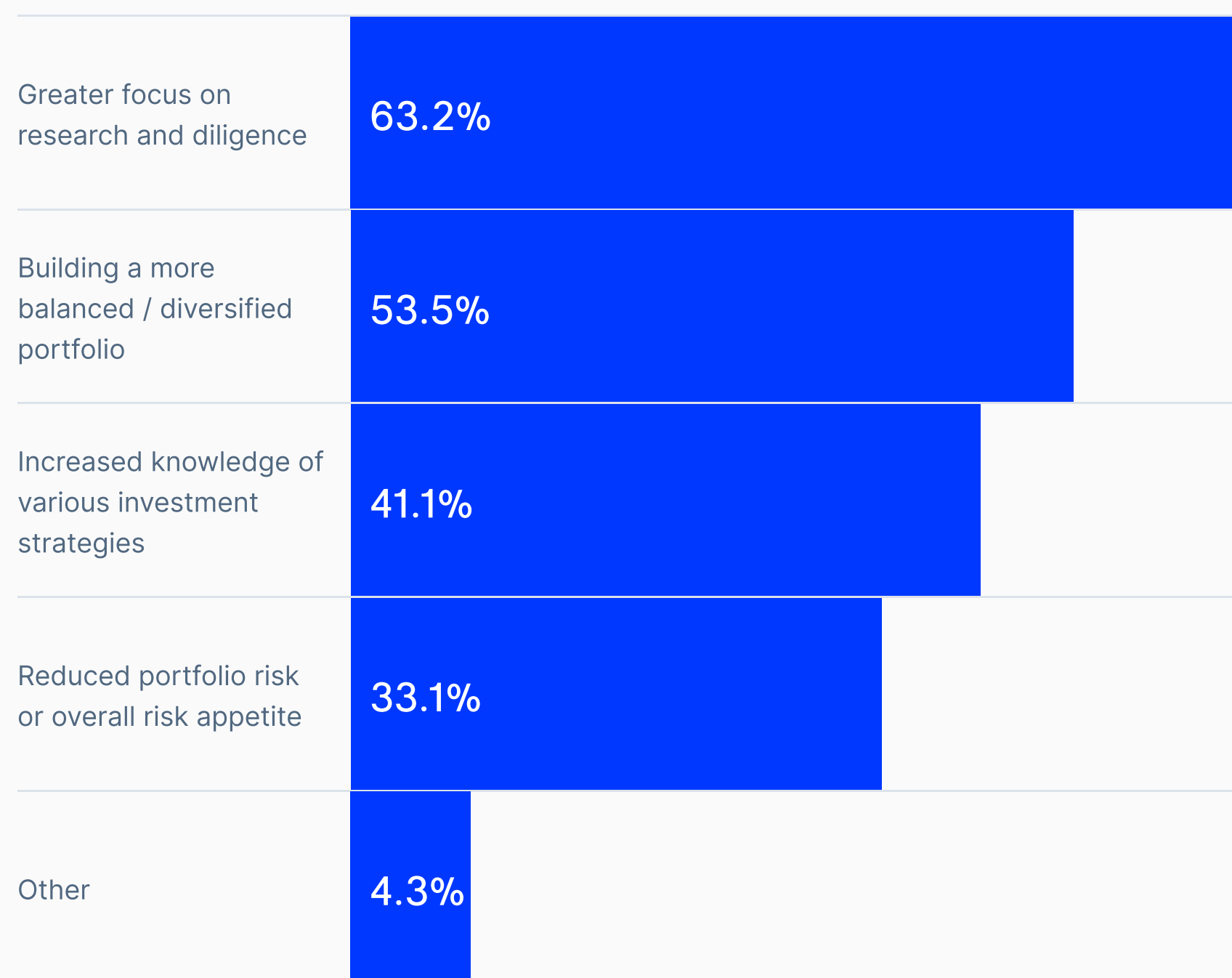


Investors are evolving with the tides of the market, increasingly focusing on diligence and diversification

Market volatility brought valuable lessons to retail investors, with 63% saying they are more focused on research and due diligence in 2023 vs. 2022. They're also diversifying their sources of information and ideas.

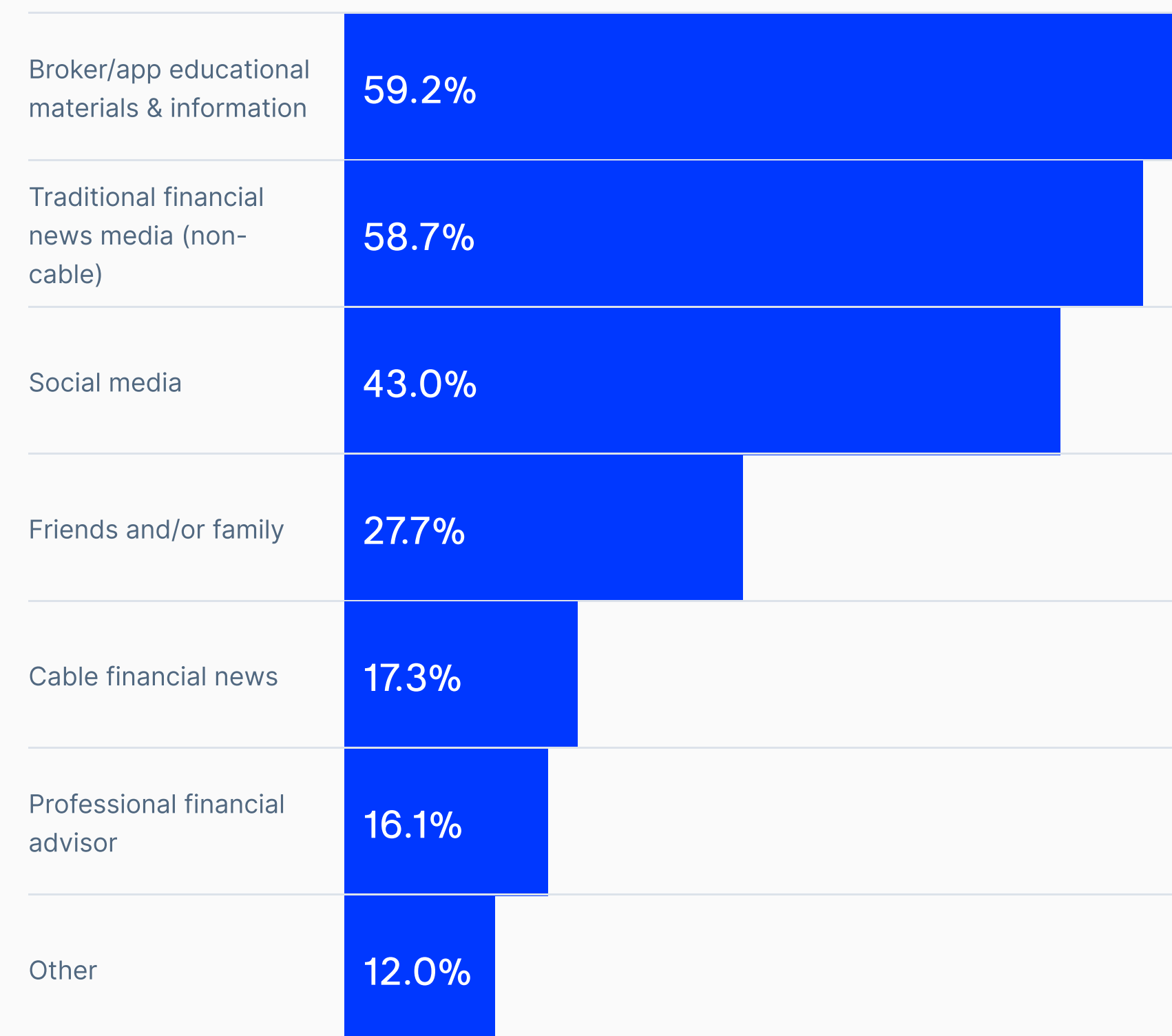
Key areas of investor evolution

Compared to this time last year, which of the following describes how you have evolved as an investor? (Select all that apply.)



Where investors go for information & ideas

Which sources do you use to obtain investment information and ideas? (Select all that apply.)

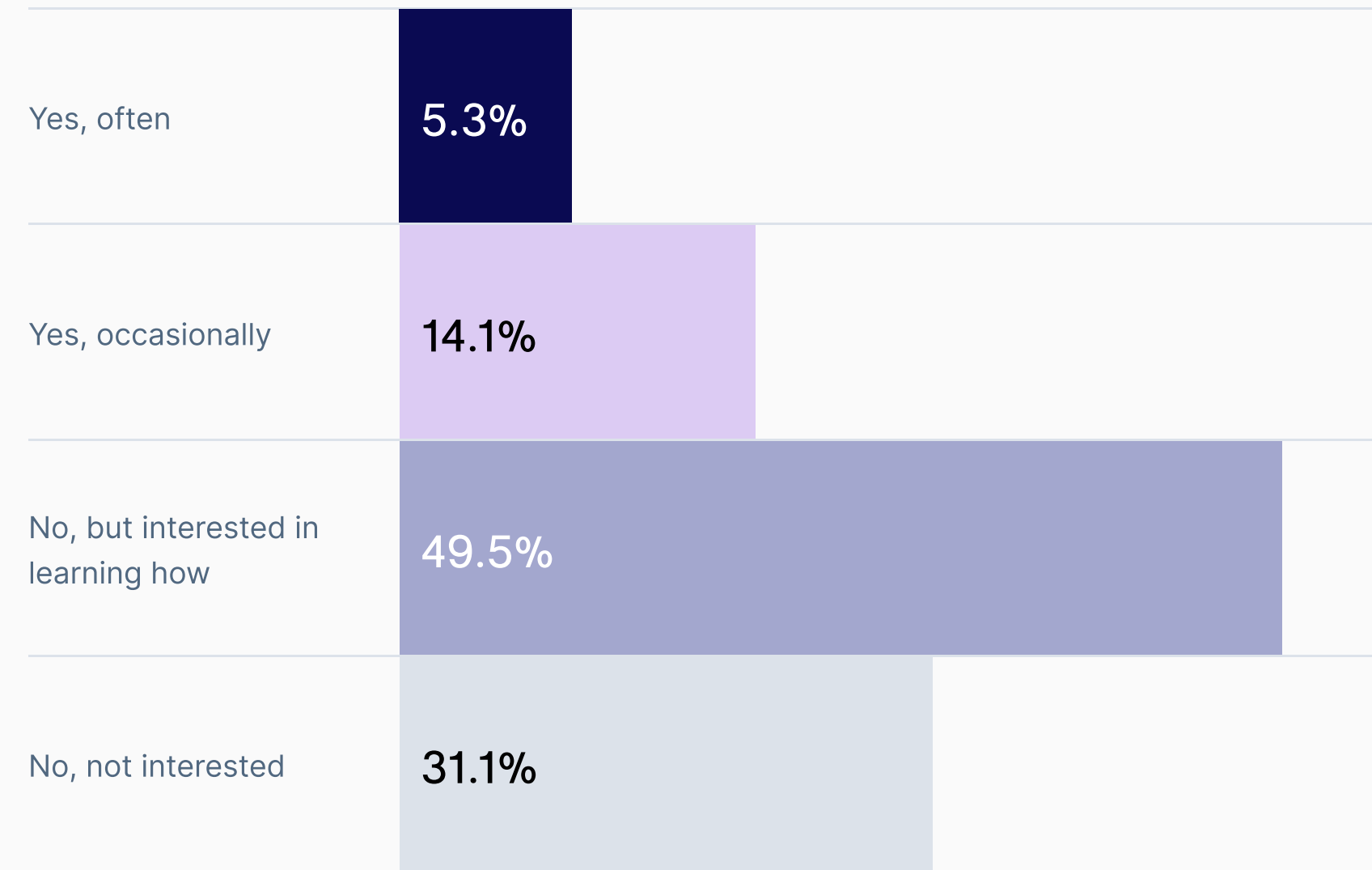


AI is rapidly emerging as a new whitespace for investment research

More than 19% of retail investors are using generative AI to power their investment research, and most of those currently on the sidelines express interest in learning how.

AI research adoption among retail investors

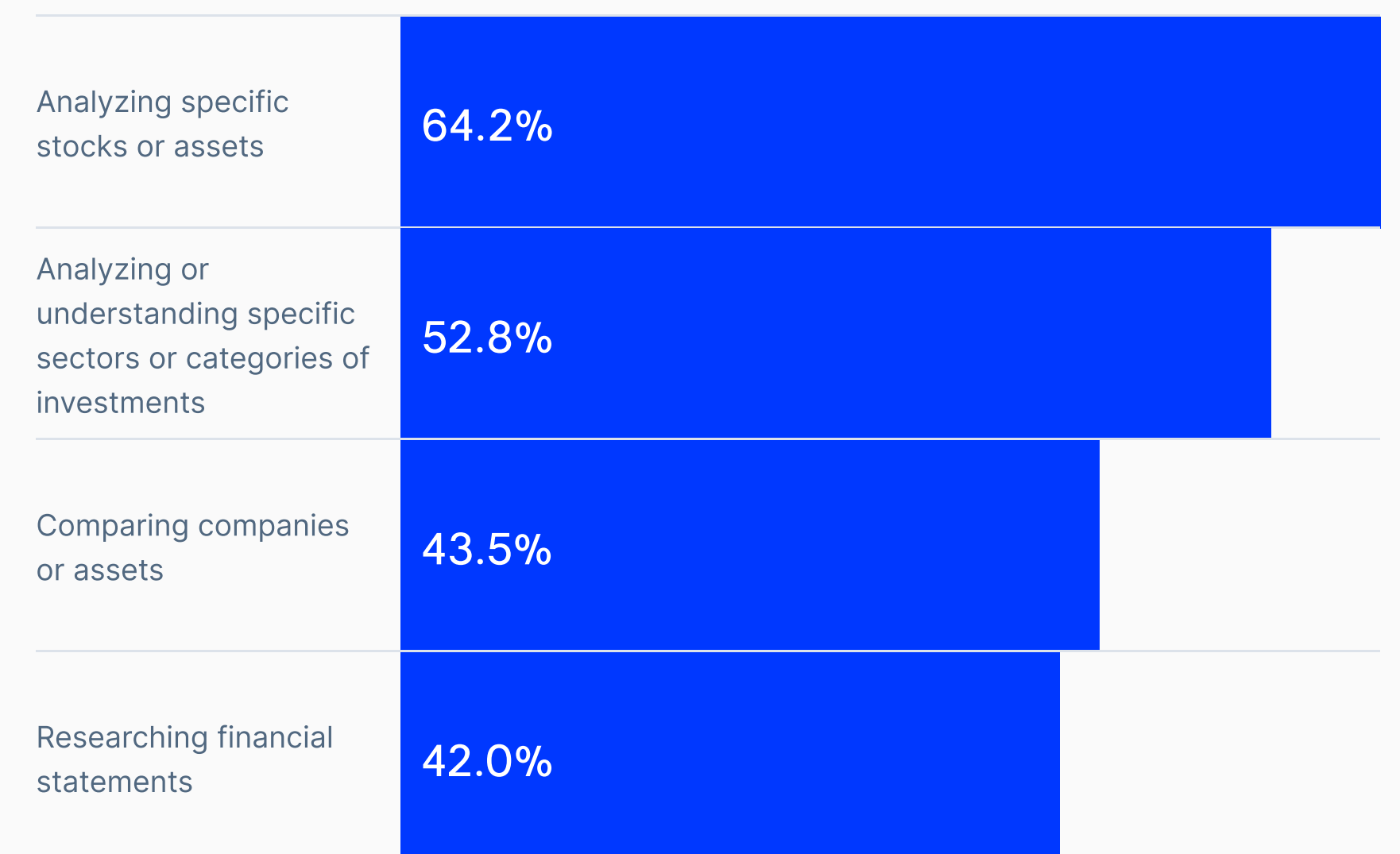
Do you use AI tools to conduct investment research?



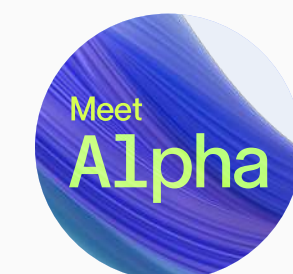
Source: Public Investor Survey (Jul-Aug 2023, n=1,015)

Top-cited AI applications for retail investors

How have you used AI in your investment research? (Select all that apply.)



Source: Public Investor Survey (Jul-Aug 2023, n=1,015)



Alpha by Public an investing research co-pilot that combines the power of AI with real-time market data. Learn more at Public.com/alpha.*

Shifting Sentiment

Retail investors are going into 2H 2023 with confidence, albeit with mixed feelings on the state of the economy and their roles as shareholders.

Economic outlook is mixed: 59.9% of retail investors are optimistic or neutral about the economy and 40.1% are pessimistic.

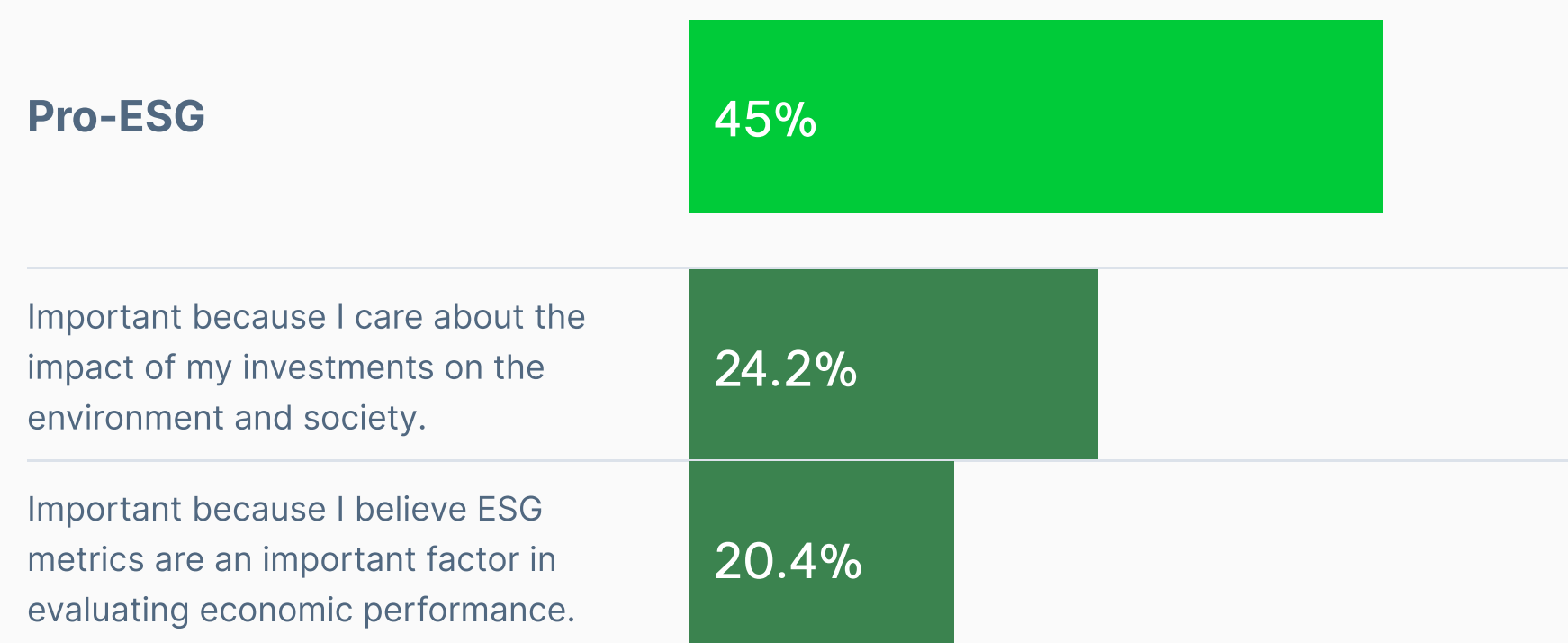
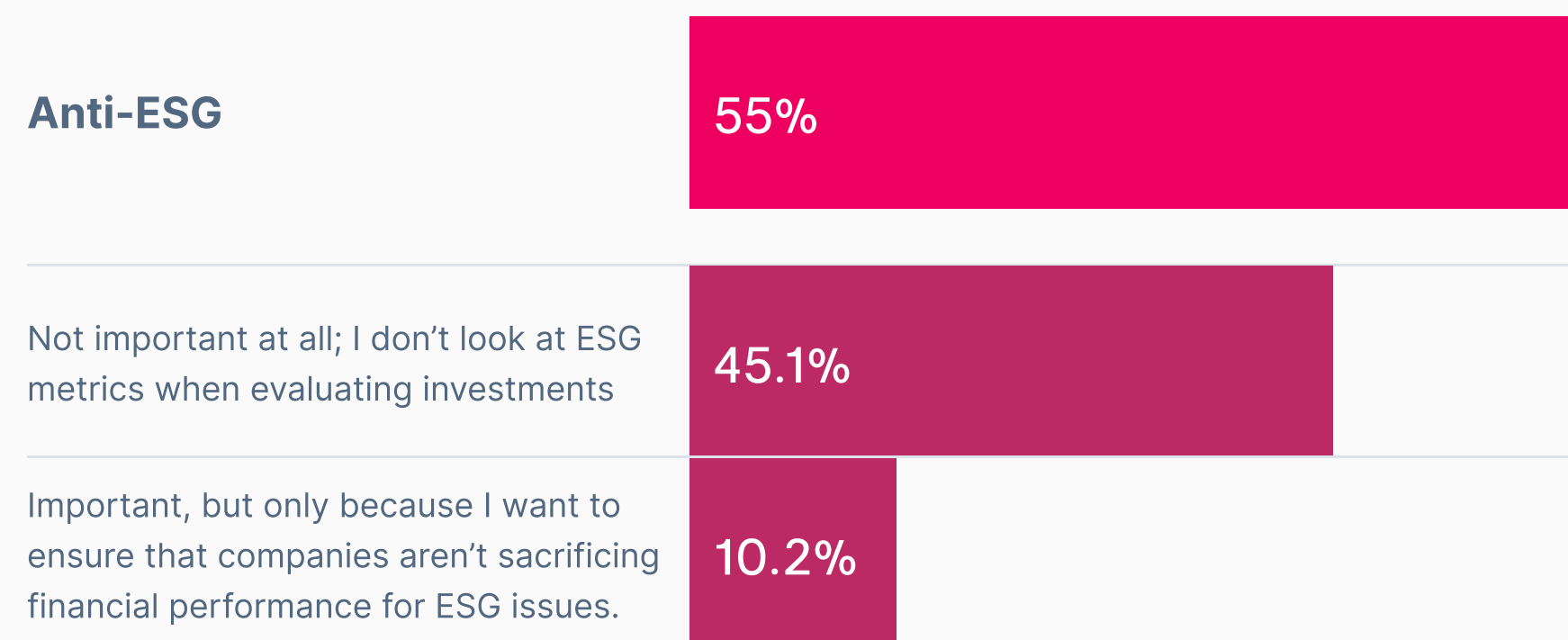
ESG continues to be a cultural battleground, with 55% of investors representing anti-ESG sentiment and 45% representing pro-ESG sentiment.

27.3% of retail investors say they participated in a proxy vote so far in 2023, with the biggest points of friction being a lack of awareness of the vote and a lack of context around what's on the ballot.

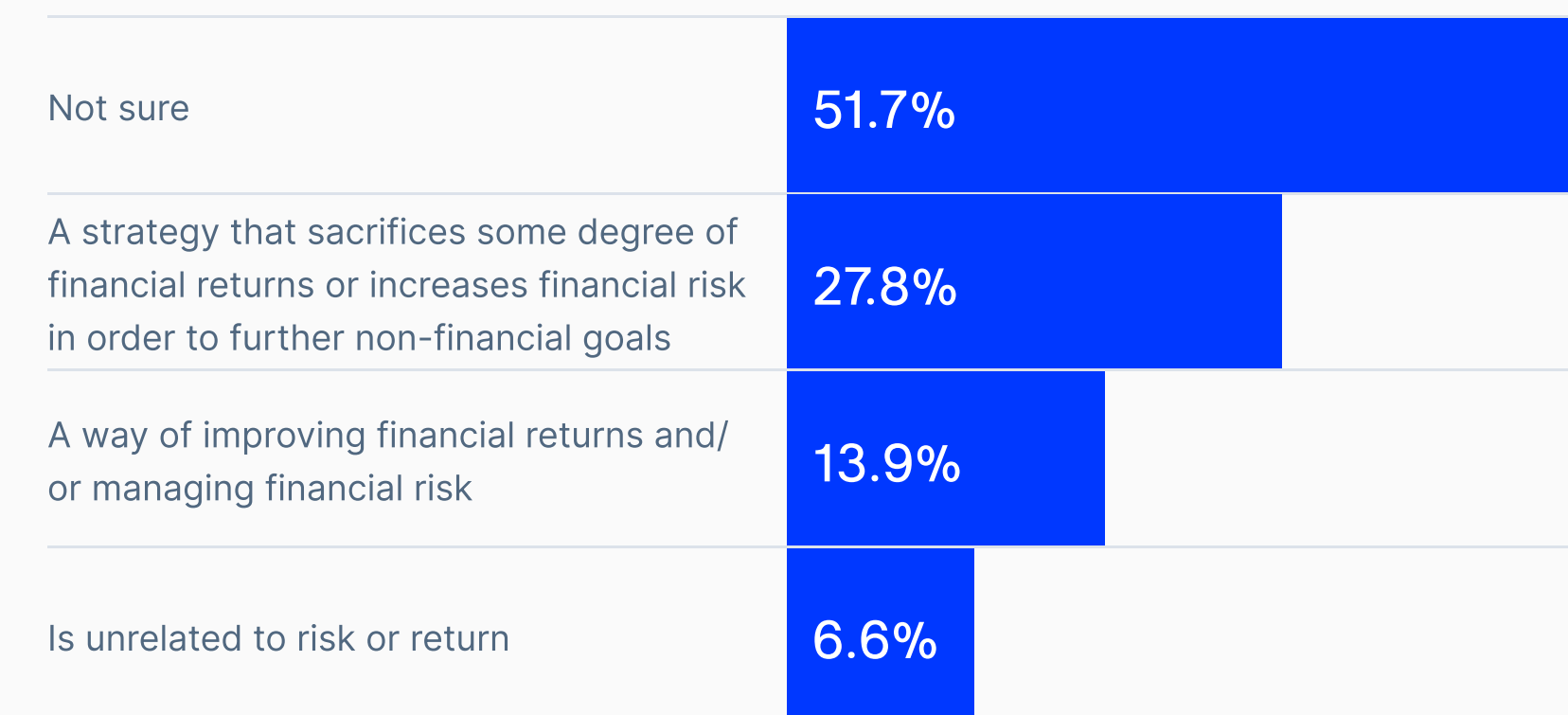
With ESG becoming a cultural battleground, retail investors are divided on its importance

Investors are split when it comes to their reliance on ESG metrics when making decisions. Confusion around the purpose and meaning of ESG is prevalent, with most investors unsure of how to articulate the definition of an ESG strategy.

How important are ESG metrics when it comes to making investment decisions?



How do you define an ESG strategy vs. a non-ESG strategy?



Surprisingly, Gen Z investors say they rely on ESG metrics the least

Investors who say ESG is **NOT** a consideration in their portfolios:

- 57% Gen Z
- 47% Boomers
- 45% Gen X
- 42% Millennials

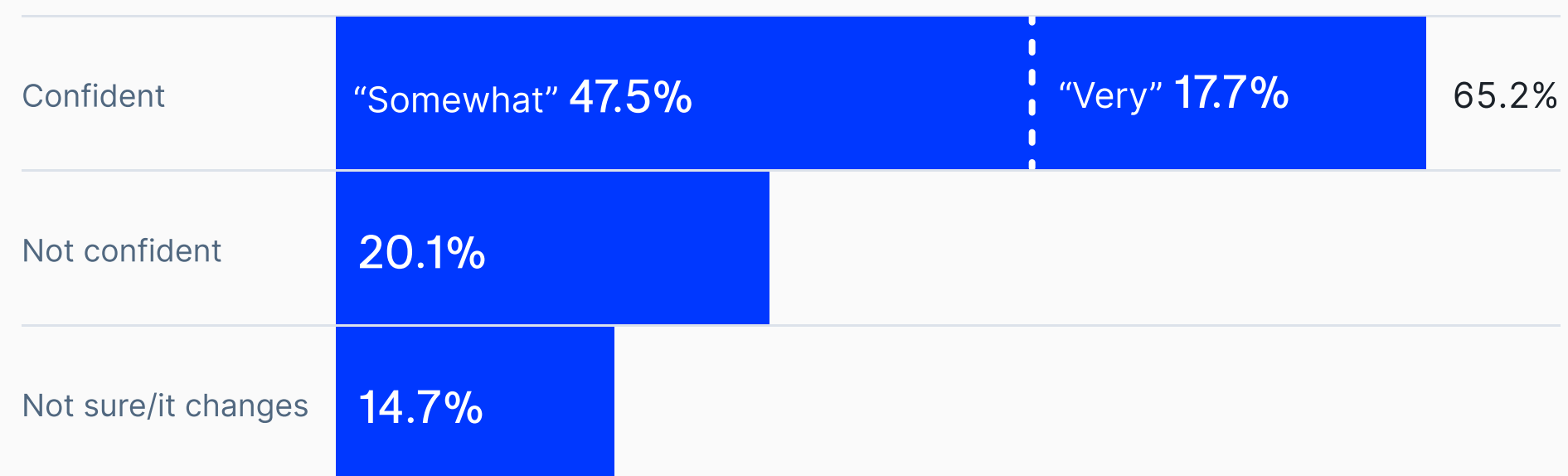
This could be due to ESG-related issues being more embedded within Gen Z's daily lives and therefore they are less swayed by a discrete grading system.

Most retail investors are confident in their strategies, and willing to take on more risk

Investor confidence remains high, with nearly two-thirds of investors expressing confidence in their portfolio strategy going into the second half of 2023.

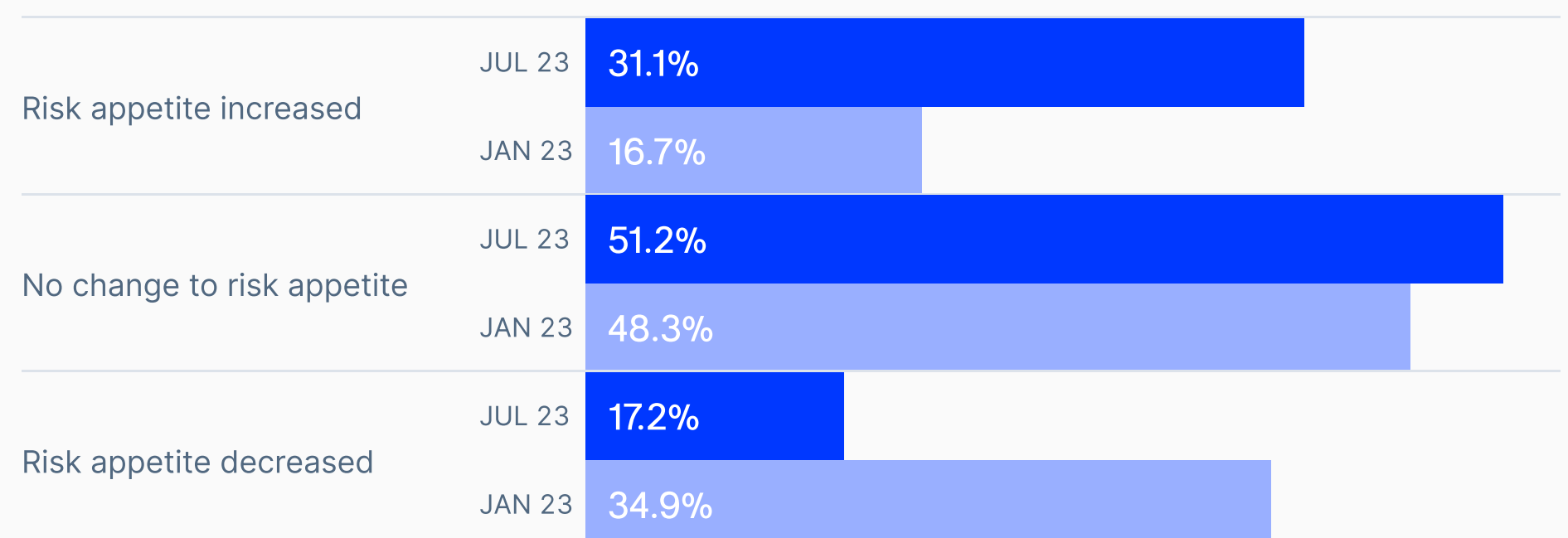
Risk appetite trends have flipped since Jan. 23, with 31% of investors reporting a higher risk tolerance now than at the start of the year.

How confident are you in your current portfolio strategy?



Source: Public Investor Survey (Jul-Aug 2023, n=1,015)

How has your risk appetite evolved from beginning of year to now?



Source: Public Investor Surveys (Jan-2023, n=1,036 and Jul-Aug-2023, n=1,015)

Confidence varies by generation, gender

→ 72% of Boomers and 71% of Gen Z said they were either somewhat confident or very confident in their portfolio strategy, while just 63% of Millennials shared this same level of confidence.

→ 72% of men said they were either somewhat confident or very confident in their portfolio strategy, while only 48% of women shared this same level of confidence.

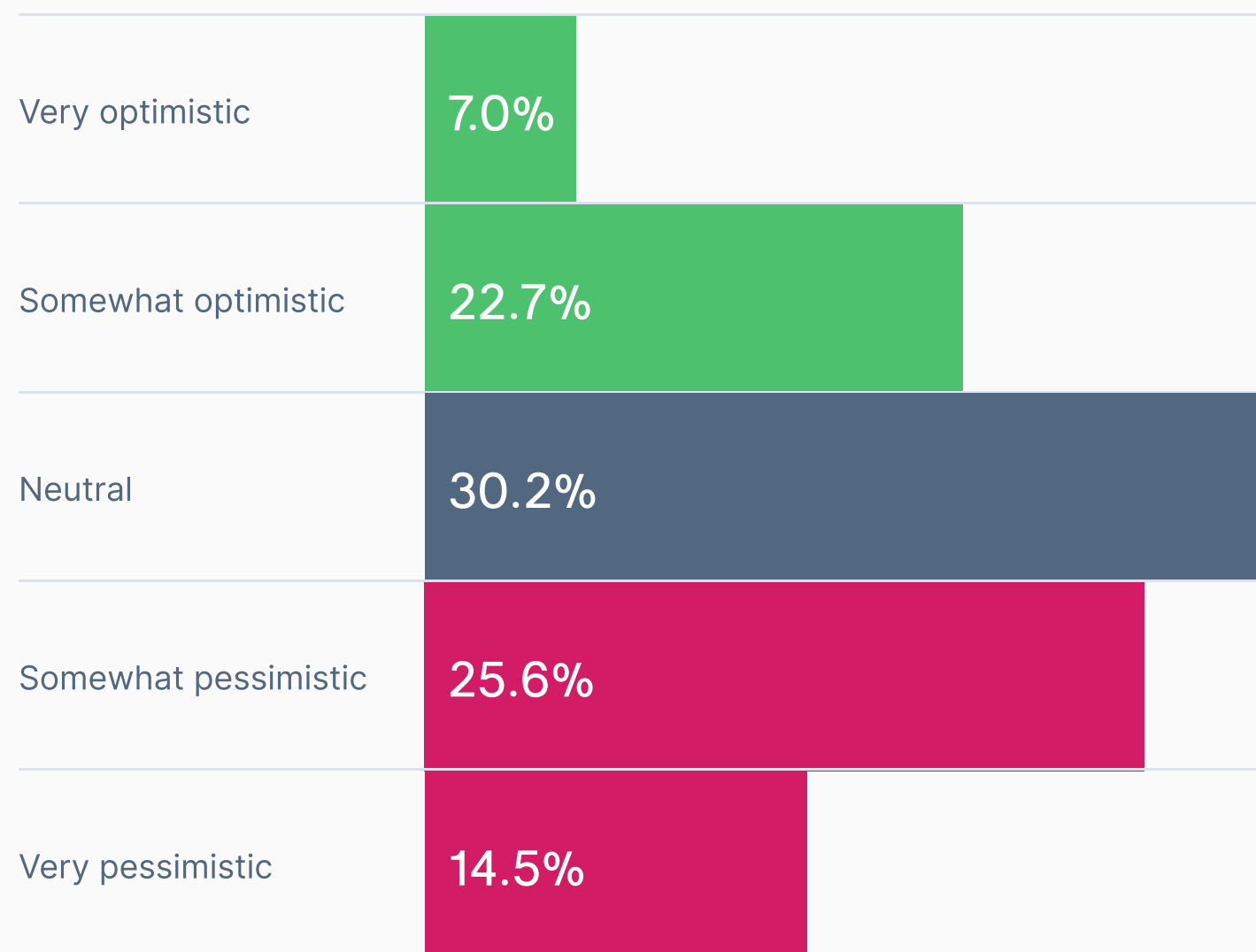
While confident in their strategies, retail investors have mixed feelings about the economy overall

Retail investors' optimism in the overall economy is split, with nearly 60% saying they are optimistic or neutral, and 40% saying they are pessimistic.

More than 29% of retail investors reported making changes to their portfolio in anticipation of a potential recession, with many focusing on high-conviction investments and assets that could benefit from a high-interest rate environment.

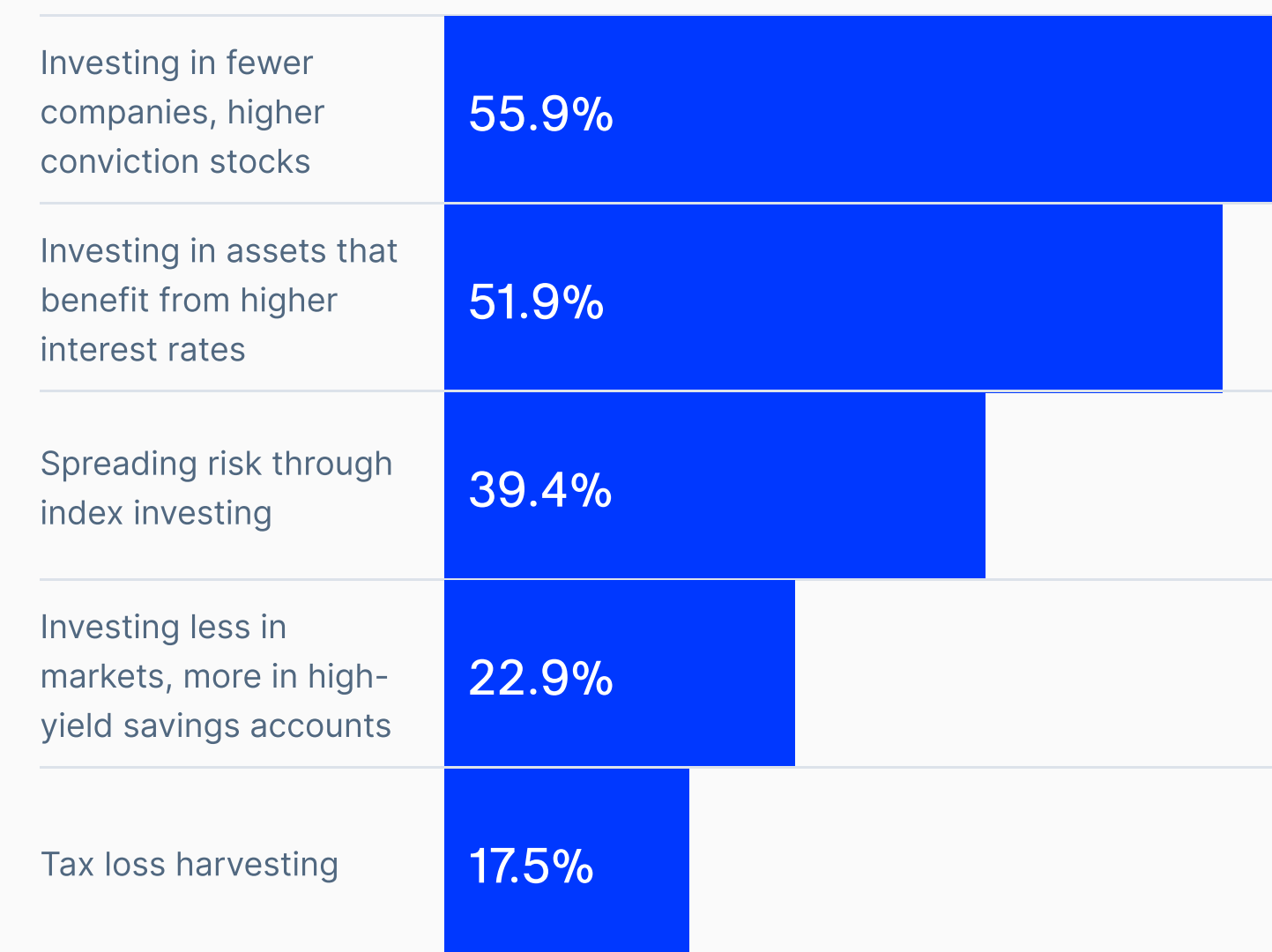
The state of investor optimism

How optimistic are you about the state of the U.S. economy?

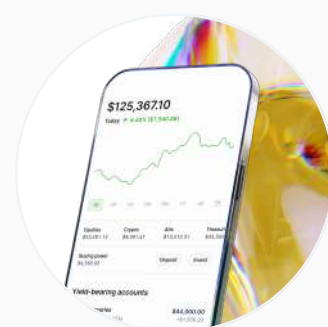


Source: Public Investor Survey (Jul-Aug 2023, n=1,015)

Portfolio alterations made by investors who said they have made changes in anticipation of a potential recession:



Source: Public Investor Survey (Jul-Aug 2023, n=1,015)



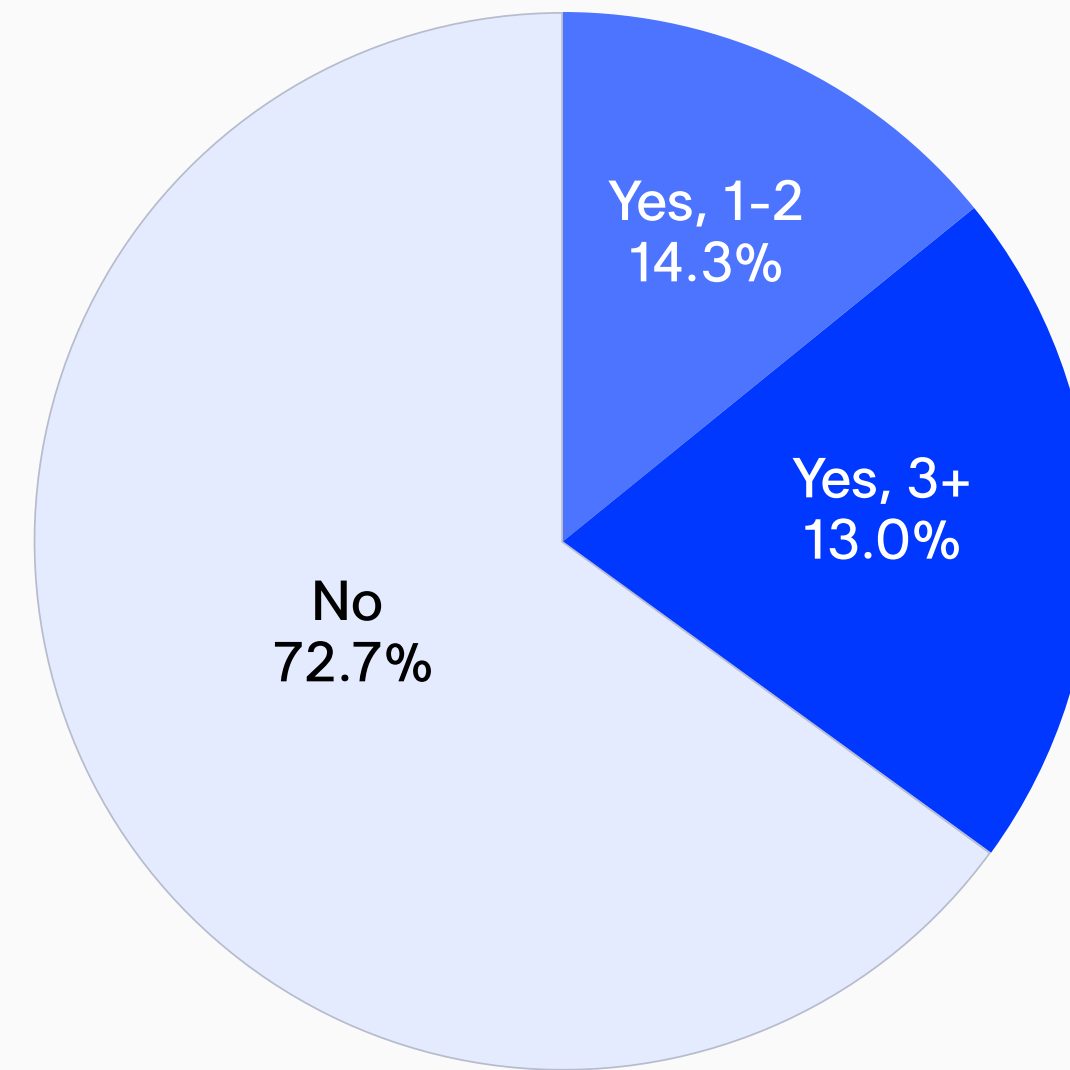
Public introduced direct purchase of Treasury bills on its platform in spring 2023. Since then, T-bills have become one of the most added assets among retail investors on Public in 2023. Learn more at Public.com/invest/treasuries.

Lack of shareholder engagement is an issue of awareness, not apathy

A majority of retail investors say they did not participate in a proxy vote during 1H 2023, but their reasons for not participating aren't necessarily due to apathy. In fact, the biggest blockers for retail investors ahead of shareholder votes are a lack of awareness and a lack of context.

A majority of retail investors are sitting out proxy votes

Have you participated in a proxy vote in 2023 so far?

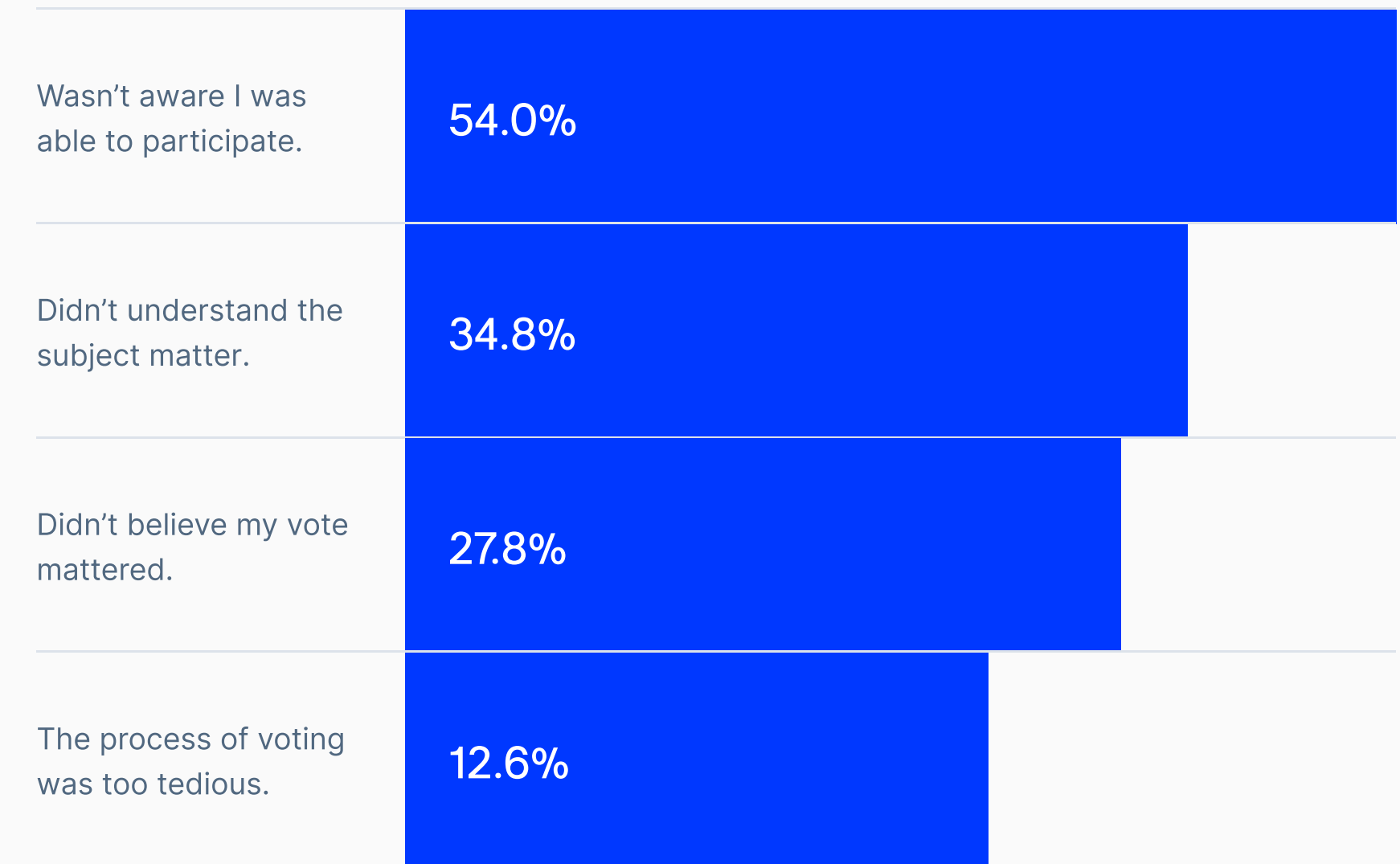


Source: Public Investor Survey (Jul-Aug 2023, n=1,015)

There are clear generational trends when it comes to proxy voting. Boomers were most likely to report their participation, with Gen X, Millennials, and Gen Z following in that order. 81% of Gen Z investors say they have not participated in a proxy vote this year.

Reasons retail investors stay on the sidelines

What are your reasons for not participating in a proxy vote?



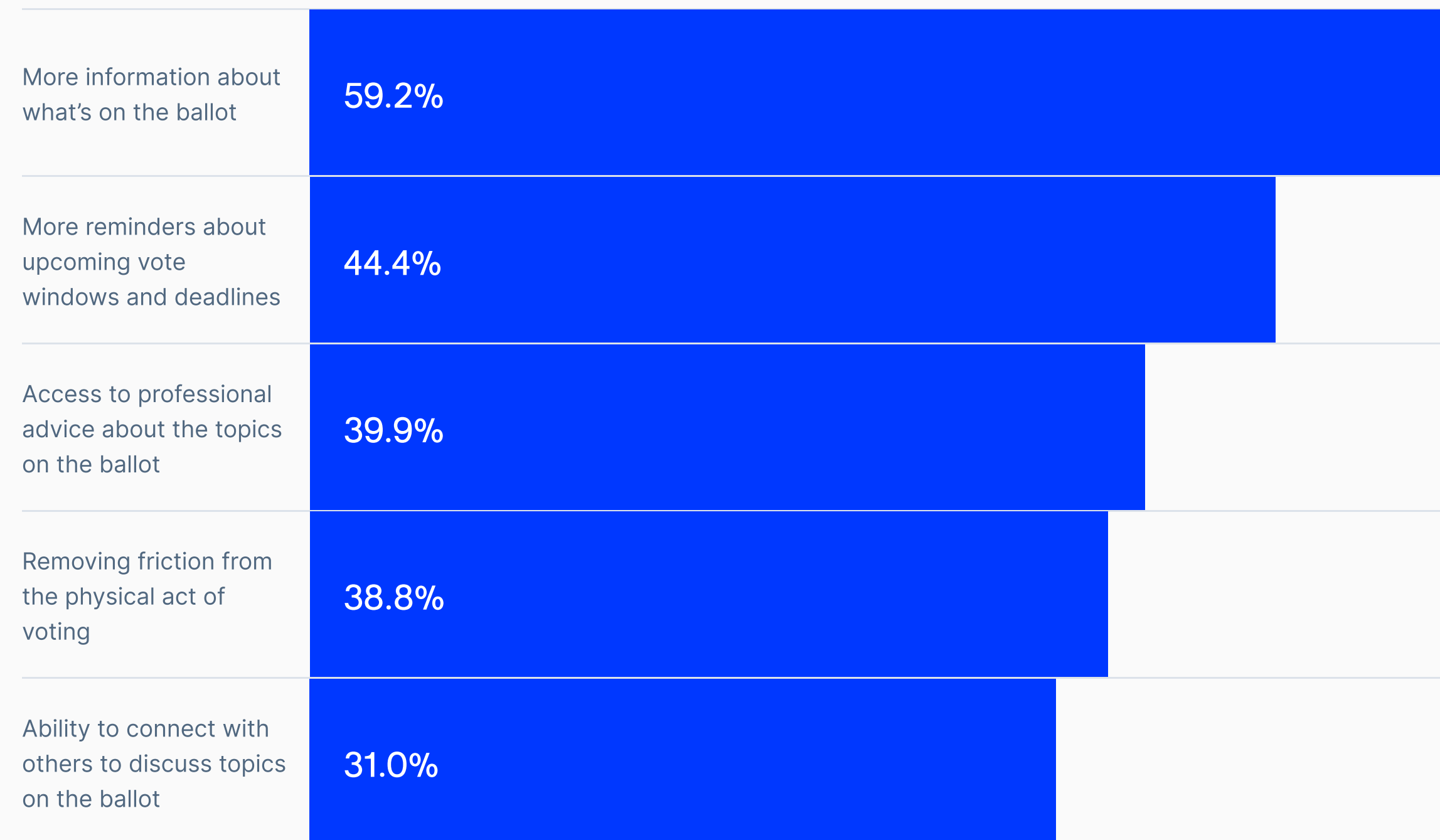
Source: Public Investor Survey (Jul-Aug 2023, n=1,015)

Providing context around shareholder proposals and votes could drive more engagement

Retail investors are primarily seeking more context as to what's on the ballot and why it matters—a key insight for issuers and policymakers alike.

Top ways to drive greater retail participation

What would make the proxy vote process easier for you? Select all that apply.



“Most retail investors who fail to vote their shares do so because they are unaware of their right to vote and of the impact their votes can have. The influence that corporations have on our life, our society, and our planet is comparable to that of governments. Policymakers should level up investing and corporate governance education for virtually everyone as well as promote policies aimed at making information provided by issuers more digestible for the layperson.”



Sergio Alberto Gramitto Ricci
University of Missouri, Kansas
City School of Law



Christina Sautter
Southern Methodist University,
Dedman School of Law

Dig Deeper

Additional insights from Profs. Ricci and Sautter:

[The Educated Retail Investor: A Response to Regulating Democratized Investing](#)

[Wireless Investors & Apathy Obsolescence](#)

Methodology

This report was informed by data from the Public platform via demonstrated behaviors and activities as well as qualitative surveys of verified retail investors on Public.

This report offers a directional perspective on the retail investor market, drawing from Public's community of investors. Insights shared are not investment advice or an endorsement of any particular investment strategies.

Qualitative research via Public verified investor surveys fielded Jul-Aug-2023 (n=1,015), Jun-2023 (1,005), and Jan-2023 (n=1,036). All surveys reflect the responses of individuals with approved/funded accounts on the Public platform, U.S. adults 18+.

Disclosures: Open To The Public Investing is a member of FINRA and SIPC. This content is not investment advice. Investing involves risk of loss.

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Sergio Alberto Gramitto Ricci, University of Missouri: Kansas City School of Law

Monique Le, Head of the iShares Digital Wealth and Retail Investor Business at BlackRock

Christina Sautter, Southern Methodist University, Dedman School of Law

Additional sources cited:

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