



# Online Share Trading

## What are the Canstar Online Share Trading Star Ratings?

Canstar Online Share Trading Star Ratings is a sophisticated and unique ratings methodology that compares both Cost and Features across online share trading platforms. Canstar star ratings represent a shortlist of platforms, enabling consumers to narrow their search to platforms that have been independently assessed and ranked. The Canstar Online Share Trading Star Ratings is a transparent analysis comparing all types of online share trading platforms.

Ratings range from five to one star. Five-star rated platforms have been assessed as offering outstanding value to consumers.

## Profiles

Canstar rates and compares online share trading platforms based on a number of different consumer investor profiles. Consumers have varying needs and wants in terms of their online share trading. To cater for this, Canstar has identified and rated platforms across three investor profiles to help Australians find the online share trading platform relevant to them.

	Average number of transactions	Average transaction value	Securities traded	Requirements
Casual Investor	8/year	\$15,000	Shares	-
A Casual Investor buys and sells shares <b>occasionally</b> and uses <b>a long-term strategy</b> to review their investment portfolio. Comprehensiveness of investment tools is not the most important factor in selecting the best broker for them, but <b>education tools, ease of use and cost</b> are some of the important factors for them.				
Active Investor	40/year	\$15,000	Shares, managed funds	-
An Active Investor buys and sells shares <b>more frequently</b> than the Casual Investor. They use the latest market information and fundamental analysis data/reports to determine portfolio holding. The comprehensiveness of <b>research tools</b> is an important factor in selecting the best broker for them and, due to higher trading frequency, cost is also important.				
Trader	360/year	\$15,000	Shares, derivatives	Dynamic trading platform
A Trader buys and sells shares <b>very frequently</b> and the latest market information is used to determine portfolio holding. <b>Cost</b> is an important factor due to a high trading frequency. The availability of <b>derivatives</b> and a <b>dynamic trading platform</b> are key considerations for them.				

## Canstar star ratings

Each online share trading platform reviewed for the Canstar *Online Share Trading Star Ratings* is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a 'Price' score and a 'Feature' score.

To arrive at the total score, Canstar applies a weight against the Price and Feature scores. This weight applies to all profiles and will reflect the relative importance of either costs or features in determining the products offering outstanding value. This method can be summarised as:

$$\text{Total Score} = \text{Price Score} + \text{Feature Score}$$



Profile	Price Score	Feature Score
Casual Investor	50%	50%
Active Investor	50%	50%
Trader	60%	40%

## Price Score

The Price score for *Online Share Trading Star Ratings* is a calculation of total costs (brokerage costs and ongoing costs) in using the share trading account based on 100 hypothetical trading behaviours. It considers the cost of online orders only. The calculation tests each product across the profiles against Canstar's transaction simulation. The platform with the lowest total cost receives the maximum price score and scores for all other products are based on a normal distribution.

The transaction simulation parameters are described below.

Profile	Distribution Points	Monthly Transactions	Transaction Value*
Casual Investor	Minimum	1	\$5,000
	Average	1	\$15,000
	Maximum	1	\$25,000
Active Investor	Minimum	2	\$5,000
	Average	4	\$15,000 **
	Maximum	5	\$100,000
Trader	Minimum	15	\$5,000
	Average	30	\$15,000 **
	Maximum	45	\$100,000

\*For the purposes of our analysis, Canstar uses a transaction simulator which interlinks the transaction behavior of 100 hypothetical traders. For the Casual Investor, a normal distribution is applied while a skewed distribution is applied for both the Active Investor and Trader profile. Across the 100 hypothetical scenarios, 95% of those will be normally distributed between the values of \$5,000 and \$25,000, while 5% lie between \$25,000 and \$100,000.

\*\*This is the targeted average and the actual average is higher due to the skew in distribution.

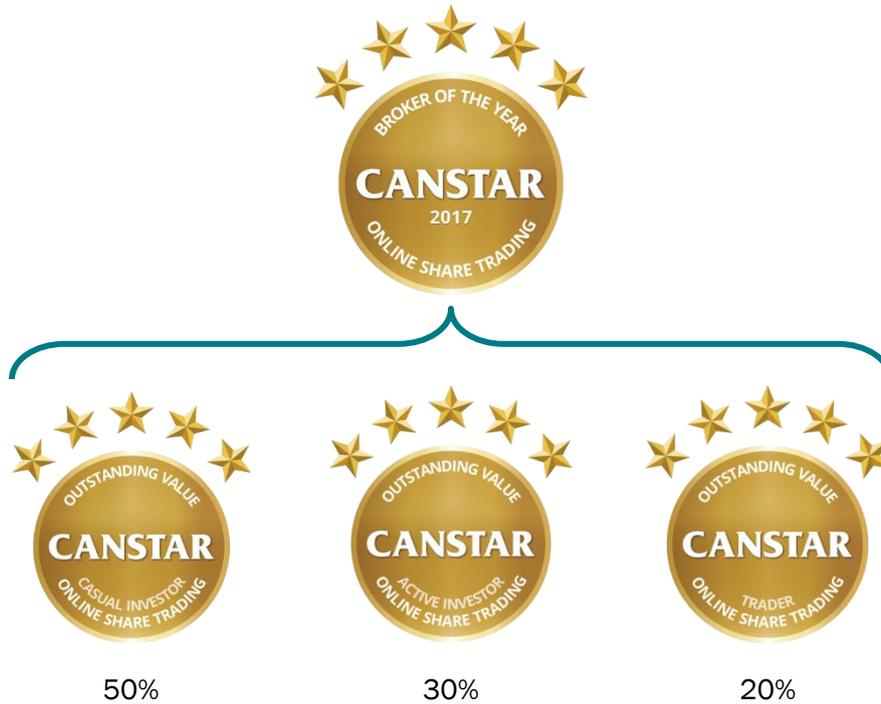
## Feature Score

Each individual feature is categorised into one of seven feature categories and allocated points. Based on the points received, each individual policy receives a score that is then weighted as outlined in the following table. All products are then indexed relative to the product with the highest weighted score.

Feature Category	Casual Investor	Active Investor	Trader
Account Services and Support	20%	15%	15%
Client Services & Support	50%	60%	20%
Account Services	25%	20%	20%
Reporting	25%	20%	60%
Research Tools, Charting and Information	25%	30%	30%
Charting	30%	30%	55%
Company Information	30%	25%	5%
Market Information	15%	20%	20%
Alerts	15%	10%	10%
International Market	5%	10%	5%
Other	5%	5%	5%
Platform Information and Options	15%	20%	20%
Platform Information	35%	35%	30%
Settlement Accounts	35%	30%	30%
Margin Loan	30%	25%	20%
Dynamic Trading Platform	-	10%	20%
Education	20%	10%	5%
Accessibility and Security	10%	10%	10%
Accessibility	65%	70%	75%
Security	35%	30%	25%
Trading Securities/Markets	5%	10%	15%
Local	90%	90%	90%
International	10%	10%	10%
Fees and Charges	5%	5%	5%
Phone Fee	70%	70%	70%
General Fees	30%	30%	30%

## Award

In conjunction with the *Online Share Trading Star Ratings*, Canstar recognises the provider who offers the strongest combination of products across the *Online Share Trading Star Ratings* profiles.



### Does Canstar rate all products available in the market?

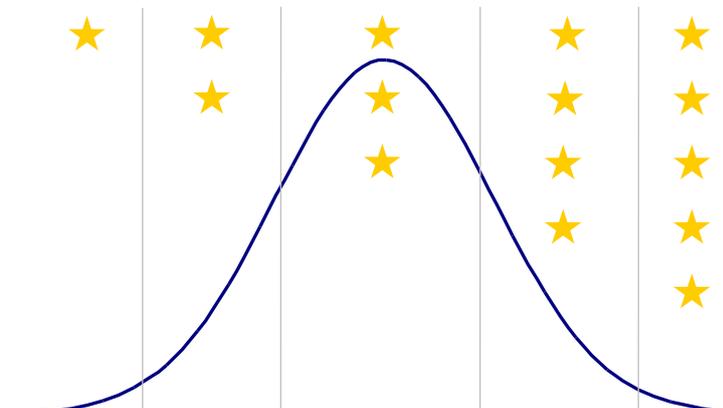
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

### How often are products reviewed for star ratings purposes?

All ratings are fully recalculated every 12 months, based on the latest submissions from each institution. Canstar also monitors changes on an ongoing basis.

### How are the stars awarded?

The total score received for each profile ranks the products. The stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the Canstar 5-star rating.



The results are reflected in a consumer-friendly Canstar star rating concept, with five stars denoting outstanding value.

## Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the Canstar website at [www.Canstar.com.au](http://www.Canstar.com.au)



- Account based pensions
- Business life insurance
- Deposit accounts
- Health insurance
- Landlord insurance
- Margin lending
- Package Home Loan
- Reward programs
- Travel insurance
- Agribusiness
- Car insurance
- Direct life insurance
- Home & contents
- Life insurance
- Online banking
- Personal loans
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- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
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- Youth banking

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