

How Can Advisers Turn Complexity into Clarity?

Four actionable tips to build client confidence, shaped by investor sentiment insights from our latest survey across Australia.

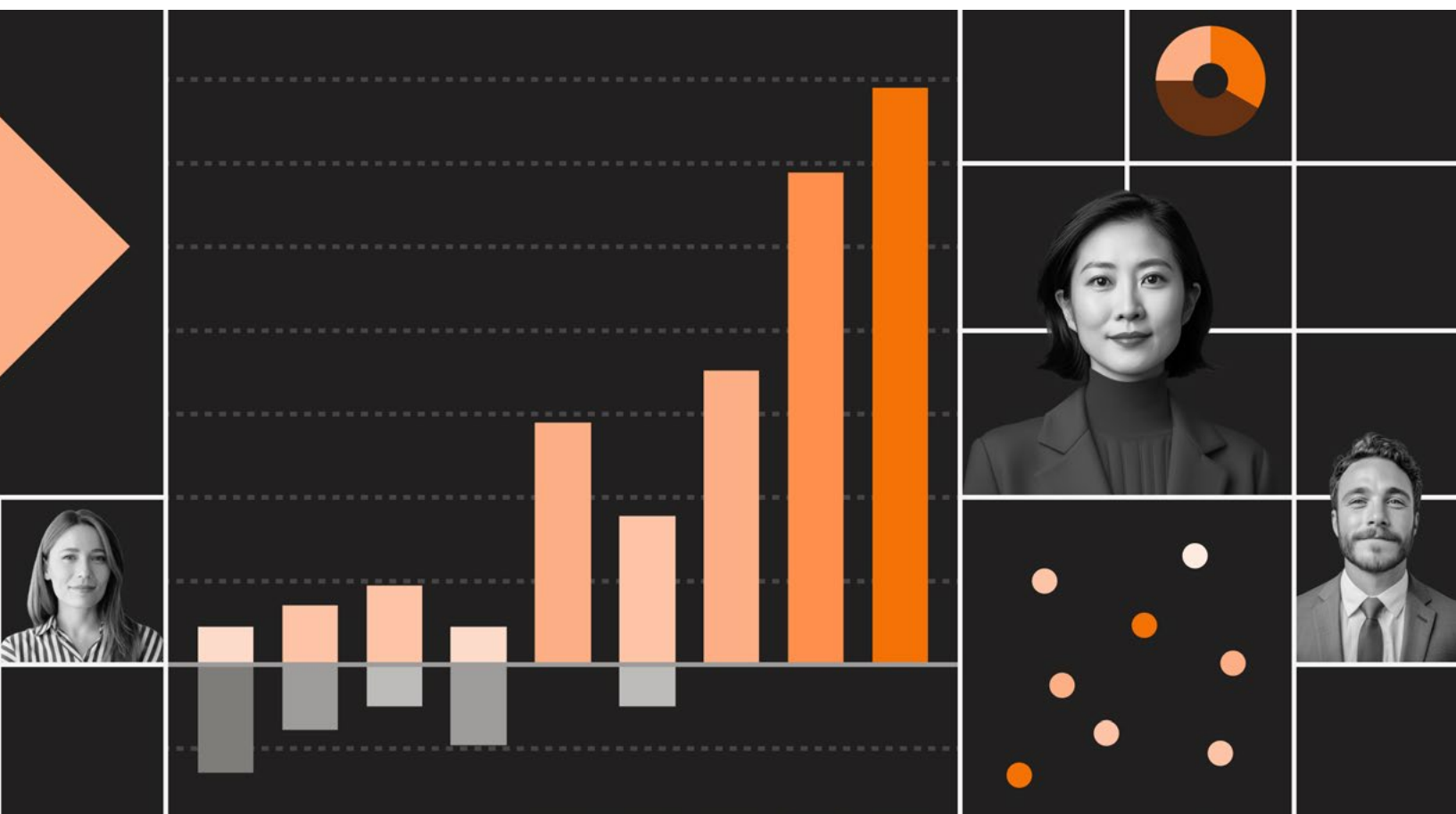


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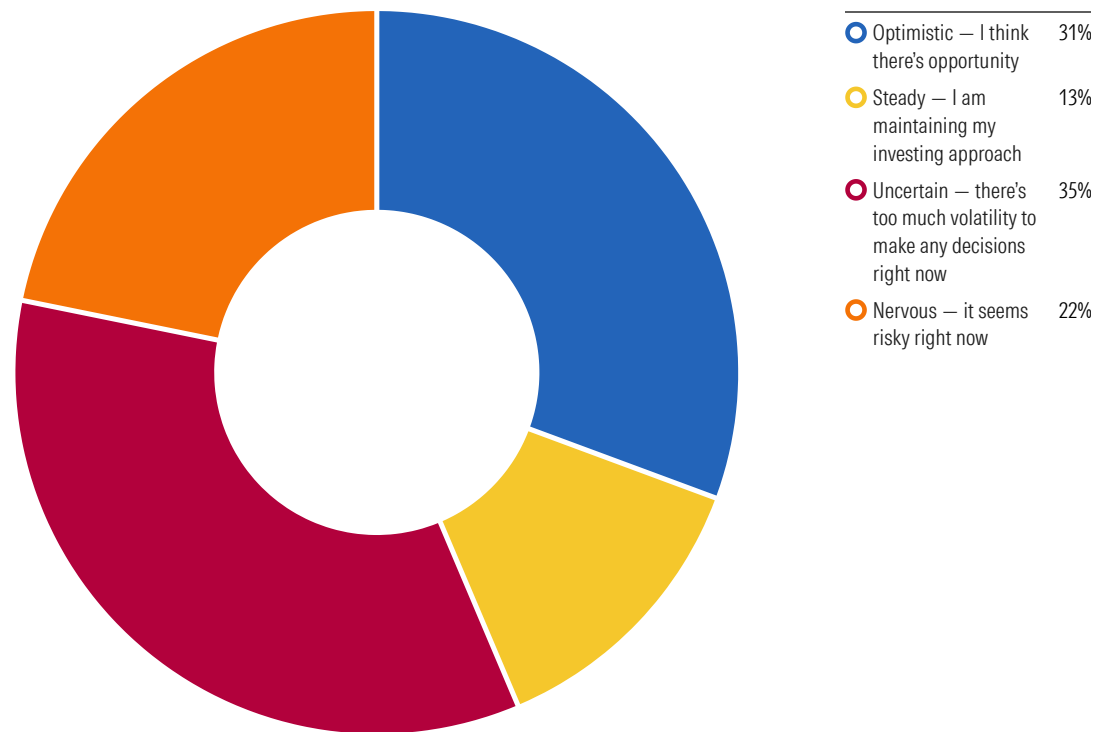
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Executive Summary

Today's Australian investors face a complex financial landscape shaped by information overload and market volatility. Fifty-seven percent of participants reported feeling uncertain or nervous about the current market—that is, they think there's too much volatility to make any decisions or it seems risky right now.

Advisers play a critical role in cutting through this noise and providing support. But first, they must understand evolving investor expectations and what truly matters to clients.

Australian Investors' Feelings About the Market



Source: Morningstar. Data as of 2026.

In our *Morningstar Investor Perspectives: Retail Investor* survey, we see that it's no longer enough to simply offer financial advice—advisers must also meet their clients' emotional needs. This expectation and sentiment is rising as innovations like private markets and artificial intelligence continue to redefine the industry, leading investors to seek clarity on how these developments may impact their long-term plans. Together, the conditions create a valuable opportunity for advisers to deliver transparent guidance that keeps investors focused on their goals.

By filtering out distractions and reinforcing client trust, advisers can empower investors to stay on track and make better decisions. Explore four actionable tips to help today's investors move forward with confidence.

Key Takeaways

- ▶ Investor sentiment: Australian investors who work with an adviser are more likely to feel optimistic and steady about the market than those without one (52% compared with 40%).
- ▶ Private markets: Despite growing interest in private markets, limited knowledge may be a challenge—just more than half (51%) understand or have a general idea of how private markets work.
- ▶ AI influence: Most participants view responsibility for financial losses as shared, whether a recommendation comes from AI (52%) or an adviser (68%).

Read Time: 12 Minutes

Methodology Overview

The *Morningstar Investor Perspectives: Retail Investor* survey provides unique insights on the wide-ranging attitudes, behaviours, and preferences of investors. Our findings were based on a total of 1,277 online responses collected across Australia between 3 March and 30 March 2026.

Participants were recruited from a nationwide panel with strong representation across age, gender, ethnicity, household income, employment status, and investable assets. The large and diverse sample allowed us to gather information from different subgroups and deepen our analysis and insights.

Deliver Emotional Value to Shape Investor Sentiment

Ongoing inflation and rising interest rates are transforming the Australian market environment, often leaving investors unsure about when and how to act. As mentioned above, more than half (57%) of participants reported feeling uncertain or nervous about the current market.

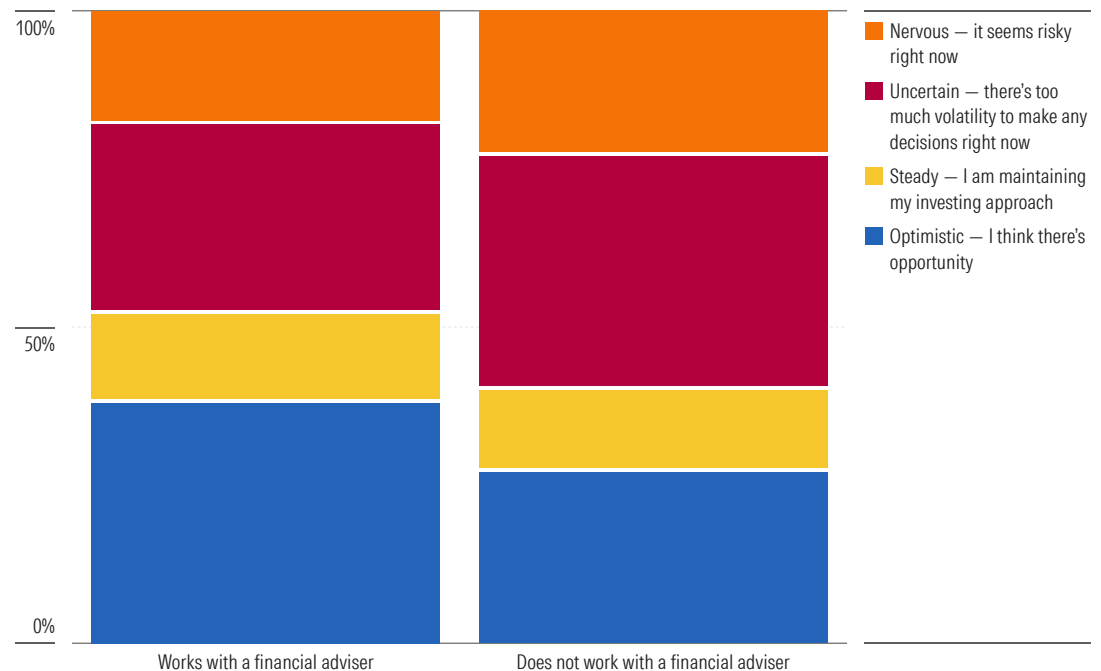
So, what are the factors behind this market anxiety? Investors are most worried about:

- ▶ Inflation (39%)
- ▶ Geopolitical tensions (39%)
- ▶ Economic slowdown/recession (32%)

Inflation stands out as the top economic concern across all surveyed regions—Australia, Canada, the UK, and the US—with 75% of Australian investors saying they're extremely or somewhat concerned. This underscores the importance of education as well as guiding conversations back to clients' long-term goals.

Advisers can also positively impact investor sentiment: Our survey finds those who work with an adviser feel more optimistic and steady about the market than those who don't (52% compared with 40%). In other words, financial advisers can provide value by offering support, both emotionally and financially, and reassurance that investors may lack on their own.

How Australian Investors Feel About the Market With vs. Without an Adviser



Source: Morningstar. Data as of 2026.

When informing their investment strategies, Australian investors commonly turn to family and friends (35%) and internet searches or other online websites (32%). Almost one-quarter (23%) leverage financial advisors, while nearly one-fifth (19%) of this group is leaning into AI.

Still, frequent use doesn't necessarily translate to perceived value: Despite consulting family and friends the most, Australian participants rate financial advisers as the highest-valued source of guidance (90%) followed by an accountant or tax adviser (84%). The gap suggests that while informal sources may be convenient, investors place greater weight on human judgment and expertise.

Key investment decision obstacles include:

- ▶ Fear of making a mistake or losing money (37%)
- ▶ Market volatility (35%)
- ▶ Difficulty knowing which information or sources to trust (25%)

At the same time, more than half of investors (56%) say they're confident in their ability to separate clear or accurate investment information from confusing or misleading information. This pattern emphasizes a significant distinction between trust and confidence.

Even though some investors struggle to identify credible information—pointing to a trust gap—others feel certain in their judgment despite rising complexity, signaling a confidence issue. With AI-powered investing content continuing to expand, this challenge is likely to intensify.

90%

Percentage of Australian investors who work with advisers and consider them a valuable source for informing their investment strategy.

For advisers, confident investors tend to be the more challenging audience. The clients who acknowledge uncertainty generally welcome guidance, while confident ones may be more resistant to having their views challenged. The opportunity lies in reframing conversations away from whether information is “right” and toward how it's evaluated. Shifting the focus to the decision-making process rather than the outcome is where advisers can offer genuine support that extends beyond the portfolio.

To better manage client emotions and concerns, advisers can start by:

- ▶ Providing behavioural coaching that helps investors stay grounded
- ▶ Maintaining proactive and frequent communication
- ▶ Adding clear context around investment decisions

Address Knowledge Gaps in Private Markets

Access to private markets continues to expand across the world—and Australia is no exception. In this region, private capital managers now oversee more than AUD 62 billion across 850-plus businesses.

This growth is closely linked to Australia's superannuation system, an employer-funded savings program holding around AUD 4.5 trillion, where super funds are increasingly allocating to private markets. As a result, Australian investors gain indirect exposure to diversification benefits and potential returns.

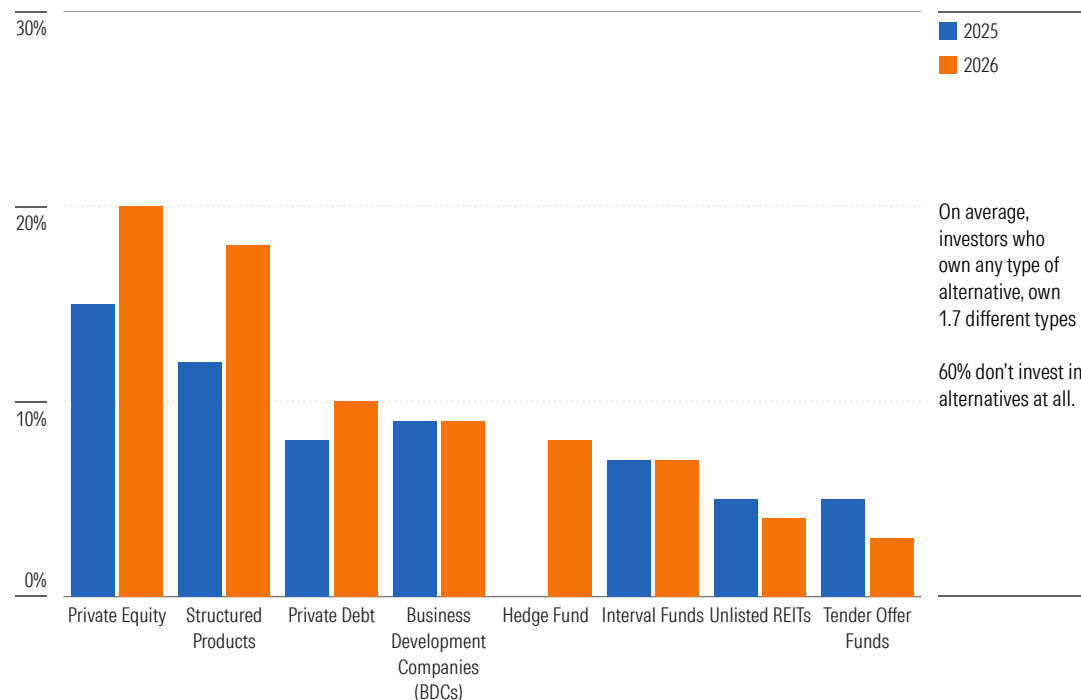
Despite these possibilities, just more than half (51%) understand or have a general idea of how private markets work. Meanwhile, 60% don't invest in alternatives at all. If limited investor knowledge is a major obstacle, advisers can start the education process by explaining how private market exposure shows up in clients' portfolios and what it means for their strategies.

60%

Percentage of Australian investors who don't invest in alternatives at all.

For those who do invest, our survey finds interest may not only be accelerating but shifting to different types of alternatives. Compared with last year, investor participation has increased across private equity (20% in 2026 versus 15% in 2025), structured products (18% in 2026 versus 12% in 2025), and private debt (10% in 2026 versus 8% in 2025).

Australian Investors Who Own Alternative Investments



Source: Morningstar. Data as of 2026.

Together, these trends suggest that investors aren't opting out of directly investing in alternatives but are becoming more selective as they assess what investments are the best fit for their situation along with possible concerns around risk, liquidity, and transparency.

This behaviour is further underscored by a potential mismatch in time horizons: Most Australian participants (55%) cited between zero and three years as the maximum investment time where they feel comfortable—indicating about the same flexibility as UK investors (55%). This shorter time frame may also reflect a preference for liquidity, which can be more limited in alternative investments.

Investable asset levels matter as well. Specifically, those with more than AUD 100,000 are more likely to be comfortable beyond three years versus those below this threshold.

At the same time, other investment trends are growing alongside private markets. Managed funds have continued their steady rise as a top investment type over the past three years (38% in 2026, up from 36% in 2025 and 33% in 2024). Crypto is also climbing, with 31% of participants investing in 2026, up from 22% last year.

In short, Australian investors still value familiar structures while showing openness to higher-risk assets—highlighting why it's crucial for advisers to support clients in balancing new innovations with portfolio goals.

ETFs are experiencing the strongest momentum, hitting a record AUD 48.3 billion in flows last year. This surge aligns with our survey findings, which show one quarter (25%) of investors owned ETFs in 2026, a notable increase from 17% in 2025.

When advisers educate clients on how ETFs may fit into their strategies, it can be easier to ensure allocations align with their risk tolerance and goals. Advisers may also use our [Morningstar Medalist Rating](#) to identify high-quality ETFs likely to outperform over a full market cycle.

Advisers can improve investors' understanding of alternatives by:

- ▶ Offering thorough education around private markets
- ▶ Setting realistic expectations for investment performance
- ▶ Tailoring asset allocations to align with clients' goals

Emphasize Human Judgement as AI Adoption Grows

AI is becoming a more familiar part of the investment process for Australian participants. Forty-four percent reported high trust in the tool to help make investment decisions, up from 27% in 2024. While 26% still cited low trust, this is down from 36% in 2024, suggesting that investors are growing open to the idea of AI regardless of their trust level.

Still, low-trust investors mostly noted general skepticism and distrust (45%) followed by reliability and performance (32%), and user control along with human oversight and support (20%) as what aspects they most often consider when evaluating whether to trust an AI tool.

Top factors that high-trust investors prioritize to determine their trust in an AI tool include:

- ▶ Demonstrable evidence and social proof (35%)
- ▶ [Reliability](#) and performance (24%)
- ▶ Utility and useability (19%)

Although trust in AI among investors is rising, usage tells a different story. Only 2% of Australian participants rely on AI for most investment decisions—primarily using it to confirm the AI recommendations—and the pattern holds across generations. This disconnect is seen in all surveyed regions, pointing to where advisers should pay closest attention.

What advisers may be missing is that the barrier isn't only scepticism, but an uncertainty around how to apply AI in practice. Even millennials, who reported the highest trust in AI (60%), use it primarily as a supporting tool (50%), which signals that the issue is guidance rather than belief.

That's where advisers play a critical role—not by pushing AI adoption, but by modelling responsible, human-guided use. Until then, investors' confidence is likely to remain theoretical rather than actionable.

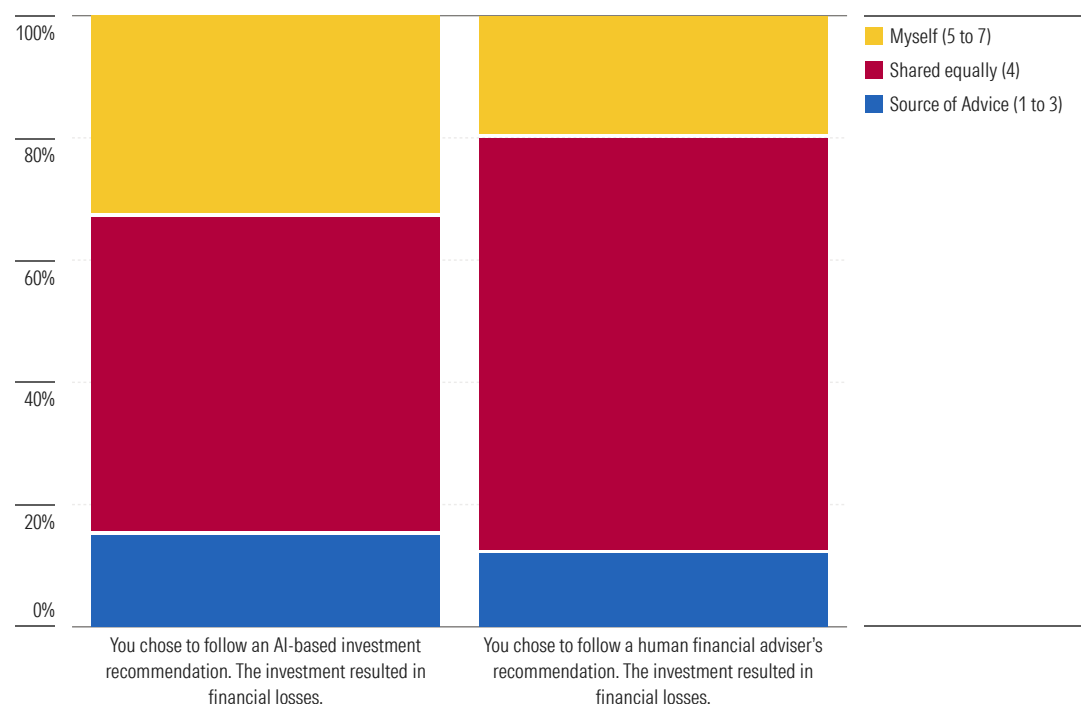
44%

Percentage of Australian investors who highly trust AI to help make decisions.

Regardless of whether advice comes from a human adviser or AI, our survey finds Australian investors consistently view responsibility as shared equally. Sixty-eight percent of participants believe this when losses follow an adviser's recommendation.

The perspective carries over to AI-based recommendations as well, with more than half (52%) expressing the same view—that is to say, investors may see AI as a tool that supports progress toward goals instead of a standalone decision-maker. This view contrasts with Canadian investors, who are more likely to place responsibility on the AI (48%), highlighting a regional difference in how AI accountability is perceived.

Where Australian Investors Believe Responsibility Lies for AI vs. Adviser Recommendations



Source: Morningstar. Data as of 2026.

To help close investors' AI trust-usage gap, advisers can take actions such as:

- ▶ Translating AI insights into clear, contextual guidance
- ▶ Grounding decisions in human judgement and accountability
- ▶ Acknowledging AI limitations while meeting investors' expectations for human interaction

Focus on Long-Term Investing

With constant distractions coming from seemingly every direction, Australian investors may struggle to stay focused—making long-term planning and investing feel even more distant and unattainable.

Despite these challenges, 73% of investors see long-term investing as appealing due to long-term growth potential (23%), financial security, stability, and inflation hedging (20%), and wealth accumulation (16%).

In other words, many investors are interested in long-term investing but might have trouble staying confident in sustaining it over time.

Those who find long-term investing challenging most often point to factors like:

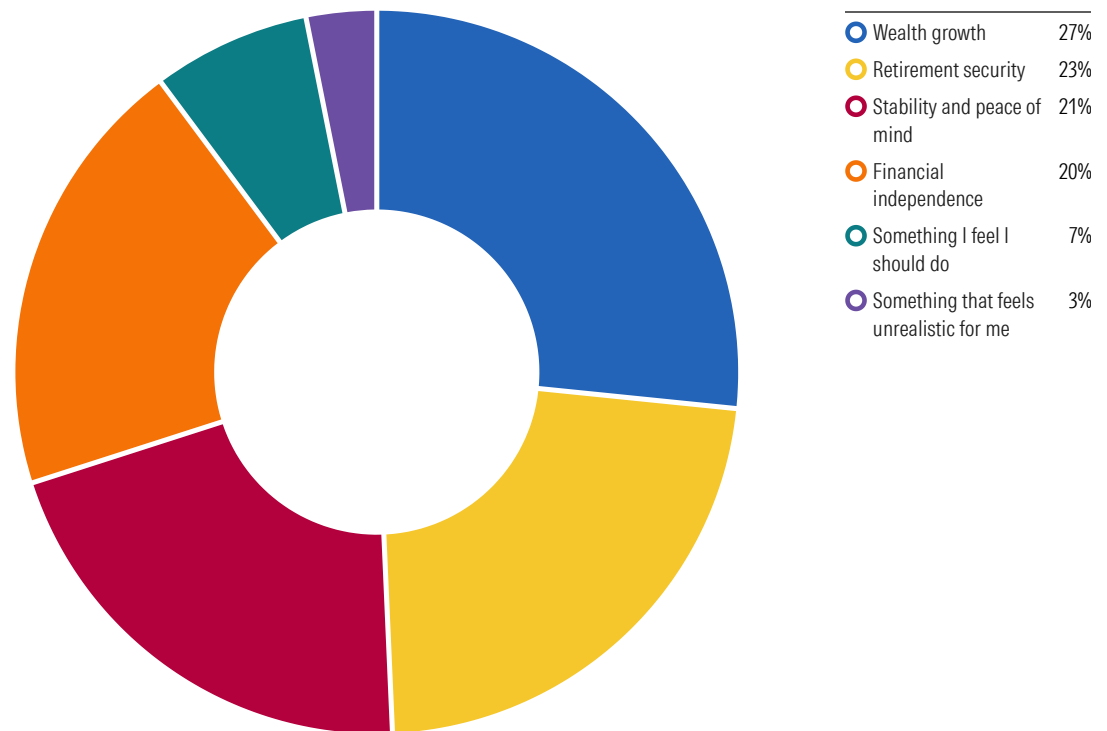
- ▶ Uncertainty about future returns and outcomes (20%)
- ▶ Market volatility (15%)
- ▶ Lack of investment knowledge (14%)

Yet, 27% reported a more stable financial situation would increase their long-term investing commitment. This is the top driver across all surveyed regions, underscoring that investors' personal short-term financial stability and broader market sentiment are major considerations in long-term decision-making.

Australian participants also note the value of tools in maintaining focus. In particular, they named goal-tracking dashboards (44%) as the most helpful approach. By incorporating practical tools into the advice process, advisers can make progress more visible and keep clients better engaged.

Definitions of long-term investing vary for Australian investors as well. The most common are wealth growth (27%) followed by retirement security (23%), and stability and peace of mind (21%). US investors reported the same themes, but in a different order, suggesting shared motivations expressed through different regional priorities. The range of definitions shows how investors think about long-term investing through their own financial context, giving advisers more guidance to align expectations and deepen client relationships.

What Long-Term Investing Means to Australian Investors



Source: Morningstar. Data as of 2026.

Generational and investable-asset differences further influence participants' views: Although Generation Z and millennials think of long-term investing as wealth growth (28% and 35%), Generation X and baby boomers are more likely to frame it around retirement security (30% and 39%).

Participants with higher investable assets tend to associate long-term investing with retirement security (33%+) while those with lower investable assets view it as stability and peace of mind (29%). These findings highlight the need for advisers to produce advice that's tailored to clients' life stages, financial circumstances, and goals instead of a one-size-fits-all approach.

Even so, 63% of investors overall agree that long-term investing success is mostly within their control. This sense of accountability is consistent across age groups, as more than half of each generation agrees, with Australian millennials leading the belief (68%).

On the other hand, Australian Gen Z investors (56%) express the lowest level of agreement, indicating confidence in personal control varies slightly by life stage. Advisers can respond by shifting attention on factors that investors can control, like their behaviour and time horizon.

63%

Percentage of Australian investors who agree that long-term investing success is mostly within their control.

Beliefs around control may also depend on investable asset levels. Although more than half of all participants across asset levels agree that long-term investing is within their control, confidence is notably higher among investors with greater investable assets. Sixty-eight percent of this group agreed compared with 57% of those with lower investable assets, suggesting that perceived control increases with financial flexibility.

Advisers may encourage long-term investing through approaches like:

- ▶ Anchoring discussions in investing fundamentals rather than short-term trends
- ▶ Connecting long-term plans with success metrics for tracking progress
- ▶ Managing investor concerns to keep clients invested over time

Ready to Deliver Better Guidance?

Financial advisers can make a meaningful impact at every stage of an individual's investing journey. From offering tailored solutions to meeting emotional needs, advisers are uniquely positioned to bring real transparency and value as financial choices and markets evolve.

This impact extends even beyond today's investors to those who are considering getting started in investing. According to our research, only 10% of Australian non-investors say they're likely to begin investing in the next three years.

What would boost their confidence to take action? Participants responded that clear explanations of different investment options (34%) and guidance on how to assess risk tolerance (33%) would be most helpful.

Advisers can make the path more accessible for non-investors by:

- ▶ Simplifying investment decisions and clearly outlining next steps
- ▶ Identifying clients' risk tolerance to tailor strategies accordingly
- ▶ Addressing emotional concerns and proactively communicating

To stand out from the competition and provide reliable solutions, it's more important than ever for advisers to translate uncertainty into practical insights.

Explore behavioural finance insights to better understand the psychology behind clients' investment questions and decisions, potentially leading to stronger client relationships.

Want more research insights? Access the latest strategies and priorities of peers, including how they're responding to trends, investor sentiment, and what they're focusing on to be successful in the long term.