

# CANADIAN MUTUAL FUND INVESTORS' PERCEPTIONS OF MUTUAL FUNDS AND THE MUTUAL FUND INDUSTRY

2016

Report Prepared For:

THE INVESTMENT FUNDS INSTITUTE OF CANADA



By:

POLLARA 

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## Introduction

In 2016, IFIC commissioned Pollara, an independent research firm, to conduct the 11<sup>th</sup> wave of IFIC's annual telephone survey of mutual fund investors in Canada.

The study was initiated by the mutual fund industry, through the Investment Funds Institute of Canada, to better understand the attitudes and opinions of Canadian mutual fund holders; to identify their needs, expectations, behaviours and opinions and to track these over time.

This on-going research illuminates investor attitudes and behaviour regarding mutual funds, including:

- Confidence in mutual funds meeting financial goals;
- Methods of purchasing mutual funds and advisor's role in decisions;
- Interest and use of alternative purchase channels;
- Staying informed about mutual fund investments;
- Assessments and understanding of investor risk tolerance;
- Impressions regarding fees paid for mutual funds and advice;
- The use and perceived value of mutual fund statements; and
- Changes in these measures over the course of a decade.

# Executive Summary

## Confidence in Mutual Funds Meeting Financial Goals

- As a path to meeting financial goals, mutual funds continue to attain significantly more confidence (86%) than other investment vehicles such as stocks, GICs, bonds, and ETFs. The low confidence in exchange-traded funds is primarily the result of low awareness.
- As confidence in mutual funds increased over the last four years, confidence in the value of the primary residence declined. Primary residences obtained a six-point lead in over mutual funds in investor confidence in 2012, while they now lag six points behind

## Knowledge about Investing in Mutual Funds

- Few investors consider themselves experts on mutual funds, but most feel somewhat informed. For the last ten years, approximately three-quarters of investors have rated themselves as *knowledgeable* or *somewhat knowledgeable* about mutual funds. One quarter have consistently rated themselves as not well informed.

## Purpose of Mutual Fund Investments

- Retirement is the dominant motivation for people who purchase mutual funds. One-half of investors cite retirement funding as their primary motivation and a further 14% say that their mutual funds are intended to augment their income at retirement or later in life.

## Recent Fund Purchases

- Just over one-third of investors purchased a mutual fund in the previous twelve months, while one-half last purchased a mutual fund between one and five years ago. There is no major difference in these findings in 2016 compared to 2015 but there does appear to be somewhat fewer new transactions occurring compared to when these questions were posed in 2012 and 2009.

## Use of Advisor for Purchasing Mutual Funds

- In 2016, the overwhelming majority of mutual funds – nine out of ten - were purchased through a financial advisor. As recently as 2011, this proportion was eight out of ten. Clearly, purchases of mutual funds on-line or through customer service representatives have never made significant inroads into the market and are currently just one-half of what they were in 2011.
- Investors would have very limited confidence choosing mutual funds without the help of an advisor. The majority (56%) say they would feel *not very confident* or *not confident at all*.
- Investors who used an advisor to purchase a mutual fund have consistently reported that he or she discussed whether that fund suited the investor's objectives. This proportion has not fallen below 85% over the last ten years of tracking and stands at 90% in 2016.

## Alternative Channels

- There is confusion around the concept of automated advice. Generally speaking, most investors would not be comfortable buying investment products on-line or through automated advice. However, comfort with on-line purchasing (37%) is notably higher than comfort with automated advice (17%).
- Given the foregoing results, it is perhaps not surprising that far more investors have purchased investment products online (22%) than through automated advice (3%).
- Approximately one-quarter of investors are interested in the on-line channel, while 12% are interested in automated advice. Remarkably few are *very interested* in either channel.

## Satisfaction with Advice Provided by Advisor

- Investors are generally quite satisfied with the advice they receive from their financial advisors. There has been an overall improvement in this satisfaction over the last eight years. A significant improvement first noted in 2014 has been maintained, contributing to an overall satisfaction rating of 97%.

## Attitudes Regarding Financial Advisor

- Almost all investors have confidence in the advice of their financial advisor. The overall percentage who *agree* that they can trust their advisor's advice has varied between 93% and 98% since 2012. However, the percentage who *strongly agree* has increased over this time including a 7-point increase in 2016. Thus, while overall trust in advisors has remained strong, that trust has become deeper over the years.
- The widespread use of advisors to buy mutual funds is reflected in the fact that most investors believe they get better returns as a result. In 2016, fully 88% agree they get better returns thanks to the advice of their advisor. Many investors (82%) also credit their advisor with helping them achieve better savings and investment habits.

## Value of Savings/Investments at First Use

- Fully one-half of investors first engaged a financial advisor when their savings and investments were under \$25,000. One-third had less than \$10,000.

## Communication around Risk Tolerance

- Investors who use advisors frequently discuss risk tolerance with them. More than three-quarters (76%) have discussed risk tolerance with their advisor within the last year.

## Understanding Risk Tolerance Levels

- Investors are overwhelmingly satisfied (95%) with the way their advisors assess and understand their risk tolerance. Dissatisfaction is limited 2% (initial assessment) or 3% (ongoing assessment) of investors.

## Recall of Advisor Discussing Fees, Compensation, and MER

- After declining slowly over five years, the percentage of advisor customers who recall discussing *fees and commissions* with their advisor has rebounded 6 points to 62% in 2016. There was also a significant increase in those recalling discussions about *compensation* (up 8 points to 56%) and *MER* (up 4 points to 57%).

## Confidence in Knowledge of Mutual Fund Fees

- Since 2010, the proportion of investors confident that they understand the fees they pay has inched from two-thirds to three-quarters. In 2016, 74% are confident in their understanding, while 24% are not.
- Most advisor customers (91%) say they get value from their advisor. Eight percent say they receive poor value from their advisor.

## Mutual Fund Fees Used to Compensate Advisor

- Most mutual fund buyers (73%) *are aware* the mutual fund fees they pay are used in part to compensate their advisor, up 3 points from 2015. However, many are not certain. Almost two-thirds of investors offer tentative answers or say they *don't know*.

## Direct Fee Payments

- Generally, mutual fund owners with advisors say they do not pay a direct fee for their advisor's services (82%). Those who pay a fee are more likely to pay a company (7%) than pay the advisor directly (4%).

## Preferences for How Advisor Is Compensated

- A slight majority of investors with advisors (54%) prefer to pay their advisor through fund fees rather than directly. However, a significant minority (37%) would prefer to pay for their advisor's services directly.

## Usage of Services Provided by Advisor

- Planning investments, finances and retirement are the three primary reasons Canadian investors use an advisor. Taxes, education and estate planning much less common reasons to use an advisor.

## Methods for Evaluating Performance of Investments

- When evaluating the performance of their investments, investors do not rely on a single calculation. Significant majorities look at absolute change (up or down), comparisons to their investment goals, and comparisons to the market as a whole.

## **Mutual Fund Account Statements**

- Most mutual fund holders still receive paper statements. One-half (51%) receive only paper statements while a further one-third (33%) receive both paper and electronic statements. Only one-in-six rely solely on electronic statements.
- Most investors (80%) state that they read their mutual fund statements immediately then file them for future reference. Only 6% indicate that they do not read their statements.
- While statements are important to most mutual fund customers, they are not usually motivated by their statements to call their advisors or change their portfolio. Only 3% say this *frequently* occurs and a further 26% say this happens *occasionally*.

## **Recall of Receiving Information Materials about New Mutual Fund**

- Just under three-quarters of investors who bought funds in the last year recall receiving information or Fund Facts. This is unchanged from 2015, despite an increase in those who say they don't know and a decrease in those who say no.

## **Quality Ratings of the Information Materials Received**

- The mutual fund information given to recent purchasers receives positive reviews. In 2016, 92% rate this information as good or excellent in "providing needed information" and 87% feel it is good or excellent in being "easy to understand".

## Methodology

In 2016 1,000 telephone interviews were conducted with mutual fund holders eighteen years of age or older who make all or some of the decisions regarding mutual fund purchases in their household. All interviews were conducted between June 29 and July 14, 2016.

The regional breakdown of interviews conducted in the 2016 is shown in the following table. To optimize accuracy within these regions, surveys were allocated disproportionately to Manitoba, Atlantic and Quebec. National results have been weighted based on 2016 PMB data\* to ensure they are representative of mutual fund holders by region and gender. The report focuses on national findings but notes any significant regional differences where they occur. Interviews were conducted in either English or French, depending on the respondent's language preference.

**Table A: Sample Distribution 2016**

	Actual Interviews (#)	Weighted Interviews (#)	Margin of Error (%)
Atlantic Canada	100	67	±9.8%
Quebec	200	154	±6.9%
Ontario	300	398	±5.7%
Manitoba/Saskatchewan	100	90	±9.8%
Alberta	148	131	±8.0%
BC	151	160	±8.0%
<b>TOTAL</b>	<b>1,000</b>	<b>1,000</b>	<b>±3.1%</b>

National results from 2016 are tracked against results from previous waves of research. Generally speaking, changes of five or fewer points from one year to another are not considered statistically significant and are noted only when they appear to confirm part of an on-going multi-year trend.

**Table B: Year-Over-Year Methodological Characteristics**

Year	Sample Size	Margin of Error	Interview Dates
2016	1,000	±3.1%	Jun. 29 to Jul. 14, 2016
2015	1,008	±3.1%	Jul. 20 to Aug. 10, 2015
2014	1,002	±3.1%	Jul. 10 to Aug. 4, 2014
2013	1,004	±3.1%	Jun. 23 to Jul. 7, 2013
2012	1,000	±3.1%	Jun. 13 to Jul. 2, 2012
2011	1,006	±3.1%	Jun. 10 to Jun. 24, 2011
2010	1,002	±3.1%	Jun. 11 to Jun. 24, 2010
2009	1,002	±3.1%	May 28 to Jun. 9, 2009
2008	1,895	±2.3%	May 29 to Jun. 17, 2008 <sup>i</sup>
2007	2,508	±2.0%	May 23 to Jun. 27, 2007
2006	1,865	±2.3%	Jun 15. To Jul. 11, 2006

Sub-sample results (i.e., results for different demographic groups) may have a larger margin of error than the overall margins listed in the Tables A and B.

\*Print Measurement Bureau data – annual survey of 36,000 Canadians which measures use of goods and services.



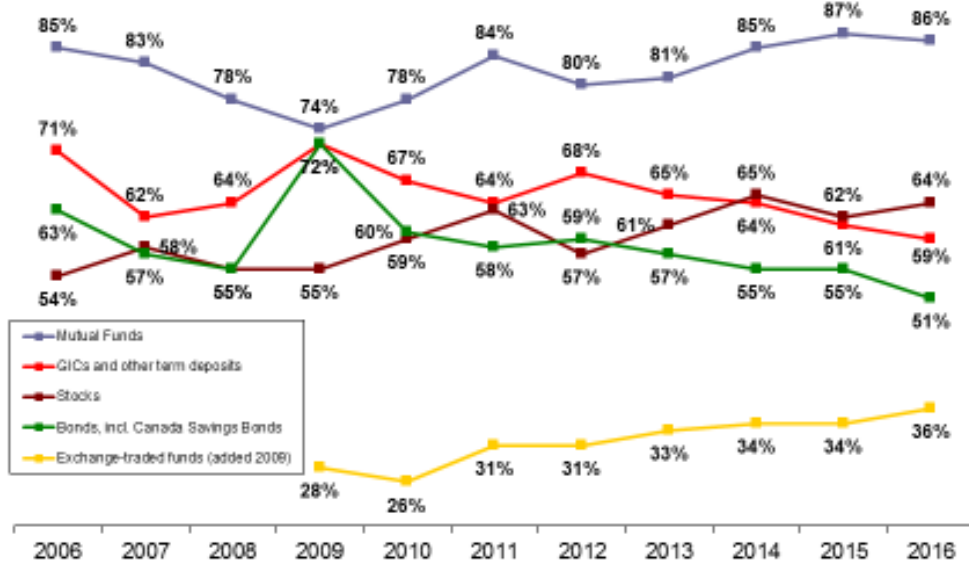
# Detailed Findings

## Confidence in Mutual Funds

### 1. Confidence in Mutual Funds Meeting Financial Goals

As a path to meeting financial goals, mutual funds continue to attain significantly more confidence (86%) than other investment vehicles such as stocks, GICs, bonds, and ETFs. Over the last four years, mutual fund investors have shown increasing confidence in investment vehicles with variable returns such as mutual funds, stocks and ETFs while confidence in fixed investments such as GICs and bonds has declined overall.

Figure 1:  
Confidence in Investment Products Meeting Financial Goals\*

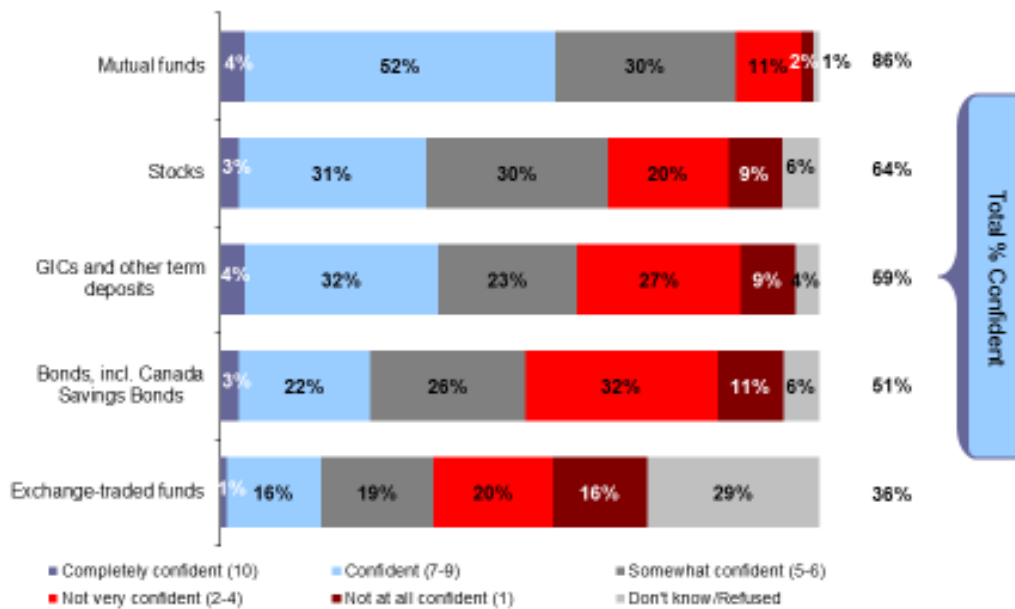


\* Results reflect respondents who rate confidence 5 to 10 on a 10-point scale.

Q3-8: Using a 10-point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? How about: (RANDOMIZE AND READ) [2006 n=1,865; 2007 n=2,508; 2008 n=1,895; 2009 n=1,002; 2010 n=1,002; 2011 n=1,006; 2012 n=1,000; 2013 n=1,004; 2014 n=1,002; 2015 n=1,008, 2016 n=1,000]

More than one-third of investors can offer no opinion on ETFs. When these “unfamiliar” investors are removed from the calculation, approximately 51% of the remainder have confidence in ETFs, a figure similar to confidence in GICs and bonds.

**Figure 2:  
Confidence in Investment Products Meeting Financial Goals**



Q3-8: Using a 10-point scale, where 1 means ‘not at all confident’ and 10 means ‘completely confident’; overall, how confident are you that each of the following investment products would help you meet your household’s financial goals? How about: (RANDOMIZE AND READ) [2016 n=1,000]

Men are more likely than women to express confidence in stocks and ETFs.

**Table 1:  
Confidence That Product Will Help Meet Financial Goals by Gender**

Product	Percent Very Confident or Confident	
	Men	Women
Mutual Funds	55%	58%
Stocks	38%	30%
GICs/Term Deposits	34%	39%
Bonds	25%	24%
ETFs	19%	14%

Quebecers express higher confidence in all the investments tested especially bonds.

**Table 2:**  
**Confidence That Product Will Help Meet Financial Goals by Region**

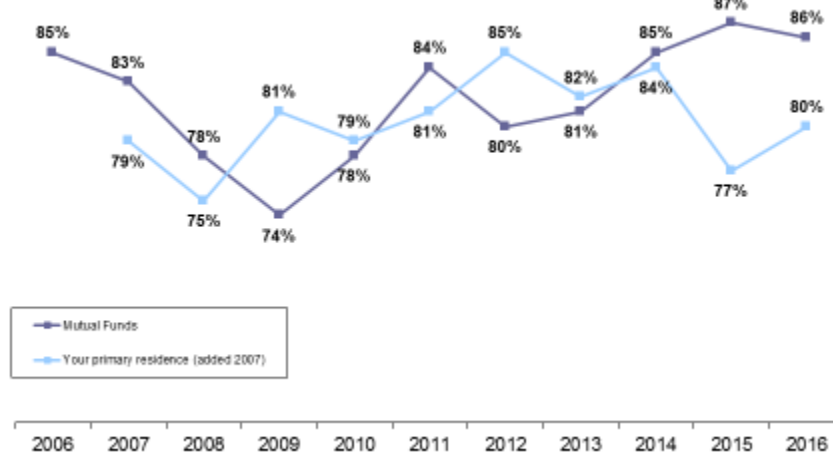
Product	Percent Very Confident or Confident	
	Quebec	Rest of Canada
Mutual Funds	64%	55%
Stocks	39%	33%
GICs/Term Deposits	40%	35%
Bonds	38%	23%
ETFs	20%	16%

The more knowledge investors say they have about mutual funds, the more confident they are that all the investment vehicles tested will help them achieve their financial goals.

As confidence in mutual funds increased over the last four years, confidence in the value of the primary residence declined. Primary residences enjoyed a six-point lead in investor confidence in 2012, while they now lag six points behind. This is driven primarily by a seven point decline observed in 2015. However, the relationships between confidence in mutual funds and confidence in the primary residence as investment options is not direct – there are years when both increase, both decrease, or they move in opposite directions.

Despite the overall downward trend of confidence in the primary residence, this confidence did recover somewhat in 2016 compared to 2015.

**Figure 3:**  
**Confidence in Mutual Funds vs. Primary Residence\***



\* Results reflect respondents who rate confidence 5 to 10 on a 10-point scale.

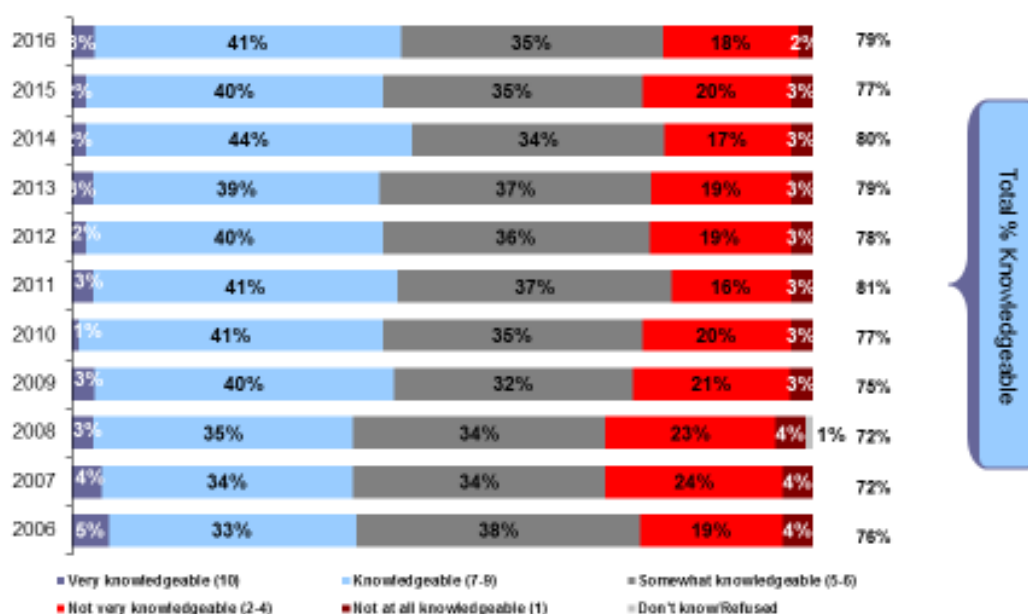
Q3-8: Using a 10-point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? How about: (RANDOMIZE AND READ) [2006 n=1,865; 2007 n=2,508; 2008 n=1,895; 2009 n=1,002; 2010 n=1,002; 2011 n=1,006; 2012 n=1,000; 2013 n=1,004; 2014 n=1,002; 2015 n=1,008; 2016 n=1,000]

As with the other investments tested, Quebecers (71%) express more confidence than other Canadians (60%) in the investment value of their primary residence.

## 2. Knowledge about Investing in Mutual Funds

Few investors consider themselves experts on mutual funds, but most feel somewhat informed. For the last ten years, approximately three-quarters of investors have rated themselves as *knowledgeable* or *somewhat knowledgeable* about mutual funds. One quarter have consistently rated themselves as not well informed. These results have been stable over time.

**Figure 4:**  
**Knowledge about Investing in Mutual Funds**



Q2: Overall, using a scale from 1 to 10 where 1 means you are 'not at all knowledgeable' and 10 means you are 'very knowledgeable', how knowledgeable would you say you are about investing in mutual funds? (RECORD ONE ONLY) [2006 n=1,865; 2007 n=2,508; 2008 n=1,895; 2009 n=1,002; 2010 n=1,002; 2011 n=1,006; 2012 n=1,000; 2013 n=1,004; 2014 n=1,002; 2015 n=1,008; 2016 n=1,000]

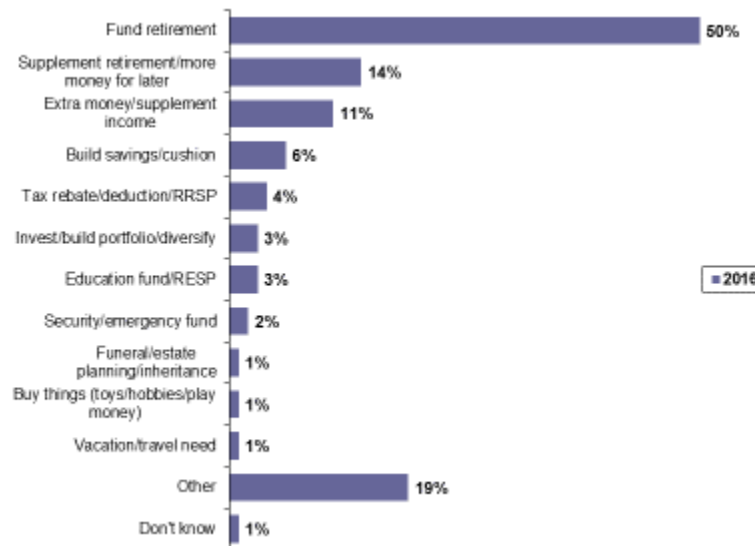
Men (50%) are more likely than women (37%) to consider themselves knowledgeable. The effect also increases with increasing age and formal education. Knowledge also increased markedly among people with higher asset levels. Quebecers (54%) are more likely than other Canadians (42%) to feel knowledgeable about mutual fund investments.

# Motivations, Process and the Advisor's Role

## 3. Purpose of Mutual Fund Investments

Retirement is the dominant motivation for people who purchase mutual funds. One-half of investors cite retirement funding as their primary motivation and a further 14% say that their mutual funds are intended to augment their income at retirement or later in life. For some others, mutual funds are a way to build a nest egg or safety cushion or defer taxes. Concrete near-terms goals such as vacations or education are rarely mentioned. Typically, investors identify only one purpose for their mutual fund investments.

**Figure 5:**  
**Purpose of Current Mutual Fund Investments**



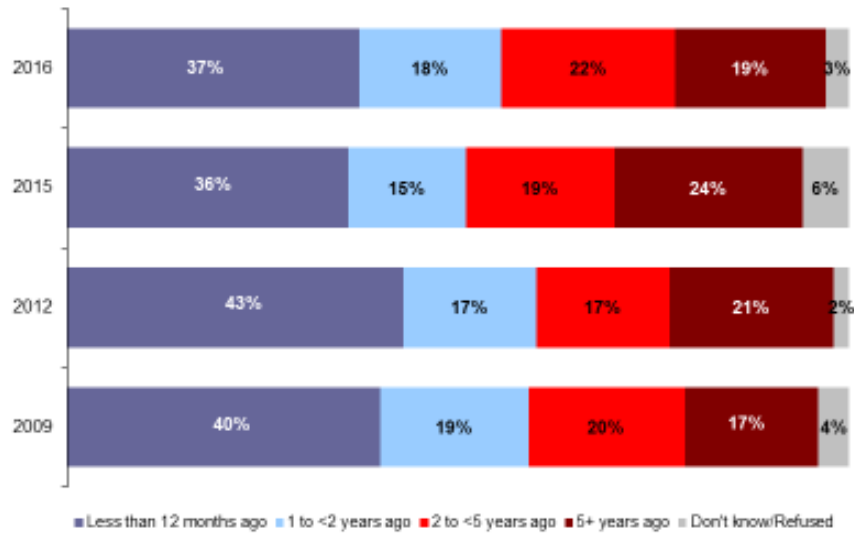
Q20: What is the main purpose of your current mutual fund investments? (Open end) [2016 n=1,000]

Understandably, the use of mutual funds for retirement purposes is much higher among people aged 45 to 64 (60%) than among people over 65 (38%). However, this objective is also quite common among people 18 to 44 (46%).

## 4. Recent Fund Purchases

Just over one-third of investors purchased a mutual fund in the previous twelve months, while one-half last purchased a mutual fund between one and five years ago. There is no major difference in these findings in 2016 compared to 2015. In viewing these results year-over-year it is clear that a certain proportion of mutual funds investors are purchasing funds every year.

**Figure 6:  
Most Recent New Fund Purchase**



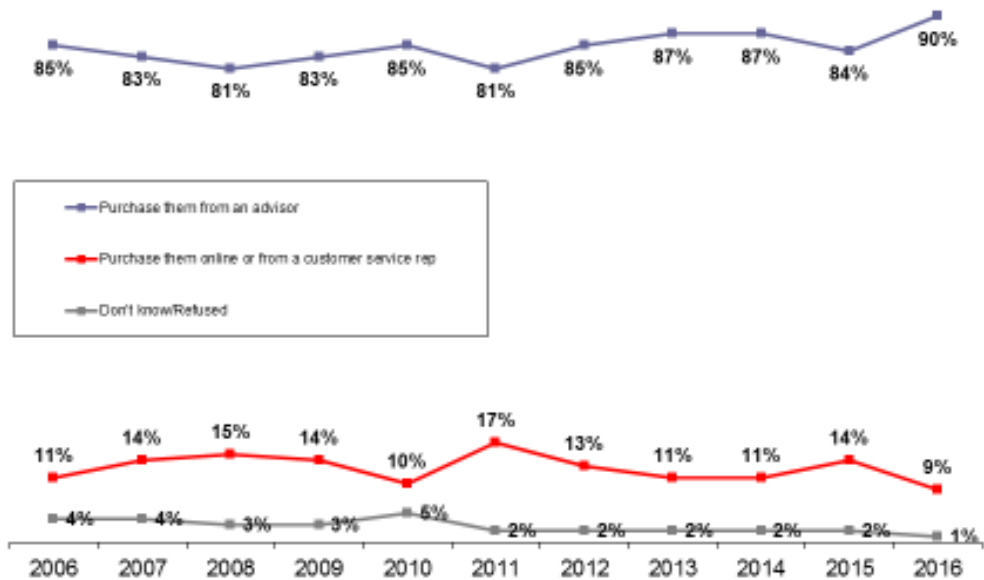
Q9: When was the last time you purchased a mutual fund different from one you already own, either as part of your RRSP or outside of your RRSP? [2009 n=1,002; 2012 n=1,000; 2015 n=1,008; 2016 n=1,000]

The primary predictor of whether investors have purchased funds recently is the size of their investment portfolio. Individuals with more to invest purchase mutual funds more frequently. Only 23% of people with investments of \$50,000 or less purchased a mutual fund in the previous year, compared to 41% of people with investments of \$200,000 or more.

## 5. Use of Advisor for Purchasing Mutual Funds

In 2016, the overwhelming majority of mutual funds – nine out of ten - were purchased through a financial advisor. As recently as 2011, this proportion was eight out of ten. Purchases of mutual funds on-line or through customer service representatives have never made significant inroads into the market and are currently just one-half of what they were in 2011.

**Figure 7:  
Methods of Purchasing Mutual Funds: Most Recent Purchase**

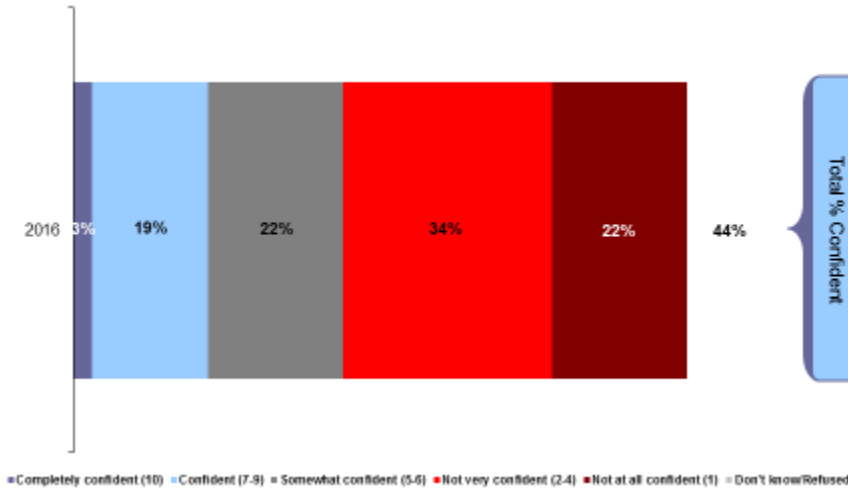


Q10: For the next few questions I would like you think about the last time you invested in a mutual fund. When buying those mutual funds did you: (READ AND RECORD ONE ONLY) [2006 n=1,865; 2007 n=2,508; 2008 n=1,895; 2009 n=1,002; 2010 n=1,002; 2011 n=1,006; 2012 n=1,000; 2013 n=1,004; 2014 n=1,002; 2015 n=1,008; 2016 n=1,000]

Investors would have limited confidence choosing mutual funds without the help of an advisor. The majority (56%) say they would feel *not very confident* or *not confident at all*, while only 3% would feel *completely confident*. This overall lack of confidence no doubt explains in part the very widespread use of advisors noted earlier.

Men (29%) are more likely than women (14%) to feel confidence when selecting investments without an advisor. High net worth investors (with at least \$100,000 in mutual fund investments) also feel more confident than others.

**Figure 8:**  
**Confidence in Selecting/Purchasing Mutual Funds Without Advisor's Help**



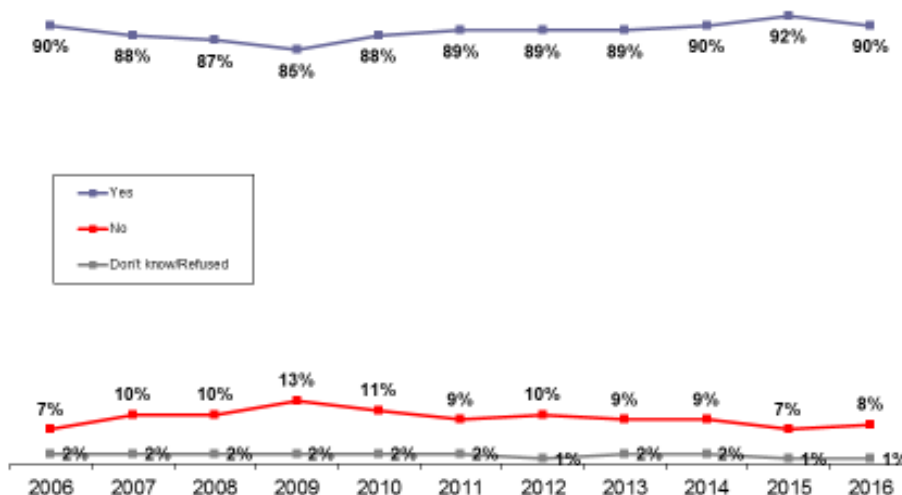
Q16. Using a 10-point scale, where 1 means 'not at all confident' and 10 means 'completely confident', how confident would you be in selecting and purchasing mutual funds on your own, without the help of an advisor? [2016 n=1,000]

## 6. Recall of Advisor Discussing Suitability

Investors who used an advisor to purchase a mutual fund have consistently reported that he or she discussed whether that fund suited the investor's objectives. This proportion has not fallen below 85% over the last ten years of tracking and stands at 90% in 2016.

Women (87%) are slightly less like than men (94%) to report that their advisor discussed suitability.

**Figure 9:**  
**Whether Advisor Discussed Suitability**



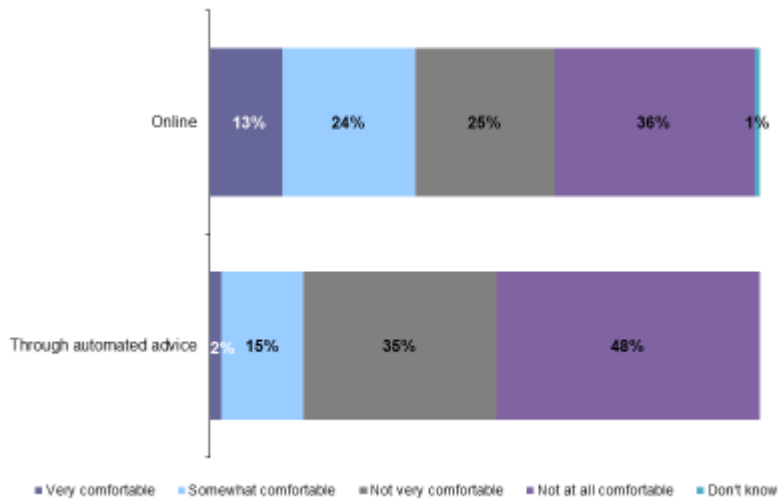
Q11: (IF PURCHASED FROM ADVISOR IN Q10) And still thinking back to the last time you invested in a mutual fund, did your advisor: Discuss how well suited that mutual fund is for reaching your investment objectives. (RANDOMIZE AND READ LIST) (IF NECESSARY: By 'advisor' I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) [2006 n=1,596; 2007 n=2,089; 2008 n=1,512; 2009 n=829; 2010 n=856; 2011 n=813; 2012 n=846; 2013 n=885; 2014 n=872; 2015 n=868; 2016 n=899]



## 7. Alternative Channels

There is confusion among investors as to what is meant by automated advice. Generally speaking, most investors would not be comfortable buying investment products on-line or through automated advice. However, comfort with on-line purchasing (37%) is notably higher than comfort with automated advice (17%). (These two questions were each asked of approximately half the sample)

**Figure 10:  
Comfort Buying Mutual Funds Online or Through Automated Advice**



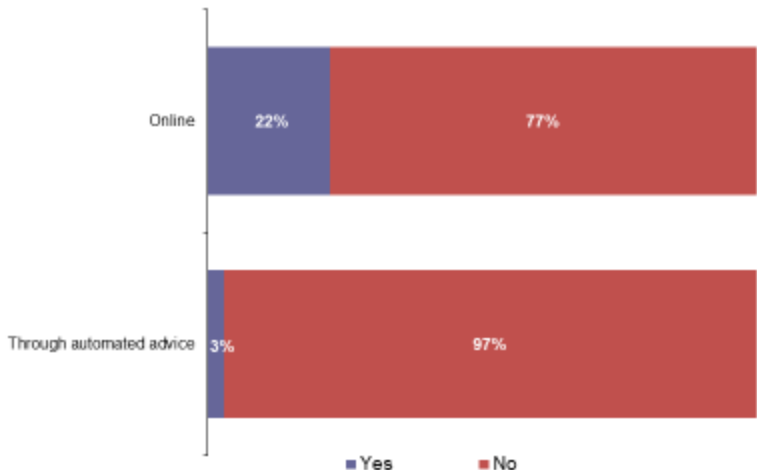
Q24A. How comfortable would you be in purchasing investment products through automated advice? [2016 n=550]

Q24B. How comfortable would you be with receiving financial advice and purchasing investment products online? [2016 n=450]

People under 44 (23%) are more likely than older people (13%) to be comfortable with automated advice. This age-related difference is even more pronounced with regard to purchasing online (62% versus 25%)

Given the foregoing results, it is not surprising that far more investors have purchased investment products online (22%) than through automated advice (3%).

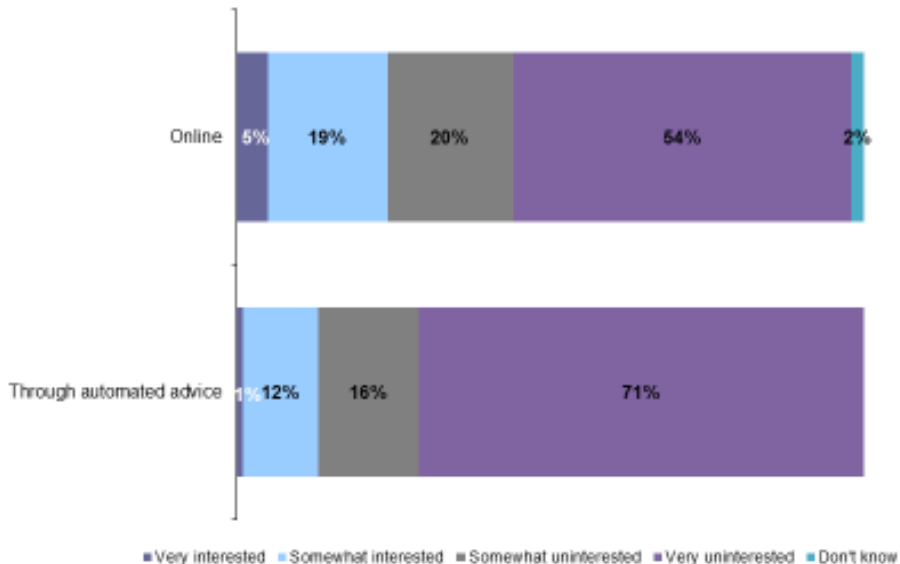
**Figure 11:**  
**Purchase of Mutual Funds Online or Through Automated Advice**



Q25A. Have you ever purchased investment products through automated advice? [2016 n=550]  
 Q25B. Have you ever purchased investment products online? [2016 n=450]

Interest in buying investments using online or automated advice in the future is correlated to comfort with these channels reported earlier in this section. Approximately one-quarter of investors are interested in on-line channel, while 12% are interested in automated advice.

**Figure 12:**  
**Interest in Buying Mutual Funds Online or Through Automated Advice**



Q26A. How interested would you be in purchasing investment products through automated advice? [2016 n=550]  
 Q26B. How interested would you be with receiving financial advice and purchasing investment products online? [2016 n=450]

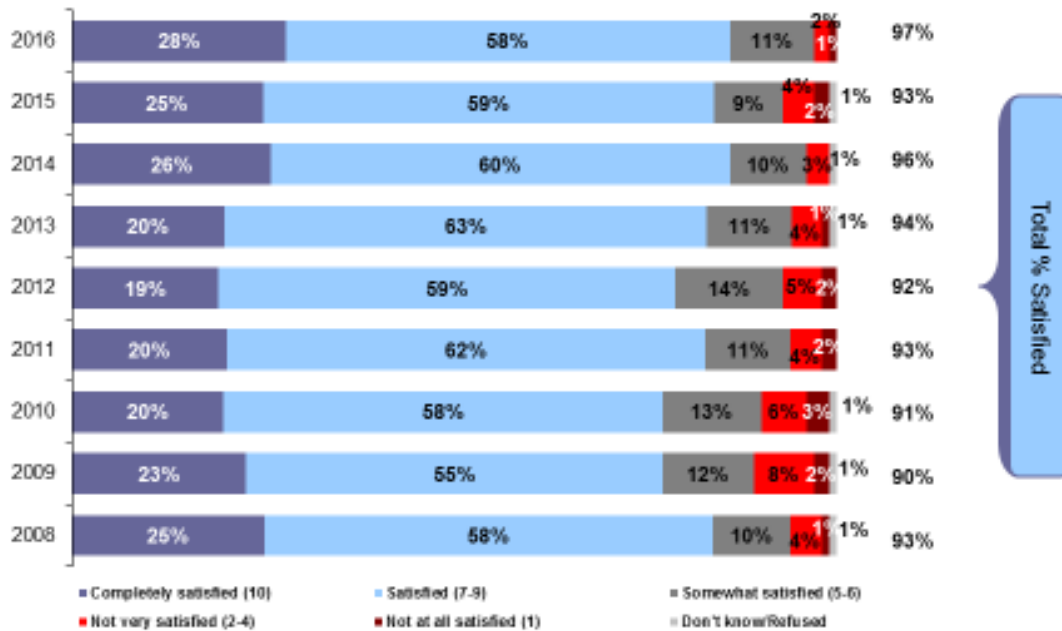
Fully 22% of people under 44 are interested in automated advice, compared to only 9% of people 45 and older. With regard to online purchasing, the difference is similar between the age groups (40% versus 15%). Men (29%) are more interested than women (19%) in on-line purchases.

## 8. Satisfaction with Advice Provided by Advisor

Investors are generally quite satisfied with the advice they receive from their financial advisors. There has been an overall improvement in this satisfaction over the last eight years. A significant six-point increase in the proportion who are *completely satisfied* (10 out of 10) first noted in 2014 has been maintained, contributing to an overall satisfaction rating of 97%. In the past eight years, no more than 10% of investors have been dissatisfied. In 2016, only 3% were dissatisfied.

The average satisfaction score in 2016 is 8.2 out of 10, up slightly from 8.0 in 2015.

**Figure 13:**  
Satisfaction with Advisor's Advice

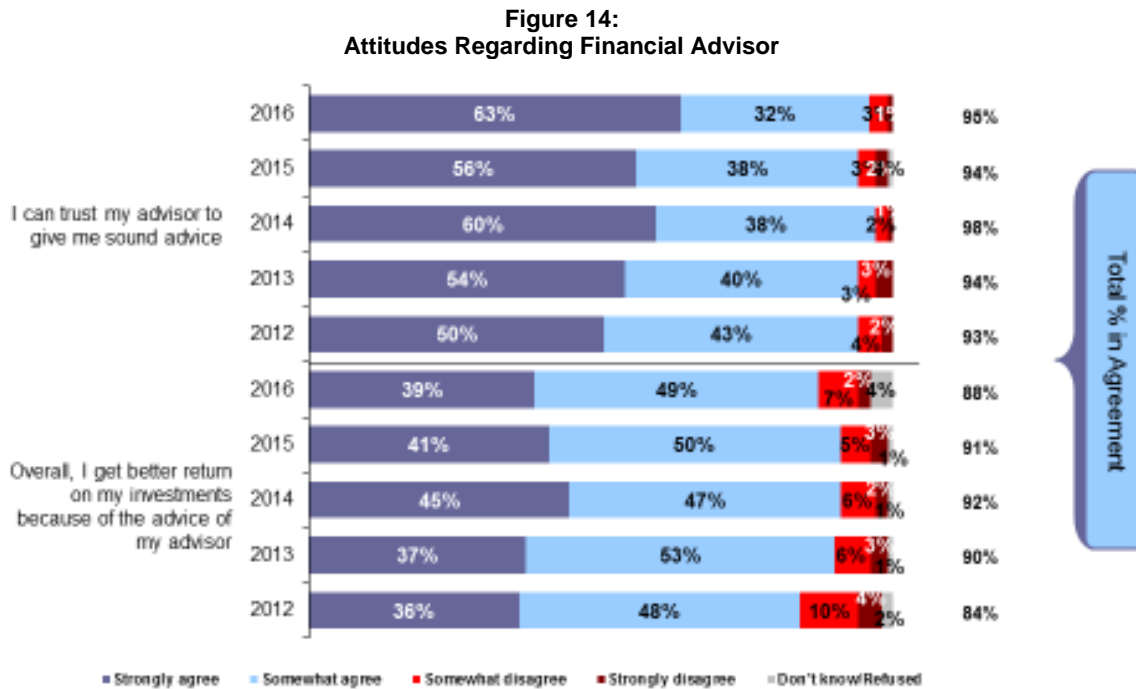


Q27: (IF PURCHASED FROM ADVISOR IN Q10) I would now like to ask you about your relationship with your financial advisor – meaning the advisor who you buy your mutual funds from. Using a scale from 1 to 10 where 1 means 'not at all satisfied' and 10 means 'completely satisfied', how satisfied are you with the advice provided by your financial advisor? (RECORD ONE ONLY) (IF NECESSARY: Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) [2008 n=1,512; 2009 n=829; 2010 n=856; 2011 n=813; 2012 n=846; 2013 n=885; 2014 n=872; 2015 n=868; 2016 n=899]

The percentage of women *very satisfied* with their advisor (36%) is significantly higher than among men (20%). The percentage *very satisfied* also increases with age from 17% of people under 45 to 39% of people over 65.

## 9. Attitudes Regarding Financial Advisor

Almost all investors have confidence in the advice of their financial advisor. The overall percentage who *agree* that they can trust their advisor's advice has varied between 93% and 98% since 2012. However, the percentage who *strongly agree* has increased over this time including a 7-point increase in 2016. Thus, while overall trust in advisors has remained strong, that trust has become deeper over the years.



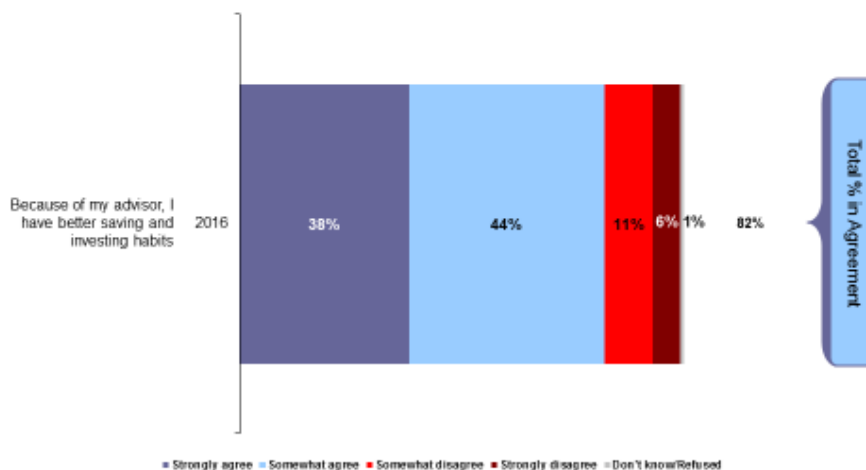
Q28-29: (IF PURCHASED FROM ADVISOR IN Q10) All things considered, how much would you say you agree or disagree with each of the following statements? (RANDOMIZE AND READ LIST: I can trust my advisor to give me sound advice; Overall, I get a better return on my investments because of the advice of my advisor) Would you say you strongly agree, somewhat agree, somewhat disagree or strongly disagree? [2012 n=846; 2013 n=885; 2014 n=872; 2015 n=868; 2016 n=1,000]

The widespread use of advisors to buy mutual funds is reflected in the fact that most investors believe they get better returns as a result. In 2016, fully 88% agree they get better returns thanks to the advice of their advisor. This is down slightly from 91% who agreed in 2015, primarily due to an increase in the percentage who cannot offer an opinion. (Removing the “don’t know” respondents from the percentage calculation renders the results in 2015 and 2016 almost identical.)

The view that advisors increase return is stronger among investors 45 and older (91%) than among those under 45 (79%). People with higher net value are significantly more likely to *strongly agree* that their advisor brings them higher returns.

Many investors (82%) credit their advisor with helping them achieve better savings and investment habits. More than one-third (38%) strongly agree this is the case.

**Figure 15:  
Impact of Financial Advisor**



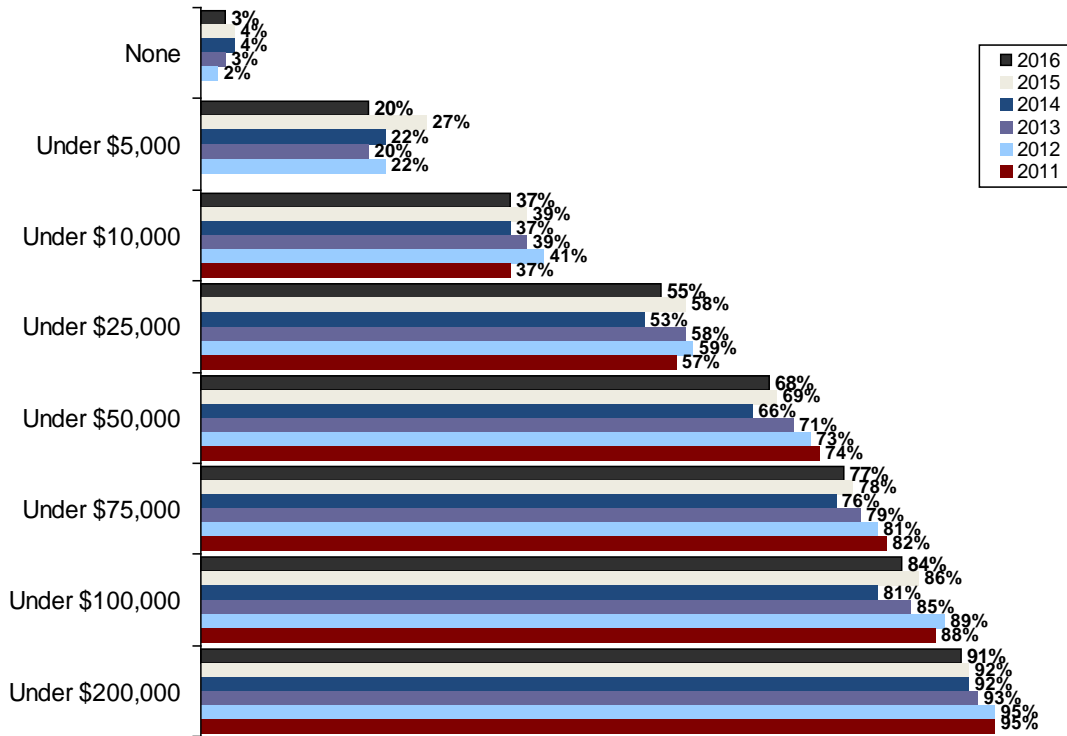
Q30. (IF PURCHASED FROM ADVISOR IN Q10) All things considered, how much would you say you agree or disagree with each of the following statements? - Because of my advisor, I have better saving and investing habits. [2016 n=899]

## 10. Value of Savings/Investments at First Use

As with previous years, the value of savings/investments of investors when they first approached an advisor was less than \$10,000 for two-in-five investors (37%). This is made up of 17% who had between \$5,000 and \$10,000, 17% who had less than \$5,000, and 3% with no savings/investments.

More than half of investors (55%) initially approached an advisor when they had less than \$25,000, while two-thirds (68%) first approached an advisor when they had less than \$50,000 to invest. On the other hand, about a quarter (23%) first started using a financial advisor when they had already accrued \$50,000 or more in savings and investments.

**Figure 16:**  
**Value of Savings/Investments When First Started Using an Advisor**



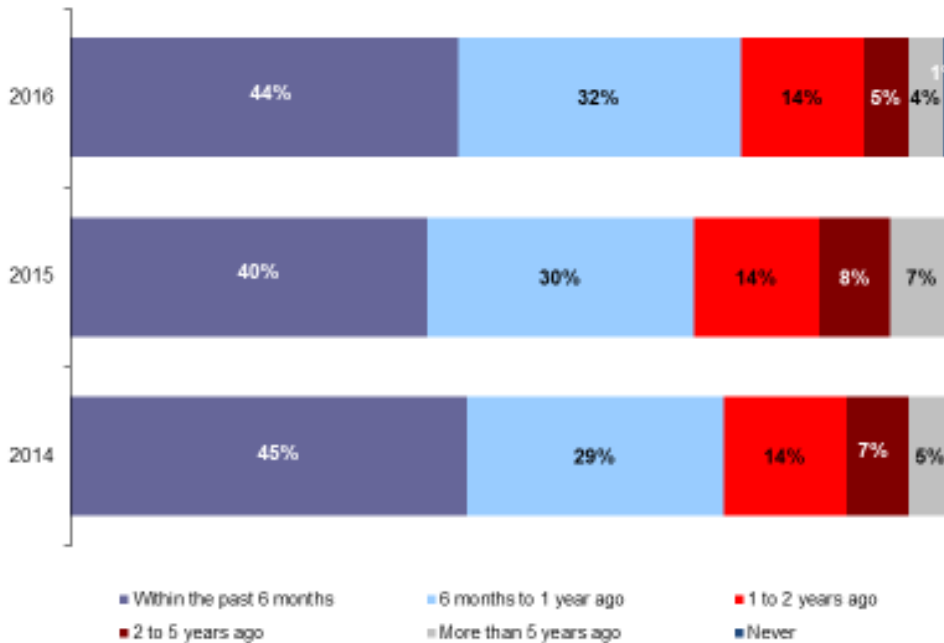
Q34: (IF PURCHASED FROM AN ADVISOR IN Q10) When you first started using a financial advisor, which of the following categories best represents the total value of your household's savings and investments at that time, excluding your primary residence? Was it: (READ LIST) [2011 n=813; 2012 n=846; 2013 n=885; 2014 n=872; 2015 n=868; 2016 n=899]

## Risk Tolerance Assessment

### 11. Communication around Risk Tolerance

Investors who use advisors frequently discuss risk tolerance with them. More than three-quarters (76%) have discussed risk tolerance with their advisor within the last year. Conversely, only 1% say they have *never* discussed risk tolerance. The percentage who discussed risk tolerance with their advisor in the previous year increased somewhat from 70% in 2015 to 76% in 2016.

**Figure 17:  
Last Discussion with Advisor around Risk Tolerance**



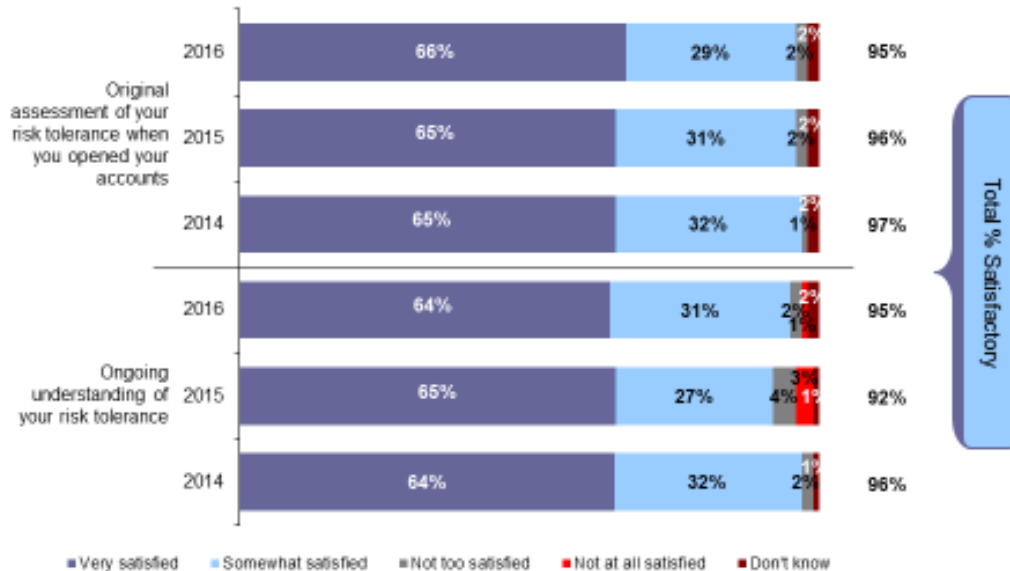
Q31: (IF PURCHASED FROM AN ADVISOR IN Q10) When was the last time your advisor had a discussion with you about your risk tolerance? By risk tolerance, I am referring to your level of comfort about taking risks with your investments that could result in losing money, but with potentially greater rewards. \* Was it ... [2014 n=834; 2015 n=868; 2016 n= 899] (\*The second sentence was added to this question in 2015 and 2016.)

Older investors aged 65 and over (54%), and those with \$200,000 or more in investable assets (51%) are the most likely to say they last discussed risk tolerance with their advisor within the past six months.

## 12. Understanding Risk Tolerance Levels

Investors are overwhelmingly satisfied with the way their advisors assess and understand their risk tolerance. Dissatisfaction is limited to 2% (original assessment) or 3% (ongoing assessment) of investors. These results have been consistent and positive over the last three years, as the percentage *very satisfied* has typically been twice that who are *somewhat satisfied*.

**Figure 18:  
Advisor Assessment and Understanding of Risk Tolerance**



Q32-33: (IF PURCHASED FROM AN ADVISOR IN Q10) And thinking about your advisor, are you very satisfied, somewhat satisfied, not too satisfied or not at all satisfied with each of the following. How about your advisor's: Original assessment of your risk tolerance when you opened your accounts? How about your advisor's: Ongoing understanding of your risk tolerance? [2014 n=834; 2015 n=868; 2016 n=899]

## Impressions Regarding Fee Payments

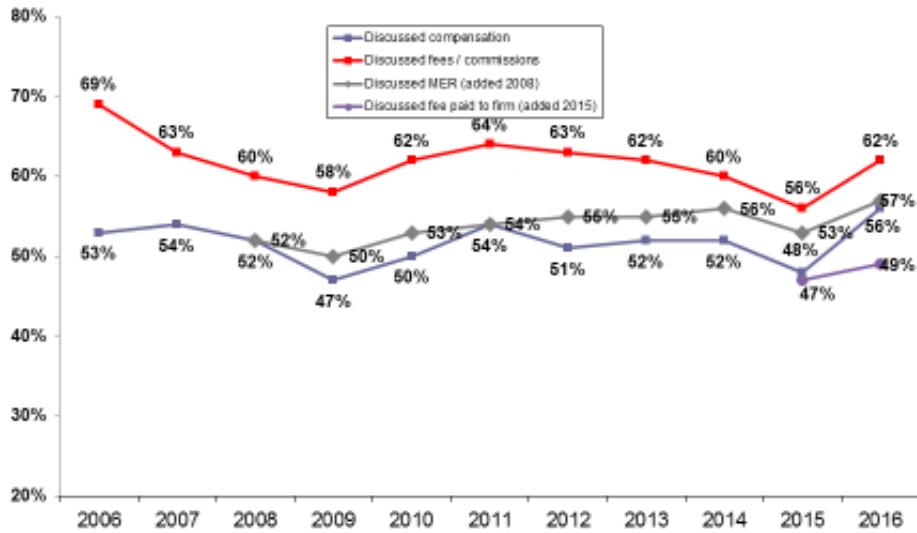
### 13. Recall of Advisor Discussing Fees, Compensation, and MER

The percentage of advised customers who recall discussing *fees and commissions* with their advisor has rebounded 6 points in 2016. After declining slowly over five years, there was also a significant increase in those recalling discussions about *compensation* (up 8 points) and *MER* (up 4 points). Discussions about *fees paid to a firm* remained largely unchanged, up 2 points from 2015.

Investors in Quebec (48%) are less likely than other Canadians (58%) to recall being made aware of how the advisor was compensated or the MER.



**Figure 19:  
Whether Advisor Discussed Compensation/Fees/MER**

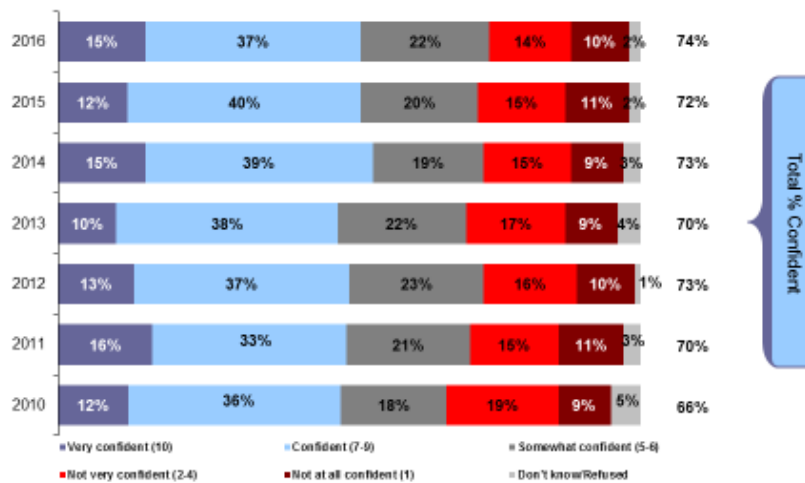


Q12-15: (IF PURCHASED FROM ADVISOR IN Q10) And still thinking back to the last time you invested in a mutual fund, did your advisor (IF NECESSARY: By ‘advisor’ I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles)... Make you aware of how he/she would be compensated for your purchase of that fund; Discuss whether or not you will be charged a sales commission when you buy or sell the mutual fund – also called ‘front-end load’ and ‘back-end load’ fees; Discuss the fee the mutual fund company receives for managing, distributing, and administering\* the fund, also known as the Management Expense Ratio or the MER; Discuss the fee paid to the firm where your advisor works? [2006 n=1,596; 2007 n=2,089; 2008 n=1,512; 2009 n=829; 2010 n=856; 2011 n=813; 2012 n=846; 2013 n=885; 2014 n=872; 2015 n=868; 2016 n=899] (\*Prior to 2013 this wording only included “managing the fund”).

## 14. Confidence in Knowledge of Mutual Fund Fees

Since 2010, the proportion of investors who are confident that they understand the fees they pay has risen from two-thirds to three-quarters. In 2016, 74% are confident in their understanding, while 24% are not.

**Figure 20:  
Confidence in Knowledge of Fee Payments**

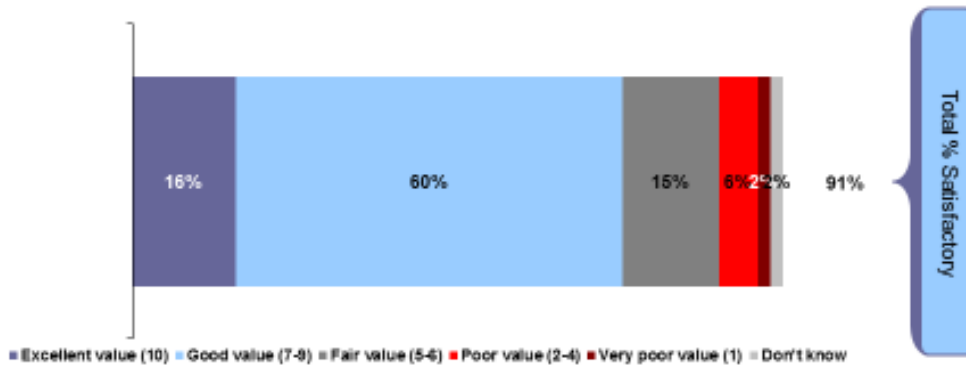


Q35: Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are about your knowledge of any fees you pay for your mutual funds? [2010 n=1,002; 2011 n=1,006; 2012 n=1,000; 2013 n=1,004; 2014 n=1,002; 2015 n=1,008; 2016 n=1,000]

Men (58%) are more likely than women (46%) to be confident about their knowledge of fees. People younger than 45 (40%) are also less confident than people 45 and older (56%). Confidence is higher among people with more investible assets.

Most advisor customers (91%) feel they get value from their advisor. Most (76%) feel it is *good to excellent value*, rating it at least 7 out of 10. Eight percent feel they receive poor value from their advisor.

**Figure 21:  
Perceived Value for Money**



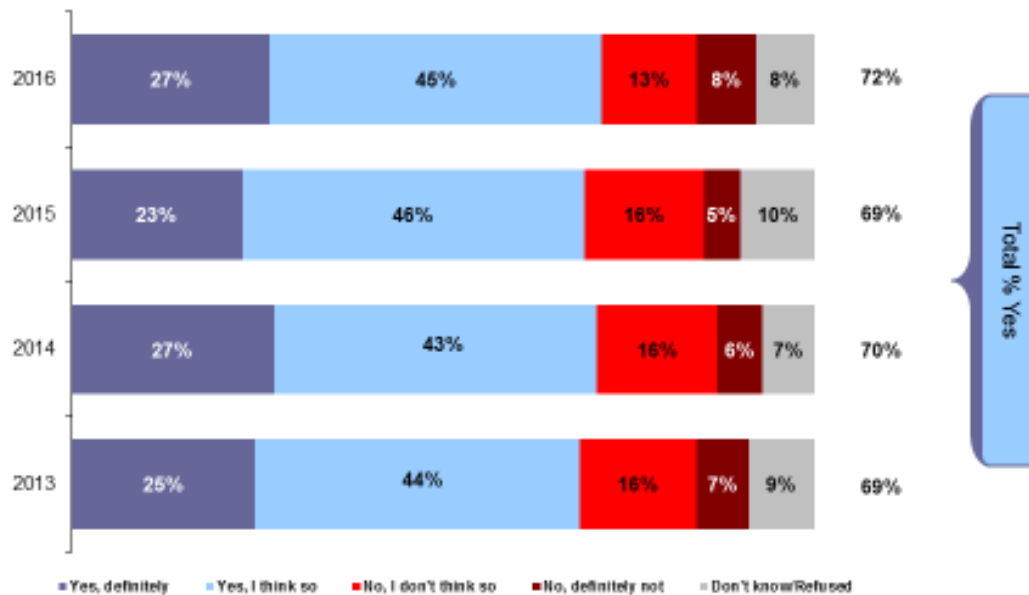
Q45. Thinking about how much the firm where your advisor works is compensated and the services provided by your advisor, would you say you are getting good value for your money? Please use a scale from 1 to 10, where 1 means you are getting 'very poor value' and 10 means you are getting 'excellent value' for your money. [2016 n=899]

Being knowledgeable about investing does not undermine the perceived value of an advisor. In fact, higher levels of knowledge is associated with higher perceived value. Quebecers (81%) are more likely than other Canadians (76%) to perceive good value from their advisors.

## 15. Mutual Fund Fees Used to Compensate Advisor

Most mutual fund investors (73%) believe the mutual fund fees they pay are used in part to compensate their advisor, up 3 points from 2015. However, many are not certain. Only 25% say this is *definitely* the case, while 44% say they “yes, I *think so*”. A further 23% of investors say this is not the case.

Figure 22:  
Fees Used to Compensate Advisor



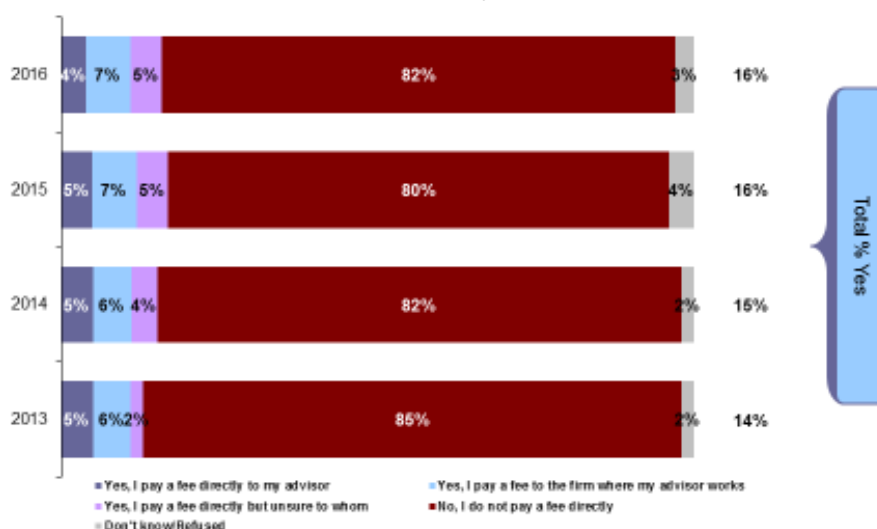
Q36: (IF PURCHASED FROM AN ADVISOR IN Q10) As far as you know, is part of the fees charged within the mutual funds you invest in used to compensate your financial advisor? [2013 n=885; 2014 n=872; 2015 n=868; 2016 n=899]

Men (75%) are more likely than women (68%) to believe their advisors are compensated via mutual fund fees.

## 16. Direct Fee Payments

Most mutual fund owners with advisors say they do not pay a direct fee for their advisor's services (82%). Those who pay a fee are more likely to pay a company (7%) than pay the advisor directly (4%). Five percent are not sure to whom the fee is paid. A 3-point growth in this latter group is the only significant change in these results since 2013.

**Figure 23:  
Direct Fee Payments**

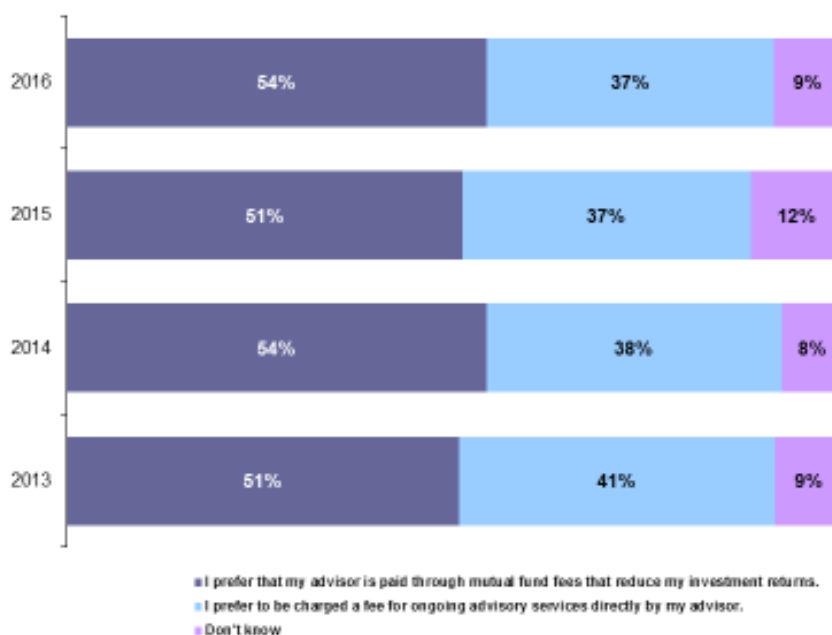


Q37: (IF PURCHASED FROM AN ADVISOR IN Q10) Do you pay any fees directly to your advisor for the services you receive? (IF NECESSARY: And do you pay fees directly to your advisor or to their managing dealer?) [2013 n=885; 2014 n=872; 2015 n=868; 2016 n=1,000]

## 17. Preferences for How Advisor Is Compensated

A slight majority of investors with advisors (54%) prefer to pay their advisor through fund fees rather than directly. However, a significant minority (37%) would prefer to pay for their advisor’s services directly. These results have been consistent since 2013 indicating no major shift in investor preferences.

**Figure 24:  
Compensation Model Preferences**



Q38: (IF PURCHASED FROM AN ADVISOR IN Q10) Which of the following two statements comes closest to your own personal preference on how your advisor is paid? [2013 n=885; 2014 n=872; 2015 n=868; 2016 n=899]

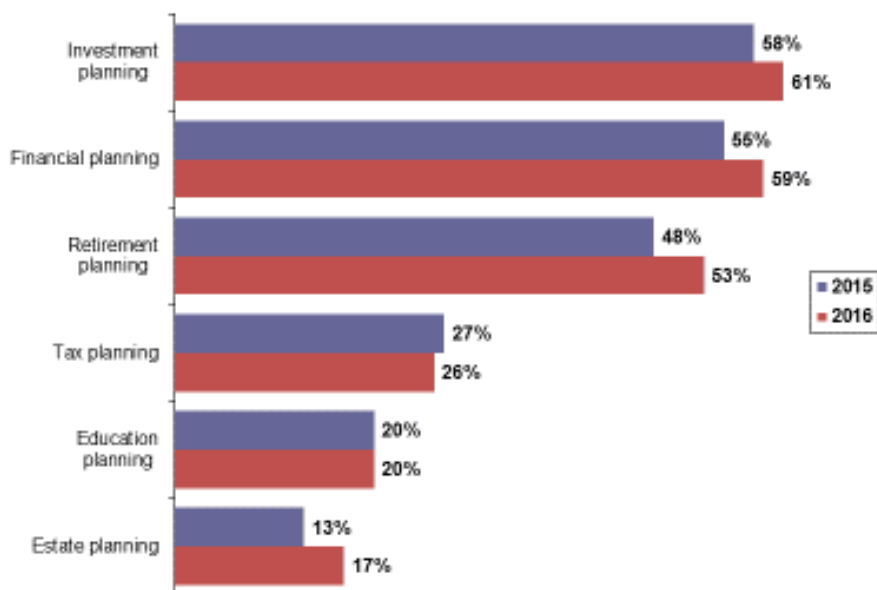
Quebecers (30%) are less likely than other Canadians (38%) to want to pay their advisor through a direct fee.

## Views on Services Provided by Advisors and on Performance Evaluation

### 18. Usage of Services Provided by Advisor

Investment planning, financial planning and retirement planning are the three primary reasons Canadian investors use an advisor. Taxes, education and estate planning are less common reasons to use an advisor. Many investors do not rely on their advisors for only one of these services, but instead, they go to a single advisor who can combine services such as investment planning and financial planning. There has been a slight increase in the use of advisors for all these services since 2015 except education and tax planning which have remained unchanged.

Figure 25:  
Advisor Services Used

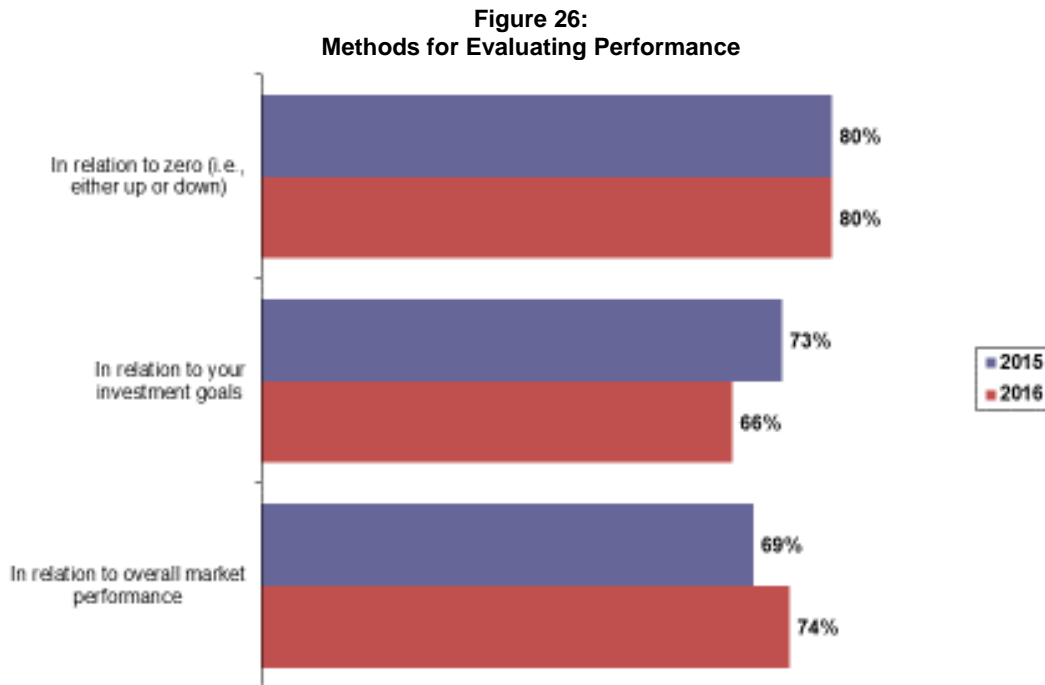


Q39-44: (IF PURCHASED FROM ADVISOR IN Q10) Thinking about the various services that your advisor's firm may offer, which of the following have you taken advantage of within the past 12 months? [2015 n=868; 2016 n=2016]

The use of tax planning increases significantly with increasing age and net worth. Retirement planning is almost as common among people under 45 (52%) as among people 45 to 64 (57%). Education planning is largely the preserve of people under 45 (36%) as compared to other age groups (14%)

## 19. Methods for Evaluating Performance of Investments

When evaluating the performance of their investments, investors do not rely on a single calculation. Significant majorities look at absolute change (up or down), comparisons to their investment goals, and comparisons to the market as a whole. There has been a 5-point decline since 2015 in the percent who compare their results to the market as a whole and a 7-point increase in the percentage who compare their results to their investment goals.



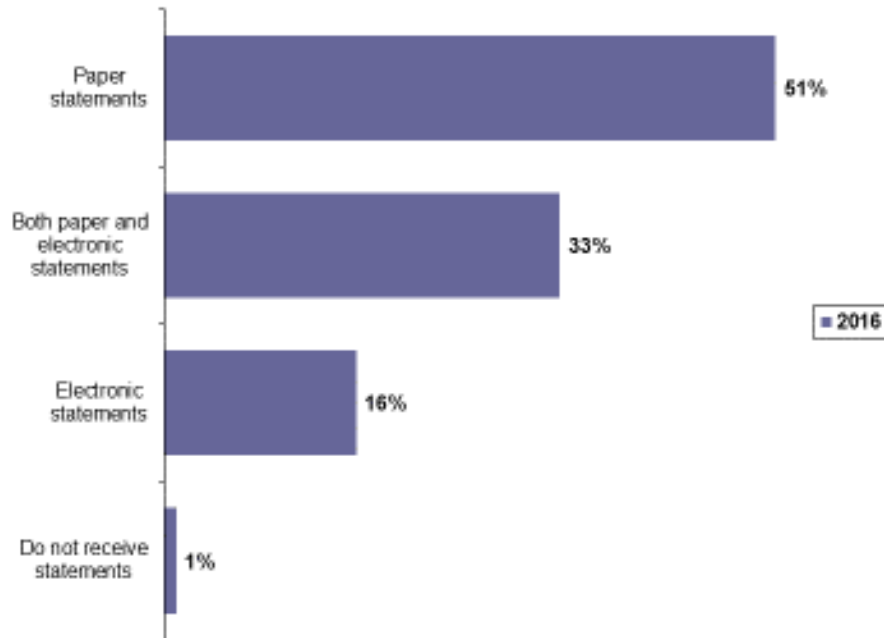
Q46-48: Now, I would like you to think about the performance of your investments. Of the following, which methods do you use to evaluate the performance of your investments? That is, how do you tell whether they are performing well or not? [2015 n=1,008; 2016 n=1,000]

## Staying Informed About Mutual Funds

### 20. Mutual Fund Account Statements

Most mutual fund holders still receive paper statements. One-half (51%) receive only paper statements while a further one-third (33%) receive both paper and electronic statements. Only one-in-six rely solely on electronic statements.

**Figure 27:  
Formats of Mutual Fund Statements**

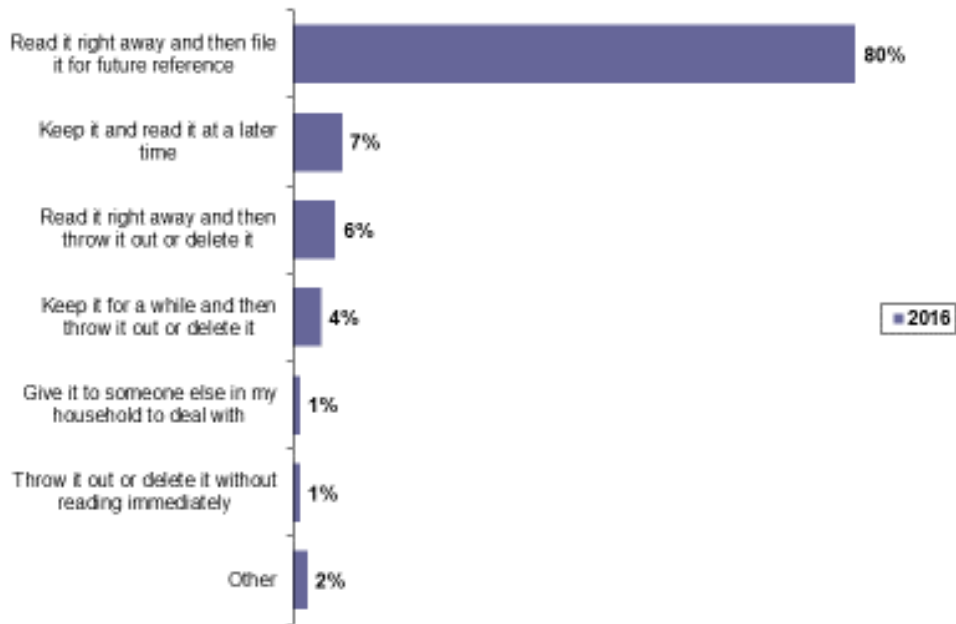


Q17. In what form do you receive statements regarding your mutual fund accounts? [2016 n=1,000]

Paper statements are somewhat more common among older investors and among women, but these differences are less than 10 percent. Quebecers (27%) are more likely than other Canadians (14%) to rely on electronic statements alone.

Most investors' state they read their mutual fund statements immediately then file them for future reference. Only 6% indicate that they do not read their statements.

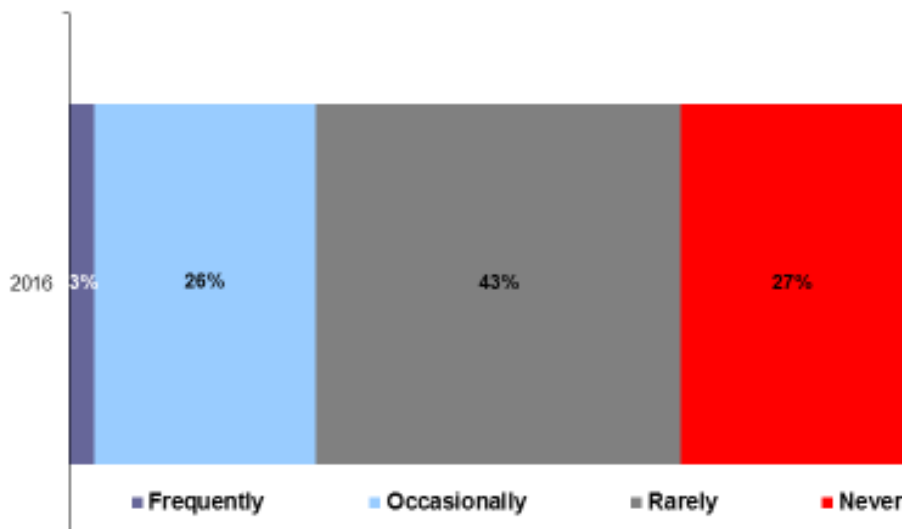
**Figure 28:  
How Are Mutual Fund Statements Used?**



Q18: (IF RECEIVES STATEMENT) Which of the following best describes what you usually do with the mutual fund statements you receive? [2016 n=993]

While statements are important to most mutual fund customers, they are not usually motivated by their statements to call their advisors or change their portfolio. Only 3% say this *frequently* occurs and a further 26% say this happens *occasionally*.

**Figure 29:  
Frequency of Changes to Portfolio/Contact Advisor Because of Info on Statement**



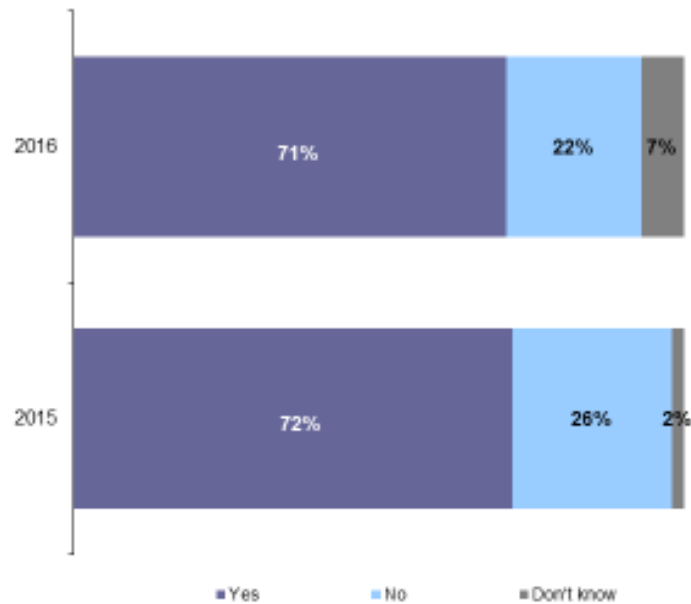
Q19: (IF RECEIVES STATEMENT) How often has information in your statement caused you to make a change to your mutual fund portfolio or contact your advisor for more information? [2016 n=993]



## 21. Recall of Receiving Information Materials about New Mutual Fund

Almost three-quarters of investors who bought funds in the last year recall receiving information or Fund Facts. This is unchanged from 2015.

**Figure 30:**  
**Recall of Information Materials**



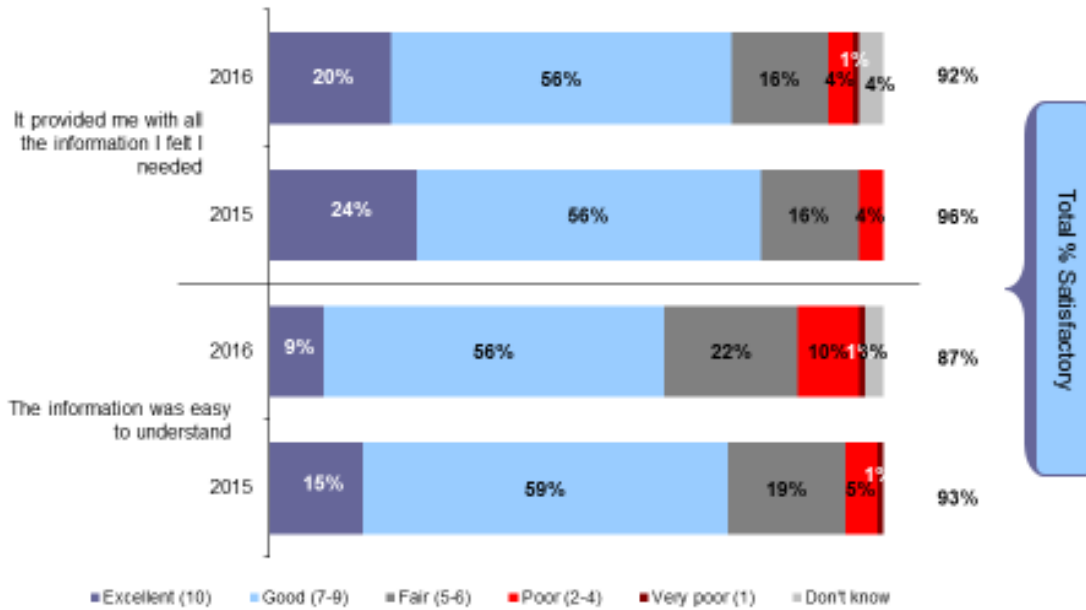
Q21: (IF PURCHASED NEW MUTUAL FUND WITHIN PAST 12 MONTHS IN Q9) Earlier, you indicated that you purchased a new mutual fund within the past 12 months that you did not previously hold. Do you recall receiving any information materials or Fund Facts about the new mutual fund you purchased? [2015 n=366; 2016 n=366]

Recent purchasers under 45 (57%) are less likely than older purchasers (76%) to recall receiving information about the mutual fund. In contrast, Quebecers (81%) are much more likely than other Canadians (69%) to recall receiving information of this kind.

## 22. Quality Ratings of the Information Materials Received

The mutual fund information given to recent purchasers receives positive reviews. In 2016, 92% rate this information as *good* or *excellent* in “providing needed information” and 87% feel it is *good* or *excellent* in being “easy to understand”. Both these measures declined from 2015, however, by 4 points and 6 points respectively. The drop in “providing needed information” is due to an increase in the “don’t know” response, but there appears to have been a real decline in the percentage who feel their mutual fund information was “easy to understand”. Those rating the ease of understanding the information as *excellent* dropped from 15% to 9%.

**Figure 31:  
Quality of Information Materials**



Q22-23: (IF PURCHASED NEW MUTUAL FUND WITHIN PAST 12 MONTHS IN Q9 AND COULD RECALL RECEIVING INFORMATION MATERIALS IN Q21) Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information materials you received about your new mutual fund purchase in each of the following areas... [2015 n=264; 2016 n =271]

Quebecers are more likely than other Canadians to offer a positive rating on ease of understanding (83% versus 59%) and providing needed information (85% versus 74%).

# Appendix: Wording of Survey Questions

## 2016 IFIC Survey of Canadian Mutual Fund Investors

### FINAL

Good morning/afternoon/evening. This is \_\_\_\_\_ calling from POLLARA, a national market research firm. We are conducting a survey about financial advice among Canadians 18 and over who currently have mutual funds either as part of their RRSP or outside of their RRSP. We are not trying to sell anything.

A. Do you fall into this category?

Yes – (CONTINUE)

No – May I speak to someone in your household who does?

(IF RESPONDENT FEELS (S)HE DOESN'T QUALIFY BECAUSE THEY BUY MUTUAL FUNDS 'DIRECT'/WITHOUT AN ADVISOR, SAY "Our questions also apply to those who buy mutual funds without the assistance of an advisor.")

B. Do you make all, some, or none of the decisions regarding mutual fund purchases in your household? (RECORD ONE ONLY)

All – CONTINUE

Some – CONTINUE

None – May I speak to someone who makes decisions about mutual fund purchases in your household?

C. Do you, or does any member of your household work for: (READ LIST. RECORD YES/NO FOR EACH)

A market research firm? (IF YES, THANK AND TERMINATE)

The news media? (IF YES, THANK AND TERMINATE)

A financial services organization such as a bank, mutual fund company, investment dealer, financial planner, insurance company or investment advisor? (IF YES, THANK AND TERMINATE)

1. (2015 Q1) In what year were you born? (PROGRAMMER'S NOTE: A NUMERIC RESPONSE IS MANDATORY, REFUSALS NOT ACCEPTED)

I. Knowledge of and Confidence in Mutual Funds

2. (2015 Q2) Overall, using a scale from 1 to 10 where 1 means you are 'not at all knowledgeable' and 10 means you are 'very knowledgeable', how knowledgeable would you say you are about investing in mutual funds?

1 = Not At All Knowledgeable

2

3

4

5

6

7

8

9

10 = Very Knowledgeable

Don't Know (DO NOT READ)

Refused (DO NOT READ)

Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? How about: (RANDOMIZE)

3. (2015 Q3) Mutual funds

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

4. (2015 Q4) Bonds, including Canada Savings Bonds and Provincial Savings Bonds

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

5. (2015 Q5) Stocks

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

6. (2015 Q6) GICs and other term deposits

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

7. (2015 Q7) Your primary residence

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

8. (2015 Q8) Exchange-traded funds, also known as ETFs

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

II. Advice

9. (2015 Q9) When was the last time you purchased a mutual fund that you did not already own, either as part of your RRSP or outside of your RRSP?

Less than 12 months ago

One year to less than two years ago

Two years to less than five years ago

More than five years ago

Don't know/Can't recall (DO NOT READ)

Refused (DO NOT READ)

10. (2015 Q10) For the next few questions I would like you to think about the last time you invested in a mutual fund. When buying those mutual funds did you:

Purchase them from someone who provided you with advice and guidance, also known as an advisor.

Purchase them online or from an individual who just took your mutual fund order.

Don't Know/Can't Recall (DO NOT READ)

Refused (DO NOT READ)

(IF PURCHASED FROM ADVISOR IN Q10) And still thinking back to the last time you invested in a mutual fund, did your advisor: (RANDOMIZE) (IF NECESSARY: By 'advisor' I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.)

11. (2015 Q11) Discuss how well suited that mutual fund is for reaching your investment objectives.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

12. (2015 Q12) Make you aware of how he/she would be compensated for your purchase of that fund.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

13. (2015 Q13) Discuss whether or not you will be charged a sales commission when you buy or sell the mutual fund – also called 'front-end load' and 'back-end load' fees.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

14. (2015 Q14) Discuss the fee the mutual fund company receives for managing, distributing and administering the fund, also known as the Management Expense Ratio or the MER.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

15. (2015 Q15) Discuss the fee paid to the firm where your advisor works.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

(END RANDOMIZATION)

16. (NEW) Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident', how confident would you be in selecting and purchasing mutual funds on your own, without the help of an advisor?



1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

17. (NEW) In what form do you receive statements regarding your mutual fund accounts?

Paper statements

Electronic statements

Both paper and electronic statements

Do not receive statements

Don't know

18. (NEW)(IF YES IN Q17) Which of the following best described what you usually do with the mutual fund statements you receive?

Read it right away and then throw it out or delete it

Read it right away and then file it for future reference

Keep it and read it at a later time

Give it to someone else in my household to deal with

Throw it out or delete it without reading immediately

Keep it for a while and then throw it out or delete it

Other

Don't know

19. (NEW) How often has information in your statement caused you to make a change to your mutual fund portfolio or contact you advisor for more information?

Frequently

Occasionally

Rarely

Never

Don't know

III. Information Needs

20. (NEW) What is the main purpose of your current mutual fund investments? DO NOT READ LIST, CHECK ALL THAT APPLY, RECORD OTHER ANSWERS

Fund retirement

Supplement retirement/more money for later

Funeral/Estate Planning/Inheritance

Tax rebate/deduction/RRSP

Invest/build portfolio/Diversify

Extra money/Supplement Income

Buy things (toys/hobbies/play money)

Security/Emergency fund

Build savings/cushion

Education fund/RESP

Vacation/travel need

Other (Specify)

21. (2015 Q19) (ASK IF 'LESS THAN 12 MONTHS AGO' IN Q9) Earlier, you indicated that you purchased a new mutual fund within the past 12 months that you did not previously hold. Do you recall receiving any information materials or Fund Facts about the new mutual fund you purchased?

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

(ASK IF YES IN Q21) Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information materials you received about your new mutual fund purchase in each of the following areas (READ LIST)

(PROGRAMMER: ROTATE STATEMENTS):

- 22. (2015 Q20) The information was easy to understand
- 23. (2015 Q21) It provided me with all the information I felt I needed

24. (NEW) How comfortable would you be in purchasing investment products through automated advice? / How comfortable would you be with receiving financial advice and purchasing investment products online? [SPLIT SAMPLE]

- Very comfortable
- Somewhat comfortable
- Not very comfortable
- Not at all comfortable
- Don't know

25. (NEW) Have you ever purchased investment products through automated advice? / Have you ever purchased investment products online? [SPLIT SAMPLE]

- Yes
- No
- Don't know

26. (NEW) And how interested would you be in purchasing investment products through automated advice? / And how interested would you be in receiving financial advice and purchasing investment products online? [SPLIT SAMPLE]

- Very interested
- Somewhat interested
- Somewhat uninterested
- Very uninterested
- Don't know

#### IV. Relationship with Financial Advisor

27. (2015 Q23) (IF PURCHASED FROM ADVISOR IN Q10) I would now like to ask you about your relationship with your financial advisor – meaning the advisor who you buy your mutual funds from. Using a scale from 1 to 10 where 1 means 'not

at all satisfied' and 10 means 'completely satisfied', how satisfied are you with the advice provided by your financial advisor? (IF NECESSARY: Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) (INTERVIEWERS: IF RESPONDENT HAS MORE THAN ONE ADVISOR, ASK THEM TO CONSIDER THE ADVISOR THAT THEY HAVE HAD THE MOST CONTACT WITH)

1 = Not At All Satisfied

2

3

4

5

6

7

8

9

10 = Completely Satisfied

Do Not Have Any Type Of Financial Advisor (DO NOT READ)

Don't Know (DO NOT READ)

Refused (DO NOT READ)

(IF PURCHASED FROM AN ADVISOR IN Q10) All things considered, how much would you say you agree or disagree with each of the following statements? (READ STATEMENT) Would you say you strongly agree, somewhat agree, somewhat disagree or strongly disagree? (PROGRAMMER: Rotate statements.)

28. (2015 Q24) I can trust my advisor to give me sound advice.

29. (2015 Q25) Overall, I get a better return on my investments because of the advice of my advisor.

30. (NEW) Because of my advisor, I have better saving and investing habits.

## V. Risk Tolerance

31. (2015 Q26) (IF PURCHASED FROM ADVISOR IN Q10) When was the last time your advisor had a discussion with you about your risk tolerance? By risk tolerance, I am referring to your level of comfort about taking risks with your investments that could result in losing money, but with potentially greater rewards. Was it... (READ LIST)

Within the past six months

- Within the past year, but more than six months ago
- Within the past two years, but more than a year ago
- Within the past five years, but more than two years ago
- More than five years ago
- Never
- (DO NOT READ) Don't know

(ASK IF NOT 'NEVER' IN Q31) Thinking about your advisor, are you very satisfied, somewhat satisfied, not too satisfied or not at all satisfied with each of the following. How about your advisor's:

- 32. (2015 Q27) Original assessment of your risk tolerance when you opened your account?
- 33. (2015 Q28) Ongoing understanding of your risk tolerance?

- Very satisfied
- Somewhat satisfied
- Not too satisfied
- Not at all satisfied
- (DO NOT READ) Don't know

#### VI. First Use of Financial Advisor

My next question is about when you first started using a financial advisor. This may have been your current advisor or a different advisor.

- 34. (2015 Q29) (IF PURCHASED MUTUAL FUNDS FROM ADVISOR IN Q10) When you first started using a financial advisor, which of the following categories best represents the total value of your household's savings and investments at that time, excluding your primary residence? Was it: (READ LIST)

- None
- Under \$5,000
- \$5,000 to less than \$10,000
- \$10,000 to less than \$25,000
- \$25,000 to less than \$50,000
- \$50,000 to less than \$75,000
- \$75,000 to less than \$100,000
- \$100,000 to less than \$150,000

\$150,000 to less than \$200,000

\$200,000 to less than \$300,000

\$300,000 or more

(DO NOT READ) Don't know

(DO NOT READ) Refused

## VII. Mutual Fund Fees

Now I'd like to ask you a question about any fees you pay for your mutual funds.

35. (2015 Q30) Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are you about your knowledge of any fees you pay for your mutual funds?

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Very Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

36. (2015 Q31) (IF PURCHASED MUTUAL FUNDS FROM ADVISOR IN Q10) As far as you know, is part of the fees charged within the mutual funds you invest in used to compensate your financial advisor? Would you say... (INTERVIEWER: READ LIST)

Yes, definitely

Yes, I think so

No, I don't think so

No, definitely not

Don't know (DO NOT READ)

Refused (DO NOT READ)

37. (2015 Q32) (IF PURCHASED MUTUAL FUNDS FROM ADVISOR IN Q10) Do you pay any fees directly to your advisor for the services you receive? (INTERVIEWER: IF 'YES' PROBE, "And do you pay fees directly to your advisor or to their managing dealer?")

Yes, I pay a fee directly to my advisor

Yes, I pay a fee directly to the firm where my advisor works

Yes, I pay a fee directly, but unsure to whom

No, I do not pay a fee directly

Don't know (DO NOT READ)

Refused (DO NOT READ)

38. (2015 Q33) (IF PURCHASED MUTUAL FUNDS FROM ADVISOR IN Q10) Which of the following two statements comes closest to your own personal preference on how your advisor is paid? (RANDOMIZE AND READ LIST)

I prefer that my advisor is paid through mutual fund fees that reduce my investment returns.

I prefer to be charged a fee for ongoing advisory services directly by my advisor.

#### VIII. Impact of CRM

(IF PURCHASED MUTUAL FUNDS FROM ADVISOR IN Q10) Thinking about the various services that your advisor's firm may offer, which of the following have you taken advantage of within the past 12 months? (PROGRAMMER: ROTATE STATEMENTS)

39. (2015 Q35) Tax planning services

40. (2015 Q36) Estate planning services

41. (2015 Q37) Retirement planning services

42. (2015 Q38) Financial planning services

43. (2015 Q39) Investment planning services

44. (2015 Q40) Education planning services

45. (2015 Q41) Thinking about how much the firm where your advisor works is compensated and the services provided by your advisor, would you say you are getting good value for your money? Please use a scale from 1 to 10, where 1 means you are getting "very poor value" and 10 means you are getting "excellent value" for your money.

1 = Very poor value

- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9

10 = Excellent value

Don't Know (DO NOT READ)

Refused (DO NOT READ)

Now, I would like to think about the performance of your investments? Of the following, which methods do you use to evaluate the performance of your investments? That is, how do you tell whether they are performing well or not? (RANDOMIZE, READ LIST)

- 46. (2015 Q42) Your rate of return in relation to zero (that is, your investments are either up or down)
- 47. (2015 Q43) Your rate of return in relation to overall market performance
- 48. (2015 Q45) Your rate of return in relation to your investment goals

#### IX. Demographics

Finally, I have just a few questions to help us categorize the responses you have given. All of the information you provide will be kept strictly confidential and will be used for research purposes only.

- 49. (2015 Q47) How long have you been investing in mutual funds?  
(INTERVIEWERS: If respondent is unsure, ask for best estimate. If range provided, record mid-point of range.) (PROGRAMMER: Accept answers in years, but include option for less than one year, include separate "don't know" and "refused" response options.)

- 50. (2015 Q48) What is the highest level of education that you have completed?

Elementary School

Secondary School

Community College

Some University

Completed University



In addition to investing in mutual funds, do you currently invest in any of the following, either as part of your RRSP or outside of your RRSP: (RANDOMIZE)

51. (2015 Q49) Bonds, including Canada and Provincial Savings Bonds
52. (2015 Q50) Stocks
53. (2015 Q51) GICs and other term deposits
54. (2015 Q52) Exchange-traded funds, also known as ETFs
55. (2015 Q53) Do you own your primary residence?
56. (2015 Q54) Which of the following best describes your current employment status? Are you: (READ LIST. RECORD ONE ONLY)

Self-employed

Working full-time for pay

Working part-time for pay

Student

Not currently employed

Retired (full-time) (INTERVIEWER: IF RETIRED PART-TIME, RECORD WHAT THEY DO FOR THE OTHER PART OF THEIR TIME)

Homemaker

Disabled

Parental/Maternity leave

Other

Refused (DO NOT READ)

57. (2010 Q29) Now I'll read you a short list of different types of workplace retirement pension plans. Please tell me which of these plans you have, if any.

A defined benefit pension plan – that is a type of pension plan in which an employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

A defined contribution pension plan – that is a type of pension plan in which the employer and employee contribute a set or defined amount and the amount of pension income that the member receives upon retirement is determined by, among other things, the amount of contributions accumulated and the investment income earned.

A group RSP

Another type of workplace retirement savings plan

None

Don't know

Refused

58. (2015 Q55) Which of the following income groups would best represent your annual household income?

Less Than \$25,000

\$25,000 To Less Than 50,000

\$50,000 To Less Than \$75,000

\$75,000 To Less Than \$100,000

\$100,000 Or More

59. (2015 Q56) Which of the following broad ranges would represent the total value of your household's current investments in mutual funds?

Under \$10,000

\$10,000 To Less Than \$25,000

\$25,000 To Less Than \$50,000

\$50,000 To Less Than \$75,000

\$75,000 To Less Than \$100,000

\$100,000 Or More

60. (2015 Q57) Which of the following broad ranges would represent the total value of all of your household's current investments, excluding your primary residence?

Under \$10,000

\$10,000 To Less Than \$25,000

\$25,000 To Less Than \$50,000

\$50,000 To Less Than \$75,000

\$75,000 To Less Than \$100,000

\$100,000 To Less than \$150,000

\$150,000 To Less than \$200,000

\$200,000 To Less than \$300,000

\$300,000 Or More

That concludes the interview. Thank you very much for your time.

61. (2015 Q58) Gender (INTERVIEWER-RECORDED)

Male

Female

62. (2015 Q59) Region (INTERVIEWER-RECORDED)

63. (2015 Q60) Language (SYSTEM-RECORDED)

English

French

64. (2015 Q61) Community size (SYSTEM-RECORDED FROM POSTAL CODE)

Over 1,000,000

101,000-1,000,000

50,001-100,000

10,001-50,000

Under 10,000

Rural

65. (2015 Q62) Community (SYSTEM-RECORDED FROM POSTAL CODE)

Urban

Rural

Don't Know/Refused

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