



Canadian Mutual Fund Investor Survey



THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

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strategic insights

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Research Objectives and Methodology

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Research Objectives

- In 2018, the Investment Funds Institute of Canada (IFIC) commissioned Pollara, an independent research firm, to conduct the 13th wave of IFIC's annual telephone survey of mutual fund investors in Canada.
- The study was initiated by IFIC to better understand Canadian mutual fund holders, to identify their attitudes, opinions, needs, expectations and behaviours and to track these over time.
- In addition, this survey was designed to provide tracking for impacts on client knowledge and behaviour subsequent to the introduction of Point-of-Sale and Client Relationship Model Phase 2 regulation.
- 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;
 - Impressions regarding fees paid for mutual funds and advice;
 - The use and perceived value of mutual fund statements and their changes; and
 - Changes in these measures over the course of a decade.

Research Methodology

- In 2018, 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 11th to July 6th, 2018.
- The regional breakdown of interviews conducted in 2018 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.

	Actual Interviews (#)	Weighted Interviews (#)	Margin of Error (%)
Atlantic Canada	100	67	±9.8%
Quebec	201	154	±6.9%
Ontario	298	398	±5.7%
Manitoba/Saskatchewan	102	113	±9.8%
Alberta	150	109	±8.0%
BC	149	159	±8.0%
TOTAL	1,000	1,000	±3.1%

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

Research Methodology

- National results from 2018 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.

Year	Sample Size	Margin of Error	Interview Dates
2018	1,000	±3.1%	Jun. 11 to Jul. 6, 2018
2017	1,000	±3.1%	Jul. 11 to Jul. 25, 2017
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
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 above.



Key Findings

Key Findings

Canadians continue to have confidence in mutual funds

Attitudes towards Investment Products and Strategies

- Canadians continue to have more confidence in mutual funds than in other investment vehicles (stocks, GICs, bonds and ETFs).
 - Confidence in mutual funds remains much higher than other vehicles, and this confidence has seen a jump this year.
 - Past trends, which saw confidence in Stocks and ETFs rising steadily, ended this year, with confidence in both dropping slightly. Conversely, GICs and bonds, which had been on the decline, increased in confidence this year.
 - Confidence in their primary residence also saw a decline this year, giving mutual funds a 13-point lead.
- Mutual fund purchases have seen an increase over the past few years, with the incidence of past 12 month purchase increasing by 7 points since 2016. That said, the incidence of purchasing in the past two years remains constant at three-fifths.
- In 2017, while the vast majority of purchases were made through an advisor, there was a decline in their usage with an increase in purchases online or through a representative. While advisors did not gain back any lost ground this year, this trend did not continue, with the number using an advisor remaining static.

Key Findings

Advisors continue to be valued and trusted

Assessment of Investment Advisor

- Investors have some, but limited engagement with their own investments. While many keep an eye on how they are doing or have at least a basic understanding, few feel deeply involved and almost one-fifth rely completely on other people.
- Knowing this, it is not surprising that Canadians use advisors to help them with at least some of their investments, with half using a single advisor for all investments. Advisors are primarily used for investment planning, financial planning and, to a slightly lesser degree, retirement planning. Tax planning, education planning and estate planning continue to be niche services, with use of education planning having decreased since 2016.
- Satisfaction with advisors is high (95%), and is on par with most previous years.
 - While 2017 saw a slight softening of those who report being completely satisfied, some of this ground has been gained back in 2018, but levels are not yet back to 2016 standards.
- Advisors are valued by their clients, with a vast majority agreeing their advisor is worth their fees and encourages them to have better savings and investing habits.
- The likelihood of advisors discussing the suitability of mutual funds for meeting financial goals remains strong.

Key Findings

Advisors continue to discuss fees; in fact, conversations about fees to the firm are on the rise

Knowledge of and Attitudes toward Fees

- The majority investors say their advisors continue to discuss fees, compensation and MERs with their clients; however, the topics of what they recall being discussed has seen a shift. The incidence of discussing compensation in general with their clients has declined this year, dropping from 64% to 58%. This is the first drop since 2015. However, the incidence of discussing fees paid to the firm has continued its steady increase since 2015. The likelihood of discussing MER and fees/compensation in general has remained steady compared to last year.
 - Recall of conversations about fees paid to the firm is highest among those who have purchased mutual funds in the past year. This group has also seen a rise in these conversations since the 2017 findings.
- Investor confidence in their knowledge of fees being paid has increased significantly this year. While knowledge that the fees they pay helps compensate their advisor has seen an increase in 2017, these numbers remain steady this year (78% this year, from 72% in 2016 and 69% in 2015). However, the number who believe they pay a direct fee to their advisor remains low and has decreased since 2017.
- The preference for paying fees indirectly through mutual fund fees has increased this year, with 59% preferring this method, while 33% would prefer to pay the fees directly.
- The value advisors add continues to be appreciated, with almost all respondents saying their advisor is providing value, and almost seven-in-ten saying it is good or excellent value for the money.

Key Findings

Awareness of requirement changes has increased, making investors more discerning about the information contained in their statements

Information Requirements and Investment Statements

- Investors still receive their statements primarily in paper form, but the likelihood of reading it right away continues to decline.
- Awareness of information requirements has increased significantly this year, from 48% to 65%. Few have made a change due to this information, albeit there has been a slight increase in this behaviour since last year (from 10% to 16%). The likelihood of making any changes due to this information remains low. However, there has been a slight increase in those who would consider investing on their own or using online tools (such as robo-advisors) to help them invest.
- Overall satisfaction in the quality of information in the annual statements remains high. However, there have been some significant changes compared to last year's findings. Overall, investors are less likely to rate the information as "good". While there has been an increase in those rating each factor "excellent", there has also been a rise in giving neutral or negative ratings. This has resulted in a decline in positive ratings for the ease of understanding the information and providing the needed information. While there has been a very slight increase in positive ratings for showing fees paid, there has also been an increase in those who said they do not know. The increase in awareness of requirement changes could have caused investors to be more discerning about the information contained in their statements.

Key Findings

Usage of and confidence in online brokerages and robo-advice remains low

Digital Investment Tools

- Awareness and usage of online brokerages have not changed since last year. While six-in-ten are aware of the tool, only one-in-three of those aware (less than one-fifth of all investors) have actually used them. Mutual fund investors continue to lack confidence in these tools and only one-quarter feel it is likely they would ever use them.
- Robo-advisors are even less known, with only one-fifth being aware of these services and only 18% of those who are aware (or 3% of all investors) having used them. While those feeling totally confident in this tool has increased since last year (2% to 11%), this comes at the expense of those saying they are somewhat confident, with total confidence scores actually declining. Likelihood of using these tools remains low.

Conclusions

- Canadian investors holding mutual funds continue to have more confidence in mutual funds than in other investment vehicles (stocks, GICs, bonds and ETFs), with this confidence rising compared to last year. While they consider themselves at least somewhat knowledgeable about mutual funds, few are deeply engaged in their investments, and they continue to depend on and value the guidance their advisors provide.
- Usage of and interest in online tools such as online brokerages or robo-advice continues to be low, with most preferring to use the services of an advisor.
- Investors report that advisors continue to have conversations with them about fees and compensation, although these conversations are more likely to focus on the fees paid to the firms, rather than overall compensation. While the knowledge of the fees used to compensate advisors remains consistently high, there is stronger confidence in this knowledge.
- Awareness of information requirements increased strongly this year. While incidence of taking action based on this information has remained low, it has increased somewhat, with investors somewhat more likely to consider investing on their own or using online tools.
- Investors have become more discerning when it comes to the information contained in their statement, with a higher percentage rating each factor as either strongly positive or neutral/negative, but less saying this information is “good”. Overall, participants are less satisfied with their statements when it comes to the ease of understanding and providing needed information than in the past.



Results in Detail

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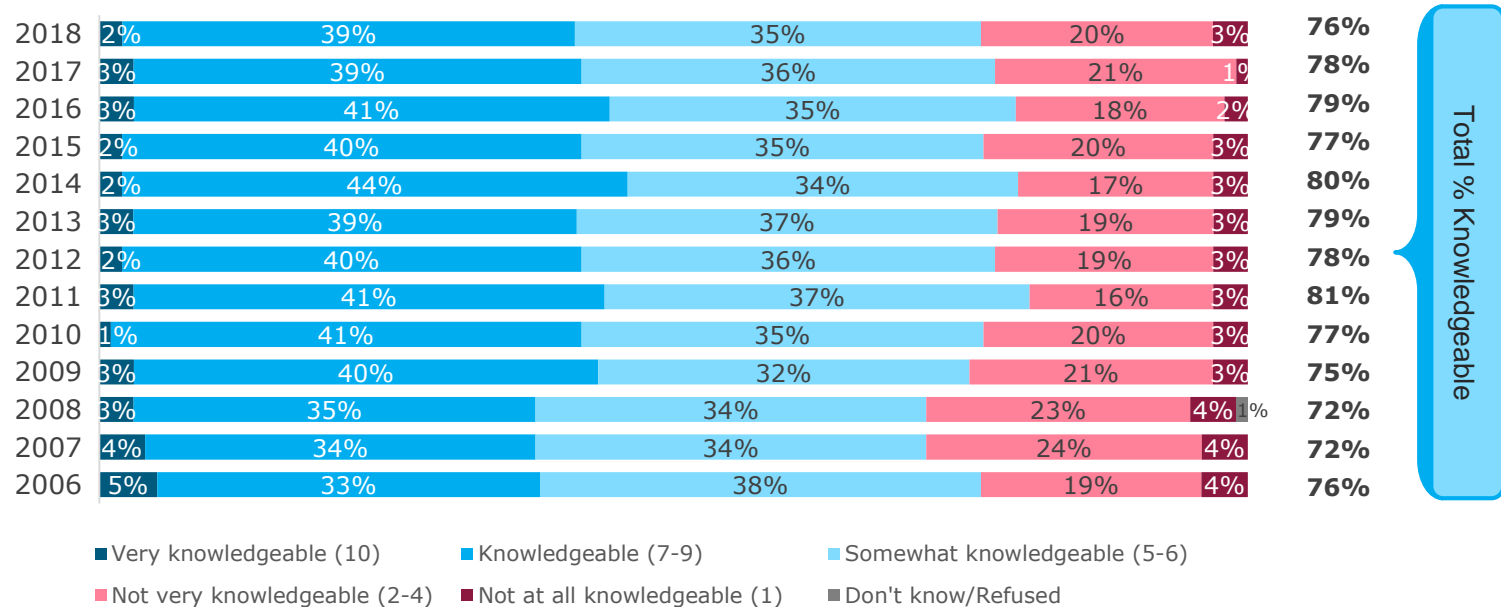
Attitudes towards Investment Products and Investment Strategy

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Knowledge About Investing in Mutual Funds

Knowledge level in investing in mutual funds has been consistent for 10 years

- The proportion who are knowledgeable about investing in mutual funds has decreased slightly to 76%, from 78% in 2017 and 79% in 2016.
- While the proportion that is “very knowledgeable” is consistent by group, men (45%) and those aged 45-64 (42%) or 65+ (41%) are more likely than others to report they are “knowledgeable”. Those in the Prairies are more likely than any other province to say they are not very knowledgeable (48%).

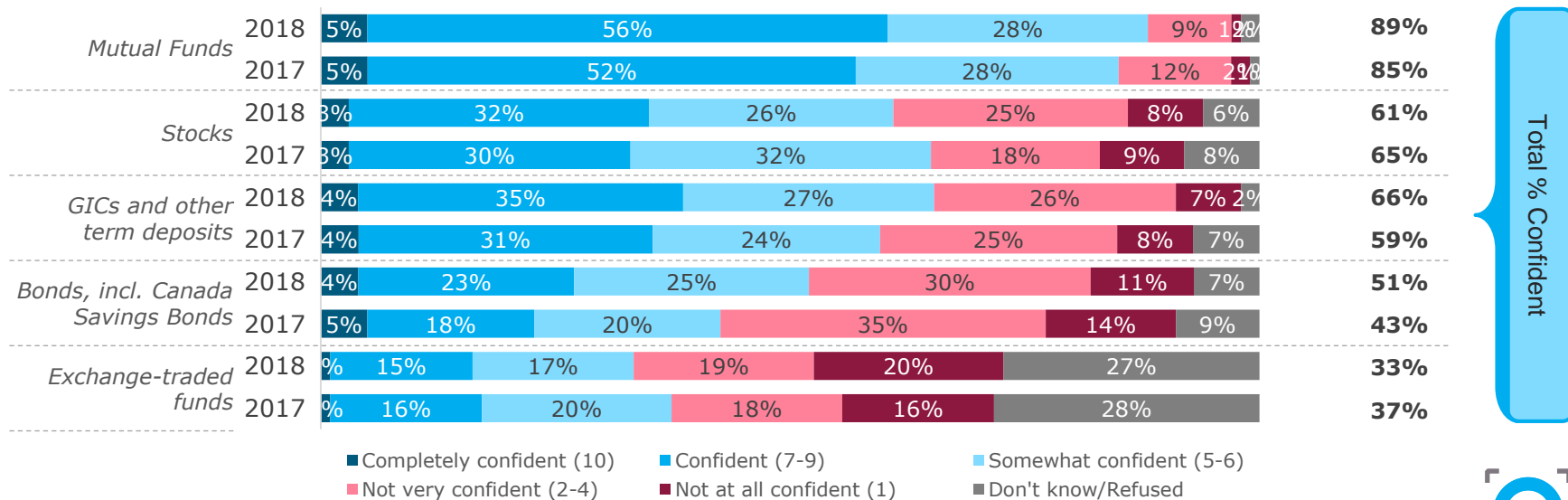


Q2. Overall, using a scale from 1 to 10 where 1 means you are 'not at all knowledgeable' and 10 means you are 'very knowledgeable', how knowledgeable would you say you are about investing in mutual funds? Base: Total base N=1000

Confidence in Investment Products Meeting Financial Goals

Confidence in mutual funds is higher than other investment types, while a significant proportion are still unsure about ETFs

- People report significantly more confidence in mutual funds than any other investment type. Almost nine-in-ten report some confidence in mutual funds, up slightly from 2017.
- Those with a high school education or less are more likely to report complete confidence in mutual funds, while those with a higher education are more likely to have some confidence.
- While confidence in GICs and bonds is still not close to that of mutual funds, people are showing more confidence in them compared to last year.
- Almost 3-in-10 are still unfamiliar with ETFs, while one-third express confidence in them, down slightly since 2017.

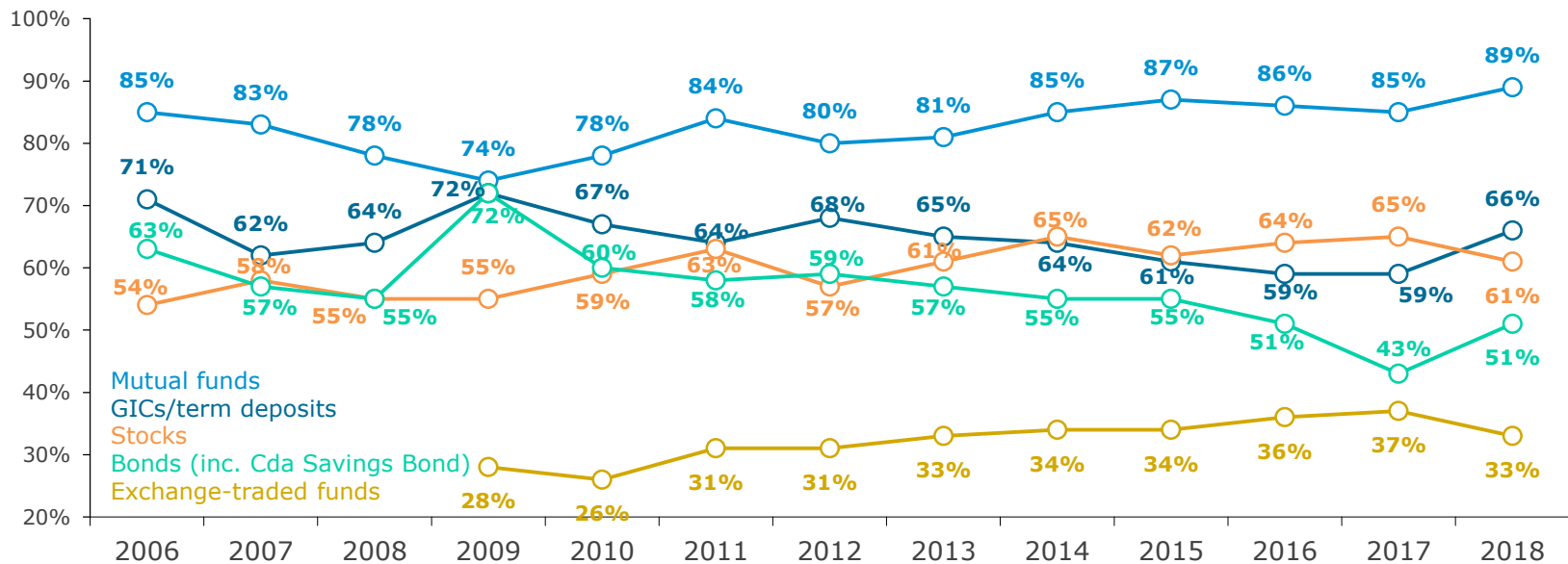


Q3/Q4/Q5/Q6/Q8. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Total base N=1000

Confidence in Investment Products Meeting Financial Goals

Mutual funds continue their positive momentum where as ETFs have lost theirs

- Confidence in mutual funds escalated quickly at the beginning of the decade (2009–2011) and has been on an upward trend since 2012. This year, confidence has hit an all time high, at 89%.
- Both GICs and bonds have seen a declining trend since 2012, but both have seen a rebound this year.
- While stocks and ETFs have both seen slight increases over the past couple of years, both saw a decline in confidence this year.

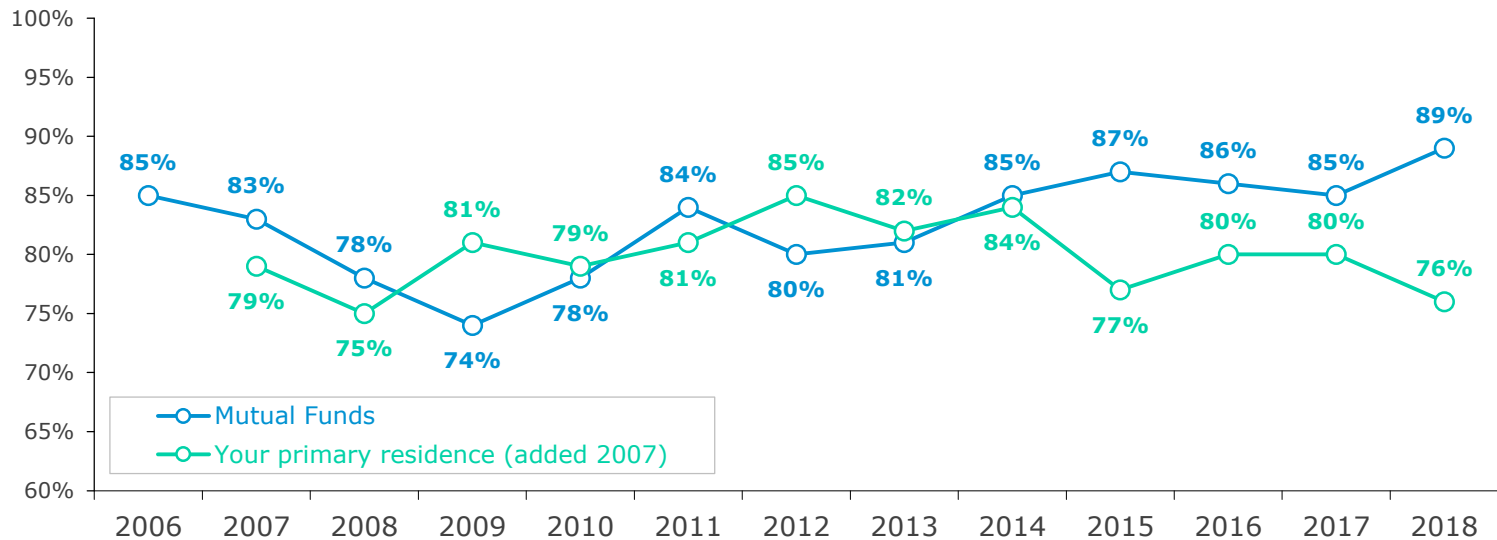


Q3. – Q6./ Q8. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Total base N=1000

Confidence in Mutual Funds vs. Primary Residence

Confidence in primary residence saw a decline this year while confidence in mutual funds continues to rise

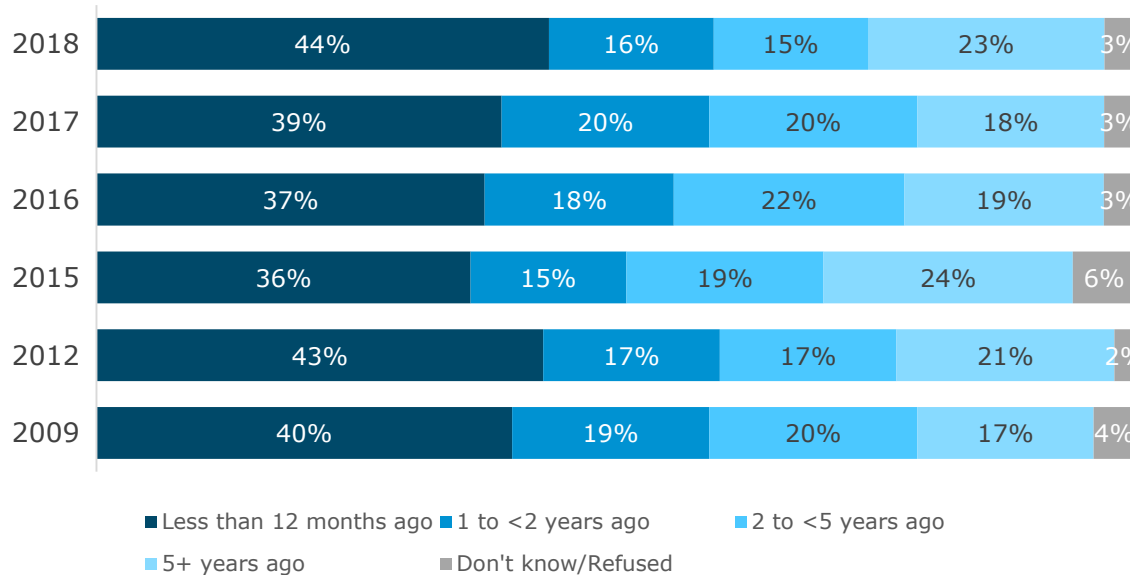
- People report feeling more confidence in mutual funds than in their primary residence as a tool to meet financial goals.
- Confidence in the residence as an investment has dropped this year, losing the rebound it had felt in 2016 and 2017 and falling to just below 2015 levels.
- Those aged 45+ are more likely than their younger counterparts to express confidence in their home as an investment, which may reflect differences in the primary residence by age.
- Residents in Quebec continue to have more confidence in the housing market than other areas of the country.



Most Recent New Fund Purchase

6-in-10 have purchased a mutual fund in the past two years, consistent with 2017

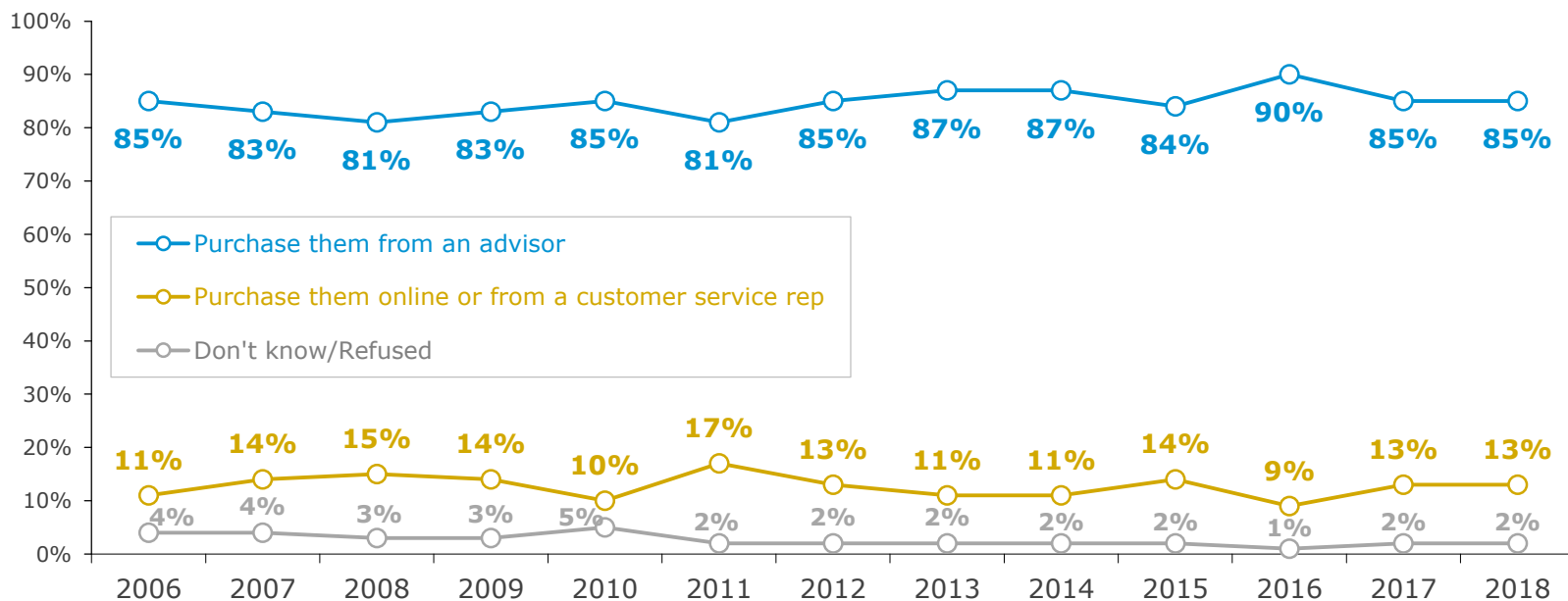
- While likelihood of purchasing a mutual fund in the past two years is consistent with 2017 findings (2018 60%, 2017 59%), the likelihood of making the purchase in the past year has increased from 37% in 2016 to 39% in 2017 and 44% this year.
- Those under 45 are most likely to have made a purchase in the past year (52%). Those in the Prairies are most likely to have made a past year purchase (52%) – significantly more so than those in Atlantic Canada (31%) or BC (39%).
- Past year purchase is similar between genders, but men are more likely to have made the purchase in the past 2 years (62% vs. 56% of women).



Methods of Purchasing Mutual Funds: Most Recent Purchase

2017 saw a decline in the use of advisors, and this remained steady this year

- The vast majority of people who purchase mutual funds continue to do so through an advisor.
- 2017 saw a decline in using an advisor along with an increase in using a service rep. These incidences have remained steady this year.
- Purchasing online or through a rep is highest among those under 45 (17%), men (17%) and those in Ontario (16%).





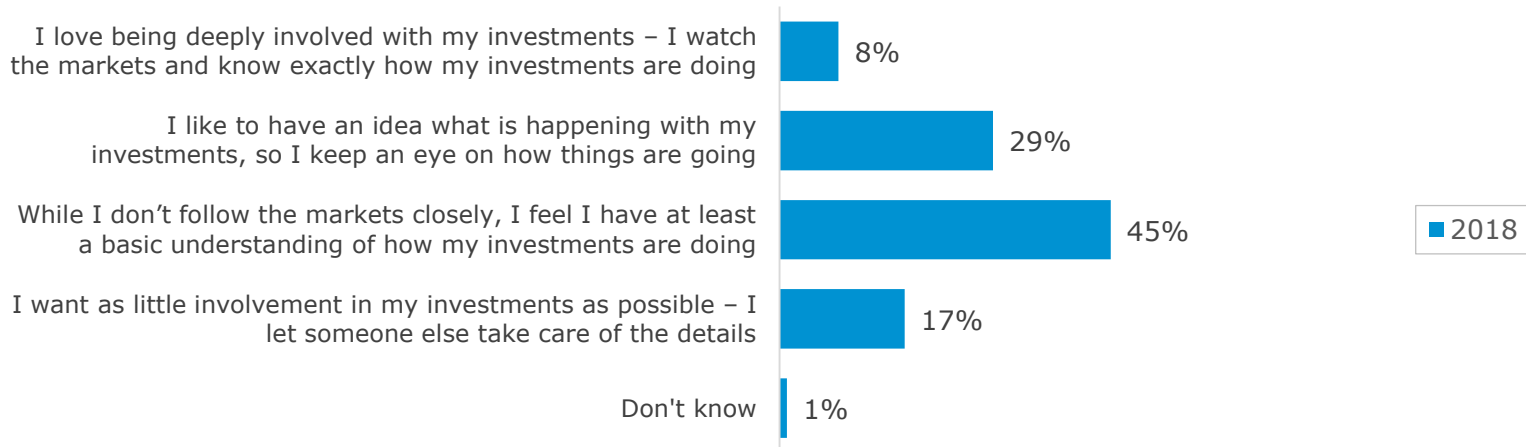
Assessments of Investment Advisor

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Engagement with Investments

While most want at least a basic understanding of their investments, few are deeply involved

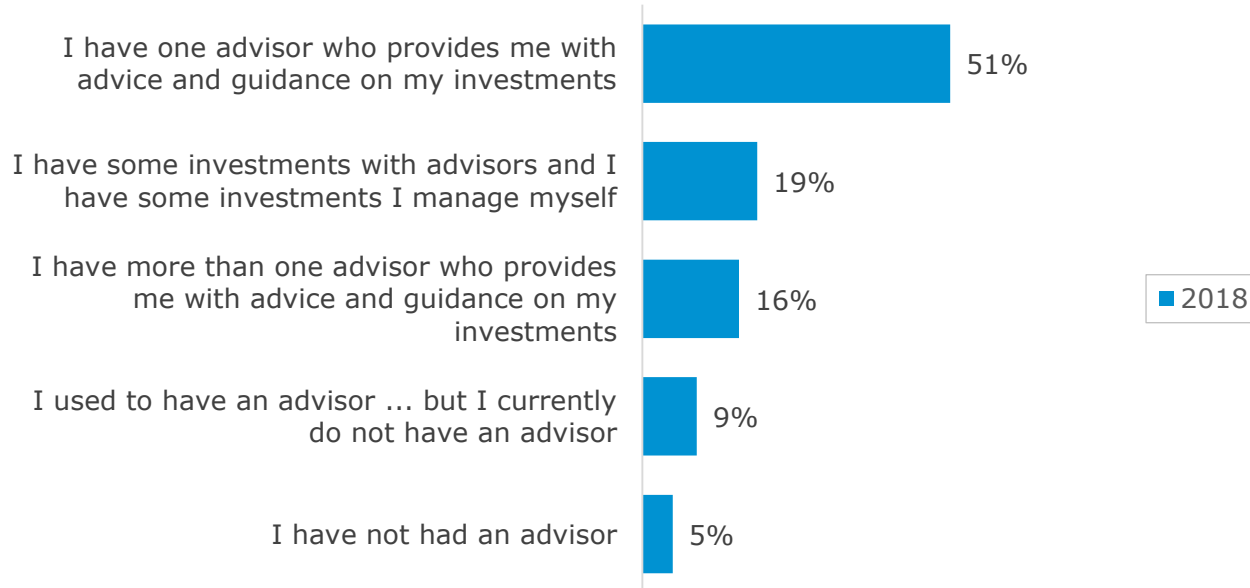
- Canadian investors are more likely to be uninvolved with their investments than they are to be deeply involved. People are more likely to depend on others for details, though not for everything, 82% have some involvement.
- While almost half have only a basic understanding (45%), almost one-fifth (17%) want as little involvement as possible, leaving the details for someone else to deal with. Conversely, less than one-in-ten (8%) are deeply involved while one-in-three (29%) have an idea how their investments are doing.
- Those who tend to have at least an idea of how their investments are doing are men (44%), with some post secondary education (some 37%, graduate 42%).
- Not surprisingly, those who keep an eye on their investments are likely to say they are knowledgeable about mutual funds (60%).



Have Financial Advisor

Half work with one advisor for all investments and most work with an advisor in some capacity

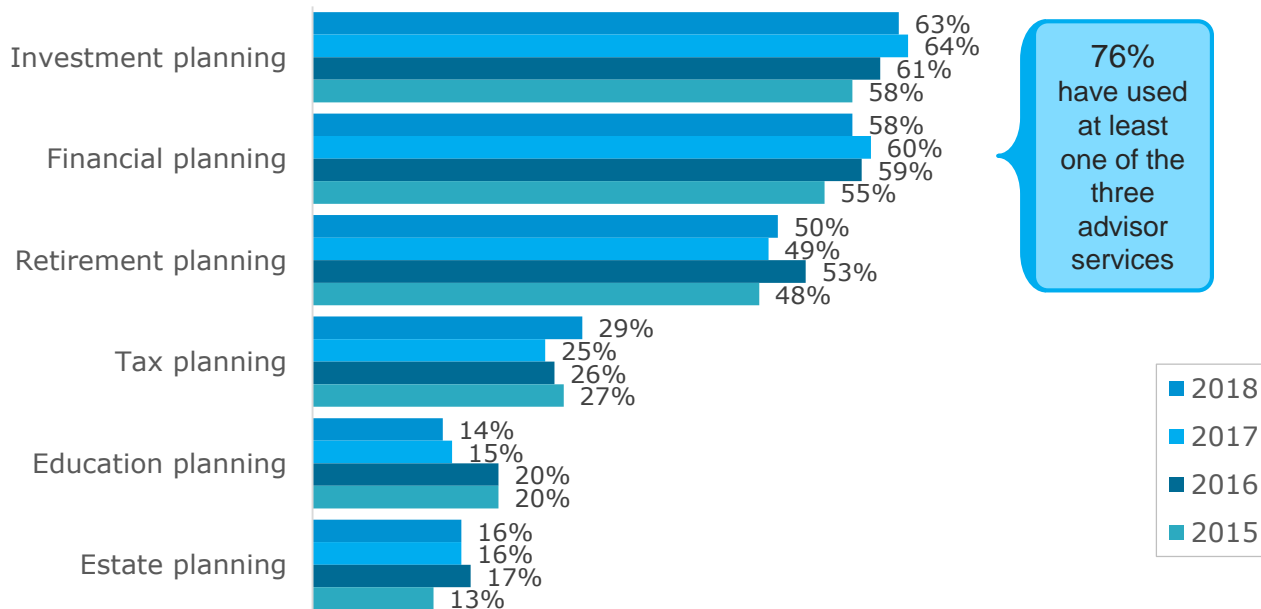
- A full 86% work with an advisor for at least part of their investments, and half (51%) work with one advisor for all of their investments.
- Those who are most knowledgeable are the least likely to work strictly with one advisor (39%).
- The following groups are most likely to work with one advisor on all of their investments: those who have no engagement with their investments (69%), those who have a high school (58%) or only partial post secondary education (54%) and those in the Prairies (76%).



Advisor Services Used

Among those who purchase mutual funds from an advisor, usage of other services remains steady compared to last year

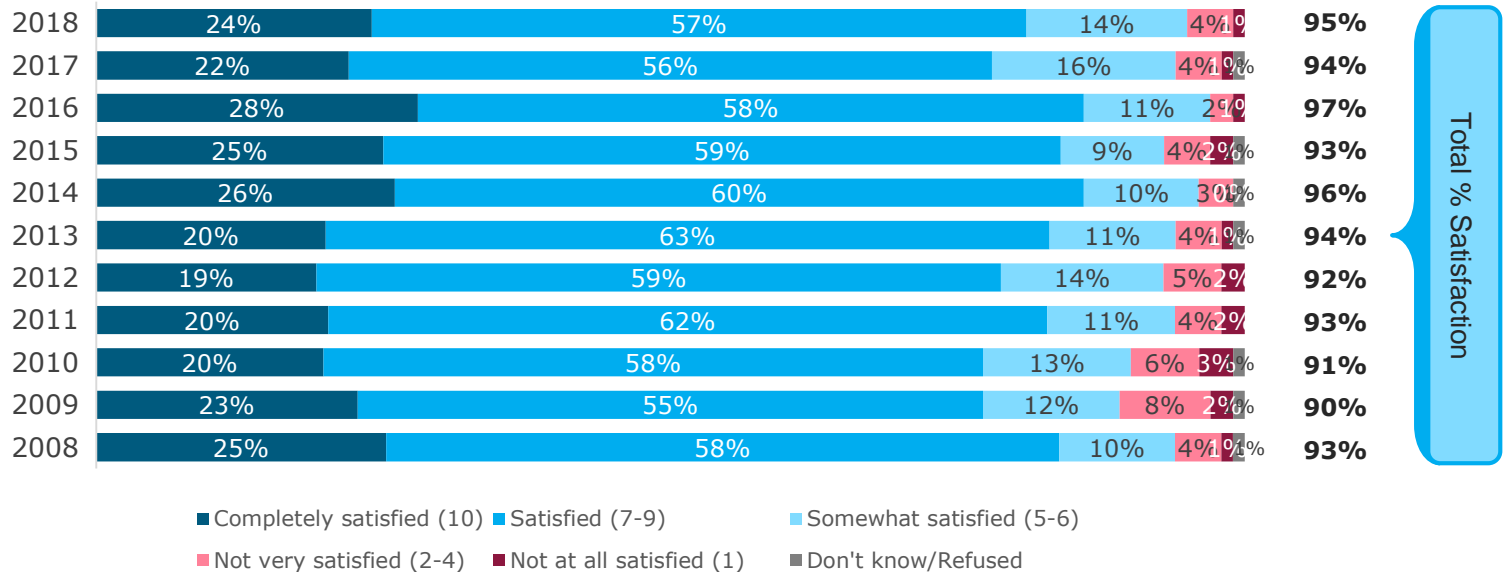
- As in previous years, investment planning, financial planning and retirement planning are the three advisor services that people are most likely to use, while education and estate planning are more niche services.
- Usage of all services have remained stable this year.
- Three-fourths have at least used one of the top three advisor services (76%) within the past 12 months.



Satisfaction with Advisor's Advice

The vast majority report satisfaction with their advisor

- The vast majority of those with an advisor report some level of satisfaction with this individual, and 78% report that they are “completely satisfied” or “satisfied” with the advice provided.
- While the number who were completely satisfied softened in 2017, this year saw this number remaining stable, with no further decline.
- Satisfaction increases with age, with those under 45 being less likely to say they are “completely satisfied” or “satisfied” (72%). Women are more likely to feel this level of satisfaction than men (84% vs. 78% respectively). Those who are knowledgeable about mutual funds are more likely to be at least satisfied (88%).

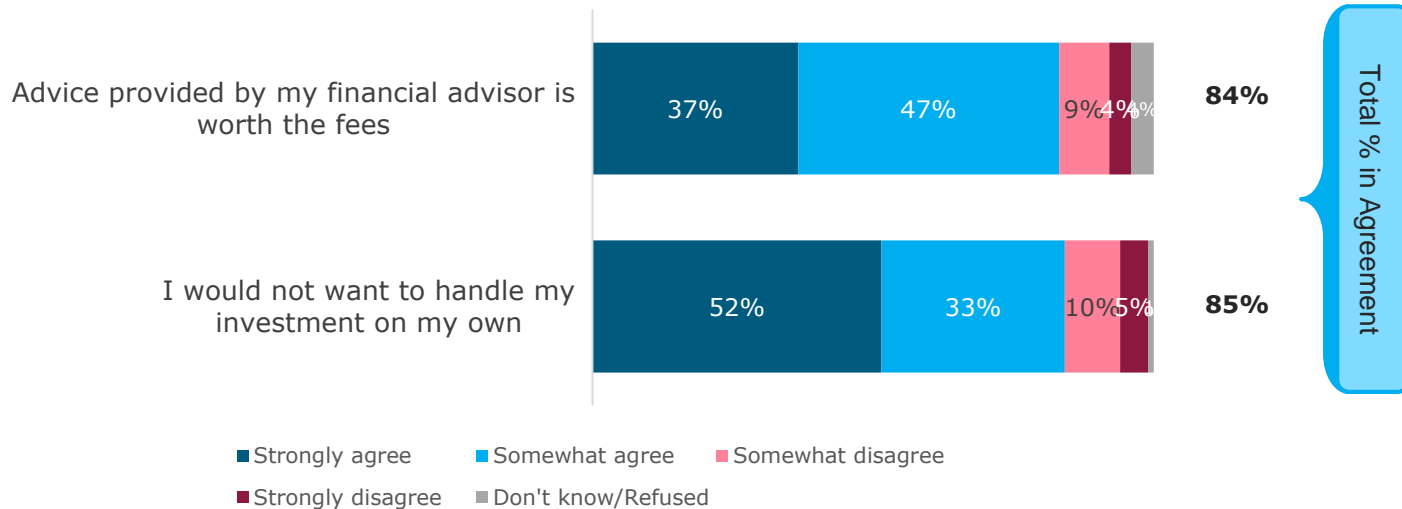


Q27. I would now like to ask you about your relationship with your financial advisor - meaning the advisor who you buy your mutual funds from. Using a scale from 1 to 10 where 1 means 'not at all satisfied' and 10 means 'completely satisfied', how satisfied are you with the advice provided by your financial advisor? Base: Purchased mutual funds from advisor N=867

Advisor Trust

Those with an advisor value the advice that is given

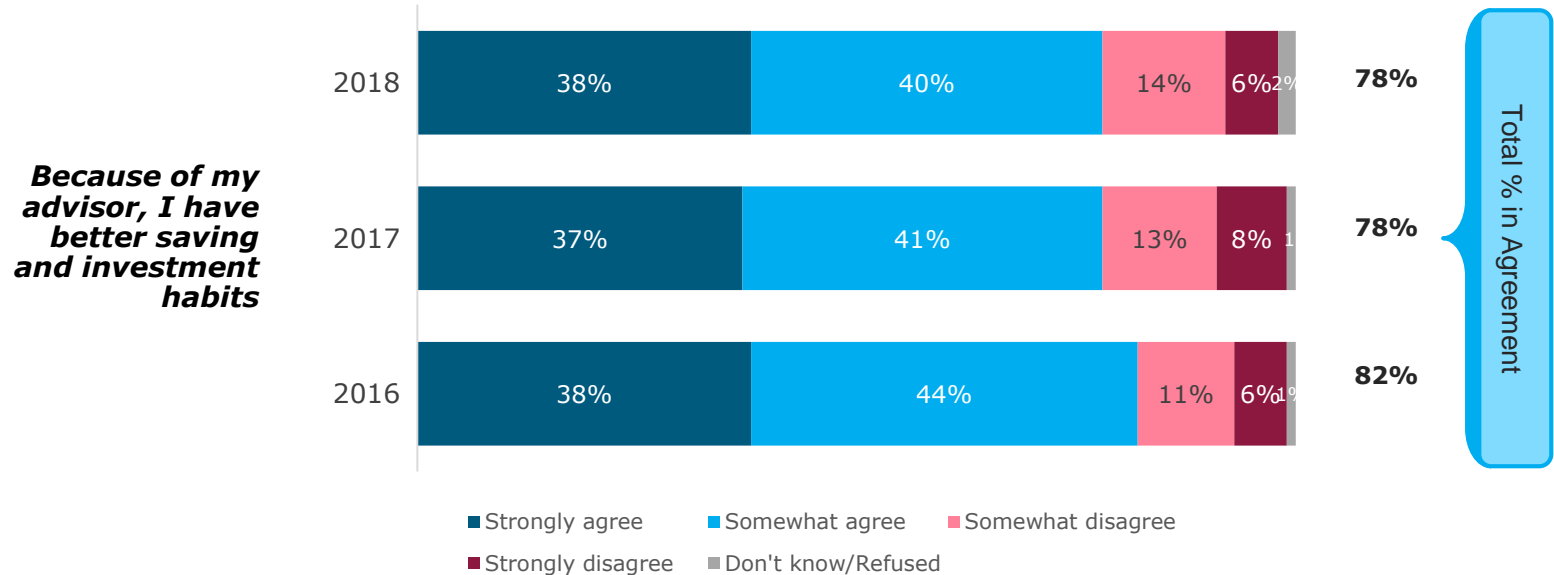
- While a strong majority agree the advice provided by their financial advisor is worth the fees, less than two-fifths strongly agree (37%).
- The incidence of agreeing with this sentiment overall is similar across groups. However, women (41%), post secondary graduates (42%) and those in the Prairies (56%) are most likely to strongly agree.
- Those with an advisor are likely to agree they would not want to handle their investments on their own, with half (52%) strongly agreeing with this statement.
- Those with a lower education (high school 91%, some post secondary 86%), lower income (under \$50,000 92%, \$50,000 to under \$100,000 87%), those in the Prairies (97%) and Quebec (90%) are most likely to agree that they would not want to handle investments on their own.



Advisor Trust

Advisors continue to promote better investing habits

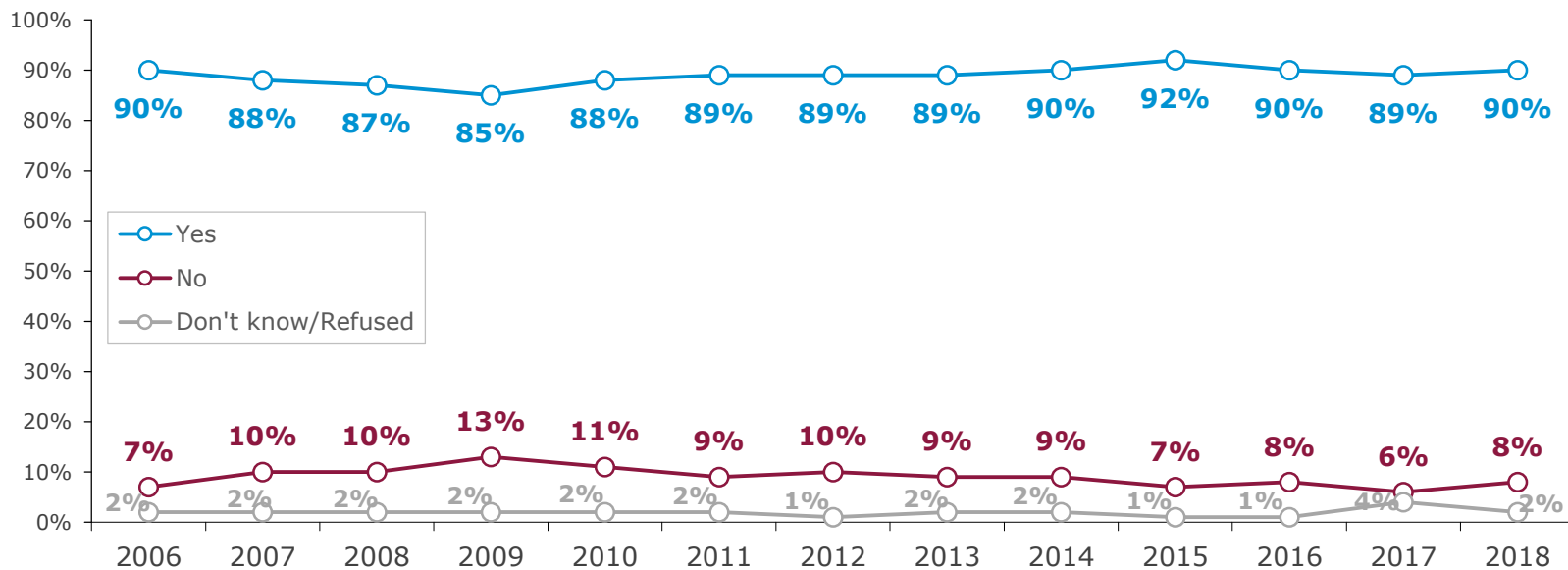
- The proportion who feel their advisors have prompted them to have better savings and investing habits has remained steady over the past three years, with three-quarters agreeing and almost two-fifths agreeing strongly.
- This behaviour increases with age, with 71% of those under 45 agreeing with this statement, compared to 80% of those 45-64 and 83% 65+. Women are also more likely to agree (81%). Those in Quebec are most likely to agree (87%) while those in BC are least likely to (67%).
- Advisors have more impact on the habits of those who are knowledgeable or neutral about mutual funds (80% and 84%) than those who are not (64%).



Whether Advisor Discussed Suitability

Most advisors discuss the suitability of a mutual fund with investors

- Investors report that most advisors will talk to investors about how mutual funds will help meet their goals. This has remained constant over the past decade.
- This is notably higher among those knowledgeable about mutual funds (93%) than those who consider that they are not knowledgeable (86%), which may speak to advisor engagement and/or the type of questions that knowledgeable investors ask.



Q11. 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? Base: Purchased mutual funds from advisor N=867

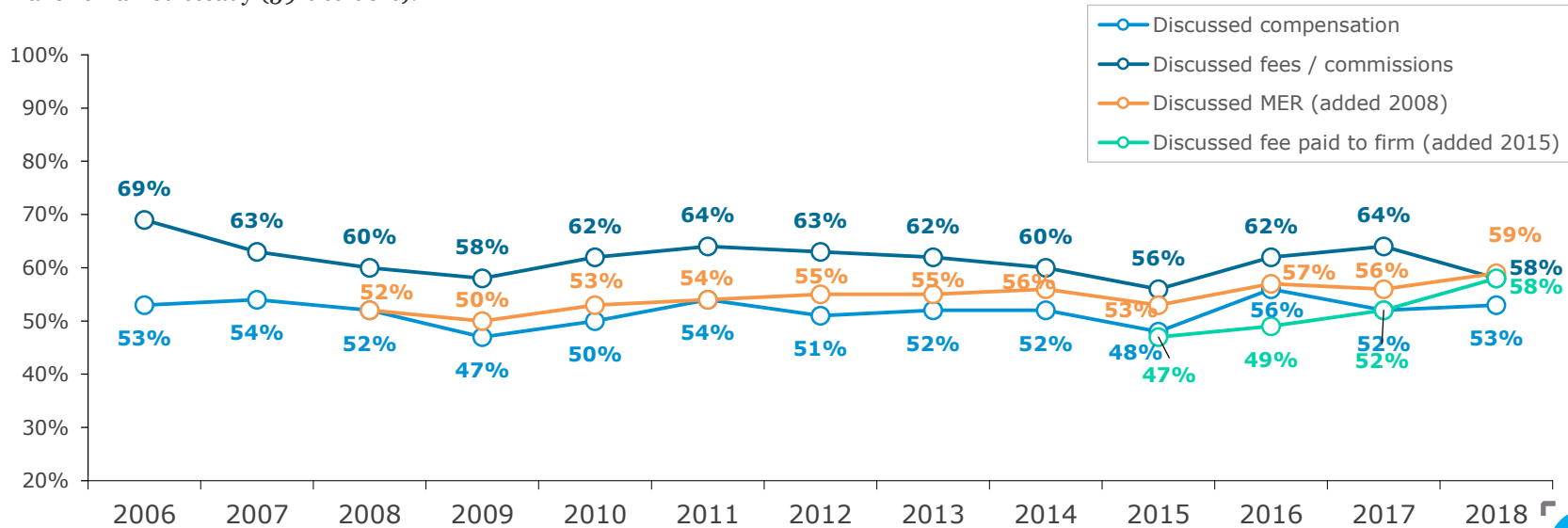


Attitudes Towards and Knowledge of Fees

Whether Advisor Discussed Compensation/Fees/MER

Just over half say their advisors had discussed areas of compensation and fees

- Just over half of those with advisors say their advisors had discussed each of the areas related to compensation and fees, with 53% having the conversation about compensation, 58% about fees/commissions or fees paid to the firm and 59% about MER.
- While conversations about fees and commissions have decreased since last year, conversations about fees paid to the firm have increased.
- Those who have made a purchase in the past year are more likely to have had these conversations. That said, when compared to 2017 past year purchasers, the likelihood of talking about commissions/fees is down (70% to 63% this year). Comparatively, the likelihood of discussing MER has seen a slight decrease (65% to 63%), while conversations about fees to the firm have increased (58% to 67%) and compensation conversations have remained steady (59% to 60%).

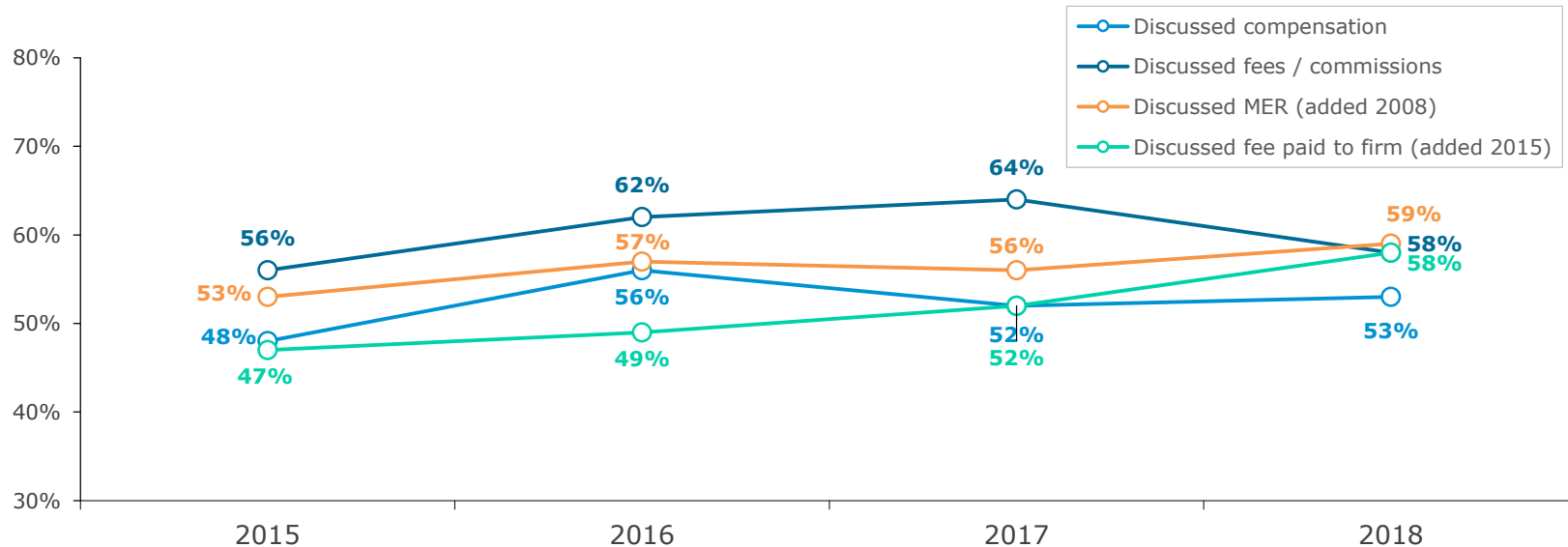


Q14. And still thinking back to the last time you invested in a mutual fund, did your advisor: Discuss the fee the mutual fund company receives for managing, distributing and administering the fund, also known as the Management Expense Ratio or the MER? Base: Purchased mutual funds from advisor N=867

Whether Advisor Discussed Compensation/Fees/MER

There has been an increase in advisors specifically talking to clients about fees paid to the firm

- Since the advent of CMR2, there have been specific changes to the communication between advisors and their clients. The biggest change can be seen in the number of investors who say their advisors have specifically talked to them about fees paid to the firm (from 47% in 2015 to 58% this year).
- While there has been a decrease in those who say their advisors have discussed fees/compensation this year, this could be due to very specific conversations that have been had about where these fees/compensation are paid.



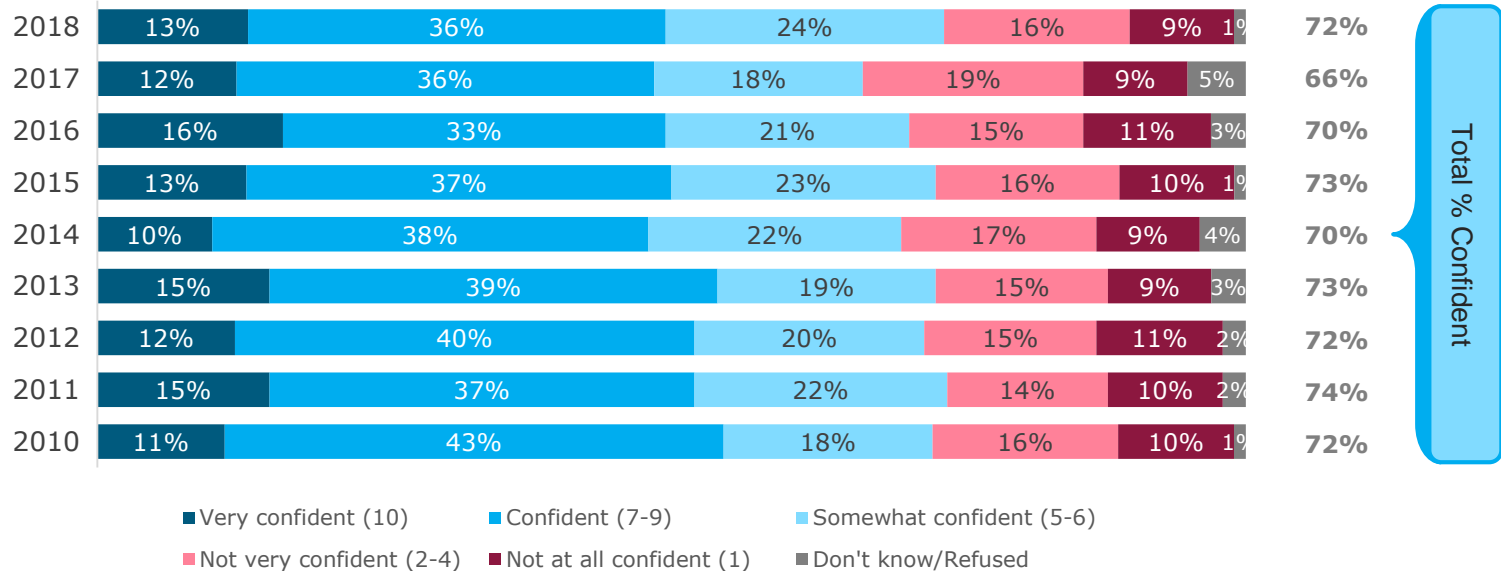
***NOTE: Graph is showing the same data as the pervious slide, but only for the years 2015 to 2018.**

Q14. And still thinking back to the last time you invested in a mutual fund, did your advisor: 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? Base: Purchased mutual funds from advisor N=867

Confidence in Knowledge of Fee Payments

7-in-10 are confident they understand their mutual fund fees

- 72% are confident that they know the fees they pay for mutual funds. This is in line with previous years.
- Confidence (rated 7 to 10) increases among: those who over 45 (54%), men (55%), those with at least some post secondary (some 50%, completed 51%) and those earning \$100K+ (53%).

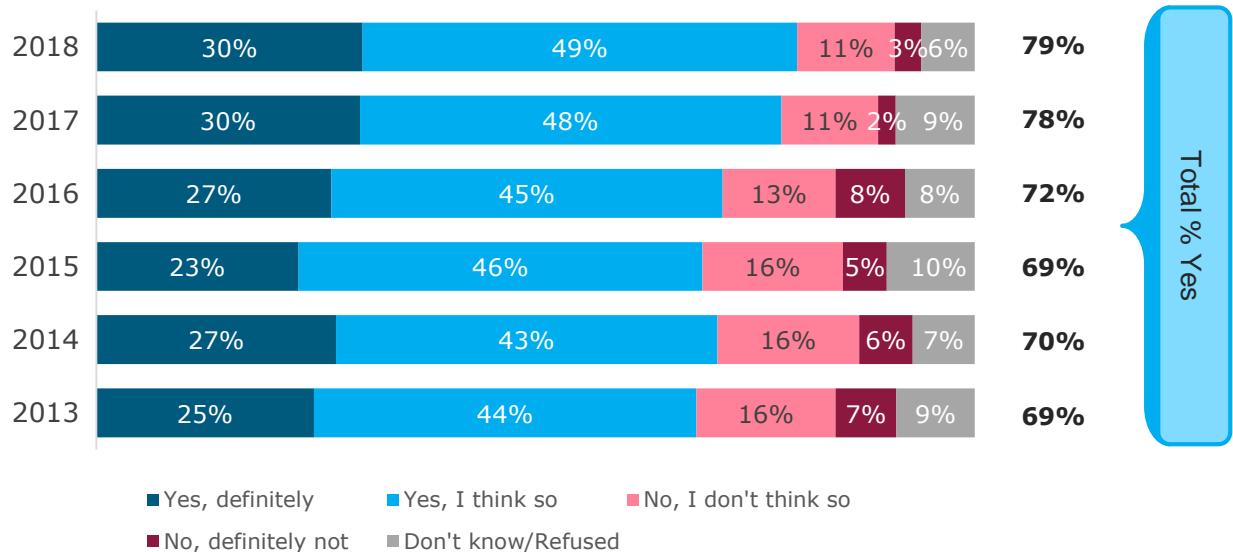


Q31. Now I'd like to ask you a question about any fees and/or commissions you pay for your mutual funds. Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are you about your knowledge of any fees and/or commissions you pay for your mutual funds? Base: Total base N=1000

Fees Used to Compensate Advisor

Almost four-fifths of those with an advisor believe that part of the mutual fund fees go to that individual

- With the launch of CMR2 in 2017, the number of people who understand that fees charged within mutual funds increased from 72% to 78%. This year, this number stayed stable at 79%. The number who confess to not knowing is at an all time low (6%).
- Among those that are knowledgeable, 86% feel quite certain, but only 38% is sure this is what happens. This compares to 65% being quite certain and 23% sure among those who admit to being unknowledgeable. Likewise, those who are deeply engaged in their investments are likely to be sure of this fact (60%).
- Other groups who are certain of this fact are men (38%), post secondary graduates (33%), people in BC (41%) and older people (45-64 35%, 65+ 32%).



Knowledge of Fees by Recent Mutual Fund Purchase

While confidence remains steady, investors are less likely to have conversations with advisors about fees/commissions in the past year

- When looking at those with advisors who have purchased mutual funds in the past year, these investors are less likely to have had a conversation with their advisor about the fees/commissions for their mutual funds, but more likely to have had a conversation about the fees paid to their firm. The likelihood of discussing MER has softened slightly, while the likelihood of discussing compensation has remained steady.
- While confidence in knowledge about fees remains the same, those who believe part of their fees go to their advisors has softened slightly.

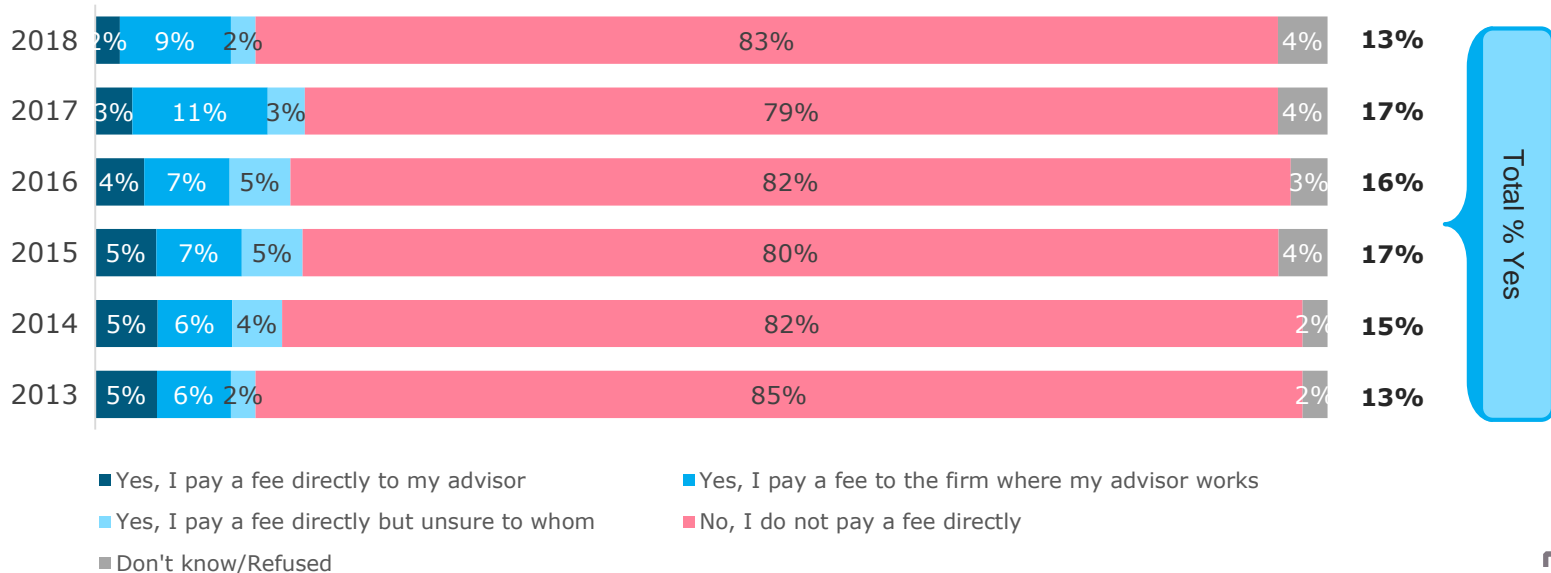
Knowledge of Fees among those who Purchased Mutual Funds in Past Year

	2015	2016	2017	2018
Advisor discussed compensation	53%	59%	59%	60%
Advisor discussed fees/commission	58%	66%	70%	63%
Advisor discussed MER	57%	59%	65%	63%
Advisor discussed fees paid to firm	53%	53%	58%	67%
Very confident in knowledge of fees paid (Rated 10 on a 10 point scale where 1 means not confident and 10 means very confident)	16%	19%	16%	17%
Believe part of fees go to advisors (Definitely/Think so)	72%	70%	85%	81%

Direct Fee Payments

Just over one-in-ten believe they pay a direct fee to their advisor/firm

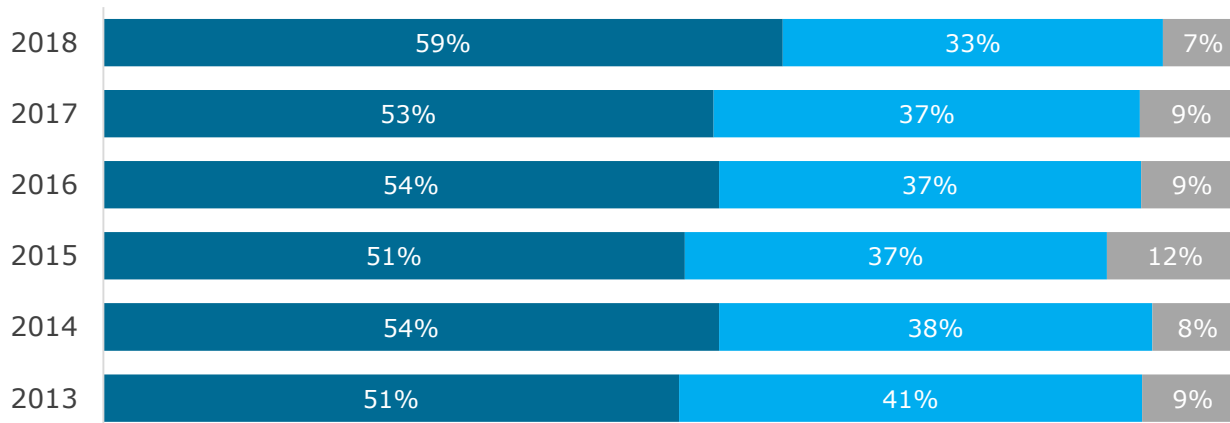
- Of those who have advisors, 13% believe they pay a direct fee, with 9% saying it is to the firm where the advisor works, and 2% saying it is the advisor or they are unsure to whom it goes. This is down slightly from the 17% who believed they paid a direct fee last year.
- Those most likely to think they pay a fee include men (17%), older participants (45-64 15%, 65+ 18%) and those with a higher household income (\$100,000 or more 17%).
- Those least likely to think they pay a fee include those with no engagement with their investments (6%) and those in Quebec (8%).



Compensation Model Preferences

Preference for payment through mutual fund fees increases slightly

- The majority of investors with advisors continue to prefer their advisor be paid through mutual funds fees. This proportion increased slightly from 53% last year to 59% this year – the highest level seen since tracking started in 2013.
- Payment through fees is most attractive to those under 45 (68%) and those who have made a purchase in the past year (64%).

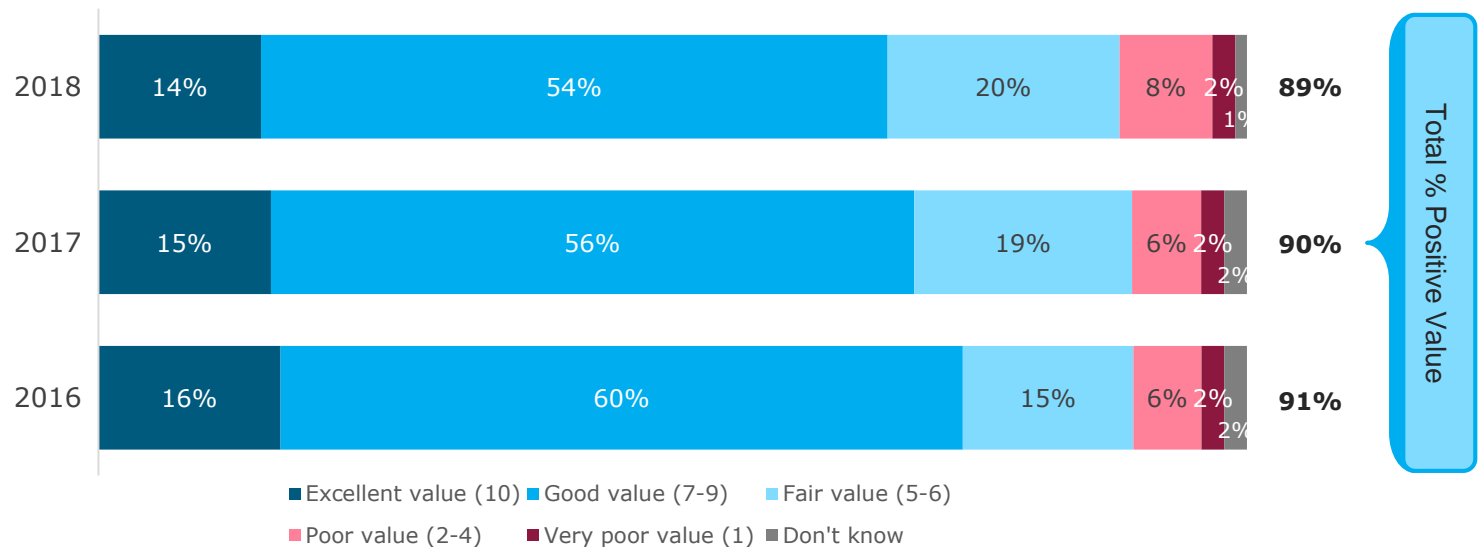


- I prefer that my advisor is paid through mutual fund fees that reduce my investment returns.
- I prefer to be charged a fee for ongoing advisory services directly by my advisor.
- Don't know

Value for Money

Those with an advisor continue to see the value in their services

- Most (9-in-10) of those with an advisor believe they are getting at least some value for the fees that they pay and 68% say it is “excellent value” or “good value”. This is similar to 2017 findings.
- Those who are not knowledgeable about mutual funds (22%) or have no engagement in their investments (32%) are more likely to call this value excellent.
- Both younger (18 to 44 22%) and older (65+ 17%) say it is an “excellent value”, compared to those 45 to 64 years of age (9%). Those in the Prairies are also more likely to say it is an excellent value (38%).





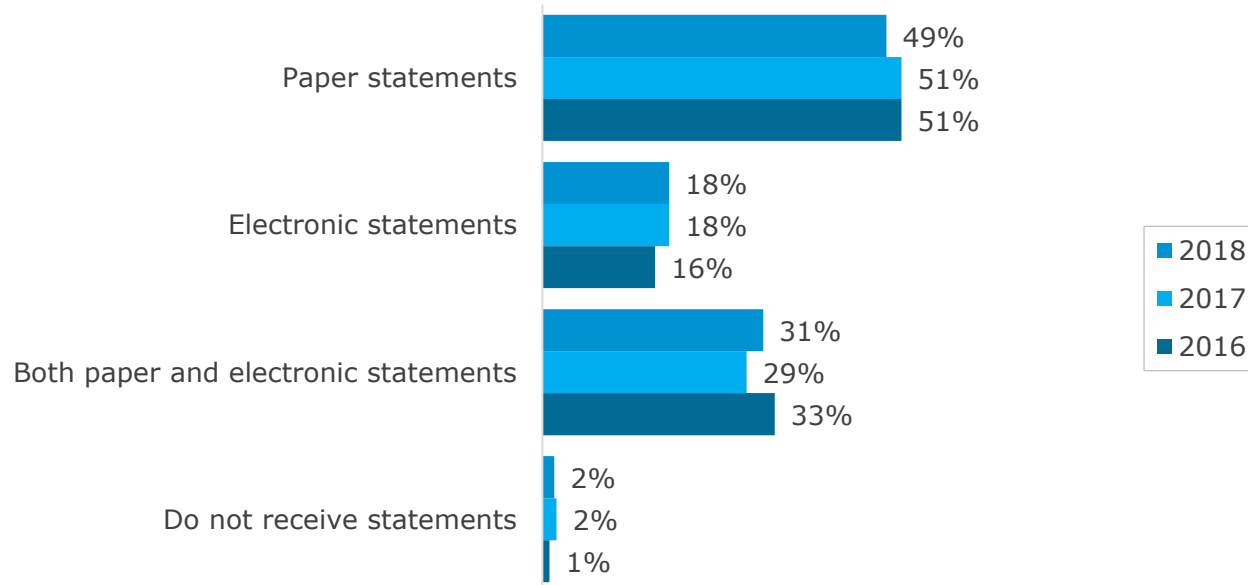
Information Requirements and Investment Statements

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Form of Mutual Fund Account Statements Received

About half receive at least some electronic statements for their mutual funds

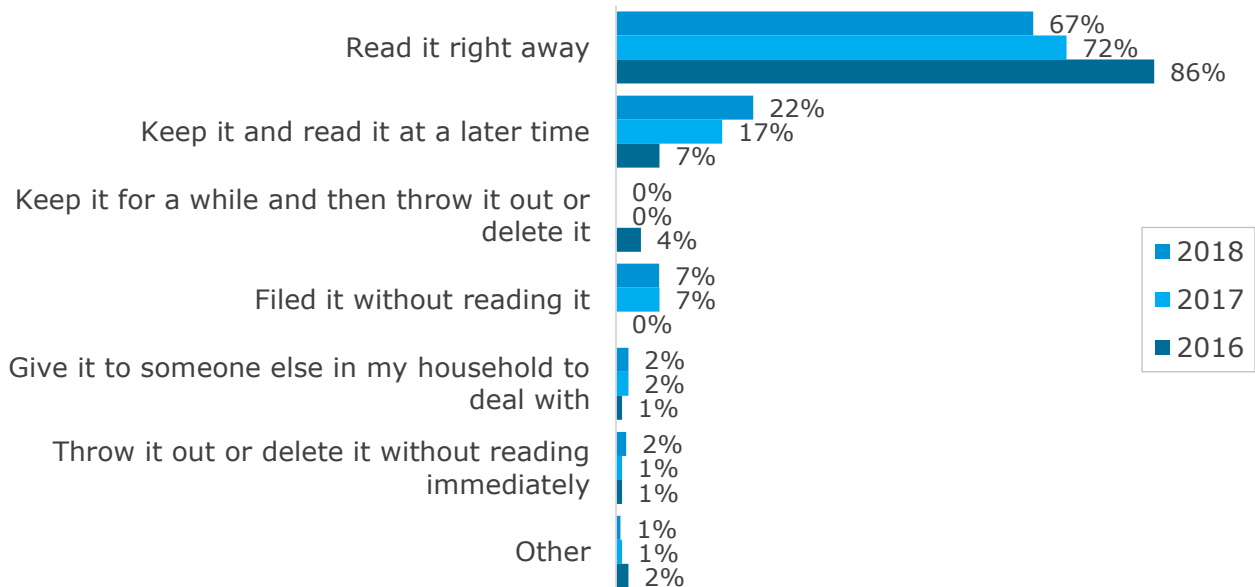
- Receipt of mutual fund statements has seen little change over the past 2 years, with 49% receiving a paper statement, 18% receiving an electronic statement and 31% receiving both.
- While younger investors (under 45) are more likely than older age groups to receive only online statements (23% vs. 17% of 45-64 and 14% of 65+), this group is still most likely to rely on paper (41% paper only, 35% both).



Action Taken With Mutual Fund Account Statements Received

Propensity to read the mutual fund statement right away has declined over the past two year

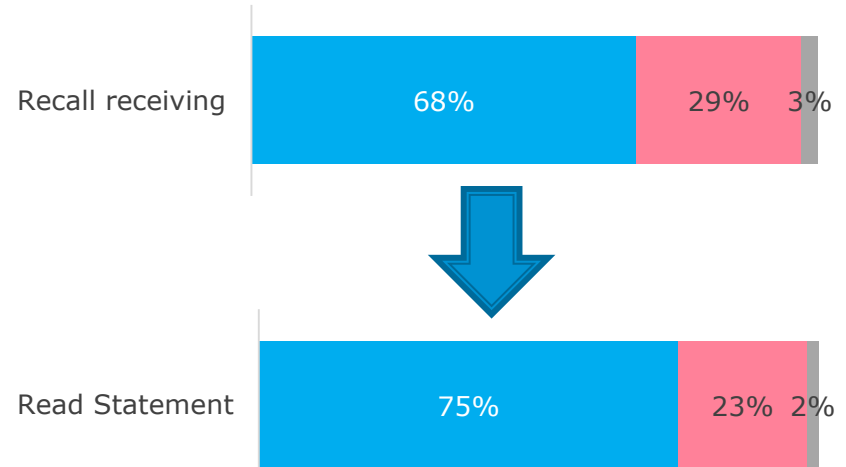
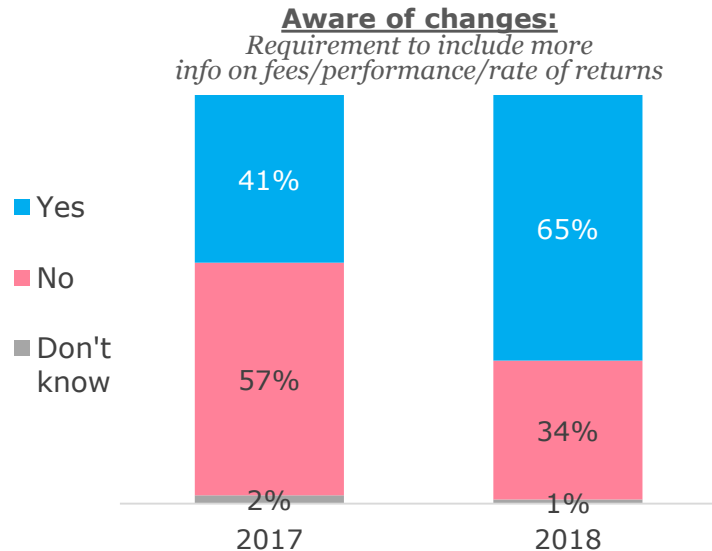
- In 2016, more than four-fifths (86%) said they read their mutual fund statement right away. While the majority still do, this has declined to 67% this year.
- Conversely, the percentage who will keep it to read at a later time has increased from 7% in 2016 to 22% this year.
- Propensity to read the statement right away increases with age (18-44 54%, 45-64 68%, 65+ 79%). It is also higher among those with a lower income (under \$50,000 71%), those who are knowledgeable about mutual funds (73%) and those engaged in their investments (76%).



Awareness of New Requirements and Change of Action

Awareness of the change in requirements has increased significantly this year

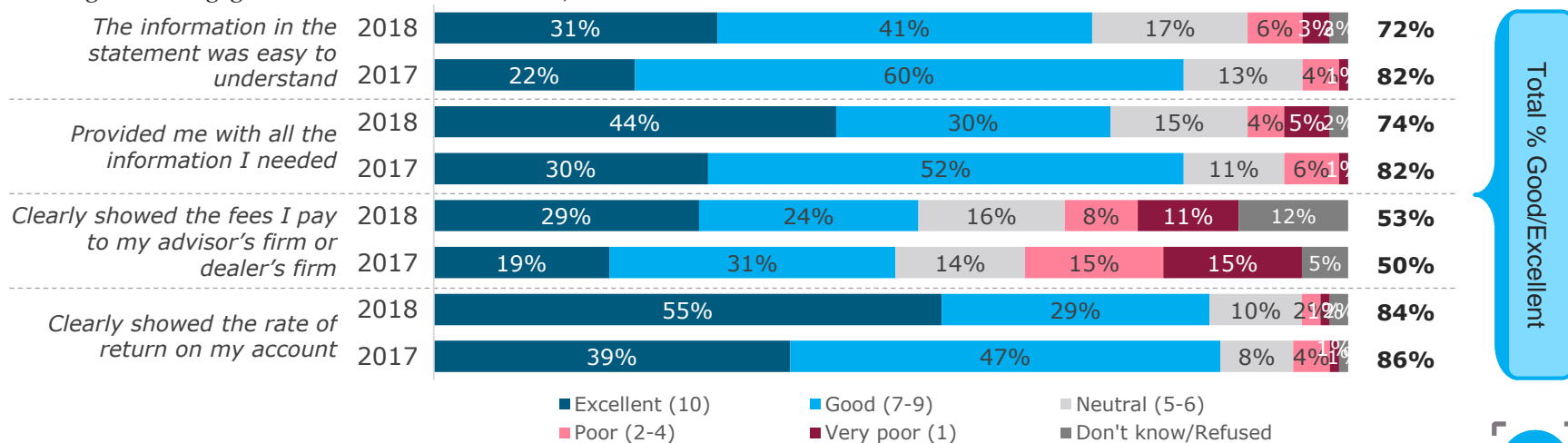
- Two-thirds of investors are now aware that firms are required to provide more information about fees and performance. This is a significant increase from the 41% aware last year.
- Investors under 45 are less aware of this change (40%). Awareness is higher among men (70%), those with some (69%) or completed post secondary education (66%), and those who have any amount of engagement with their investments (those who have none 48%).
- Two-thirds of investors recall receiving their statements this year. Of those who did, three-quarters have read them. Level of engagement does not affect recall of receiving statements. While even those with no engagement say they have read the statement (78%), this is higher among those who are deeply engaged (88%).



Quality of Information Materials

Investors are more likely to feel strongly about the information contained in statements this year, with more rating it excellent, but more also giving it a negative score

- Most of those who have read their mutual fund statements rate them as “excellent” or “good” in terms of ease of understanding, comprehensiveness and clearly stating rate of return. About half agree that advisor/dealer fees were clearly stated.
- Compared to last year, there has been an increase in the numbers rating each factor “excellent”. However, this came with a decrease in those rating it “good”. This has resulted in a decrease of the overall positive scores for the ease of understanding and providing the information needed.
- When it comes to the rating about showing the fees paid, there has been a very slight rise in positive ratings as well as a rise those who say they do not know.
- The rise in awareness of the requirement changes may have made investors more discerning when it comes to the information contained in their statements.
- The higher the engagement with their mutual funds, the more satisfied investors are with the information.



Total % Good/Excellent

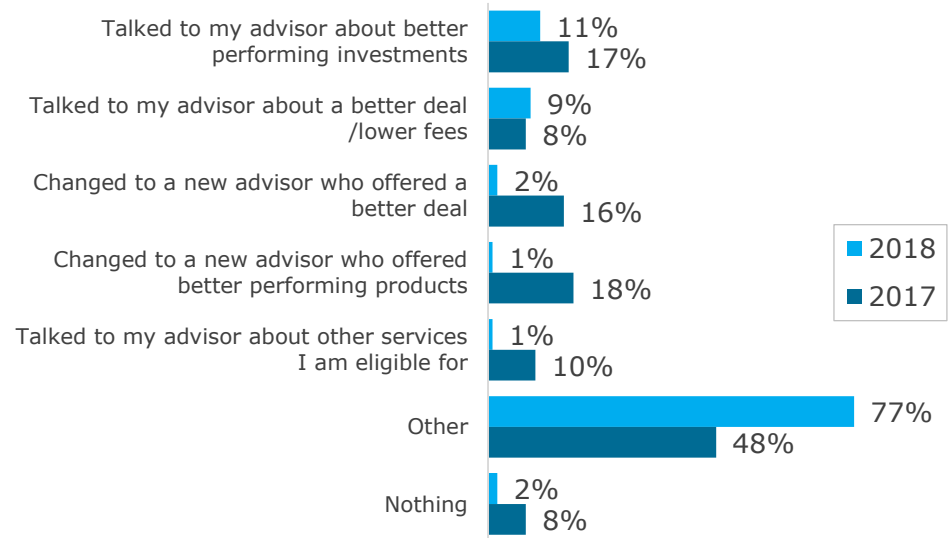
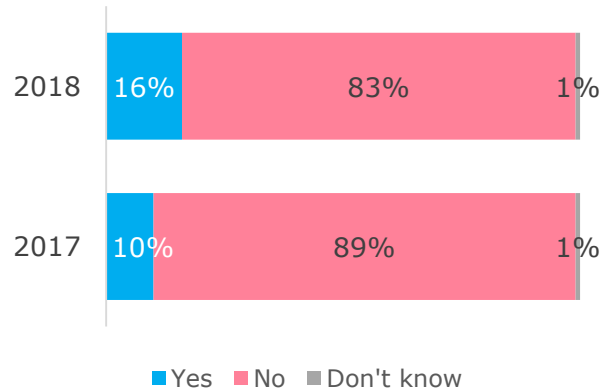
Q48 – Q51.. Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information materials you received about your investments in each of the following areas. Base: those who recall receiving their annual statement for mutual fund account this year N=682

Action Taken Due to Changes

Despite higher awareness, the new information requirements still caused only a few to take action

- This year, 16% of those who read their statement said the new information caused them to take action. While this has seen an increase over the 10% last year, with the small sample size, this change is not significant.
- Seniors (65+) are most likely to have made a change (21%), as are those who are knowledgeable about their investments (23%) and engaged in their investments (21%).

New Information Cause a Change in Action



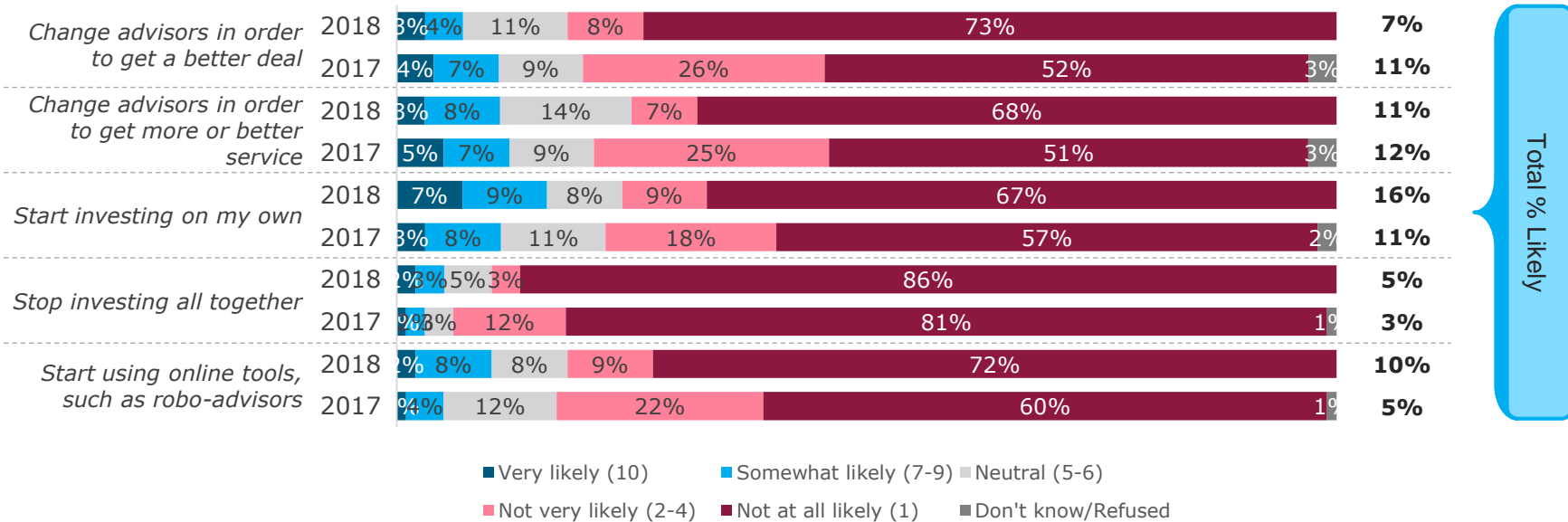
***Caution: Small sample size**

Q53. Has this new information caused you to take any action when it comes to your account? Base: those who have read their annual statement for mutual funds account this year N=510
 Q54. What action have you taken? Base: those who have taken action N=96*

Likelihood of Taking Action

Very few of those aware of the new reporting requirements intend to take action as a result of them

- As very few have already taken action due to the new information in their statements, very few feel it is likely that they will do so.
- The steps most likely to be considered are investing on their own (16%, up from 11% last year) or using online tools (10% up from 5% last year).





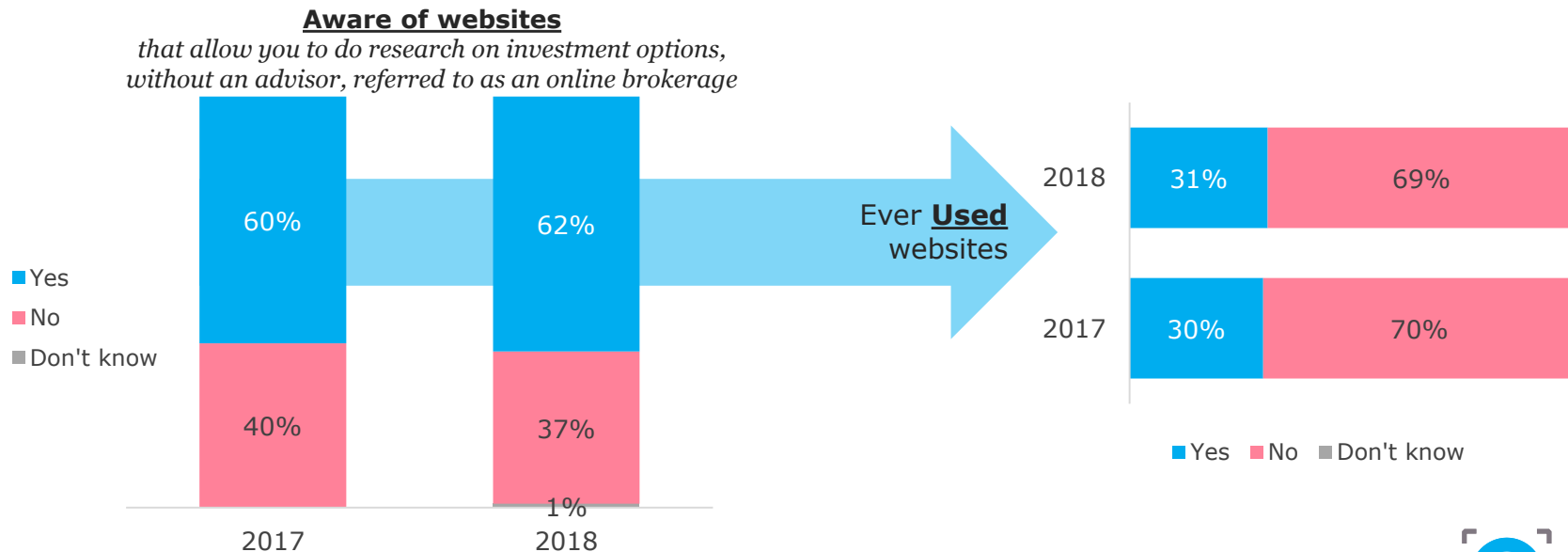
Awareness of and Attitudes Towards Digital Investment Tools

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Online Brokerage Website Awareness and Usage

More than half are aware of online brokerage websites, but of those, a relatively small proportion use them

- Awareness and usage of online brokerages has not increased significantly this year, with 62% being aware of them (similar to the 60% result last year) while 31% have used them (similar to last year's 30%).
- Awareness and usage of these sites are more common among men (aware 70%, use 34%), those who graduated post secondary (aware 67%, use 38%), and those with a household income of \$100,000 or more (aware 74%, use 37%).
- Those outside of Quebec also have a higher awareness (68% vs. 32% of Quebecois).

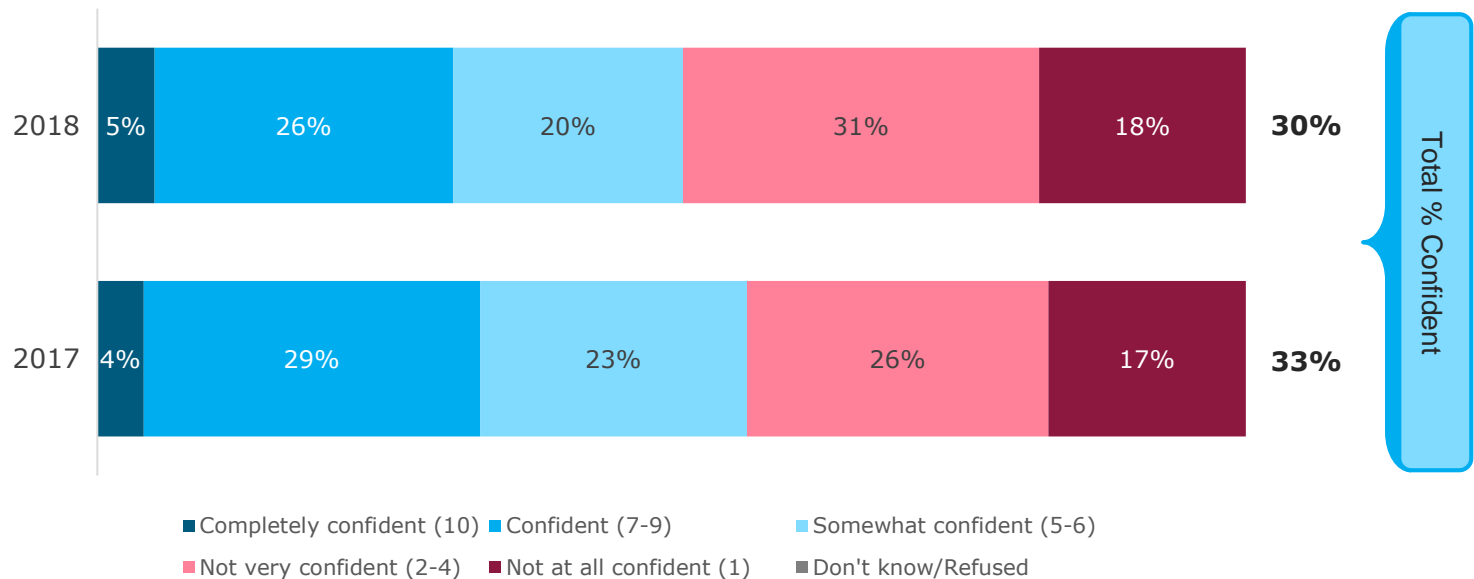


Q16. Are you aware of websites that allow you to do your own research on investment options and then purchase the investment you think would be most suited to your needs through the website, without obtaining the help of an advisor? This is often referred to as an online brokerage or discount brokerage. Base: Total base N=1000
Q17. Have you ever used these websites? Base: those aware of Online Brokerages N=588

Confidence in Using Online Brokerage Website

Only 1/3 of those aware of online brokerages feel confident using them

- Confidence in using online brokerages has not increased over the past year, with 30% showing any confidence, similar to last years' findings (33%).
- While those who are knowledgeable about mutual funds (31%) are more confident, most still are not. Only those deeply engaged in their investments feel confident about using online brokers (68%).
- While confidence is not high among any group, men are more confident than women (38% vs. 19%), as are those with some (30%) or graduated post secondary school (38%).

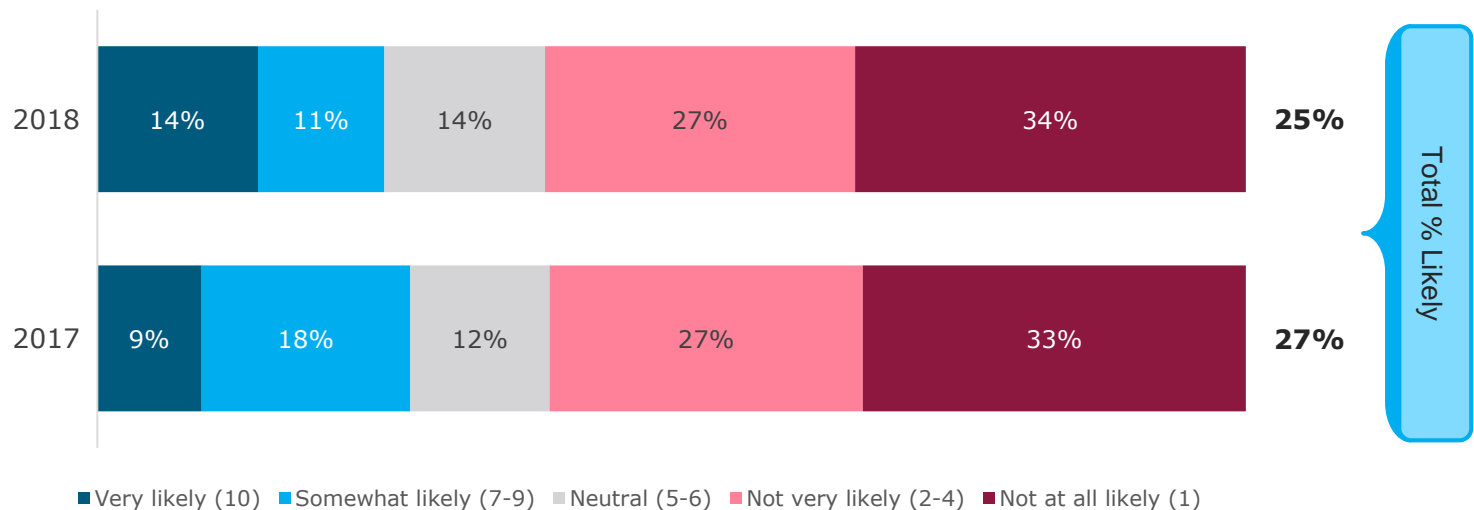


Q18. How confident would you be in selecting and purchasing investment products on your own using a website that would allow you to research and purchase investments? Those aware of Online Brokerages (n=588)

Likelihood of Using Online Brokerage Website

A small proportion of those aware of online brokerages report likelihood to use an investment website

- About one-quarter of those who are aware of online brokerages are likely to use them, similar to last year's findings.
- However, these people are feeling more strongly this year, with 14% being "very likely" (up from 9% in 2017), whereas 11% are "somewhat likely" (down from 18% in 2017).
- Again, while those who are knowledgeable about their mutual funds are more likely to use an online brokerage than those who are not, still only 23% feel they are likely to do so, and 39% say it is not likely at all.
- Only those deeply engaged in their investments are very likely to use an online brokerage (55%).

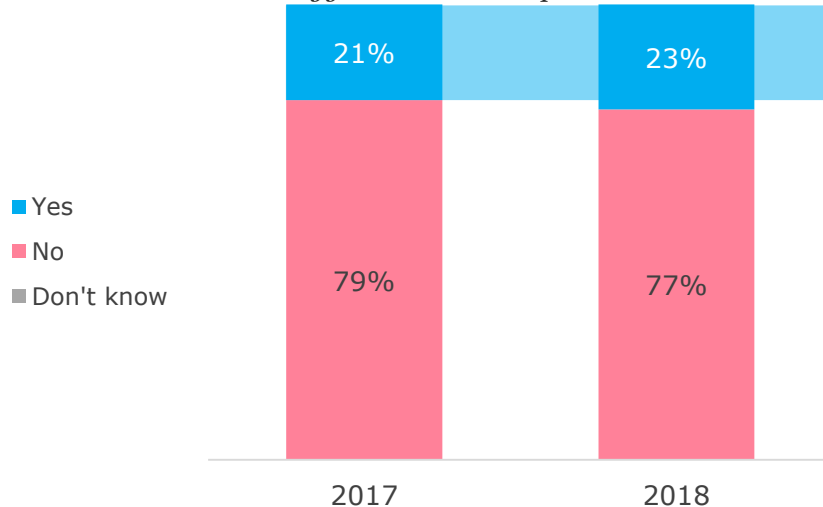


Robo-Advisor Awareness and Usage

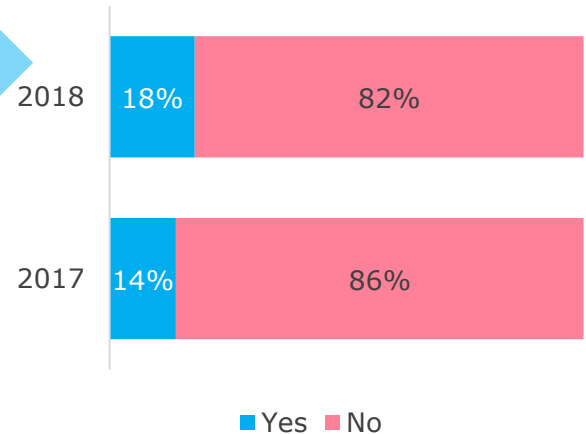
Awareness and usage of robo-advisors remains small

- Just under one-quarter of investors are aware of robo-advisors, up very slightly from last year (21%).
- Of those who are aware, 18% have used them - again a very small increase compared to last year.
- While awareness and usage is higher among those who are knowledgeable about mutual funds, this proportion is still low (32% and 20% respectively).
- While those who are deeply engaged in their investments are likely to know about robo-advisors (59%), only a few are users of them (23%).

Aware of online services that offers automatic investment suggestions based on personal situation



Ever **Used** Service

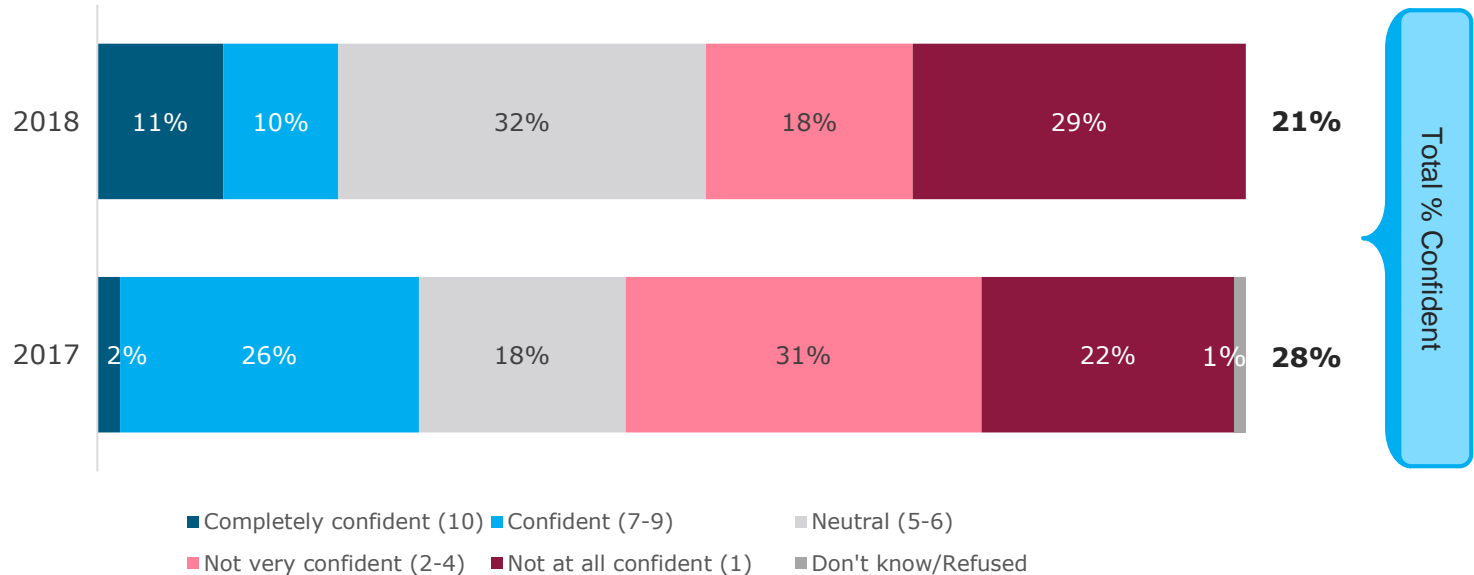


Q21. Are you aware of an online service that asks you questions about your personal situation and then offers automatic suggestions as to what investments could be right for you, with the option to purchase those investments through the tool? This is sometimes called a robo-advisor. Base: Total base N=1000
Q22. Have you ever used this service? Base: those aware of robo-advisor service N=186

Confidence in Using Robo-Advisor

Confidence in robo-advisors is polarized

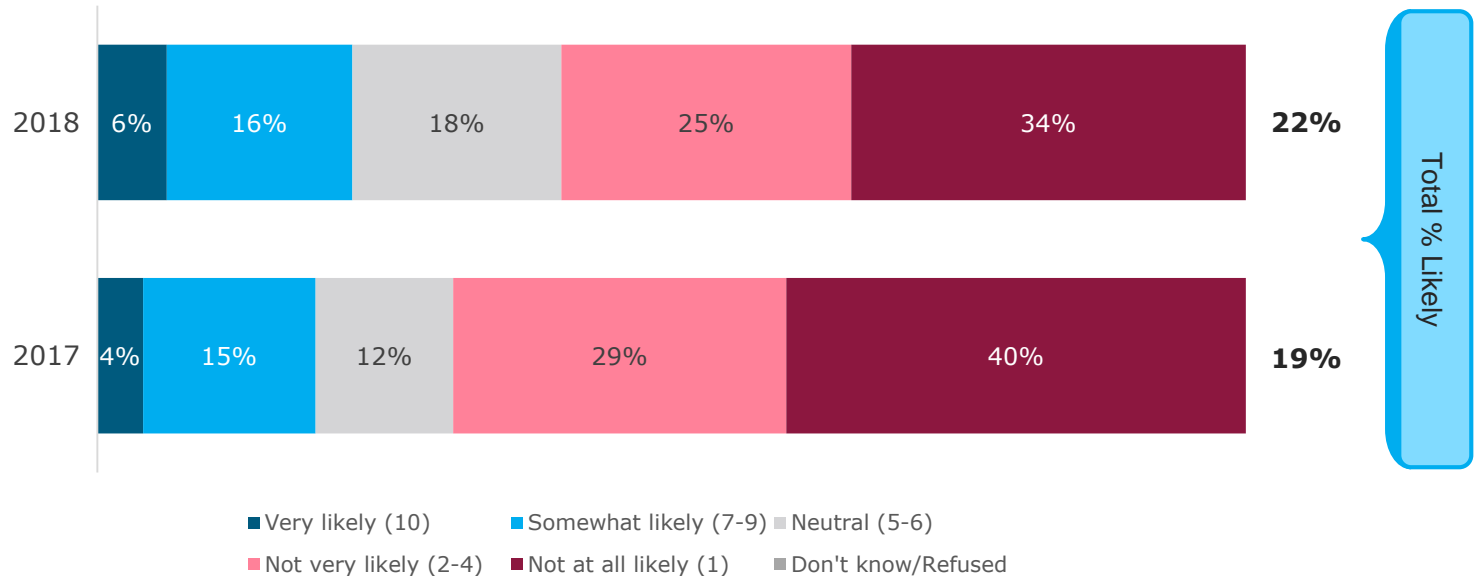
- The proportion that would feel very confident in using a robo-advisor has increased this year from 2% to 11%. However, those who feel just somewhat confident has decreased from 26% to 10%. Conversely, those who are not at all confident has also increased, from 22% to 29%.
- Those who graduated from post secondary school are less likely to feel confidence in this service (13%) than those with less education (33%).
- Of those who are deeply engaged in their investments, 43% would feel at least somewhat confident using this tool.



Likelihood of Using Robo-Advisor

About 1-in-5 of those aware of robo-advisors are likely to use them

- One-fifth of investors would be likely to use a robo-advisor, similar to last year's finding of 19%.
- Even those with the deepest engagement to their investments are not likely to use this tool (32%), albeit they are more likely to than others.
- Younger people are more likely to use this kind of service (35%).





Lesli Martin

Vice President, Public Affairs

LesliMartin@pollara.com
416.921.0090 Ext. 2207

pollara
strategic insights
www.pollara.com