



# Canadian Mutual Fund & Exchange-Traded Fund Investor Survey



THE INVESTMENT  
FUNDS INSTITUTE  
OF CANADA

L'INSTITUT DES FONDS  
D'INVESTISSEMENT  
DU CANADA



2020

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# Research Objectives and Methodology

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# Research Objectives

- In 2020, the Investment Funds Institute of Canada (IFIC) commissioned Pollara, an independent research firm, to conduct the 15<sup>th</sup> wave of IFIC's annual telephone survey of mutual fund investors in Canada.
- For the second year (since 2019), the study includes Canadian Exchange-Traded Fund (ETF) holders analyzed as a distinct group.
- The study was initiated by IFIC to better understand Canadian mutual fund holders, and now ETF 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 prior to the introduction of Point-of-Sale and Client Relationship Model Phase 2 regulation.
- This research illuminates investor attitudes and behaviour regarding mutual funds and ETFs, including:
  - Confidence in mutual funds/ETFs meeting financial goals;
  - Methods of purchasing mutual funds/ETFs and advisor's role in decisions;
  - Impressions regarding fees paid for mutual funds/ETFs and value for advice given by advisors;
  - The use and perceived value of mutual fund/ETF statements;
  - Changes in these measures over the course of the research program; and
  - Awareness and knowledge of responsible and impact investing (new addition in 2020).

# Research Methodology

- This research was conducted with Canadian investors who are 18 years of age or older and who make all or some of the decisions regarding the investments in their household.
- Among mutual fund investors, 1,138 telephone interviews were conducted. These interviews were conducted between May 28<sup>th</sup> and July 5<sup>th</sup>, 2020. Results with a sample of this size can be considered accurate to within  $\pm 3.1\%$ , at a 95% level of confidence.
- Among ETF investors, 500 telephone interviews were conducted in 2020:

Year	Sample Size	Margin of Error	Interview Dates
2020	500	$\pm 4.4\%$	May 28 to July 5, 2020
2019	500	$\pm 4.4\%$	May 27 to Jun. 28, 2019

- National results have been weighted based on 2019 PMB data\* to ensure they are representative of mutual fund/ETF holders by region and gender. Interviews were conducted in either English or French, depending on the respondent's language preference.

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

# Research Methodology

- National results from 2020 mutual fund investors are tracked against results from previous waves of research. Generally speaking, changes of five or fewer percentage 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
2020	1,138	±3.1%	May 28 to July 5, 2020
2019	1,024	±3.1%	May 27 to Jun. 17, 2019
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 and Conclusions

# Key Findings

*Mutual fund investors continue to have confidence in mutual funds while ETF investors have confidence in a number of products including stocks, mutual funds and ETFs.*

## Attitudes towards Investment Products and Strategies

- Mutual fund investors continue to have more confidence in mutual funds than in other investment products (stocks, GICs, bonds and ETFs).
  - Confidence in mutual funds remains much higher than other investments, similar to last year.
  - Confidence in stocks increased again this year, to the highest level since the survey launched and surpassing confidence in GICs/ term deposits.
  - Although lower than the other products, confidence in ETFs increased significantly this year and now half of mutual fund investors are confident in ETFs.
  - Confidence in bonds continues to increase steadily toward previous levels of confidence seen in the early years of the survey.
- While ETF investors have a high confidence in ETFs, they also feel confident in stocks and mutual funds.
  - Confidence in ETFs remains at the same level as last year and is similar to mutual fund investors' confidence in mutual funds.
  - ETF investors are more confident in stocks and ETFs than in mutual funds.
  - ETF investors have less confidence in GICs and bonds although confidence in bonds continues to increase.



# Key Findings

*ETF investors have a more diverse portfolio compared to mutual fund investors and continue to be more likely to have made a past year investment purchase.*

## Investment Portfolios and Purchases

- Most investors have more than one type of investment product in their portfolio.
  - While this is true of mutual fund investors, almost half of their portfolios are made up of mutual funds, with stocks and GICs also being included.
  - ETF investors have a more diverse portfolio, with investments spread across ETFs, stocks and mutual funds.
- Purchases of investments remain steady this year for both investor groups with ETF investors continuing to be more likely to have made a recent purchase.
  - Purchases of mutual funds by mutual fund investors in the past 12 months are similar to those from last year with only a third of these investors making a purchase.
  - Purchases of ETFs by ETF investors in the past 12 months are much higher, with almost half of these investors making a purchase, a finding similar to last year.

# Key Findings

*While use of advisors has declined and online and direct purchases are on the rise, advisors continue to be valued and trusted by those who use them.*

## Assessment of Investment Advisor

- While mutual fund investors continue to use advisors for the majority of purchases, this has seen a decline of another five points this year (down five points last year as well). ETF investors are less likely to rely on advisors; purchases are instead split almost evenly between advisors and online brokerages, a finding consistent in both years of the survey.
- Investors, be it in mutual funds or ETFs, are satisfied with their advisors.
  - Mutual fund investors continue to see the value in their advisors, would not want to handle their own investments and feel their advisor gives them good savings/investment habits.
  - While fewer than half of ETF investors used advisors for their last purchase, those who did agree with these sentiments. And this year ETF investors are significantly more likely to agree that they have better savings/ investment habits because of their advisor.
- Advisors continue to discuss the suitability of investments to meet goals with both mutual fund and ETF investors. This finding has been consistent over the past 13 years of the survey with mutual fund investors and two years with ETF investors.

# Key Findings

*Advisor conversations about fees are similar to last year. Confidence in knowledge about fees has also remained steady.*

## Knowledge of and Attitudes towards Fees

- Following the launch of CRM2 in 2017, advisors were more likely to have discussions about fees with investors. This year, however, the discussion of fees is slightly lower compared to that of last year, suggesting the upward trend may be levelling off.
- ETF investors who use advisors agree that these conversations are happening at the same frequency as for mutual fund investors.
- Both ETF and mutual fund investors are confident in their knowledge of the fees paid to their advisors, with confidence remaining at the same level as last year.
  - Advisors and statements are main sources of information about fees for mutual fund investors.
  - ETF investors use statements and advisors, but a majority are getting information from other sources.
- The majority of mutual fund investors state they do not pay a direct fee to their advisor, a consistent finding over the past few years.

# Key Findings

*Satisfaction with information included in statements has increased slightly, almost back to 2018 levels, and a growing number of investors will take action based on the information.*

## Information Requirements and Investment Statements

- Investor awareness of information materials such as Fund Facts decreased this year, but is still much higher than awareness in 2016. Satisfaction with these materials is similar to last year (small increases of two to three points worth watching).
- With the launch of CRM2, a decline in satisfaction with the information contained in annual statements was seen in the 2018 research. This year satisfaction shows signs of returning to previous levels on a number of indicators including showing the rate of return clearly, the inclusion of necessary information and the ease of understanding the statements.
  - Impression of statements among ETF investors is similar to that of mutual fund investors, although ETF investors are more satisfied with the statement's ability to show clearly any fees paid to the firm and the ease of understanding the statement.
- While still a minority, the likelihood of investors taking action due to information contained in the statements has increased slightly since last year, but has seen a steady and significant increase since 2017.
  - ETF investors are more likely to take action.
  - The most common action for both groups of investors is to have a discussion with their advisor about new investments or fees.

# Key Findings

*Investors are aware of responsible and impact investing but not that knowledgeable. ETF investors are more knowledgeable than mutual fund investors.*

## Responsible and Impact Investing

- Most investors do not have responsible investments in their portfolio. Knowledge of these products is relatively low, although most are at least aware of these investment products.
- Although most investors are not very knowledgeable about these investments, ETF investors are more knowledgeable than mutual fund investors.
  - As well, investors are more aware of, and knowledgeable about, responsible investments compared with impact investments, and again ETF investors are more knowledgeable.
- Overall, investors are positive about responsible investments and anticipate including or expanding portfolios in the next few years to include them.
  - That said, mutual fund investors tend to be more positive than ETF investors on a number of indicators including the positive impact of these investments in the world and positive returns. They are also less likely to be concerned that these investments will negatively impact performance.
- Advisors are not the main source of information about responsible investments – investors who are knowledgeable about these investments found information on their own. And although only a quarter of investors have discussed these investments with advisors, most investors would appreciate their advisors or financial institutions including these investment products in discussions.

# Conclusions – Mutual Fund Investors

- Mutual fund investors continue to have more confidence in this product than in other products, with confidence remaining stable this year. While they are likely to have a variety of products in their investment portfolios, mutual funds are their primary investment vehicle. That said, this could be shifting, with the past 12 months seeing a decline in the purchase of mutual funds, and growing confidence in ETFs and stocks.
- Mutual fund investors continue to rely strongly on advisors; however, there has been a significant decrease in their use over the past two years. Satisfaction with advisors is still very strong and mutual fund investors express a reluctance to manage investments without them.
- Conversations with advisors regarding fees has declined slightly this year while confidence in fees paid remains stable after increases in the years following the CRM2.
- Mutual fund investors appear to be more satisfied with the information they are receiving in the form of Fund Facts and fee and performance statements and this is worth noting if it continues as a trend. However, levels of satisfaction for both have not returned to previously seen highs. There has been a slow increase in the likelihood of investors to take action due to this information over the past two years, but investors are more likely to talk to advisors or switch out of specific funds rather than change their method of purchase.
- Mutual fund investors are aware of responsible and impact investments but do not have a high level of knowledge of these investments. However, these investors are positive about the social impact of these investments and the potential for positive returns, and would like to learn more through their advisors/ financial institution.

# Conclusions – ETF Investors

- ETF investors are confident in a number of investment products. While they are confident in the ability of ETFs to meet goals, they are also confident in mutual funds and stocks, and are likely to carry these products in equal amounts in their portfolios.
- ETF investors are more likely to have made an investment purchase in the past year. They are less reliant on advisors; instead, they are much more willing to handle their own investments, particularly through the use of online brokerages.
- ETF investors who use an advisor have had discussions about fees at the same frequency as mutual fund investors. They also feel the same level of confidence in their knowledge of fees as do the mutual fund investors.
- Levels of ETF investor satisfaction with annual fees and performance statements are similar to those for mutual fund investors, with the exception of clearly showing fees paid and ease of understanding, which is higher among ETF investors. These investors are more likely to take action because of the information in the statements and are more open to handling their investments themselves.
- ETF investors report higher levels of knowledge of responsible and impact investments. They are equally as open as mutual fund investors to discussing these investments with their advisor/ financial institution. Although they are generally positive about these investments, they are less positive than mutual fund investors and have more concerns about a potential for negatively impacted returns.



# Results in Detail







# Attitude Towards Investment Products and Strategies

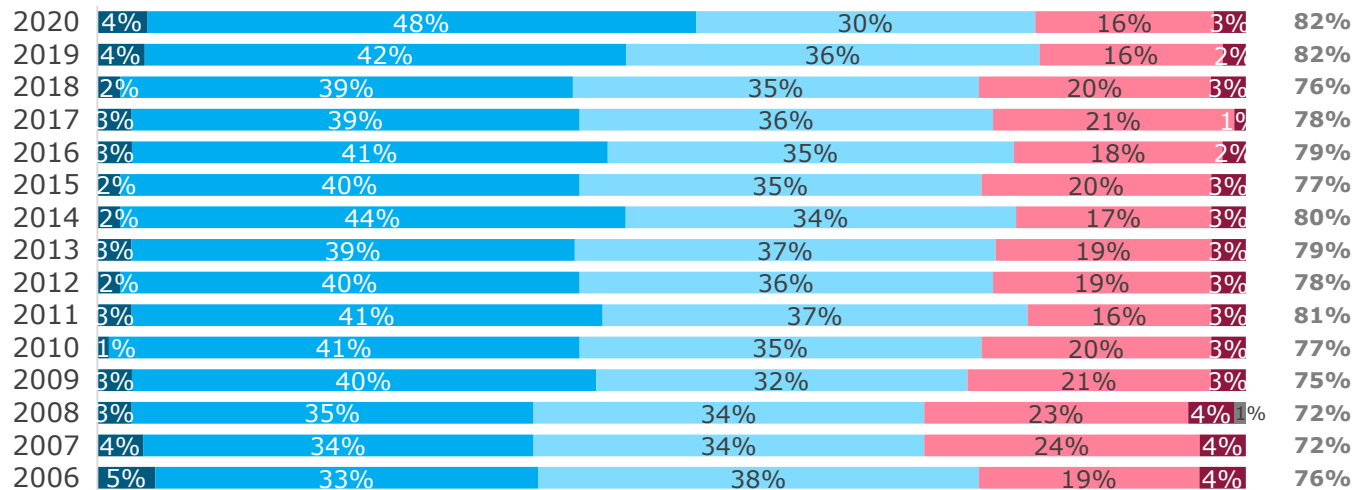
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# Knowledge About Investing in Mutual Funds

Mutual fund investors continue to grow their knowledge about investing in mutual funds.



- Most (82%) mutual fund investors believe they are somewhat to very knowledgeable, a finding consistent with 2019 results.
- Half of investors say they are knowledgeable (52% rated 7 out of 10 or higher) which is higher than what has been seen in the past. They are significantly more likely to say they are knowledgeable than investors were in 2006 through 2009 when knowledge began to increase toward current levels.
- **Profile of knowledgeable investors:**\* Males; university graduate; employed full-time; 100K+ income; and 200K+ investments.
- Investors in Saskatchewan and Manitoba (67%) and BC (71%) report lower levels of knowledge compared to other provinces/ regions.



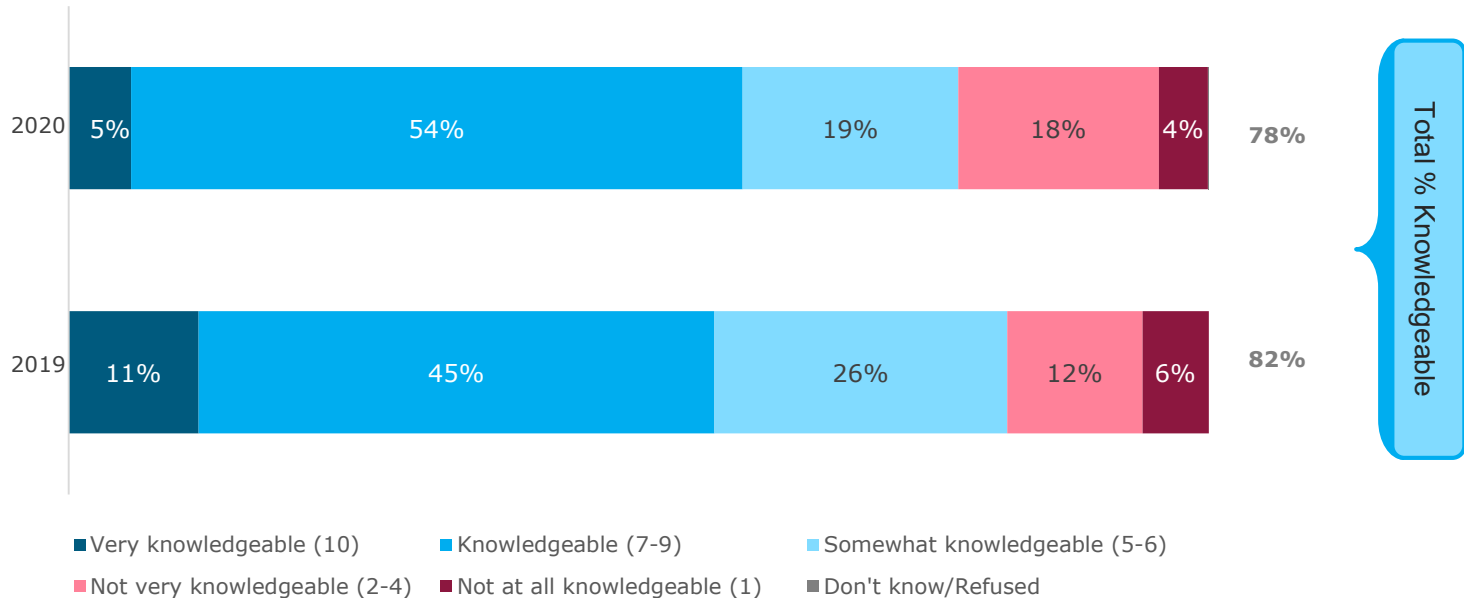
■ Very knowledgeable (10)    
 ■ Knowledgeable (7-9)    
 ■ Somewhat knowledgeable (5-6)  
■ Not very knowledgeable (2-4)    
 ■ Not at all knowledgeable (1)    
 ■ Don't know/Refused

Q1. 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: Mutual Funds N=1138; \* All results significant - Details in the notes

# Knowledge About Investing in ETFs

*ETF investors consider themselves as knowledgeable about ETFs as mutual fund investors are about mutual funds.*

- Close to four fifths (78%) of ETF investors feel somewhat to very knowledgeable about ETFs, down by four percentage points from the previous year (82%).
- Although slightly lower in 2020, reported knowledge of ETFs among ETF investors is comparable to mutual fund investor knowledge of mutual funds (82%).
- **Profile of knowledgeable investors:**\* Investments over \$200K (85%).



Q1/Q2. Using a 10 point scale, where 1 means 'not at all knowledgeable and 10 means 'very knowledgeable'; how knowledgeable would you say you are about investing in each of the following products? Base: Mutual Funds N=1138, ETFs N=500;

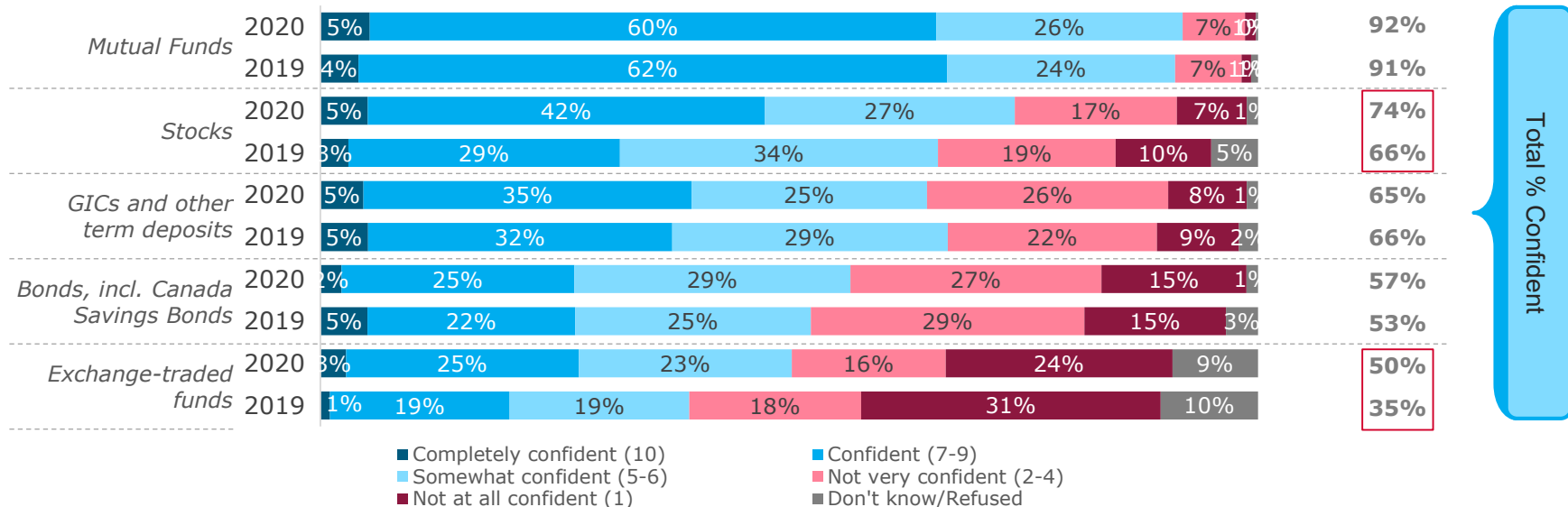
# Confident Investments Will Meet Financial Goals

Mutual fund investors are most confident in mutual funds as investment products although confidence in stocks and ETFs increased this year.



Mutual Fund Investors

- Mutual fund investors continue to feel most confident in reaching financial goals through mutual funds rather than other types of investments (over 90% of investors in 2019 and 2020).
- However, investor confidence has increased significantly in stocks (8% increase in confidence) and ETFs with half (50%) of investors feeling confident this year compared to only a third (35%) in 2019.
- **Most confidence in mutual funds:**\* Younger (18-44); homeowners; income \$100K+; total investment portfolio \$200K+.



Q3/Q4/Q5/Q6/Q7. 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: Mutual Funds N=1138; \* All results significant - Details in the notes; □ significant at 95% to 99%

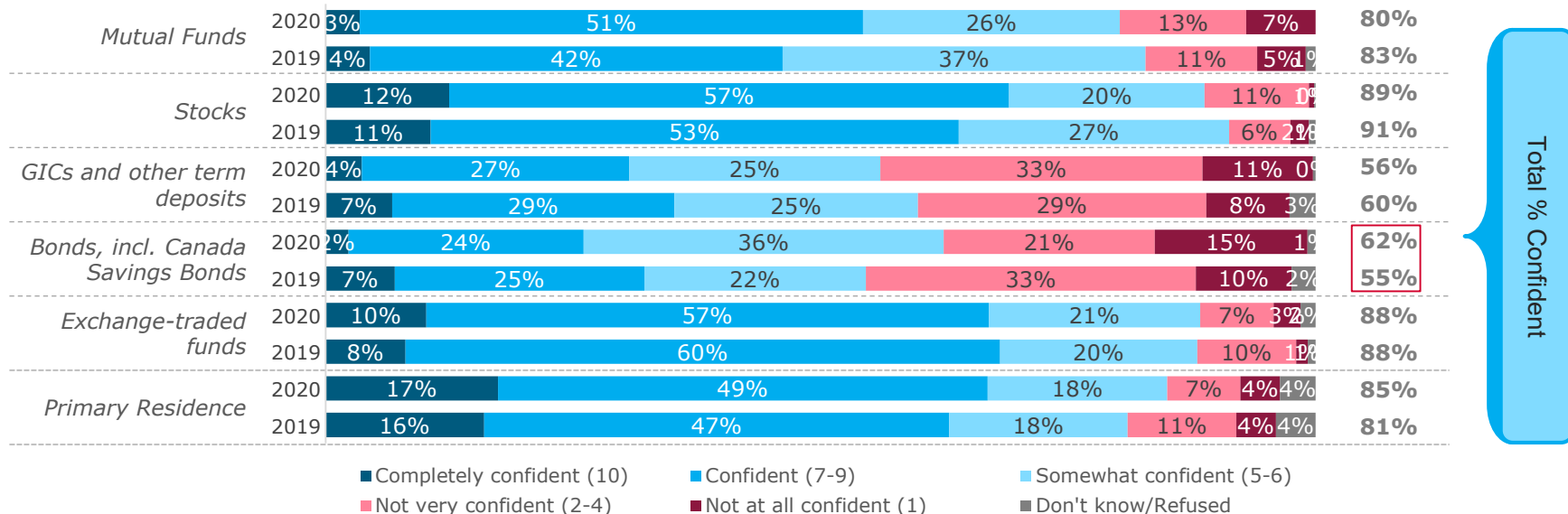
# Confident Investments Will Meet Financial Goals

Compared to mutual fund investors, ETF investors are confident in a number of products including ETFs, mutual funds and stocks as a means of reaching financial goals.



ETF Investors

- In 2020 ETF investors are most confident in stocks (89%) and ETFs (88%) to achieve financial goals, followed by primary residence (85%) and mutual funds (80%), consistent with 2019 findings. ETF investor confidence in bonds has increased significantly (by 7%) while GIC confidence decreased (by 4%), a trend worth watching.
- Although ETF investors are confident in mutual funds as a means of achieving financial goals, the level of confidence is significantly lower than mutual fund investors (see previous slide – 92% confidence).
- Although confidence in ETFs increased among mutual fund investors (to 50% from 35%), the level of confidence remains significantly lower than ETF investors.



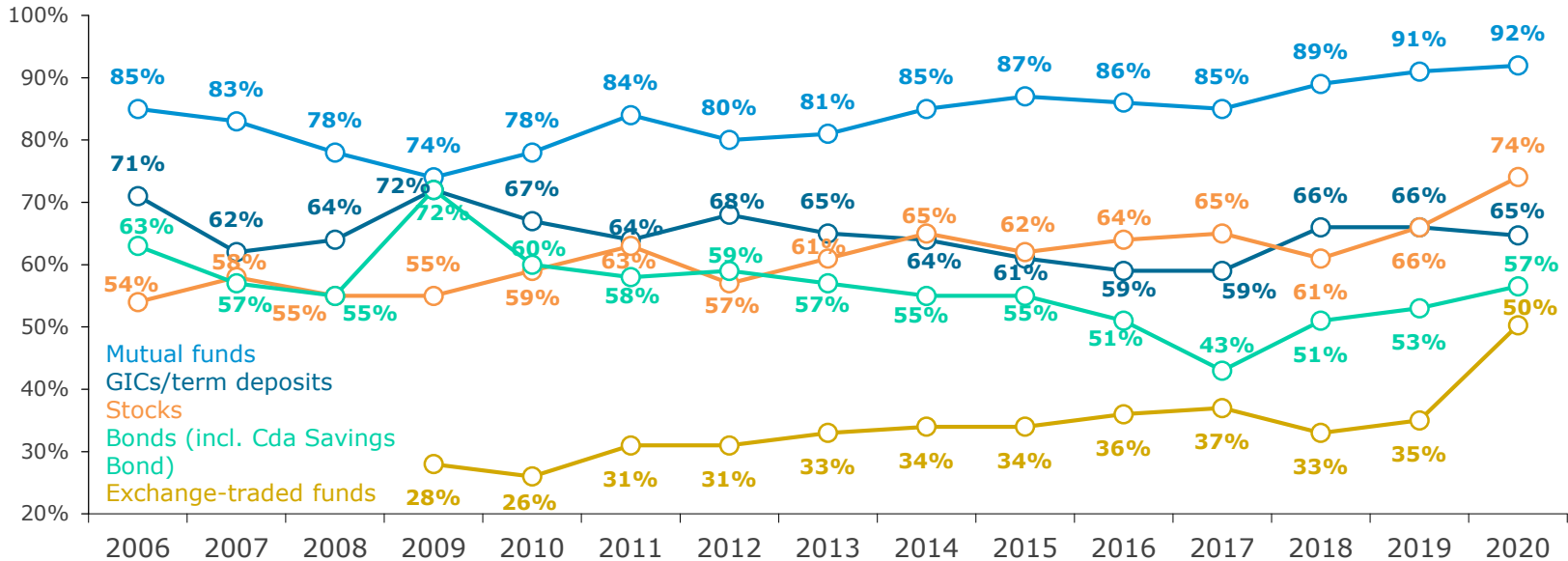
Q3/Q4/Q5/Q6/Q7. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: ETFs N=500; 62% significant at 95% to 99%

# Confident in Investments to Meet Financial Goals

*Confidence in mutual funds has increased gradually over the past few years, along with confidence in stocks and bonds.*



- Confidence in mutual funds has increased slowly and steadily since 2017 to a high of 92% following a dip in confidence in 2008 through 2010.
- Confidence in ETFs has been relatively stable with small yearly increases but in 2020 confidence rose dramatically from 35% to 50%.
- As well, confidence in stocks increased significantly in 2020 to a high of 74% after years of relative stability (2013 to 2019).
- Confidence in both bonds and GICs has been far more volatile than mutual funds. Confidence in bonds, however, has steadily increased since an all-time low of 43% in 2017 to 57% in 2020, comparable to the early years of the survey. And confidence in GIC/ term deposits remains steady between 2018 through 2020 after gradually falling to a low of 43% in 2017.



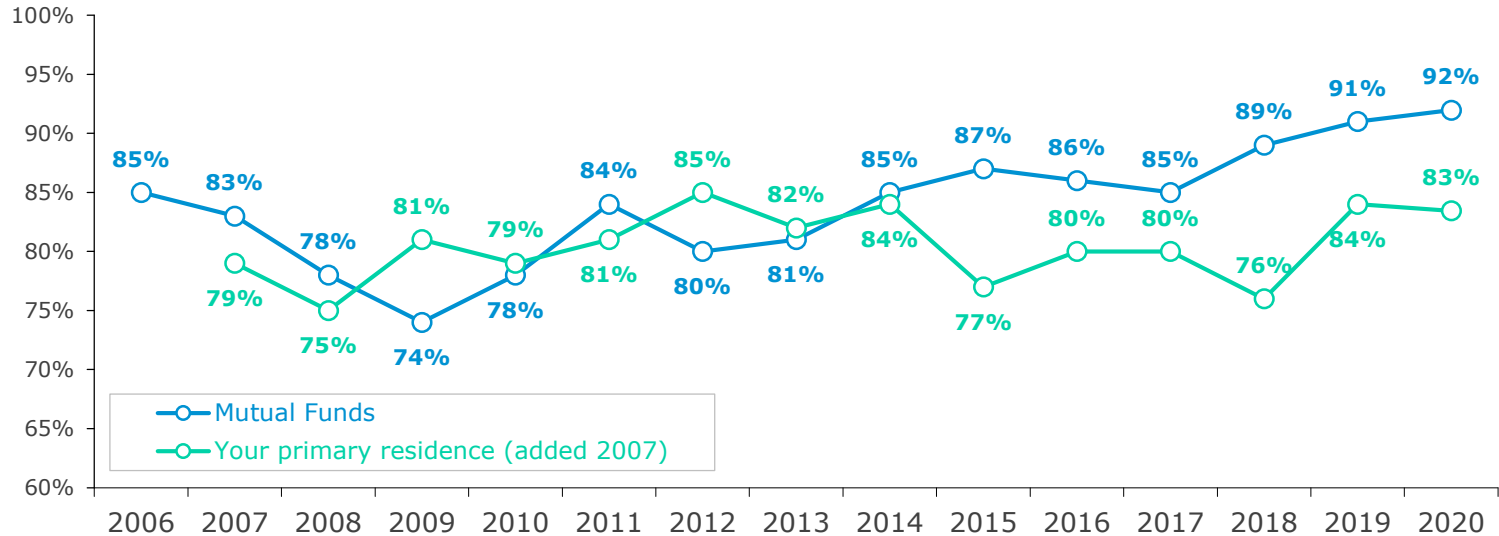
Q3/Q4/Q5/Q6/Q7. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Mutual Funds N=1138

# Confident in Mutual Funds vs. Primary Residence

*Mutual fund investors remain more confident in mutual funds as a means of reaching financial goals than a primary residence.*



- Although most investors are confident that an investment in a primary residence will help meet financial goals, a significant gap in confidence between primary residence and mutual funds noted in 2015 persists in 2020 (difference of 9%).
- While confidence in mutual funds has remained steady or increased slowly since 2015, confidence in primary residence has not kept pace with mutual funds, falling in 2015 (77%) and 2018 (76%), and significantly increasing in 2019 to its current level (84%).
- Investors in Alberta and Ontario are most likely to have confidence in a primary residence as an investment product.



Q3./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: Mutual Funds N=1138



# Investment Portfolios and Purchases

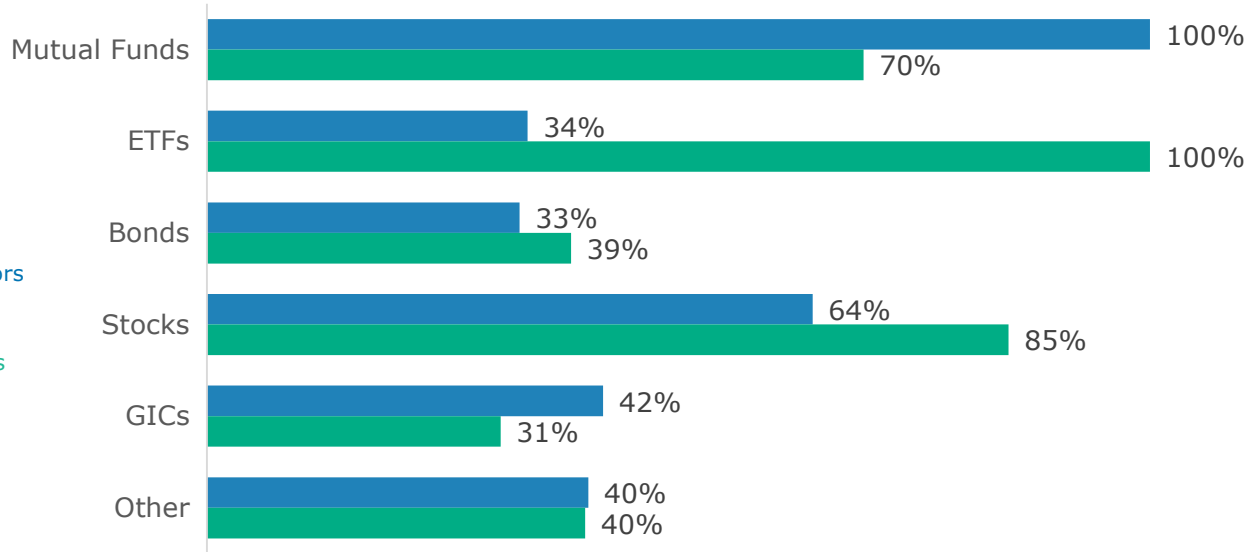
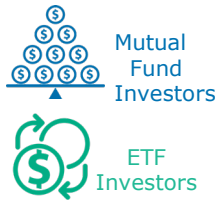
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# Investment Portfolio

*ETF investors are more likely to invest in multiple products including mutual funds than mutual fund investors who are not as heavily invested in ETFs and other products.*

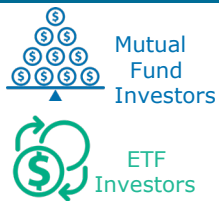
- ETF investors (98%) are significantly more likely to have multiple products in their portfolio compared to mutual fund investors (91%).
- In addition to mutual funds, mutual fund investors have stocks (64%) in their portfolio, GICs (42%), bonds (33%) and ETFs (34%).
- While the majority of mutual fund investors do not have ETFs (only a third), the majority of ETF investors have mutual funds (70%). This group is also more likely to have stocks in their portfolio (85%) and bonds (39%). GICs are less popular with this group with only a third holding this investment.



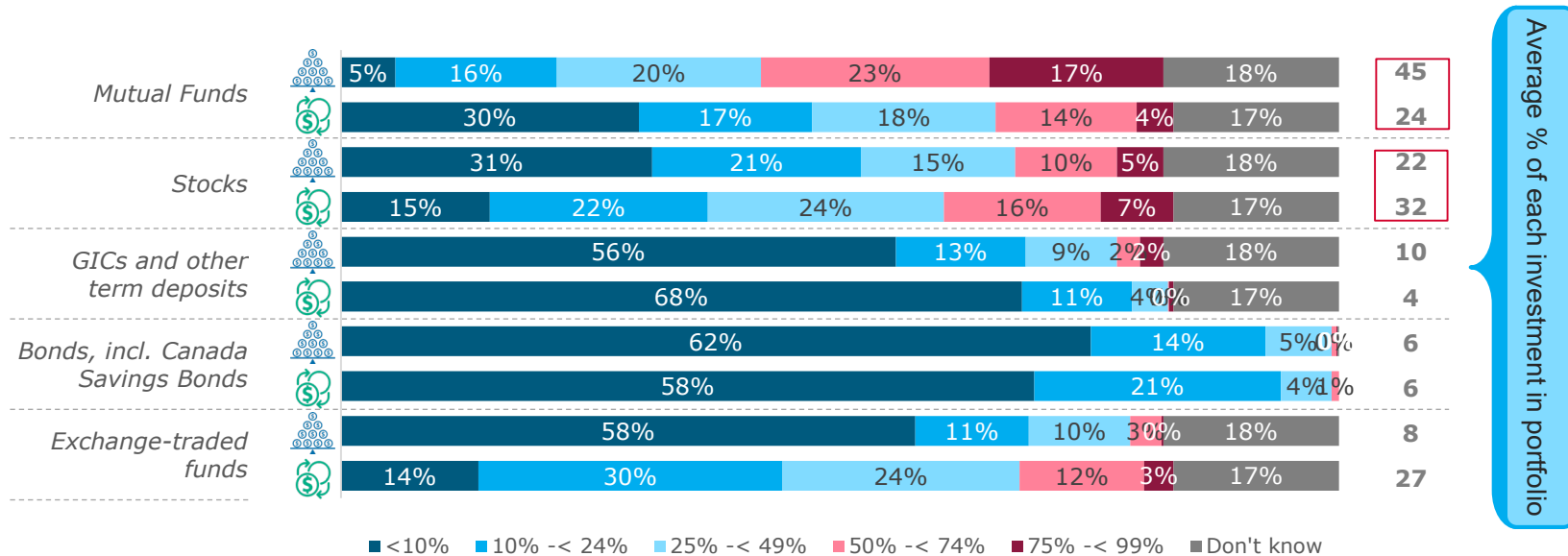
In 2019 only a fifth of mutual fund investors had ETFs and this has grown significantly to a third (34%) in 2020.

# Composition of Investment Portfolio

Mutual fund investors are more likely to be heavily invested in their main product (mutual funds) compared to ETF investors who invest equally in several products.



- For mutual fund investors, mutual funds make up close to half (45%) of investments in the portfolio, with a fifth (22%) in stocks and 10% or less in other products.
- In contrast, ETF investors invest in a number of products with ETFs only making up on average a quarter (27%) of the portfolio, while a third is in stocks (32%) and another quarter in mutual funds (24%).



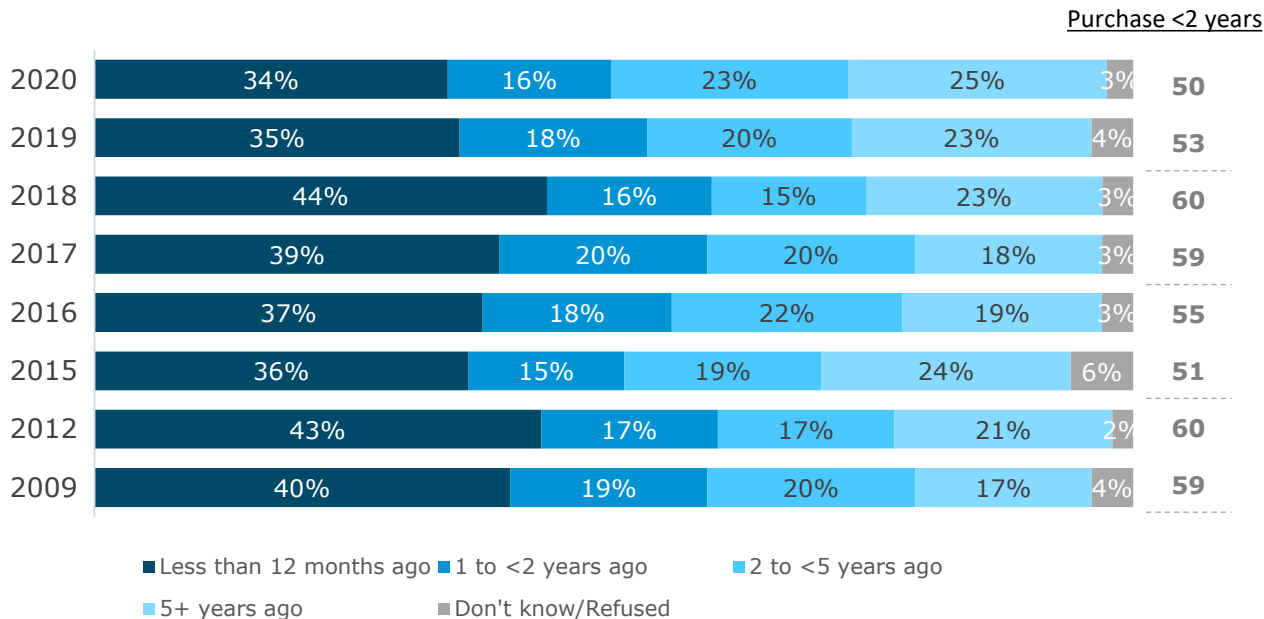
Q9. You mentioned that you have more than one type of investment. What percentage of your investment portfolio is made up of... and how about... ? Base: Those with more than one investment type: Mutual Funds N=1034, ETFs N=492; □ significant at 95% to 99%

# Most Recent New Fund Purchase

The purchase of mutual funds in the past year similar to last year but lower than previous years.



- Only half (50%) of mutual fund investors purchased a mutual fund in the past two years, a decrease of 3% from 2019 and down significantly from 2017 and 2018.
- **Most likely to purchase in last two years:**\* 45-64 years; and total portfolio value \$200K+.
- Investors from Quebec (67%) are more likely to have made a purchase in the past two years compared to other provinces/ regions.



Q10. 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? Base: Mutual Funds N=779; \* All results significant - Details in the notes

# Most Recent New Fund Purchase

ETF investors are more likely to have purchased an ETF and mutual fund in the past year compared to mutual fund investors.

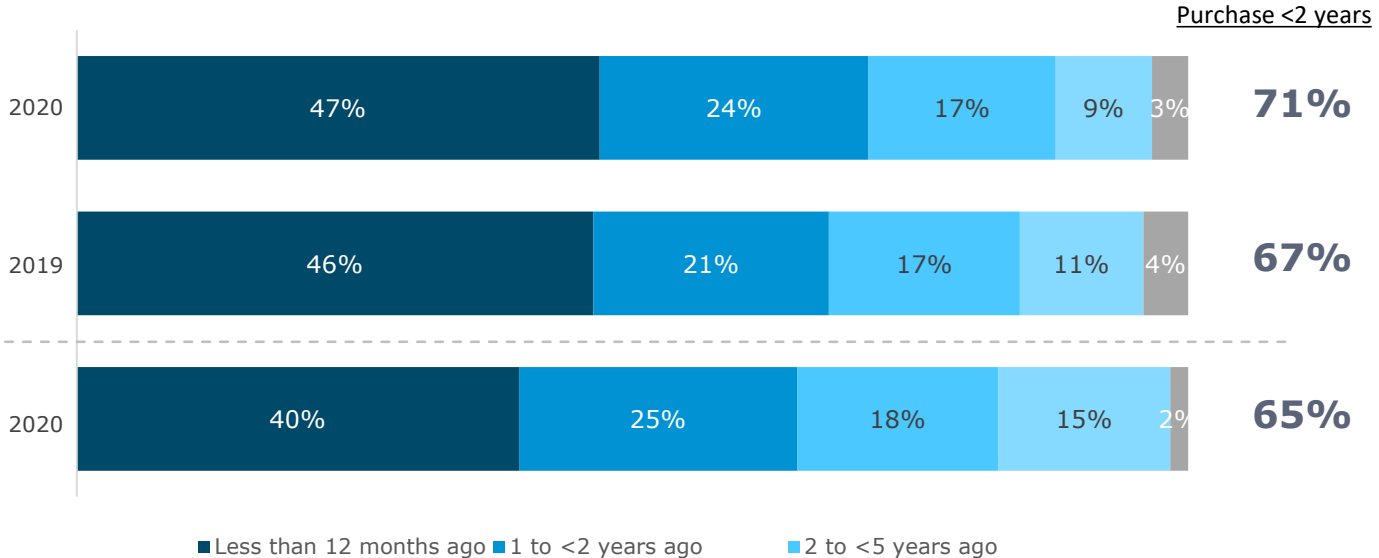


ETF Investors

- Close to half (47%) of ETF investors purchased an ETF in the last year and close to three-quarters (71%) within two years, a very small increase from 2019 (67% of investors purchased mutual funds in the past two years).
- Two-fifths (40%) of ETF investors purchased a mutual fund in the past year, significantly higher than mutual fund investors (see previous slide – 34%)
- **Profile of mutual fund purchases:** Younger investors (18-44 years) are more likely to have made a purchase in the past two years.



ETF Purchased



Mutual Fund Purchased

Q12. When was the last time you purchased a Mutual Fund/ ETF that you did not already own, either as part of your RRSP or outside of your RRSP? Base: ETF investors n=500, ETF investors that have mutual funds n=359



# Assessments of Investment Advisor

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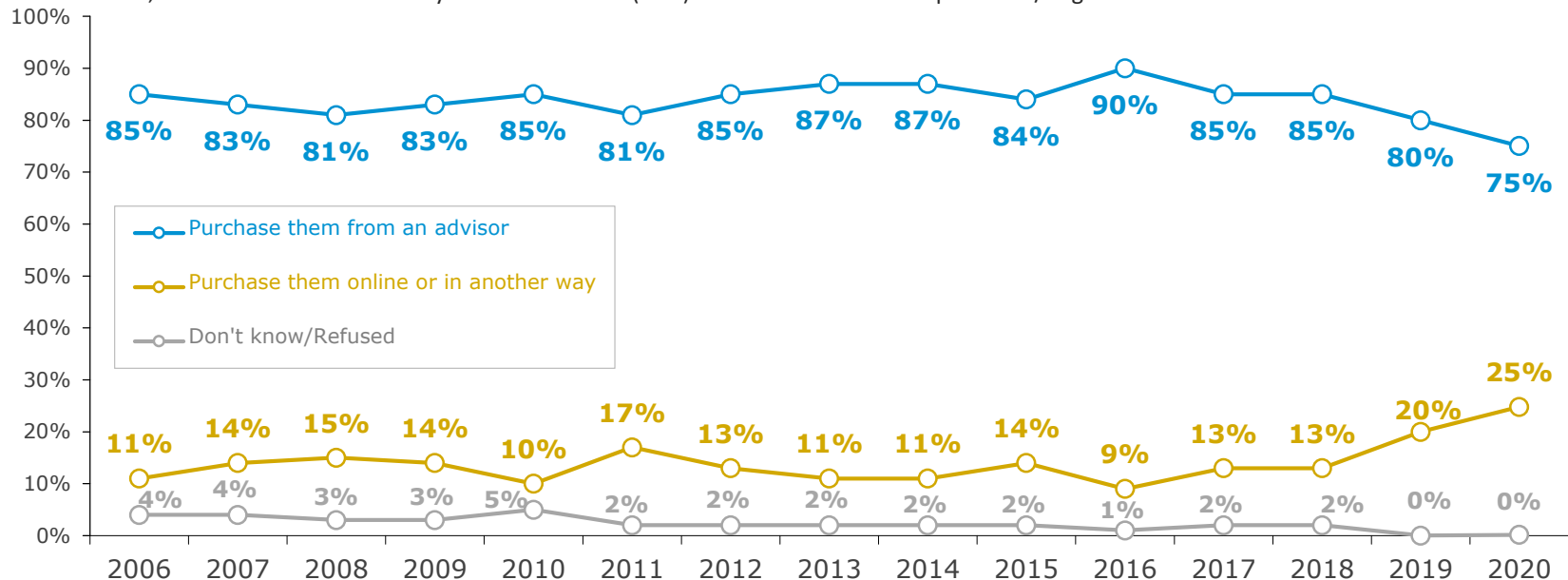
# Method of Most Recent Mutual Fund Purchase

The use of advisors to purchase investments has declined while online investment purchases have increased steadily.



Mutual Fund Investors

- Although a majority of investors still use advisors, the use of advisors has declined steadily since 2016 (90%) to a low of only three quarters (75%) in 2020.
- The number of investors making online or other purchases increased between 2018 and 2019 (by 7%) and again in 2020 (by 5%) to a quarter of investors, significantly more than the early years of the survey (2006 to 2018). Specifically, 2% purchased from a robo-advisor (up from none in 2019), 11% an online broker (up 4 points since 2019) and 12% in another way (down 1 point since 2019).
- **Profile of investors remaining with an advisor:**\* Women; older (45+); less knowledgeable; and lower income (less than \$50K).
- As well, BC investors are more likely to use an advisor (83%) than investors in other provinces/ regions.



Q13. 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...? Base: Mutual Funds N=1138; \* All results significant - Details in the notes

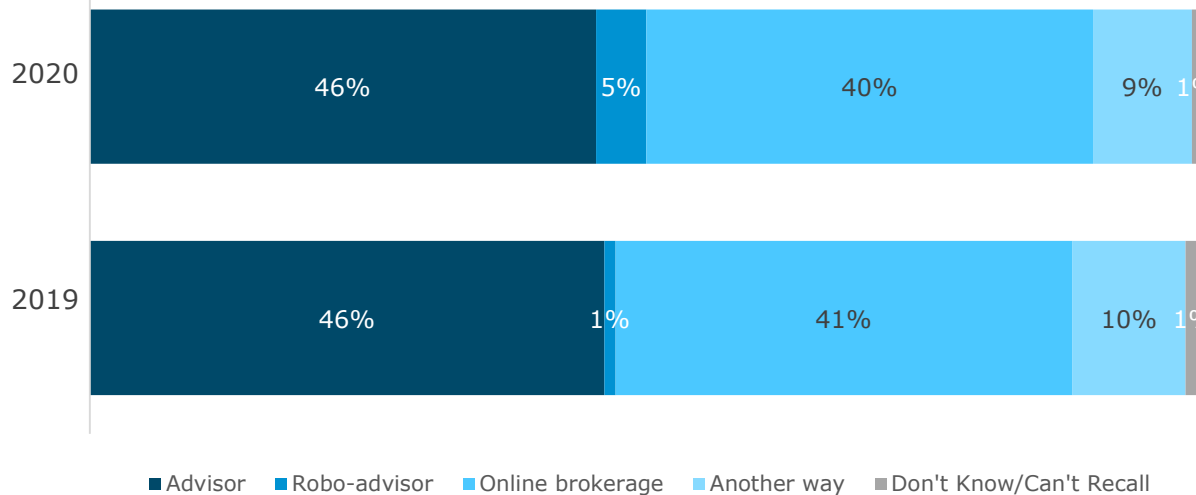
# Method of Most Recent Mutual Fund Purchase

*ETF investors are just as likely to purchase online as they are to use an advisor.*

- ETF investors are just as likely to purchase investments through an online brokerage, robo-advisor or other method rather than an advisor, a finding that is consistent in both years.
- ETF investors are significantly more likely to have purchased online than mutual fund investors (46% vs. 25%, a difference of 21% of investors – see previous slide).
- **Profile of online brokerage users:**\* Male; younger (18-44); university graduate; and an income over \$50K.



ETF  
Investors

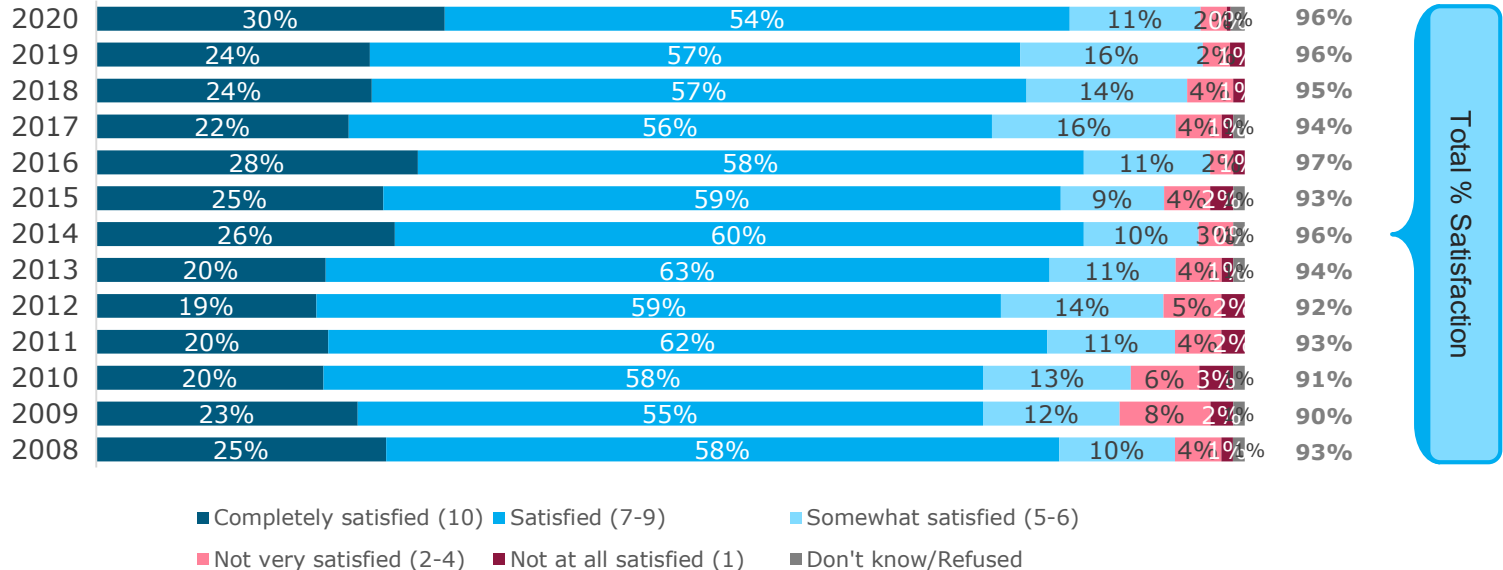


# Satisfaction with Financial Advisor

Mutual fund investors are satisfied with their financial advisors.



- Almost all (96%) mutual fund investors who use an advisor are somewhat to very satisfied with the advice given by the advisor, a finding that is consistent since the launch of this survey question in 2008.



Q22. 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: Mutual Funds N=698



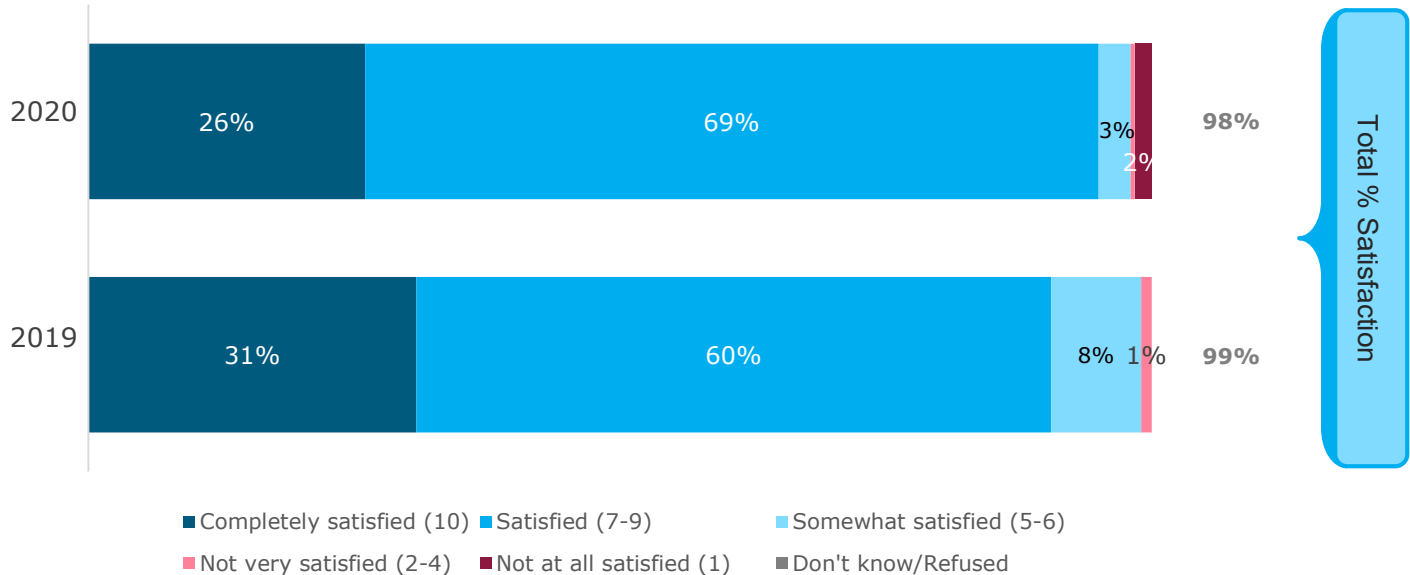
# Satisfaction with Financial Advisor

*ETF investors also report they are satisfied with their financial advisors.*

- Almost all (98%) ETF investors who use an advisor are satisfied with the advice they received, a finding that is consistent in both 2020 and 2019.



ETF  
Investors



Q23. I would now like to ask you about your relationship with the advisor who you buy your ETFs 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 – Combination of MF/ETF Advisors: ETFs N=102

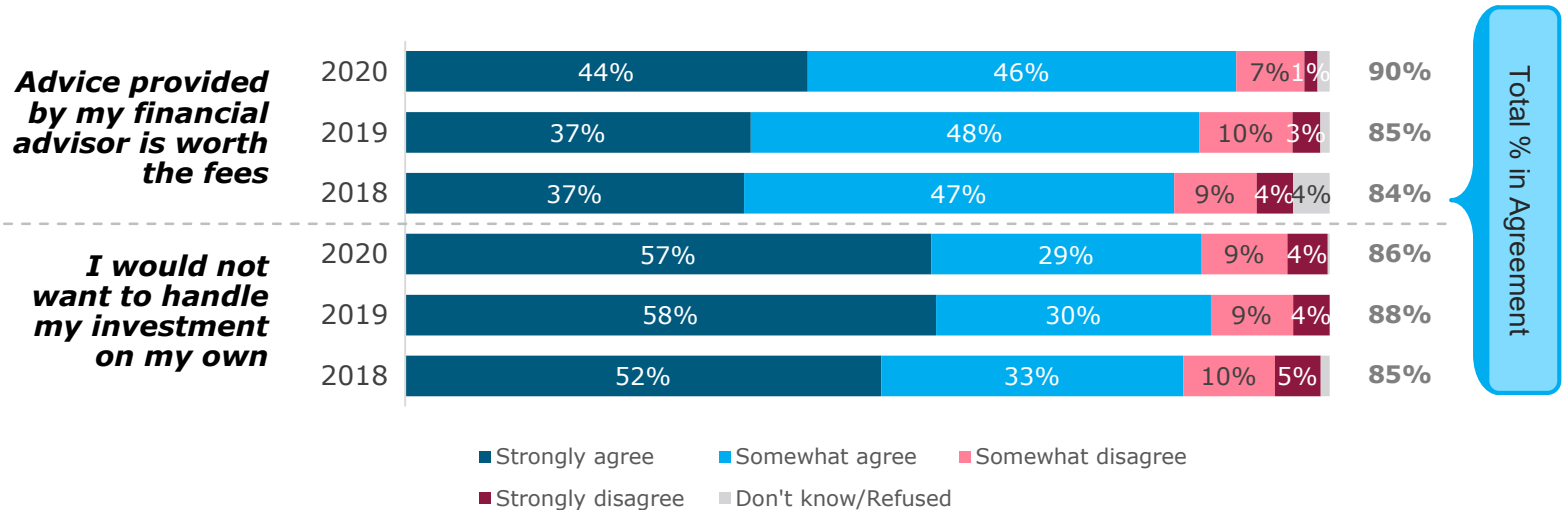
# Trust in Financial Advisor

*Mutual fund investors feel their advisors add a valuable service and are worth the fees.*



Mutual Fund Investors

- Most (90%) mutual fund investors agree that the advice they get from their advisor is worth the fees, an increase of 5% from 2019.
- In addition, most investors would not want to handle investments on their own (86%), similar to findings from the previous two years (2018 and 2019).



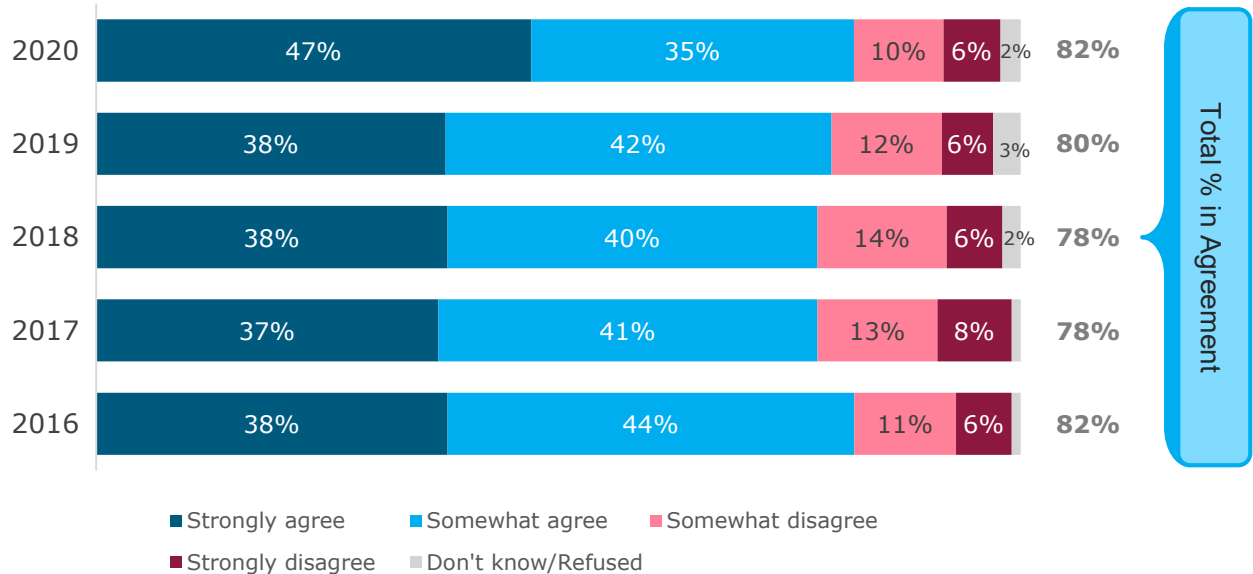
# Trust in Financial Advisor

Mutual fund investors credit their advisor with fostering better investment habits.



- Four-fifths (82%) of mutual fund investors say they have better saving and investment habits because of their advisor, another small increase of 2% from 2019.

**Because of my advisor, I have better saving and investment habits**



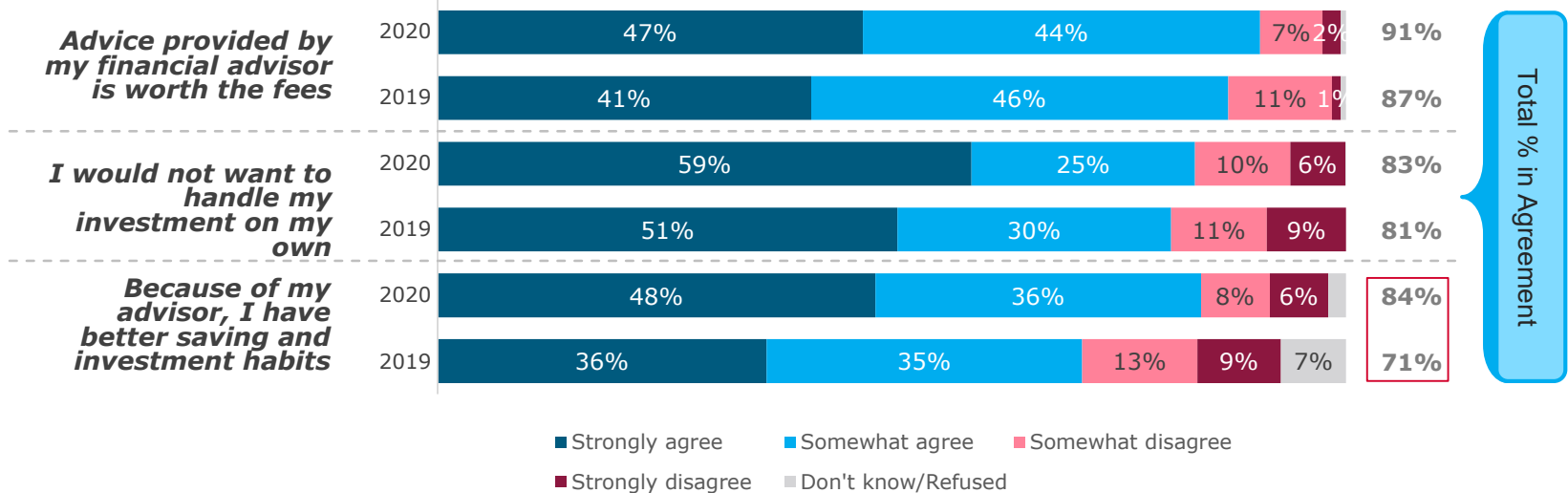
# Trust in Financial Advisor

ETF investors value advisors and believe they are worth the fees at levels similar to mutual fund investors.



ETF  
Investors

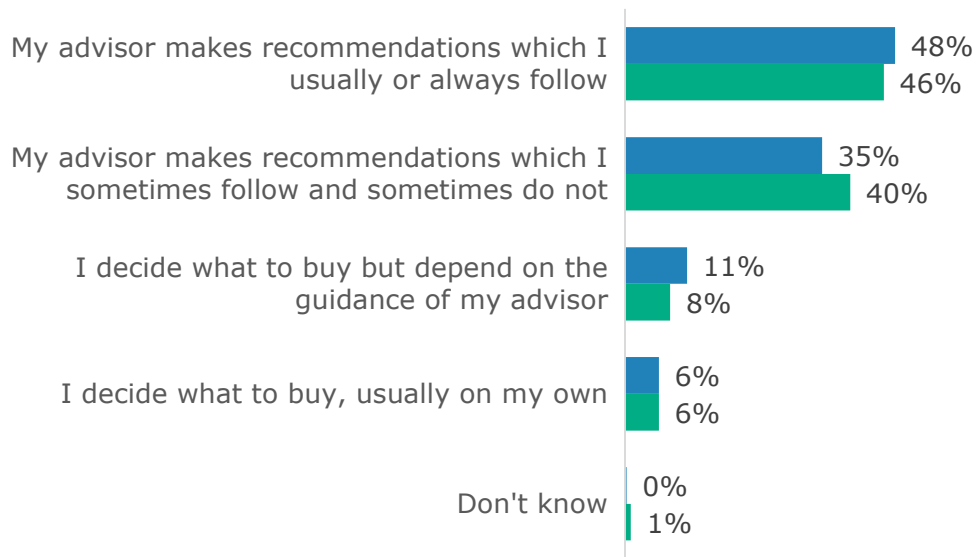
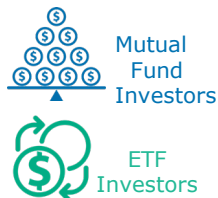
- ETF investors using advisors value the service and advice they receive:
- Most (91%) ETF investors agree that advisors provide advice that is worth the fees, a small increase of 4% since 2019.
- Four-fifths (83%) would not want to handle investments on their own, a small increase of 2%.
- And four fifths now agree that they have better investing habits because they use an advisor, a significant increase of 13%.



# Investment Decision Making

*Investors at least consider recommendations from an advisor when making investment decisions.*

- Almost half of both mutual fund and ETF investors will usually or always follow their advisors advice (mutual fund investors 48%, ETF investors 46%).
- A similar proportion of ETF investors will listen to advice but make their own decisions about whether or not to follow it (40%), whereas mutual fund investors are less likely to do so (35%).
- Few investors are making investment decisions entirely on their own or with little guidance from the advisor.

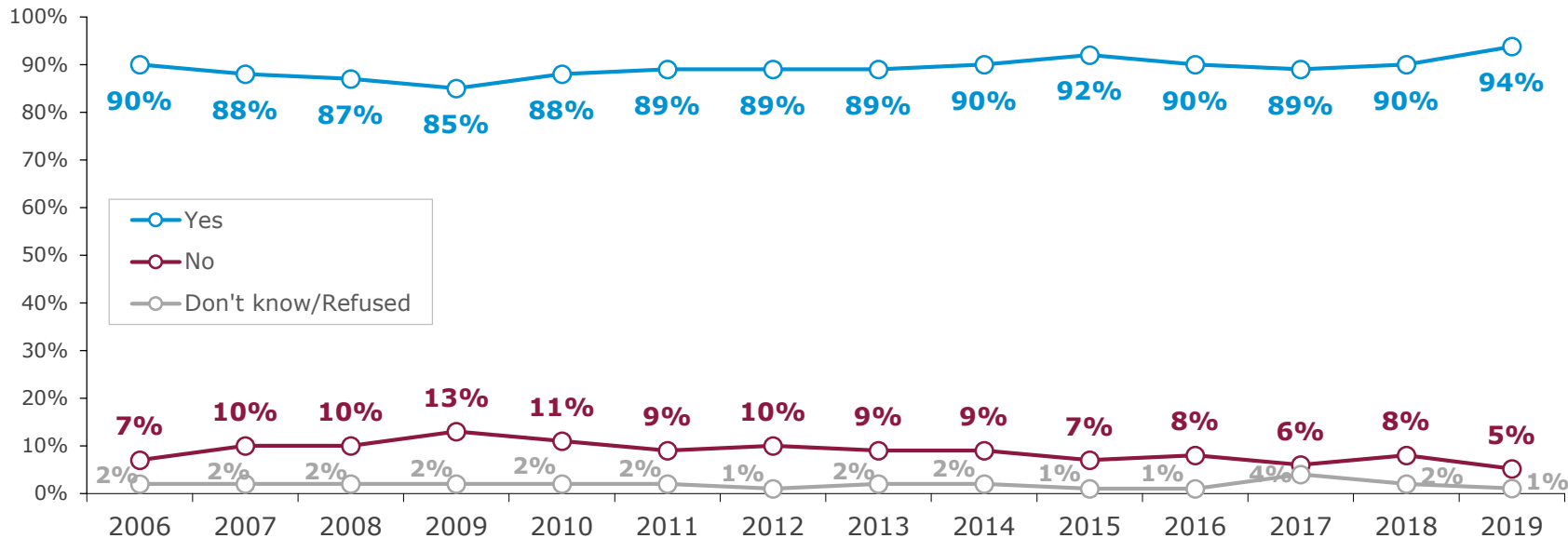


# Whether Advisors Discussed Suitability

Mutual fund investors report that advisors discuss the suitability of a mutual fund for reaching financial goals.



- Similar to other years, mutual fund investors who purchased from an advisor report that most (94%) advisors will talk to them about how mutual funds will help meet financial goals, a small increase of 4%.
- The number of investors reporting that they discussed the suitability of mutual funds has been relatively stable since the launch of the survey in 2008.
- **Profile of investors discussing suitability:**\* Male; younger (18-44); and moderate to high levels of knowledge are more likely to have this discussion.
- As well, investors from Quebec (98%) are more likely to have discussed suitability than other provinces/ regions.



Q18. Thinking back to the last time you invested in mutual funds, did your advisor: Discuss how well suited that mutual fund is for reaching your investment objectives?  
 Base: Purchased mutual funds from advisor N=932; \* All results significant - Details in the notes

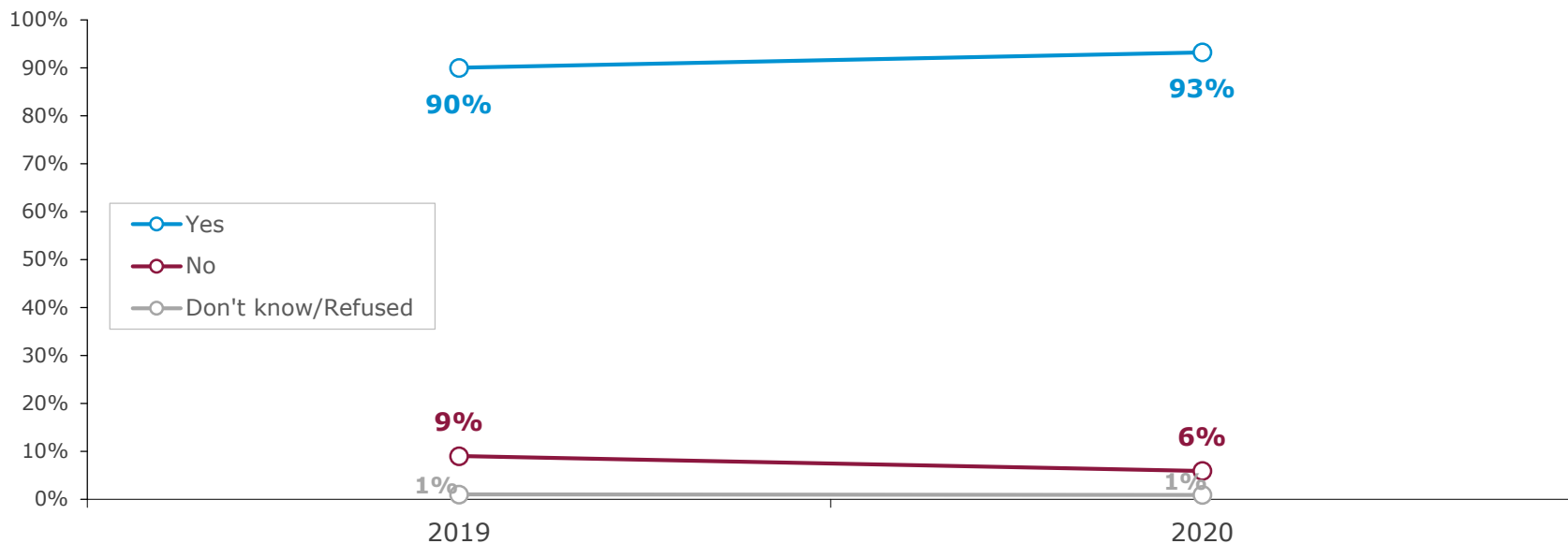
# Whether Advisors Discussed Suitability

Similar to mutual fund investors, ETF investors report that advisors discuss the suitability of a mutual fund for reaching financial goals.



ETF  
Investors

- Most (93%) ETF investors who purchased from an advisor report that the advisor talked to them about how mutual funds will help meet financial goals, a small increase (3%) from 2019.
- **Profile of investors discussing suitability:**\* Younger (18-44); and high income earners (\$50K+) are more likely to have this discussion.
- Quebec ETF investors (98%) are more likely to say they discussed suitability compared to other provinces and regions.



Q18. Thinking back to the last time you invested in mutual funds, did your advisor: Discuss how well suited that mutual fund is for reaching your investment objectives?  
Base: Purchased ETFs from advisor N=334; \* All results significant - Details in the notes



# Attitudes Towards and Knowledge of Fees

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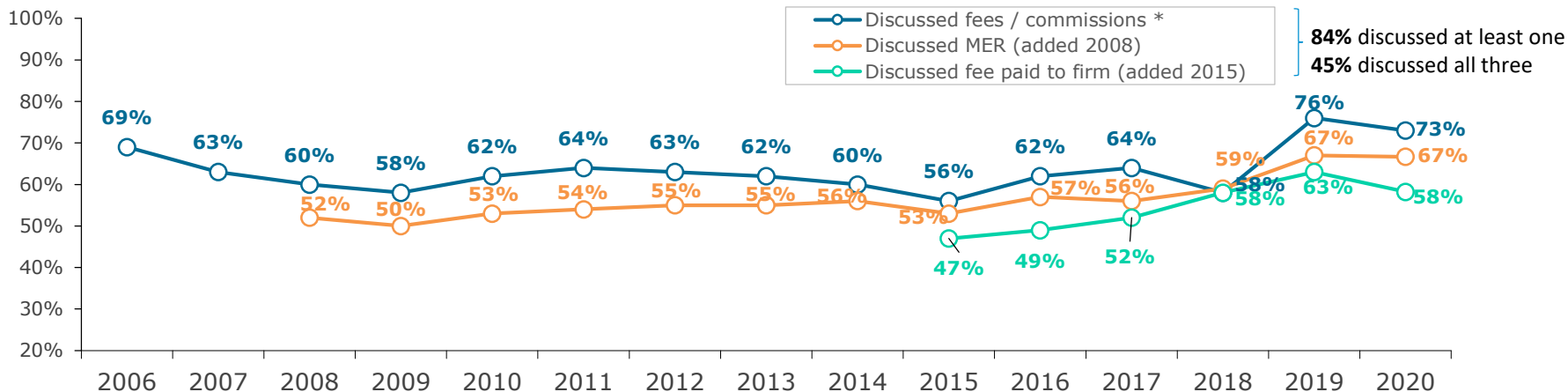


# Discussion of Compensation/Fees/MER with Advisor

*Advisors are more likely to discuss fees associated with buying and selling mutual fund investors rather than management or firm fees.*



- Most (84%) investors purchasing from an advisor report that advisors have discussed at least one of the fees mentioned, but less than half (45%) report that the advisor mentioned all three.
- In the past two years, advisors are more likely to discuss fees associated with buying and selling mutual funds, with three-quarters (73%) reporting an advisor mentioned these fees, a small decrease (3%) from 2019, but still significantly more than 2007 through to 2018.
- A majority (67%) of investors report having a conversation about MER, similar to last year and significantly higher than 2006 to 2018.
- Although not discussed as often, a majority (58%) discuss fees paid to the firm, a decrease of 5% from 2019 and similar to 2018 when investors reported a significant jump in these discussions.



\* Wording has changed from 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 in 2018 to Discuss whether or not your will be charged any fees when buying or selling your mutual fund. This can be called a front-end or back-end load or a trading fee in 2019

Q19-Q21. Thinking back to the last time you invested in mutual funds, did your advisor: Discuss whether or not you will be charged any fees when buying or selling your mutual fund/ETF/ mutual fund or ETF. This can be called a front-end or back-end load or a trading fee? Discuss the fee the mutual fund /ETF/ mutual fund or ETF 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? Base - Purchased mutual funds from advisor: Mutual Funds N=932

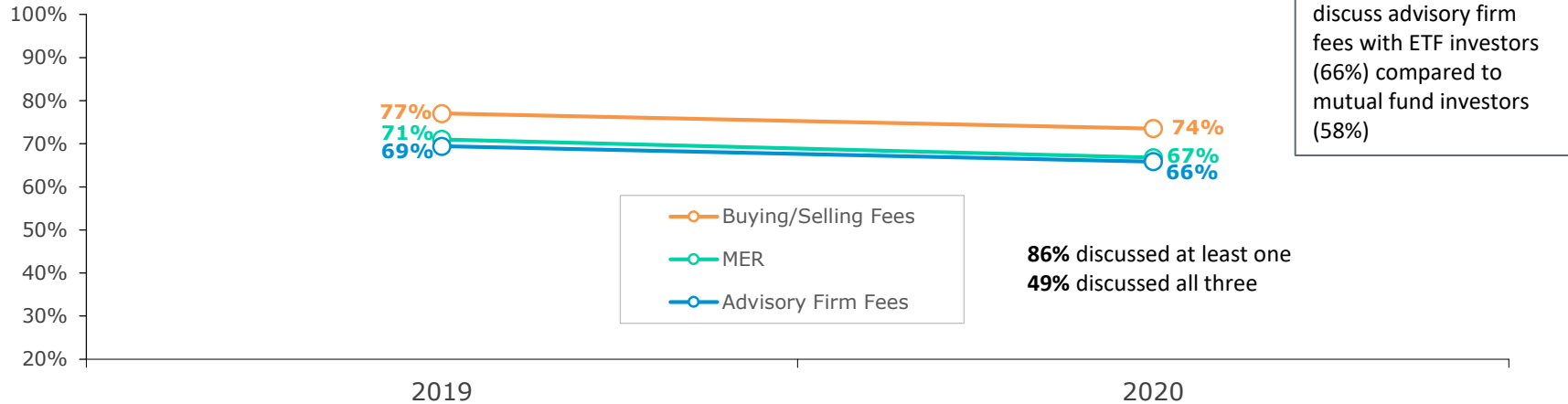
# Discussion of Compensation/Fees/MER with Advisor

*Similar to mutual fund investors, advisors are more likely to discuss fees associated with buying and selling ETFs rather than management or firm fees.*



ETF  
Investors

- Most (86%) investors purchasing ETFs from an advisor report that advisors discussed at least one of the fees mentioned, but only half (49%) report the advisor mentioned all three – similar to mutual fund investors.
- Three-quarters (74%) of those purchasing ETFs from an advisor say the advisor mentioned fees/ compensation, a small decrease (3%) from 2019.
- A majority (67%) of investors report having a conversation about MER, a small decrease (3%) from 2019.
- A majority (66%) discussed fees paid to the firm, a small decrease (3%) from 2019.



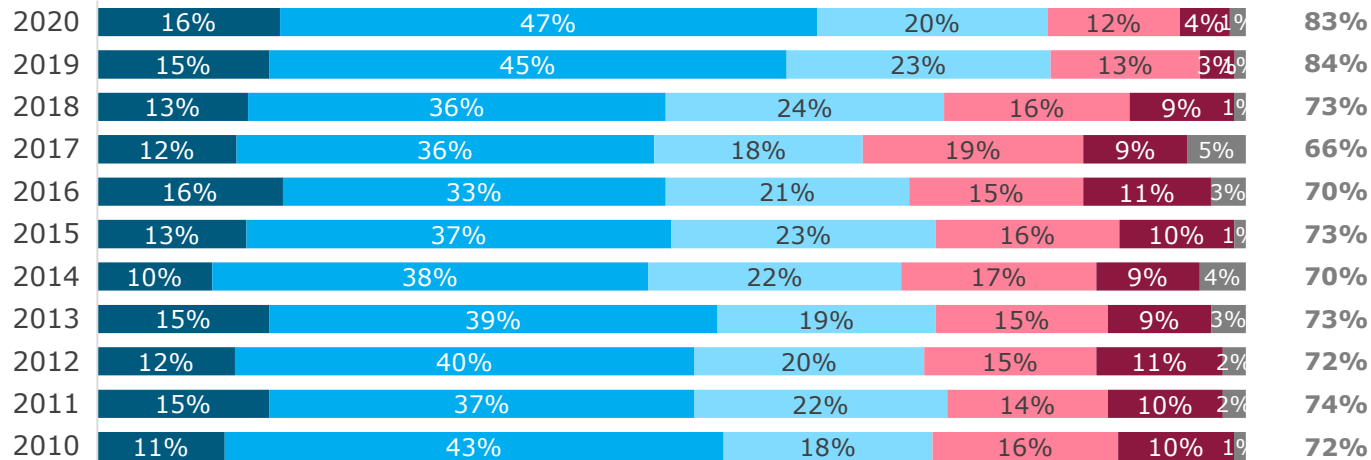
Q19- Q21. Thinking back to the last time you invested in ETFs, did your advisor: Discuss how well suited that ETF is for reaching your investment objectives? Discuss whether or not you will be charged any fees when buying or selling your mutual fund/ ETF/ mutual fund or ETF. This can be called a front-end or back-end load or a trading fee? Discuss the fee the mutual fund / ETF / mutual fund or ETF 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? Base - Purchased mutual funds from advisor ETFs N=334

# Confidence in Knowledge of Fee Payments

Mutual fund investors increasingly feel confident in their knowledge of the fees/ commissions on investments.



- Most investors (83%) are confident in their knowledge of the fees they pay, similar to 2019 which saw a significant increase in confidence from previous years (2010 through 2018).
- **Profile of those knowledgeable about fees:**\* Males; younger (18-44); knowledgeable; and a portfolio over \$200K.
- In addition, investors from the Atlantic provinces (91%) are more confident than other provinces/ regions.



■ Very confident (10)    
 ■ Confident (7-9)    
 ■ Somewhat confident (5-6)  
■ Not very confident (2-4)    
 ■ Not at all confident (1)    
 ■ Don't know/Refused

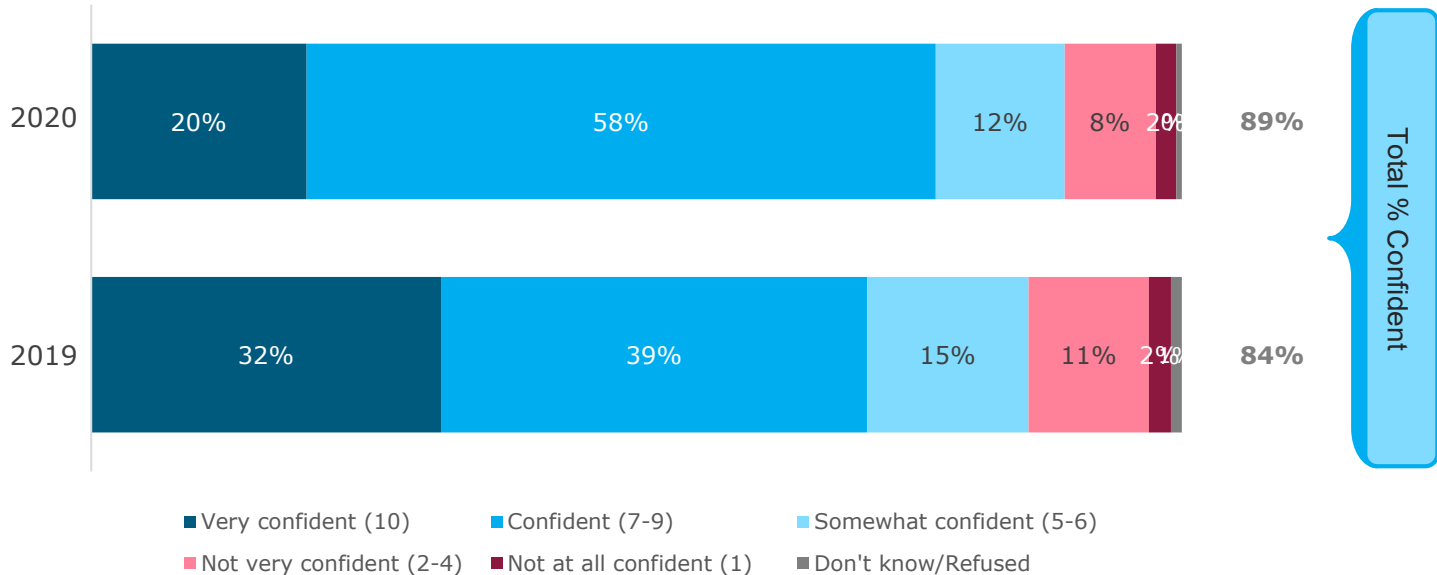
Total % Confident

Q29. 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: Mutual Funds N=1138; \* All results significant - Details in the notes

# Confidence in Knowledge of Fee Payments

Similar to mutual fund investors, ETF investors feel confident in their knowledge of the fees/commissions on investments.

- Most ETF investors (89%) are confident in their knowledge of the fees/ commission they pay, an increase of 5% since 2019.
- While no significant difference was noted in overall confidence between mutual fund and ETF investors, the ETF group is significantly more likely to say they are very or just confident (7-10 on the scale – 78%) than mutual fund investors (63%).
- Male ETF investors are more likely to feel confident in fees than females (91% vs. 85%).

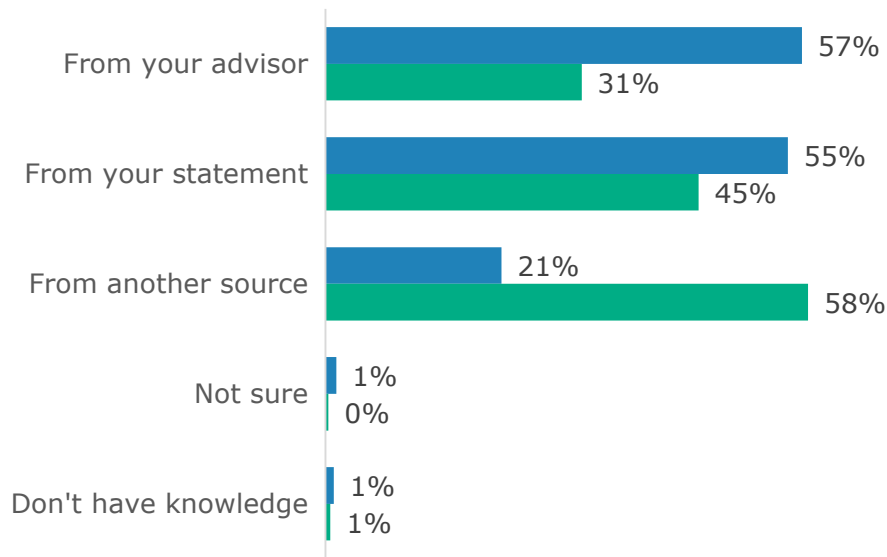
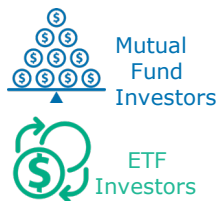


Q31. Now I'd like to ask you a question about any fees and/or commissions you pay for your mutual funds/ETFs. Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are you about your knowledge of any fees and/or commissions you pay for your mutual funds/ETFs? Base: ETFs N=500

# Sources of Information about Fees

*Mutual fund investors are more likely to seek out information about fees/ commissions from advisors and statements than ETF investors.*

- A majority of mutual fund investors obtain information about fees from their advisors (57%) or statements (55%).
- Only a third (31%) of ETF investors get their information from advisors and less than half (45%) from a statement - the majority (58%) are using another source for investment information.

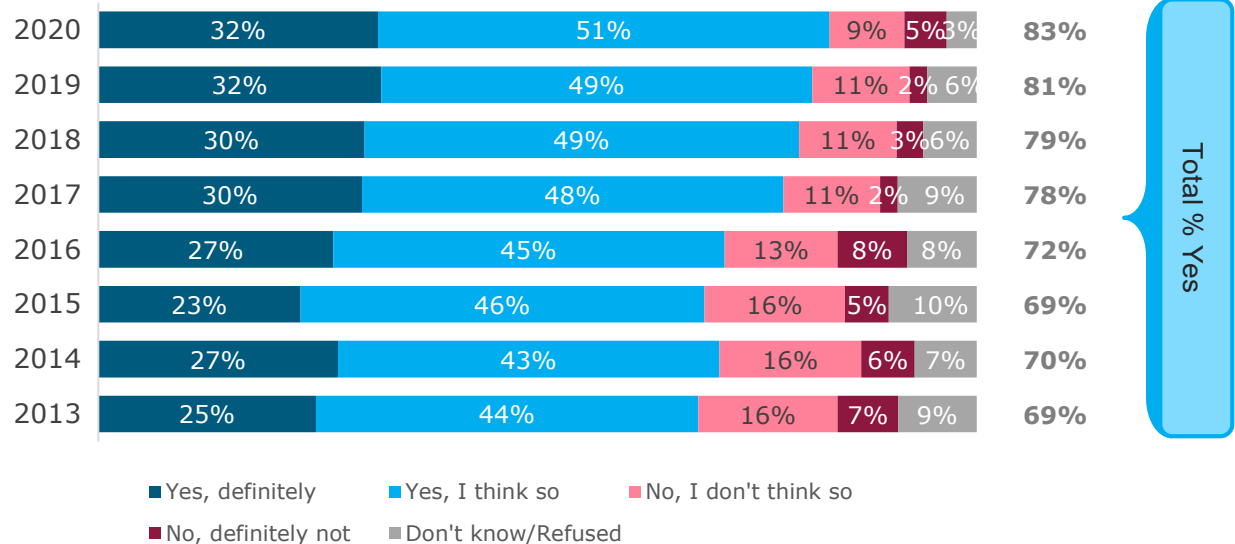


# Advisor Compensation Structure

Mutual fund investors believe part of the fees they are charged when purchasing mutual funds compensates the advisor or firm.



- Most (83%) mutual fund investors purchasing from an advisor state that part of the fees paid compensate the financial advisor or firm, an increase of 2% from 2019.
- The number of investors who state that fees compensate the advisor or firm, has grown steadily since 2013, increasing significantly by 24% from 69% to 83%.



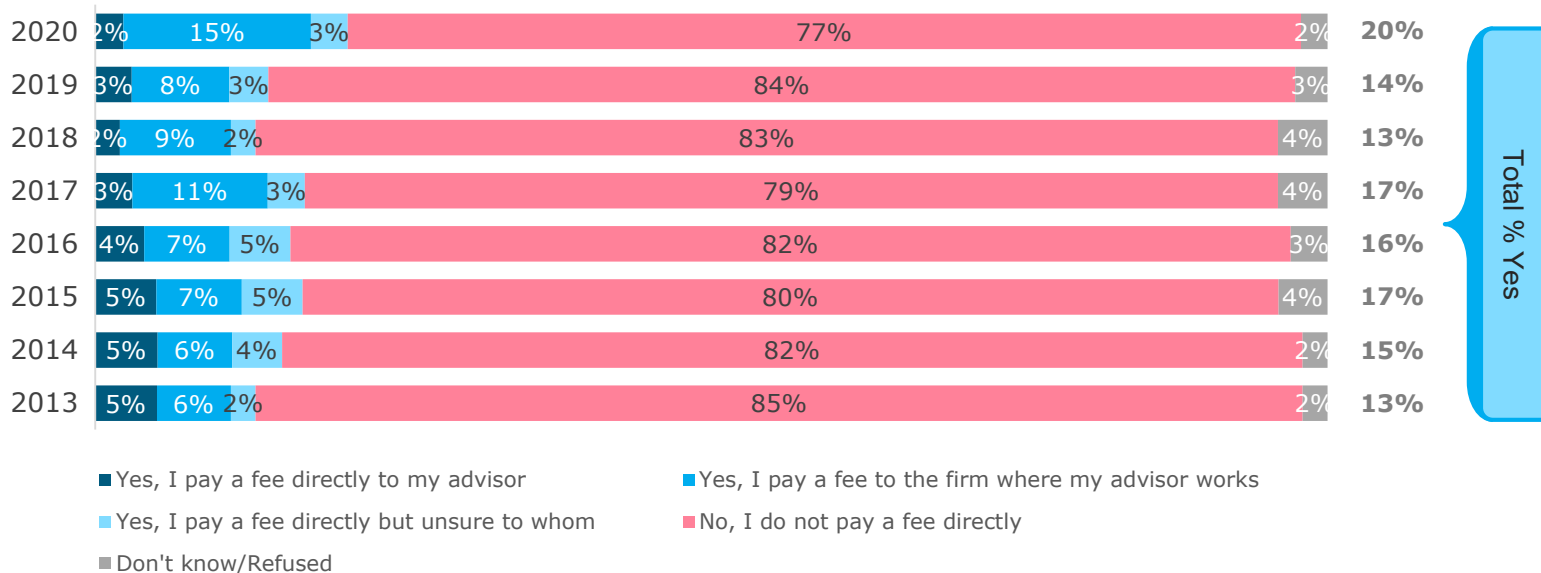
Q34. As far as you know, is part of the fees charged within the mutual funds you invest in used to compensate your financial advisor or your advisor's firm? Would you say..? Base - Purchased mutual funds from advisor: Mutual Funds N=932

# Direct Fee Payments

*Most mutual fund investors do not pay a direct fee to their advisor/firm.*



- Only a fifth (20%) of mutual fund investors purchasing through an advisor pay a direct fee to the investment firm or advisor, an increase of 6% since 2019 and significantly higher than when the question was first asked in 2013.





# Information Requirements and Investment Statements

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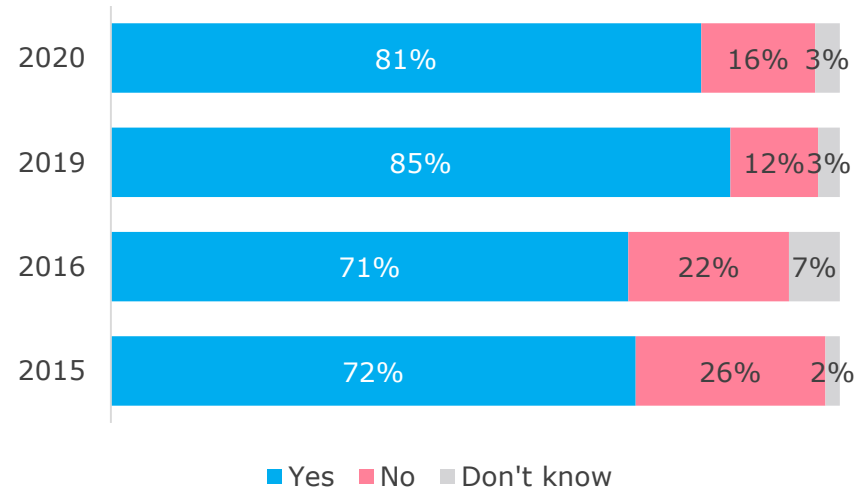


# Recall Receiving Information Materials About New Mutual Fund Purchased

*Most mutual fund investors received informational materials at the time of investment.*



- More than four-fifths (81%) of mutual fund investors recall receiving information such as Fund Facts at the time of purchase, a decrease of 4% since 2019 but still significantly higher than 2015 and 2016.

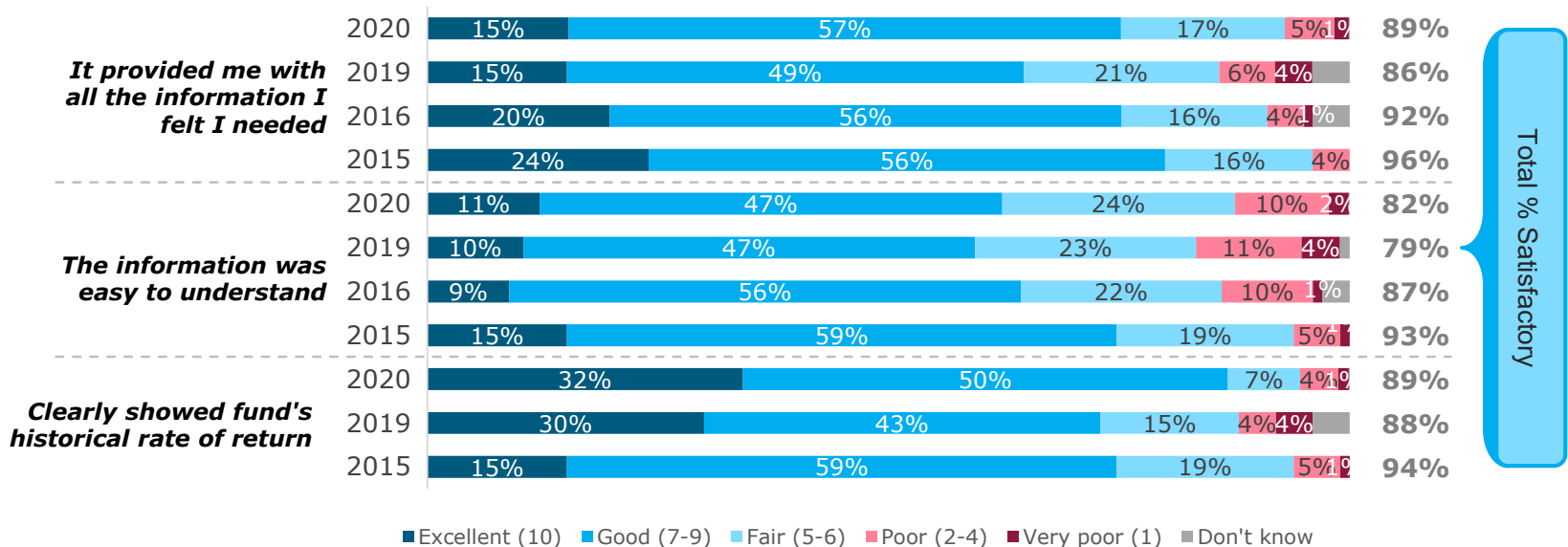


# Quality of Information Materials Received About New Mutual Fund Purchased

Mutual fund investors are satisfied with the quality of information materials.



- Most mutual fund investors believe the information they receive provides them with all the information they need (89% - up 3% from 2019) and clearly showed the fund's historical rate of return (also 89%) and they agree that the information was easy to understand (82% - up from 79% in 2019).
- Although 2020 saw small increases in satisfaction on two attributes, information materials are still not rated as highly as in 2015 when almost all investors were satisfied with the materials they received.



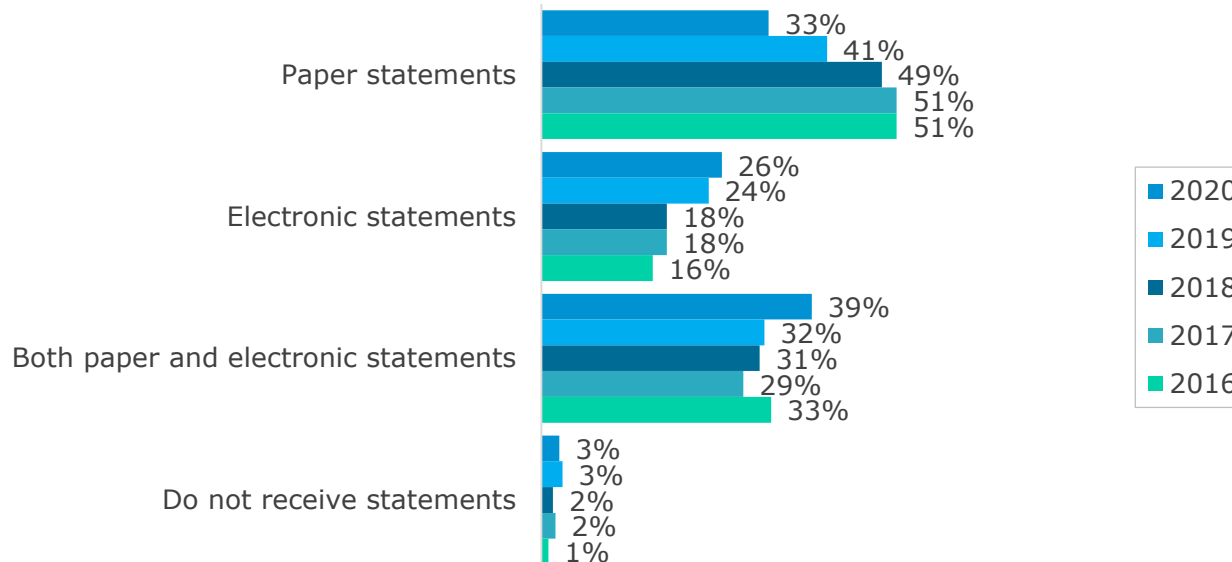
Q17. Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information materials you received about your new mutual fund purchase in each of the following areas. Base: Mutual Funds N=1138

# Form of Mutual Fund Account Statements Received

Investors more likely to receive both paper and electronic statements; paper only continues to decline.



- Almost all mutual fund investors recall receiving statements of their accounts, with only 3% saying they did not receive a statement.
- Paper only statements have been in steady decline since 2018 with only a third (33%) receiving only paper statements this year, a significant decrease of 8% since 2019 and similar to the decrease between 2018 and 2019 (also 8%).
- Both paper and electronic statements are becoming most common with two-fifths (39%) receiving both, up from a third of investors in previous years.
- Only a quarter of investors receive only electronic statements, only 2% more than 2019 but significantly more than 2016 through 2018 when only a fifth of investors received only electronic statements.

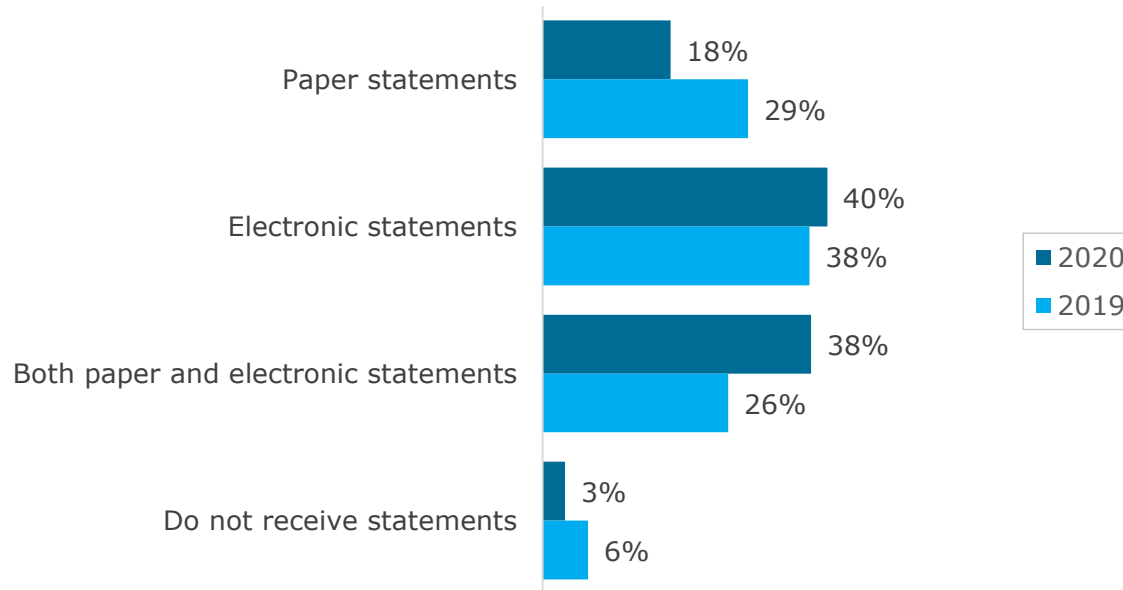


# Form of Mutual Fund Account Statements Received

ETF investors more likely to receive electronic only or paper and electronic; paper only statements in decline.



- Most ETF investors recall receiving statements for their accounts, with only 3% saying it was not received.
- The use of paper statements only among ETF investors declined significantly from less than a third (29%) to less than a fifth (18%) in 2020.
- Currently, two fifths of ETF investors use electronic (40%) or paper and electronic (38%) statements.
- As paper only statements declined, the use of paper and electronic increased significantly by 12 percent between 2019 and 2020.
- **Investors most likely to use only electronic statements:** Males; and younger investors (18-44).
- As well, ETF investors in Atlantic Canada are more likely to use electronic statements than other provinces/ regions.

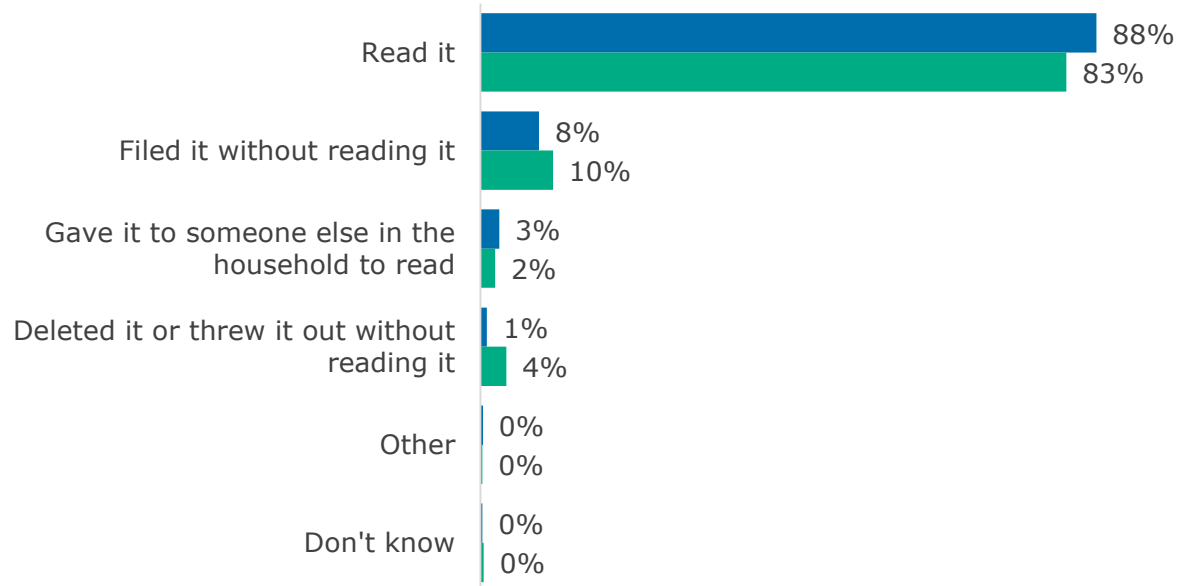
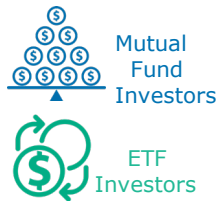


ETF investors significantly more likely to use electronic statements (40%) compared to mutual fund investors (26%)

# How Investors Use Investment Statements

*Most investors read investment statements.*

- Although statements are read by both investor groups, mutual fund investors are more likely to read statements (Small but significant difference of 5%).

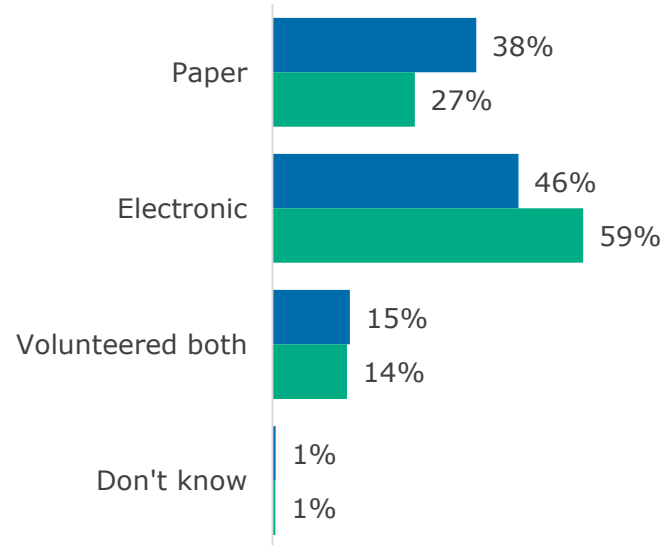
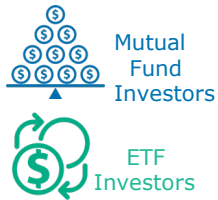


# Investment Statement Preference

*Investors prefer electronic statements over paper statements.*

- Mutual fund investors prefer electronic statements (46%) over paper statements (38%).
- A majority (59%) of ETF investors have a strong preference for electronic statements with only a quarter (27%) choosing paper.

## Electronic statements are preferred by investors



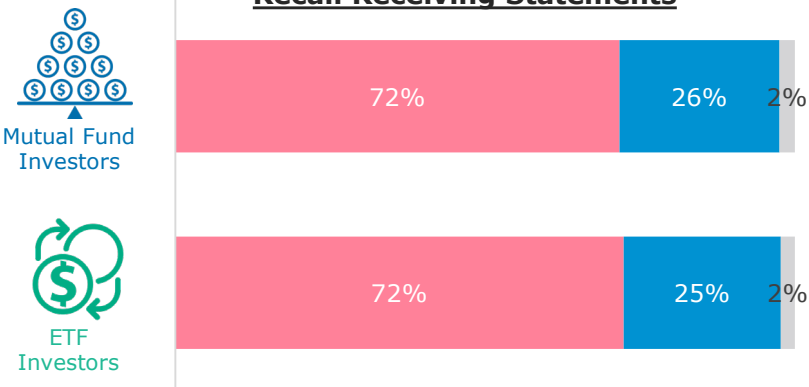
ETF investors significantly more likely to prefer electronic statements over paper (59% vs. 27% - 32% difference) compared to mutual fund investors (46% vs. 38% - 8% difference)

# Fee and Performance (CRM2) Statement

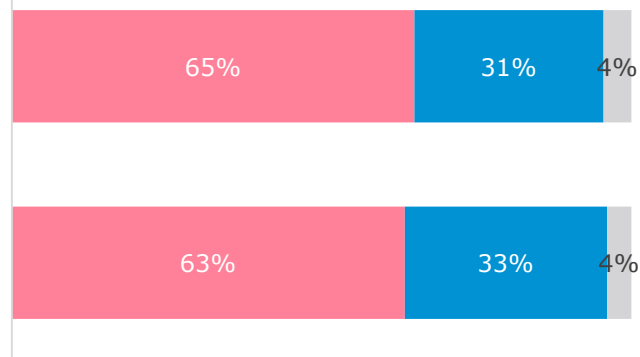
*Investors recall receiving their annual fee and performance (CRM2) statement this year although fewer have read the statements.*

- A majority (72% for both investor groups) recall receiving statements this year, down only slightly from last year (74% mutual funds, 75% ETFs).
- A majority of both mutual fund (65%) and ETF (63%), read the statements.
- The number of ETF investors reading their statement dropped significantly this year (71% in 2019 to 63% - 8%). There was a minor increase in mutual fund investors who read their statement (63% in 2019).
- **Profile of mutual fund and ETF investors who read statements:** Older (65+); knowledgeable; university graduate or college; and \$100K+ income.

## Recall Receiving Statements



## Read Statements



■ Yes ■ No ■ Don't know/Refused

Q40. Do you recall receiving annual fees and performance statement/(s) for your investments this year?

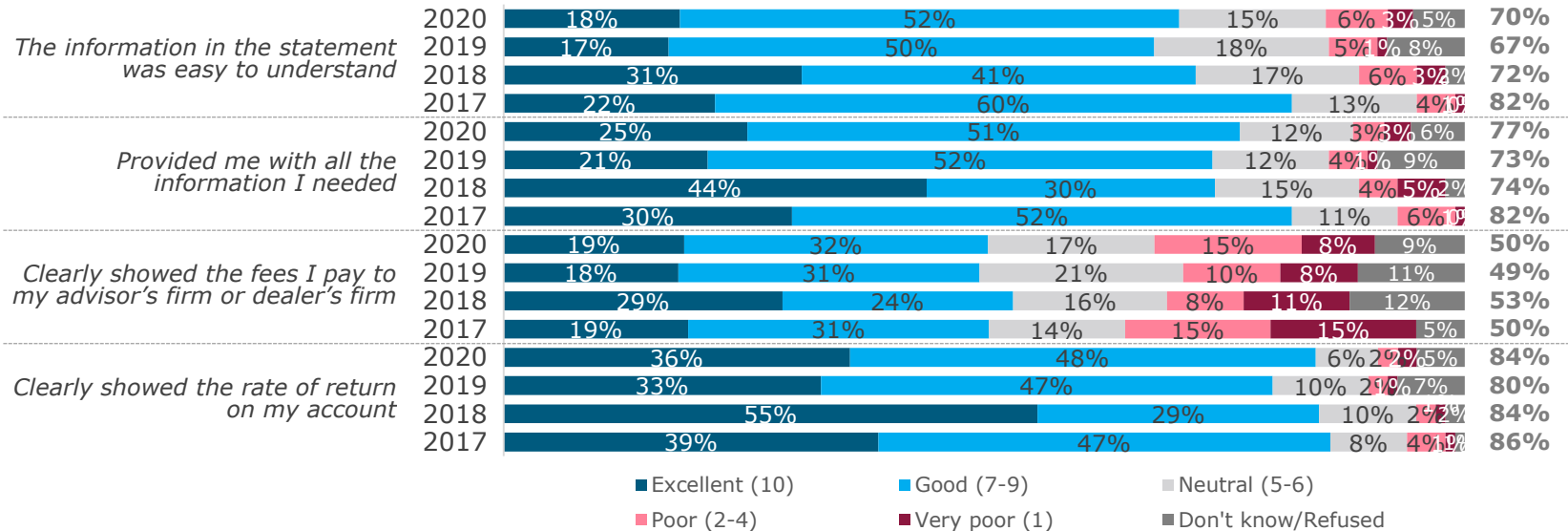
Q41. Have you read the annual fees and performance statement/(s) that you received for your investments this year? Base: Mutual Funds N=1138, ETFs N=500; \* All results significant - Details in the notes

# Rating of Annual Statement

Mutual fund investor satisfaction with the quality of information on their statements increased slightly this year.



- Following a small decline on each indicator between 2018 and 2019, satisfaction ratings increased slightly in 2020 which potentially suggests a return to 2017 levels of satisfaction.
- Investors are most satisfied with how the rate of return is shown on the statements (84%), followed by satisfaction that the statement provided all information needed (77%) and ease of understanding the statement (70%).
- Investors are the least satisfied (50%) with clarity concerning the fees paid to the advisor's or dealer's firm – close to a quarter (23%) rate the statements poorly on this indicator giving it a one through five out of ten score.



Total % Good/Excellent

Q42- Q45 Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information you received in your annual fees and performance statement/(s) about your investments in each of the following areas. Base: Mutual Funds N=1138

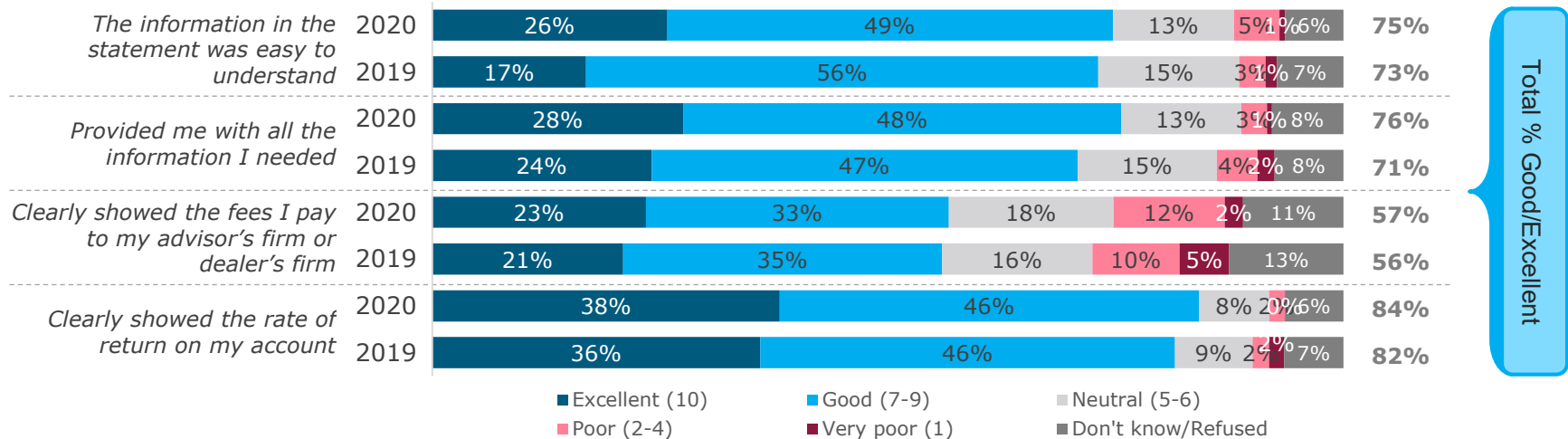


# Quality of Information Materials

ETF investor satisfaction with statements increased slightly this year and are comparable to the satisfaction of mutual fund investors.



- ETF investor satisfaction with their statements increased slightly on all indicators, the most significant increase (by 5%) on providing all needed information.
- ETF investors are most satisfied with how the rate of return is shown on the statements (84%), followed by satisfaction with the information provided (76%) and ease of understanding the information (75%).
- Investors are the least satisfied (57%) with clarity concerning the fees paid to the advisor's or dealer's firm. And ETF investors are significantly more likely to be satisfied with how fees to the advisor's or dealer's firm is shown compared to mutual fund investors (only 50% are satisfied).



Q42 – Q45. 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 Base: ETFs N=500

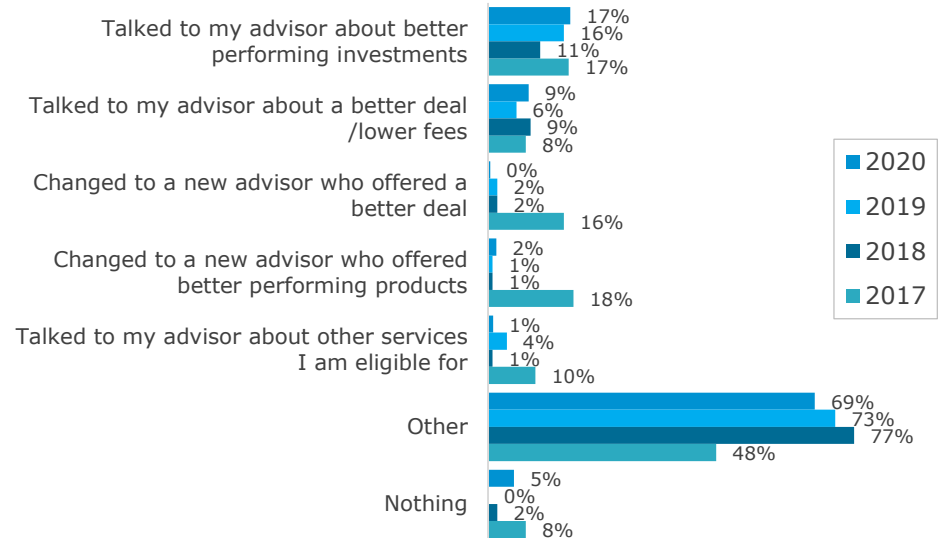
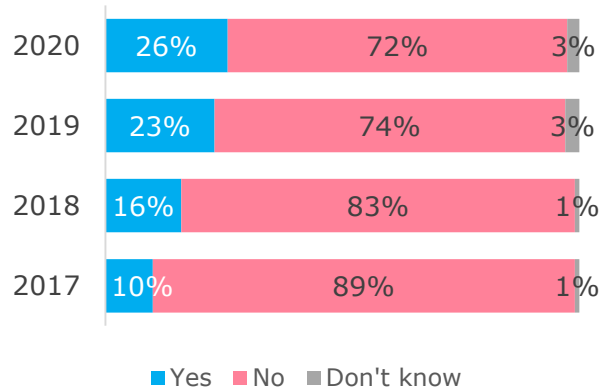
# Action Taken Due to Changes

While a majority of investors do not take action based on information in the statement, each year the number of investors taking action increases.



- While only a quarter of investors report taking action based on information, this shows a small increase since 2019 and a significant increase since the launch of CRM2 in 2017.
- Investors taking action most likely talked to their advisor about different investments or lower fees. Almost no investors changed advisors.
- **Profile of investors taking action:** Knowledgeable; male; and university graduate.
- As well, investors from Alberta (32%) and Ontario (30%) are more likely to take action than other provinces/ regions.

## Information Cause a Change in Action

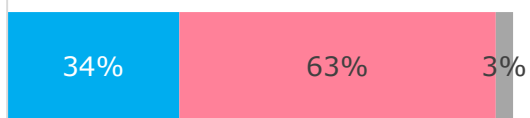
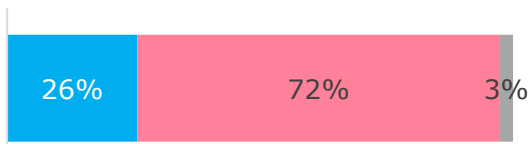


# Action Taken Due to Changes

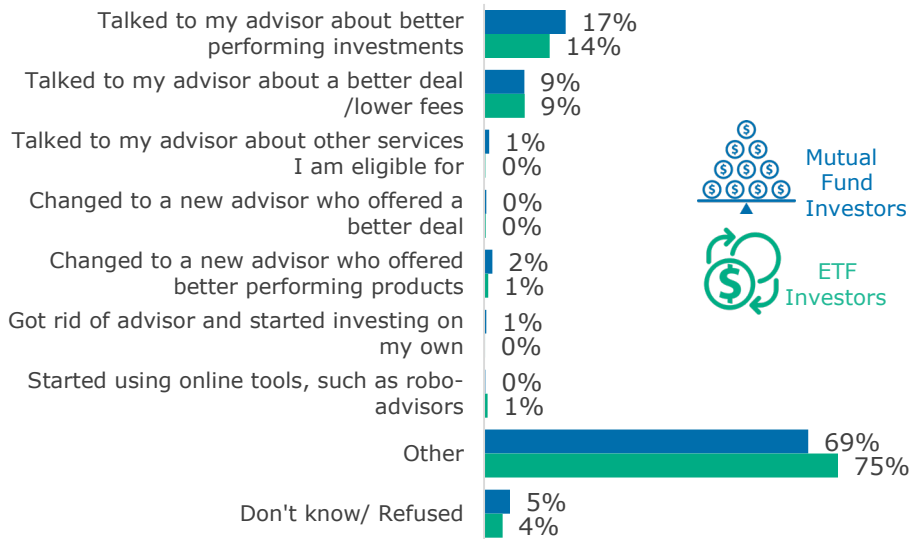
ETF investors more likely to take action than mutual fund investors based on information in statements.

- A third (34%) of ETF investors report taking action based on information in statements, significantly higher than mutual fund investors (by 8%).
- The most common actions taken for both groups of investors are talking to the advisor about better performing investments or lower fees.

## Information Cause a Change in Action



■ Yes ■ No ■ Don't know





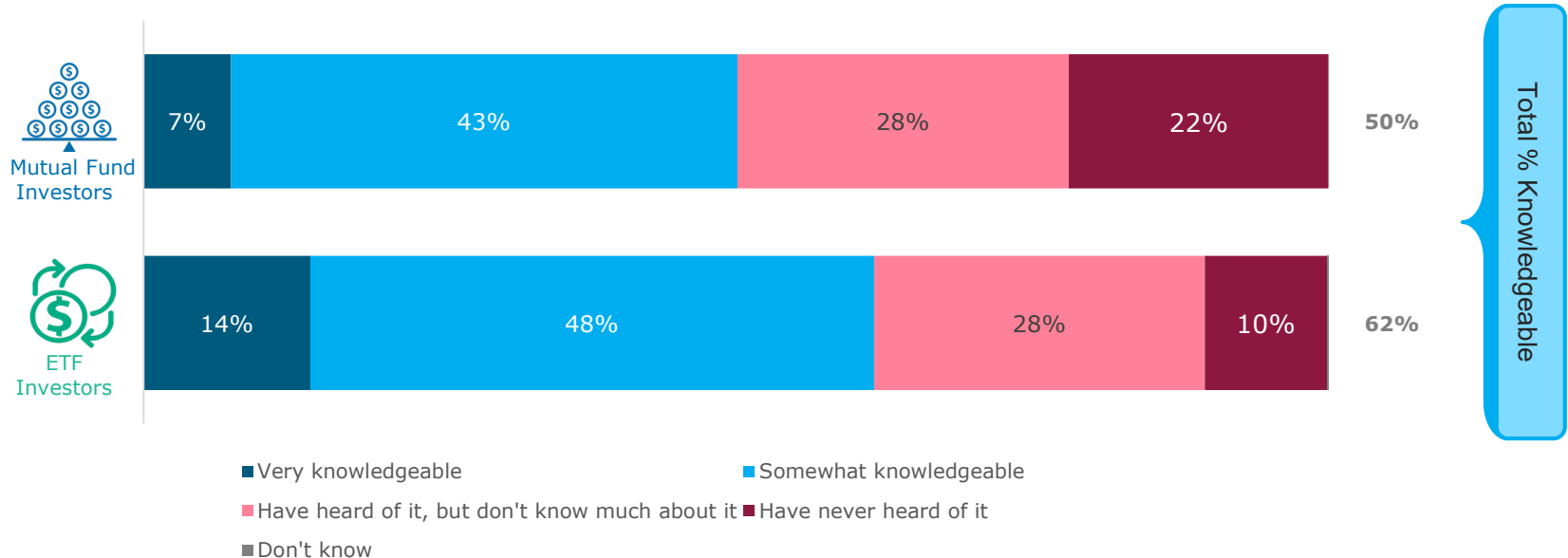
# Awareness and Attitudes Toward Responsible and Impact Investments

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# Responsible Investing Awareness

*Investors are aware of responsible investing but not that knowledgeable.*

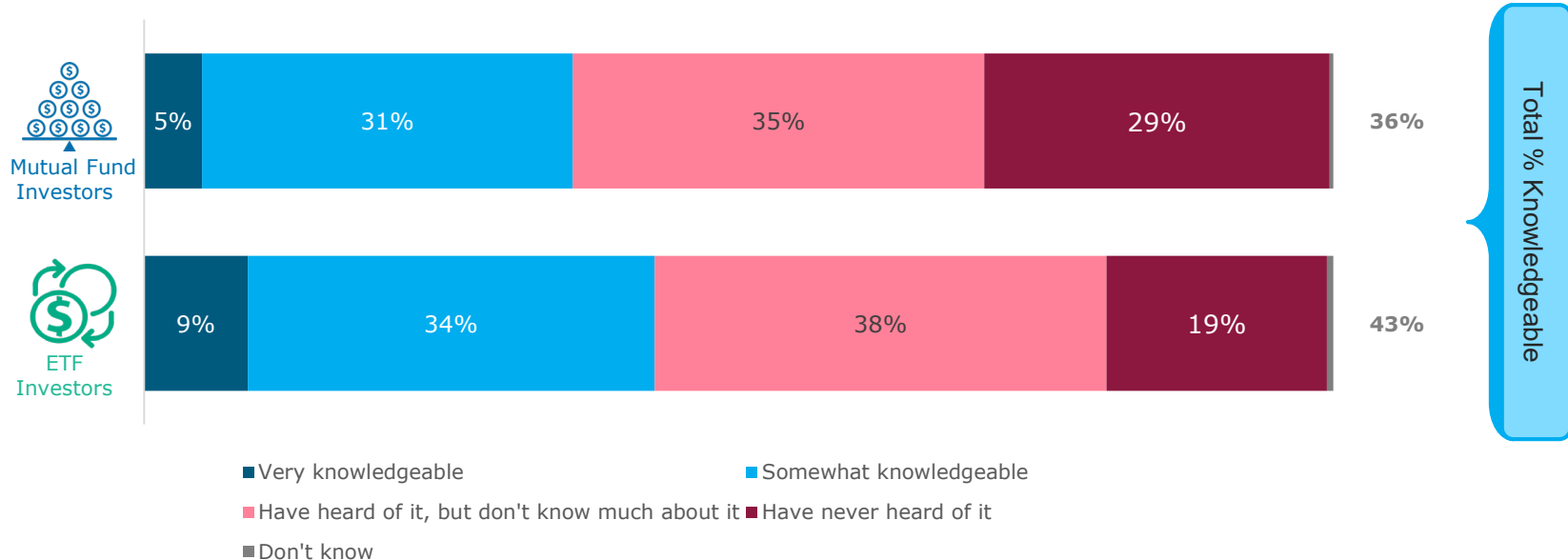
- ETF investors are significantly more likely to be very or somewhat knowledgeable (A majority – 62%) about responsible investing compared to mutual fund investors (only half – 50%).
- In addition, a fifth of mutual fund investors have never heard of responsible investing, significantly higher than ETF investors (10%).
- Profile of knowledgeable investors:**\* Knowledgeable; male; older mutual fund investors (65+); high income (100K+); and large portfolio (200K+).



# Awareness of Impact Investing

*A majority of Investors are aware of impact investing but few are knowledgeable.*

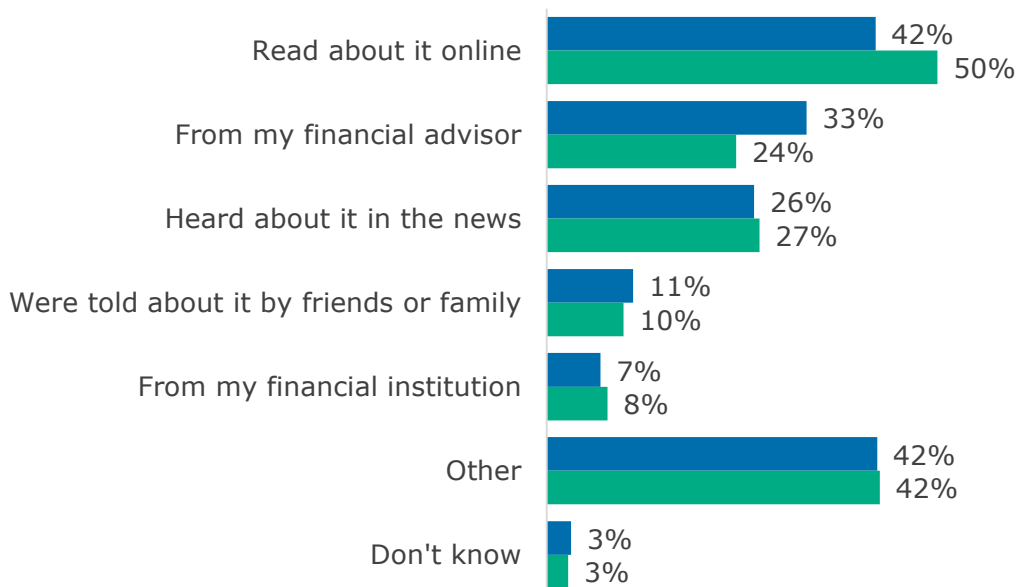
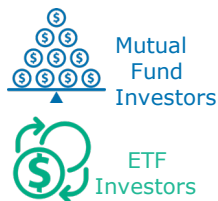
- ETF investors are significantly more likely to be very or somewhat knowledgeable (43%) about impact investing compared to mutual fund investors (36%).
- In addition, close to a third (29%) of mutual fund investors have never heard of impact investing, significantly higher than ETF investors (a fifth - 19%).
- Investors are more knowledgeable about responsible investing than they are impact investing.
- Profile of knowledgeable investors:**\* Knowledgeable; and male.



# Responsible Investing Knowledge Sources

*Investor knowledge of responsible and impact investing is from multiple sources although the most common information source is online reading.*

- Investors are more likely to find information about responsible and impact investments by reading online followed by a financial advisor and the news.
- ETF investors (50%) are significantly more likely to get information online compared to mutual fund investors (42%).
- Mutual fund investors are significantly more likely to get information from a financial advisor (33%) compared to ETF investors (24%).



Advisors are not the main source of information about responsible and impact investing.

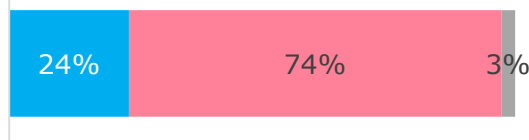
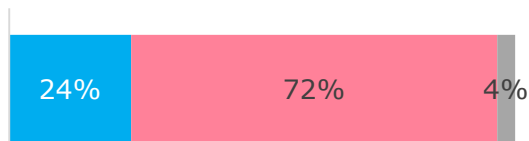
# Inclusion of Responsible Investments in Portfolio

*Few investors are asked by advisors if they are interested in including responsible or impact investments in their portfolio.*

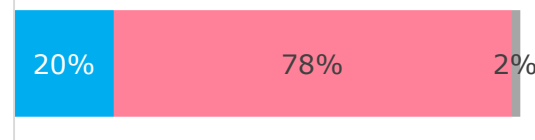
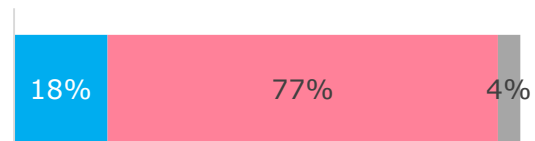
- Only a quarter of investors (both mutual fund and ETF) report that their advisor or financial institution has asked them if they are interested in responsible investments.
- And only a fifth of investors, both mutual fund (18%) and ETF (20%), report that their advisor or financial institution has asked them if they are interested in impact investments.

## Asked if interested in responsible investments (environmental, social and governance)

## Asked if interested in impact investments (companies, organizations and Impact Investing)



■ Yes ■ No ■ Don't know



■ Yes ■ No ■ Don't know

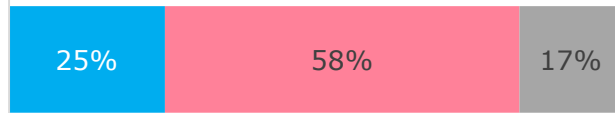
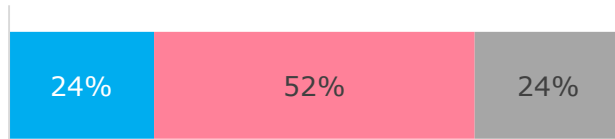


# Inclusion of Responsible Investments in Portfolio

While only a quarter of investors currently own responsible investments, a majority may include them in the future.

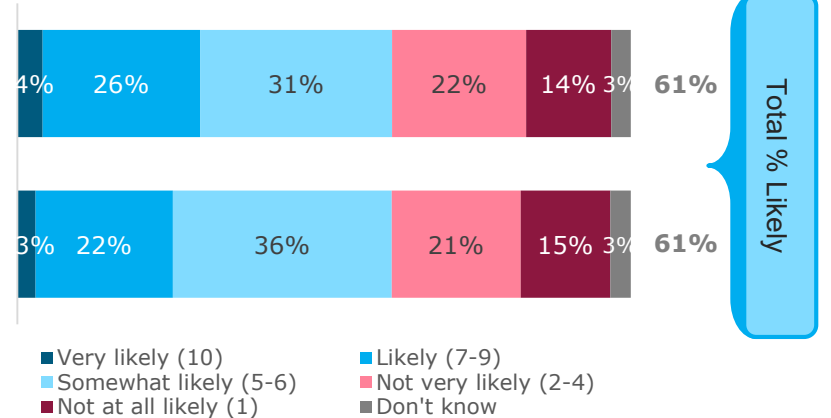
- Only a quarter of both mutual fund (24%) and ETF (25%) investors currently own responsible investments.
- However, a majority of both mutual fund (61%) and ETF (61%) who do not currently own responsible investments believe they may include these investments in their portfolio in the next couple of years. That said, only one-in-three mutual fund investors and one-quarter of ETF investors say this is likely (rated 7 to 10 – mutual fund investors 30%, ETF investors 25%).

## Currently have funds for responsible investing in portfolio



■ Yes ■ No ■ Don't know

## Likelihood of including responsible investing in portfolio



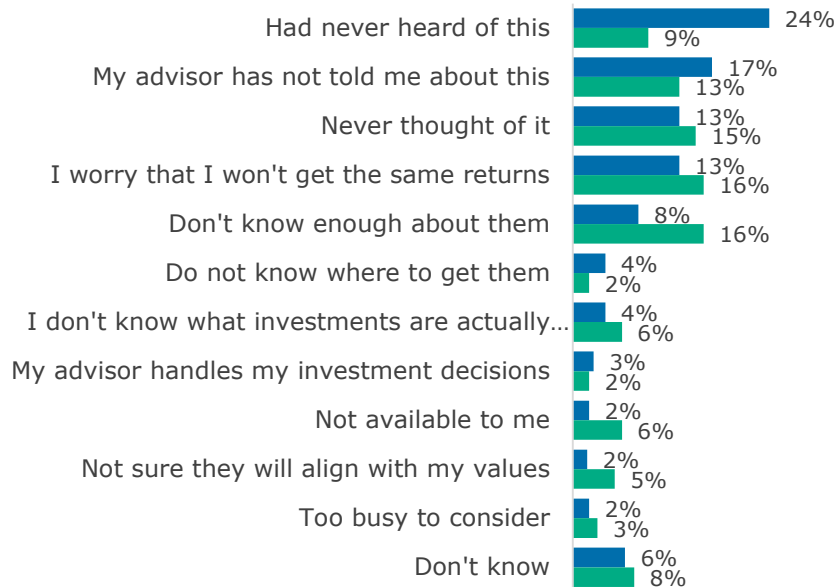
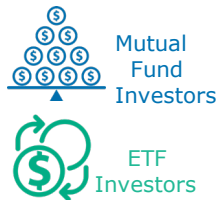
■ Very likely (10) ■ Likely (7-9)  
 ■ Somewhat likely (5-6) ■ Not very likely (2-4)  
 ■ Not at all likely (1) ■ Don't know

Q53. Thinking of the funds that you own, are any of these funds responsible investing funds that emphasize environmental, social and governance criteria or are any of these funds impact investing funds? Base: Mutual Funds N=1138, ETFs N=500 / Q54. On a scale of 1 to 10 where 1 means not at all likely and 10 means very likely, how likely are you to include responsible investments or impact investments into your investment portfolio over the next couple of years? Base- Does not own ESG funds: Mutual Funds N=850, ETFs N=366; \*No significant subgroup differences

# Reasons for not Including Responsible Investing

*Lack of awareness of responsible investing a reason investors do not have these investments in their portfolio.*

- Both MF and ETF investors are most likely to cite a lack of knowledge as the reason for not including responsible investing in their portfolios, either they have never heard of them, have not been told about them, don't know enough about them or simply have not thought of it.
- However, more than one-in-ten worry these investments will not give them the same rate of returns (13% mutual fund and 16% ETF investors).



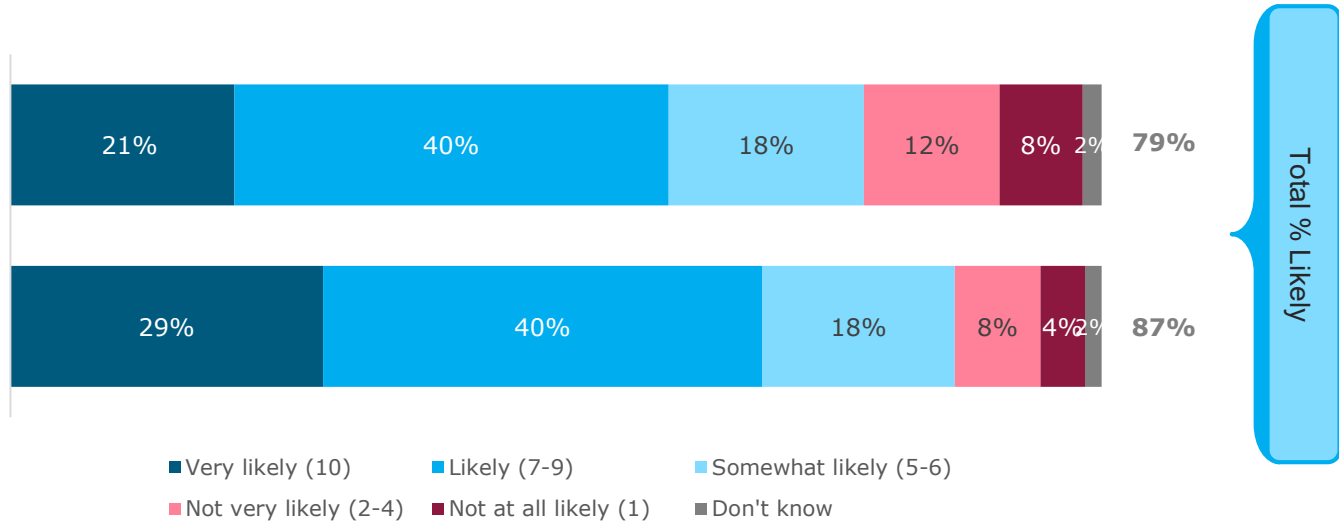
Investors lack awareness of responsible and impact investing

*Results summarized from open verbatim responses*

# Addition of Responsible Investments

*Investors who already own responsible investments are likely to increase the amount of these products in their portfolio over the next few years.*

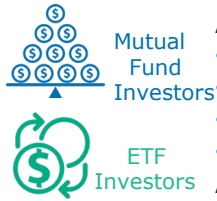
- The majority of all investors who currently include responsible investments in their portfolio expect to increase responsible investments in the next few years, with at least eight-in-ten saying they may and more than three-fifths saying this is likely (mutual fund investors 61%, ETF investors 69%).
- ETF investors who already include responsible investments are significantly more likely to increase the amount of responsible investments in their portfolio (69%) compared to mutual fund investors (only 61%).



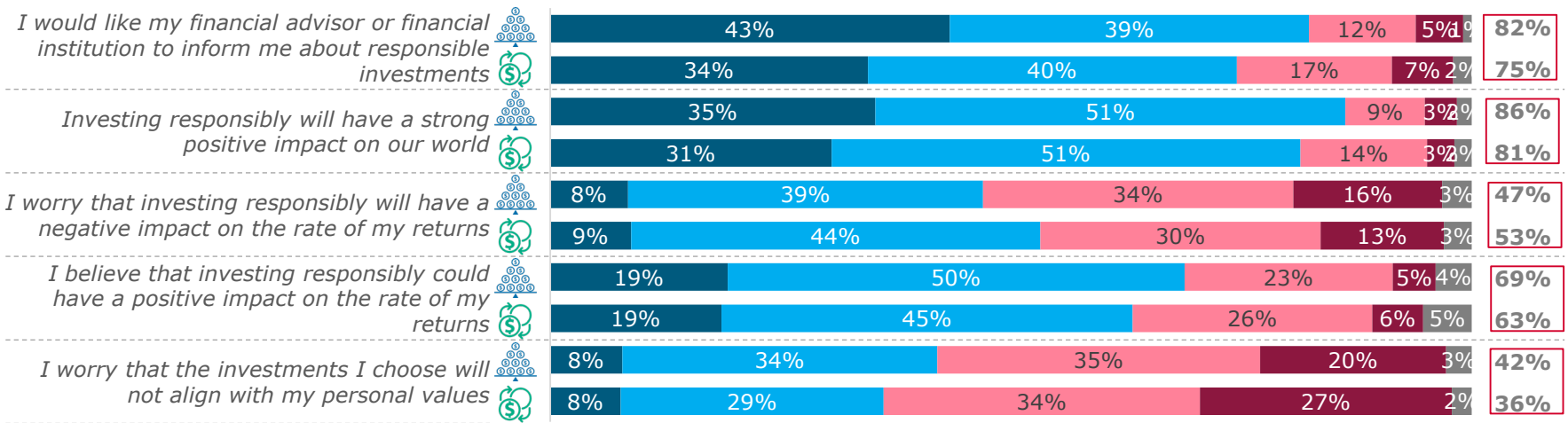
Q56. On a scale of 1 to 10 where 1 means not at all likely and 10 means very likely, how likely are you to increase the amount of responsible investments you have in your investment portfolio over the next couple of years? Base- Owns ESG funds: Mutual Funds N=288, ETFs N=134

# Attitudes toward Responsible Investing

Although investors have positive attitudes toward responsible investing, mutual fund investors are more positive and less concerned about negative impacts.



- Although all investors are positive about responsible investments, mutual fund investors are significantly more positive:
- Believe responsible investments will have a positive impact on our world (86% vs. 81% - small but significance difference of 5%)
  - Discuss these investments with an advisor (82% vs. 75% - difference of 7%)
  - Believe responsible investments could have a positive impact on the rate of return (82% vs. 75% - difference of 7%)
  - They are concerned about personal values aligning with investments (42% vs. 36% - difference of 6%)
- As well, ETF investors are significantly more concerned about negative returns (53% vs. 47% - difference of 6%)



■ Strongly agree ■ Somewhat agree ■ Somewhat disagree ■ Strongly disagree ■ Don't know

Q57-Q61. To what extent do you agree or disagree with the following statements. Would you say you strongly agree, somewhat agree, somewhat disagree or strongly disagree? Base: Mutual Funds N=1138, ETFs N=500; □ significant at 95% to 99%

Total % of Agree



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