



THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

Canadian Mutual Fund Investors' Perceptions of Mutual Funds and the Mutual Funds Industry

Report • 2017

POLLARA 

The Pollara logo graphic consists of four small, colored circles (blue, red, green, yellow) arranged in a horizontal row.

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Research Objectives and Methodology

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STRATEGIC INSIGHTS

Research Objectives

- In 2017, The Investment Funds Institute of Canada commissioned Pollara, an independent research firm, to conduct the 12th wave of IFIC's annual telephone survey of mutual fund investors in Canada.
- The study was initiated by the mutual fund industry, through Investment Funds Institute of Canada, 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 a benchmark for tracking 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 2017, 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 July 11th and July 25th, 2017.
- The regional breakdown of interviews conducted in 2017 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 | 102 | 67 | ±9.8% |
| Quebec | 200 | 154 | ±6.9% |
| Ontario | 296 | 398 | ±5.7% |
| Manitoba/Saskatchewan | 100 | 112 | ±9.8% |
| Alberta | 152 | 109 | ±8.0% |
| BC | 150 | 160 | ±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 2017 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 |
|------|-------------|-----------------|--------------------------|
| 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 in the Tables A and B.

Key Findings

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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).
 - While confidence in mutual funds is much higher than other vehicles, this confidence has remained relatively steady. By comparison, while not as strong, confidence in Stocks and ETFs have been rising steadily, while confidence in GICs and bonds is on the decline.
 - Confidence in mutual funds also remains higher than confidence in the primary residence as an investment.
- Mutual fund purchases remain consistent, with four-in-ten making a purchase in the past year and six-in-ten in the past 2 years. The vast majority of these purchases continue to be through advisors (85% - down slightly from 2016, but consistent with the past ten year average) while the incidence of purchasing mutual funds online or through a customer service rep has increased slightly (from 9% to 13%).

Key Findings

Advisors continue to be valued and trusted

Assessment of Investment Advisor

- In general, Canadians use advisors to help them with at least some of their investments, with half using just one 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 (94%), and is on par with most previous years.
 - 2017 has seen a slight softening of those who report being completely satisfied (22% from 28% in 2016).
- Trust in advisors continues to be strong, with the vast majority believing their advisor gives them better ROI and improves their savings habits.
 - The proportion who strongly agree that their advisor increases their ROI has increased since last year (47% from 39% in 2016).
- The likelihood of advisors discussing the suitability of mutual funds for meeting financial goals remains strong.

Key Findings

Fee knowledge appears to be on the rise; advisors are considered to be good value

Knowledge of and Attitudes toward Fees

- The majority of advisors continue to discuss fees, compensation and MERs with their clients, with the incidence of discussing fees/commission and fees paid to the firm increasing steadily over the past few years.
 - Recall of these discussions (fees, compensation and MERs) is higher among those who have purchased a mutual fund in the past year.
- Investor confidence in their knowledge of fees being paid remains steady; however, knowledge that the fees they pay helps compensate their advisor has risen (78% from 72% in 2016 and 69% in 2015). A further eighteen percent report paying their advisor directly.
- Investor preferences for paying fees directly to advisors or indirectly through mutual fund fees remains split, with a slight majority (53%) preferring to pay indirectly for their advisor's services.
- Almost all respondents feel their advisor is providing value, with seven-in-ten saying it is good or excellent value for the money.
- The likelihood of switching advisors if this fee was to increase as a result of moving to a direct pay system is mixed, with 50% saying they would remain and 50% saying they would discontinue services.

Key Findings

Most recall receiving and reading an annual statement, however few recalled seeing new information in this year's report.

New Information Requirements Investment Statements

- Investors continue to receive their statements primarily in paper form.
- Most recall receiving and reading their annual statement for this year.
- Statements are seen to provide needed information that is easy to understand.
 - They are seen to clearly show the rate of return on the account.
 - However, fewer felt that statements clearly show the fees which are paid to advisor or dealer firms.
- Despite reading and appreciating these statements, few recognize that the statements contain new information (compared with previous statements). In fact, the vast majority do not recall the information regarding the account performance and performance of specific investments as being different than what they are used to seeing. When it comes to information about fees that dealers earn, one-fifth do say the statements contain more information – but 22% say it contains less or that they do not know.
- Only two-fifths are aware of the requirements to provide more information. Of these, 10% report having taken action due to this information. Even among those who spontaneously recall their statements containing more information, few are likely to make a change because of it. While incidence is low, those who would consider a change are most likely to consider changing advisors for a better deal, for better service or to start investing on their own.

Key Findings

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

Digital Investment Tools

- Six-in-ten are aware of online brokerages, but only one-in-three of those who are aware (less than one-fifth of respondents) have actually used them. Overall, mutual fund investors do not feel confident in buying investments in this manner, nor do they feel it is likely they will use it.
- Robo-advisors are even less known, with only one-fifth being aware of these services and only 14% of those who are aware (or 3% of all investors) having used them. As with online brokerages, few feel confident in buying investments through these means and do not feel it is likely they will do so.
- Trends regarding these methods of investing are consistent from last year's results.

Conclusions

- Canadian investors holding mutual funds continue to have more confidence in mutual funds than in other investment vehicles (stocks, GICs, bonds and ETFs). While they consider themselves at least somewhat knowledgeable about mutual funds, they continue to depend on and value their advisors to help them meet their goals, improve their savings and increase their return on investment.
- 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.
- Advisors are now more likely than ever to discuss fees and compensation with their clients, particularly among those who have purchased mutual funds in the past year. While this has led to an increased knowledge that fees are used to compensate their advisors, investors' confidence in this knowledge has remained steady over the past few years.
- Many investors recall having received and read their annual investment statements. The statements are seen to be easy to understand and to clearly show the rate of return on their account and investments.
- However, fewer feel that statements clearly show the fees that are paid to advisors' or dealers' firms. That said, few noticed a difference between the information contained in these statements compared to what they were used to seeing. Most believe that an increase in information about dealer/advisor fees would have little impact on their investing behaviour.

RESULTS IN DETAIL

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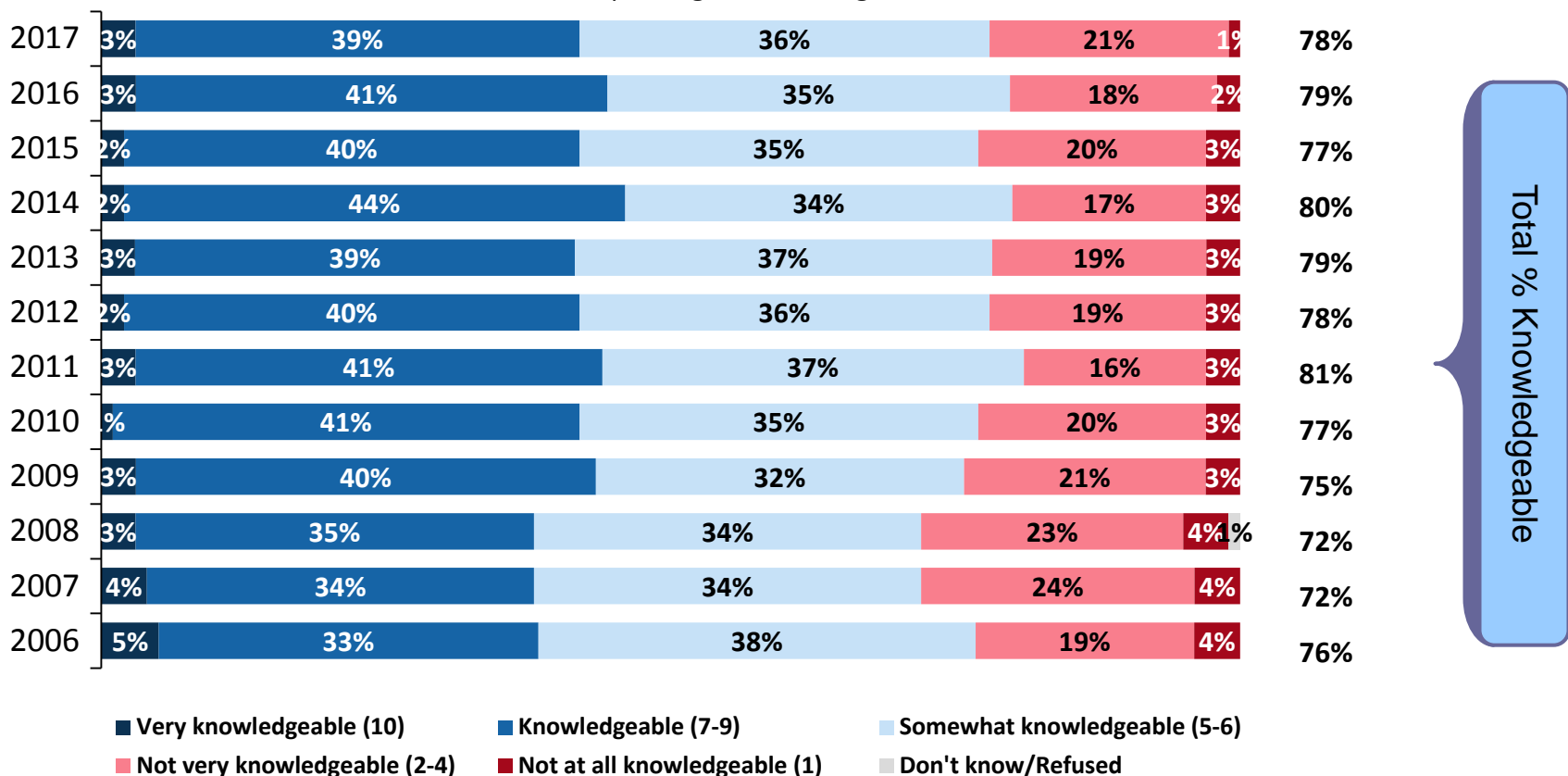
**Attitudes towards
Investment Products
and Investment Strategy**

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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 is consistent with 11 years ago: 8-in-10 have some level of knowledge. A very small group report that they are “very knowledgeable”, while 4-in-10 are “knowledgeable”. An equal proportion (36%) report “some knowledge”.
- While the proportion that is “very knowledgeable” is consistent by group, men (48%) and those age 45-64 (41%) or 65+ (45%) are more likely than others to report they are “knowledgeable”. Knowledge is also higher in Quebec (53%) than other regions. In addition, those with an income of \$50K+ also report higher knowledge.

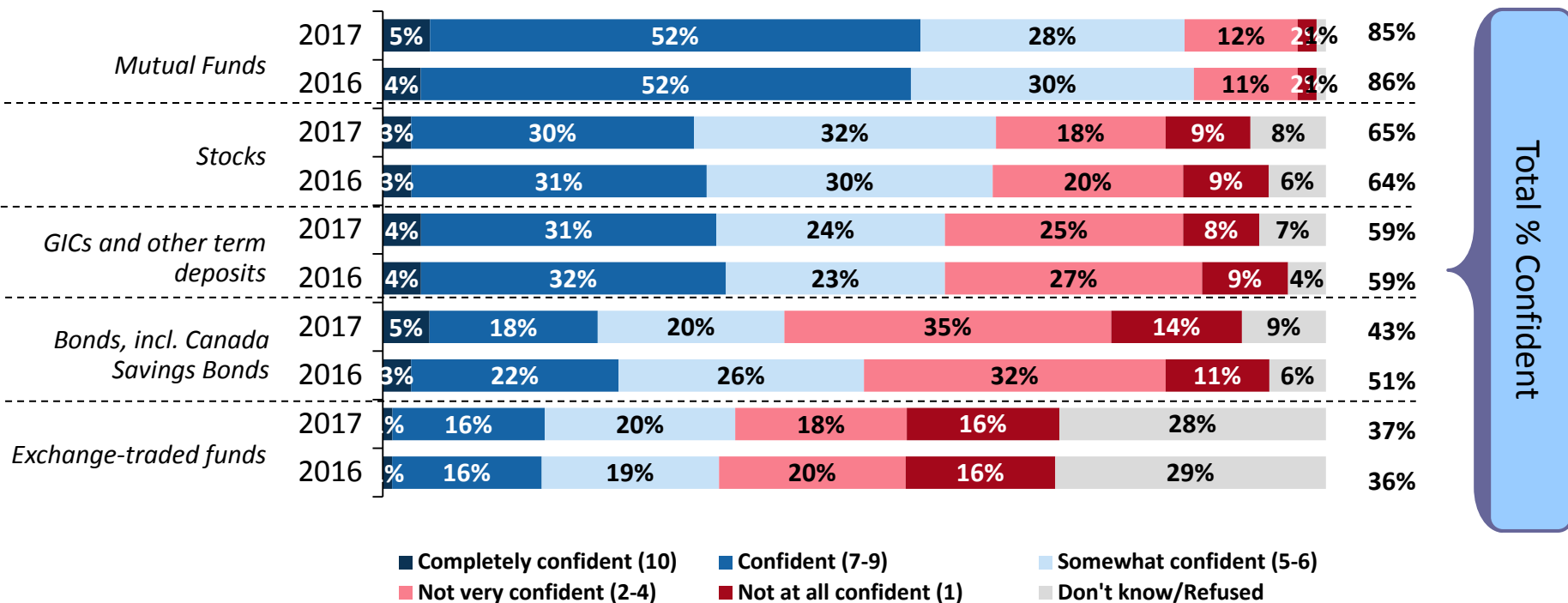


Q2. Overall, using a scale from 1 to 10 where 1 means you are 'not at all knowledgeable' and 10 means you are 'very knowledgeable', how knowledgeable would you say you are about investing in mutual funds? Base: Total base N=1000

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. More than 8-in-10 report some level of confidence, similar to 2016.
- Those who are most likely to be “Completely confident” or “Confident” about mutual funds: those who are knowledgeable about mutual funds (75%), those in Quebec (66%), Men (61%) and those who have a degree (58%).
- Stocks, GICs and other term deposits generate confidence in about 2/3 of people, similar to the previous year. However, the proportion who report confidence in bonds (43%) is soft compared with 2016.
- Almost 3-in-10 are still unfamiliar with ETFs, while about 4-in-10 report confidence in them as an investment tool (consistent with 2016).

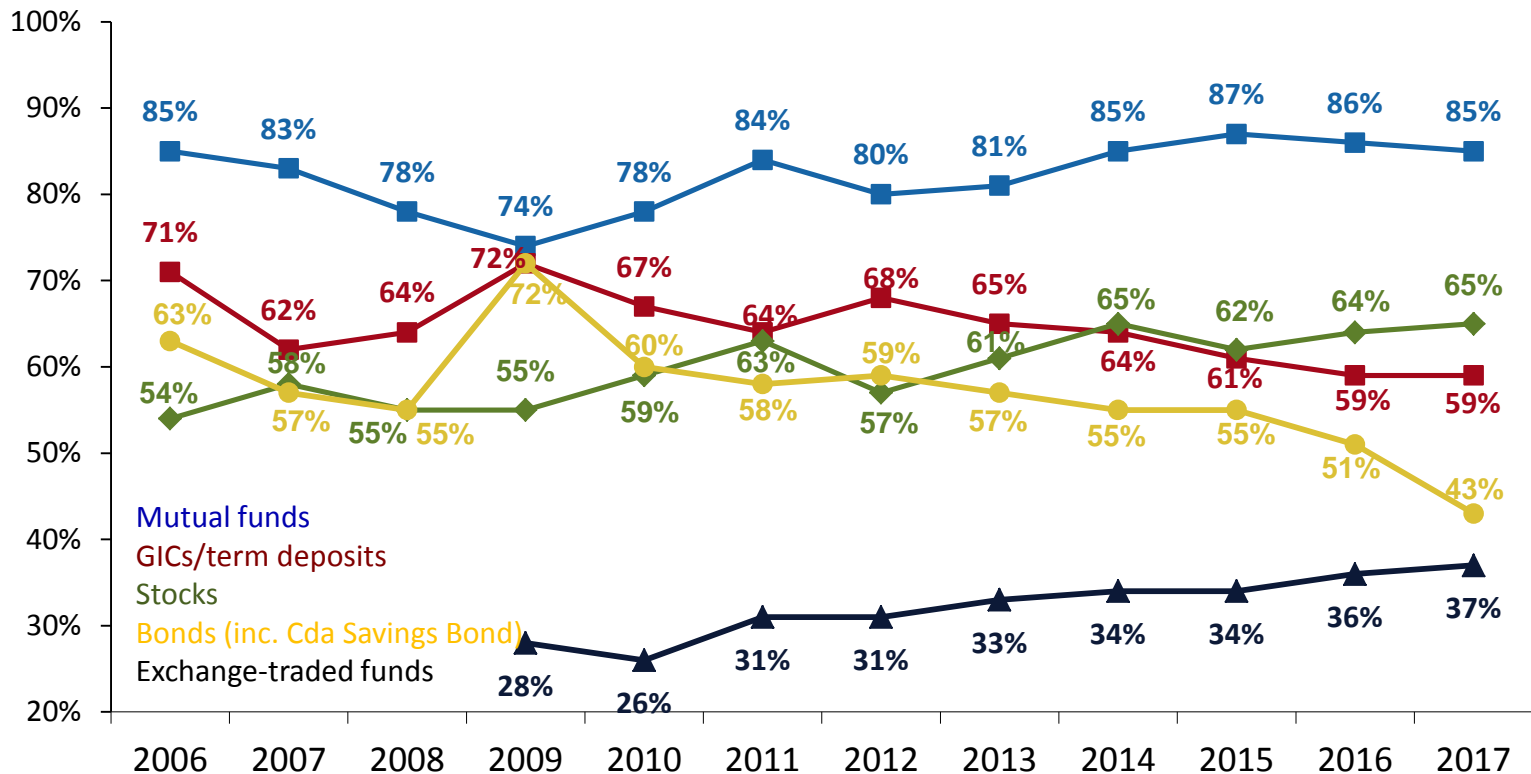


Q3/Q4/Q5/Q6/Q8. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Total base N=1000

Confidence in Investment Products Meeting Financial Goals

Mutual funds and ETFs have positive momentum while confidence in GICs and bonds is in decline.

- When confidence levels are analyzed over time (particularly since the 2008 recession), notable trends emerge:
- Confidence in mutual funds escalated quickly at the beginning of the decade (2009–2011) and has remained steady since this time.
- Although still relatively low, confidence in ETFs has increased slowly but steadily since the beginning of the decade.
- At the same time, confidence in GICs/term deposits and bonds have been steadily declining.
- Bonds, in particular, have experienced significant declines since their high in 2009 (following the recession of 2008). They have experienced a notable decline in the past year.

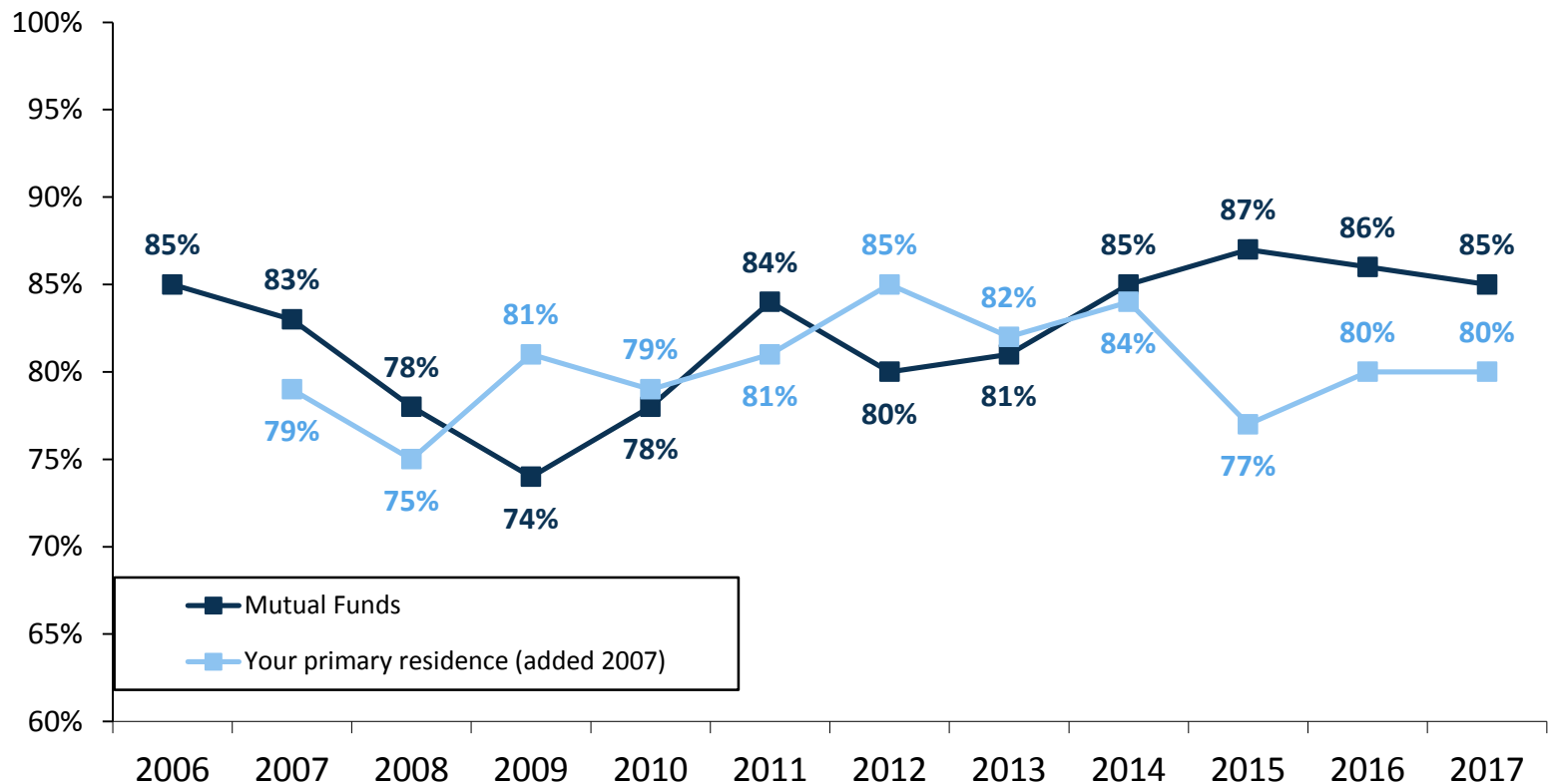


Q3. – Q6./Q8. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Total base N=1000

Confidence in Mutual Funds vs. Primary Residence

Confidence in mutual funds outpaces confidence in the primary residence as an investment.

- People report feeling more confidence in mutual funds than in their primary residence as a tool to meet financial goals.
- After a notable dip in 2015, confidence levels in the residence as an investment rebounded in 2016 and is stable this year.
- Those age 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.
- Those in urban areas and those in Quebec are particularly confident in the housing market.

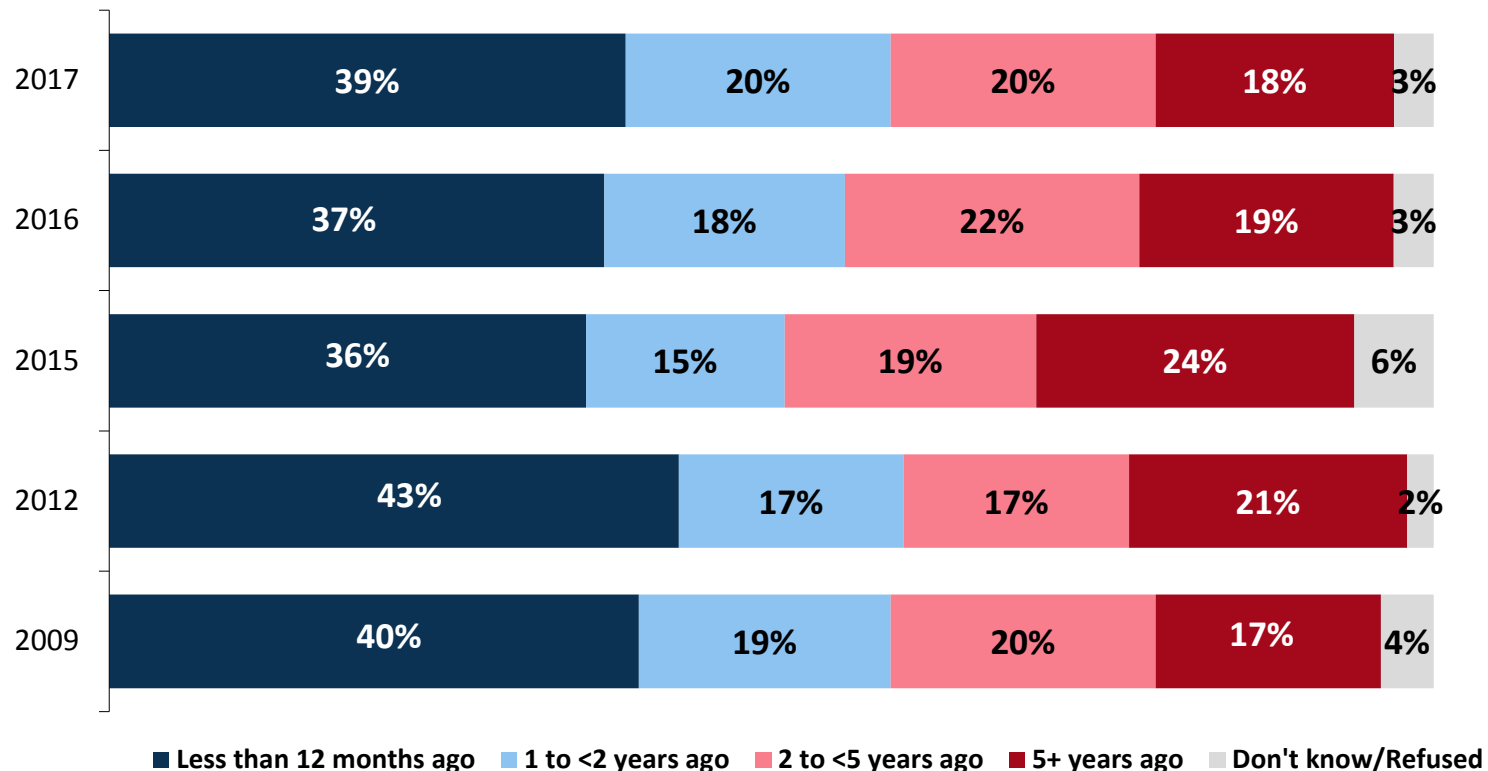


Q3./Q7. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Total base N=1000

Most Recent New Fund Purchase

6-in-10 have purchased a mutual fund in the past two years, consistent with 2016.

- Recency of purchasing mutual funds remains consistent with 2016, with 4-in-10 purchasing a new mutual fund within the last year and 6-in-10 purchasing in the last two years.
- Purchase within the past year has increased slightly in the past two years and appears to be readjusting to 2009/2012 levels after a dip in 2015.
- Those most likely to have purchased in the past year: BC residents (51%), Men (43%), urban dwellers (42%) and those with an income of \$50K+ (40%),

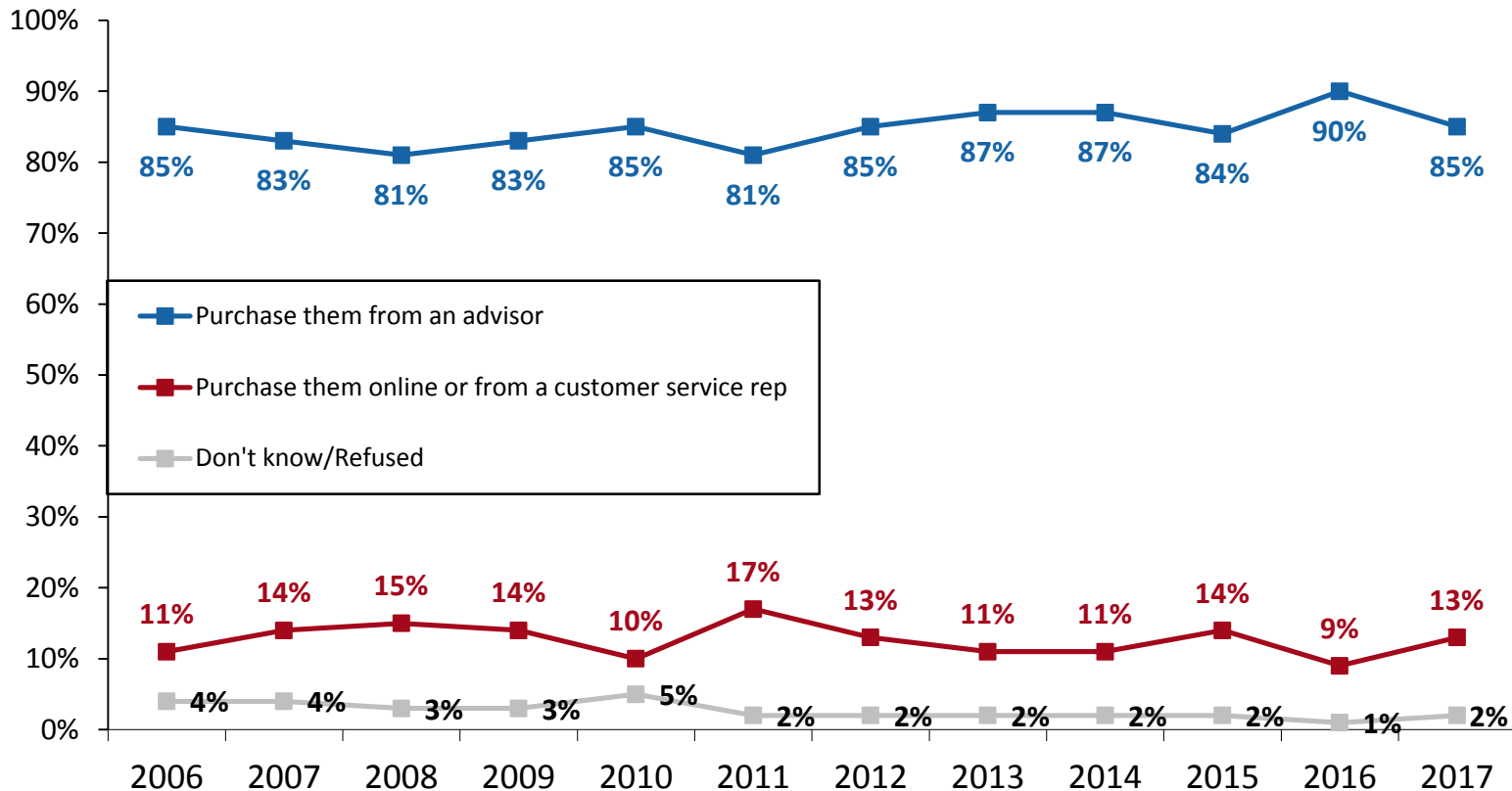


Q9. When was the last time you purchased a mutual fund that you did not already own, either as part of your RRSP or outside of your RRSP? Base: Total base N=1000

Methods of Purchasing Mutual Funds: Most Recent Purchase

The vast majority continue to purchase mutual funds from an advisor.

- The vast majority of people who purchase mutual funds continue to do so through an advisor.
- This figure has softened somewhat from its 2016 high but is consistent with its ten year average as is the proportion who purchase online or from a customer service rep.



Q10. For the next few questions I would like you to think about the last time you invested in a mutual fund. When buying those mutual funds did you...? Base: Total base N=1000

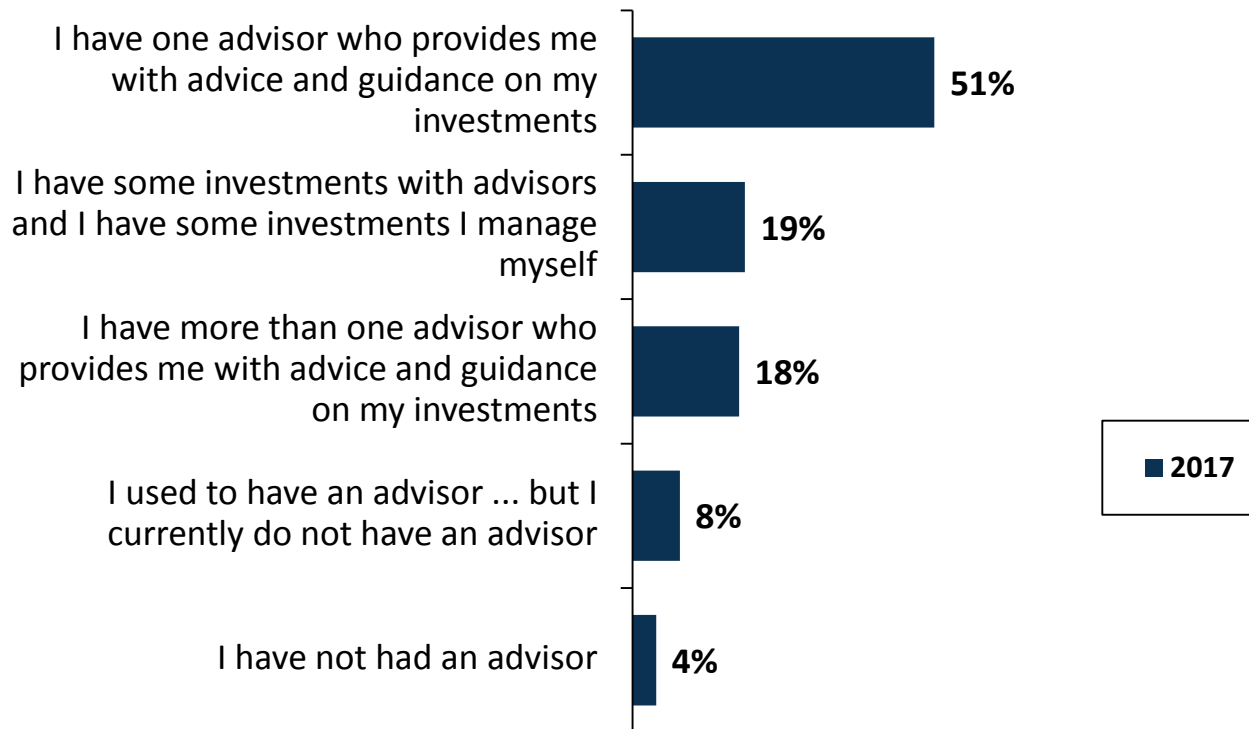
Assessments of Investment Advisor

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Have Financial Advisor

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

- A full 88% 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%).
- Those most likely to work with one advisor on all of their investments: Women 56%, those with an income of less than \$50K (62%) and those who live in rural areas (57%)

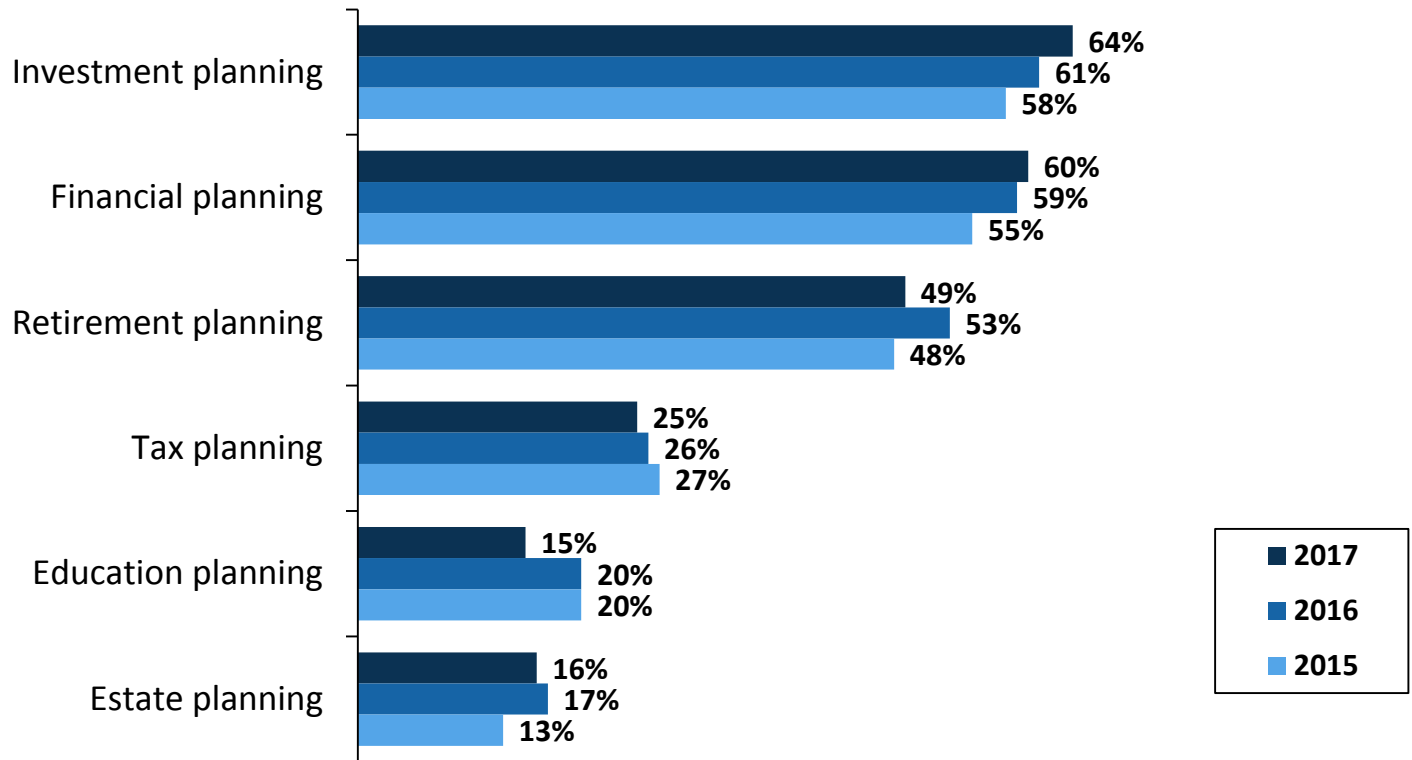


Q26. Which statement best describes you? Total base N=1000

Advisor Services Used

Among those who purchase mutual funds from an advisor, usage of investment and financial planning services have increased.

- 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 Investment Planning and Financial Planning has increased over the past two years.
- Conversely, usage of Education Planning softened this year.

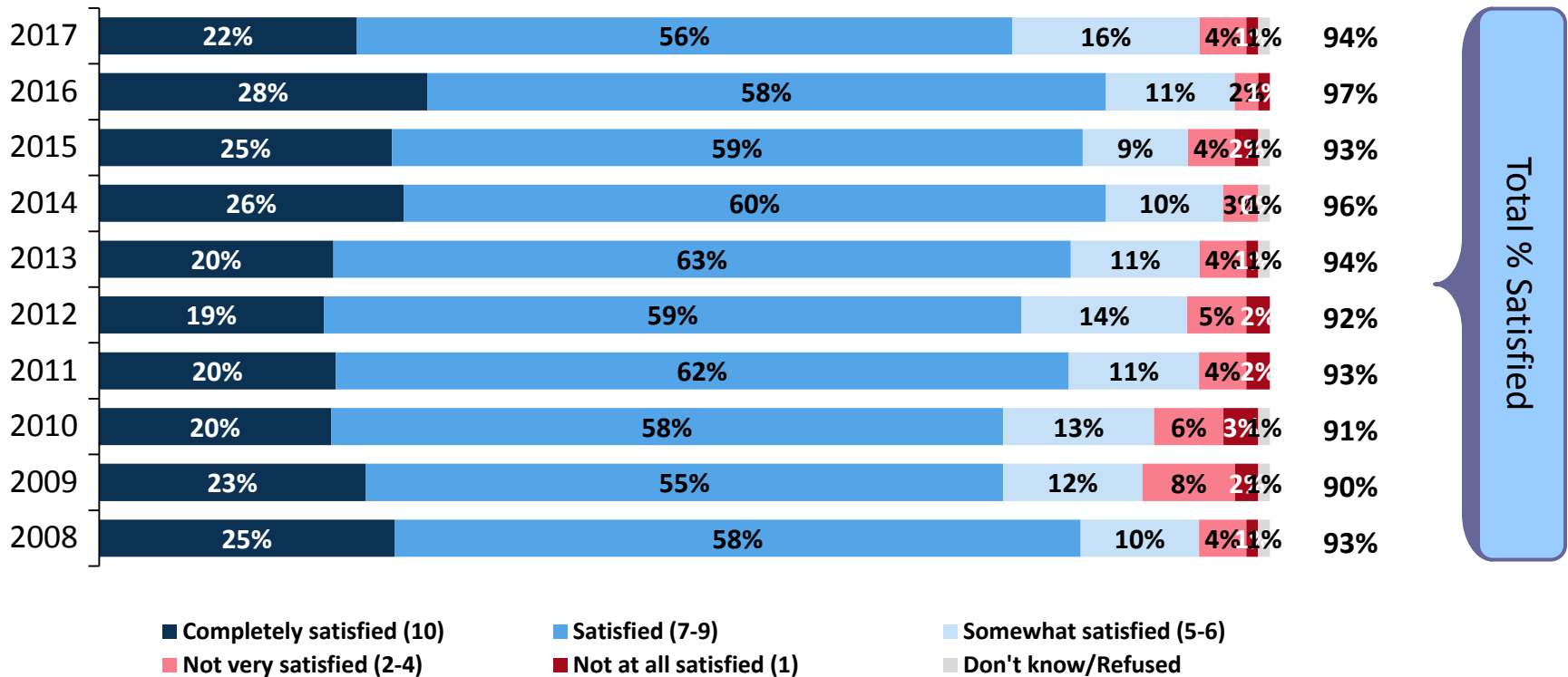


Q36. – Q41. Thinking about the various services that your advisor's firm may offer, which of the following have you taken advantage of within the past 12 months? Base: Purchased mutual funds from advisor N=871

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.
- The proportion who were “Completely satisfied” increased slightly in 2016. In 2017, this measure has softened, but it is on par with most previous years.
- Satisfaction increases with age – 32% of those age 65+ are “Completely satisfied”.

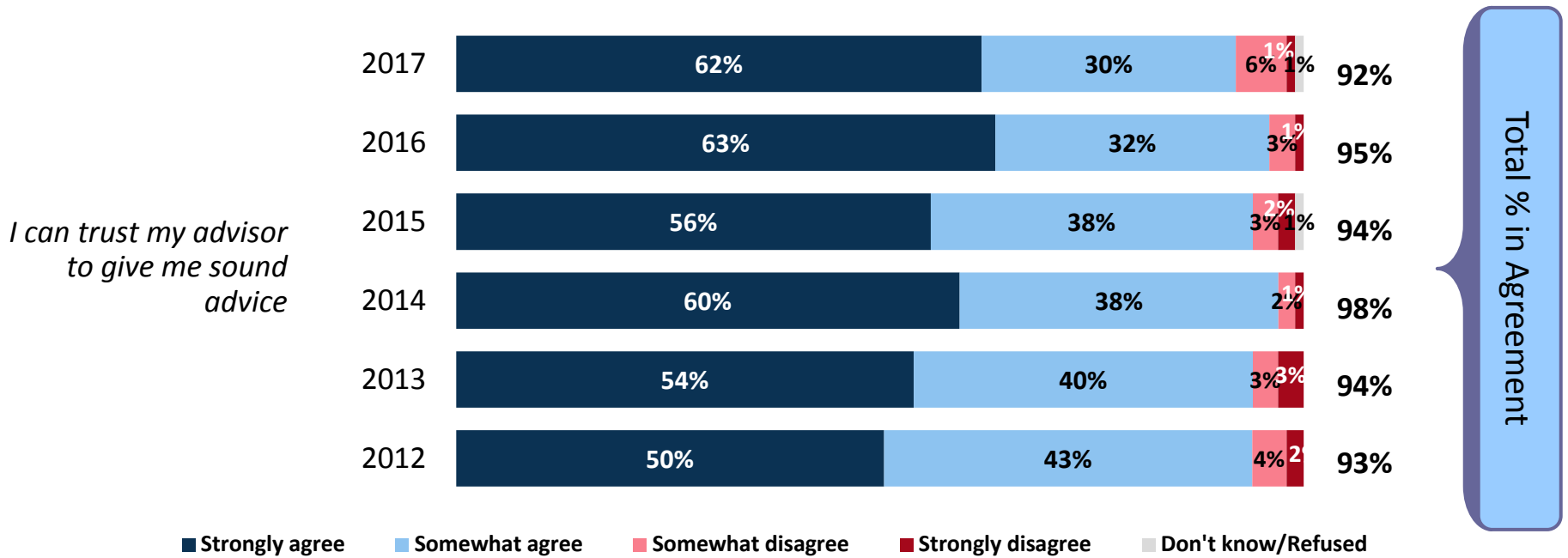


Q27. I would now like to ask you about your relationship with your financial advisor - meaning the advisor who you buy your mutual funds from. Using a scale from 1 to 10 where 1 means 'not at all satisfied' and 10 means 'completely satisfied', how satisfied are you with the advice provided by your financial advisor? Base: Purchased mutual funds from advisor N=871

Advisor Trust

Among those with an advisor, trust in that individual remains high.

- The proportion who “Strongly agree” that they can trust their advisor to give them sound advice has increased steadily over the past five years. In 2012, half of the population felt this way. Today, it is closer to two thirds.
- The proportion who “Strongly agree” with this is highest among: those age 65+ (71%), those with a degree (65%+), and those in Ontario (66%), Alberta (66%) and BC (65%).

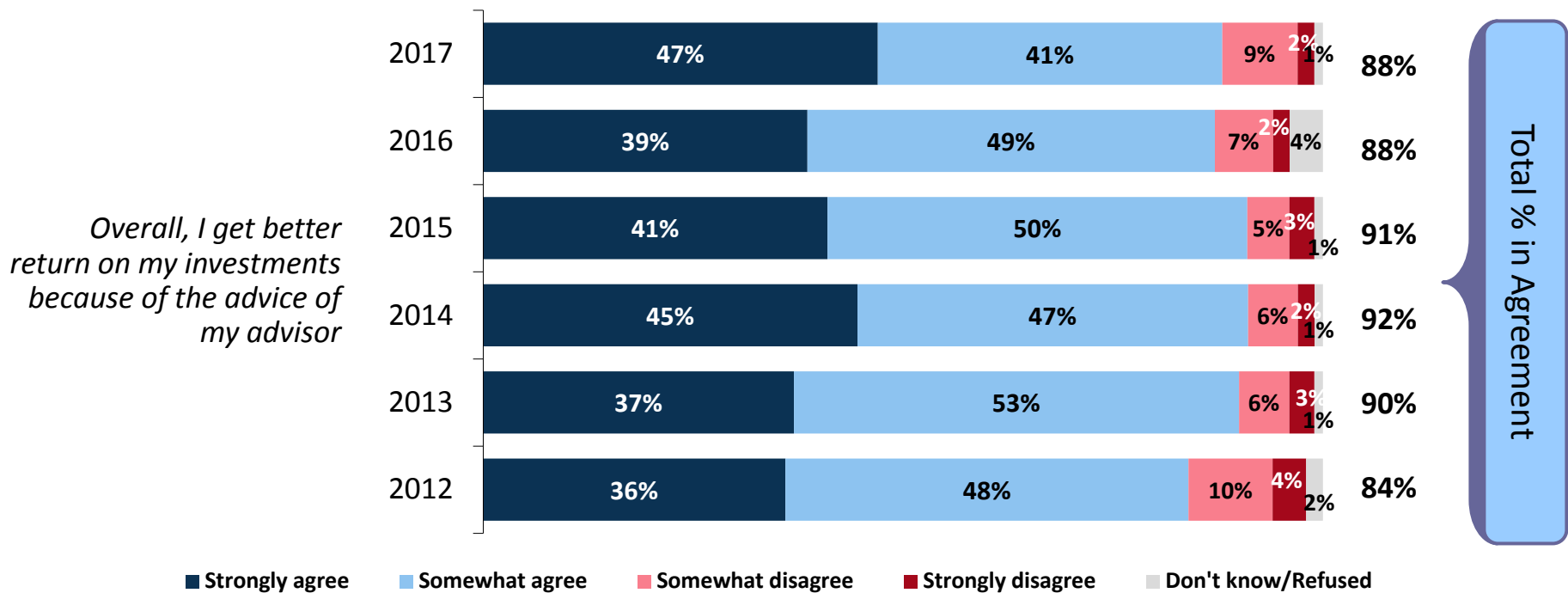


Q28. All things considered, how much would you say you agree or disagree with each of the following statements? - I can trust my advisor to give me sound advice/ I get a better return on my investments because of the advice of my advisor | Base: Purchased mutual funds from advisor N=871

Perceived ROI

The proportion who strongly credit their advisor with better return on investment has increased since 2016.

- Among those with an advisor, the proportion who strongly credit this individual with achieving better return on investments has increased in 2017, from 39% last year to almost half (47%) this year.
- This opinion is more prevalent among: those age 65+ (58%), women (51%), those with a degree (48%+), urban dwellers (49%) and those in Ontario (52%) and BC (56%).

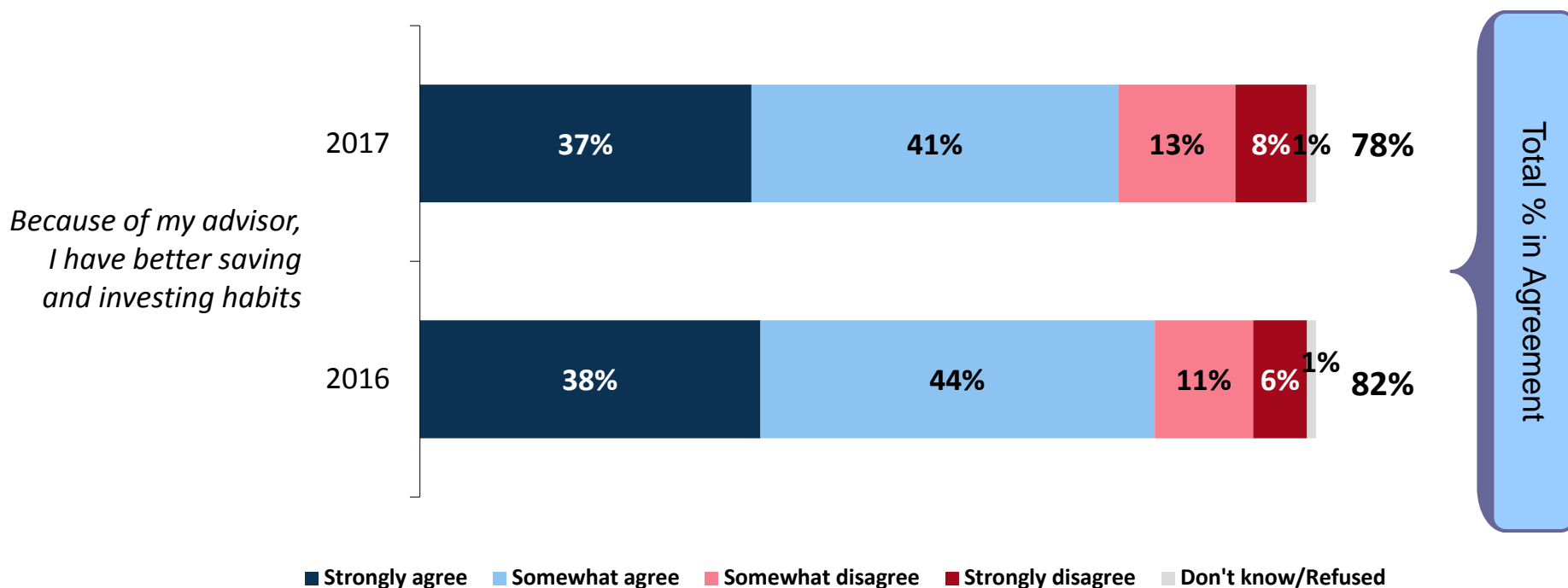


Q29. All things considered, how much would you say you agree or disagree with each of the following statements? - I can trust my advisor to give me sound advice/ I get a better return on my investments because of the advice of my advisor | Base: Purchased mutual funds from advisor N=871

Attitudes Regarding Financial Advisor

Around 8-in-10 feel their advisor improves their saving and investing habits.

- The vast majority of those with an advisor agree that this individual improves their saving and investing habits. Almost 4-in-10 “Strongly agree” with this. This is in line with 2016.
- The proportion who strongly agree with this increases with age (51% of those age 65+ strongly agree). It is also more prevalent among: those with a university degree (42%), those with an income of less than \$50k (49%) and those in Ontario (45%).

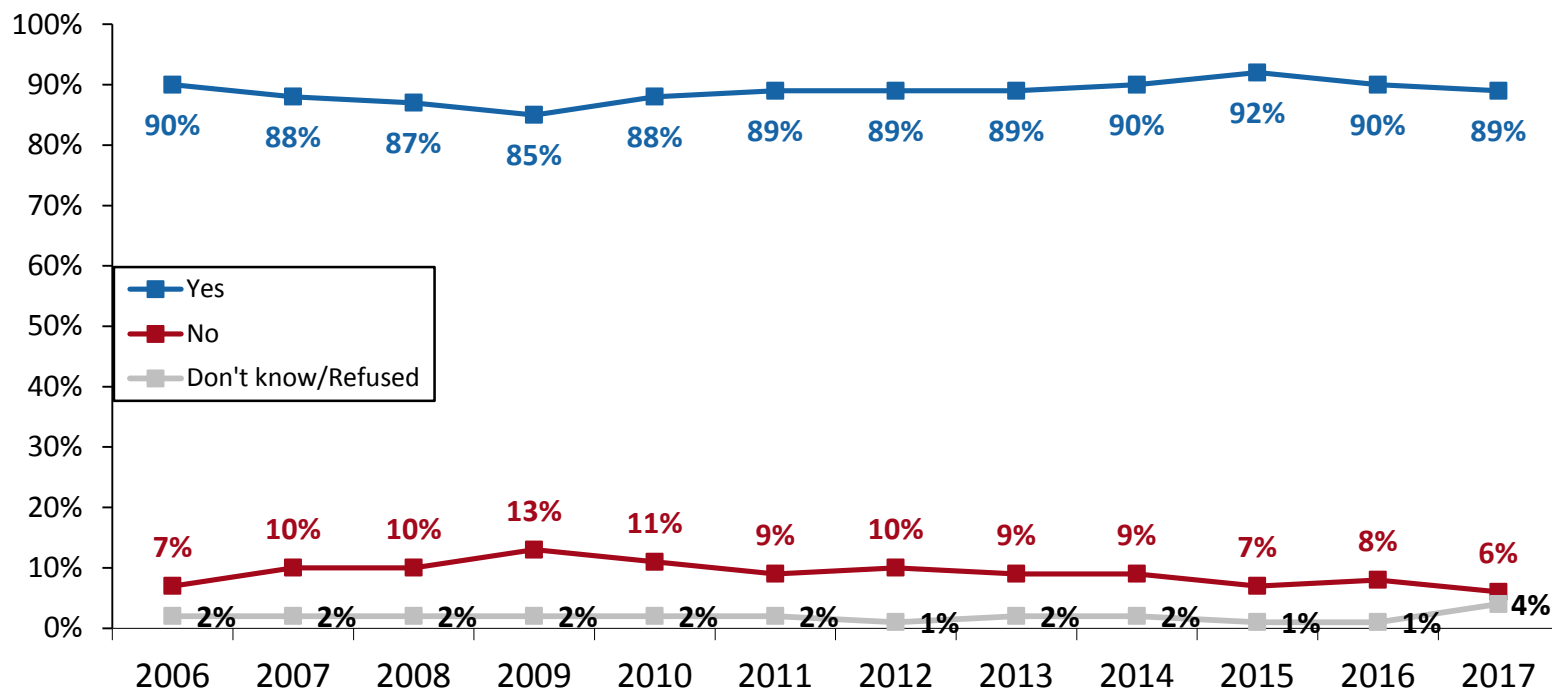


Q30. All things considered, how much would you say you agree or disagree with each of the following statements? - Because of my advisor, I have better saving and investing habits | Base: Purchased mutual funds from advisor N=871

Whether Advisor Discussed Suitability

Most advisors discuss the suitability of a mutual fund with investors.

- Among those who purchased mutual funds from an advisor, the vast majority report that that advisor discussed with them how that mutual fund would help meet their goals.
- This is notably higher among those knowledgeable about mutual funds (94%) than those who consider that they are not knowledgeable (74%), which may speak to advisor engagement and/or the type of questions that knowledgeable investors ask.
- Those more likely to report that their advisor discussed the suitability of their mutual fund: Men (94%) and those with an income of \$50K+ (89%+).



Q11. (IF PURCHASED FROM ADVISOR IN Q10) And still thinking back to the last time you invested in a mutual fund, did your advisor: Discuss how well suited that mutual fund is for reaching your investment objectives? Base: Purchased mutual funds from advisor N=871

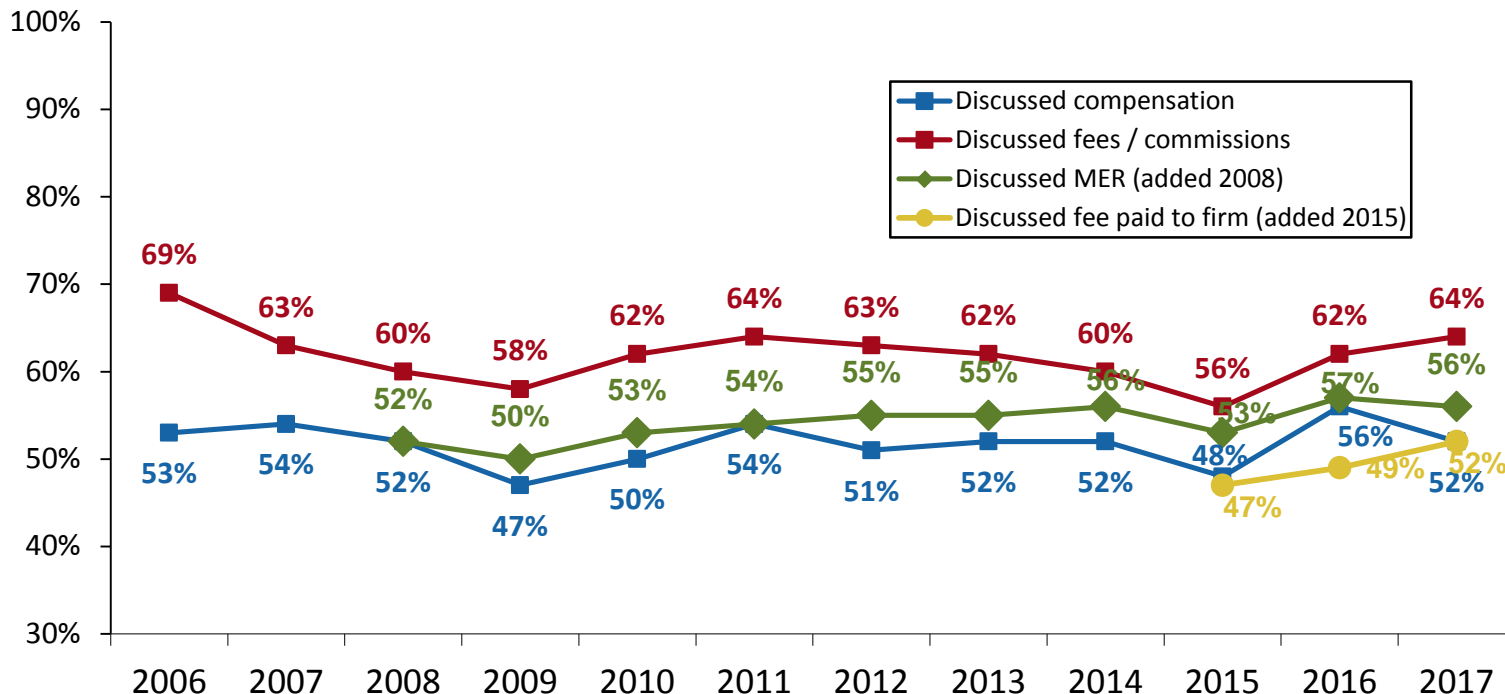
Attitudes towards and Knowledge of Fees

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Whether Advisor Discussed Compensation/Fees/MER

The proportion of advisors discussing mutual fund fees/commissions is on a positive trajectory.

- Among those with an advisor, half (52%) report that this individual discussed compensation when purchasing a mutual fund and two-thirds (64%) report fees/commissions were discussed.
- Those who had purchased a mutual fund in the past year were most likely to recall these discussions (compensation 59%, fees/commission 70%, MER 65%, fees to firm 58%)
- The proportion reporting that their advisor discussed fees/commissions or fees paid to the firm is on a positive trajectory since 2015 while the proportion who report their advisor discussed compensation has re-adjusted to 2015 levels after a jump in 2016.
- Men, those age 45+, those in the \$100K+ income bracket and those in Alberta and BC are most likely to report having these discussions.

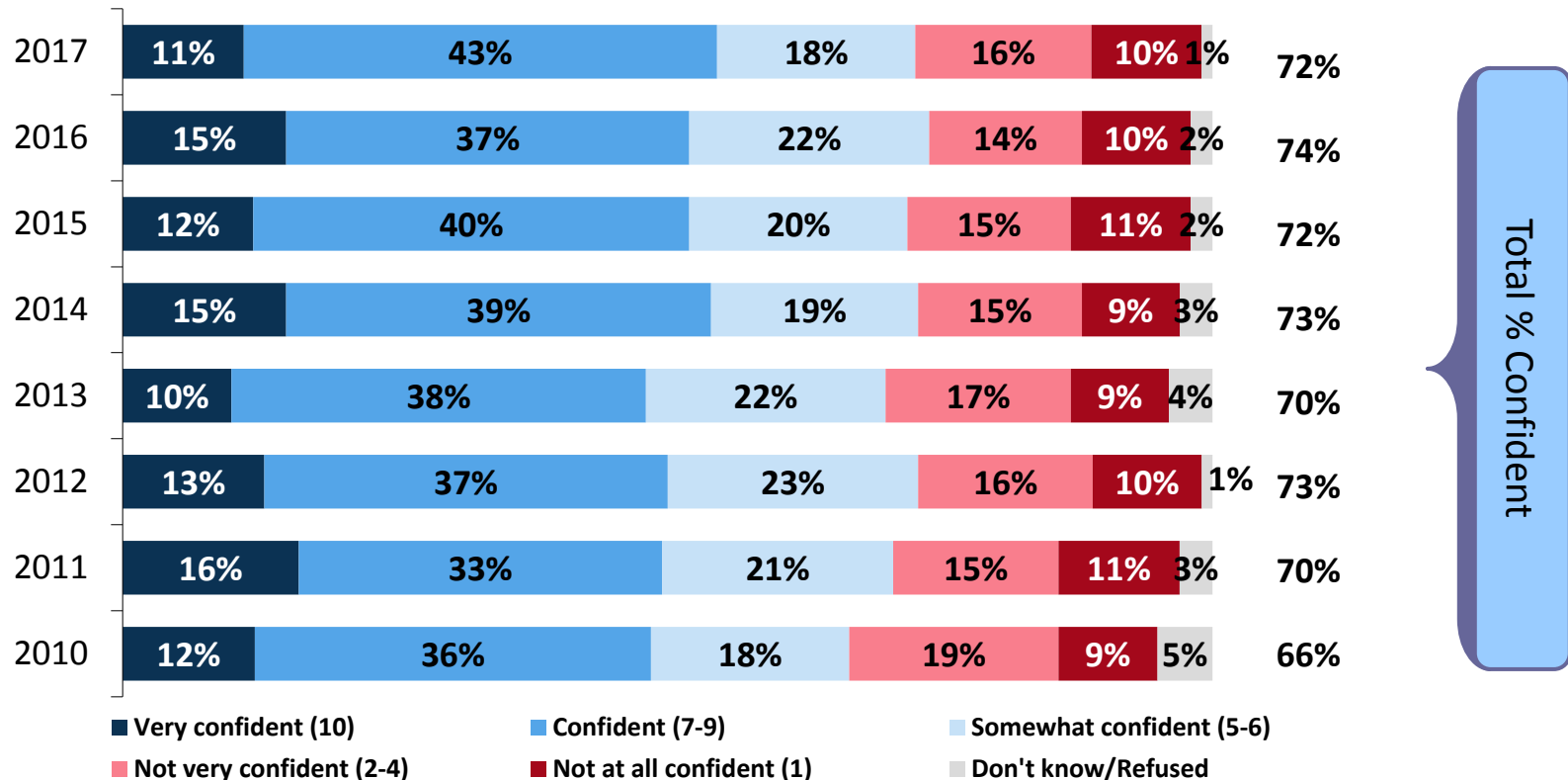


Q14. (IF PURCHASED FROM ADVISOR IN Q10) And still thinking back to the last time you invested in a mutual fund, did your advisor: Discuss the fee the mutual fund company receives for managing, distributing and administering the fund, also known as the Management Expense Ratio or the MER? Base: Purchased mutual funds from advisor N=871

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 (top 2 box) increases among: those who are age 65+ (65%), Men (59%), those with a degree (57%), those earning \$100K+ (66%) and those in Alberta and BC (61%).

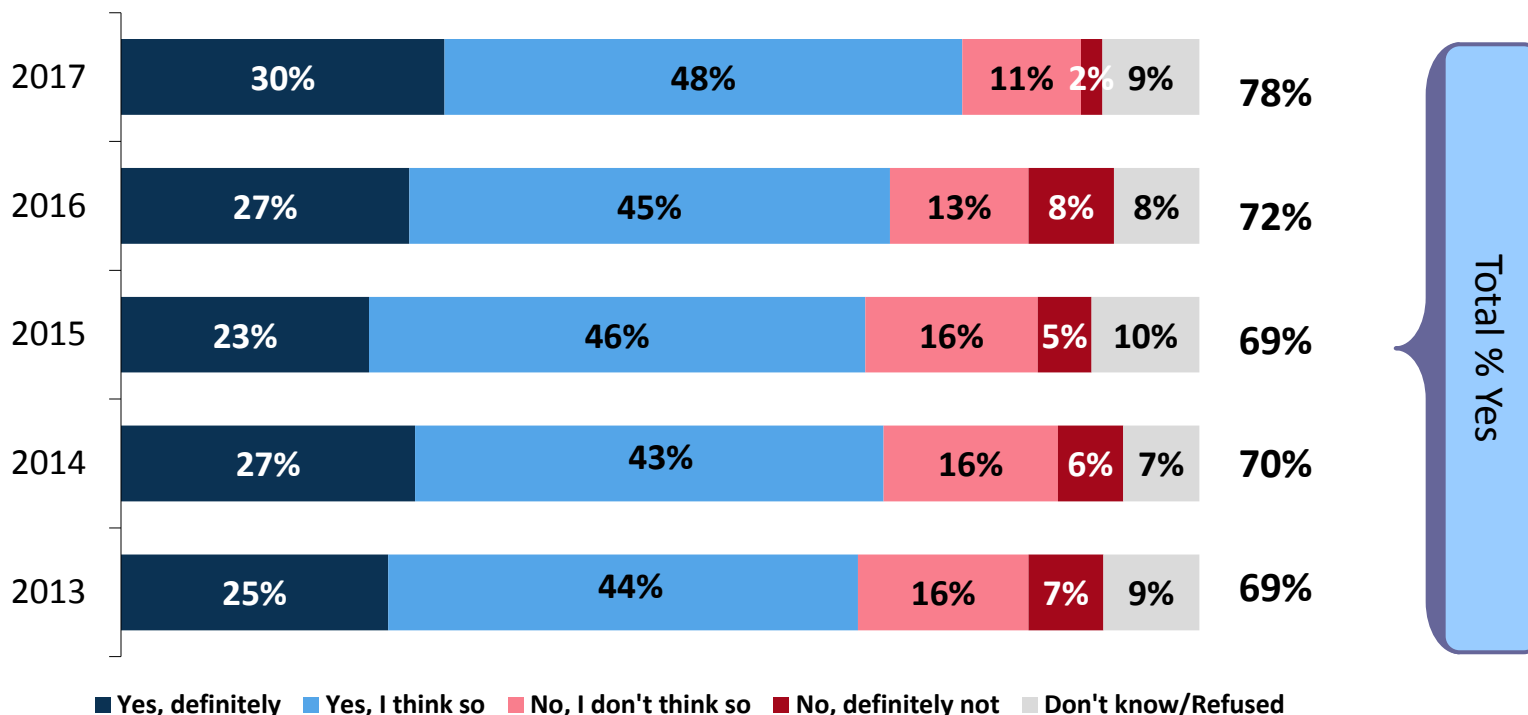


Q31. Now I'd like to ask you a question about any fees you pay for your mutual funds. Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are you about your knowledge of any fees you pay for your mutual funds? Base: Total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

Fees Used to Compensate Advisor

78% of those with an advisor believe that part of the mutual fund fees go to that individual.

- Among those buying mutual funds from an advisor, 3-in-10 definitely think that part of the fees charged are used to compensate their financial advisor while half believe it to be true. Knowledge about this fact has been on the rise since 2015.
- Among those knowledgeable of mutual funds, 41% say “Definitely” compared with only 18% of those who are not knowledgeable. Others who are most likely to say “Definitely”: Men (34%), those age 65+ (38%), university graduates (37%) and Quebec residents (37%).



Q32. 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 N=871

Knowledge of Fees by Recent Mutual Fund Purchase

While confidence in their knowledge about fees has remained constant, recent purchasers are now gaining more information.

- Those who had purchased a mutual fund in the past year are more likely to say their advisors had discussed fees or commissions compared to those who had not made a recent purchase. They are also more confident in their knowledge and more likely to be aware part of their fees go to advisors.
- Among this group, the likelihood of advisors discussing fees/commissions, MER and fees paid to firms has been on the increase since 2015. While the likelihood of discussing compensation increased in 2016, from 53% to 59%, it remained steady this year. This year, these investors were also more likely to know part of their fees go to their investors, compared to last year's results.
- However, despite this increase of knowledge, confidence has not seen an increase over the past three years.

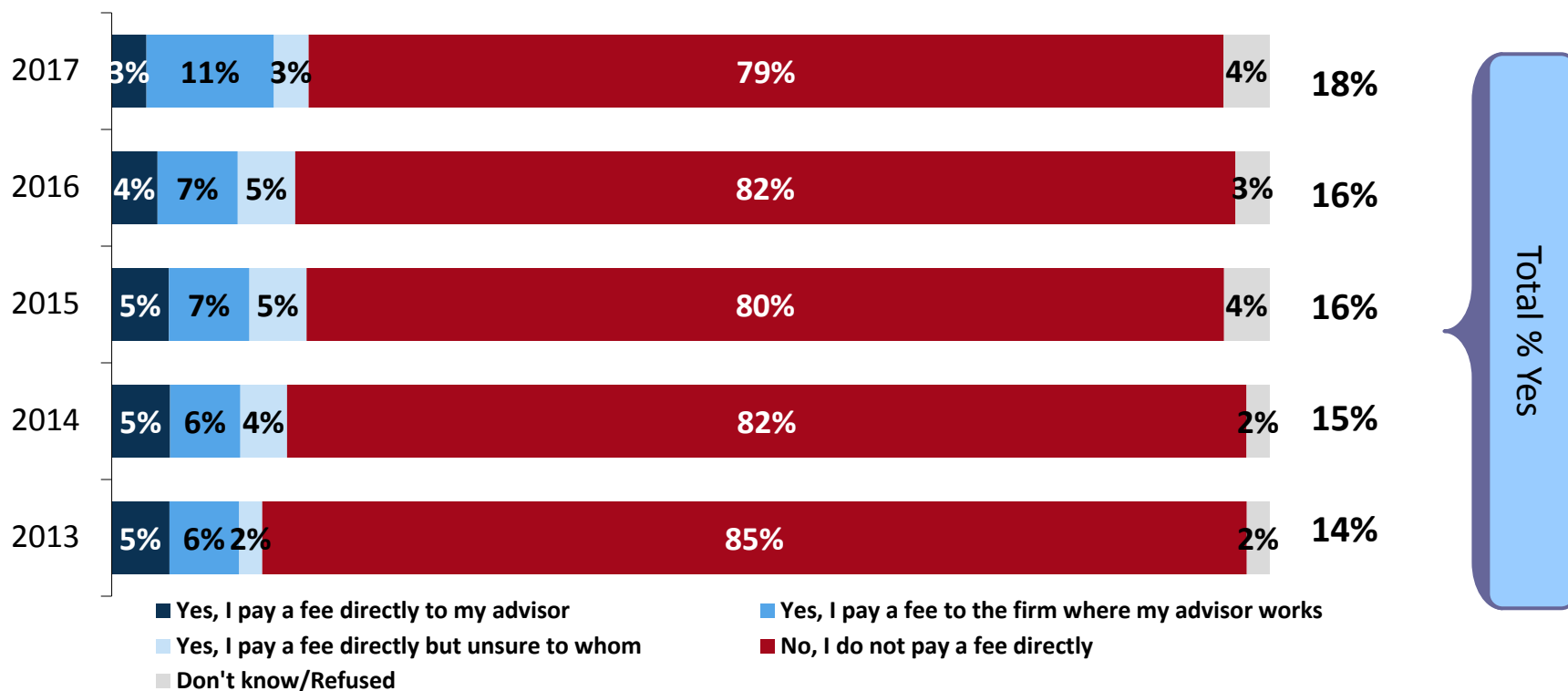
Knowledge of Fees among those who Purchased Mutual Funds in Past Year

| | 2015 | 2016 | 2017 |
|---|------|------|------|
| Advisor discussed compensation | 53% | 59% | 59% |
| Advisor discussed fees/commission | 58% | 66% | 70% |
| Advisor discussed MER | 57% | 59% | 65% |
| Advisor discussed fees paid to firm | 53% | 53% | 58% |
| 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% |
| Believe part of fees go to advisors (Definitely/Think so) | 72% | 70% | 85% |

Direct Fee Payments

About 1-in-5 of those with an advisor indicate that they pay direct fees.

- One-in-five of those with an advisor (18%) report they pay a direct fee (some believe it is directly to their advisor/the firm, some are unsure).
- Overall awareness is similar to the previous year, however, the proportion who are aware that they pay a fee to the firm has increased somewhat. In addition, the proportion who report that they do not pay a direct fee has declined slowly over the past four years.

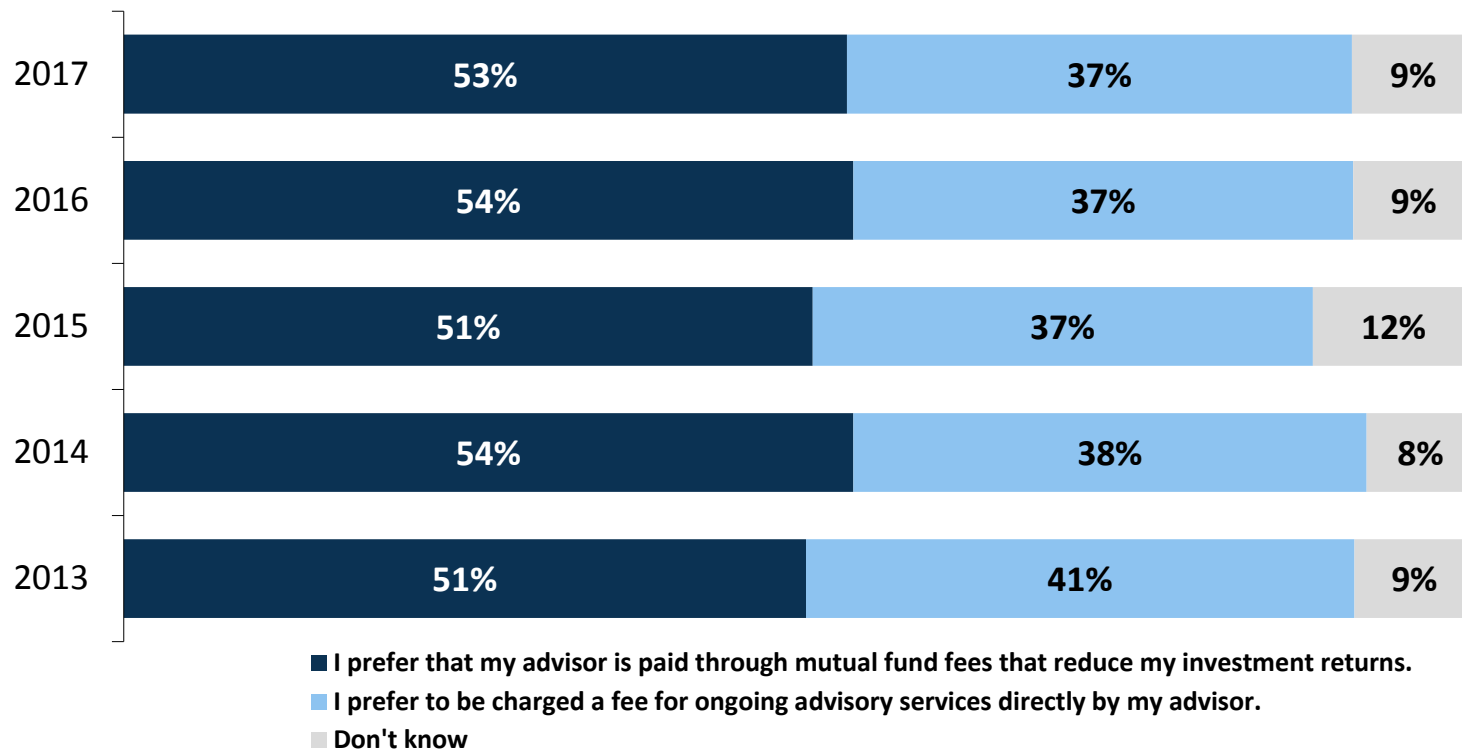


Q33. Do you pay any fees directly to your advisor for the services you receive? Base: Purchased mutual funds from advisor N=871

Compensation Model Preferences

A small majority of those with an advisor prefer to pay them through mutual fund fees rather than direct charges.

- Those with an advisor are divided on their preference for how advisors are paid, but a small majority (53%) prefer that they are paid through fees that reduce investment returns.
- This is in line with previous years.
- Preference for payment through fees is highest among rural residents (60%) and in Atlantic Canada (71%).

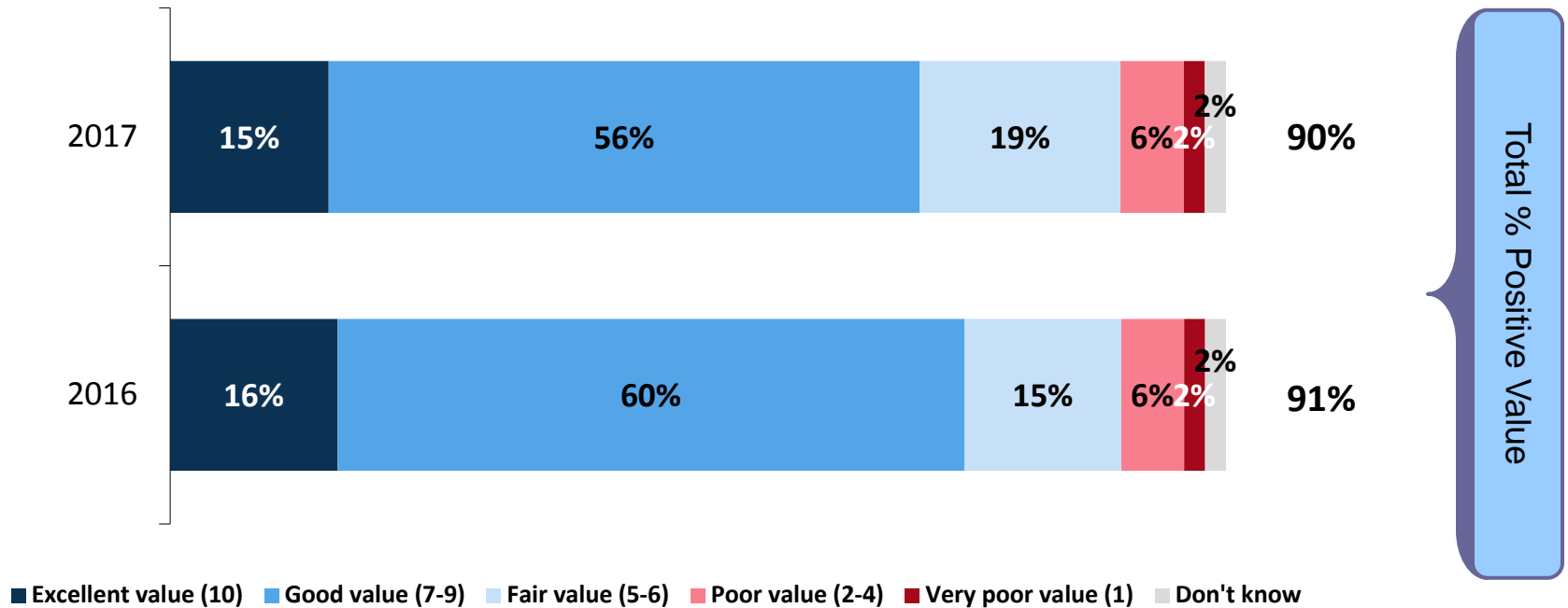


Q34. Which of the following two statements comes closest to your own personal preference on how your advisor is paid? Base: Purchased mutual funds from advisor N=871

Value for Money

Most of those with an advisor feel they're getting some value for the fees they pay and 71% feel it's Excellent/Good value.

- Most (9-in-10) of those with an advisor believe they are getting at least some value for the fees that they pay and 7-in-10 say it is "Excellent value" or "Good value"
- This is generally in-line with 2016 although a small proportion have moved from "Good value" to "Fair value".
- BC residents are most likely to feel that they are getting "Excellent value" (26%).

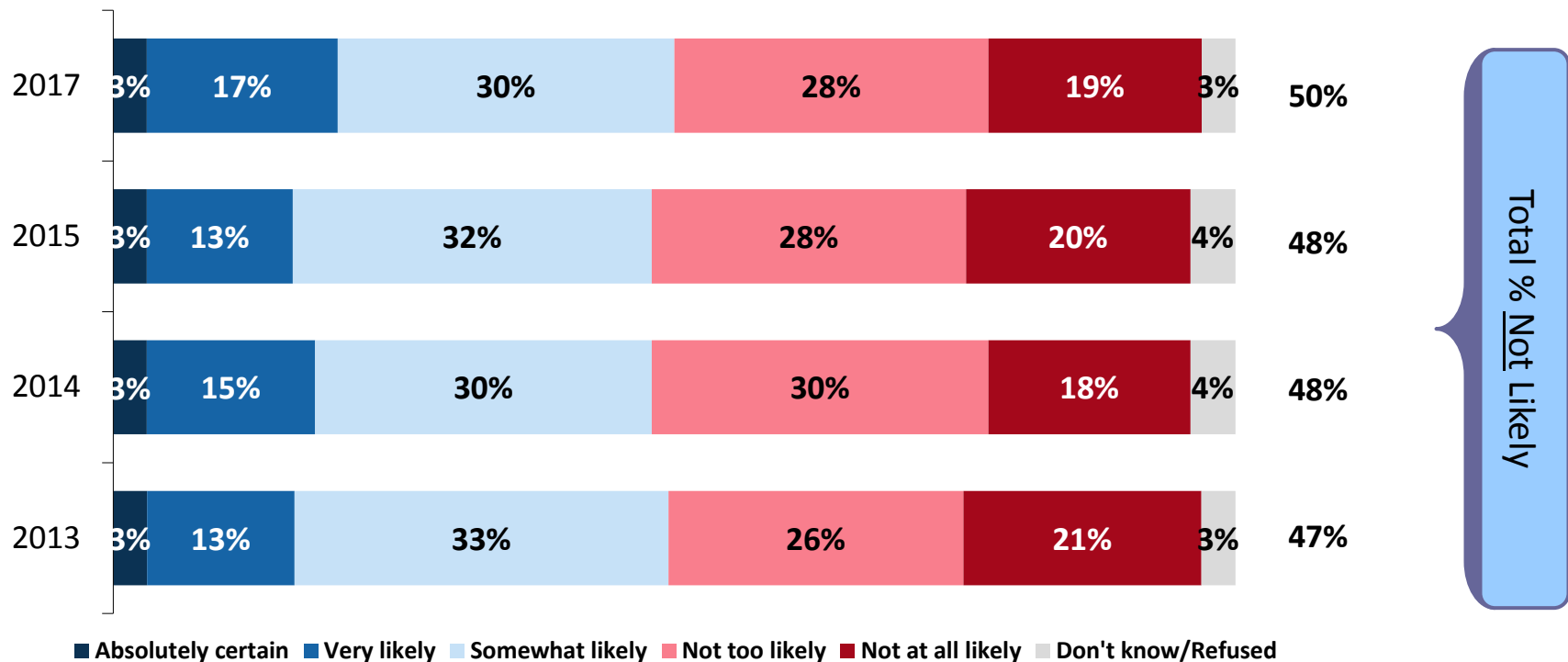


Q42. Thinking about how much the firm where your advisor works is compensated and the services provided by your advisor, would you say you are getting good value for your money? Please use a scale from 1 to 10, where 1 means you are getting 'very poor value' and 10 means you are getting 'excellent value' for your money. Base: Purchased mutual funds from advisor N=871

Likelihood of Continued Use of Advisor

People with an advisor are divided as to whether or not they would continue their advisor relationship if higher direct fees were applied.

- As in previous years, people are divided as to whether or not they would continue to work with their advisor if they had to pay a higher direct fee. Half say they likely would, while about half believe they would end the relationship.
- Those most likely to stay with their advisor (top 2 box) are: university graduates (28%) and prairie residents (28%).



Q35. If a direct charge fee was implemented by your advisor, how likely would you be to continue to use your advisor's services if the fee was higher than the current fee embedded in your mutual fund? Would you be...? Base: Purchased mutual funds from advisor N=871

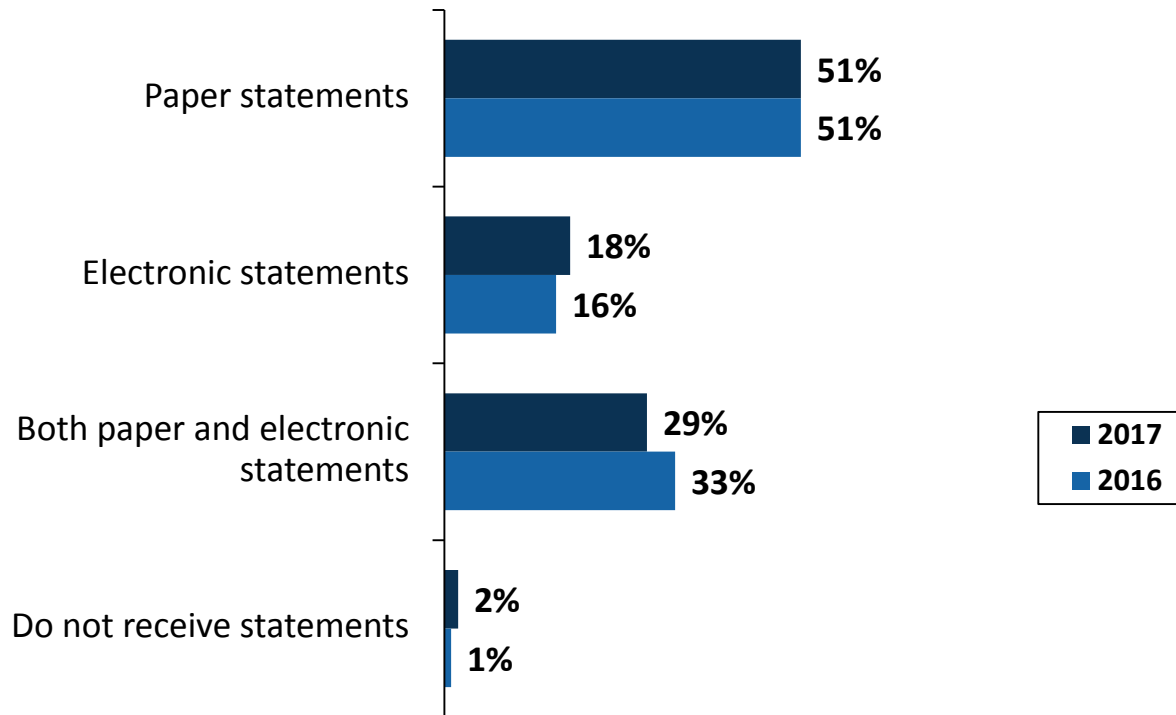
New Information Requirements And Investment Statements

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Form of Mutual Fund Account Statements Received

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

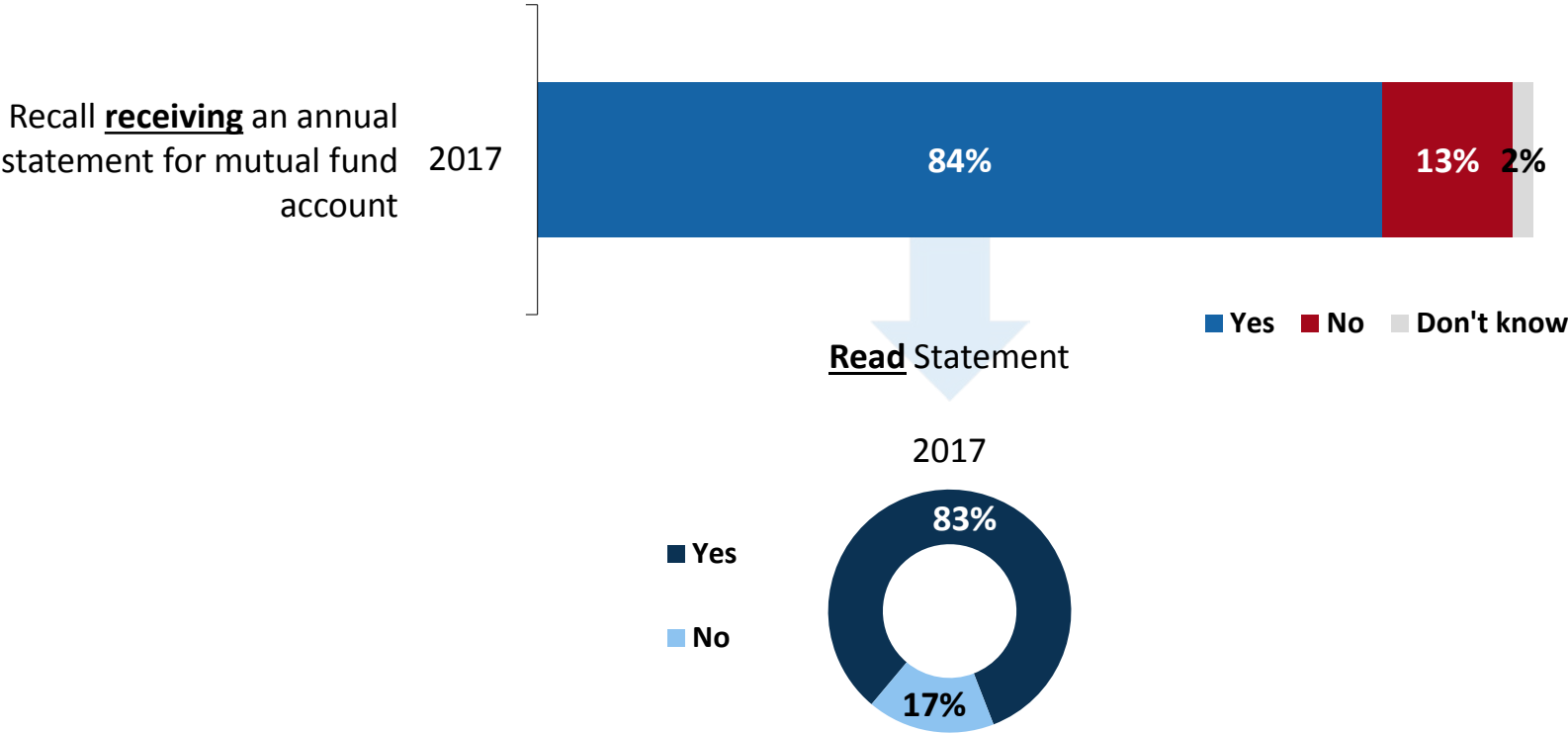
- As in 2016, half still receive paper statements only for their mutual funds, while the other half receive at least some electronic statements. About 1-in-5 receive electronic statements only.
- Those most likely to receive electronic statements only include: Quebec residents (31%), those age 18-44 (26%), those with a degree (20%+), those with a household income of \$100K+ (20%).



Annual Mutual Fund Account Statement

People report high engagement with mutual fund statements.

- People report high engagement in mutual fund statements: the vast majority recall receiving an annual statement for their mutual fund account and, among those, 83% read that statement.
- Propensity to receive a statement is relatively equal by group, but especially high among those with an income of \$50K+ (86%+)
- Most likely to read their statement: Men (87%), those age 45+ (84%), urban dwellers (85%) and those in Atlantic Canada (94%) and BC (92%).



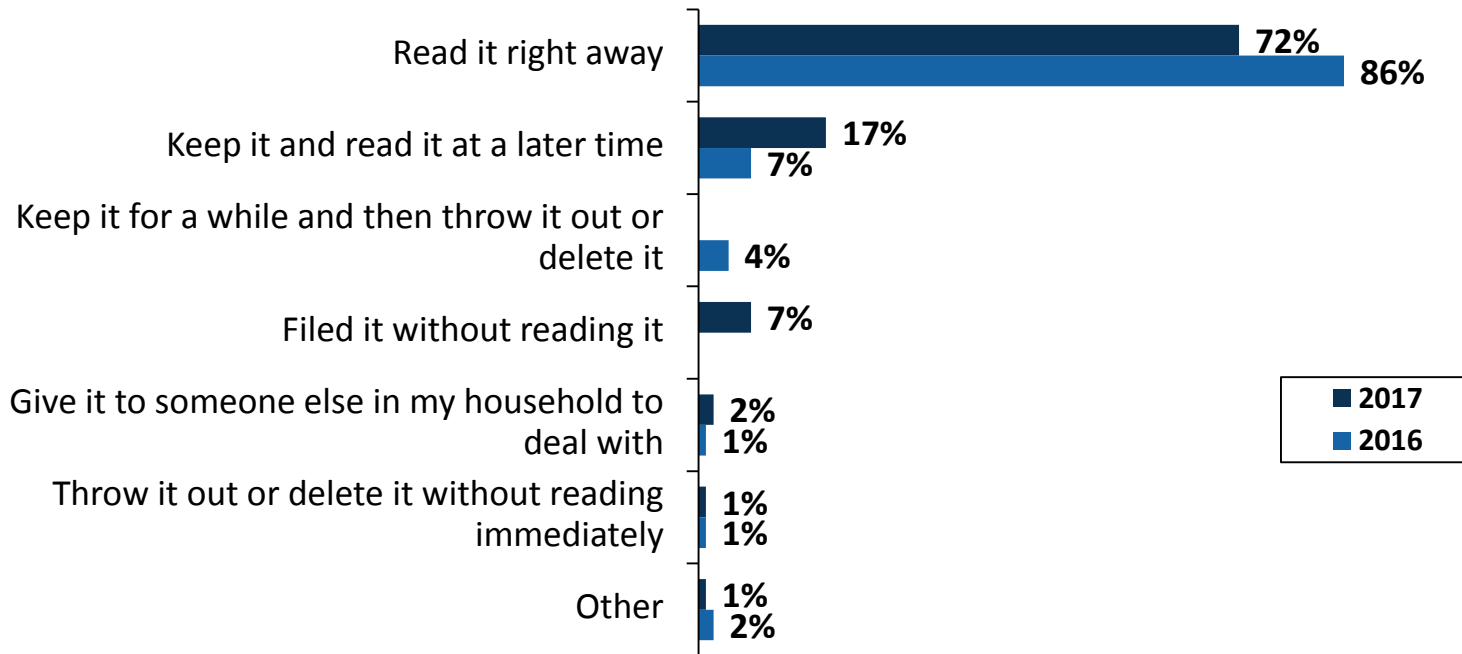
Q45. Do you recall receiving an annual statement for your mutual fund account this year? Base: Total base N=1000

Q46. Have you read the annual statement that you received for your mutual fund account this year? Base: Read annual statement N=857

Action Taken With Mutual Fund Account Statements Received

Propensity to read the mutual fund statement right away has softened over the past year.

- The proportion who report reading their mutual fund statements right away remains high (72%), but is notably softer than 2016.
- Compared with last year, more people report they read their statements later or file it without reading it.
- Propensity to read the statement right away is highest among: Men (77%), those age 45+ (72%+), those with an income of \$50K+ (75%+), urban residents (75%) and those in Atlantic Canada (84%).

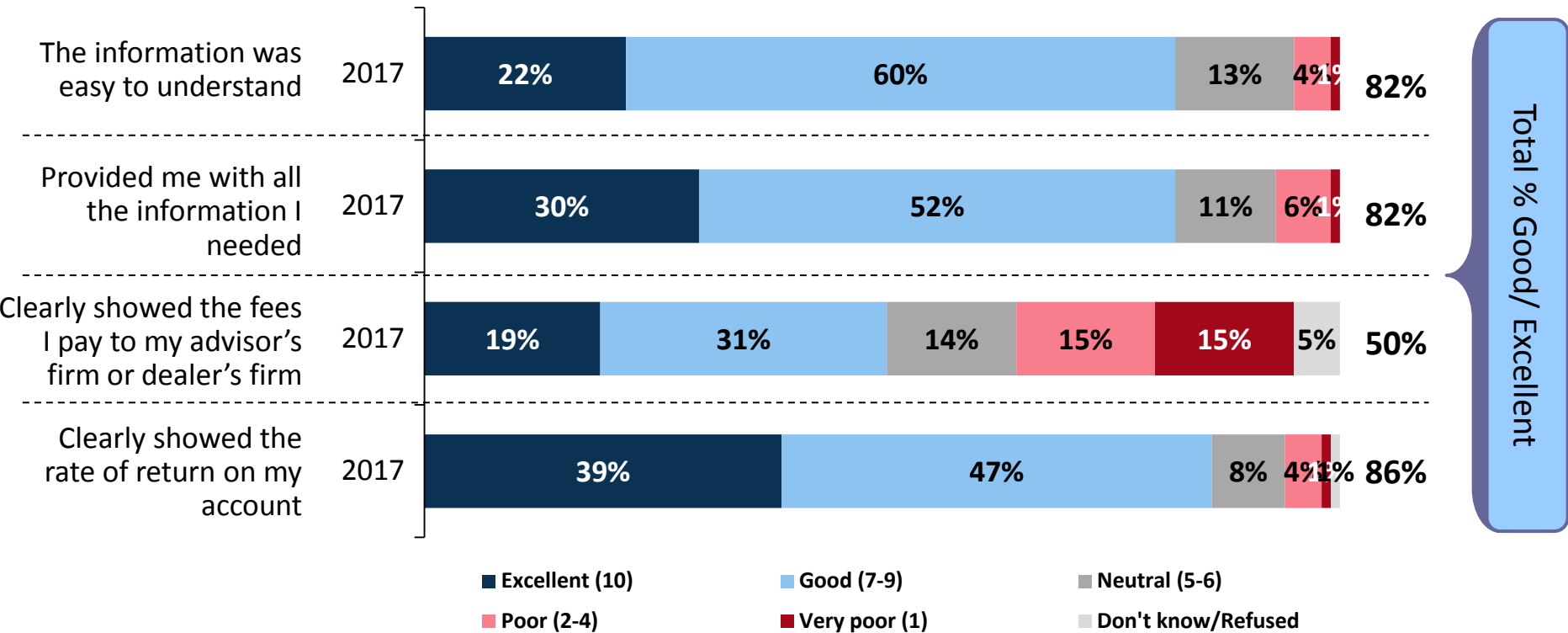


Q44. Which of the following best describe what you usually do with the mutual fund statements you receive? Base: those who recall receiving statements N=990

Quality of Information Materials

For those who read their annual statement, performance reporting is clear, but fee reporting remains a challenge.

- 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.
- However, only about half agree that advisor/dealer fees were clearly stated. This may be a result of respondents confusing annual statements with monthly or quarterly, which do not report fees.
- Those most likely to feel they were clearly stated include: those age 65+ (59%), Men (53%) and those earning less than \$50K (55%),

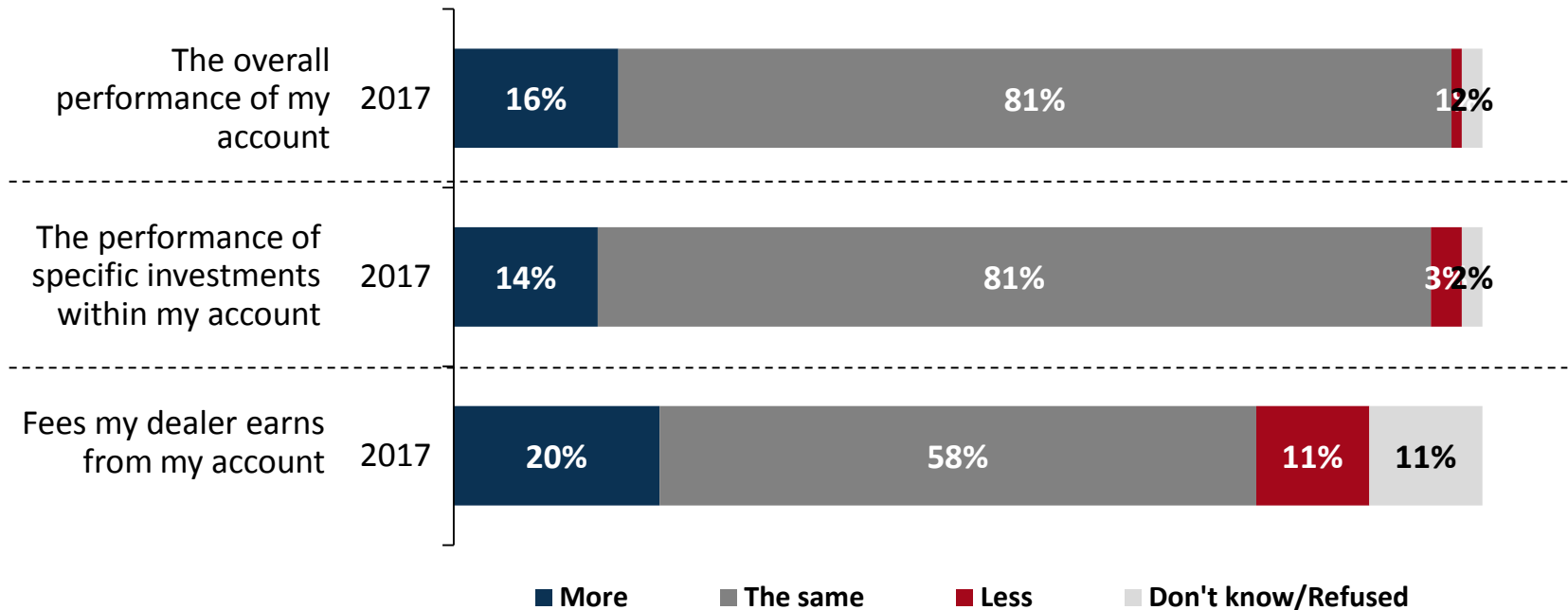


Q48 – Q51.. Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information materials you received about your investments in each of the following areas. - The information in the statement was easy to understand | Base: those who have read their annual statement for mutual fund account this year N=723

Recent vs. Past Annual Statements

Most of those who read their statement did not notice that it contained new information.

- Most of those who read their most recent mutual fund annual statements report that it contained a similar amount of information to past statements regarding overall performance and performance of specific investments.
- About 6-in-10 report getting the same amount of information as previous years on dealer fees, however, about 20% feel they get more information and a similar proportion either feel they're getting less information or just don't know.
- Those age 45+ are the most likely to feel they're getting more information in all areas. Those who feel they're getting more information on fees include: men (23%), university graduates (24%), those earning \$100K+ (25%), urban dwellers (21%) and those in Atlantic Canada (31%), Alberta (29%) and BC (26%).



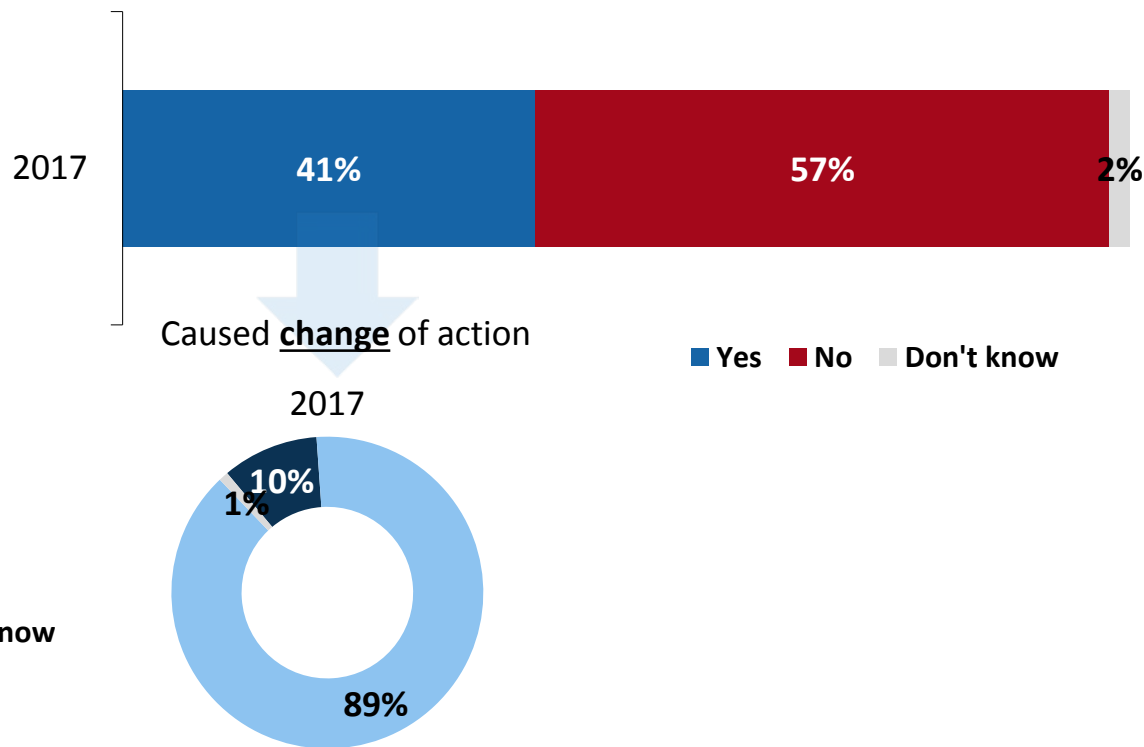
Q47A/B/C. Comparing your most recent annual statements to past statements, do you believe the recent statement contains more, the same, or less information about the following areas? Base: those who have read their annual statement for mutual fund account this year N=723

Awareness of New Requirements and Change of Action

While 41% are aware of the requirements for more information on statements, very few have taken action as a result.

- Despite few investors recognizing an increase in information on their statements, About 4-in-10 are aware that their investment firm is now required to include more information about fees, investment performance and personal rate of returns.
- Awareness of these changes increases with age and education level. It is also more prevalent in urban areas (43%), and in the Atlantic (52%), Ontario (46%) and BC (45%).
- Among those who are aware and read their statement, only a small amount (10%) have take action on their account as a result.

Aware of changes:
Requirement to include more info on fees/ performance/ rate of returns



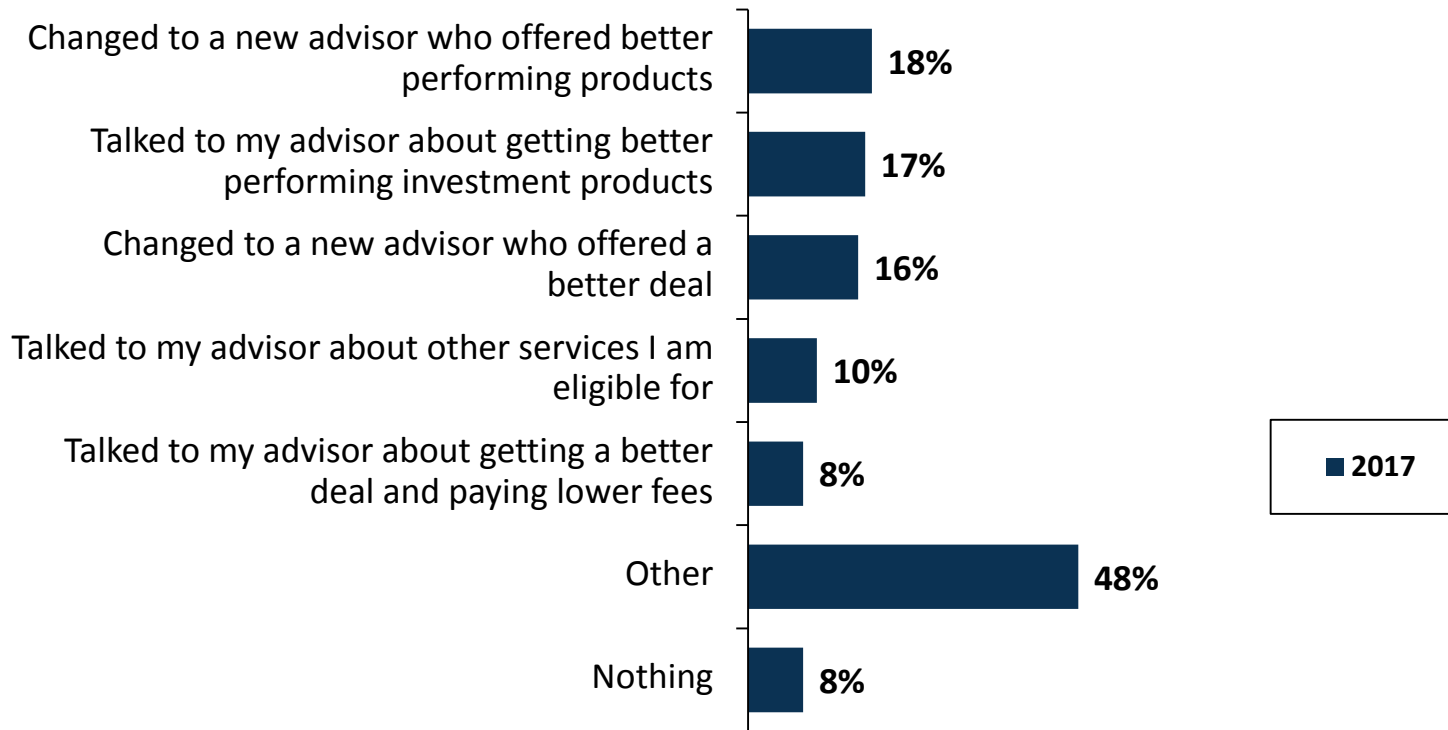
Q52. Your firm is now required to include in your annual statements more information about the fees you pay directly and indirectly to your advisor firm, as well as the performance of your investments and your personal rate of returns. Were you aware of these changes? Base: Total base N=1000

Q53. Has this new information caused you to take any action when it comes to your account? Base: read statement and aware of fee reporting requirements N=346

Action Taken Due to Changes

Among the small proportion who have taken action as a result of new information requirements, changing advisors is the most common action.

- Among the small proportion who have taken action as a result of the new information requirements on statements, about 1-in-5 have done one of the following: changed advisors for better performance, talked to their advisor about new products or changed to an advisor offering a better deal.



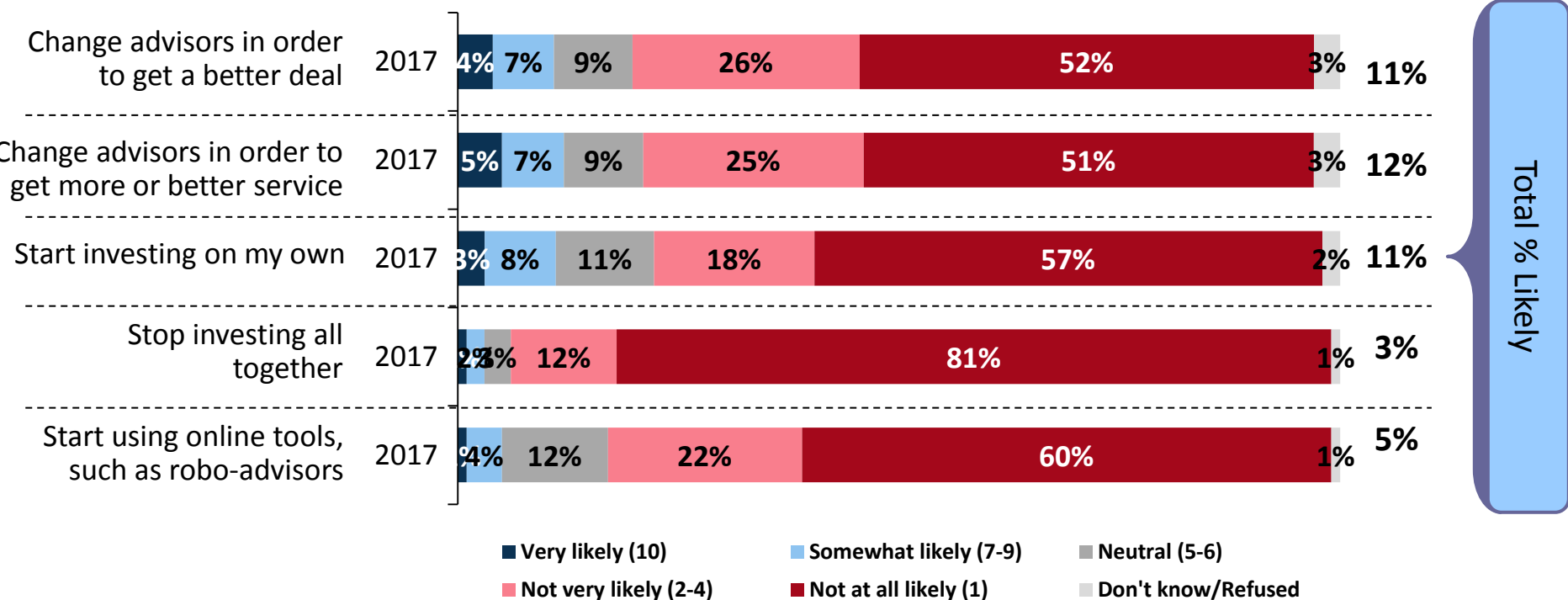
***Caution: Small sample size**

Q54. What action have you taken? Base: those who have taken action as a result of fee reporting requirements N=39*

Likelihood of Taking Action

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

- Those who read their statements and are aware of the new information requirements report that they are not very likely to take action as a result. Results are similar among those who specifically recall receiving more information on this year's statement about the performance of their investments or the fees paid to their advisor – even those who spontaneously are aware of this new information are not likely to make a change because of it.
- The most likely actions include: changing advisors for a better deal (11%) or to get more/better service (12%) or to start investing on their own (11%).

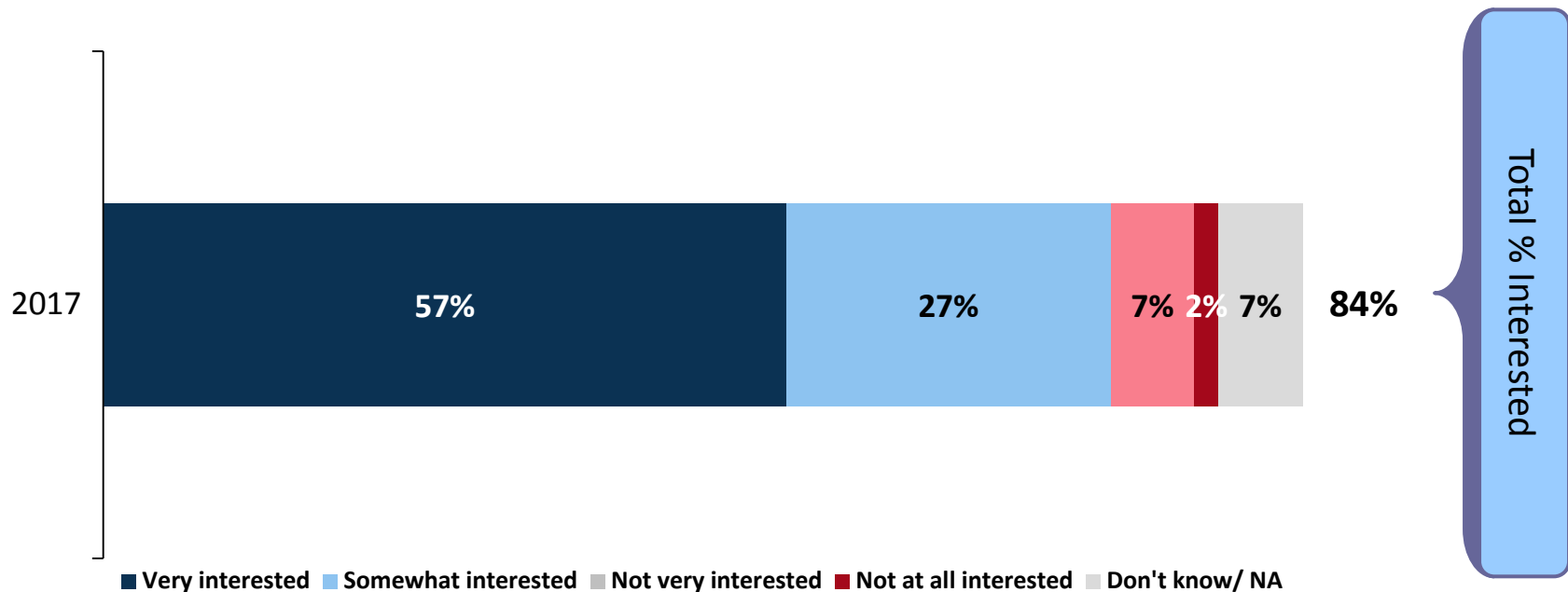


Q55. – Q59. Based on the new information that you received about the fees you are paying, how likely are you to do each of the following? Please use a 10-point scale where 1 means you are not at all likely and 10 means you are very likely to do each of the following | Base: read statement and aware of fee reporting requirements N=346

Interest in Obtaining Information on Fees/ Performance/ ROI

The vast majority of those who are aware of the changes but haven't seen/noticed them are interested in getting more information.

- Among those who are aware of the new information requirements but had not seen or noticed the changes, the vast majority report interest in getting information about advisor fees, performance and personal rate of returns.



Q60. How interested are you in obtaining the information about the fees you pay directly and indirectly to your advisor firm, as well as the performance of your investments and your personal rate of returns? Base: Those aware of changes but have not seen them N=118

Awareness of and Attitudes towards Digital Investment Tools

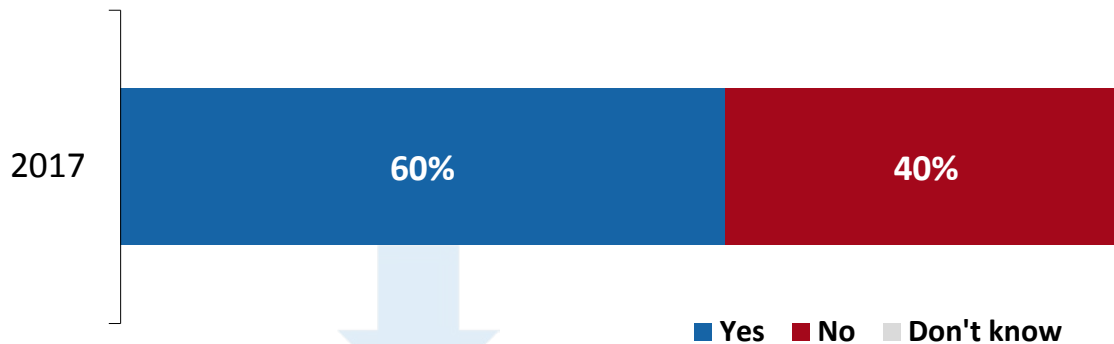
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Online Brokerage Website Awareness and Usage

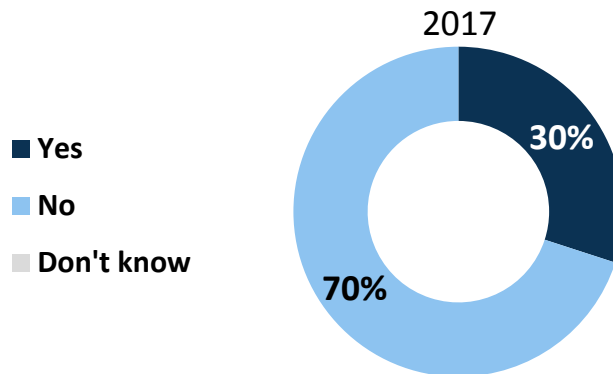
More than half are aware of online brokerage websites, but of those, a relatively small proportion use them.

- In 2017, 6-in-10 report awareness of online brokerage websites. Among those, 30% report having used one of these websites.
- Those most knowledgeable of these websites: men (69%), those age 45+ (63%+), those with an income of \$50K+ (60%), urban residents (65%) and those in Ontario (68%), Alberta (72%) and BC (65%).
- Those more likely to have used the websites: men (36%), those with an income of less than \$50K (39%) and those in Quebec (42%) and BC (40%).

Aware of websites that allow you to do research on investment options, without an advisor, referred to as an online brokerage



Ever **Used** Websites



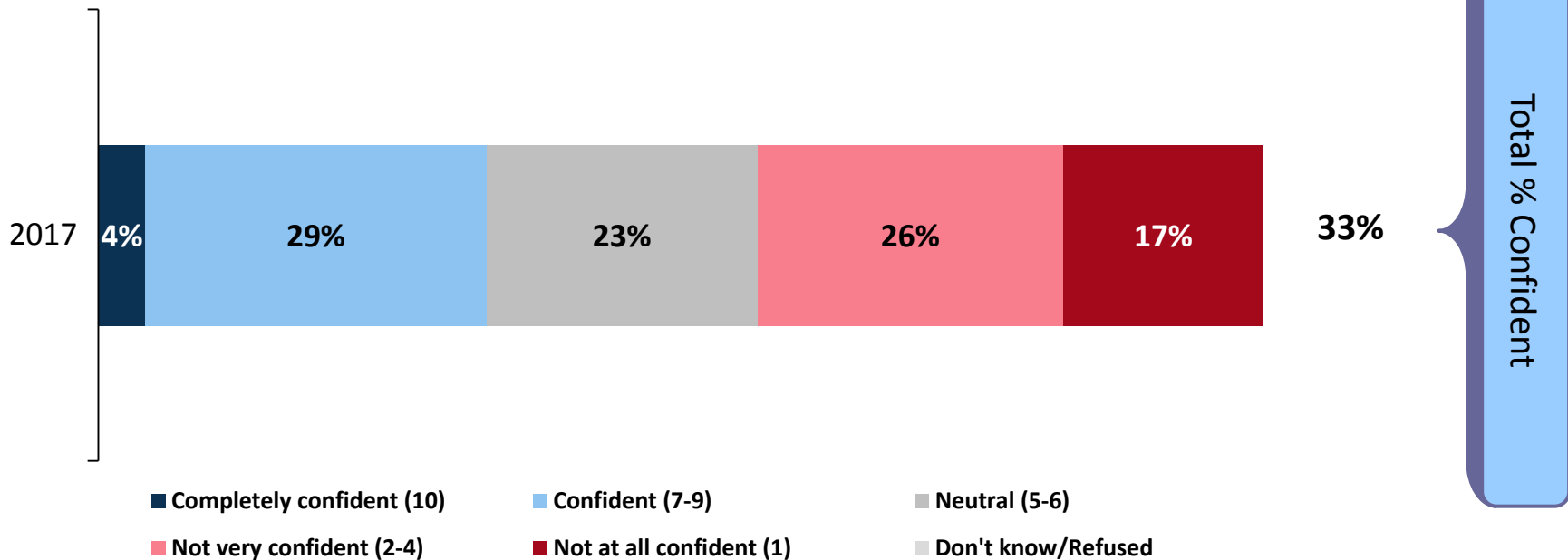
Q16. Are you aware of websites that allow you to do your own research on investment options and then purchase the investment you think would be most suited to your needs through the website, without obtaining the help of an advisor? This is often referred to as an online brokerage or discount brokerage.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

Q17. Have you ever used these websites? Base: those aware of Online Brokerages N=610

Confidence in Using Online Brokerage Website

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

- Only 33% of those who are aware of online brokerages feel confident selecting and purchasing investment products on their own using a website. Over two-fifths (43%) report that they are not confident about doing this.
- Even those who are knowledgeable about mutual funds are not overly confident about using this tool (7% very confident, 38% somewhat confident) while only 13% of those who are not knowledgeable report any confidence (with none saying they are very confident).
- The most confident groups (top 2 box) include: Men (41%) and those in urban areas (35%).

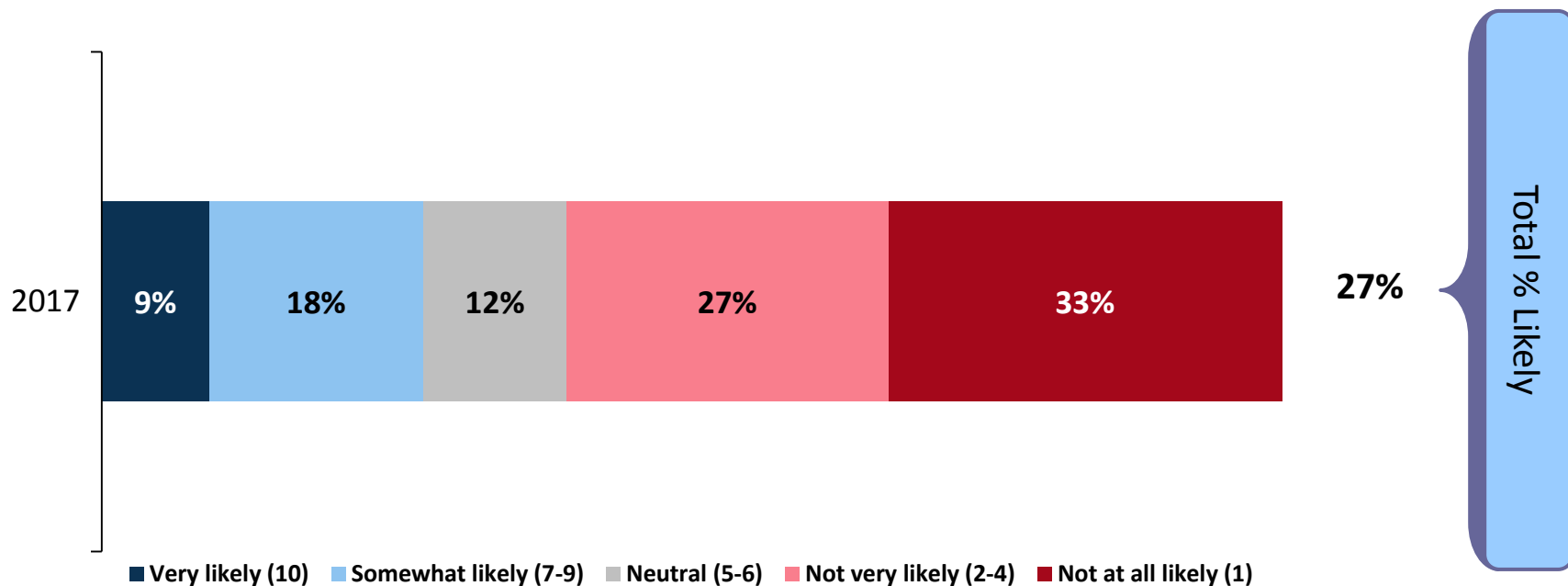


Q18. How confident would you be in selecting and purchasing investment products on your own using a website that would allow you to research and purchase investments? Those aware of Online Brokerages (n=610)

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 aware of online brokerages report that they are likely to use an investment website, while only 9% are very likely.
- Again, those who feel they are knowledgeable are more likely to use an online brokerage (34%) while only 15% of those who are not knowledgeable feel the same.



ROBO-Advisor Awareness and Usage

A very small proportion have ever used a Robo-advisor service, although 1-in-5 are familiar with them.

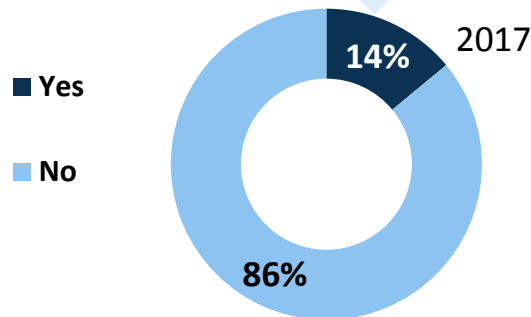
- About 1-in-5 report awareness of a Robo-advisor. Among those, a very small proportion (14% of those aware or 3% of all investors) have used the service.
- Awareness is highest among: males (24%), those who completed university (29%), those with an income of \$100K+ (27%) and Ontario residents (26%).
- While sample sizes are small, younger people (18 – 44) appear more likely to have used the service (36%). Usage also appears to increase with income.

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



Ever **Used** Service

■ Yes ■ No ■ Don't know



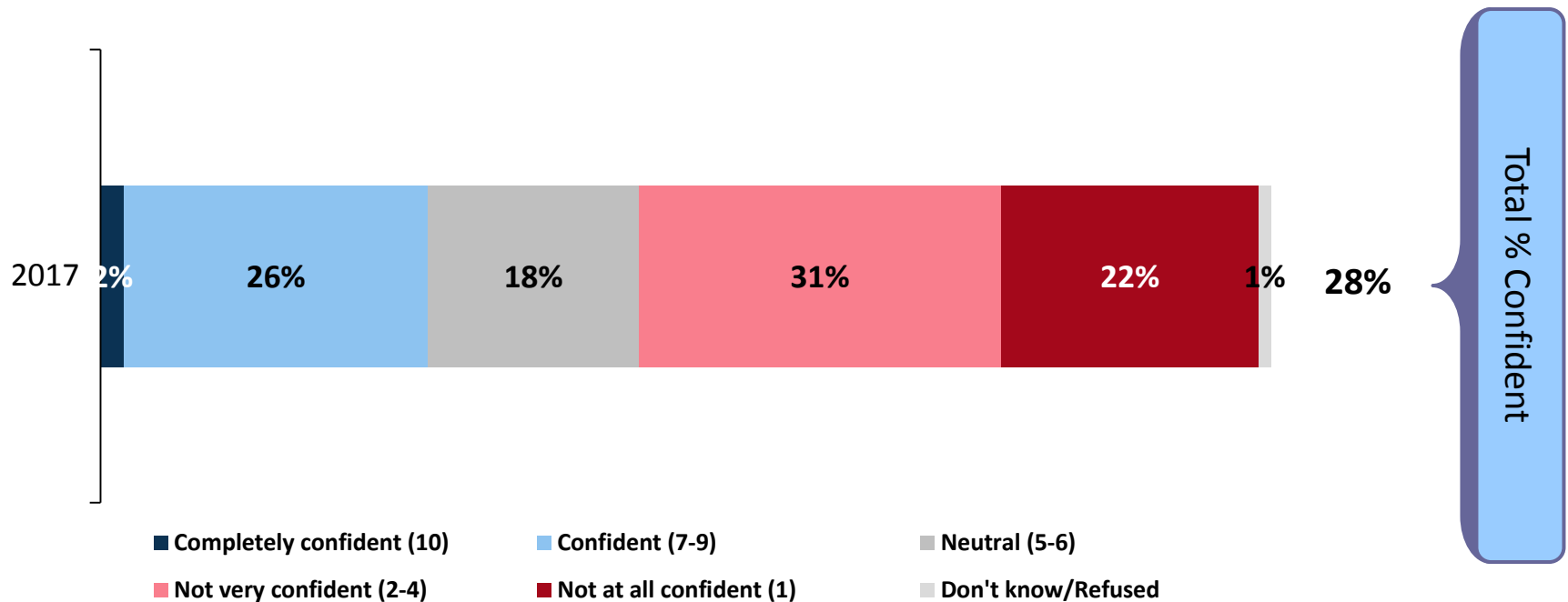
Q21. Are you aware of an online service that asks you questions about your personal situation and then offers automatic suggestions as to what investments could be right for you, with the option to purchase those investments through the tool? This is sometimes called a robo-advisor.. Base: Total base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

Q22. Have you ever used this service? Base: those aware of Robo-advisor service N=210

Confidence in Using Robo-Advisor

Among those aware of them, comfort level using Robo-advisors is similar to comfort level choosing investments via a website.

- Among those familiar with a Robo-advisor service, about 3-in-10 report that they would be confident using it to purchase investment products, which is a similar proportion to those who would be confident choosing their own investment products using a website.
- While sample sizes are relatively small, confidence appears highest among: Quebec residents (64%), those age 18-44 (48%), Men (31%), those who have completed university (32%) and those in urban areas (30%).

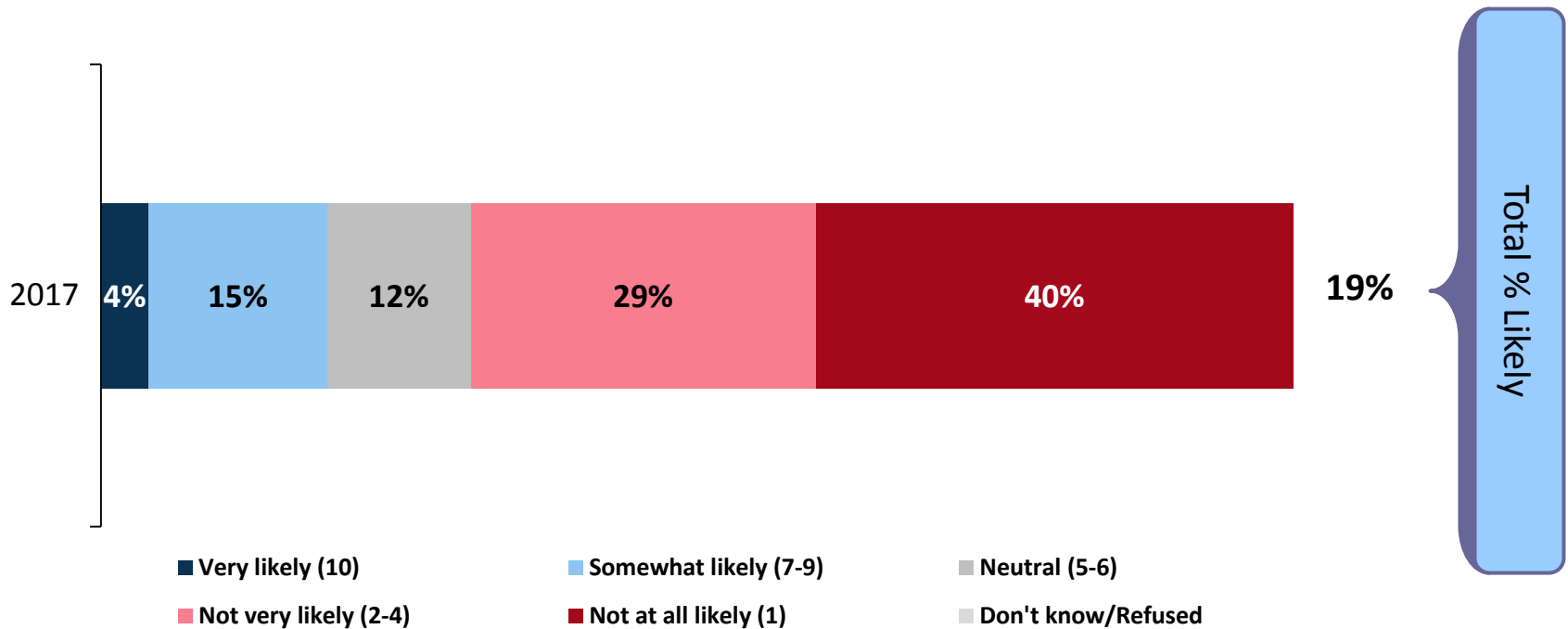


Q23. How confident would you be in selecting and purchasing investment products on your own using this online service? Base: those aware of Robo-advisor service N=210

Likelihood of Using Robo-Advisor

About 1-in-5 of those aware of Robo-Advisors are likely to use them.

- Given that only 30% of those aware of Robo-advisors would feel confident using them, it is not surprising that only about 1-in-5 (19%) who are aware of the service report that they're likely to use it.
- Sample sizes are small, however, those most likely to use them echo those who feel confident using the service: Quebec residents (64%), those age 18-44 (41%), Men (21%) and those in urban areas (20%).
- Those earning less than \$50K are also more likely than others to use the service (26%).



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