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Innovative Research Group, Inc.

Toronto • Vancouver

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Public Opinion Research ►►

2017 CSA Investor Index



**Canadian Securities
Administrators**

**Autorités canadiennes
en valeurs mobilières**

2017 CSA Investor Index

These materials are intended for use as general information to understand investor behaviour and the estimated incidence of investment fraud in Canada. They are not intended to provide specific investment, tax, legal, or accounting advice and should not be relied on for that purpose.

The conclusions drawn and opinions stated are those of the authors. Research for this study was conducted in September 2017.

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This report has been prepared by Innovative Research Group Inc. for the Canadian Securities Administrators, Investor Education Committee.

About the Canadian Securities Administrators

The Canadian Securities Administrators (CSA), the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets. The CSA protects Canadian investors from unfair, improper, or fraudulent practices and fosters fair and efficient capital markets. Part of this protection is educating investors about the risk, responsibilities and rewards of investing. Through its Investor Education Committee, the CSA works to facilitate access to objective investment information and to help retail investors make informed investment decisions.

To learn more about the CSA, visit www.securities-administrators.ca.



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About Innovative Research Group

Innovative Research Group, Inc. (INNOVATIVE) is a national public opinion research and strategy firm with offices in Toronto and Vancouver. The firm provides critical information needed to assess and overcome public affairs and corporate communications challenges, identify and evaluate potential solutions, and monitor outcomes.

To learn more about INNOVATIVE, visit www.innovativeresearch.ca.



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About the 2017 CSA Investor Index

Background:

The *2017 CSA Investor Index Study* is the fifth survey on investment knowledge, investor behaviour, and incidence of investment fraud among Canadians conducted by the Canadian Securities Administrators (CSA). The previous four surveys were conducted in 2006, 2009, 2012 and 2016. The information and analysis from these surveys are intended to help the CSA Investor Education Committee develop and deliver programs to help investors make appropriate investment decisions and recognize, avoid, and report suspected fraudulent investments.

Research objectives:

The CSA commissioned Innovative Research Group (INNOVATIVE) to design and conduct the *2017 CSA Investor Index*. The CSA's Investor Index survey is designed to track key benchmarks on investor knowledge, confidence, risk orientation, behaviours, use of information, and investment fraud. The full index has been conducted previously in 2006, 2009, and 2012; along with a shorter version of the survey in 2016. Each investor index has also included special topics sections focusing on emerging or important issues for that year.

Special topics in 2017:

The 2017 survey includes new questions in the following areas:

- **The impact of CRM2 on investors:** With new disclosure requirements on costs and performance recently coming into effect, the study takes a closer look at whether investors recall receiving a CRM2 report, their perceptions of the report and whether they have taken any action in light of it.
- **Robo-advisers:** With the increasing popularity of robo-advisers, this study explores investors' familiarity with robo-advisers, their prevalence, and the perceptions surrounding these services.

Methodology and Approach

Methodology

The *2017 CSA Investor Index* was conducted by Innovative Research Group Inc. (INNOVATIVE) using a mixed methodology that combined a random digit dialing telephone survey with an in-depth online survey.

- The online survey consisted of a representative sample of 7,271 Canadians, 18 years or older. This survey was used to develop an in-depth profile of Canadians and their investment behaviour.
- The online survey was conducted between August 28th and October 2nd 2017 in both French and English from the nationally representative panel managed by Survey Sampling International (SSI) and Ipsos.
- Online panels are recruited from a wide variety of sources to reflect the age, gender, region and language characteristics of the country as a whole. The survey is administered to randomly selected samples from the panel and weighted to ensure that the overall sample's composition reflects that of the actual target population to provide results that are intended to approximate a probability sample. INNOVATIVE provides each panellist with a unique URL via an email invitation so that only invited panel members are able to complete the survey. Panel members can only complete a particular survey once.
- The online sample has been weighted by age, gender, and province using 2016 Statistics Canada Census data to reflect the actual demographic composition of the population. To ensure a proportionate representation of Canadians, while not over-estimating the reliability of the sample in any particular region of the country, the sample was weighted down to n=5,000.
- In addition to weights derived from Statistics Canada Census data, the online sample was also weighted by the results of a August-September 2017 national telephone survey of 1,330 Canadians, 18 years of age or older. The telephone survey was used to verify distributions of the 4 primary investor segments from the online survey to ensure a balance of respondents from each group.
- This is a representative sample. We have set targets to ensure we properly reflect key regional and demographic distribution and then used weights to ensure we reflect the country properly. However, since the online survey was not a random probability based sample, a margin of error cannot be calculated. The Marketing Research and Intelligence Association prohibits statements about margins of sampling error or population estimates with regard to most online panels.

Note: *Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.*

Previous Studies

2016 CSA Investor Education Study

The online survey was conducted between February 10th and 20th, 2016 in both English and French using INNOVATIVE's national research panel, Canada 20/20™, as well as respondents drawn from nationally representative samples managed by SSI. A representative sample of 4,298 Canadians, 18 years or older participated. The online sample has been weighted by age, gender, and province using 2011 Statistics Canada Census data to reflect the actual demographic composition of the population. A probability sample of this size would have an estimated margin of error of +/-1.8 percentage points, 19 times out of 20. The estimated margin of error would be larger within each sub-grouping of the sample. A qualitative telephone pilot study was also conducted in both English and French. A total of 51 Canadian adults were interviewed from January 27th-29th, 2016. These interviews were conducted to inform the development of the online survey.

2012 CSA Investor Index

The 2012 online survey was conducted between May 17th and 31st 2012, using INNOVATIVE's national research panel, Canada 20/20™, as well as respondents drawn from nationally representative samples managed by SSI and uThink. Nationally, 6,911 Canadian adults completed the survey. The online panels were recruited from a wide variety of sources to reflect the age, gender, region and language characteristics of the country as a whole. The online sample has been weighted by age, gender, and province using 2011 Statistics Canada Census data to reflect the actual demographic composition of the population.

2009 CSA Investor Index

The 2009 CSA Investor Index was conducted online between July 20 and 27, 2009. Nationally, 6,319 Canadian adults completed the survey, including a general population sample of 5,521 respondents and an oversample of 798 respondents who had identified themselves as victims of fraud in an earlier survey. In the general population sample, disproportionate sampling was used in order to provide reliable provincial samples. Separately, telephone interviews were conducted among 1,004 Canadian adults between July 21 and 23, 2009 in order to verify distributions from the online survey on key weighting variables. The online sample was weighted by region, age, gender, and the incidence data on fraud victims from the telephone survey.

2006 CSA Investor Index

The 2006 CSA Investor Index was conducted online between August 10 and 31, 2006. Nationally, 5,568 Canadian adults completed the survey, including an oversample in New Brunswick. Because of this disproportionate sampling, and in order to not overstate the reliability of the sample in any given region, the total sampled was weighted down to 3,000. Separately a telephone study was conducted among 2,000 Canadian adults in order to verify distributions from the online survey on key weighting variables. The online sample was weighted according to telephone data on Canadian investing behaviour and 2001 Census data on age, gender, and region in order to accurately reflect a representative cross-section of Canadians.

Sample:

Province/Territory	Actual Sample	Weighted Sample
Newfoundland and Labrador	222	80
Prince Edward Island	228	22
Nova Scotia	234	142
New Brunswick	574	118
Quebec	1,519	1,213
Ontario	2,009	1,868
Manitoba	529	182
Saskatchewan	206	151
Alberta	1,019	556
British Columbia	710	653
Territories: Yukon, NWT, Nunavut	21	15
National	7,271	5,000

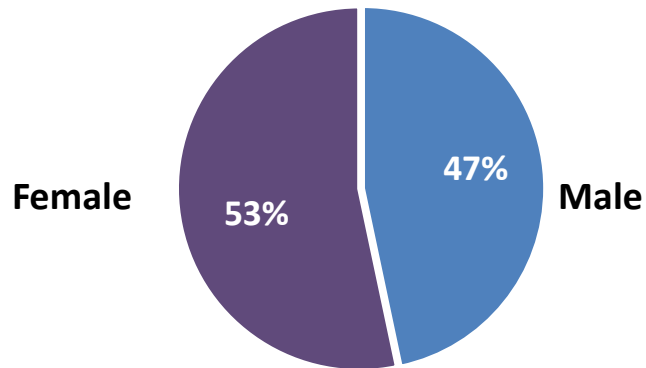
**Weighted
national
n=5,000**

This general population sample consists of 7,271 respondents, who were disproportionately sampled by province in order to provide reliable provincial samples.

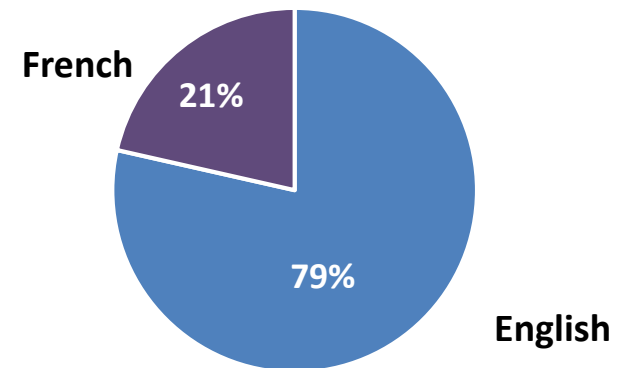
Respondent Profile

Demographics: *Respondent profile*

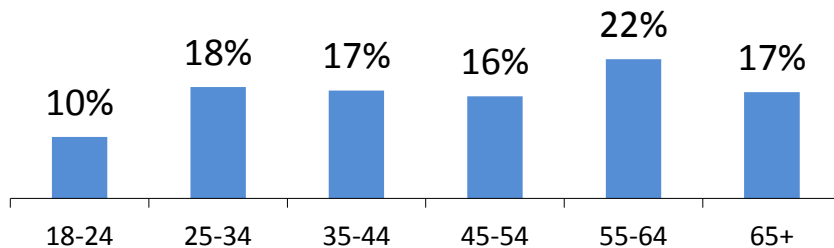
Gender



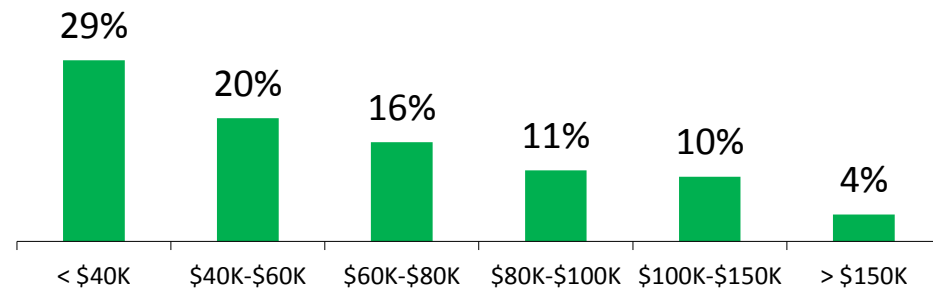
Language of Survey



Age



Household Income



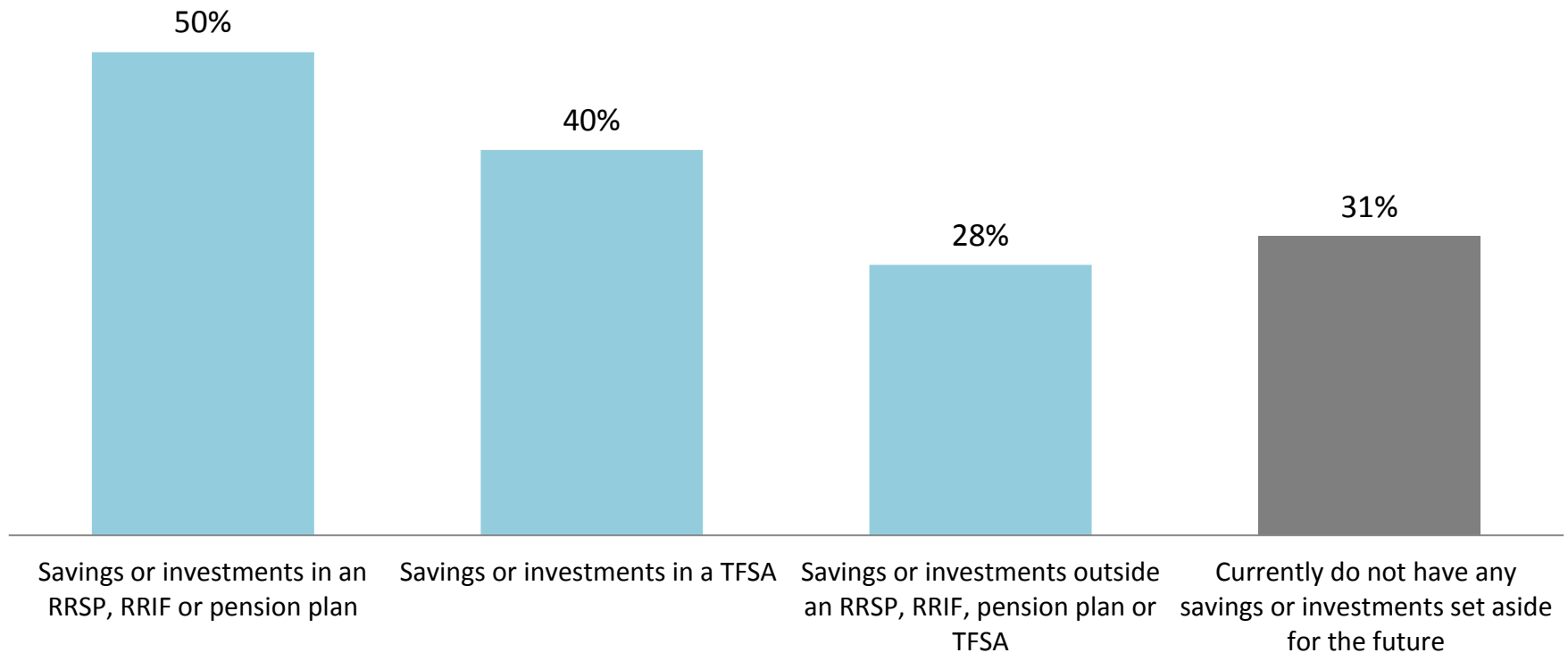
Note: 'Prefer not to say' (10%) not shown

Investor profile: 3-in-10 don't have any savings or investments set aside for the future

Q

Do you personally have any savings or investments set aside for the future? This could be either in or outside of an RRSP (Registered Retirement Savings Plan), RRIF (Registered Retirement Income Fund) or TFSA (Tax-Free Savings Account). Check all that apply.

[asked of all 5,000 respondents; multiple answer selections allowed]



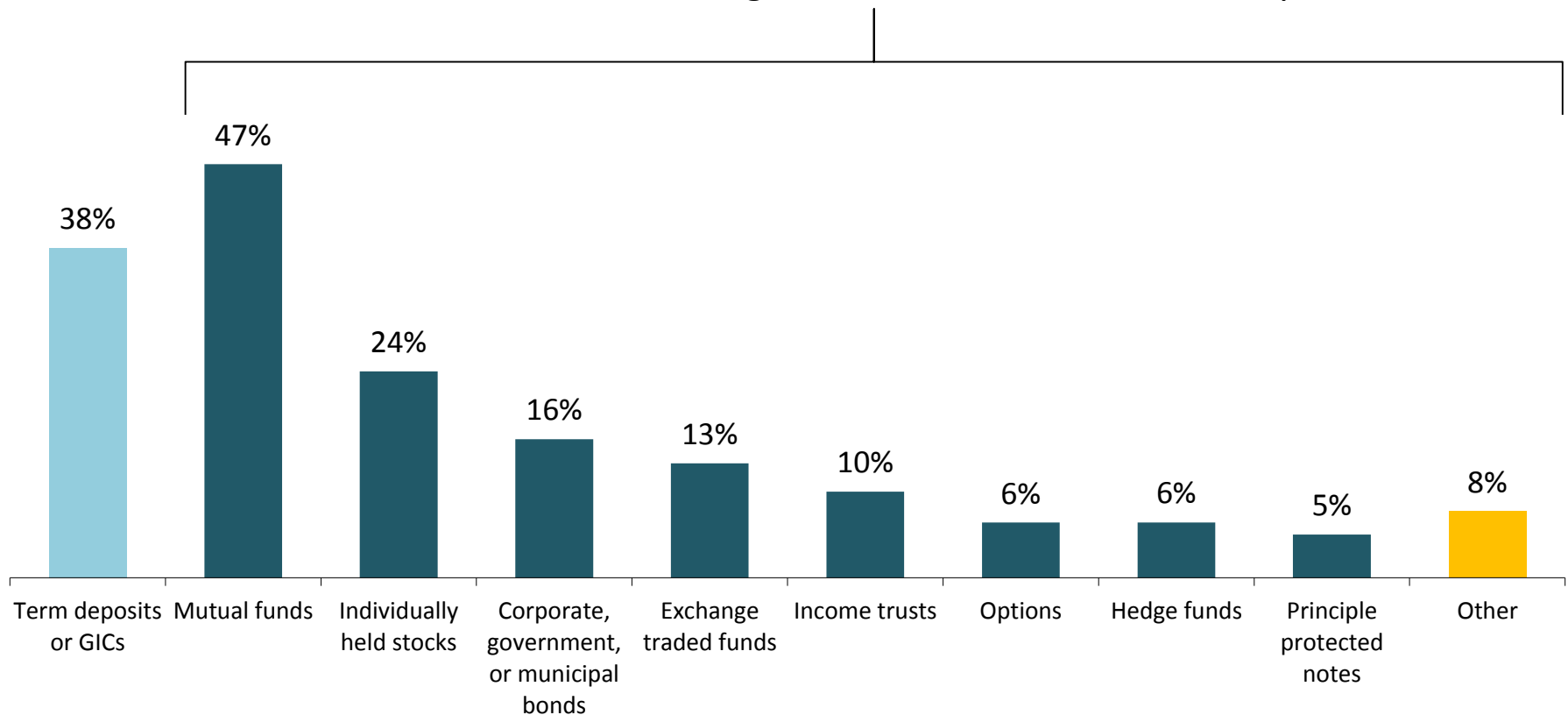
Products owned: nearly half own mutual funds, fewer than 4-in-10 own term deposits/GICs, 1-in-4 own individually held stocks ¹³



Which of the following savings or investment products do you own?

[asked only of those who indicated they currently have investments or savings set aside for the future; multiple selection allowed; n=3,453]

65% of those with savings selected at least 1 securities product

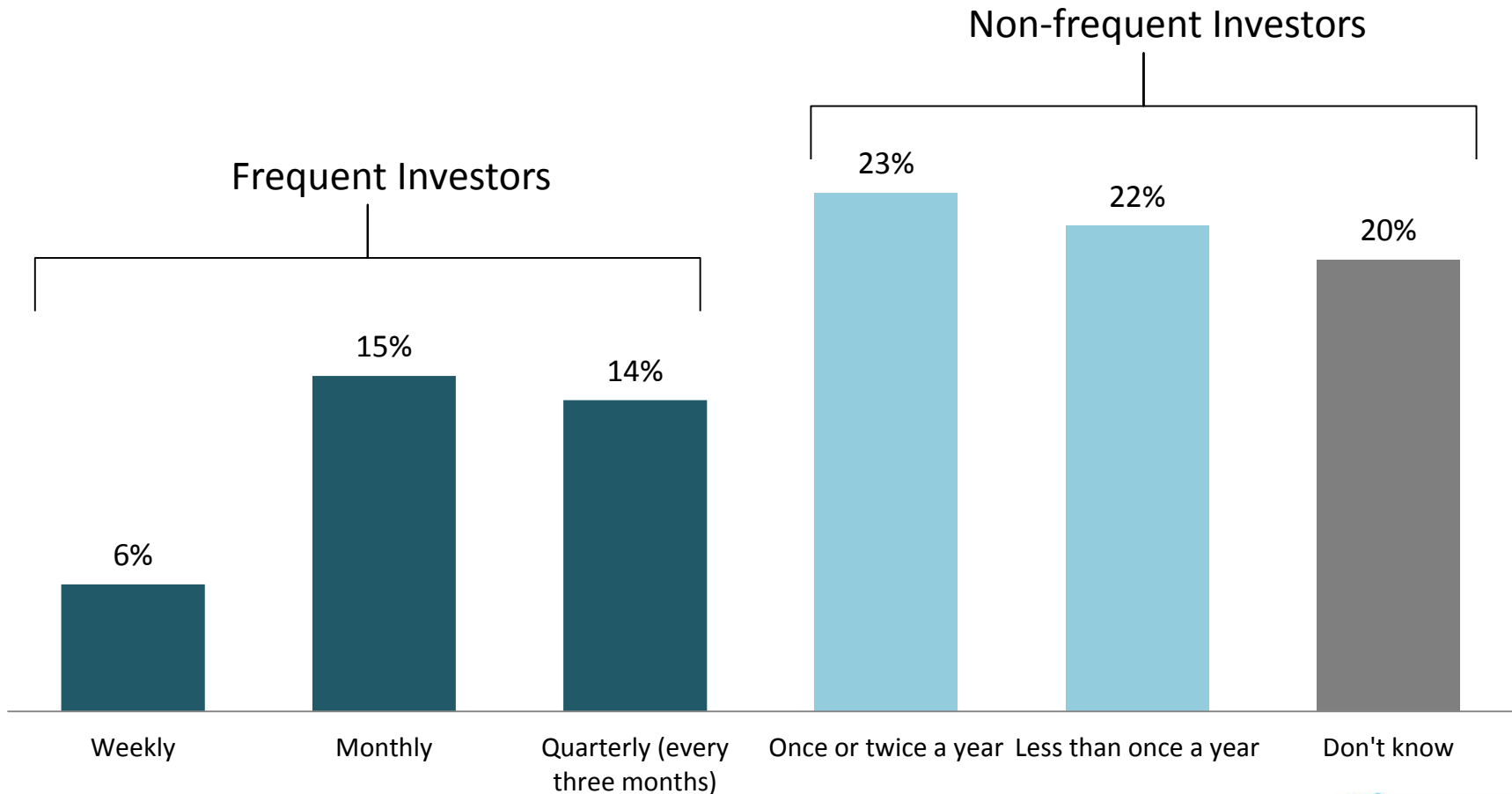


Frequency of making investment decisions: 2-in-10 (21%) buy investments at least monthly

Q

In general, how often do you – or your financial adviser on your behalf – buy or sell investments like stocks, bonds, mutual funds or other investments in the financial markets?

[asked only of those who own at least one investment product other than term deposits or GICs; n=2,364]



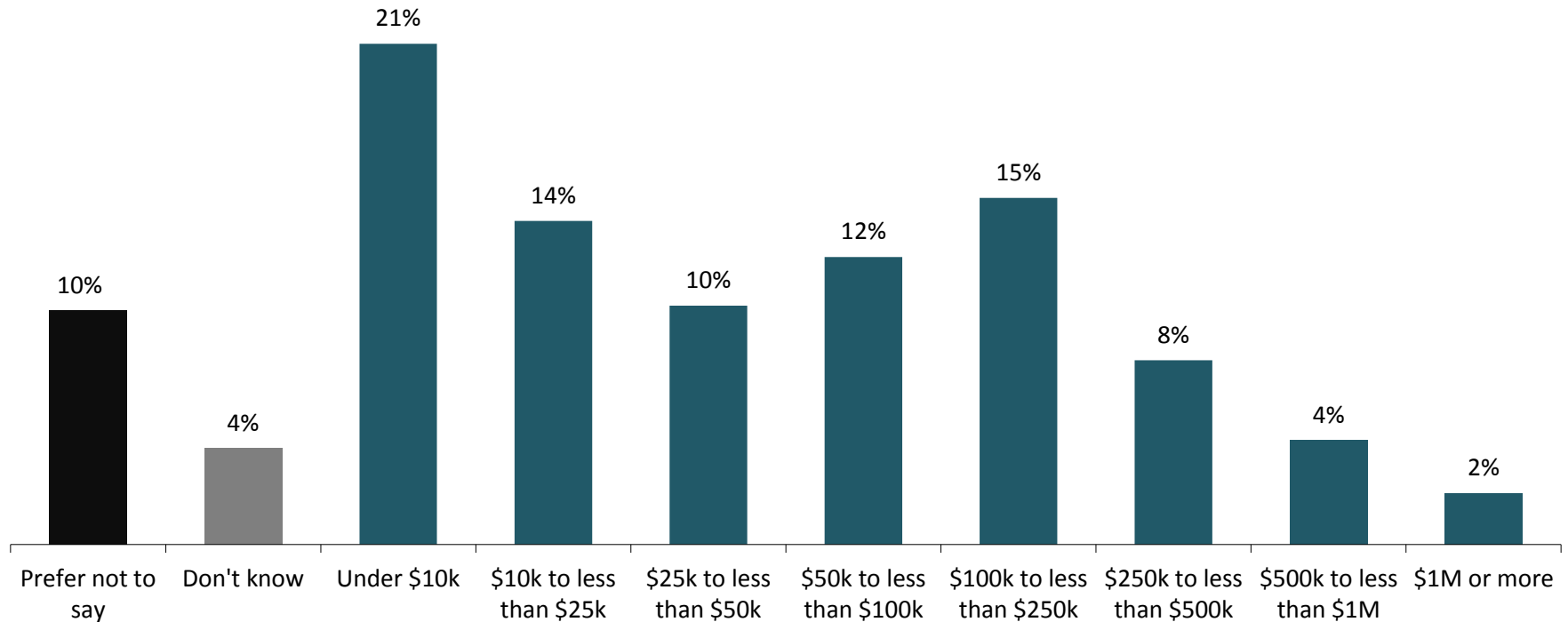
Size of portfolio: One-in-five have less than \$10k, about 3-in-10 have portfolio over \$100k ¹⁵

Q

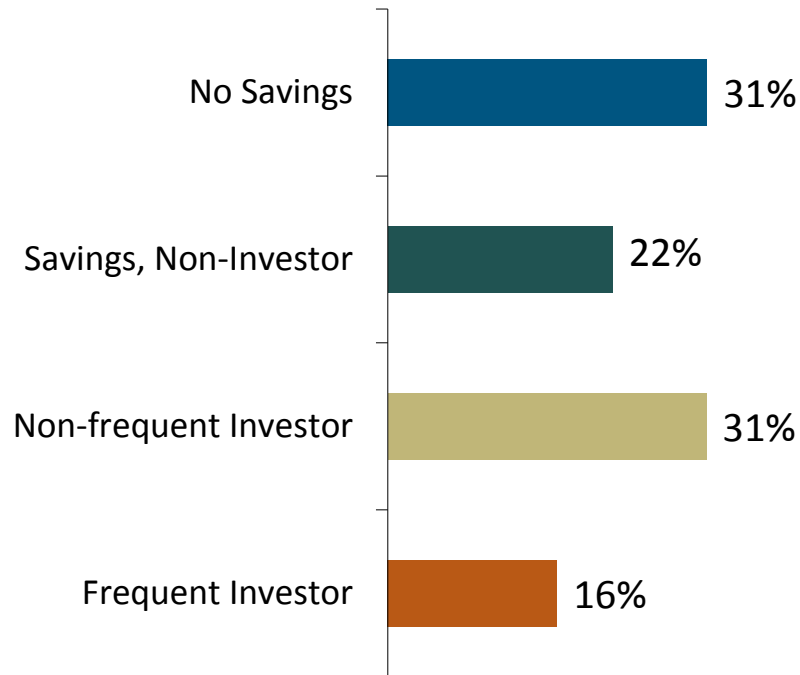
How large would you say your investment portfolio is today?

[If don't know/prefer not to say] Based on your best estimate, in what range would you say your investment portfolio falls?

[asked only of those who have investments; n=3,453]



Investor segmentation



No Savings: those who currently *do not have any savings or investments* set aside for the future.

Savings, Non-investor: those who have savings, but *do not own securities* such as stocks, bonds, or mutual funds.

Non-frequent Investors: those who own securities such as stocks, bonds, and/or mutual funds, but *adjust their investment portfolio no more than once or twice a year*.

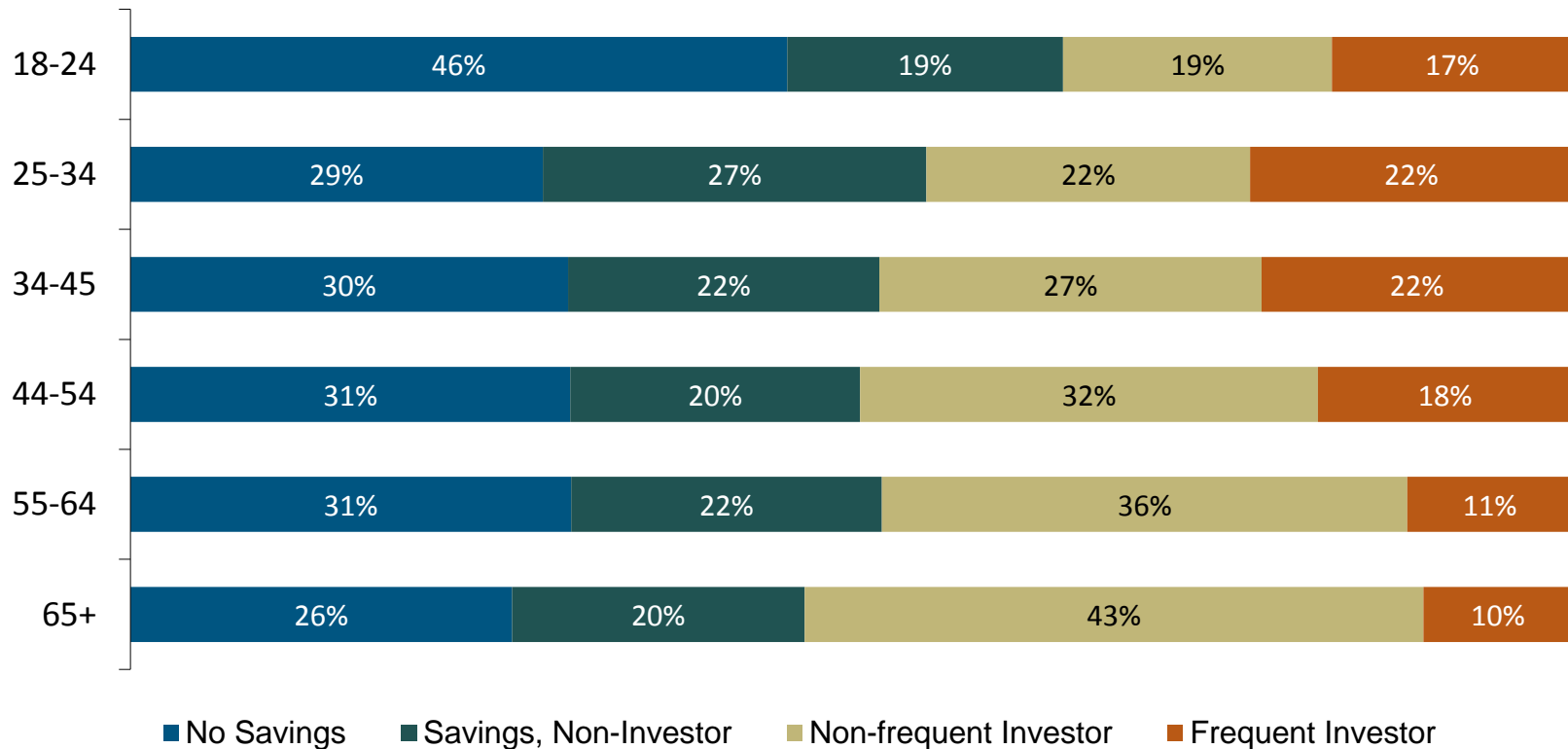
Frequent Investors: those who own securities and adjust their investment portfolio *at least once a quarter*.

In this document, “respondents” and “Canadians” refers to the entire sample. “Investors” refers to the portion of the sample that has money set aside for the future in securities, such as stocks, bonds and/or mutual funds.

Investor segmentation by age : those age 18-24 most likely to have no savings; 65+ most likely to be Non-frequent Investor

17

Investor segmentation by Age



Investment Knowledge Profile

Investment Knowledge

Half of Canadians failed the general investment knowledge test.

Seven knowledge questions were used to create the *Investment Knowledge Index*. Three were standardized questions used in similar international studies and cover the concepts of simple compound interest, real compound interest and investment risk. The other four questions focus on diversification, mutual fund returns, the warning signs of fraud, and the relationship between interest rates and bonds.

Overall, 51% Canadians failed the general investment knowledge test, answering fewer than four of the seven questions correctly.

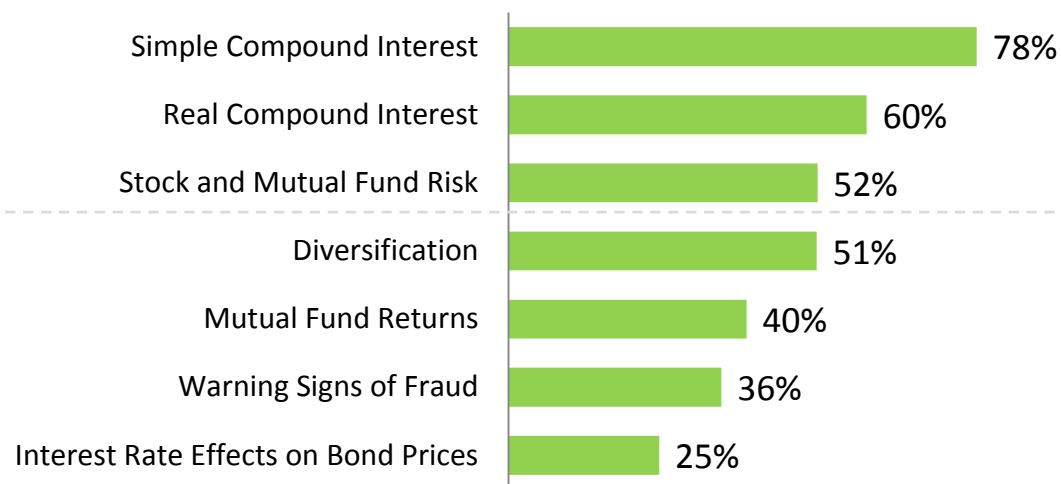
Based on the number of correct answers, 51% of respondents were categorized as low investment knowledge (0-3 correct answers), 33% as medium investment knowledge (4-5 correct answers) and 16% as high investment knowledge (6-7 correct answers).

Investment knowledge varies across demographic groups:

- Older Canadians are more likely to be in the high knowledge category; 1-in-4 of those age 65 and over are categorized as high knowledge and only 39% failed the test. On the other hand, the vast majority (67%) of young Canadians (18-24 years old) fall into the low knowledge category and just 6% are classified as high knowledge.
- Knowledge also varies across income groups with those with lower incomes demonstrating lower levels of investment knowledge. The majority (62%) of Canadians with annual household incomes under \$40,000 are in the low knowledge category, compared to 34% of those with a household income of \$150,000+.
- 66% of Canadians with no savings are considered low knowledge, compared to 35% of Frequent Investors.
- At all ages, income levels, and investor types, more respondents failed the investment knowledge test than scored six or seven correct.

Investment Knowledge Index: 51% of respondents answered fewer than half of the investment knowledge questions correctly

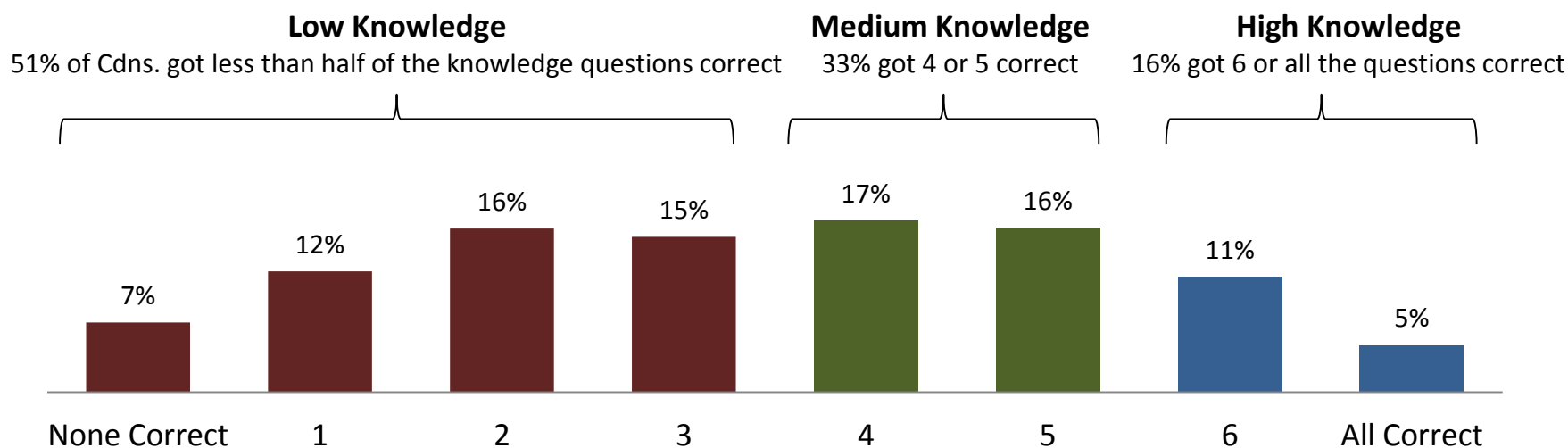
Percentage Choosing Correct Answer [asked of all 5,000 respondents]



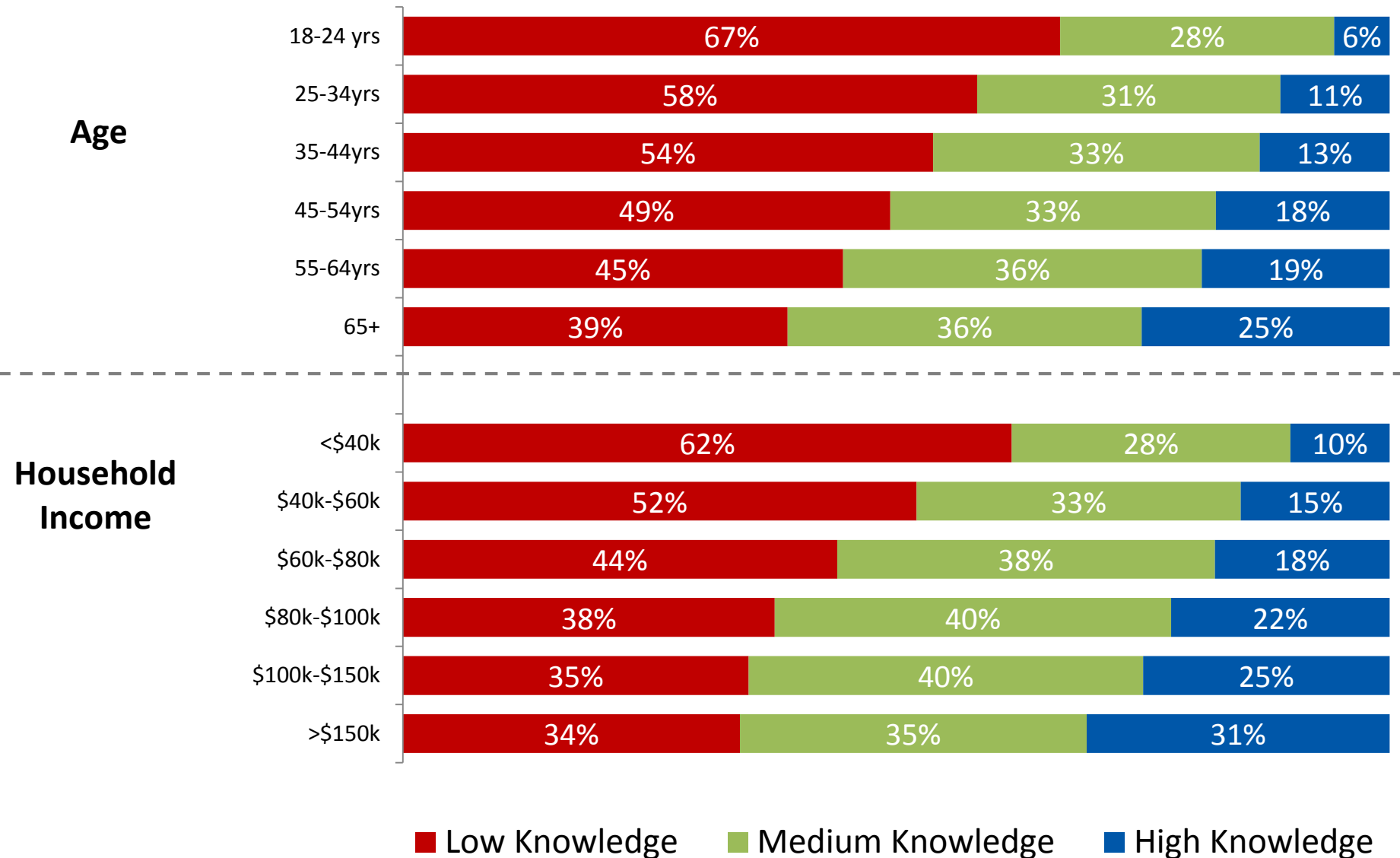
Financial Literacy Around the World:

These seven questions make up the *Investment Knowledge Index* and allow us to group Canadians by level of knowledge when it comes to investing.

The graph on the left of the slide shows the percentage of respondents who chose the correct answer to each question. The graph on the bottom of the slide shows the distribution of the number of correct answers and groups respondents by knowledge category.

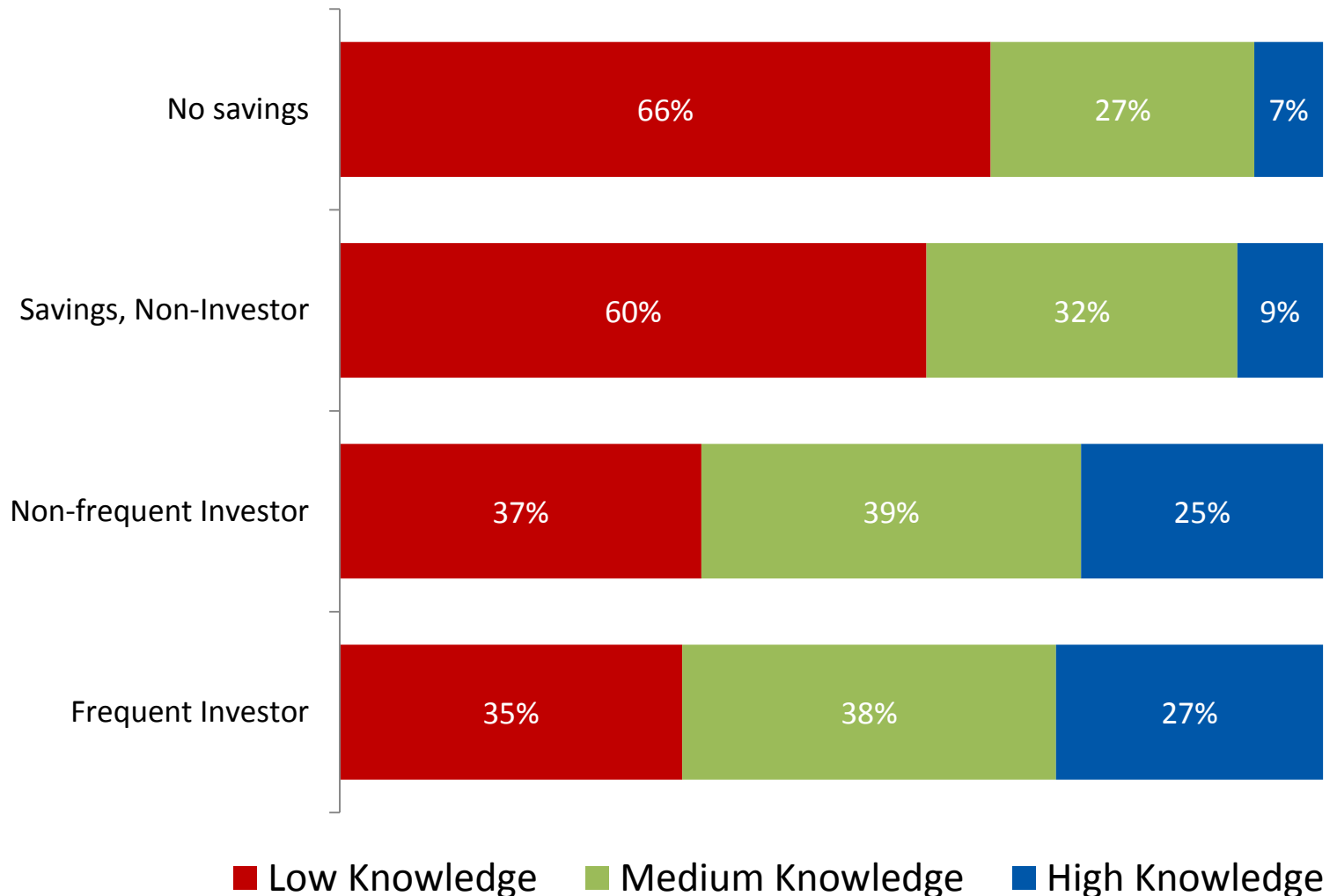


Investment knowledge breakdown by age and household income: knowledge increases with age and income



Investment knowledge breakdown: those with investments much more likely to have high investment knowledge

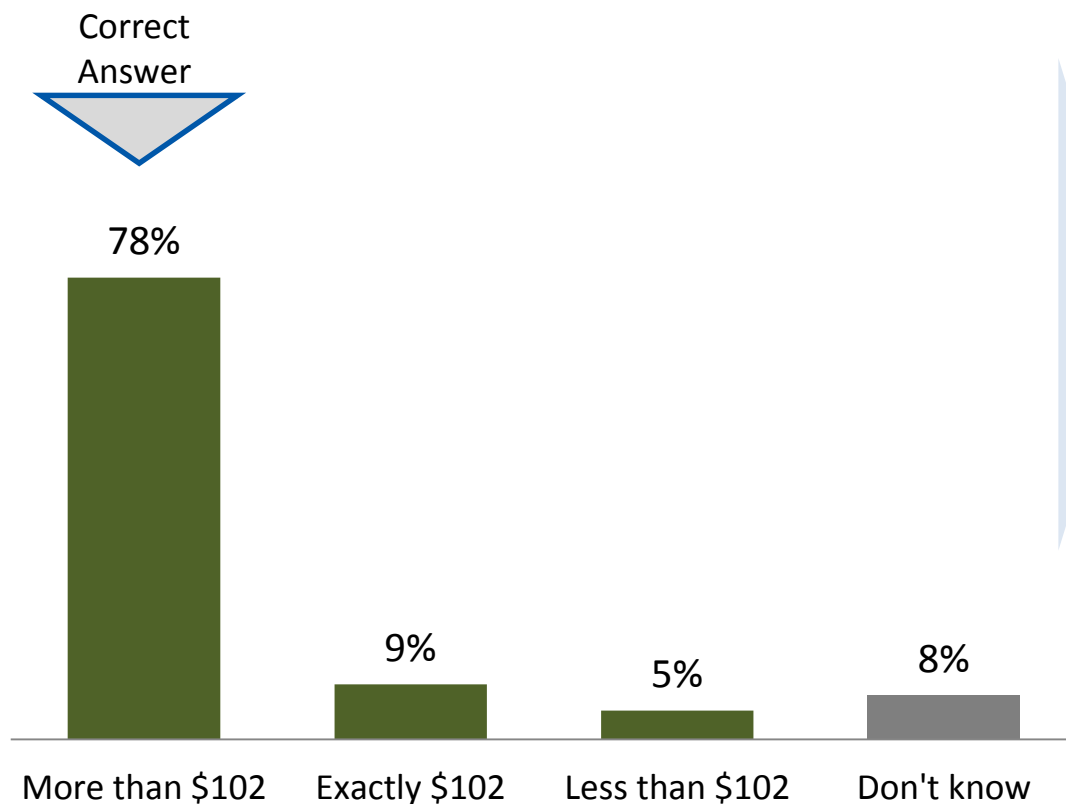
Investor Segmentation



Simple compound interest: about 4-in-5 gave a correct answer; Investors, older respondents slightly more likely to score correctly

Q Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

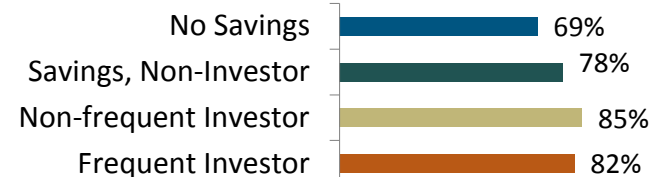
[asked of all 5,000 respondents]



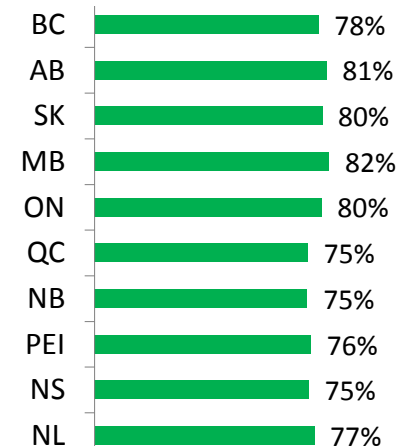
2017 Sample Breakdown ►►

Those who answered correctly

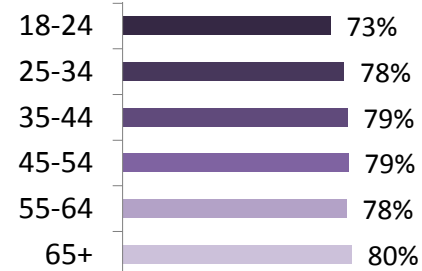
Investor Segments



Province



Age

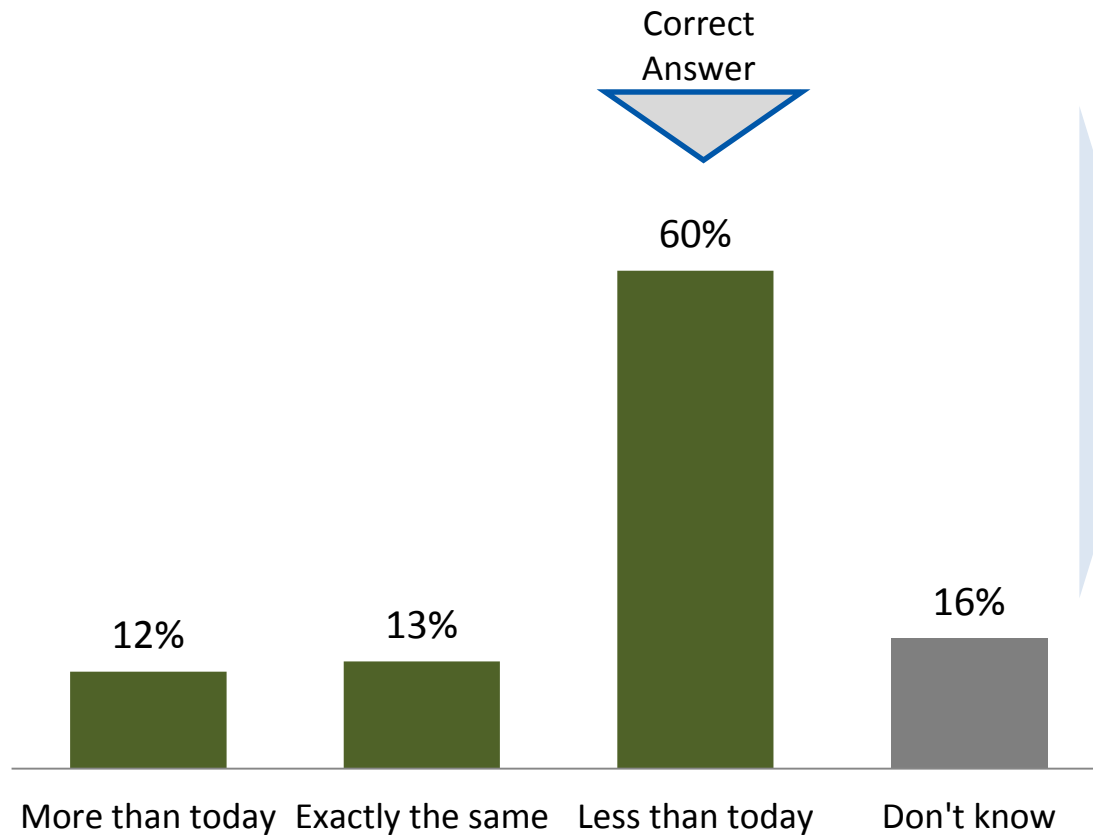


Real compound interest: 6-in-10 gave a correct answer, Non-frequent Investors and those 55+ most likely to answer correctly

Q

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

[asked of all 5,000 respondents]



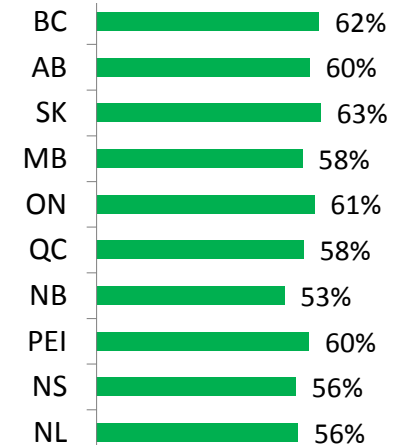
2017 Sample Breakdown ►►

Those who answered correctly

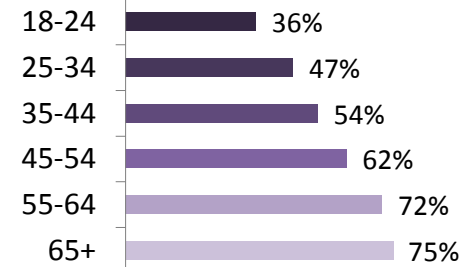
Investor Segments



Province



Age

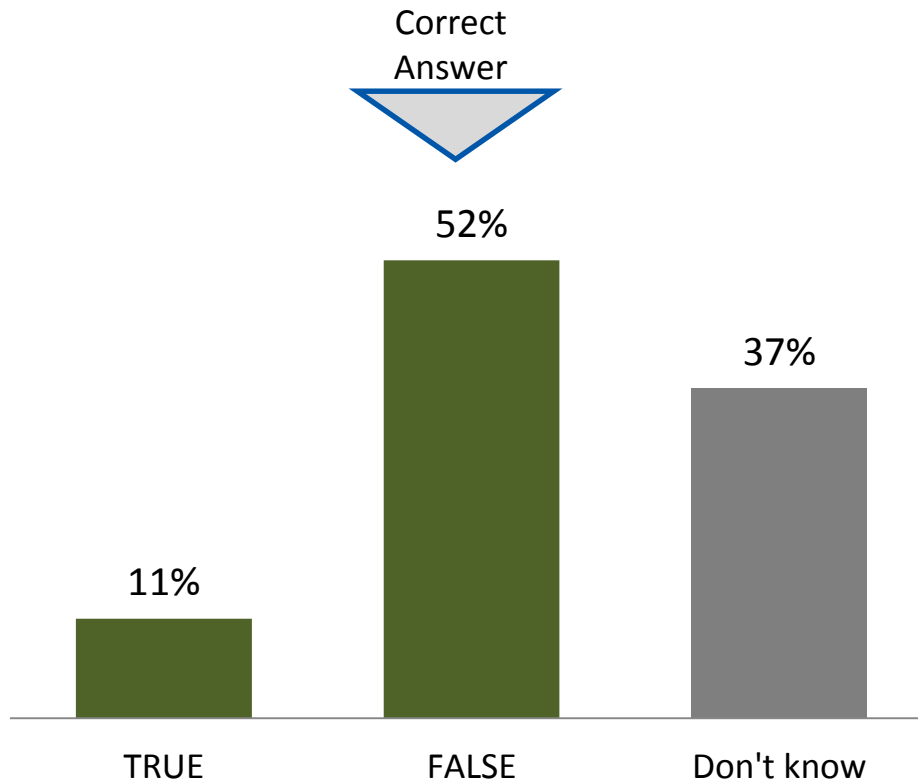


Stock and mutual fund risk: majority gave a correct answer; investors and older respondents most likely to choose correctly



Buying a single company's stock usually provides a safer return than a stock mutual fund.

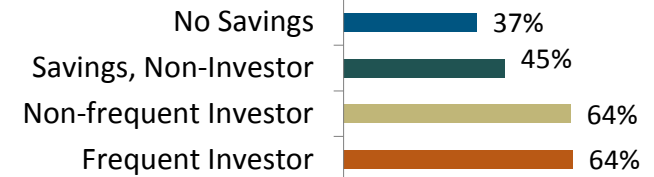
[asked of all 5,000 respondents]



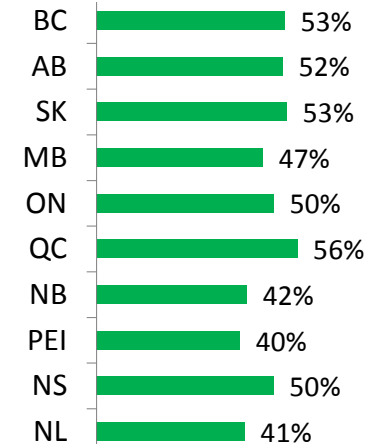
2017 Sample Breakdown ►►

Those who answered correctly

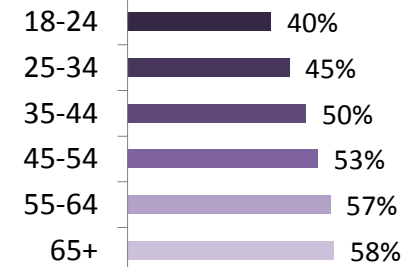
Investor Segments



Province



Age

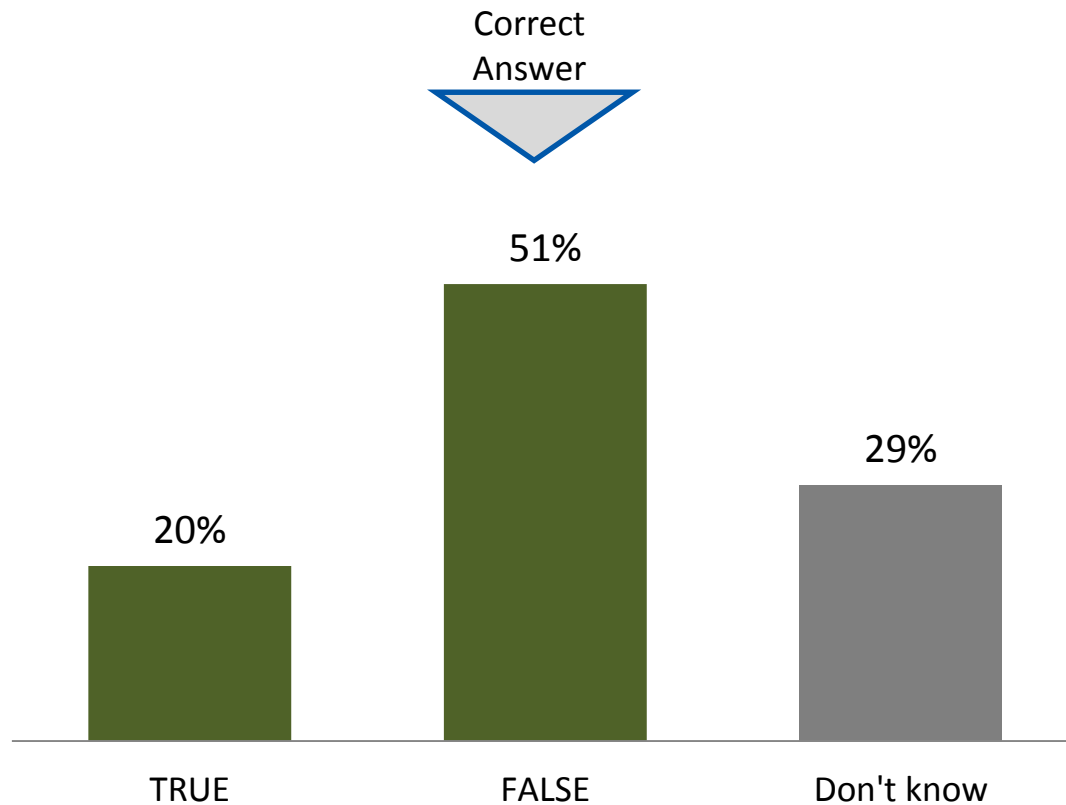


Diversification: majority answered correctly; Investors, older respondents and Quebecois most likely to answer correctly



When an investor diversifies his or her investments, the risk of losing money increases.

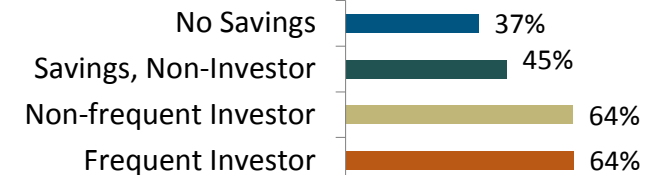
[asked of all 5,000 respondents]



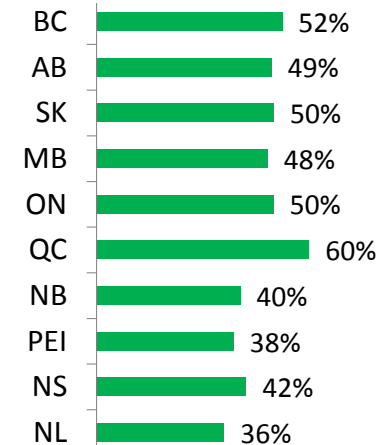
2017 Sample Breakdown ►►

Those who answered correctly

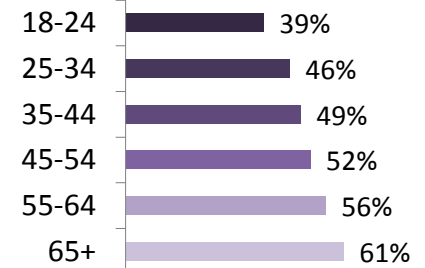
Investor Segments



Province



Age

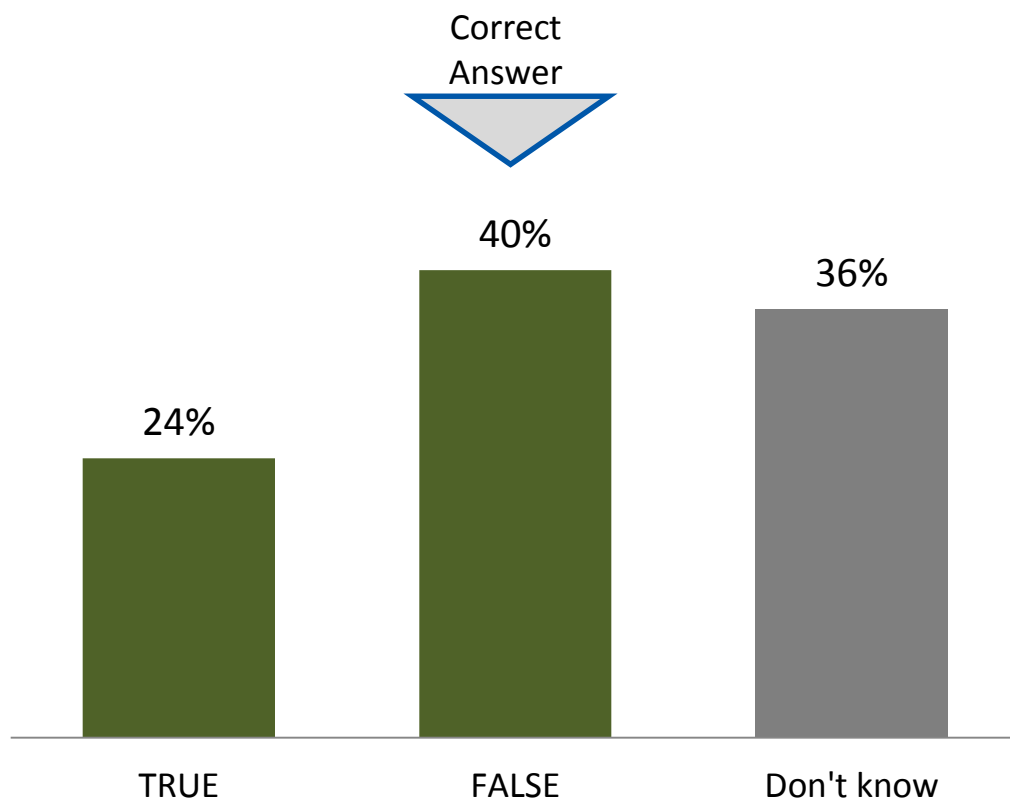


Mutual funds: 4-in-10 gave the correct answer; investors and older respondents most likely to score correctly



Mutual funds pay a guaranteed rate of return.

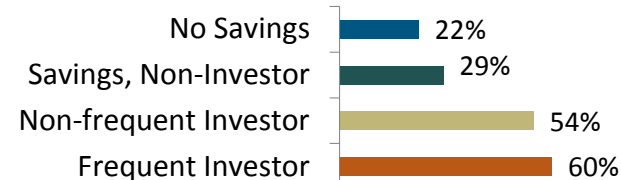
[asked of all 5,000 respondents]



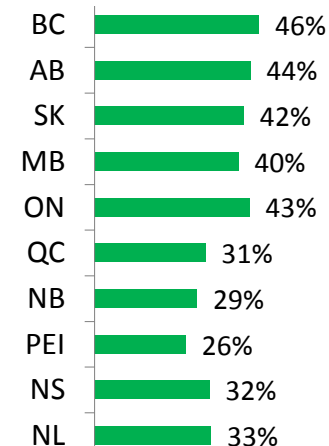
2017 Sample Breakdown ►►

Those who answered correctly

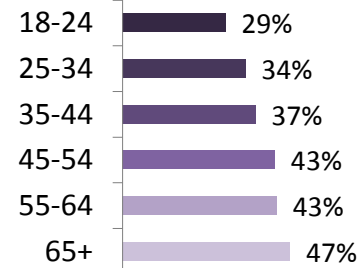
Investor Segments



Province



Age

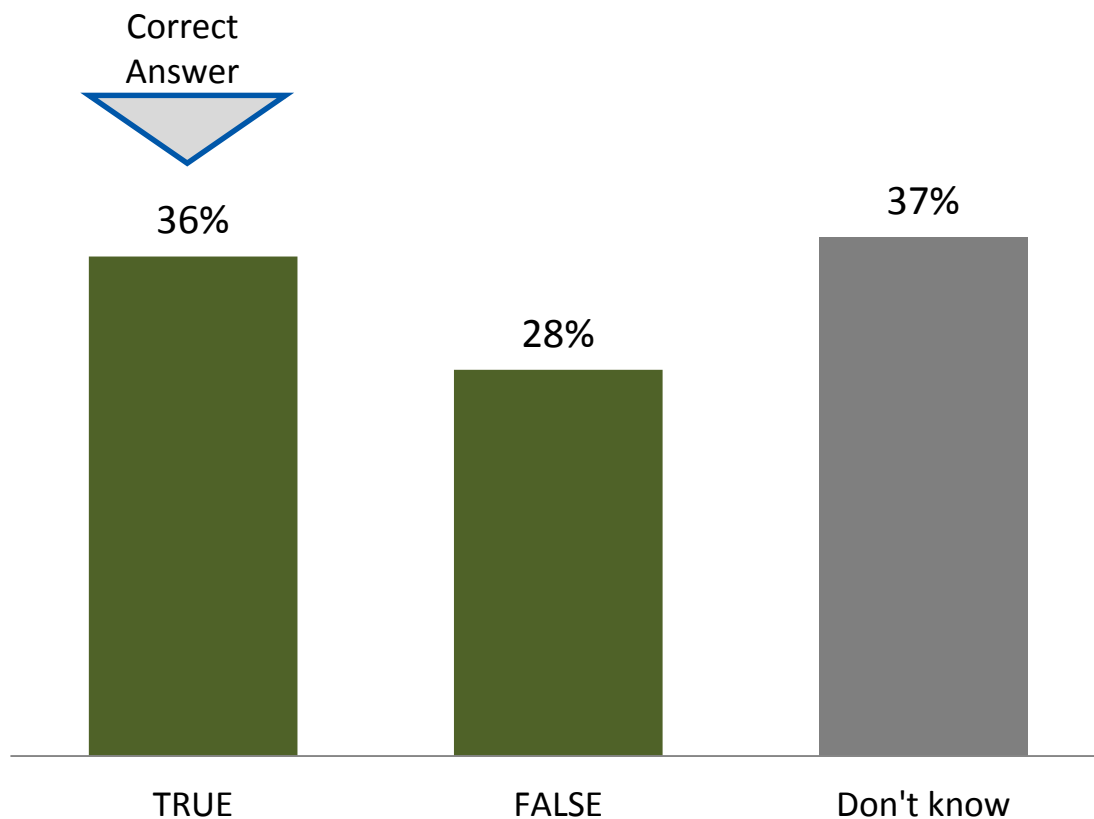


Warning sign of fraud: only about one-third are aware of the signs of fraud; Frequent Investor, those in BC and 65+ most aware



Investments that offer a higher-than-market rate of return and little to no risk are almost always fraudulent.

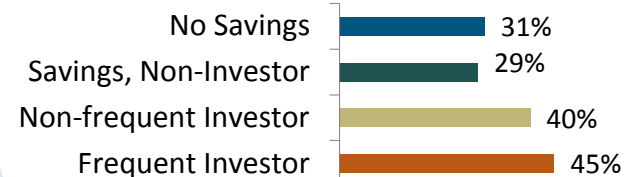
[asked of all 5,000 respondents]



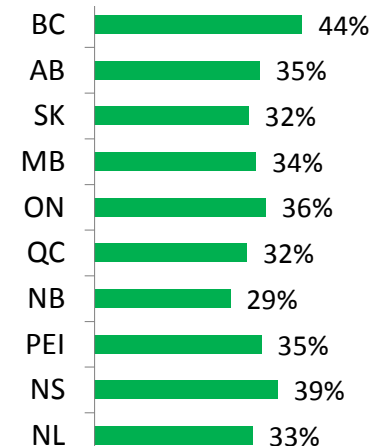
2017 Sample Breakdown ►►

Those who answered correctly

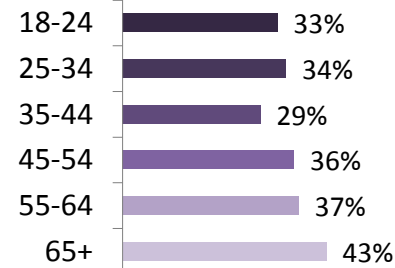
Investor Segments



Province



Age

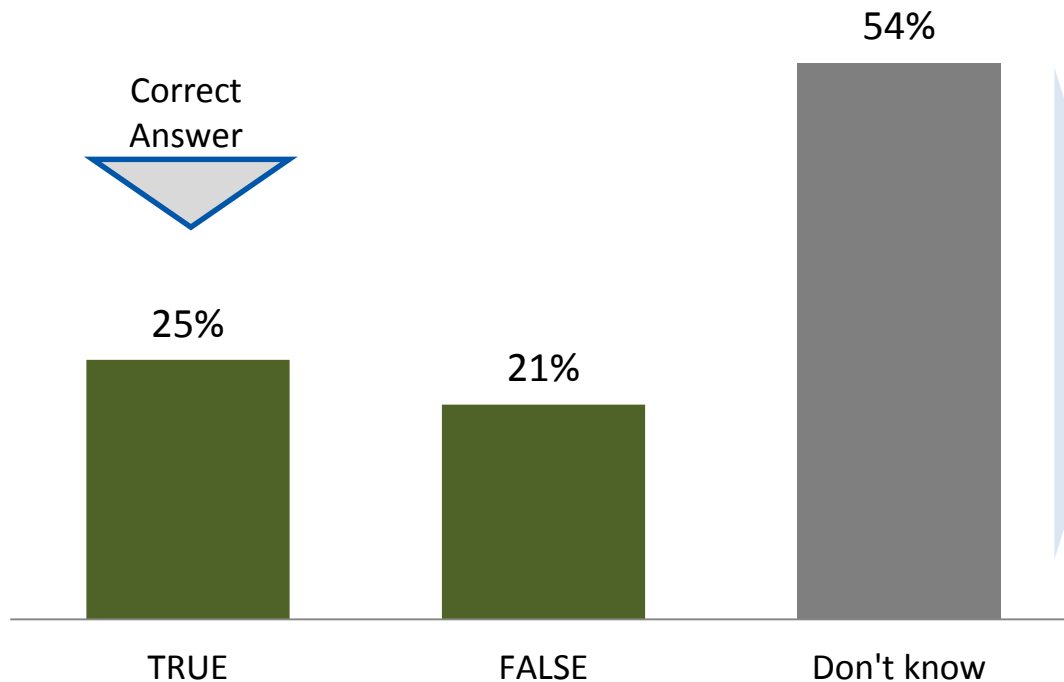


Effect of interest rates on bond prices: only a quarter understand the effect; Frequent Investors most likely to get it right



Bond prices go up when interest rates go down.

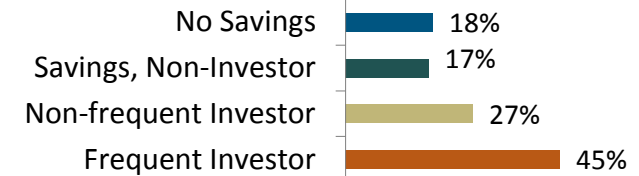
[asked of all 5,000 respondents]



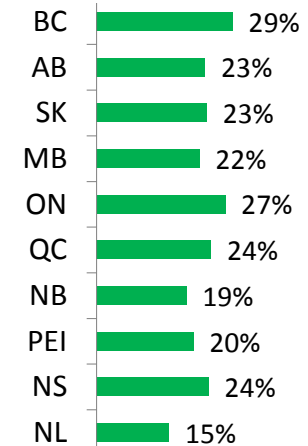
2017 Sample Breakdown ►►

Those who answered correctly

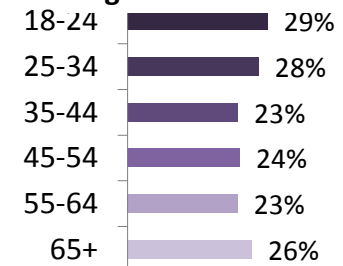
Investor Segments



Province



Age



Use of Investment Advisers

Investment Advisers – comfort level remains high but intensity drops, background checks remain relatively uncommon

4-in-10 (42%) Canadians have a financial adviser, including 76% of Frequent and 65% of Non-frequent Investors.

- The proportion of Canadians saying they use a financial adviser decreased seven points from 2012 (49%) to the level same as observed in 2006. A plurality (16%) have been with their current adviser for between 1 and 5 years.
- A small majority of Canadians are non-investors (53%), either with or without savings, 32% are advised investors, and 15% are do-it-yourself investors, who invest without the help of an adviser.

Nearly everyone (90%) who has an adviser is comfortable bringing forward concerns and questions when speaking to them.

- However, the intensity of comfort has dropped substantially from 63% saying “very comfortable” in 2009 to 50% this year.
- Comfort with adviser increases with age – just 32% of those age 18-24 say they are very comfortable bringing concerns and questions forward, compared to 66% of those over 65. Comfort also increases with knowledge – 63% of those with high investment knowledge say they are very comfortable, 22 percentage points higher than those with low knowledge (41%).

With overall comfort high, few checked into the background of their advisers.

- Only 29% said they checked into the background of their adviser in any way, down from 38% in 2012. Frequently Investors were the mostly likely to have done so (40%).
- Most who did check the background of their financial adviser say they did so through the internet (16%). Only 4% checked with their provincial regulator.

Familiarity with payment method is also low.

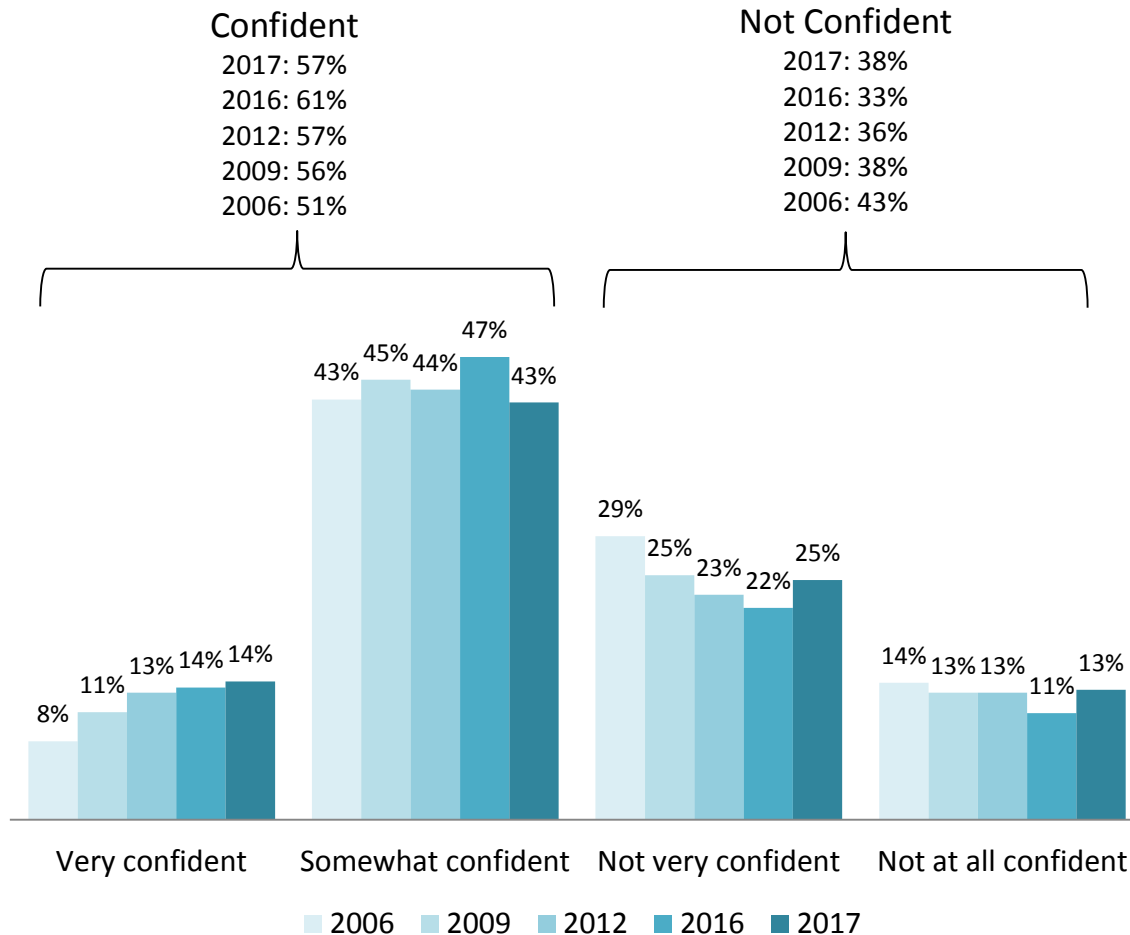
- One-in-four say they don’t know how their adviser is paid. A plurality (35%) say their adviser is paid by salary, and approximately 1-in-4 say they are paid by commission (26%) or with a flat fee based on assets (23%).
- Less than half (47%) of those who used to and currently have a financial adviser agree that they know how much they have paid their financial adviser in the last 12 months. The proportion who say they know is even lower in Saskatchewan (38%), among older investors (43% for those age 65 and over and 38% for those age 55-64), and Non-frequent Investors (40%). A majority of Frequent Investors (67%) and those in Ontario (50%) and BC (53%), on the other hand, agree that they know exactly how much they paid to their adviser.

Investor confidence: confidence down 4 points; Frequent Investors and those with high level of knowledge most confident

Q

How confident are you when it comes to making investment decisions?

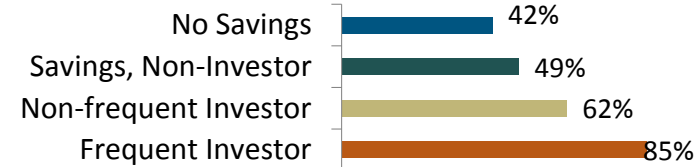
[asked of all 5,000 respondents]



2017 Sample Breakdown ▶▶

Those who are confident

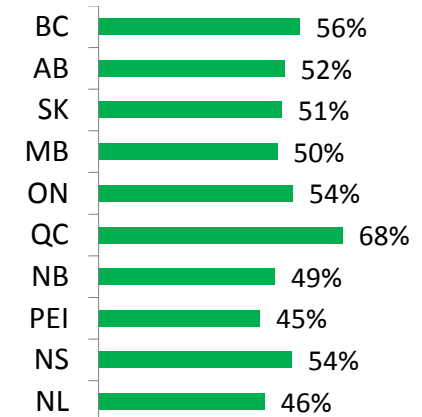
Investor Segments



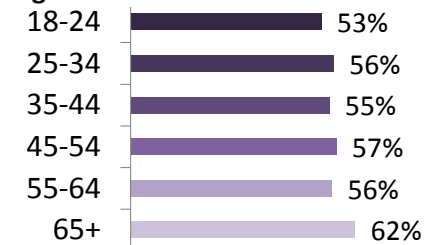
Investment Knowledge



Province



Age



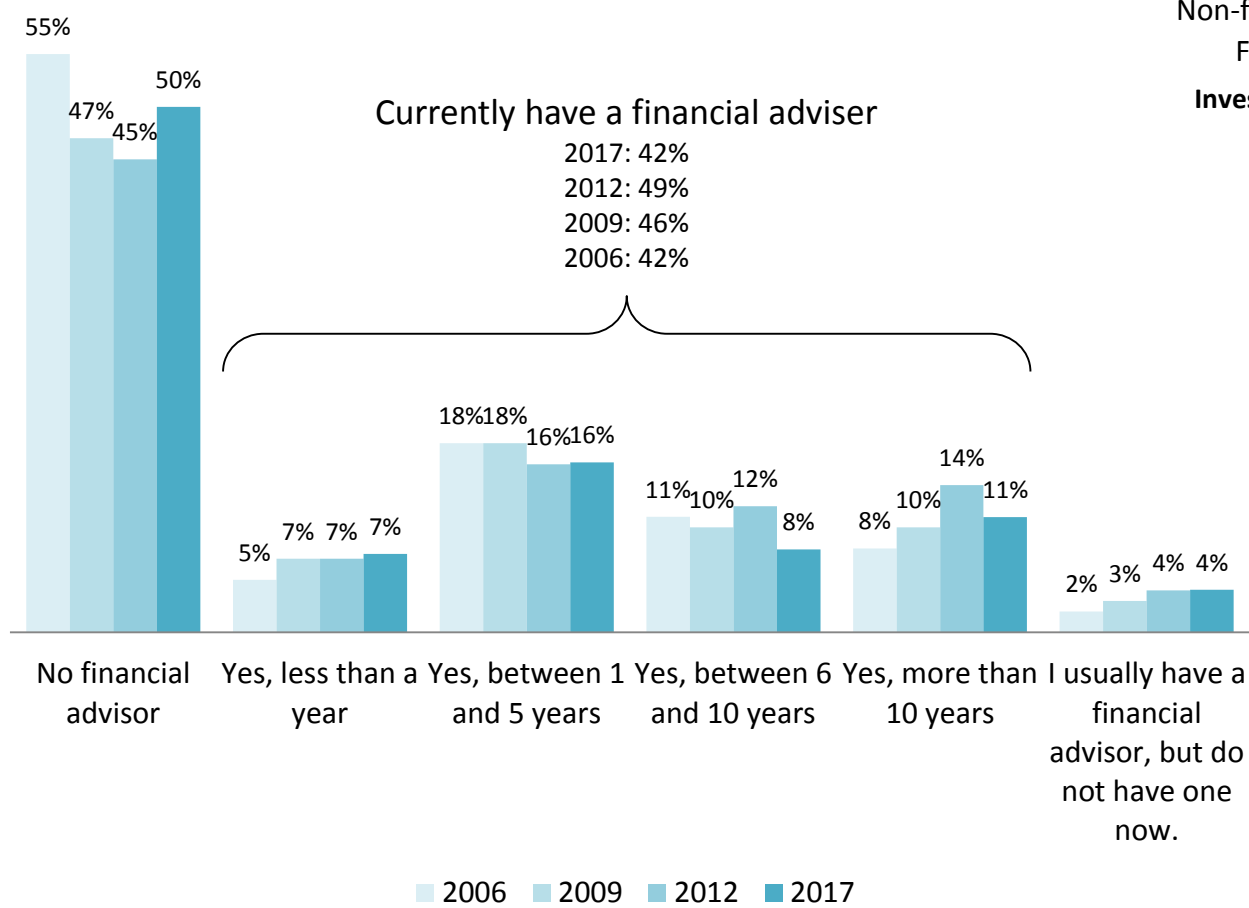
Note: 2009 n=6,319, 2006 n=3,000 ; 'Don't know' not shown

Use of financial advisers: 4-in-10 have an adviser; 3-in-4 Frequent Investors and a majority with high knowledge have one



Do you have a financial adviser and, if so, how long have you had your current adviser?

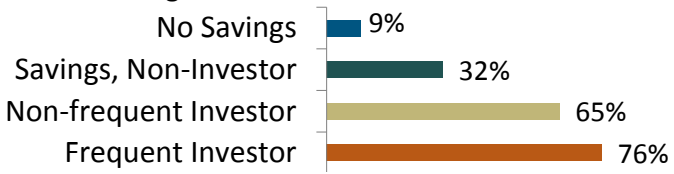
[asked of all 5,000 respondents]



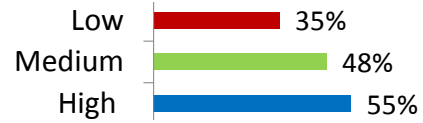
2017 Sample Breakdown ▶▶

Those who currently have a financial adviser

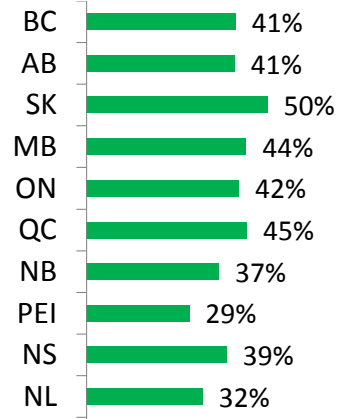
Investor Segments



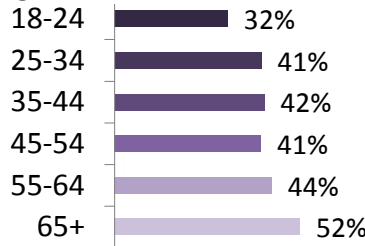
Investment Knowledge



Province



Age



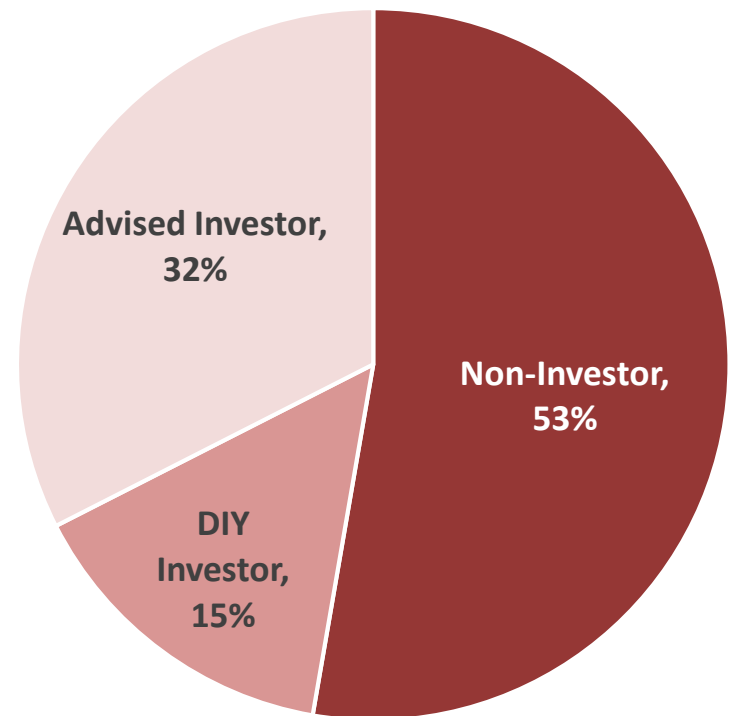
Note: 2012 n=5,000; 2009 n=6,319, 2006 n=3,000; 'Don't know' not shown

Adviser Segmentation: over half are non-investors, a third are advised investors, 15% are DIY

Based on whether or not respondents are investors and if they work with a financial adviser, we can identify 3 key groups:

- **Non-Investor** includes respondents who currently do not have any savings or investments set aside for the future and those who have savings, but do not own any securities.
- **DIY Investor** includes those who are Non-frequent and Frequent Investors but do not have a financial adviser.
- **Advised Investor** includes those who are Non-frequent and Frequent Investors and are currently working with a financial adviser.

		Use of financial advisers	
		Do not have a financial adviser/ Not working with one currently/ Don't know	Currently have a financial adviser
Investor Segmentation	No Savings	Non-Investor	
	Savings, Non-Investor		
	Non-frequent Investor	DIY Investor	Advised Investor
	Frequent Investor		

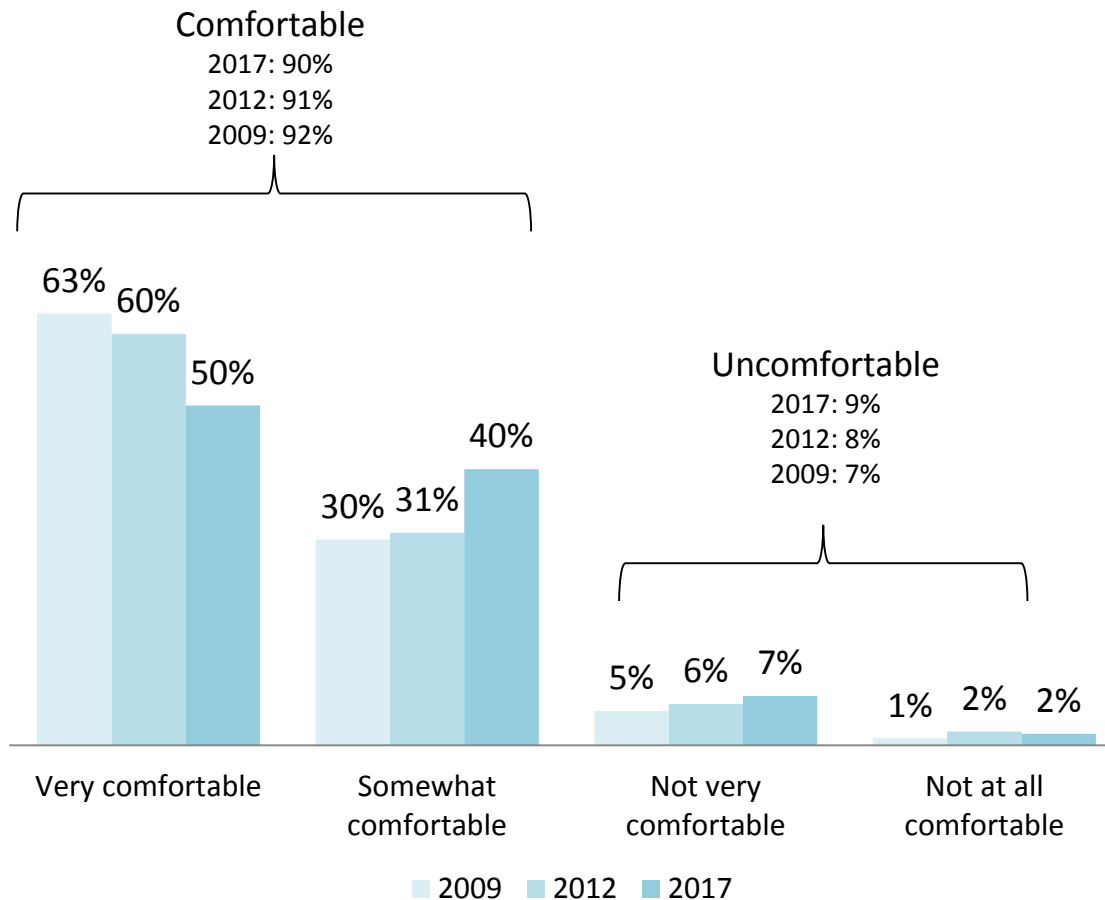


Comfort with advisers: overall level of comfort steady, but far fewer respondents say “very comfortable” than in previous years

Q

How comfortable do you feel bringing forth concerns and questions when speaking with your financial adviser?

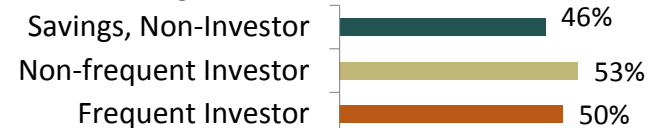
[asked only of respondents who usually to or currently have a financial adviser; n=2,326]



2017 Sample Breakdown ►►

Those who say “very comfortable”

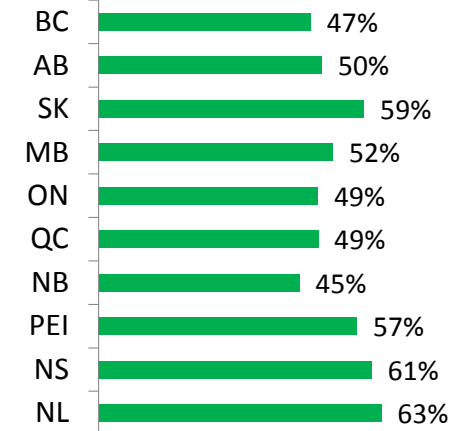
Investor Segments



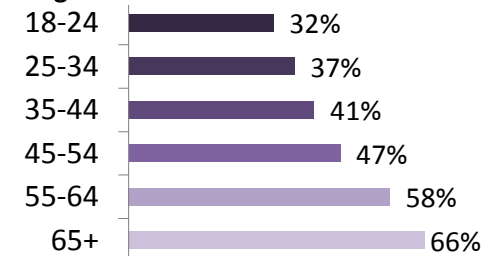
Investment Knowledge



Province



Age



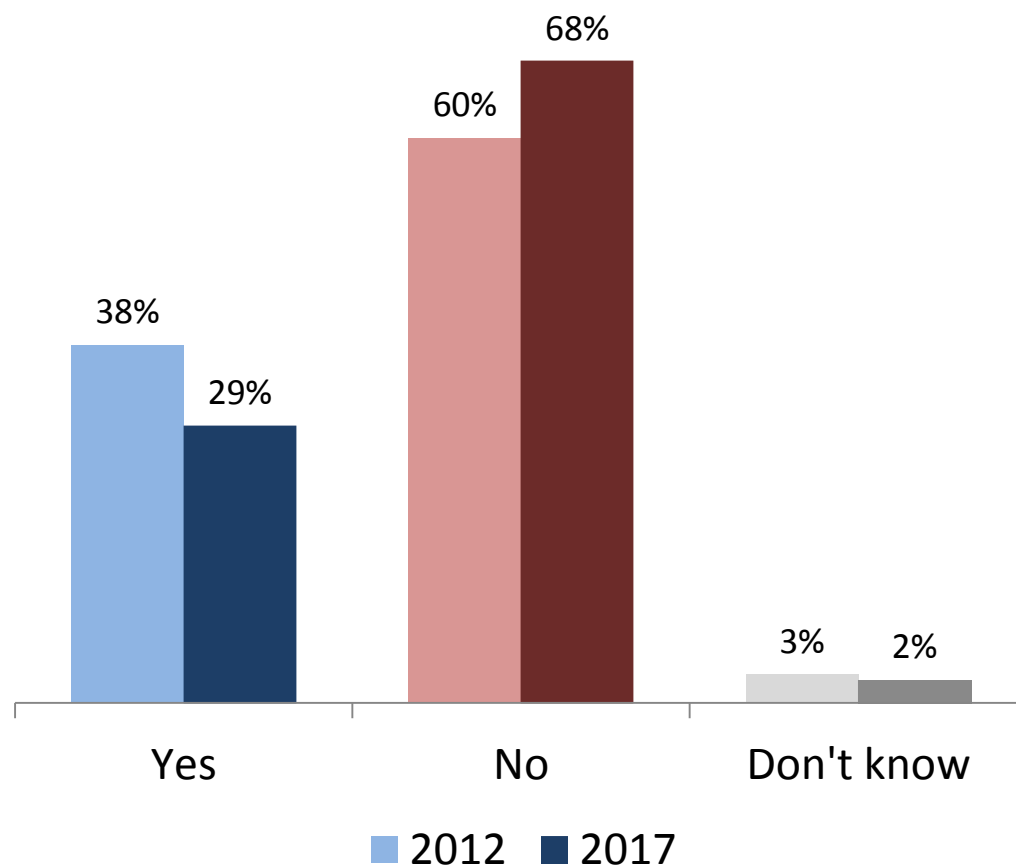
Note: 2012 n=2,646; 2009 n=2,983; ‘Don’t know’ not shown

Adviser background check: fewer respondents say they have checked the background of their adviser than in 2012



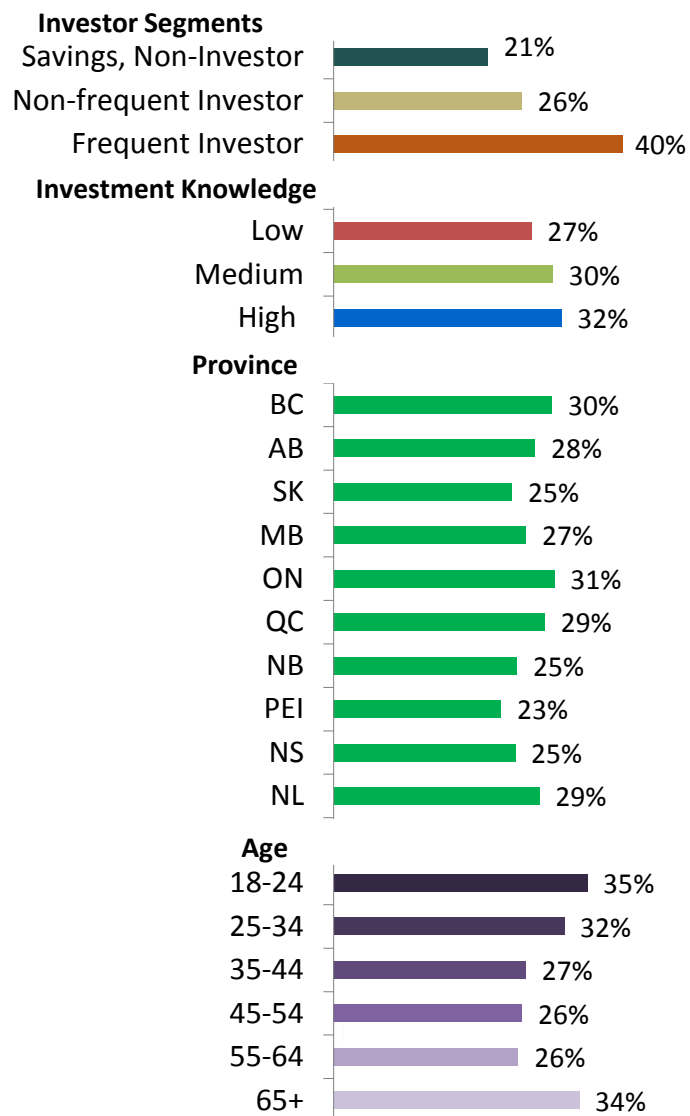
Have you ever checked into the background of your financial adviser in any way?

[asked only of respondents who used to and currently have a financial adviser; n=2,326]



2017 Sample Breakdown ▶▶

Those who say "yes"



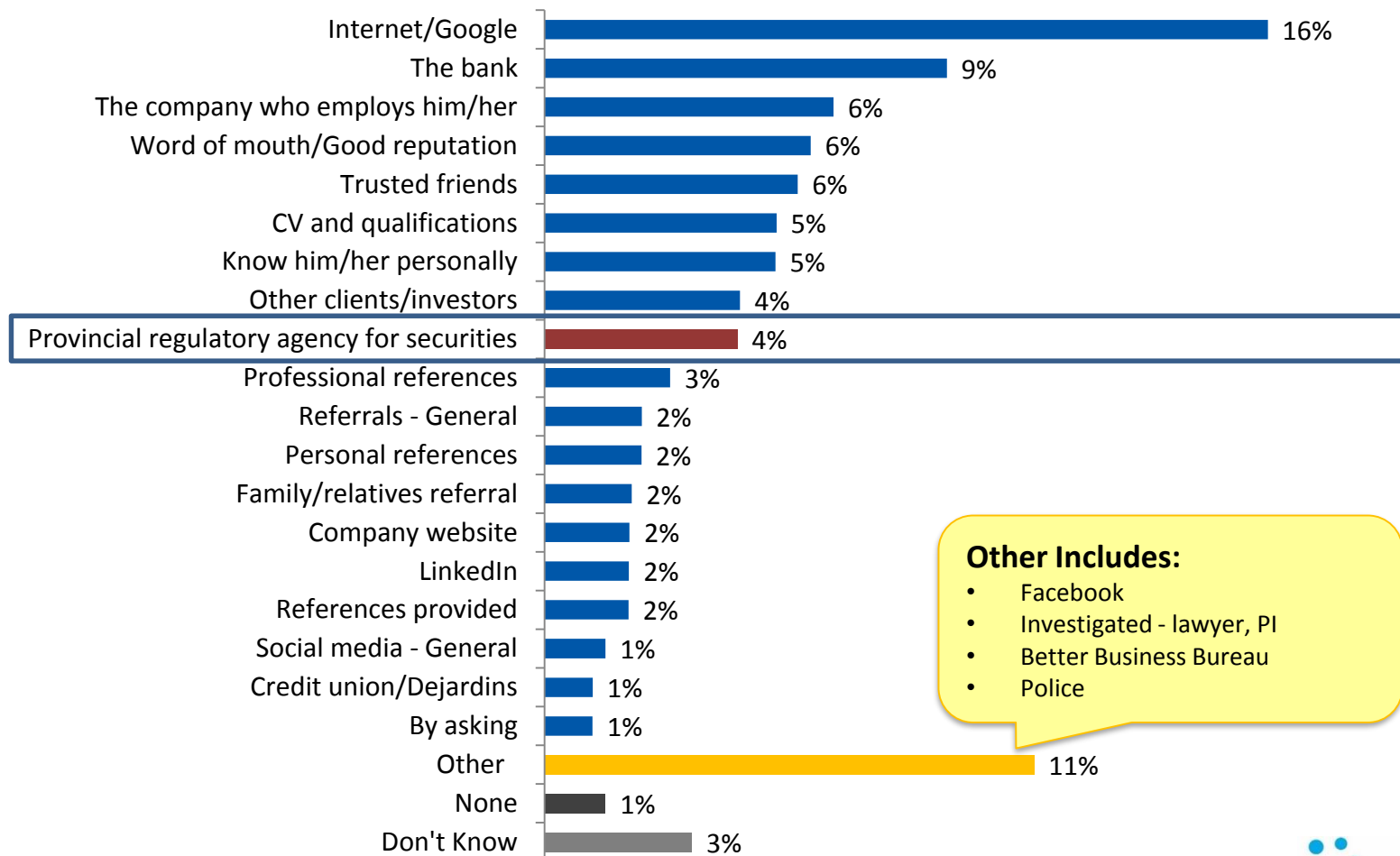
Note: 2012 n=2,646.

Top sources for checking adviser background: most common background check is via an Internet search (16%)

Q

What sources did you use to check the background of your financial adviser?

[asked only of respondents who have checked into the background of their financial advisers; open-ended question; n=684]

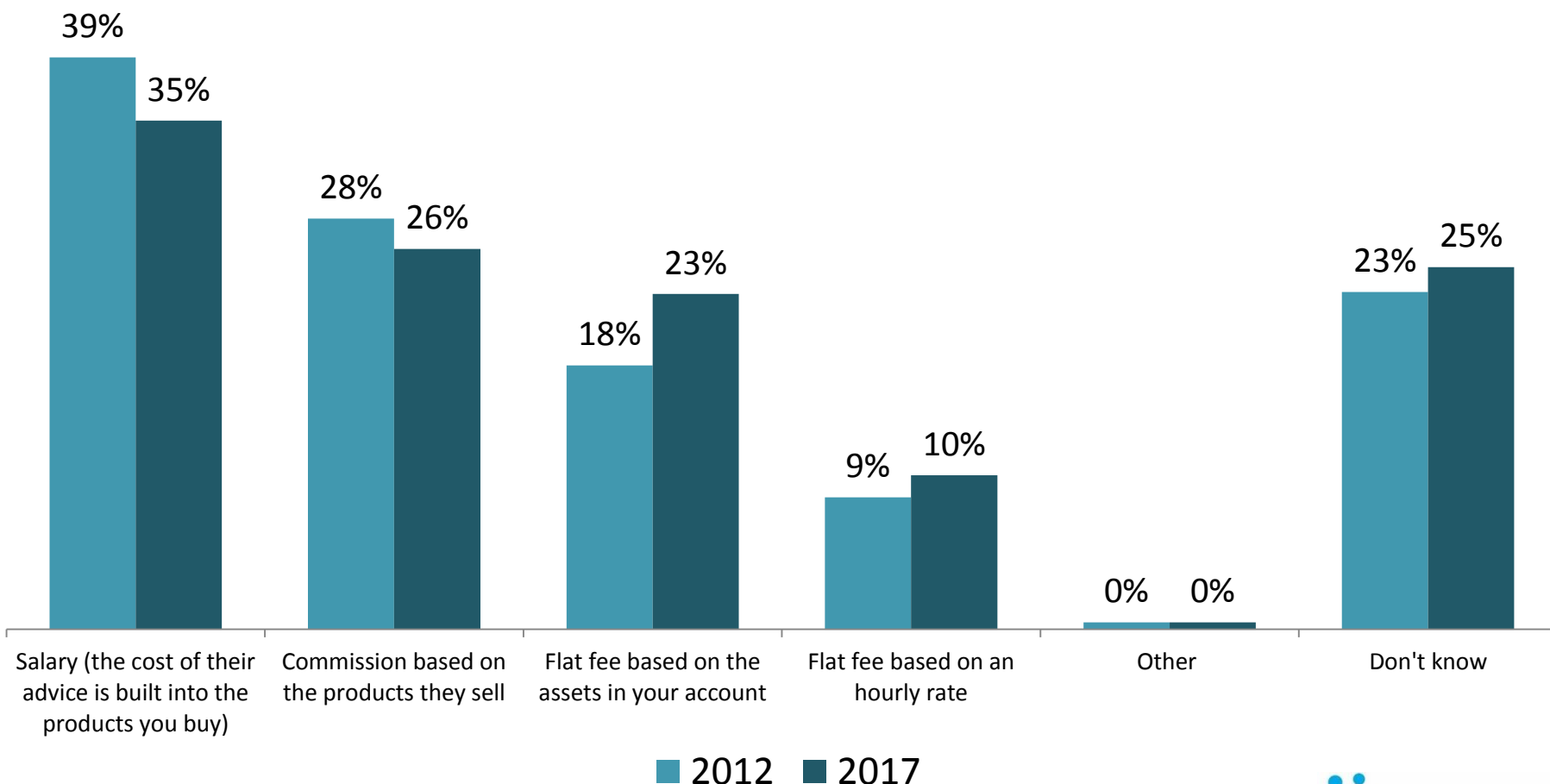


Adviser compensation: most common method is salary (35%), followed by commission and flat fee; pattern similar to 2012



Is your financial adviser being paid by any of the following methods?

[asked only of respondents who used to and currently have a financial adviser; multiple selections allowed; n=2,326]

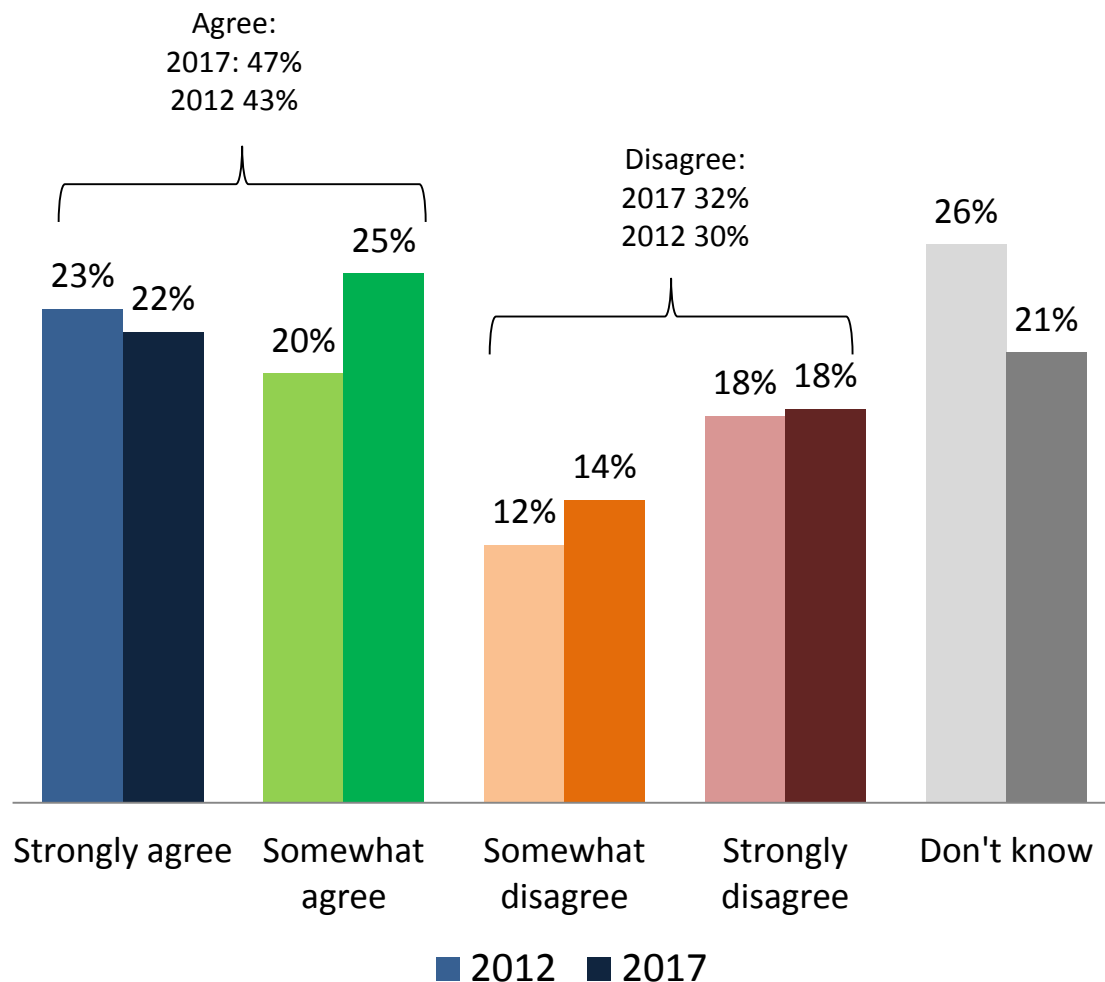


Adviser compensation: less than half know the compensation amount, up four points since 2012; 2-in-3 Frequent Investors know



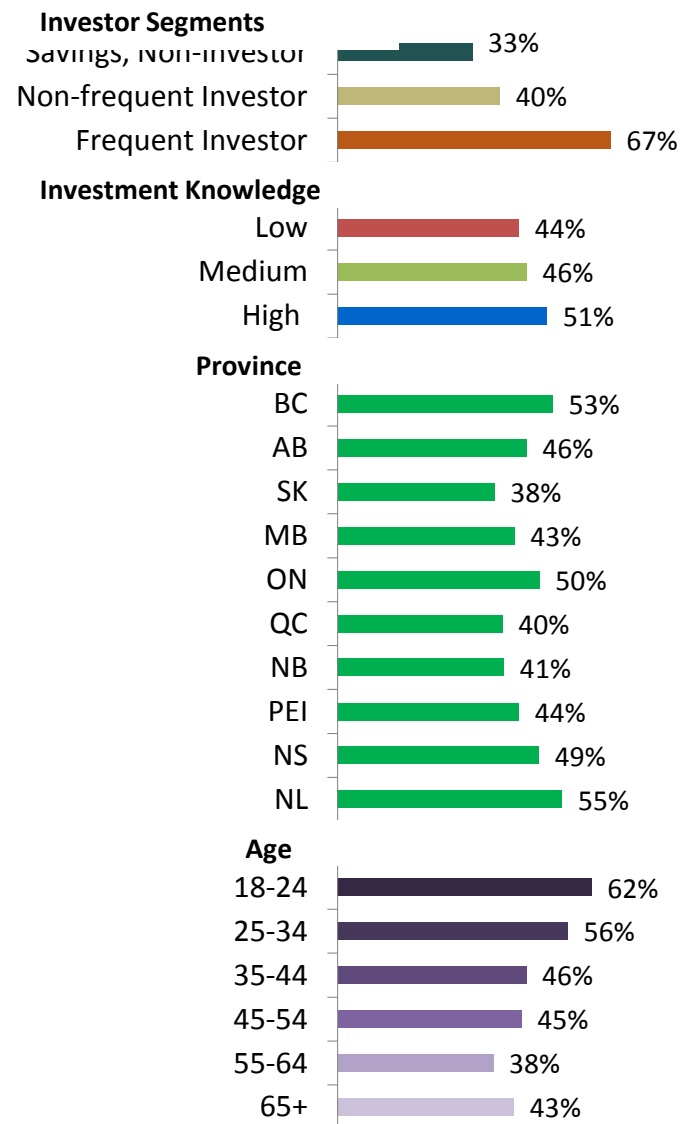
Do you agree or disagree with the following statement:
I know exactly how much I have paid my financial adviser in the past 12 months.

[asked only of respondent who used to and currently have a financial adviser; n=2,326]



2017 Sample Breakdown ▶▶

Those who say "agree"



Note: 2012 n=2,646

Investment Planning

Over half of investors with advisers have a written financial plan

Advised investors are much more likely to have a financial plan and have reviewed it in the past 12 months.

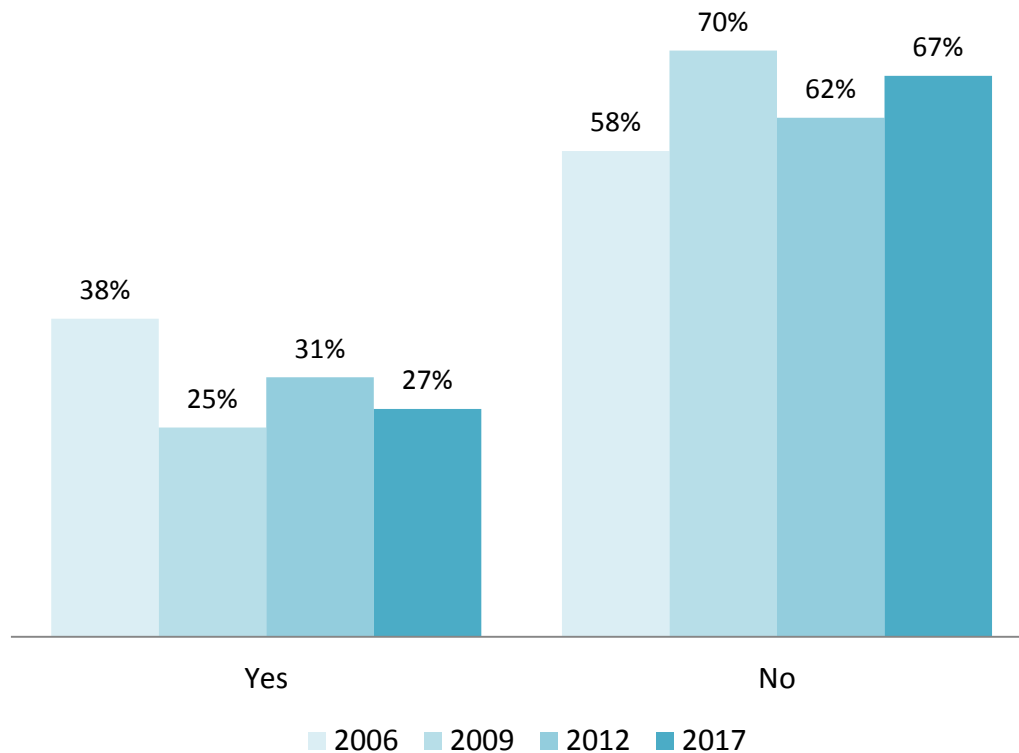
- 27% of Canadians say they have a written financial plan with clear goals, compared to 31% in 2016, 25% in 2012, and a high of 38% in 2006.
- Among investors with advisers that number jumps to 55%, while just 18% of DIY investors say they have a written financial plan.
- Advised investors are also much more likely to have reviewed their plan. 80% of investors with an adviser and a written financial plan reviewed it in the past 12 months. Among DIY investors with a written financial plan, 70% reviewed it in the last 12 months.

Financial plan: one-in-four (27%) have a financial plan; Frequent Investors and advised investors far more likely to have a plan

Q

Do you have a formal, written financial plan that includes clear investment goals?

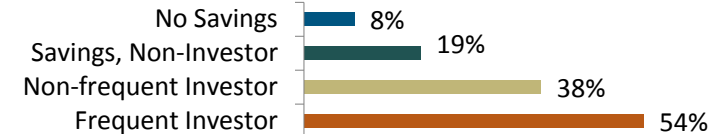
[asked of all 5,000 respondents]



2017 Sample Breakdown ►►

Those who say "yes"

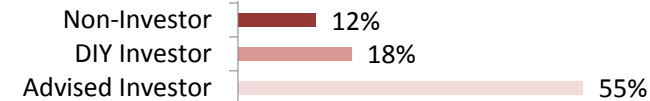
Investor Segments



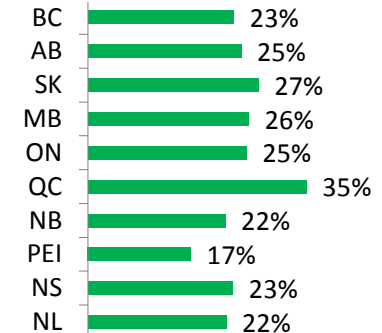
Investment Knowledge



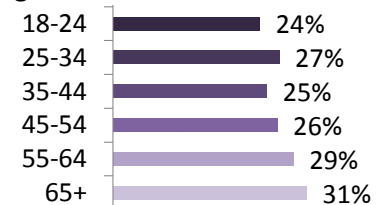
Adviser Segmentation



Province



Age



Note: In 2006 respondents were asked, "Do you have a financial plan that includes clear investment goals?"

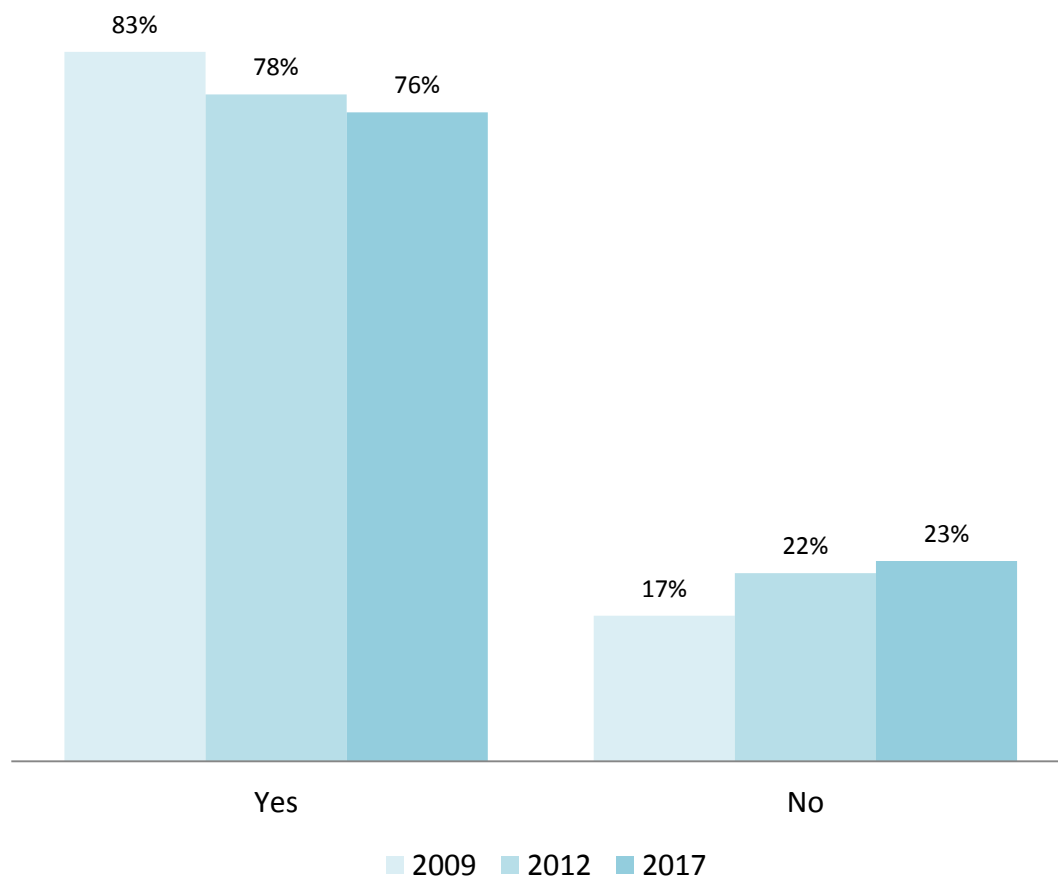
2012 n=5,000; 2009 n=6,319, 2006 n=3,000; 'Don't know' not shown

Financial plan review: 3-in-4 have reviewed their plan in the past 12 months; highest among Frequent and advised investors



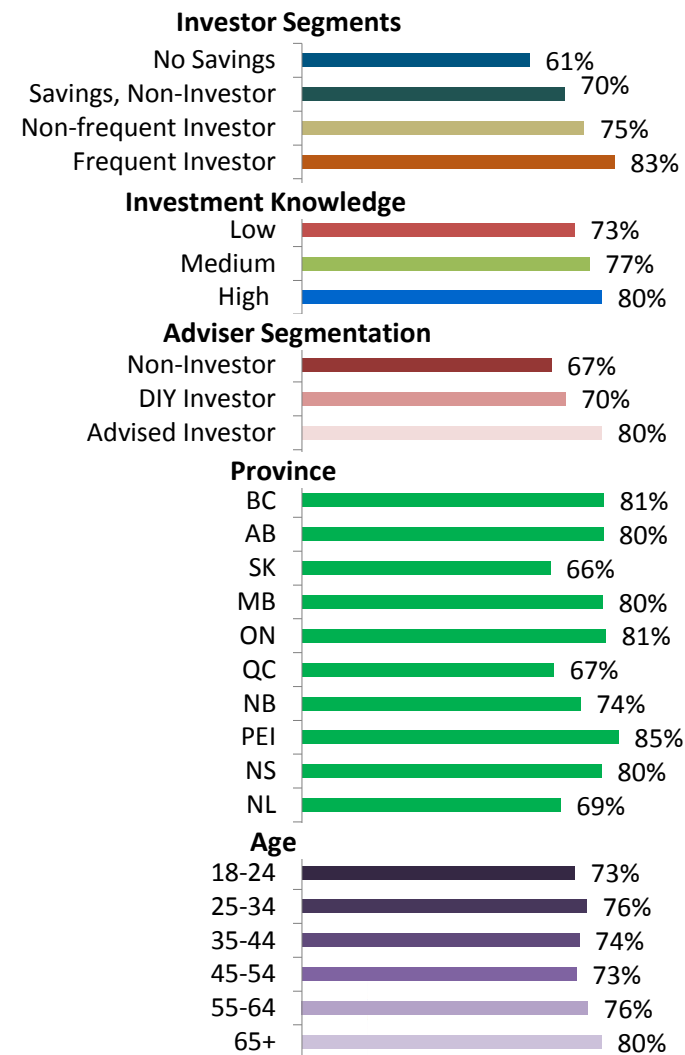
Have you reviewed your financial plan in the **past 12 months**?

[asked only of respondents with a formal written financial plan; n=1,360]



2017 Sample Breakdown ►►

Those who say "yes"



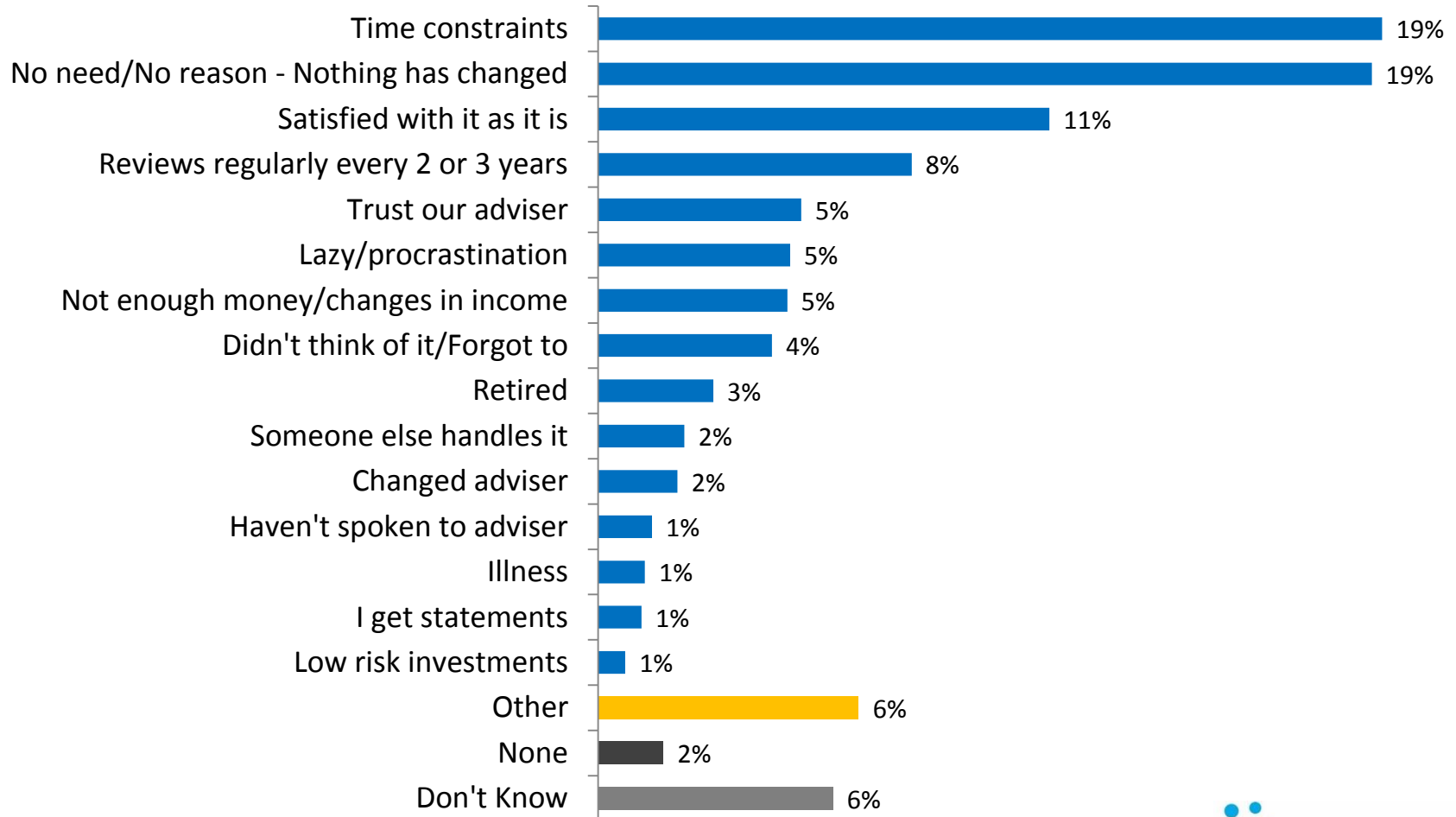
Note: 2012, n=1,608; 2009 n=1,613. 'Don't know' not shown

Top reason for not reviewing financial plan: time constraints and seeing no need are the main reasons for not reviewing

Q

What is the main reason you have **not** reviewed your financial plan in the **past 12 months**?

[asked only of respondents who did not review their financial plan in the past 12 months; open-ended question; n=319]



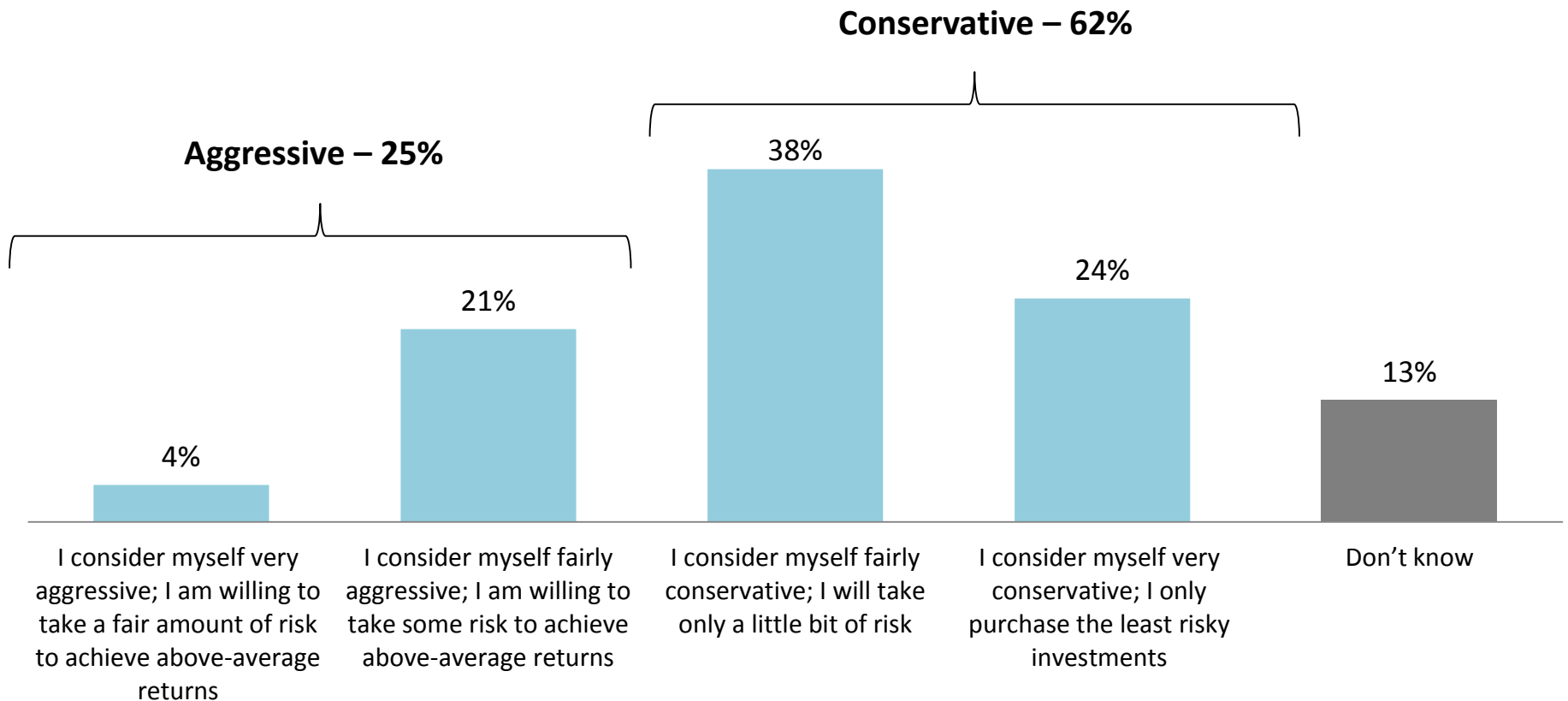
Investor Risk Tolerance

Risk orientation: respondents are more than twice as likely to be conservative (62%) than aggressive (25%)



Which of the following best describes your investment style?

[asked of all 5,000 respondents]

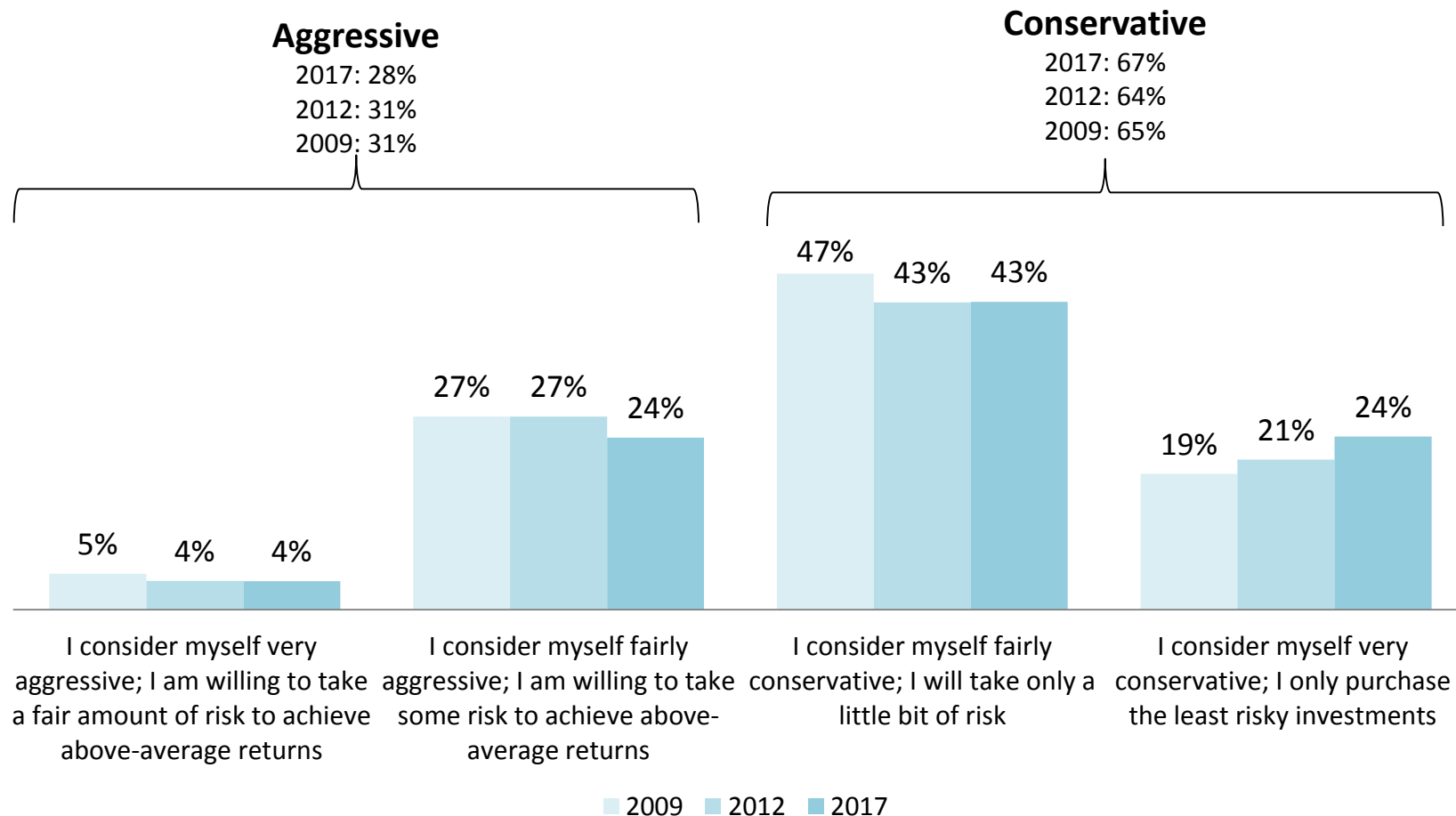


Investor risk orientation tracking: investors are slightly more conservative and less aggressive than in previous years



Which of the following best describes your investment style?

[Only respondents with financial investments are included in the results below, n=3,453]

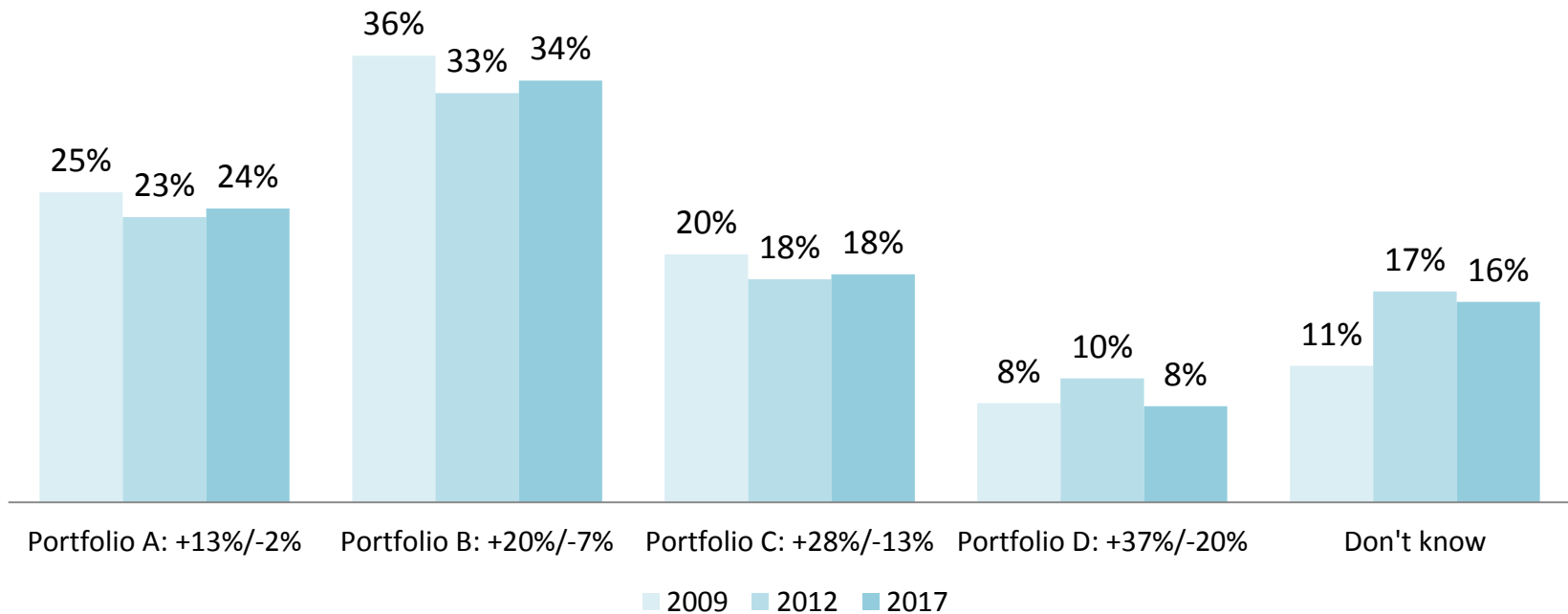
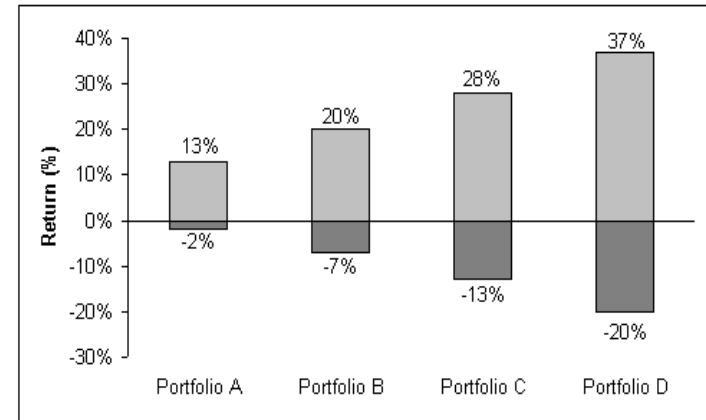


Investor risk orientation: a third prefer to invest in “Portfolio B”, a quarter “Portfolio A”; preferences consistent with 2012 and 2009

Q

A portfolio is a basket of different investments. The returns earned by a specific portfolio depend on the mix of investments that make up the portfolio. The following graph shows the probable range of returns (from best to worst) of four hypothetical portfolios over a one-year period. Which of these portfolios would you prefer to invest in?

[asked of all 5,000 respondents]

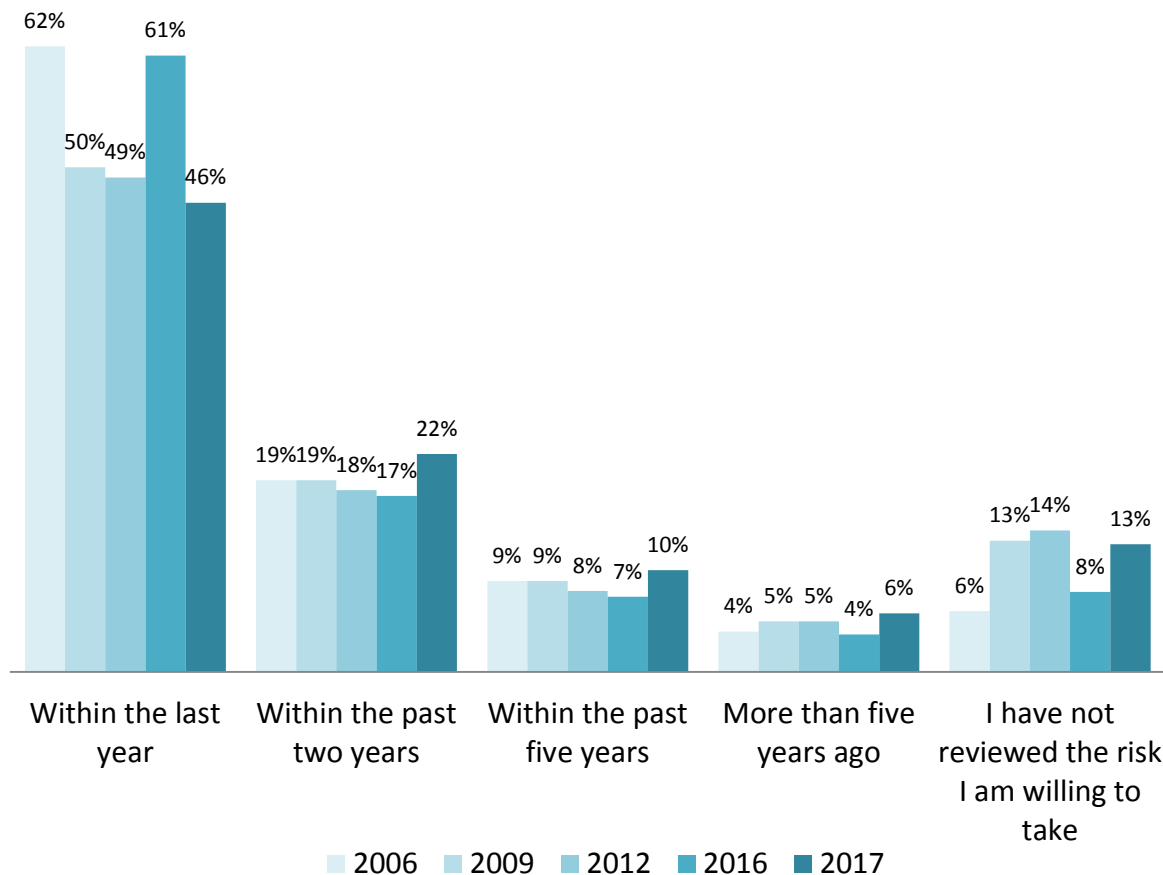


Risk-tolerance review: recent reviews back down after spike in '16; DIY investors, those age 18-24 and low knowledge least likely

Q

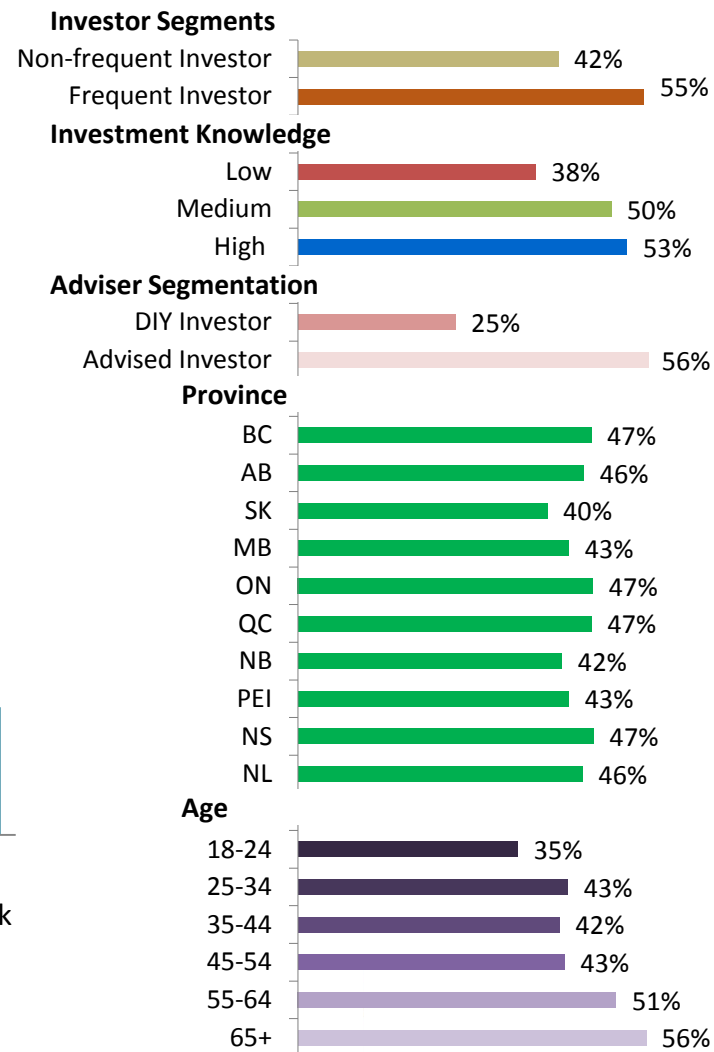
When was the last time you or your financial adviser thoroughly reviewed the level of risk you're willing to take with your investments?

[asked only of respondents with financial investments; n=2,364]



2017 Sample Breakdown ▶▶

Those who say "within the last year"



Note: 2016 n=1,822; 2012 n=3,749; 2009 n=3,518, 2006 n=1,583 ; 'Don't know' not shown

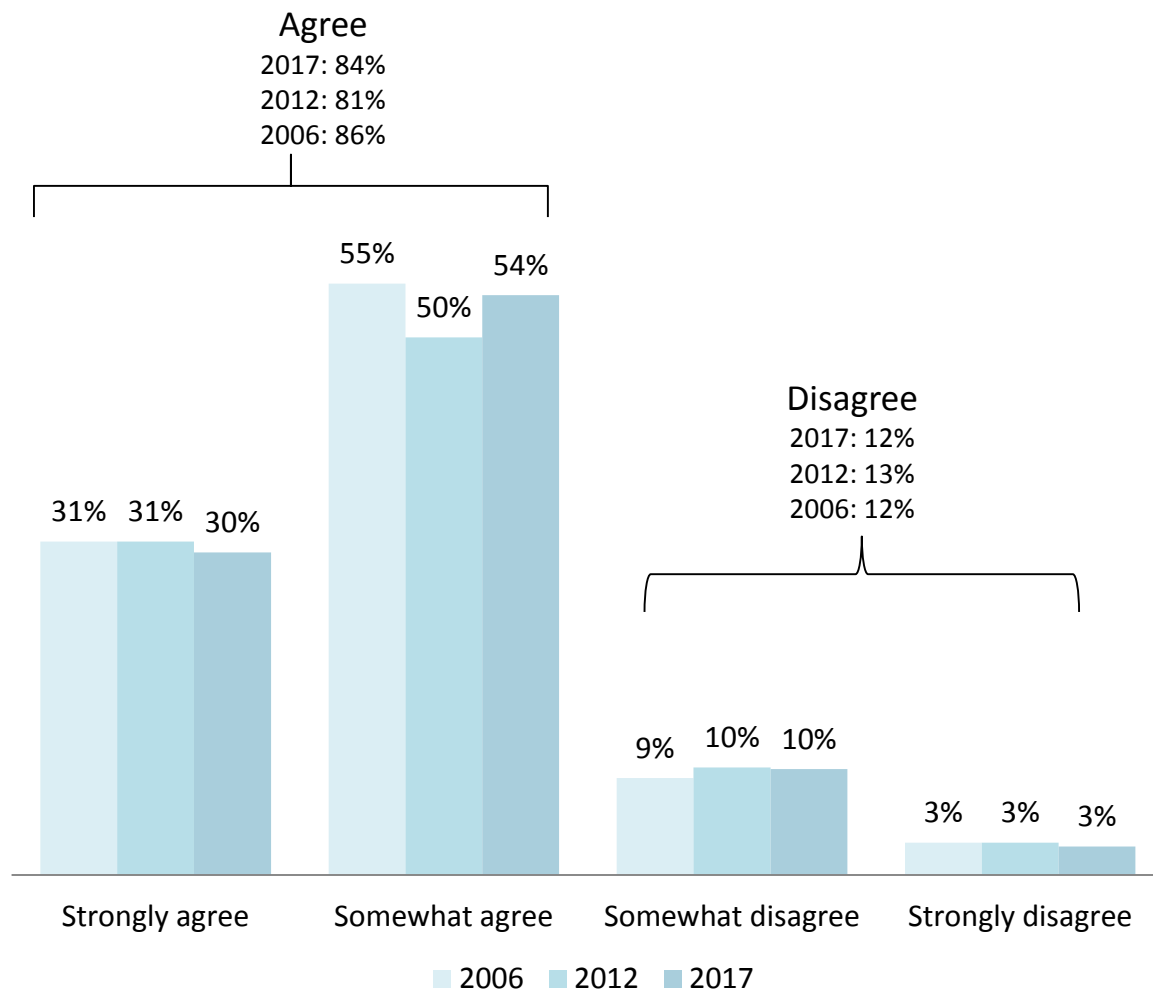
Understanding of risk: more than 8-in-10 say they understand the risk of their investments, consistent with previous studies



Please indicate if you agree or disagree with the following statement:

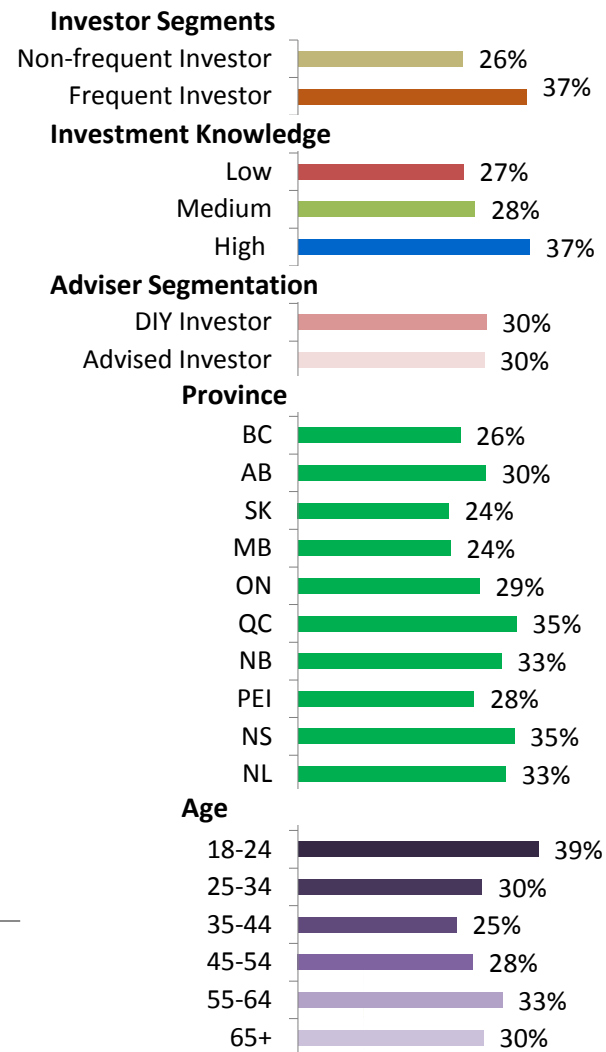
I understand how risky each of my investments are today.

[asked only of respondents with financial investments; n=2,364]



2017 Sample Breakdown ▶▶

Those who "strongly agree"



Note: 2012 n=3,749; 2006 n=1,583, 'Don't know' not shown.

Investment Fraud in Canada

Experience with Investment Fraud

Canadians are still being approached with fraudulent investment opportunities, but the number is decreasing. 4% of Canadians say they have actually invested money in a fraud, steady since 2006.

- One-in-five (18%) say they think they've been approached with a fraudulent investment opportunity, down from 22% in 2016 and 27% in 2012.
- Frequent Investors (22%), those with high knowledge (23%) and young Canadians 18-24 (24%) are the most likely to say they have been approached with a fraudulent investment. Email was the most common way respondents were introduced to the fraudulent opportunity (44%).

Slightly more Canadians are reporting suspected fraud, but rates remain relatively low.

- Of those approached with a fraud, just one third reported it to the authorities. Those approached via the Internet were the most likely to report (54%) while those introduced to the fraud by someone they know – affinity fraud – were the least likely to report (only 23% did). Interestingly, the stronger the level of trust in the fraudster, the more likely the victim was to report.
- **Reporting also varied by across investor type and level of knowledge** – half (51%) of Frequent Investors reported the fraud to the authorities, compared to just one-in-four Non-frequent Investors. Those with higher knowledge were **less** likely to report - 24% of those with high knowledge said they reported the most recent fraud attempt, compared to 39% of those with a low level of knowledge.
- When asked where they would report fraud, a plurality (37%) said the police or RCMP and 44% of those who did report turned to these authorities. While 9% said they would report a fraud to the provincial regulatory agency, just 4% who actually did report a fraud turned to their provincial agency. One-in-five said they would not know where to report a suspected fraud.

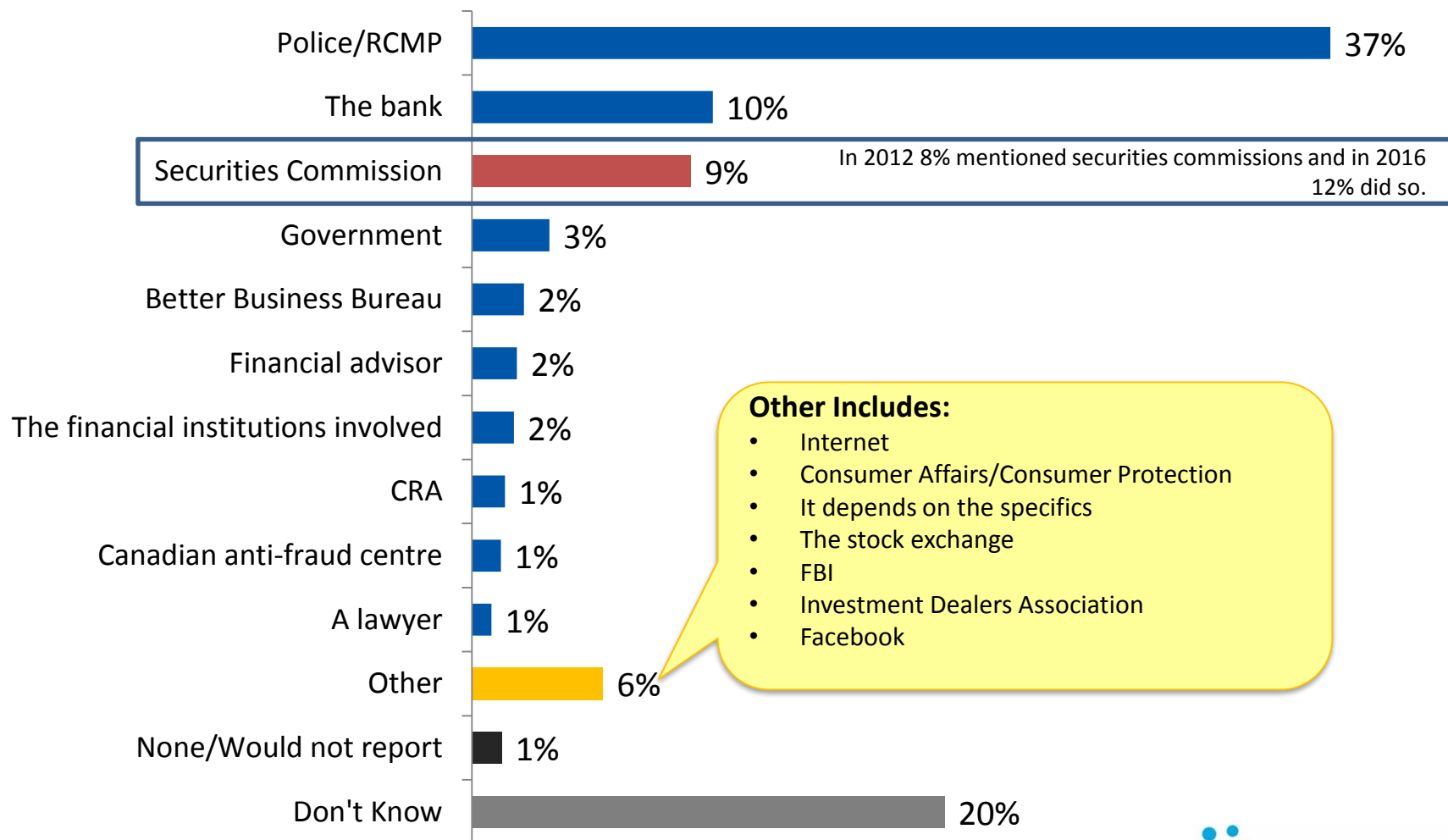
Those who did not report said they chose not to because it was clearly a scam and they did not fall for it (18%) or because there is too much email fraud to report it all (16%).

- Although down since 2016 (24%) and 2012 (23%), nearly one-in-five (18%) still think reporting a fraudulent investment is more trouble than it is worth.

Reporting fraud: 37% would report to police/RCMP, only 9% to Securities Commission; 20% don't know where to report

Q Where would you go to report a **suspected** investment fraud?

[asked of all 5,000 respondents; open-ended question]

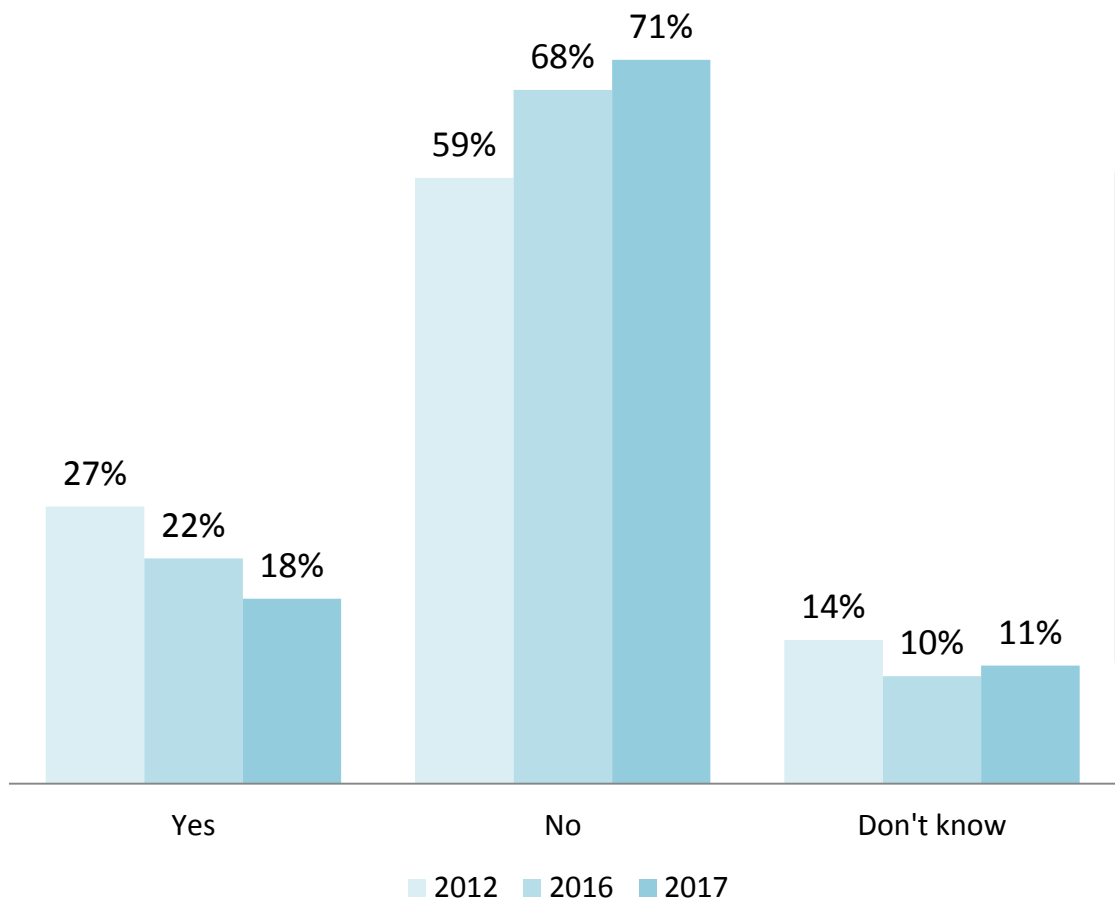


Fraud attempts: 2-in-10 (18%) approached, down 9 points; highest among Frequent Investors (22%) and those age 18-24 (24%)



Do you think anyone has ever approached you with a possible fraudulent investment?

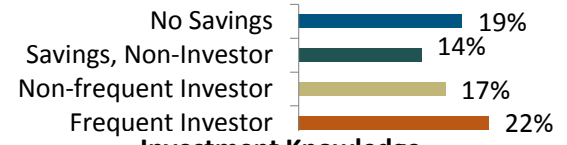
[asked of all 5,000 respondents]



2017 Sample Breakdown ▶▶

Those who say "yes"

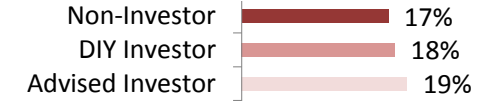
Investor Segments



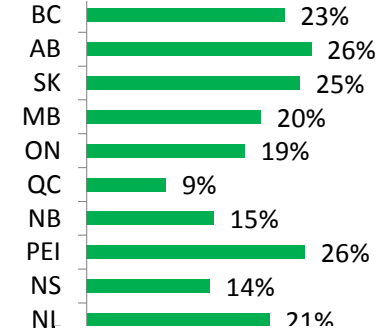
Investment Knowledge



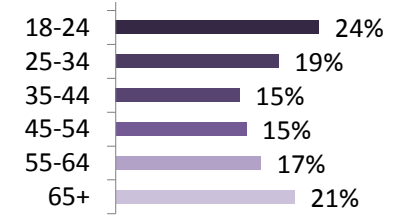
Adviser Segmentation



Province



Age



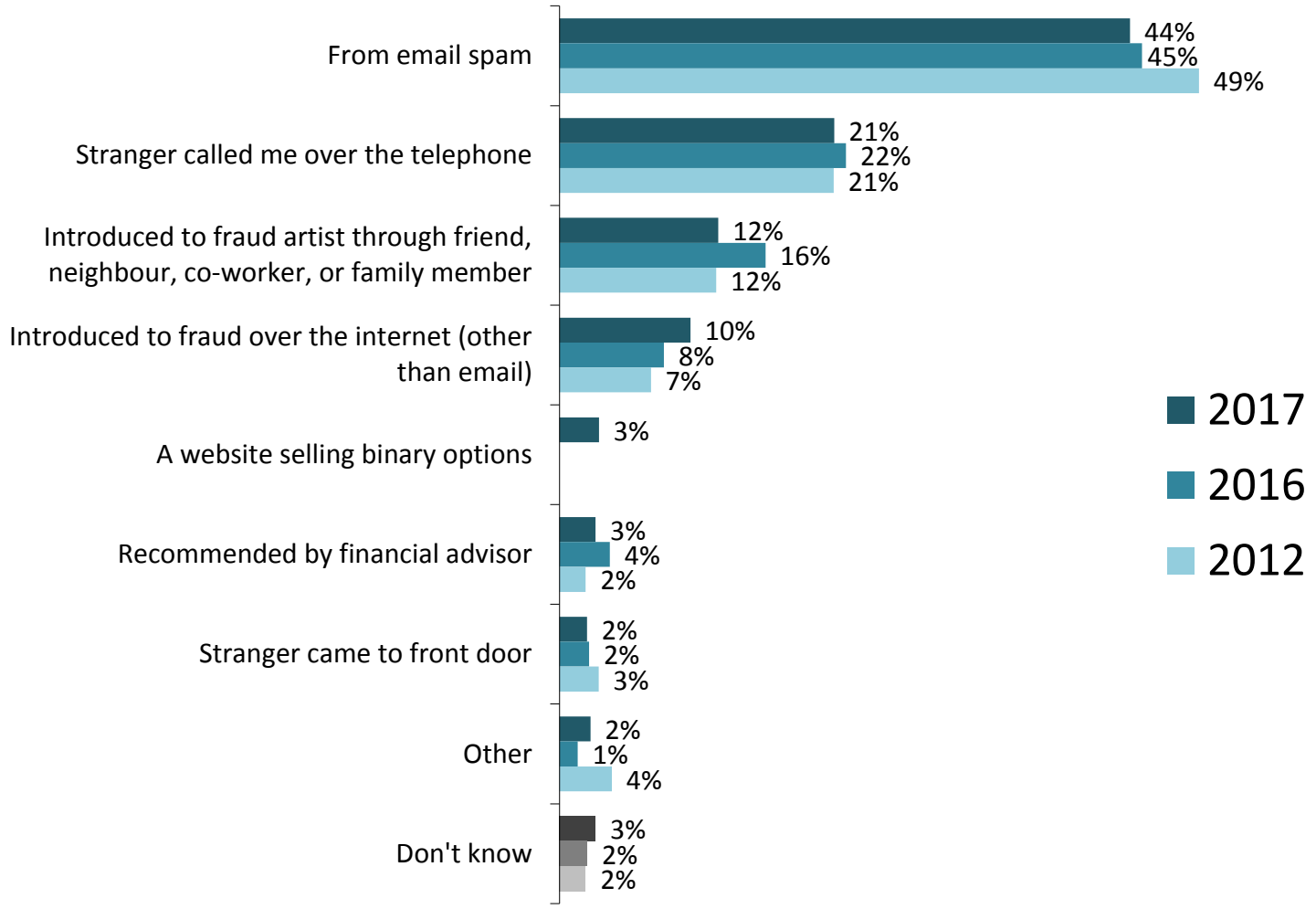
Note: 2016 n=3,000; 2012 n=5,198

Method of approach: most common approach still “email spam”⁵⁵ (44%), followed by cold-calls (21%)



How were you introduced to the **most recent** investment fraud you encountered?

[asked only of those who believe they have been approached with a fraudulent investment; n=900]



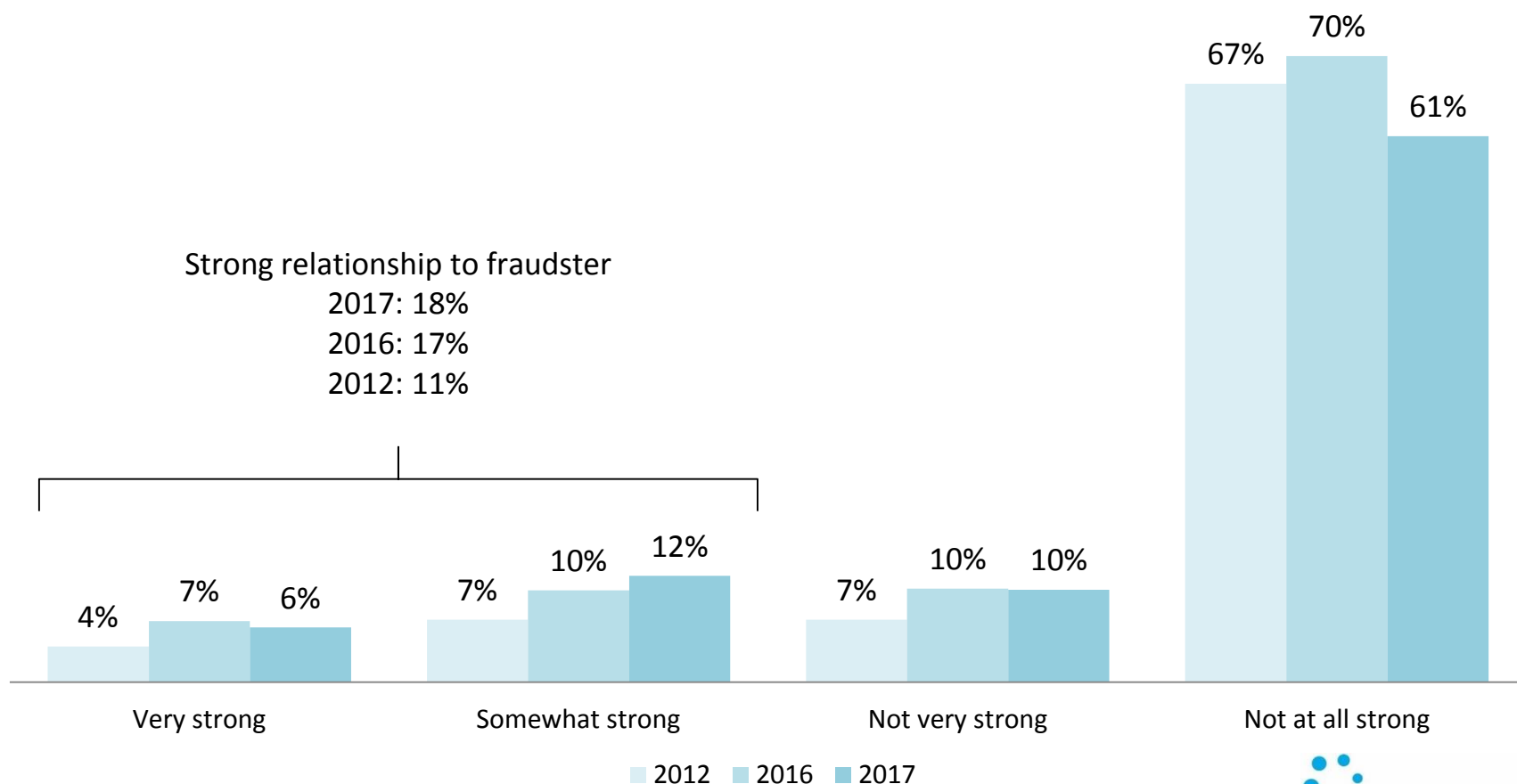
Note: 2016 n=645; 2012 n=1,411; Binary options websites were first given as an option in 2017

Level of trust: less than 2-in-10 (18%) developed a strong relationship with fraudster, steady year-to-year

Q

How would you describe the level of trust you developed with the person or persons who **most recently** approached you with a fraudulent investment opportunity?

[asked only of those who believe they have been approached with a fraudulent investment; n=900]

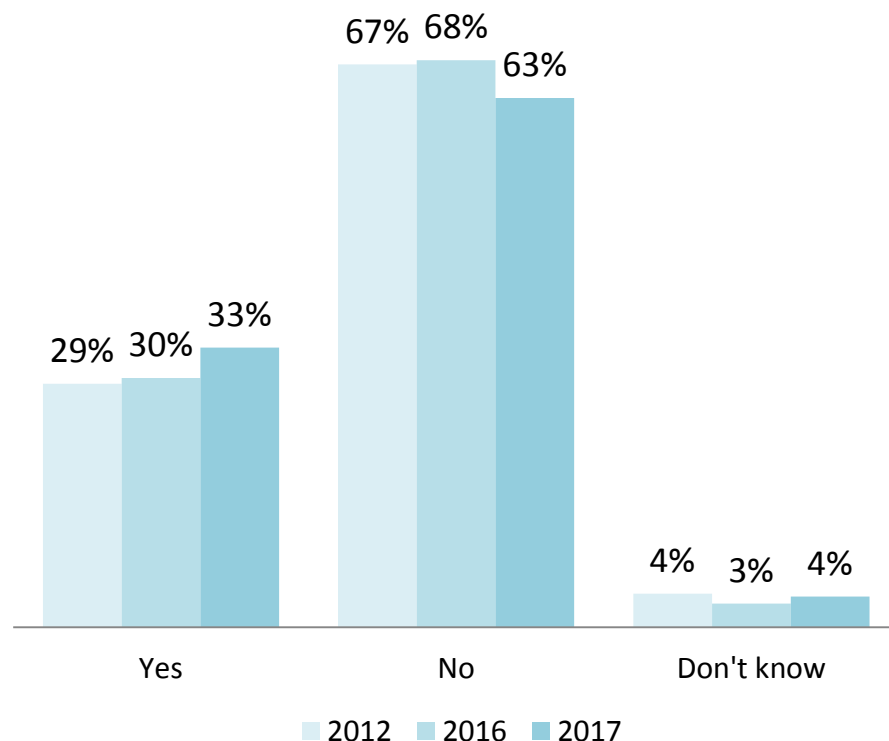


Note: 2016 n=658 2012 n=1,411. 'Don't know/Not applicable' (10% in 2017) not shown.

Reporting fraud: only 1-in-3 report fraud; reporting higher for internet fraud (54%) and when fraudster strongly trusted (61%)

Q Once you realized this most recent investment opportunity was fraudulent, did you report it to the authorities?

[asked only of respondents who have been approached with investment fraud; n=900]

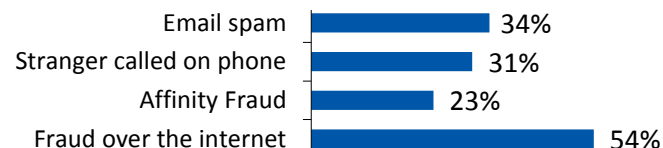


Note: 2016 n=658; 2012 n=1,411. Only most common method of approaches are shown in side bar

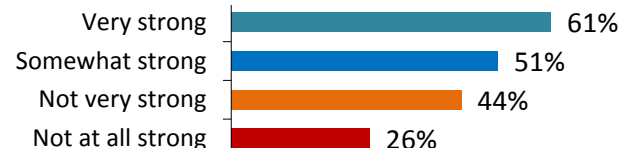
2017 Sample Breakdown ►►

Those who did report the most recent suspected fraud to the authorities

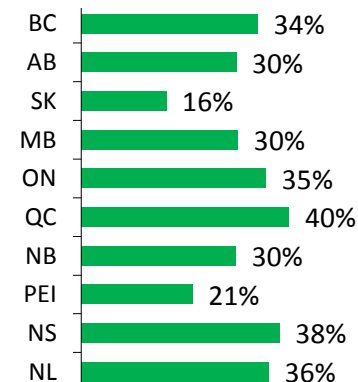
Method of approach



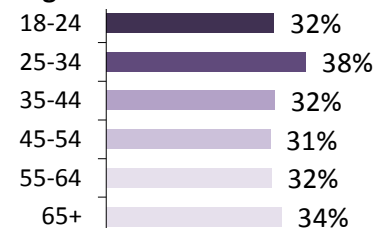
Level of trust of fraudster



Province



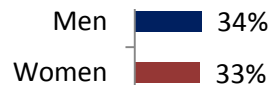
Age



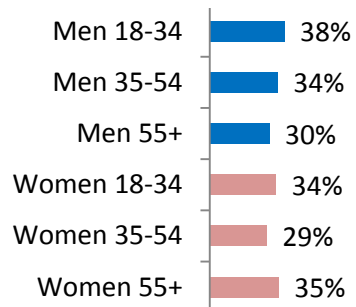
Fraud Reported: highest reporting by Frequent Investors (51%), those with low knowledge (39%), and advised (40%) investors

Q Once you realized this **most recent** investment opportunity was fraudulent, did you report it to the authorities?
*% who **did** report the most recent suspected fraud to the authorities*

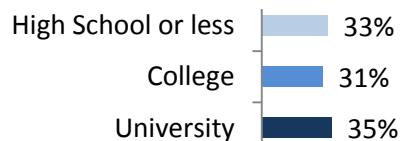
Gender



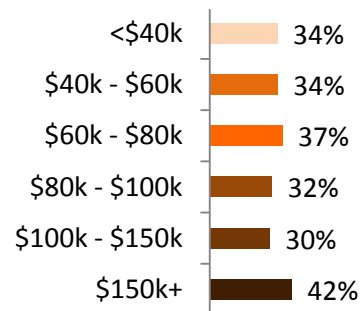
Age/gender



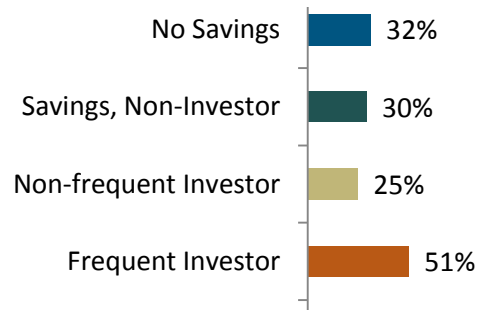
Education



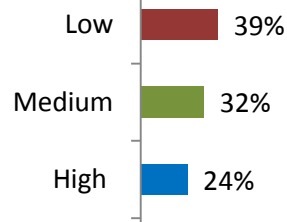
Income



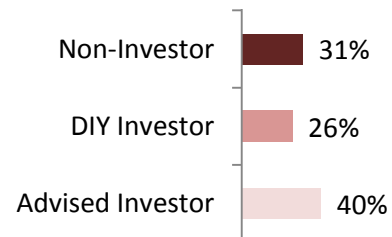
Investor Segmentation



Investment Knowledge



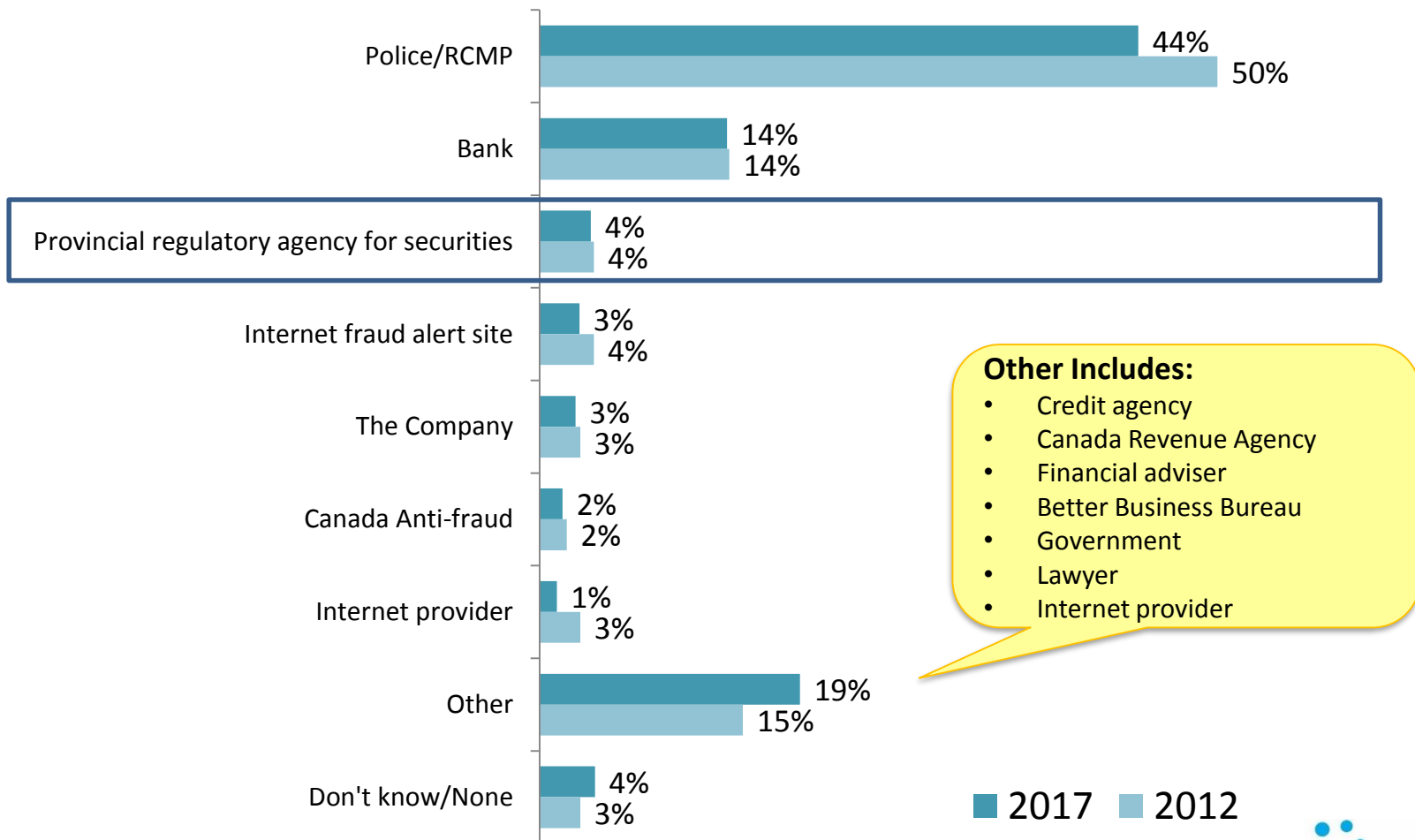
Adviser Segmentation



Reporting fraud: Police/RCMP still top spot for reporting, but down 6-points since 2012

Q Where did you go to report the suspected investment fraud?

[asked only of respondents who believe they were approached with a fraudulent investment and reported it to the authorities; open-ended question; n=300]



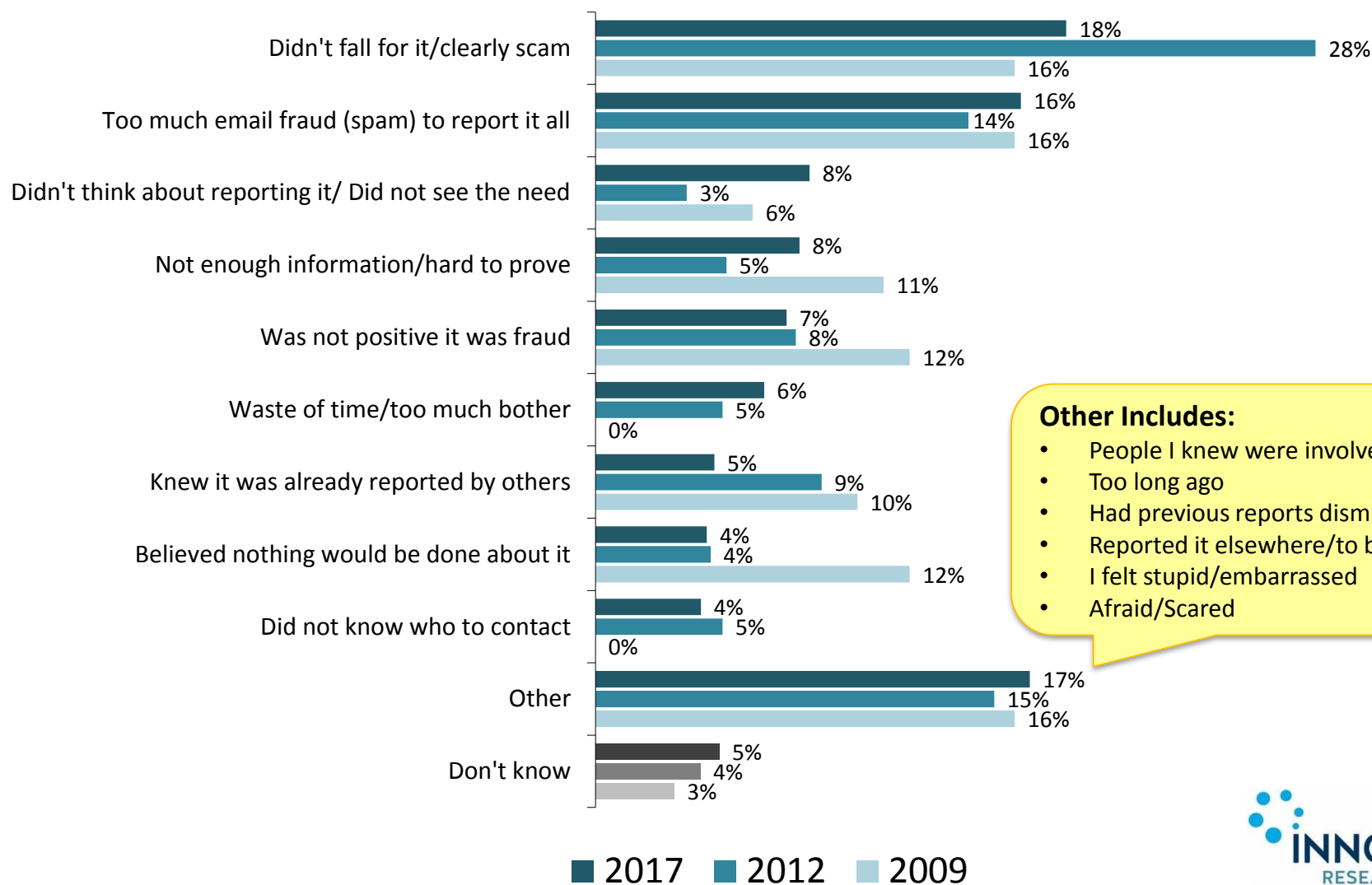
Note: 2012 n=408. Refused not shown.

Reasons for not reporting fraud: “Didn’t fall for it” (18%) and “Too much email fraud to report” (16%) and top the list

Q

Why didn’t you report it to the authorities?

[asked only of those who believe they have been approached with a fraudulent investment but did not report it; open-ended question; n=605]

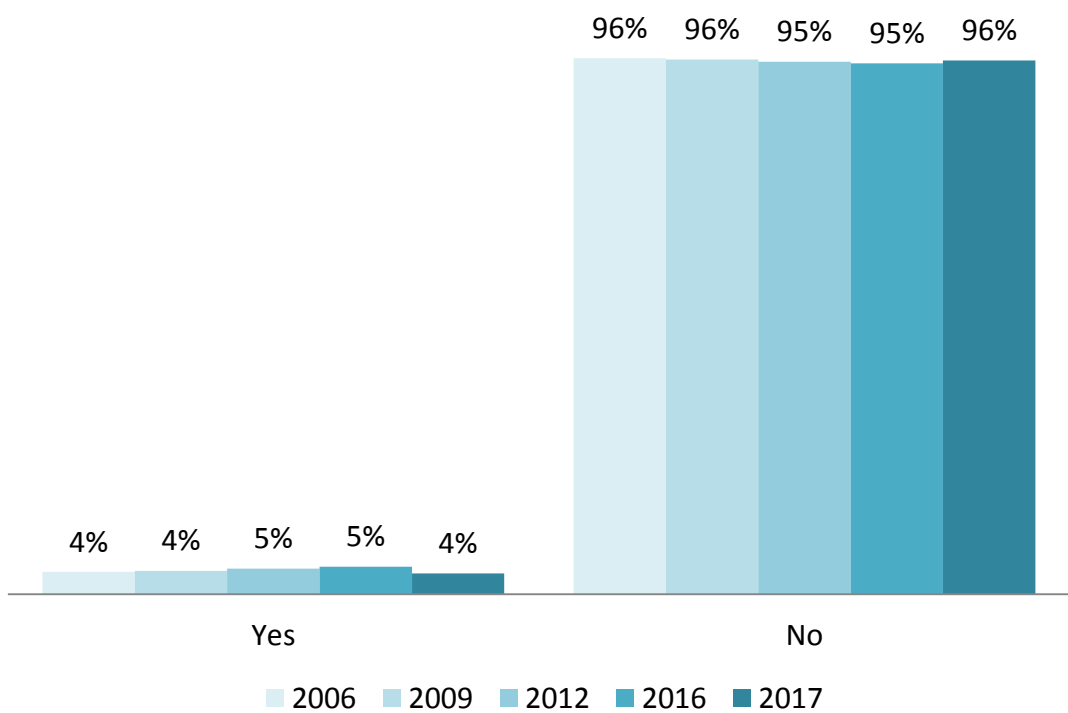


Fraud incidence rate: 4% of respondents have invested in fraud, steady year-to-year; rates highest among Frequent Investors (7%)



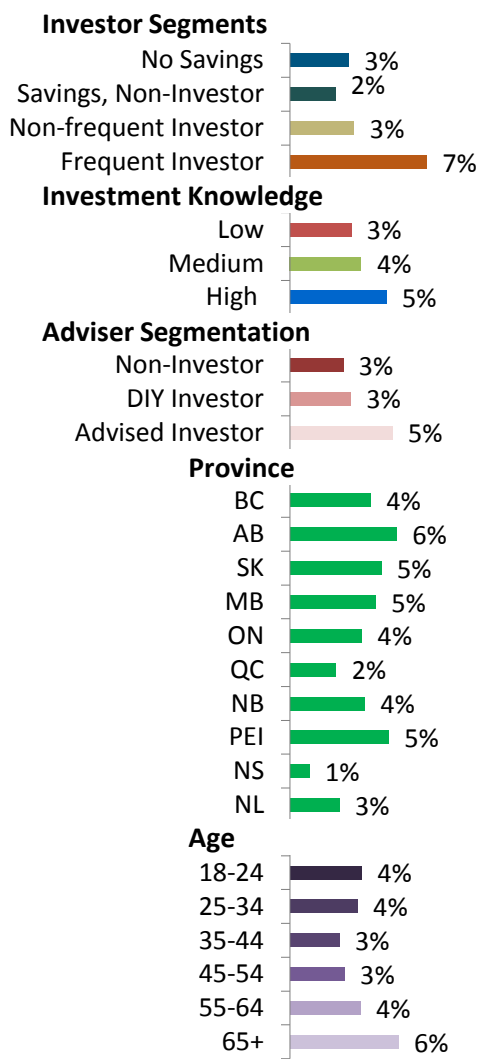
Have you ever invested money in what turned out to be a fraudulent investment?

[asked only of respondents who have been approached with investment fraud n=950; percentages in graph calculated based on the total number of respondents]



2017 Sample Breakdown ▶▶

Those who believe they have been victims of fraud



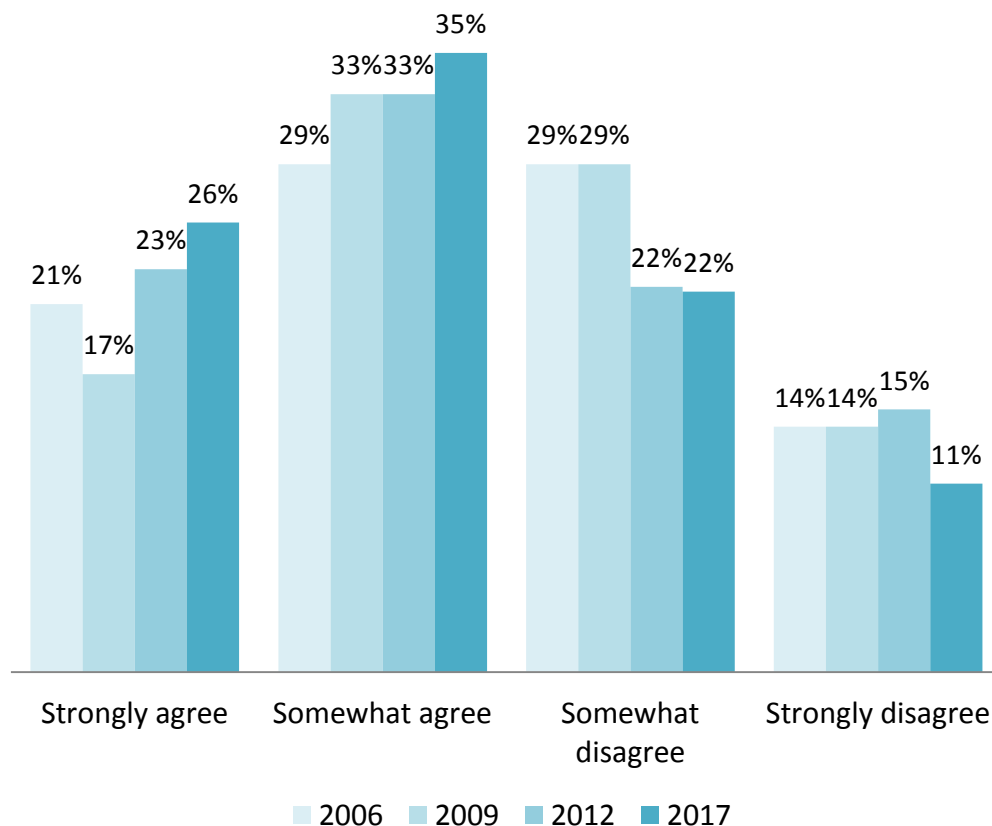
Note: 2016 n=658; 2012 n=1,411, 2009 n=2,396, 2006 n=1,069. 'Don't know' not shown 1%.

Precursor values: 6-in-10 (61%) think they are as likely as anyone else to be a victim, up slightly with time

Q

For each of these statements please indicate if you agree or disagree:
I am just as likely to be a victim of investment fraud as anyone else.

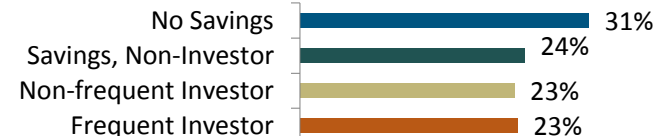
[asked of all 5,000 respondents]



2017 Sample Breakdown ▶▶

Those who say "strongly agree"

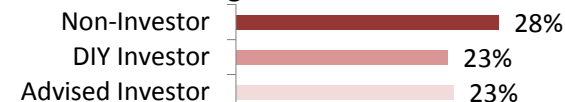
Investor Segments



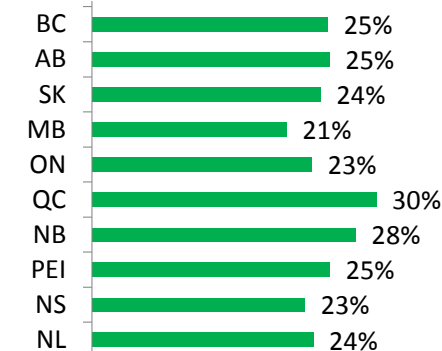
Investment Knowledge



Adviser Segmentation



Province



Age



Note: 2012 n=5198 2009 n=6,319, 2006 n=3,000; 'Don't know' not shown

Precursor values: since 2016, trust in recommendation by a friend up 5 points, feeling that reporting too much trouble down 6 points

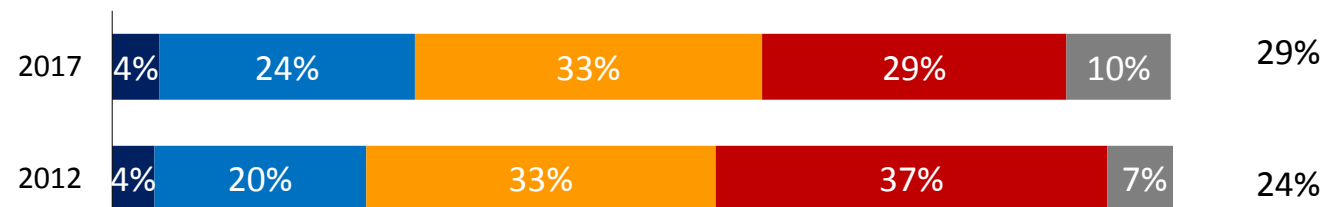
Q

For each of these statements, please indicate if you agree or disagree:

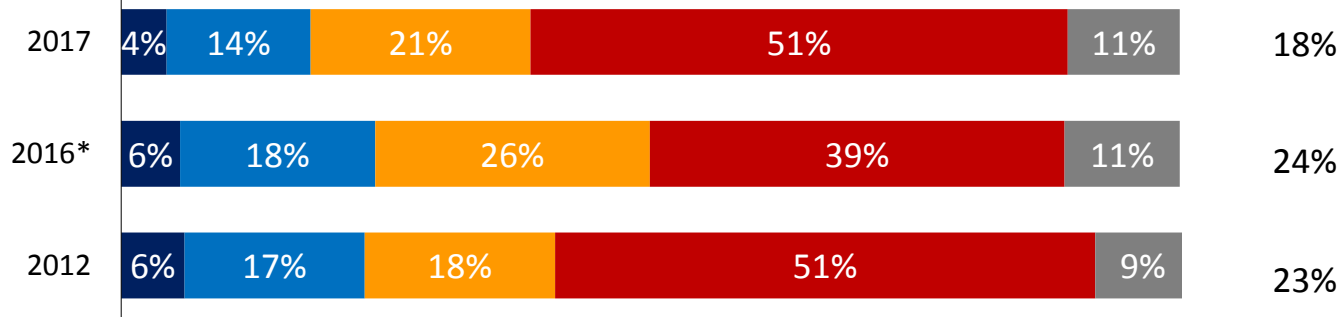
[asked of all 5,000 respondents]

**Total
agreement**

You can usually trust someone who is promoting an investment if you have a friend who has already invested with them.



Reporting a fraudulent investment is more trouble than it's worth.



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

Market Expectations

Optimism is on the rise

Investors are optimistic about their own economic future and the economy more generally.

- More than half of investors are optimistic about achieving their investment targets over the 12 months (53%), and even more are optimistic about achieving these goals in the next five years (59%). In 2012, just 39% were optimistic about meeting their goals in a 12-month period.
- 58% are optimistic about maintaining or increasing their income over the next 12 months.
- Optimism has increased substantially among those with financial investments since 2012; optimism is up for economic growth (49% are optimistic in 2017, compared to 36% in 2012), performance of the stock market (40% compared to 26%), the unemployment rate (38% compared to 26%), and inflation (29% compared to 24%).

Optimism varies across gender, knowledge level, and type of investor.

- Women are less optimistic than men. Men are more likely to feel optimistic about meeting their investment targets in the next 12 months. Men 55+ are 13 points more likely to be optimistic about economic growth than are women the same age. Men of all age groups are at least 10 points more likely to be optimistic about the stock market.
- Frequent and advised investors and those with high levels of knowledge are more optimistic. 72% of Frequent Investors feel optimistic about their ability to achieve their investment targets in the next five years, 20 points higher than Non-frequent Investors (52%). Among those with high levels of investment knowledge, half (52%) are optimistic about economic growth, compared to just 35% of those with a low level of knowledge.

Expectations on Market and Individual Investment Portfolios

For the purposes of this study, the authors consider a “reasonable” market rate of return today to be 4% or less.

Expectations of market rate of return are largely unchanged from 2012.

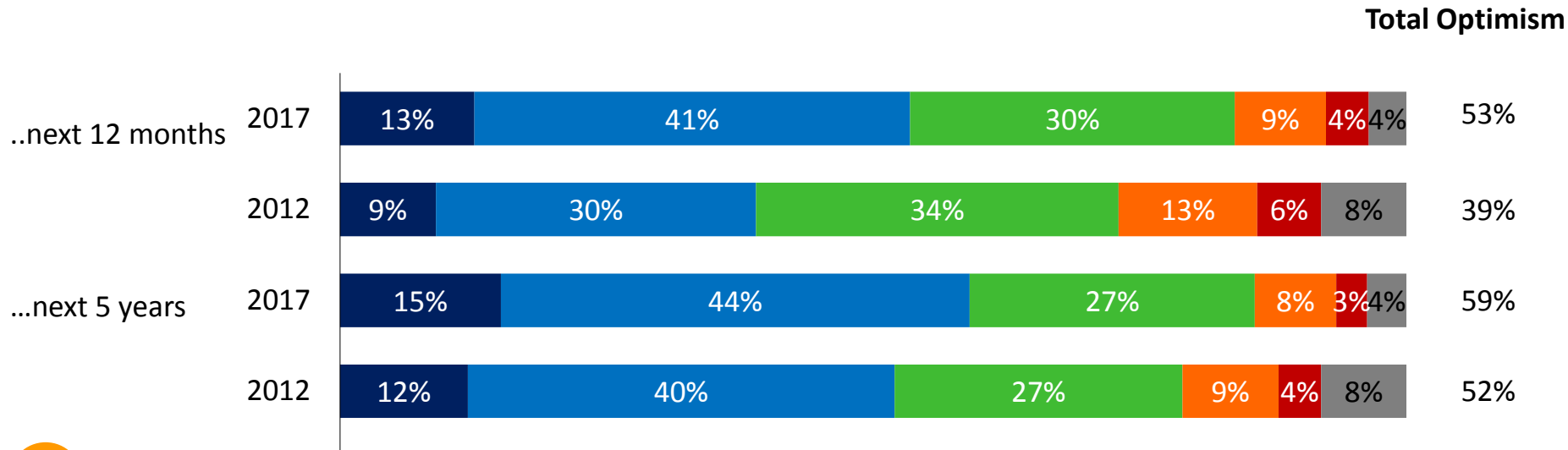
- The vast majority (61%) do not know what the annual rate of return is on the average investment portfolio, 31% of all respondents and 36% of savers and investors have unreasonable expectations (higher than 4%).
- Fewer than one-in-ten (9%) have reasonable expectations of the average rate of return.
- Men aged 55+ (13%) and those with high investment knowledge (13%) are more likely to have reasonable expectations, although the number who do remains small.

Expectations of individual investment portfolios are unreasonably high and have increased since 2012.

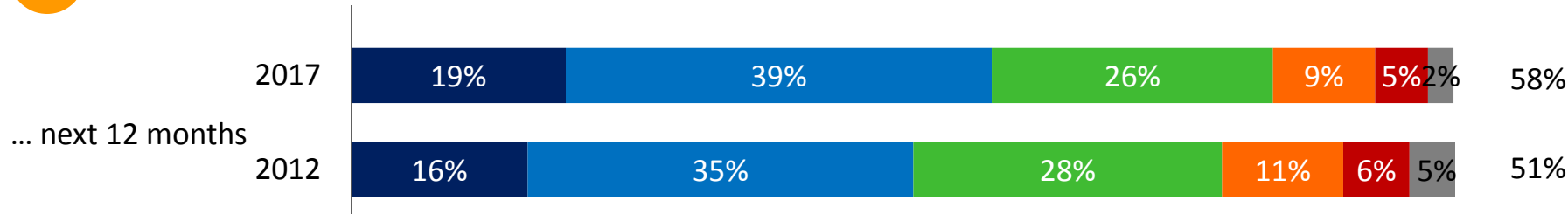
- 43% of investors have unreasonable expectations on the rate of return on their individual investment portfolio (greater than 4%), up 10 points from 2012 (33%).
- Just 12% have reasonable expectations.
- Those with lower incomes, men 55+, DIY investors and those with high knowledge are most likely to have reasonable expectations about the return on their portfolio, although with only 15% in each of these categories holding a reasonable expectation, the numbers remain low.

Personal expectations: optimism increased on all measures since 2012, particularly on short-term investment gains⁶⁷

Q Overall, how optimistic or pessimistic are you that you will be able to achieve your investment targets over the...
[asked only of respondents with financial investments; n=2,364]



Q How would you rate your ability to maintain or increase your current income over the...



- Very optimistic
- Somewhat optimistic
- Neither optimistic nor pessimistic
- Somewhat pessimistic
- Very pessimistic
- Don't know

Note: 2012 n=3,749

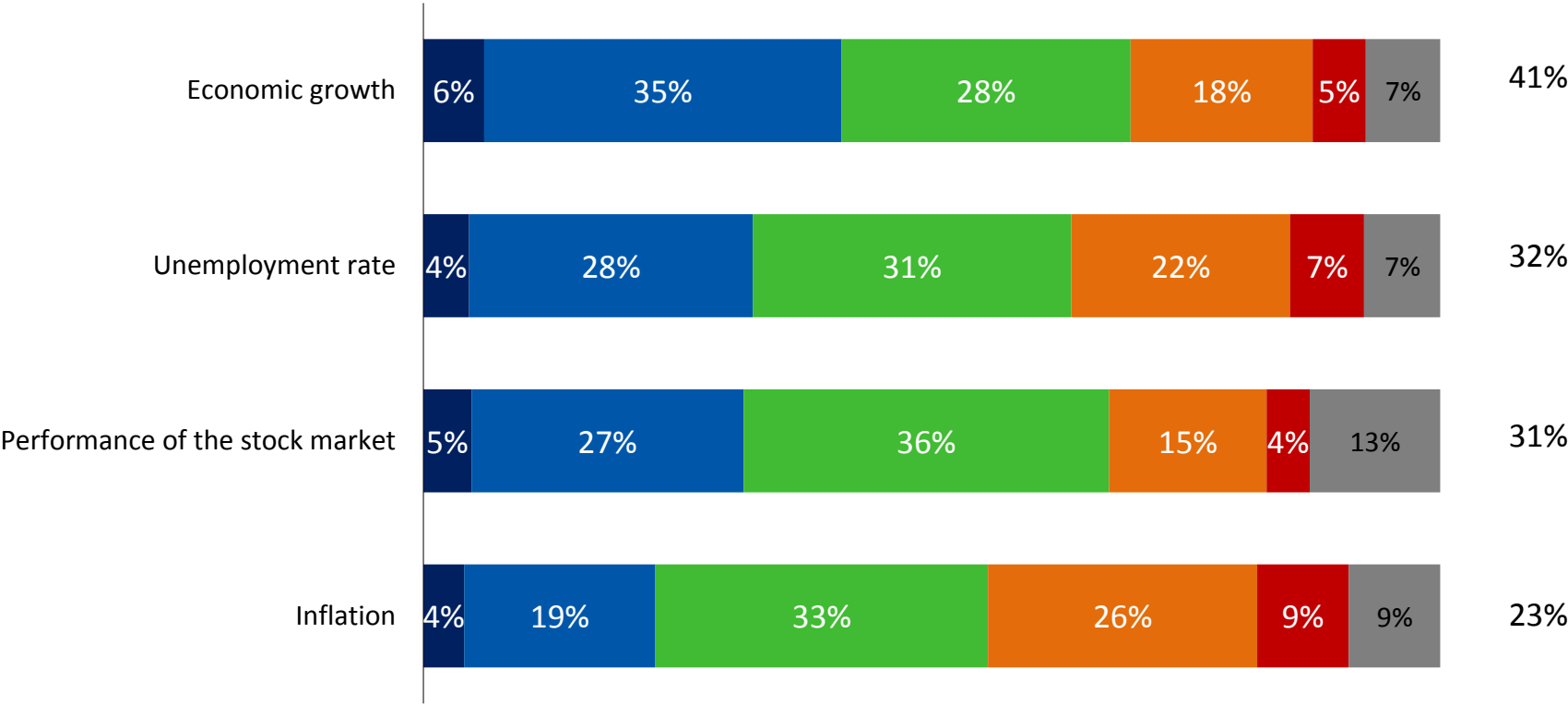
Economic attitudes: most are optimistic about economic growth, followed by stock market performance and unemployment rate



Now we would like you to think about the factors that could affect the overall investment environment. As far as the general condition of the economy is concerned, how would you rate the following over the next 12 months?

[asked of all respondents; n=5,000]

Total Optimism



Very optimistic

Somewhat optimistic

Neither optimistic nor pessimistic

Somewhat pessimistic

Very pessimistic

Don't know

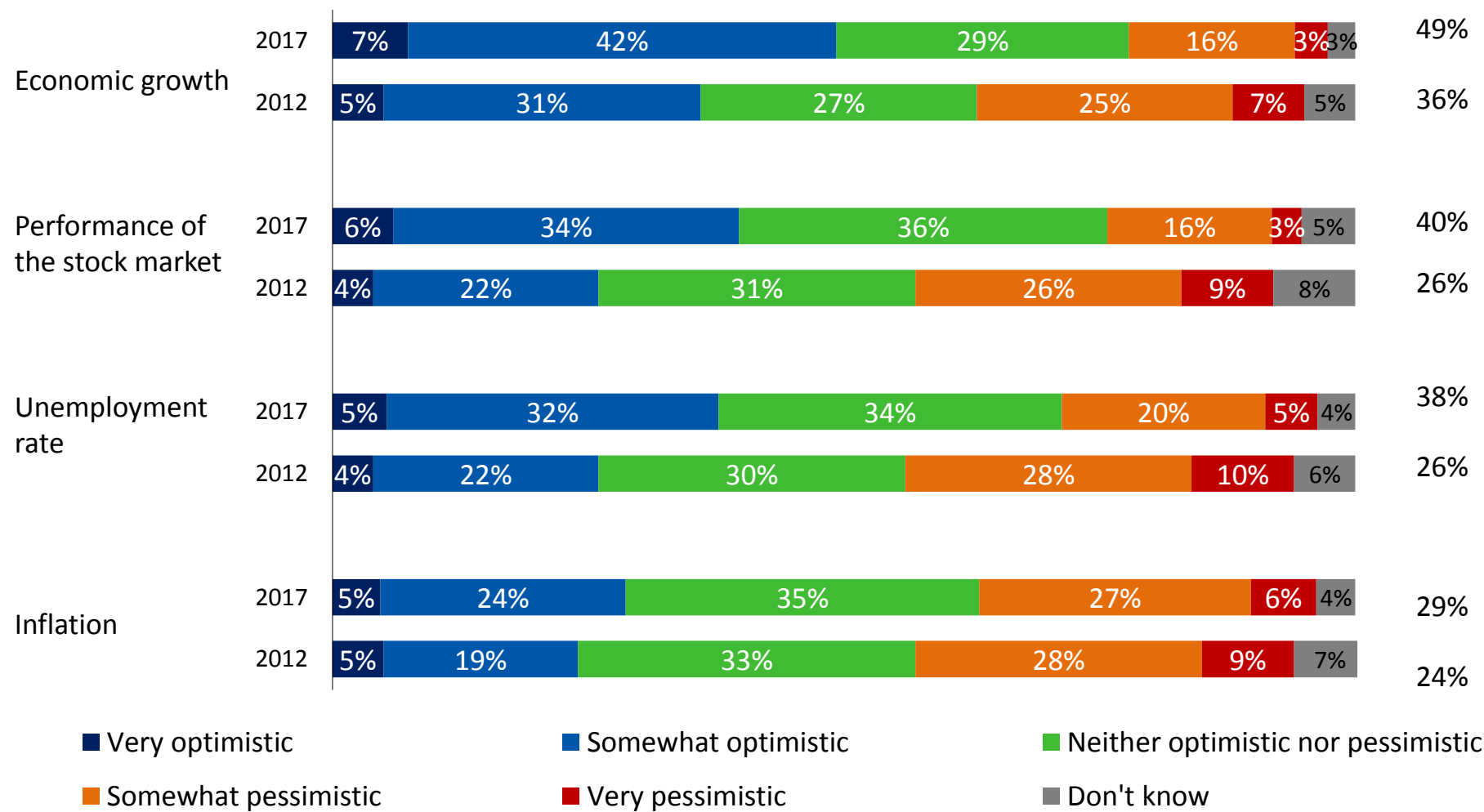
Economic attitudes of investors: optimism about growth (+13%), market performance (+12%), and unemployment rate (+14%) is up



Now we would like you to think about the factors that could affect the overall investment environment. As far as the general condition of the economy is concerned, how would you rate the following over the next 12 months?

[results only shown of those with financial investments; n=2,364]

Total Optimism



Note: 2012 n=3,749

Optimism: Frequent and advised investors, those with high knowledge are most optimistic; women less optimistic than men

		Age - Gender						Investor Segmentation				Adviser Segment				Knowledge		
		Total OPTIMISM	M 18-34	M 35-54	M 55+	F 18-34	F 35-54	F 55+	No Savings	Savings, Non-investor	Non-frequent Investor	Frequent Investor	Non-Investor	DIY	Advised	Low	Medium	High
Personal Expectations (asked of investors)	Meet investment targets... 12 months	63%	54%	57%	53%	50%	47%	N/A	N/A	45%	69%	N/A	43%	58%	49%	53%	60%	
	Meet investment targets... 5 years	67%	63%	61%	61%	56%	51%	N/A	N/A	52%	72%	N/A	51%	63%	52%	60%	68%	
	Maintain or increase current income	69%	61%	54%	64%	59%	50%	N/A	N/A	53%	68%	N/A	54%	60%	54%	59%	62%	
		Total OPTIMISM	M 18-34	M 35-54	M 55+	F 18-34	F 35-54	F 55+	No Savings	Savings, Non-investor	Non-frequent Investor	Frequent Investor	Non-Investor	DIY	Advised	Low	Medium	High
Economic Expectations (asked of all respondents)	Economic growth	47%	45%	48%	39%	35%	35%	33%	35%	44%	59%	34%	45%	51%	35%	44%	52%	
	Unemployment Rates	36%	38%	38%	29%	27%	28%	27%	29%	34%	44%	28%	35%	39%	27%	36%	42%	
	Performance of stock market	38%	36%	38%	27%	26%	26%	23%	26%	33%	52%	24%	33%	43%	25%	35%	44%	
	Inflation	29%	27%	28%	21%	18%	17%	17%	18%	23%	40%	18%	23%	31%	21%	24%	28%	

Calculating “reasonable” rate of return

For the purposes of this study, the authors consider a “reasonable” market rate of return to be anything less than 4%. This rate is based on the 5-year nominal return of 4.3% on 3-month treasury bills, all Canadian bonds, and the TSX Composite Index between 2012 and 2016.

In 2012 the reasonable rate of return, calculated based on the years 2007 to 2011 was also 4%.

‘Nominal’ Return

	2012	2013	2014	2015	2016	5 year average
3-month T-bills	0.9%	1.0%	0.9%	0.6%	0.5%	0.8%
All Canadian Bonds	3.6%	-1.2%	8.8%	3.5%	1.7%	3.3%
TSX Composite Index	7.2%	13.0%	10.6%	-8.3%	21.1%	8.7%
Equal weighted average across asset classes	3.9%	4.3%	6.8%	-1.4%	7.8%	4.3%

Source: BCSC

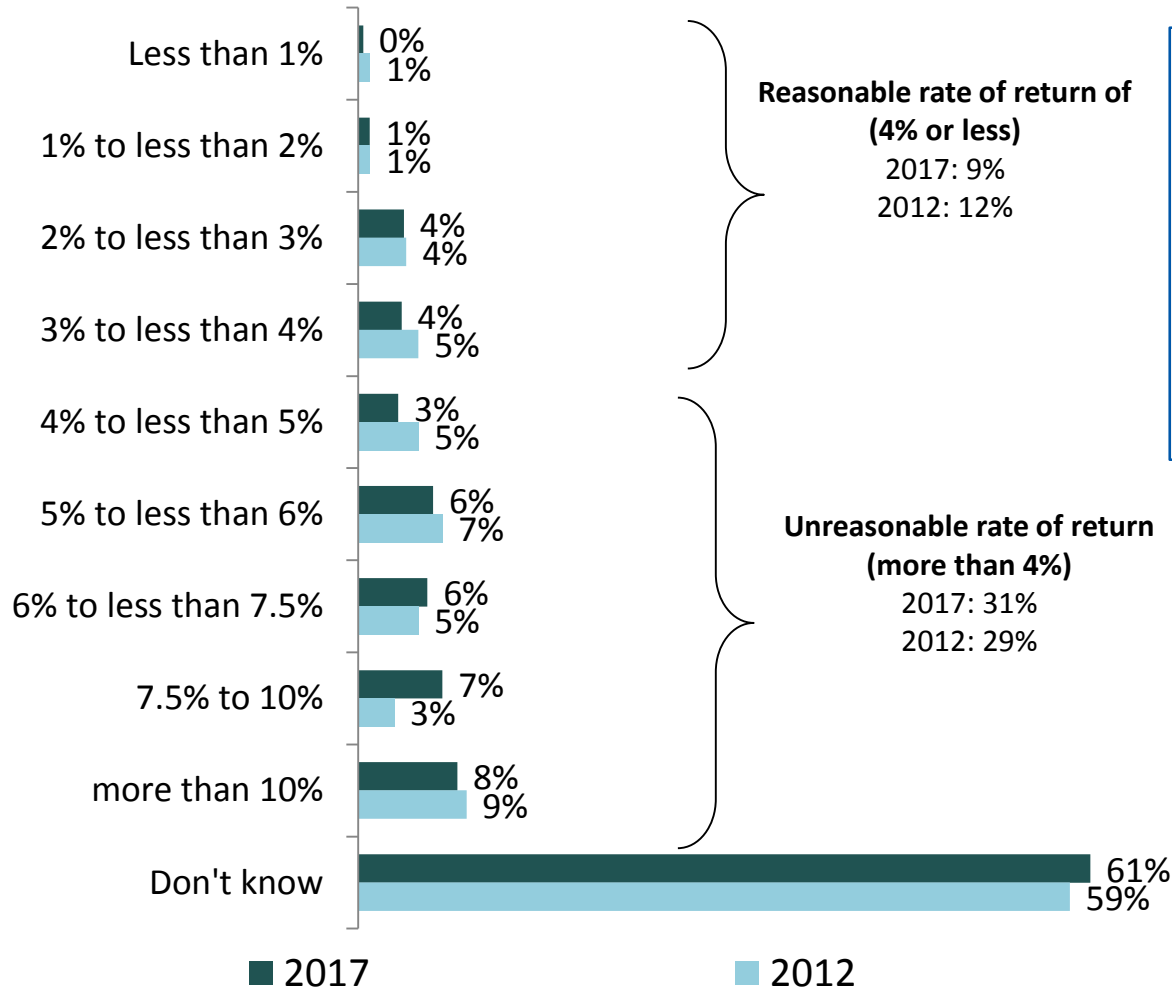
Note: Nominal is the stated return, while real is stated return minus inflation rate.

Expectations - Market Rate of Return: as in 2012, more have unreasonable (31%) than reasonable expectations (9%)



What do you think is the annual rate of return today on the **average investment portfolio**?

[asked of all 5,000 respondents; open-ended question]



Average Expected Rate of Return (All respondents)

- **2017:** mean 6.42%, median 7.00%
- **2012:** mean 7.89%, median 5.00%

[Those who say "don't know" are not included in this calculation]

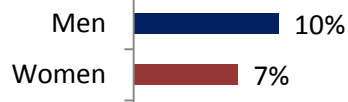
Expectations - Market Rate of Return: men age 55+, high knowledge group more likely to have reasonable expectations



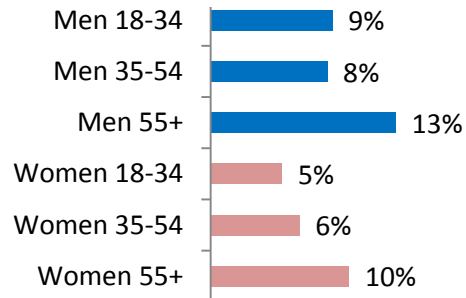
What do you think is the annual rate of return today on the **average investment portfolio**?

% with reasonable expectation

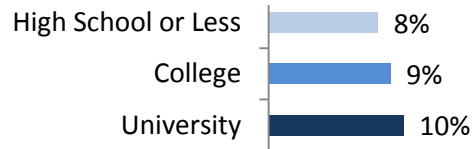
Gender



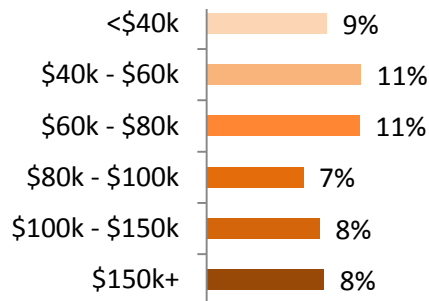
Age/gender



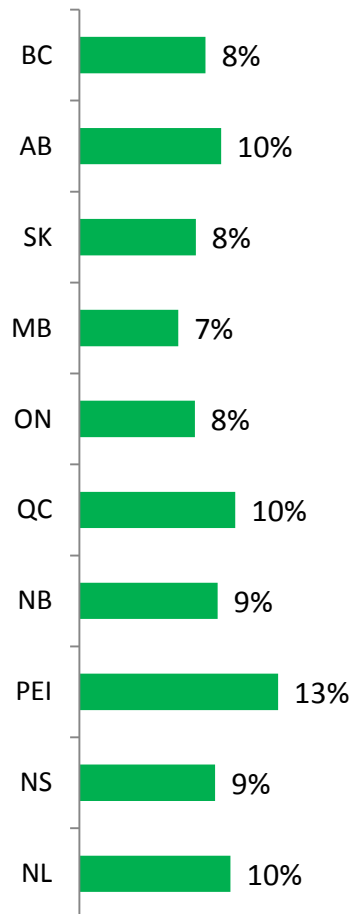
Education



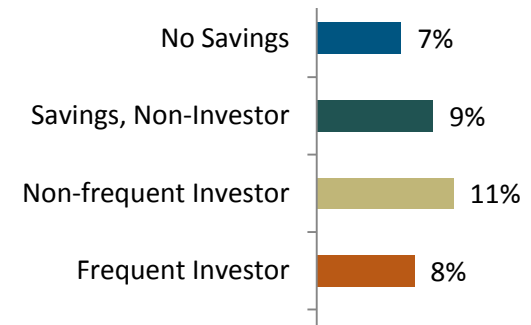
Income



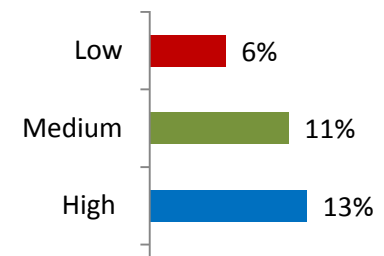
Province



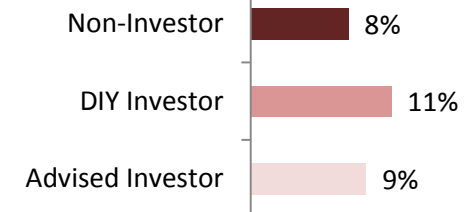
Investor Segmentation



Investment Knowledge



Adviser Segmentation



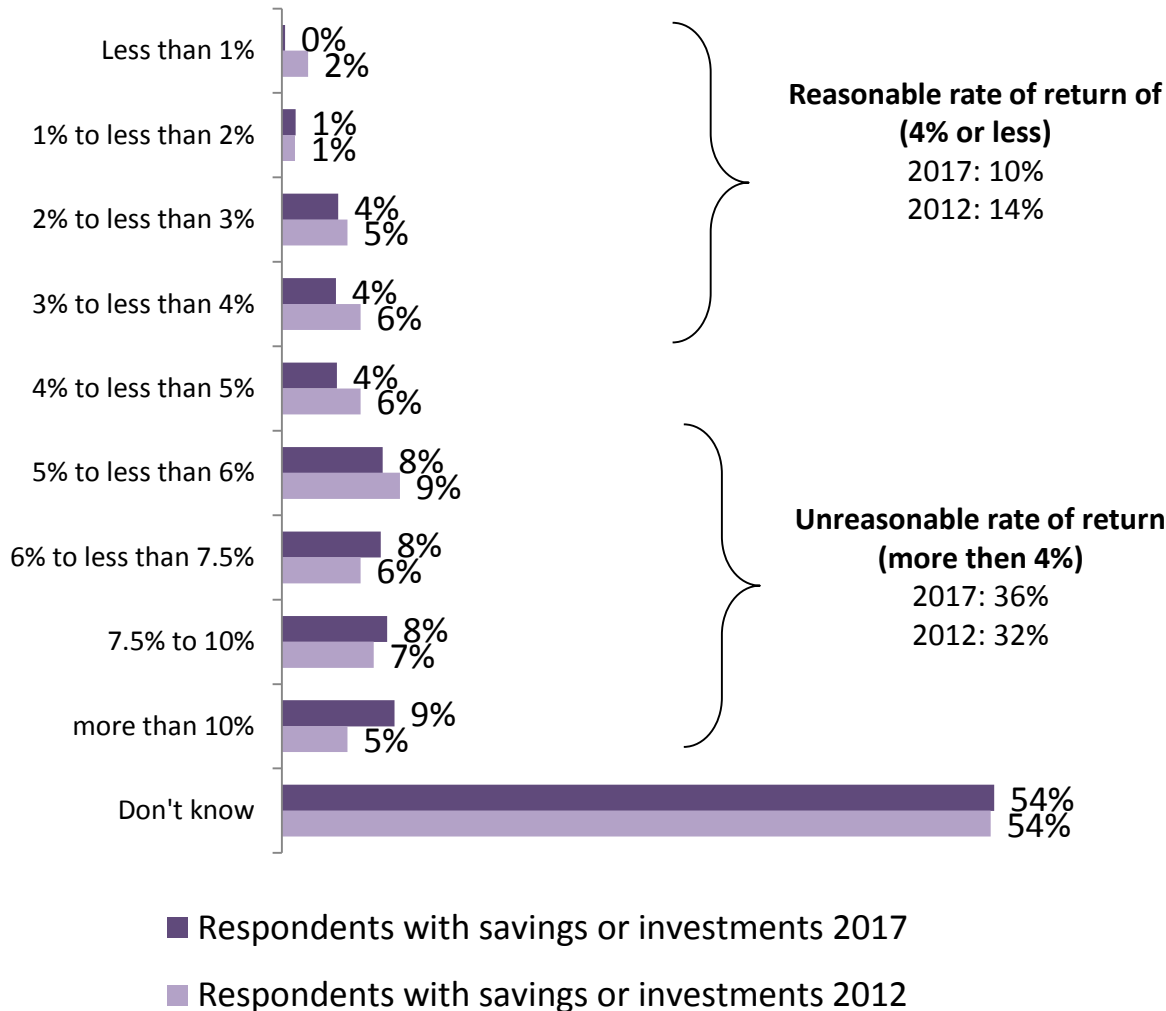
Savers/Investors – Expectations - Market Rate of Return: 36%

have unreasonable expectations, slightly higher than 2012 (32%)



What do you think is the annual rate of return today on the **average investment portfolio**?

[Only savers/investors, n=3,453; open-ended question]



Average Expected Rate of Return (Savers/Investors)

- **2017: mean 6.41%, median 7.00%**
- **2012: mean 7.20%, median 5.00%**

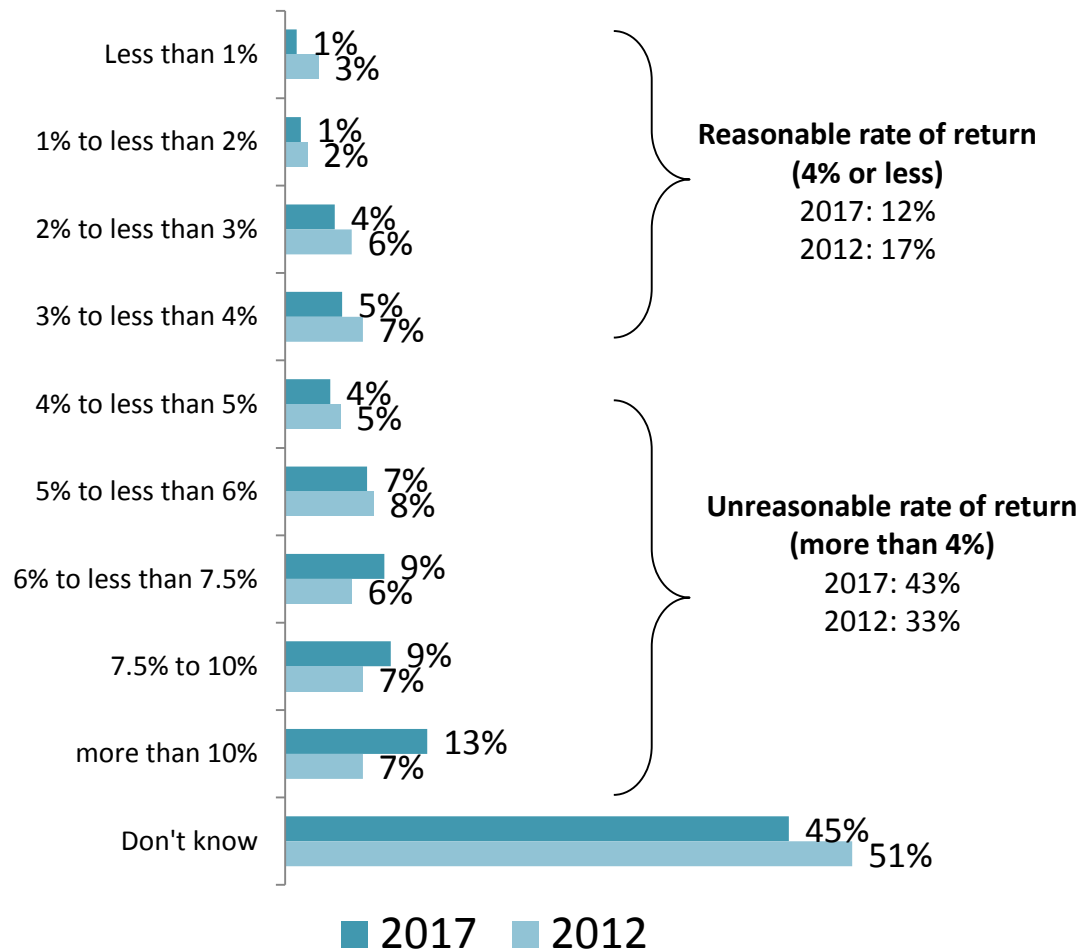
[Those who say "don't know" are not included in this calculation]

Expectations - Individual Investment Portfolio Returns: 43% of investors have unreasonable expectations, up 10 points from 2012



What do you think is the annual rate of return today on **your investment portfolio**?

[asked only of respondents with investments; open-ended question; n=2,364]



Average Reported Personal Rate of Return (Investors)

- **2017: mean 6.51%, median 7.00%**
- **2012: mean 7.48%, median 5.00%**

[Those who say "don't know" are not included in this calculation]

Expectations - Individual Investment Portfolio: DIY investors, those with high knowledge more likely to have reasonable expectations



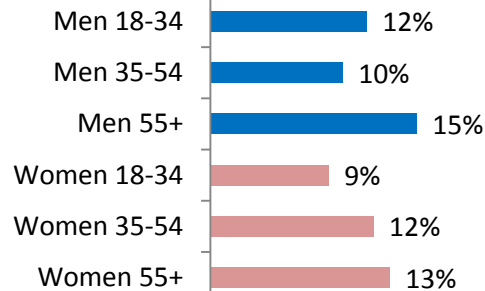
What do you think is the annual rate of return today on **your investment portfolio**?

% with with reasonable expectation

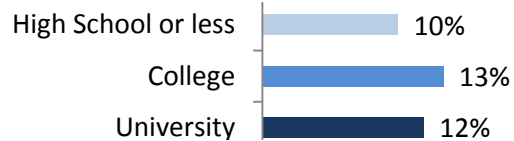
Gender



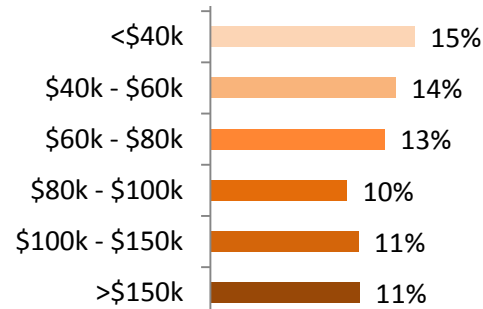
Age/gender



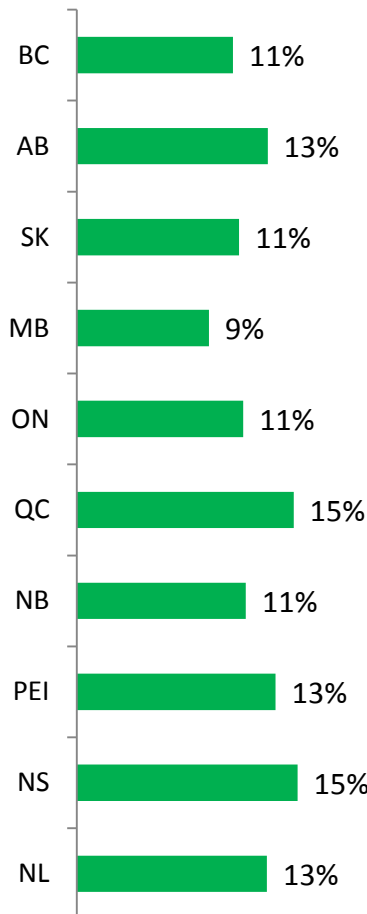
Education



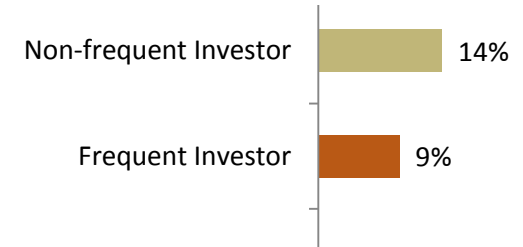
Income



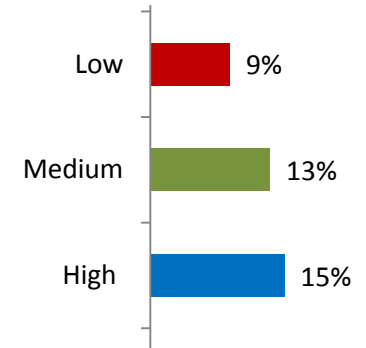
Province



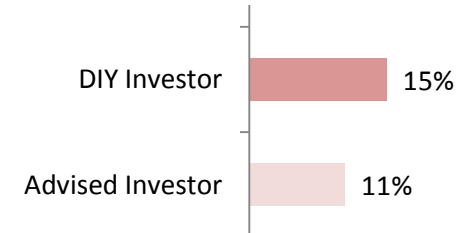
Investor Segmentation



Investment Knowledge



Adviser Segmentation



Sources of Information

Sources of Information and the Role of Social media

Financial advisers still the most common source of information.

- Just over half say they turned to a financial adviser when they last looked for information on investing. While still the most common source of information, this represents a significant decrease from 2012 when 70% sought information from a financial adviser.
- Other sources of information include a bank or financial institution's website (38%, up from 26% in 2012), family and friends (28%) and the media (20%, down from 27% in 2012).
- A third of investors turned *only* to a financial adviser or bank when they last looked for investing information (36%), another third relied on a mix of information from 3rd parties and their adviser/bank (35%). A smaller group relied only on 3rd party information (17%). Those with a mixed approach are the most likely to have a high level of knowledgeable.

Websites and blogs (29%) are the most common information channel.

- Women and Non-frequent Investors look for information through fewer channels, while Frequent Investors use multiple channels – 36% look at websites or blogs and they also make use information received in the mail (21%) or via email (23%).

Few use social media as a source of information, but use is on the rise especially among young respondents.

- Among investors, young men 18-34 are by far the most likely to use social media as a way to find information (30%) and they are nearly twice as likely to use it than women the same age (17%). Frequent Investors (19%) and individuals with low knowledge (16%) also use social media for investment information.
- Among all respondents, 57% say they do not use any social media, down from 65% in 2012. Facebook (22%) and YouTube (20%) are now the most common. Use of Google or Yahoo! Groups is down (14% versus 22% in 2012), while LinkedIn is up (from 5% to 10%).
- Use of all social media declines with age, while Frequent Investors are the most likely to use all channels.

Investment opportunities on social media remain relatively rare.

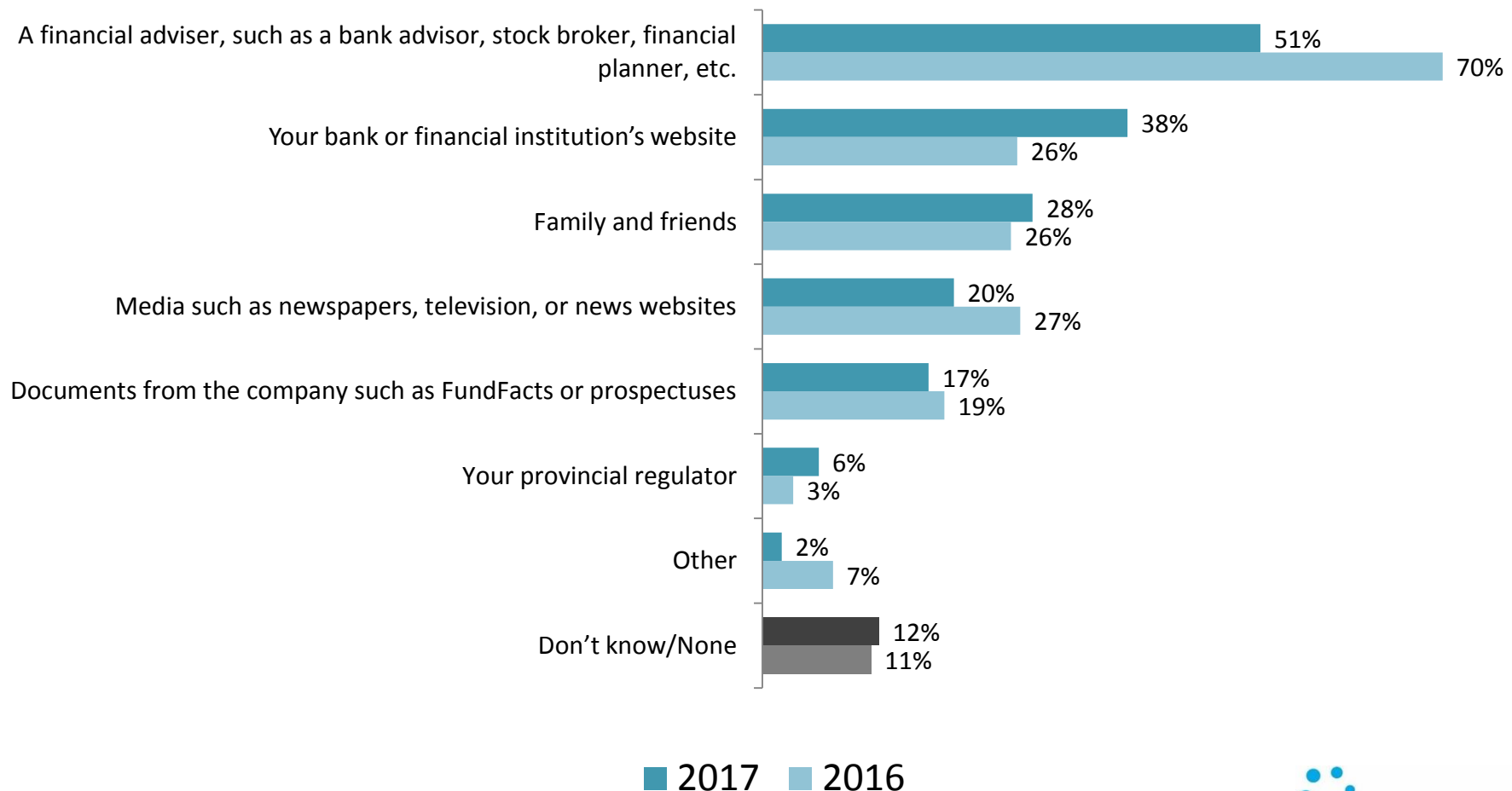
- Overall, only 27% say they have seen investment opportunities advertised on social media, up slightly from 2012 (24%).
- Younger Canadians 18-24 (44%) and 25-34 (36%) are much more likely to have seen investment opportunities on social media.
- Frequent Investors are also more likely to report seeing opportunities via social media (38%) than are Non-frequent Investors (23%) or those with savings, but no investments (22%). Interestingly, those with no savings or investments were also more likely to see social media based investment opportunities (28%).

Sources of information: despite a 19-point drop, a majority still turned to an adviser the last time they looked for investment info

Q

When you last looked for information about investing, did you look for this information from any of the following sources? Please select all that apply.

[asked only if respondents are investors; multiple selection allowed; n=2,364]



Note: 2016 n=1,822

Sources of Information: Frequent and knowledgeable investors seek info from many sources, Non-frequent rely heavily on advisers

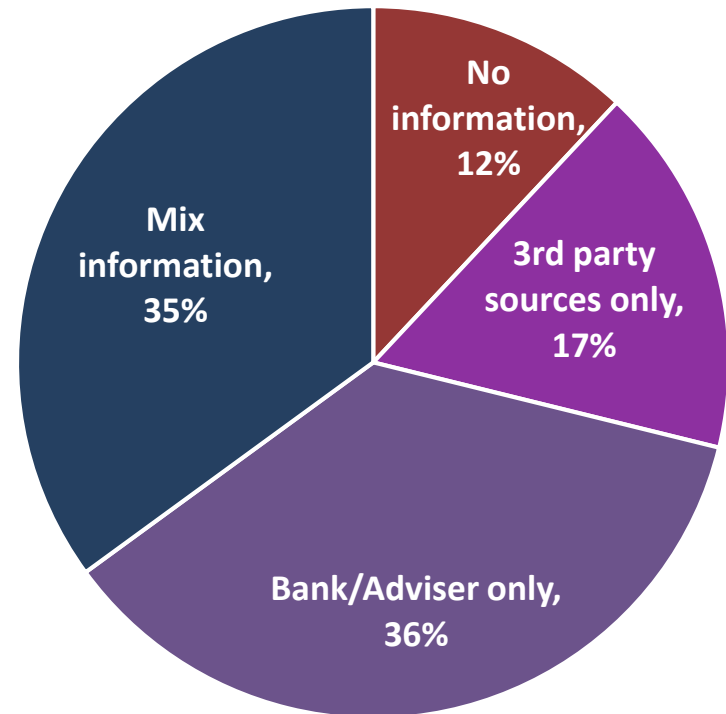
	Age – Gender						Investor Segmentation		Adviser Segment		Knowledge		
	M 18-34	M 35-54	M 55+	F 18-34	F 35-54	F 55+	Non-frequent Investor	Frequent Investor	DIY	Advised	Low	Medium	High
A financial adviser	41%	44%	58%	44%	50%	62%	53%	49%	25%	64%	41%	57%	57%
Bank/financial institution's website	47%	41%	32%	43%	40%	31%	35%	42%	42%	36%	33%	39%	42%
Family and friends	39%	27%	17%	44%	31%	21%	26%	32%	28%	28%	32%	28%	21%
Media	27%	24%	21%	18%	17%	14%	16%	26%	24%	18%	14%	19%	30%
Documents from the company	18%	23%	22%	13%	15%	11%	13%	25%	18%	17%	9%	16%	30%
Your provincial regulator	12%	8%	3%	8%	5%	3%	3%	11%	3%	7%	7%	5%	5%
Other	3%	2%	1%	3%	1%	2%	2%	2%	4%	1%	1%	2%	3%
Don't know/None	11%	12%	12%	13%	11%	13%	15%	7%	18%	9%	18%	10%	8%

Information Segmentation: a third look for investing information from their adviser or bank only

Based on the sources of information investors use, we can identify 4 key groups:

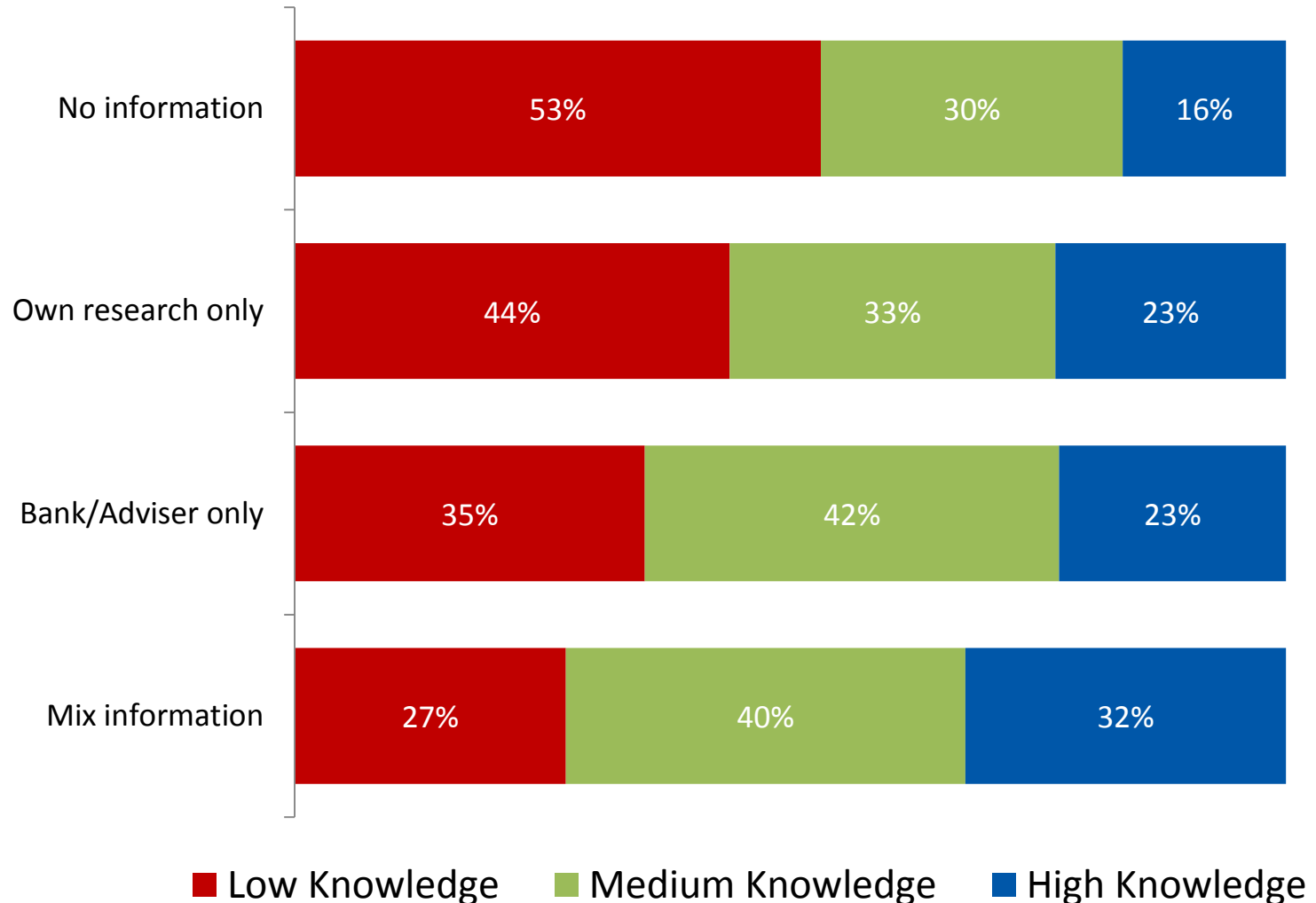
- **No information** includes investors who did not look for investing information or don't know the sources of the information.
- **3rd party sources only** are those who did not use information provided by their adviser or bank but relied solely on information from other sources.
- **Bank/Adviser only** are those who looked for investing information provided by their financial adviser or bank only.
- **Mix information** includes those who looked for investing information from their adviser/bank AND information based on other, 3rd party, sources.

		Used investing information from financial adviser or bank	
		No	Yes
Used other sources of investing information	No	No information	Bank/Adviser only
	Yes	Other sources only	Mix of information sources



Level of knowledge for each segment: mixed info group the most knowledgeable, followed by bank/adviser only

Knowledge by Information Sources

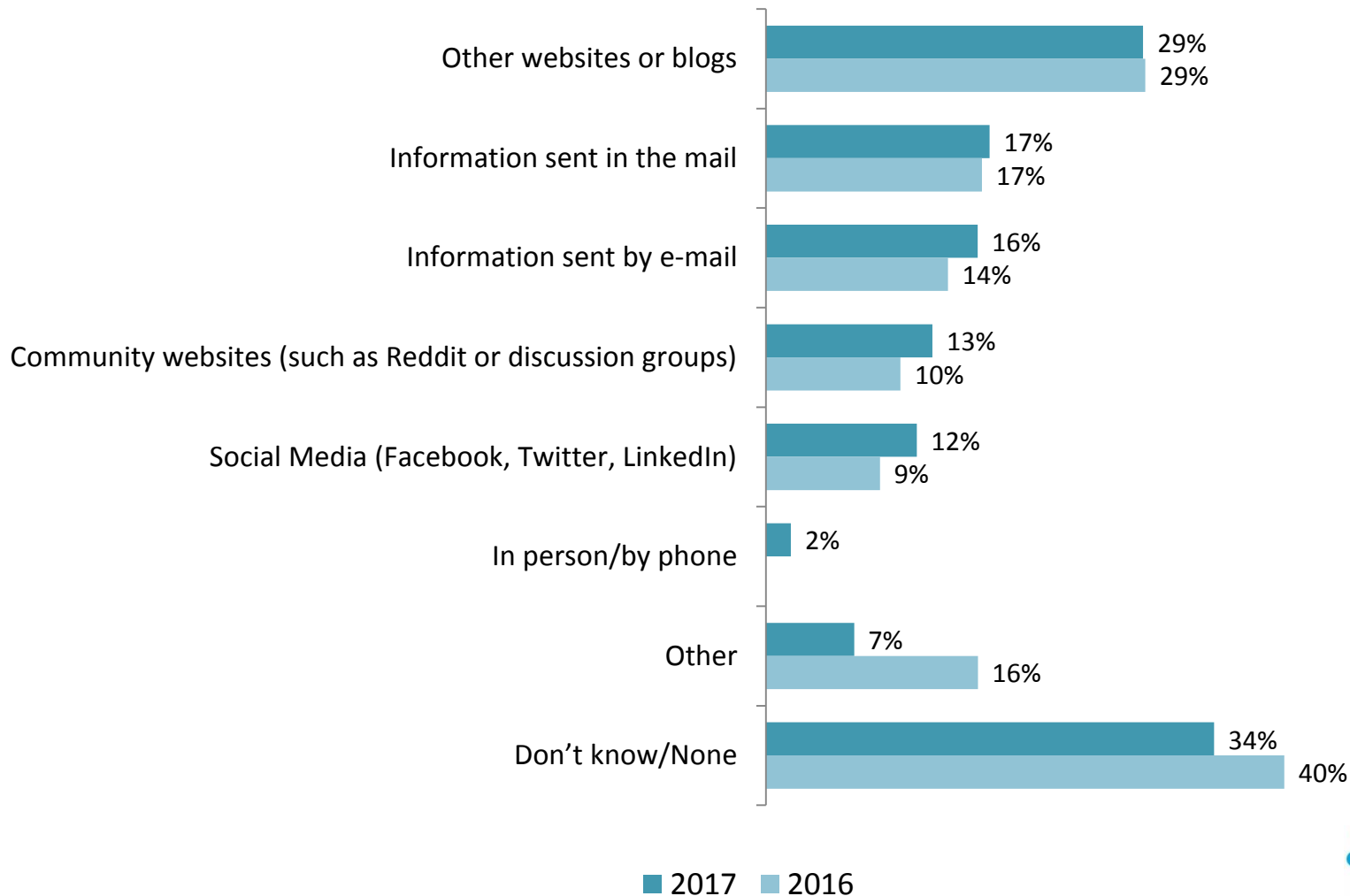


Channels of information: no major changes year-to-year, plurality still receive info from websites or blogs

Q

When you last looked for information about investing, did you look for this information in any of the following ways? Please select all that apply.

[asked only if respondents are investors; multiple selection allowed; n=2,364]



Note: 2016 n=1,822

Channels of information: Frequent, DIY, knowledgeable investors look to websites and blogs, women look in fewer places

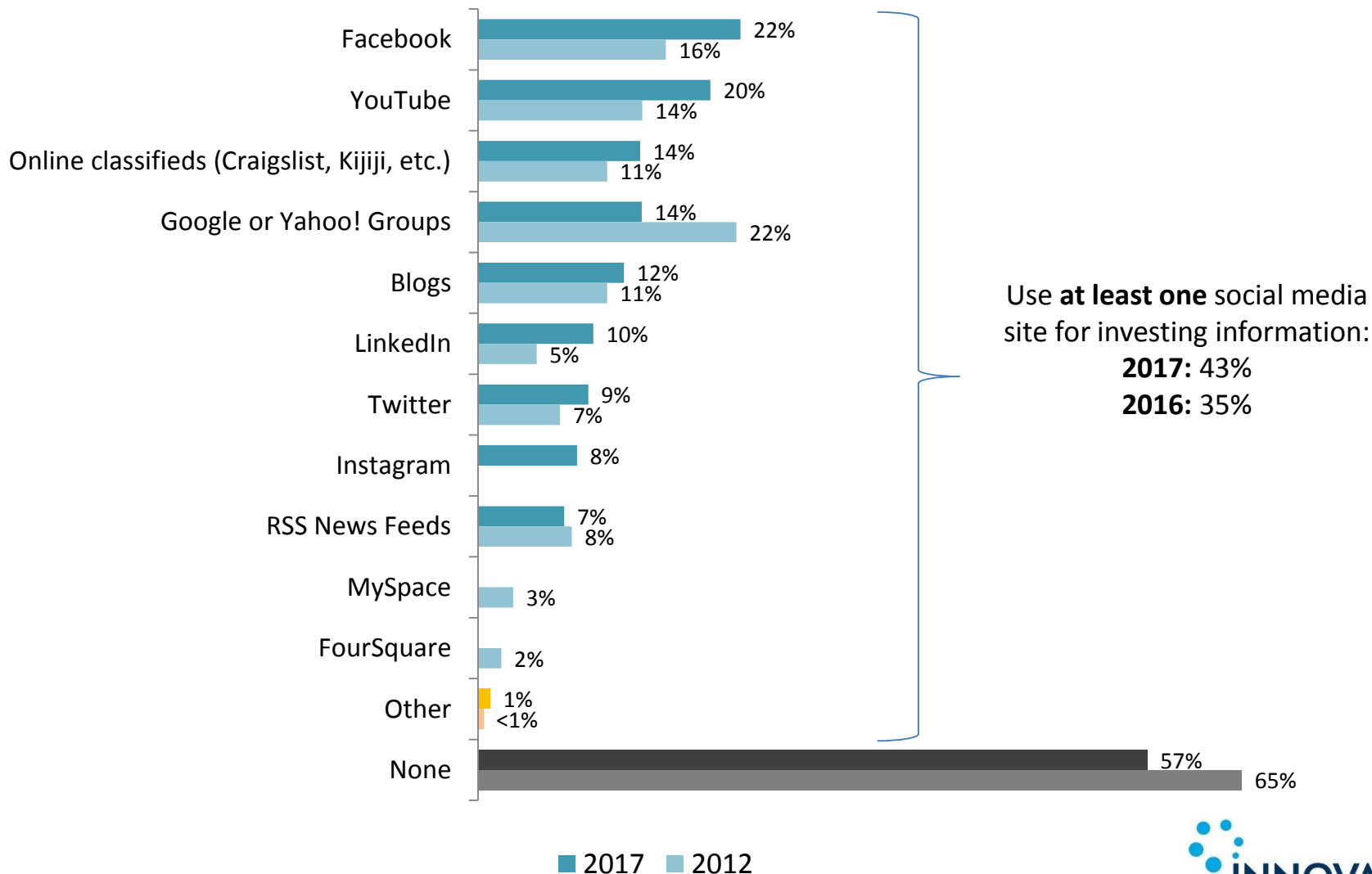
	Age - Gender						Investor Segmentation		adviser Segment		Knowledge		
	M 18-34	M 35-54	M 55+	F 18-34	F 35-54	F 55+	Non-frequent Investor	Frequent Investor	DIY	Advised	Low	Medium	High
Other websites or blogs	38%	35%	25%	31%	32%	18%	25%	36%	35%	26%	21%	30%	39%
Information sent in the mail	18%	21%	17%	14%	16%	17%	15%	21%	13%	19%	18%	18%	15%
Information sent by e-mail	23%	19%	14%	18%	17%	9%	13%	23%	12%	18%	16%	16%	16%
Community websites	32%	15%	6%	20%	10%	4%	8%	21%	12%	13%	14%	11%	12%
Social Media	30%	12%	5%	17%	10%	5%	8%	19%	11%	12%	16%	10%	8%
In-person/by phone	0%	1%	1%	2%	2%	4%	2%	1%	2%	2%	2%	2%	1%
Other	1%	3%	12%	2%	5%	12%	8%	4%	5%	7%	5%	8%	8%
Don't know	19%	27%	41%	31%	34%	45%	41%	21%	37%	33%	38%	34%	30%

Social media: Facebook (22%) and Youtube (20%) the most commonly used, majority (57%) still do not use social media



Do you use any of the following social media websites or services as sources of information about investing?

[asked of all 5,000 respondents; multiple selection allowed]



Note: 2012 n=5,198; Four Square and My Space not included in 2017; Instagram not asked in 2012

Social media: more than 1-in-3 of those aged 18-24 use Facebook⁸⁶ and YouTube for investment information



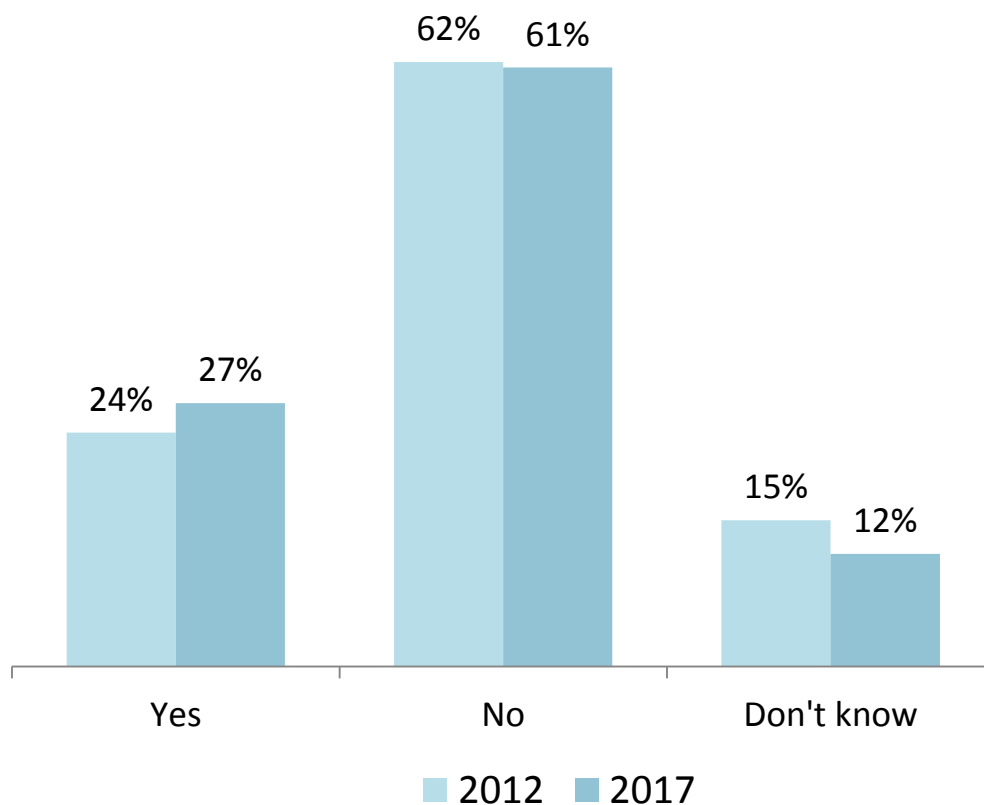
Do you use any of the following social media websites or services as sources of information about investing?
[asked of all 5,000 respondents; multiple selection allowed]

	National		Age/Gender (2017)						Investor Segments (2017)			
	2017	2012	18-24	25-34	35-44	45-54	55-64	65+	No Savings	Savings, Non-investor	Non-frequent Investor	Frequent Investor
Facebook	22%	16%	34%	32%	24%	21%	18%	12%	27%	20%	14%	33%
YouTube	20%	14%	34%	29%	21%	19%	14%	8%	24%	17%	12%	29%
Online classifieds (Craigslist, Kijiji, etc.)	14%	11%	20%	19%	15%	14%	11%	7%	19%	11%	8%	19%
Google or Yahoo! Groups	14%	22%	24%	19%	15%	14%	10%	7%	15%	10%	11%	23%
Blogs	12%	11%	20%	22%	16%	10%	7%	4%	8%	8%	12%	27%
LinkedIn	10%	5%	10%	14%	14%	9%	7%	5%	8%	8%	8%	19%
Twitter	9%	7%	21%	14%	10%	9%	6%	3%	9%	7%	6%	21%
Instagram	9%		22%	13%	9%	7%	5%	2%	11%	8%	3%	15%
RSS News Feeds	7%	8%	12%	10%	9%	8%	5%	3%	6%	5%	6%	17%
MySpace		3%										
FourSquare		2%										
Overall: use at least one site	43%	35%	63%	59%	47%	42%	33%	26%	45%	38%	35%	62%

Note: 2012 n=5,198

Investment opportunities on social media: nearly 3-in-10 have seen opportunities; higher among those 18-24, Frequent Investors

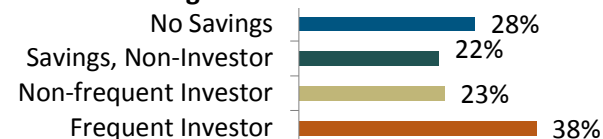
Q Have you ever seen information on investment opportunities advertised on social media?
[asked of all 5,000 respondents]



2017 Sample Breakdown ►►

Those who say "yes"

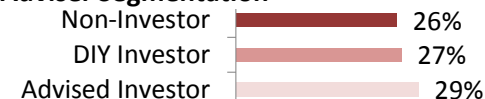
Investor Segments



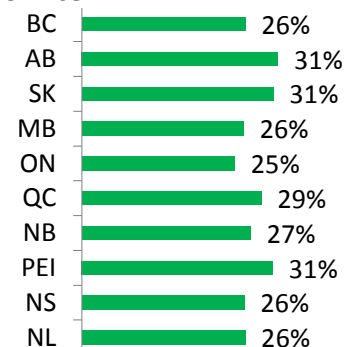
Investment Knowledge



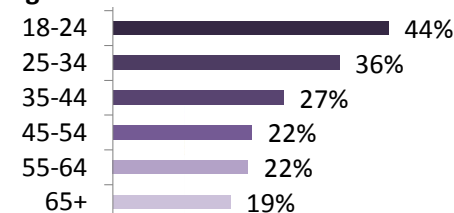
Adviser Segmentation



Province



Age



Awareness of Securities Regulators

Awareness of Securities Regulators

36% of Canadians are aware of their provincial securities regulator – down 6 points from 2016 and 9 points from 2006.

- Nearly, 6-in-10 say they do not know if there is a provincial or territorial government agency that regulates financial investments.
- Those in Quebec (48%), advised investors (48%) and Frequent Investors (51%) are the most likely to be aware of the regulators. Awareness also increases with age – while just 29% of those 18-24 are aware of the regulator, this increases to 44% among those 65+. Those with high knowledge are twice as likely to be aware of the provincial regulator than those with low knowledge (55% versus 27%).
- Once identified by name, just 31% report that they are familiar with the provincial or territorial regulator, down from 37% in 2016 and 36% in 2012. Familiarity varies across jurisdiction from just 12% in PEI and 15% in Saskatchewan to 33% in Newfoundland and Labrador and 47% in Quebec. Almost all provinces saw a decrease in familiarity since 2016 with the largest drop observed in in Alberta (13 points).
- Advised investors (46%), those with high investment knowledge (49%), and Frequent Investors (56%) are more than twice as likely as non-investors (26%), those with low knowledge (23%) and those with no savings (20%) to be familiar with the regulator.

15% of those who are familiar have visited their regulator's website, and 6% have contacted the organization in other ways.

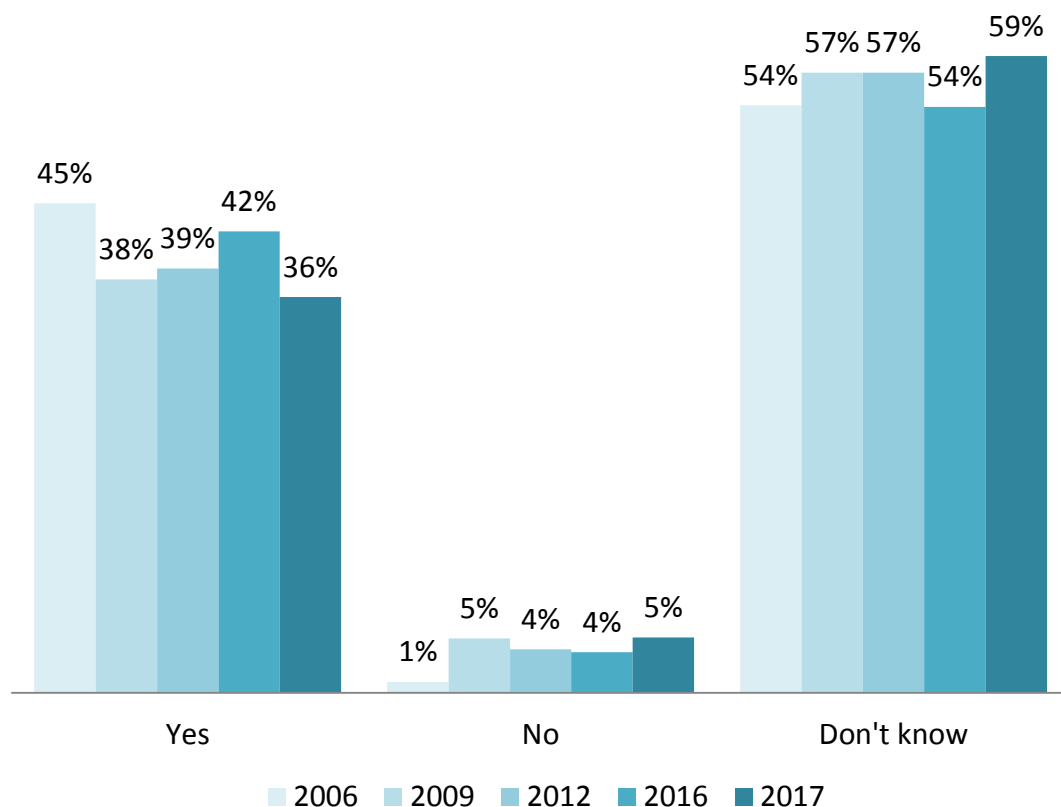
- Another 32% report that they are familiar with the website but have never visited. A majority (51%) have never heard of their website.
- Unsurprisingly, Frequent and advised investors were the most likely to have visited the website (33% and 21% respectively) and to contact their regulator, though the number who have remains small (15% and 9%).
- While few may use their services, 53% found the information provided to be helpful, and only 9% found it to be unhelpful. Younger respondents and Frequent advisers were most likely to report the information provided was helpful.

Awareness of securities regulator: Awareness has declined by 6 points; those with high knowledge most likely to be aware



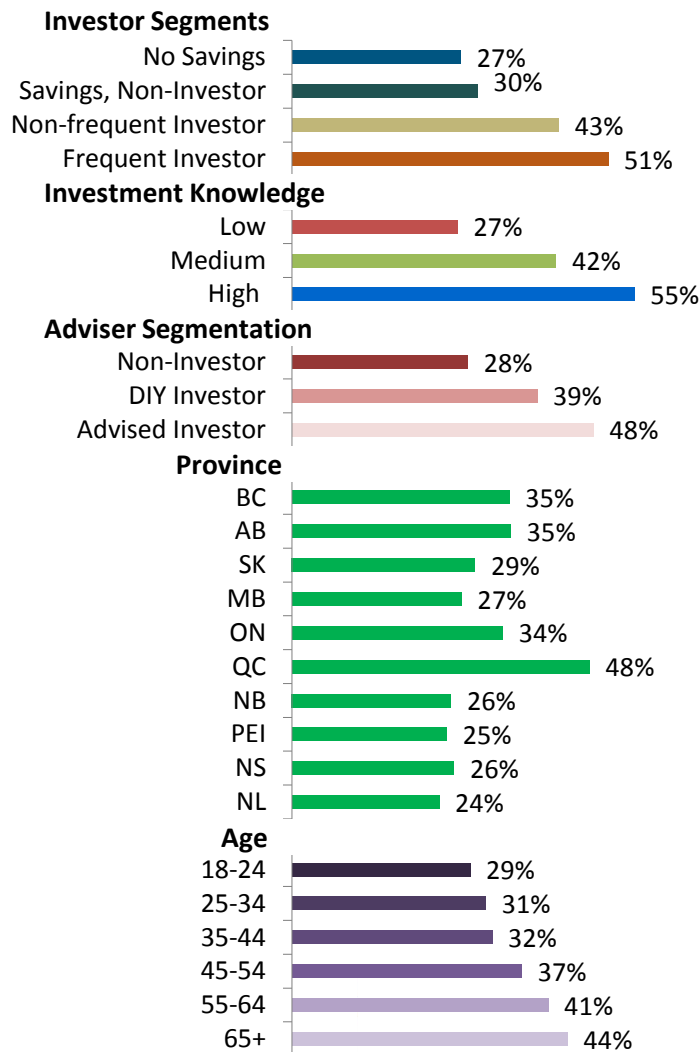
Is there a [provincial/territorial] government agency responsible for regulating financial investments in your province or territory?

[asked of all respondents; n=5,000]



2017 Sample Breakdown ▶▶

Those who say "yes"

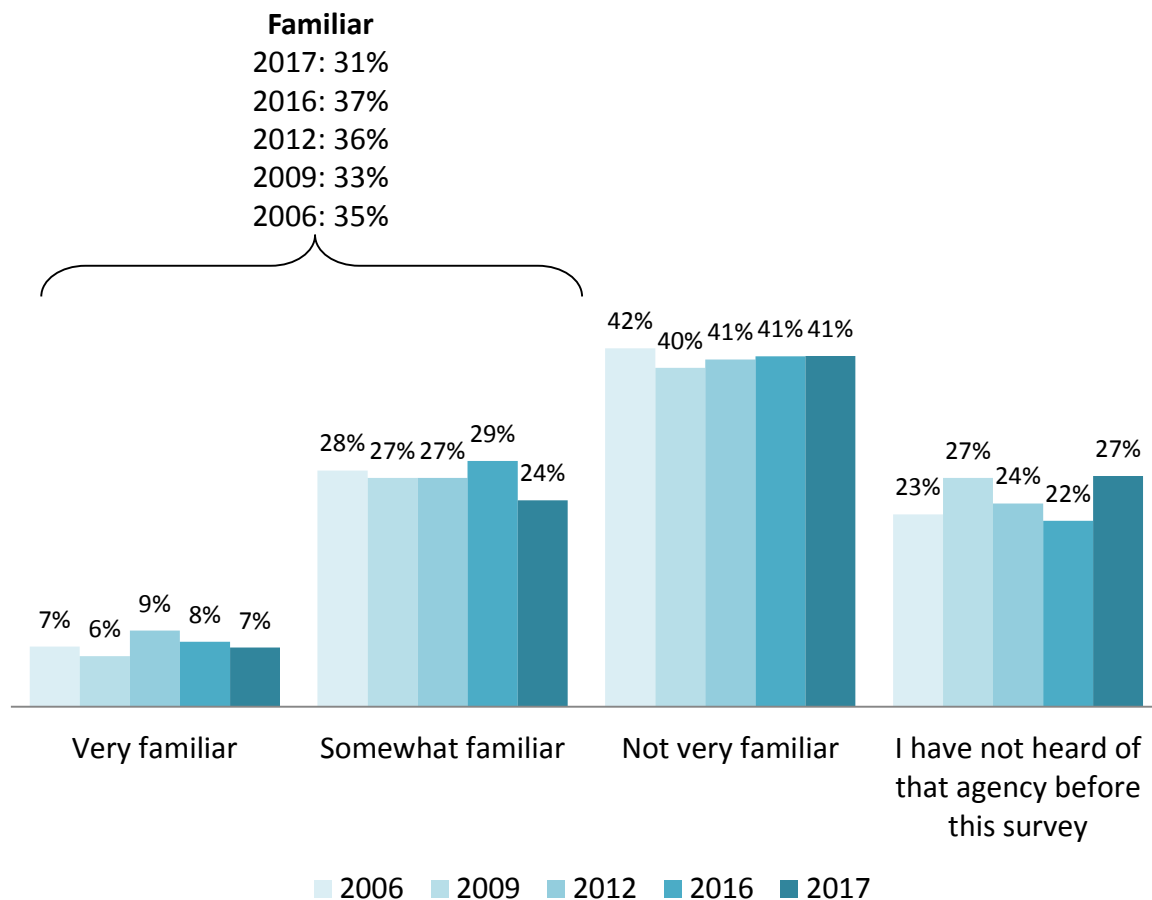


Note: 2016 n=3,000; 2012 n=5,198, 2009 n=2,396, 2006 n=1,069

Familiarity with regulators: Familiarity has declined, large variation across provinces; 12% in PEI to 47% in Quebec

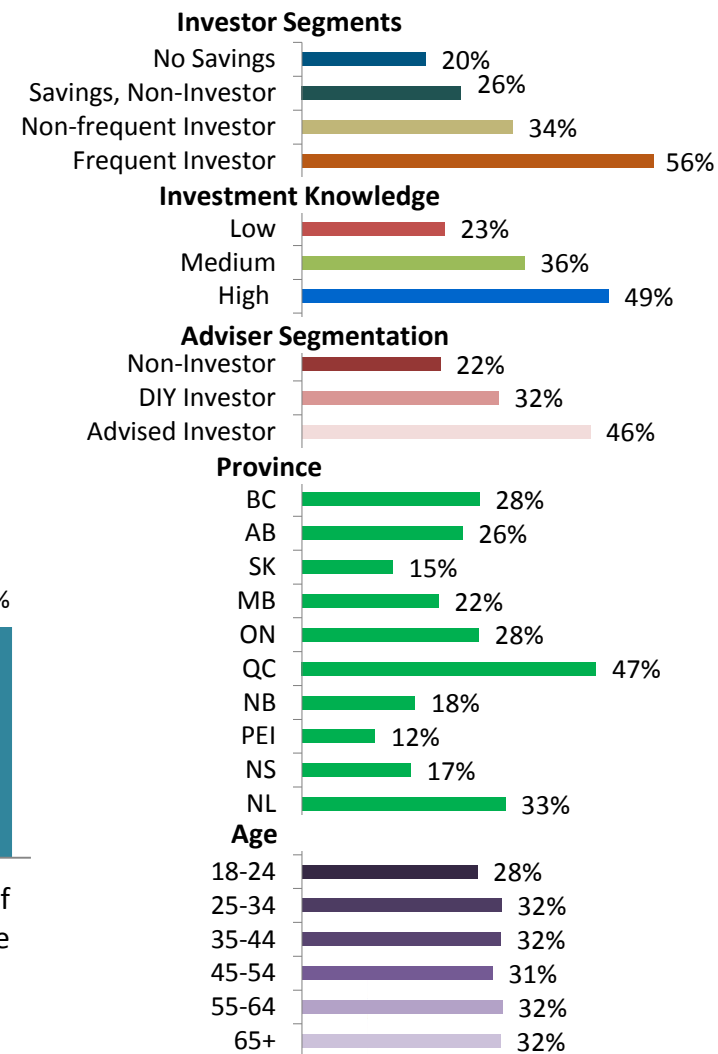
Q In fact, there is a provincial/territorial agency in {Insert province/territory} responsible for regulating financial investments called the {agency name}. Now that we have mentioned the {agency name}, how familiar would you say you are with this agency?

[asked of all respondents; n=5,000]



2017 Sample Breakdown ▶▶

Those who say they are familiar with their securities agency.



Note: 2016 n=3,000; 2012 n=5,198, 2009 n=6,319, 2006 n=3,000

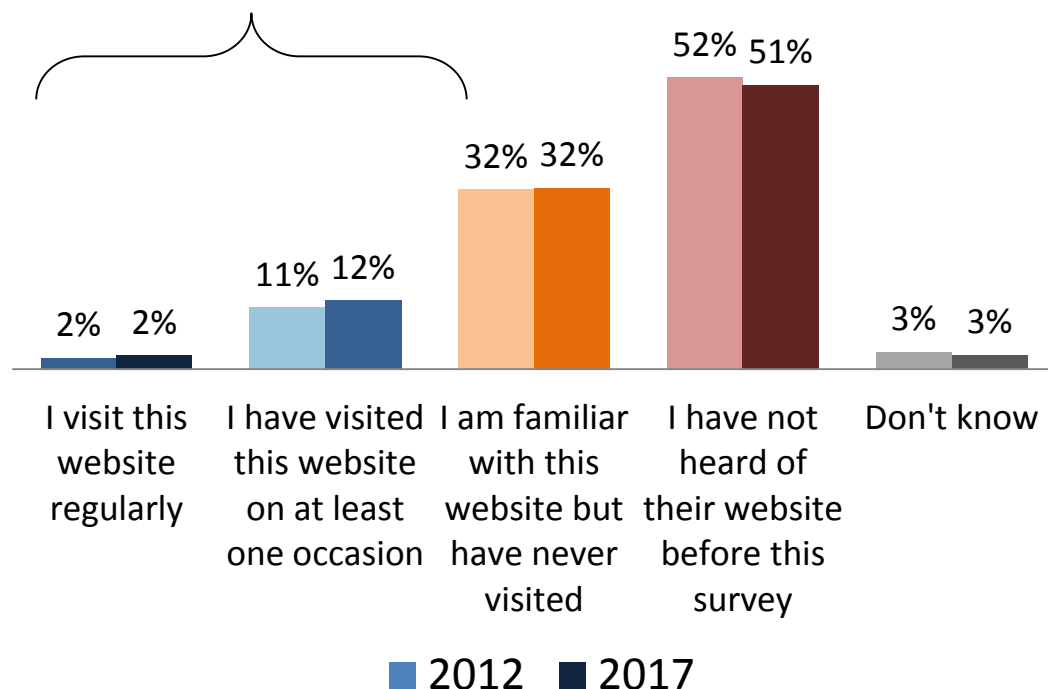
Regulator website: only 15% of those who have heard of the regulator have visited the site, higher among Frequent Investors



Have you ever visited the website of the {agency name}?

[asked only of those who have heard of their securities regulator before; n=3,638]

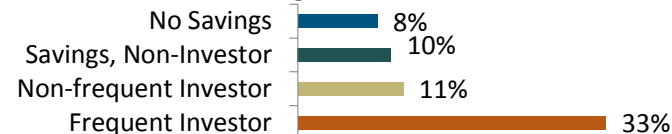
15% of respondents who have heard of their regulator have visited their website at least once.



2017 Sample Breakdown ►►

Those who have visited their securities regulator's website on at least one occasion

Investor Segments



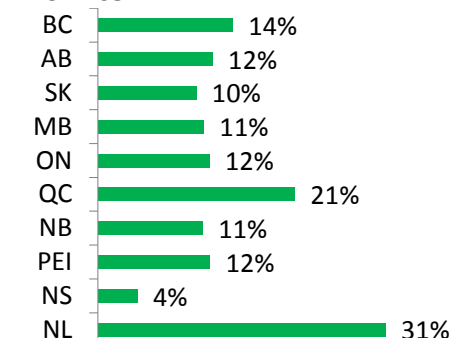
Investment Knowledge



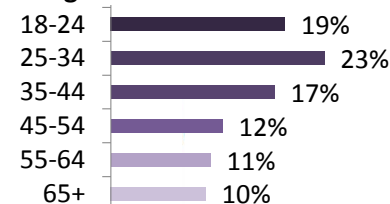
Adviser Segmentation



Province



Age

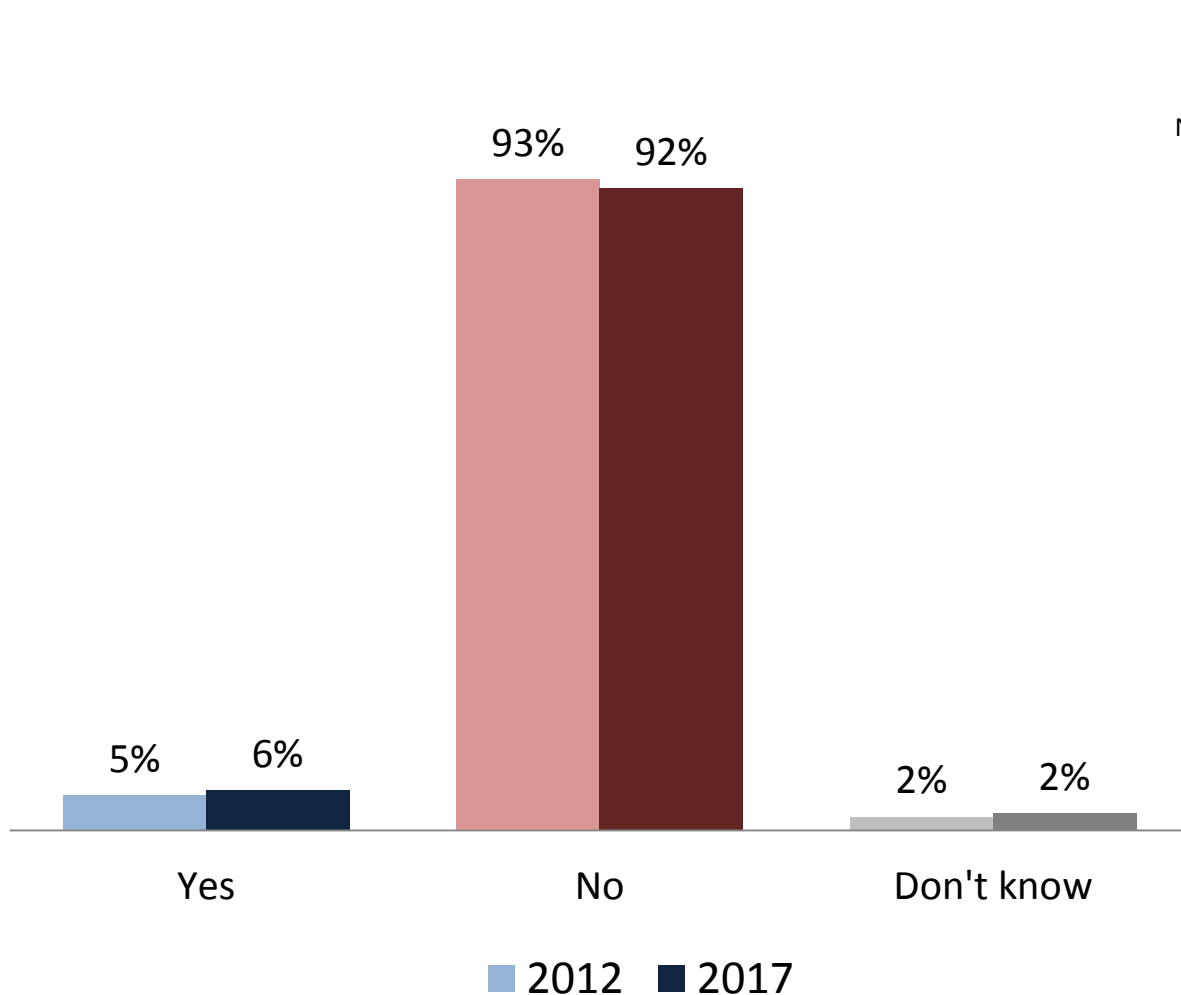


Contacting the regulator: 6% of those who have heard of the regulator have contacted them, higher among Frequent Investors



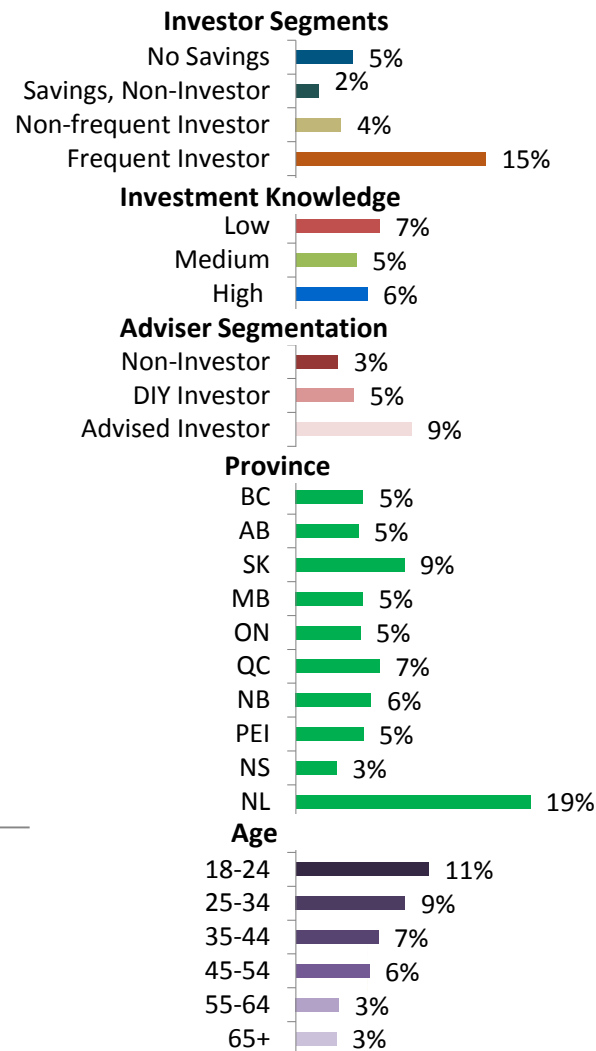
Other than visiting their website, have you ever contacted the {agency name}?

[asked only of those who have heard of their securities regulator before; n=3,638]



2017 Sample Breakdown ▶▶

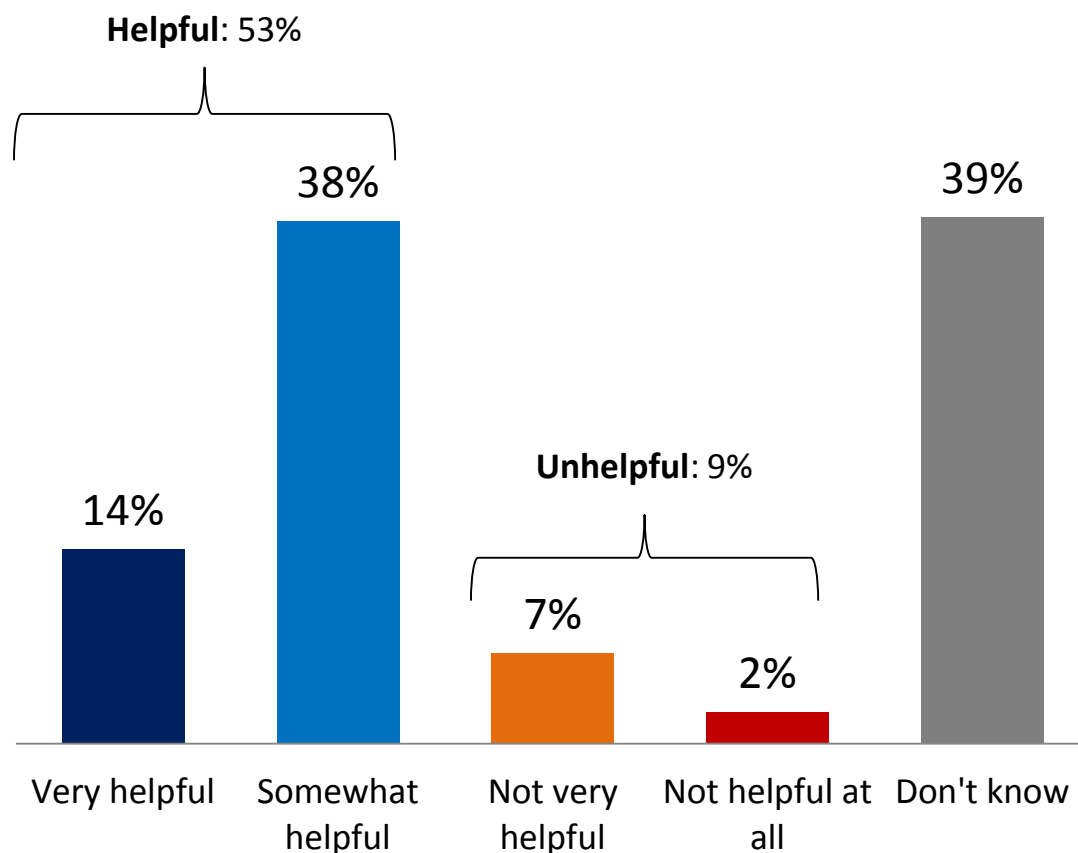
Those who have contacted their securities regulator (aside from through website)



Note: 2012 n=3,951

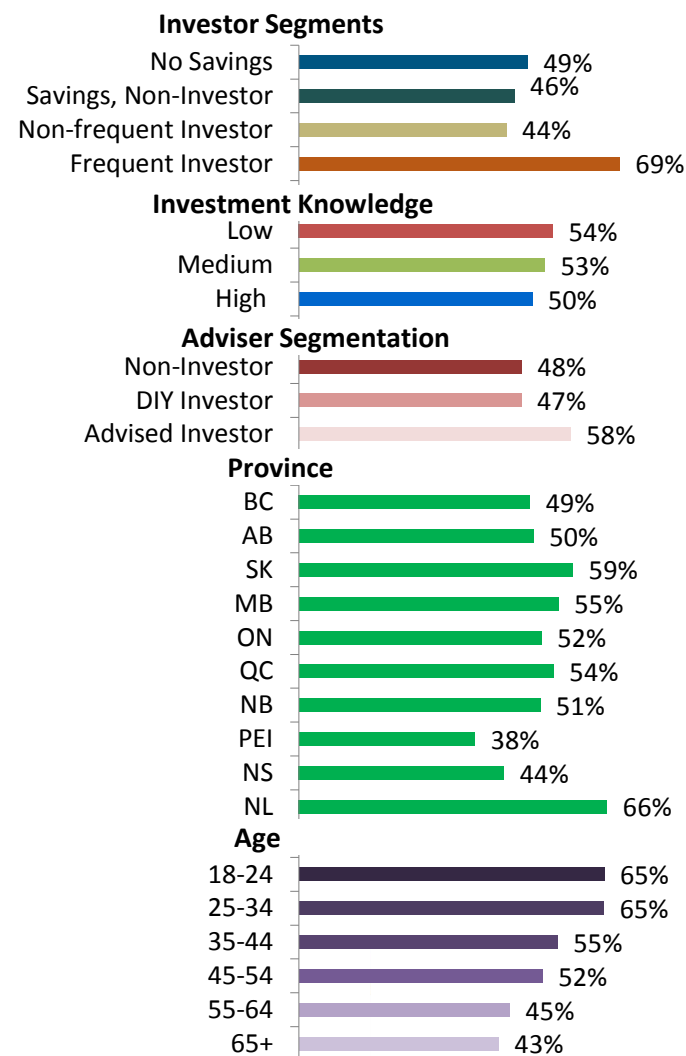
Helpfulness of the regulator: half of those who are familiar with the website or have contacted the regulator say info was “helpful”

Q Did you find the information and/or advice provided by {agency name} to be helpful?
[asked only of those who either are familiar with the website or have contacted their securities regulator before; n=1,721]



2017 Sample Breakdown ▶▶

Those who say “helpful”



CRM2 Report

The objective of the Investor Index is to gather meaningful data to identify trends and knowledge gaps to be used by the CSA Investor Education Committee in the development and delivery of investor education programs to help investors make appropriate informed investment decisions, and recognize, avoid and report suspected fraudulent investments. For information about CSA's research measuring the impacts of requirements introduced by Phase 2 of the Client Relationship Model (CRM2) and the Point of Sale (POS) amendments, refer to this news release about the [CSA's multi-year research project](#).

Recalling, Understanding, and Using CRM2 Statements

Unaided, 72% report they received an annual statement covering fees and performance.

- Over 80% of those who are 55 and over say they received these statements. Those with a high level of investment knowledge were also more likely to say yes (81% compared to 63% of those with low knowledge).
- Aided recall – specifying the CRM2 statement by name – was slightly lower. Nearly 6-in-10 (59%) stated they had received a CRM2 statement.

Almost half (48%) who report receiving their statement had heard about it from their adviser; 40% had heard nothing about the change.

- At all levels of investment knowledge, at all ages, and in all provinces, investors were more likely to hear about the CRM2 report from their adviser than from the news or from family and friends.
- 1-in-5 (18%) heard about the CRM2 reports on the news and 7% from family or friends, but 40% say they did not know anything about the changes before receiving the report.
- Young investors and those with low investment knowledge were more likely than older respondents or those with high knowledge to say they heard about it from family or friends.

Recalling, Understanding, and Using CRM2 Statements

Investors find the CRM2 Report easy to understand (71% agree) and agree that the report helped them understand the fees they pay (72%).

- Even those with low levels of investment knowledge found the report easy to understand (66%) and said the report helped them understand their fees (64%).

Most did not speak to their adviser after reviewing their report (63%), though more than one third (35%) did.

- A majority (56%) who spoke to their adviser made no changes, among those who did take action, changing the mix of investment products held was most common (29%), followed by making a change to a fee arrangement (19%).
- Those with low knowledge were the most likely to talk to their adviser (42% compared to 30% of those with high knowledge) and to make changes once they did. More than a third (35%) of those with low knowledge changed the mix of products they hold, 28% changed their fee arrangements, and 14% changed advisers.
- Older respondents were the least likely to make a change; more than 70% of those over 55 did nothing compared to 27% of those 18-24 and 36% of 25-34 year-olds.

Where investors look for information had a significant impact on how they received and responded to their CRM2 reports.

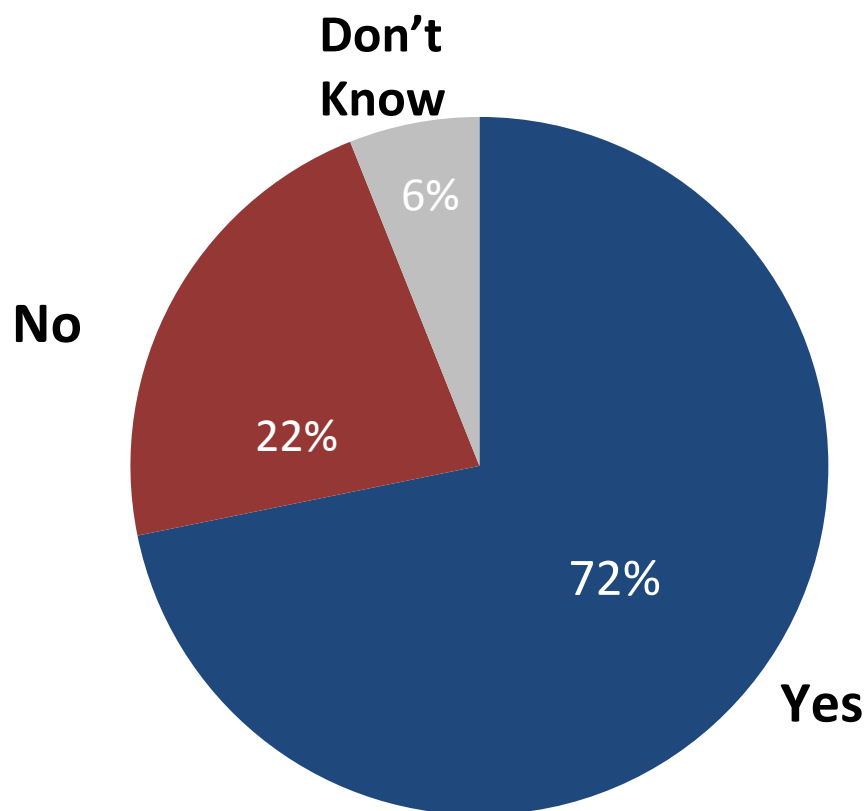
- Investors who rely solely on their bank or adviser for information were more likely recall receiving the report (60%) than those who rely solely on other sources (50%), though slightly less likely than those who rely on a mix of information sources (64%).
- Of those who recall receiving the report, however, investors that rely solely on information sources other than their bank/adviser (47%) and those who rely on a mix of information sources (42%) were more likely to discuss the report with their adviser than were those investors who get their information from their bank/adviser alone (27%).
- Similarly, of those who spoke with their adviser about the report, 66% of those who generally rely on their bank/adviser for investing information made no further changes. This dropped to 54% among those who rely on a mix of information, and to just 36% of those who only rely on 3rd party sources for information.

Unaided CRM2 report recall: Nearly 3-in-4 say they received their report; elder respondents more likely to say “yes”

Q

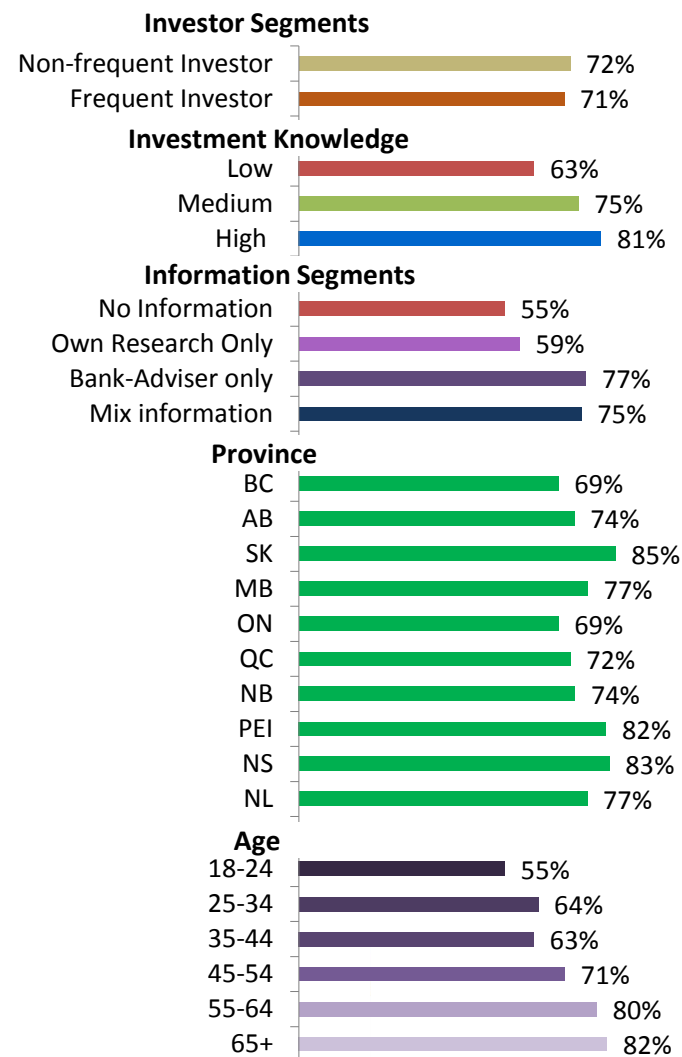
Since this past January, 2017, have you received an annual report from your adviser outlining the performance of your investments and the fees you paid in 2016?

[asked only of investors with an adviser; n=1,625]



2017 Sample Breakdown ►►

Those who said yes



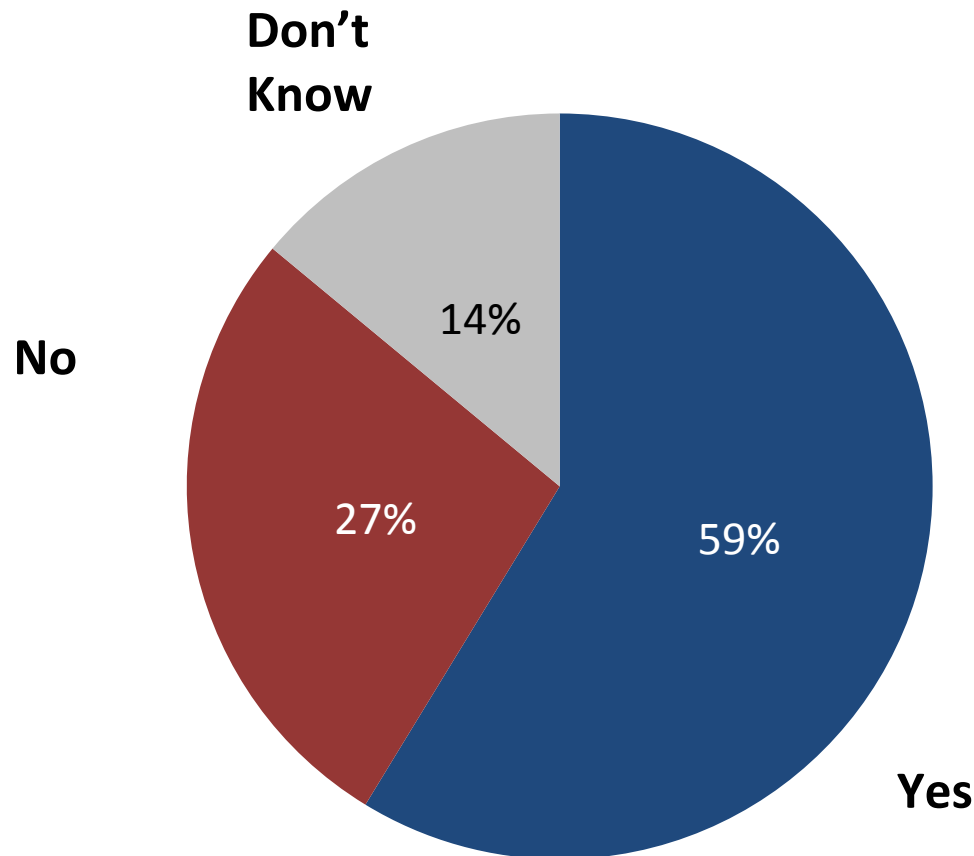
Aided CRM2 report recall: Aided recall lower – nearly 6-in-10 report receiving the report

Q

In fact, new securities laws known as Client Relationship Model, Phase 2 (CRM2) now require investment advisory firms to provide all clients with a detailed annual report that outlines the fees they paid, as well as the performance of their investment.

Now that we have mentioned it, do you recall receiving this particular statement?

[asked only of investors with an adviser; n=1,625]



Report receiving CRM2 statement: high knowledge group most likely to recall receiving CRM2 report

% with report receiving CRM2 reports (aided recall)

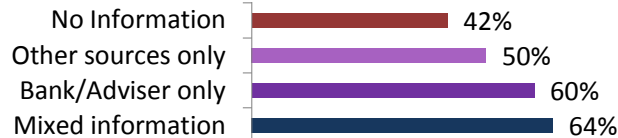
Investor Segments



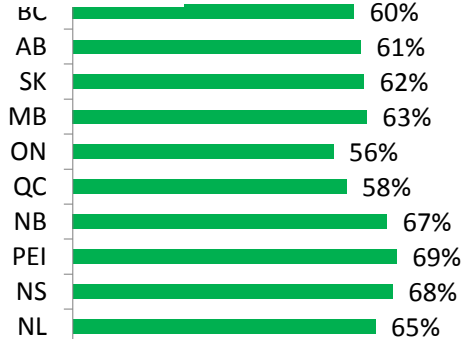
Investment Knowledge



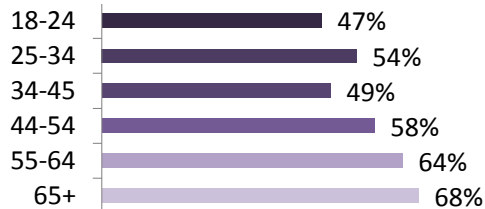
Information Segments



Province



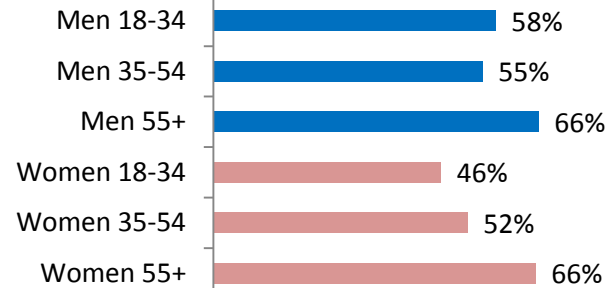
Age



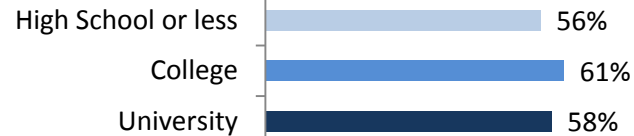
Gender



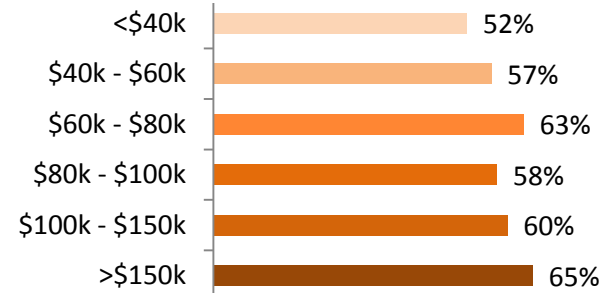
Age/gender



Education



Income

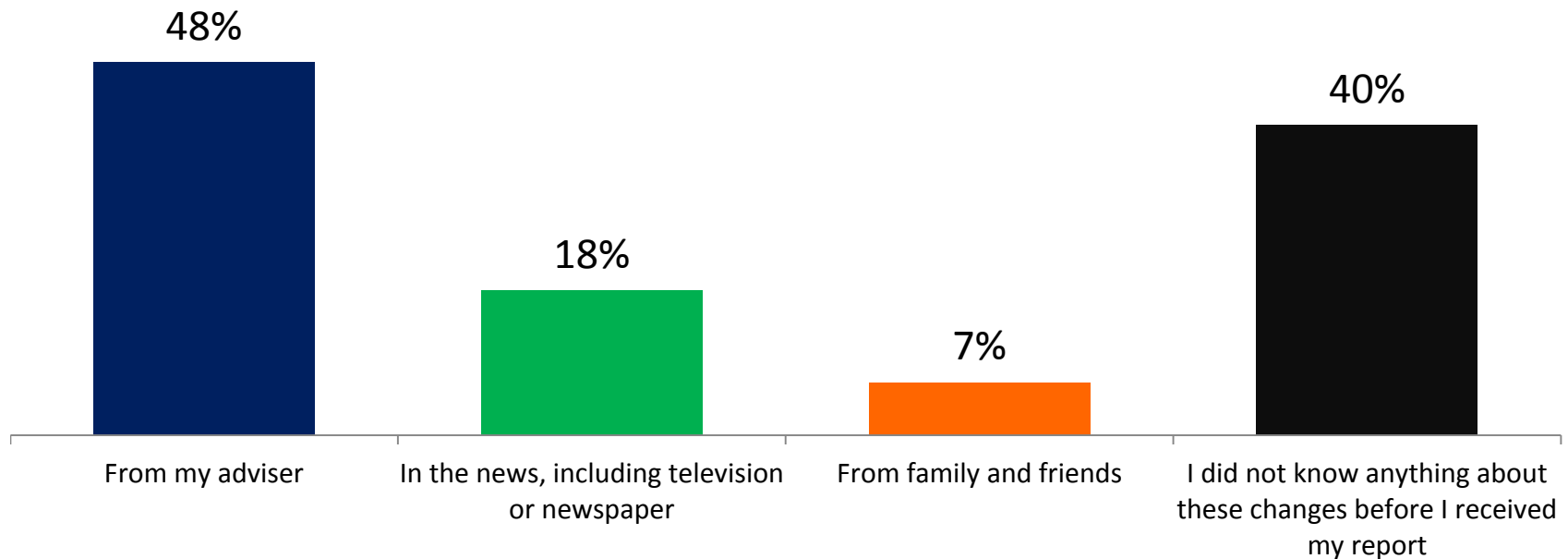


Seen, heard, read about CRM2 report: 40% had not read, seen or heard anything; fewer than one-in-five saw news coverage



Before you received your annual report, had you read, seen or heard anything about the CRM2 regulatory changes to the way investment fees are reported in any of the following places? Please select all that apply.

[asked of respondents who recall receiving a CRM2 report; n=954; multiple selection allowed]



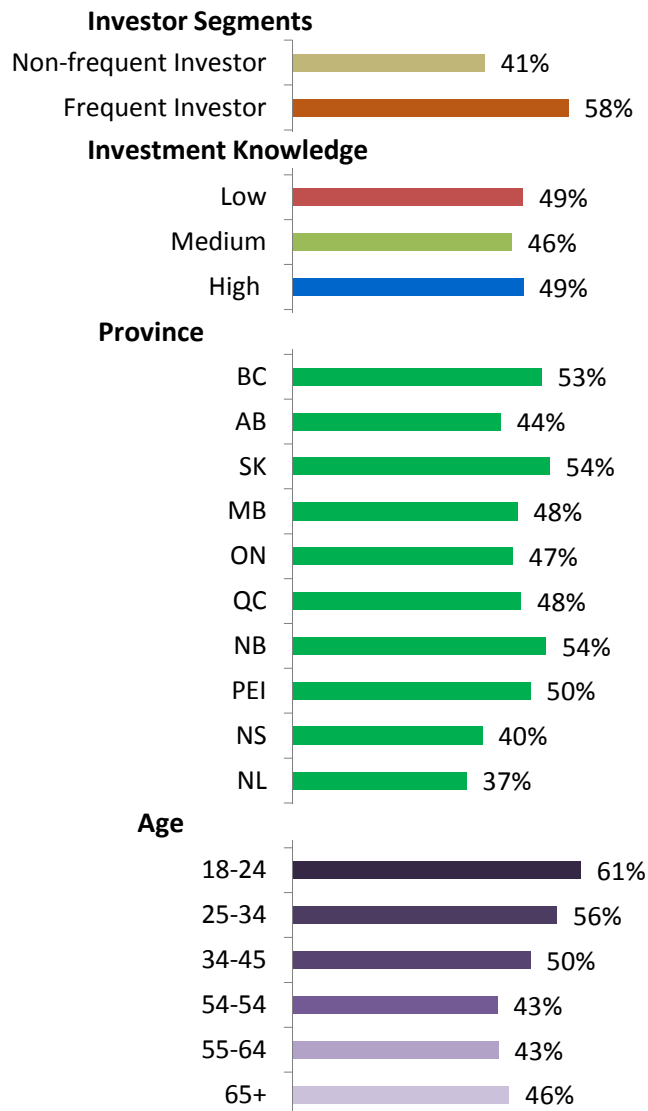
Note: 'Don't know' not shown

Sources: Those with low investment knowledge more likely to have RSH from family and friends

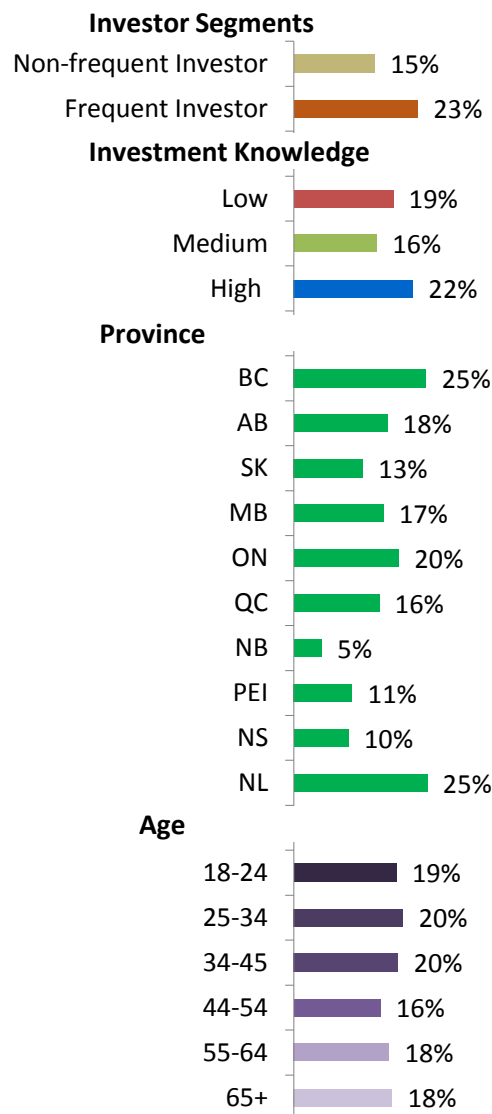


...had you read, seen or heard anything about the CRM2 regulatory in any of the following places?

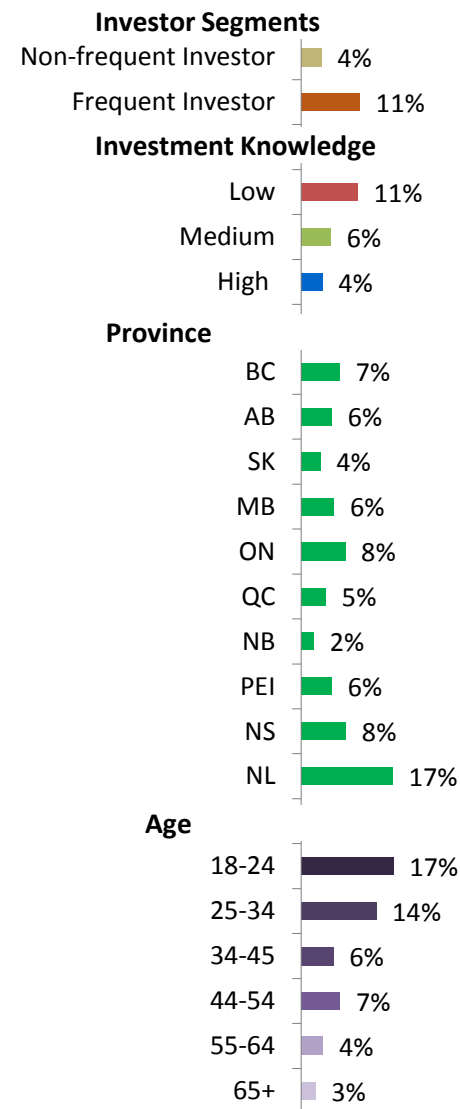
From my adviser



In the news



From family and friends

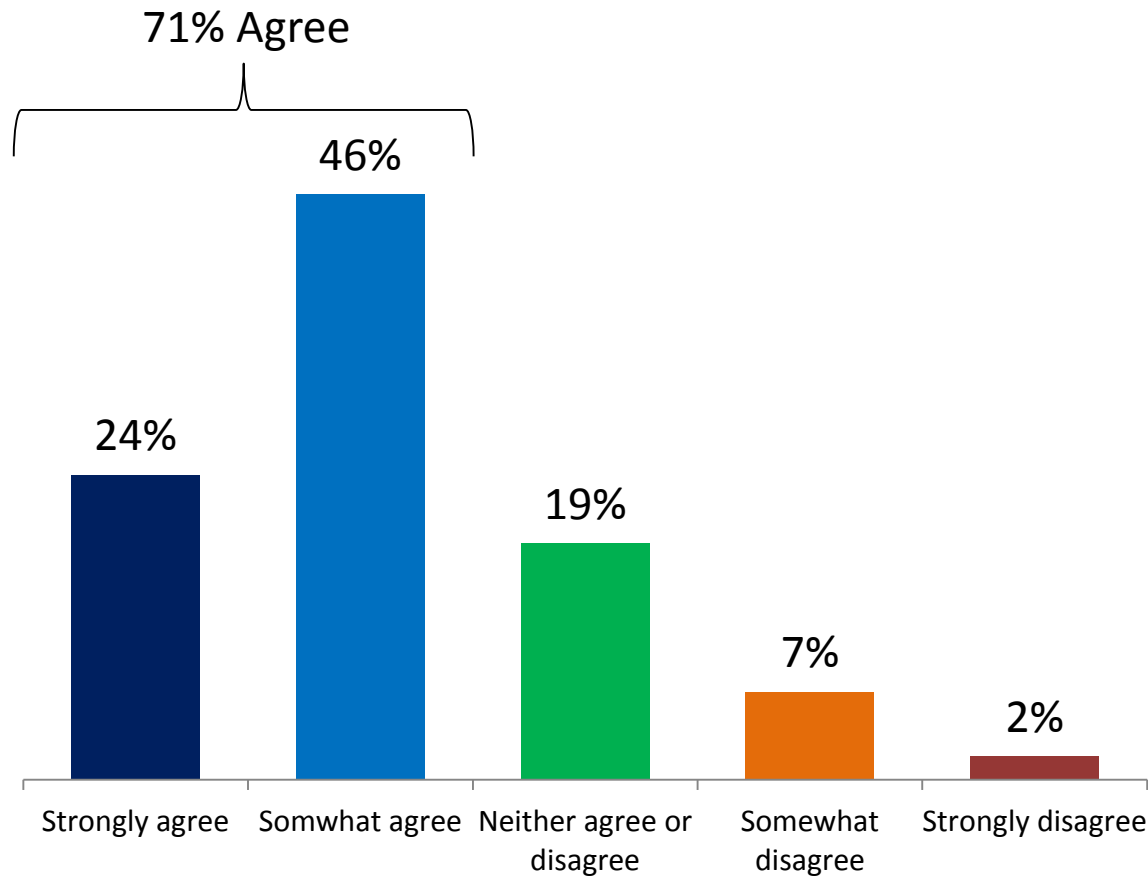


Understanding the CRM2 report: 7-in-10 found the report easy to understand; higher in MB, QC and NL ¹⁰³

Q Thinking now about the annual report for 2016 that you received from your adviser, would you agree or disagree with the following?

The report was easy to read and understand.

[asked of respondents who report receiving a CRM2 report; n=954]

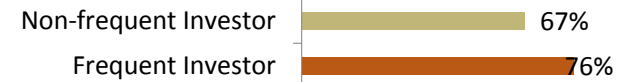


Note: 'Don't know' (2%) not shown

2017 Sample Breakdown ▶▶

Those who say agree

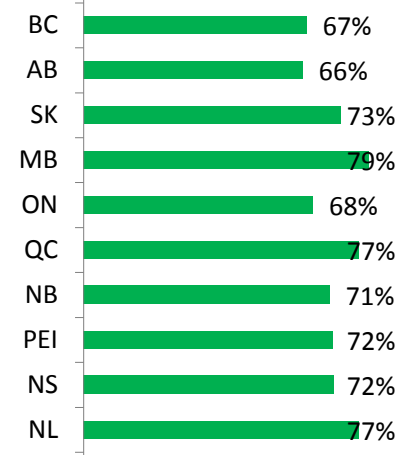
Investor Segments



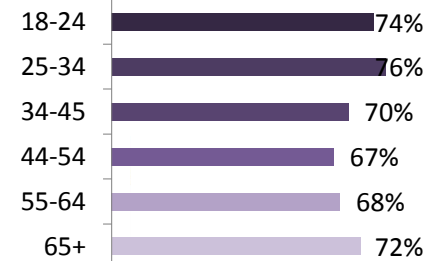
Investment Knowledge



Province



Age

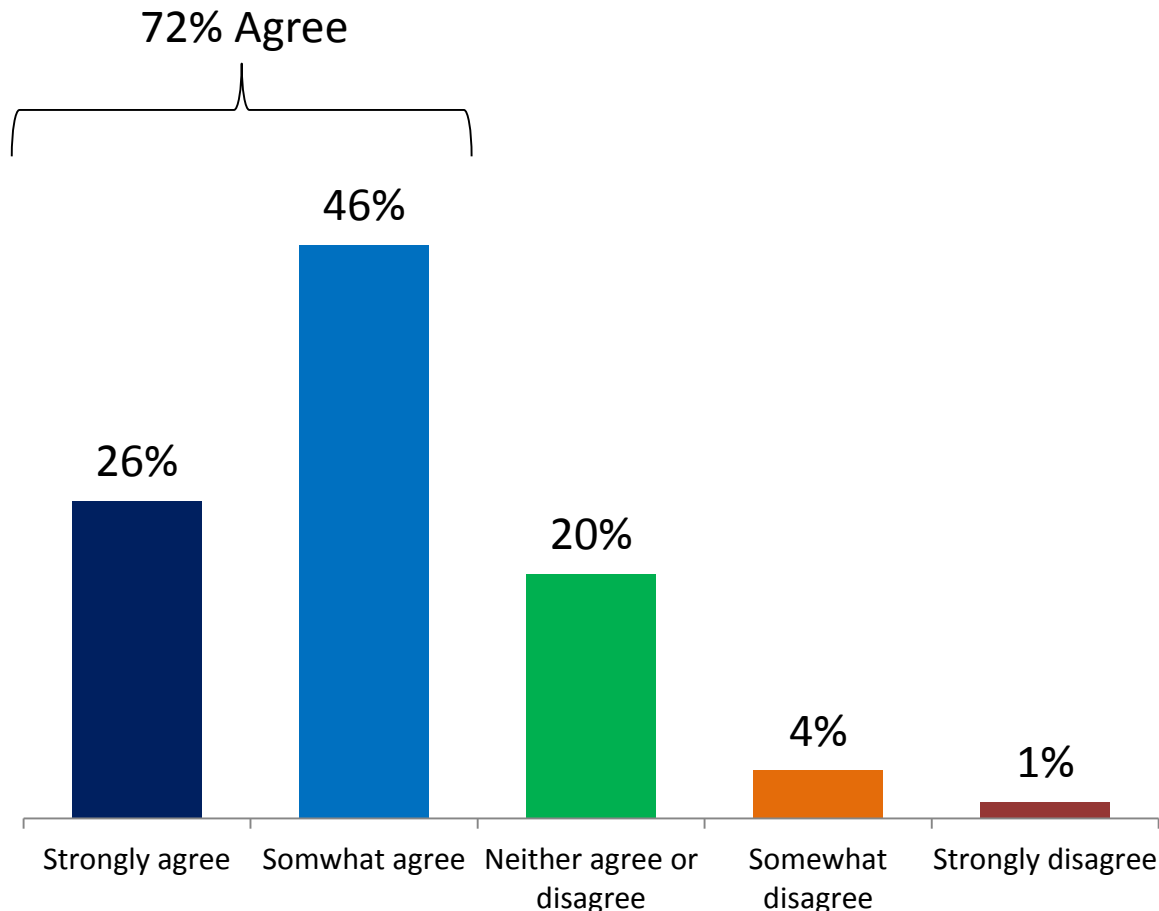


Understanding fees: More than 7-in-10 say the report provided the information they needed to better understand fees ¹⁰⁴

Q Thinking now about the annual report for 2016 that you received from your adviser, would you agree or disagree with the following?

The report provided the information I need to better understand the fees I pay.

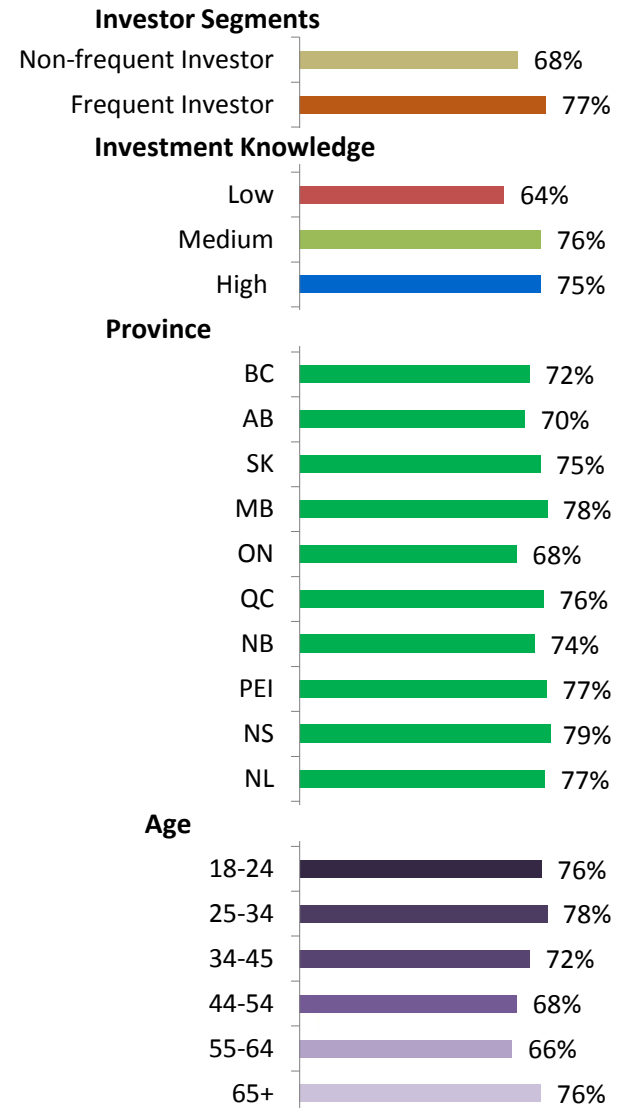
[asked of respondents who report receiving a CRM2 report; n=954]



Note: 'Don't know' (3%) not shown

2017 Sample Breakdown ▶▶

Those who agree

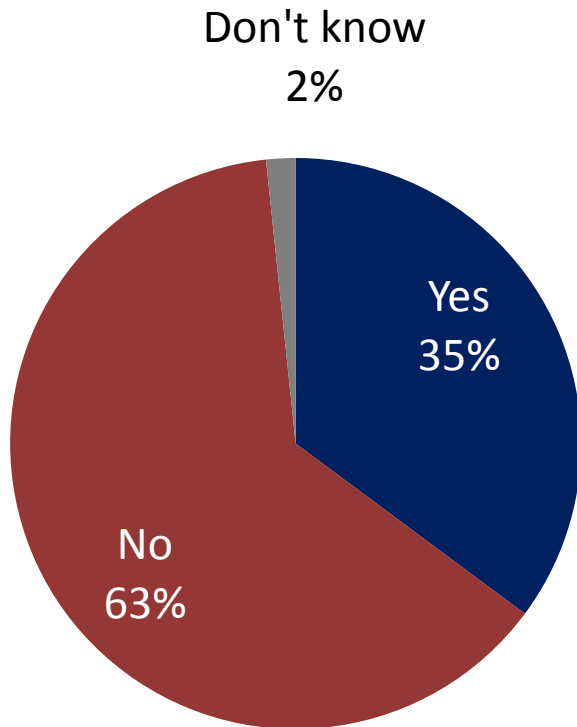


Talking to adviser, taking action: 1-in-3 talked to their adviser, but more than half of those did not make any changes



After receiving this report, did you speak to your adviser about it?

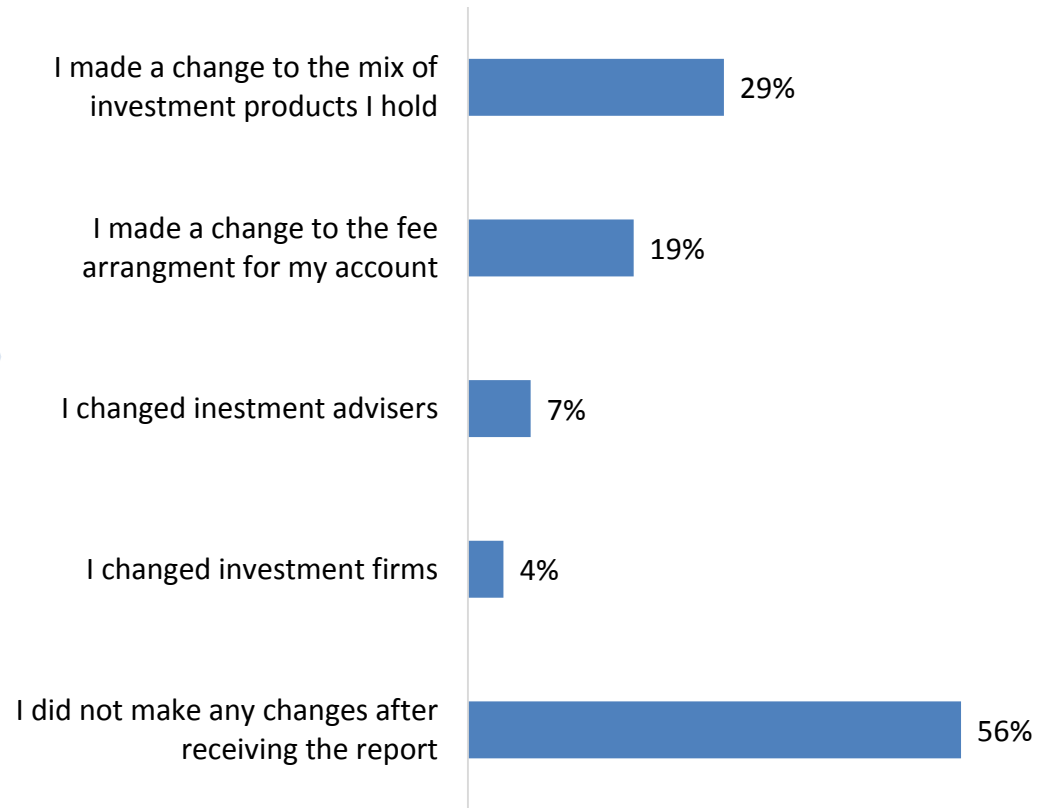
[asked of respondents who report receiving a CRM2 report; n=954]



After talking to your adviser about the statement, did you do any of the following? Please select all that apply.

[asked of respondents who spoke with their adviser; n=335; multiple mentions]

Of those who had a discussion:



Note: 'Don't know' not shown

Talking to adviser, taking action: low knowledge group and those that access more info more likely to make changes

Of those who talked to adviser:		Investor Type		Knowledge			Information			
		Non-frequent	Frequent	Low	Medium	High	No info	Other sources	Bank/ Adviser	Mixed info
	Talked to Adviser	25%	50%	42%	34%	30%	21%	47%	27%	42%
	Changed products	21%	35%	35%	26%	24%	25%	37%	21%	32%
	Changed Fees	9%	26%	28%	15%	10%	2%	26%	13%	21%
	Changed Adviser	2%	11%	14%	5%	1%	0%	12%	3%	9%
	Changed Firm	2%	6%	7%	3%	1%	0%	2%	1%	7%
Made no Change	71%	44%	41%	63%	67%	71%	36%	66%	54%	

Talking to adviser, taking action: Younger investors more likely to talk to adviser; older investors more likely to make no change

Of those who talked to adviser:	Age						
	18-24	25-34	34-45	44-54	55-64	65+	
	Talked to Adviser	67%	47%	37%	30%	27%	33%
	Changed products	39%	46%	27%	29%	17%	20%
	Changed Fees	36%	29%	28%	12%	11%	7%
	Changed Adviser	15%	13%	12%	7%	1%	0%
	Changed Firm	7%	8%	5%	6%	1%	0%
Made no Change	27%	36%	48%	61%	73%	72%	

Robo-Advisers

This section was preceded by an explanation of the topic:

*The next few questions are about **automated** online investment services – often referred to as “robo-advisers”. Automated online investing services are offered through a website or app. Generally, you can authorize them to carry out transactions on your behalf, consistent with your investment goals and risk profile.*

Please note: *Automated refers to the fact that most investment decisions are made for you by the service. For this reason, automated online investing services are not the same thing as online discount brokerages.*

Robo-Advisers: Use and Familiarity

Familiarity with Robo-Advisers is low – just 1-in-6 (16%) say they are familiar with automated online investing services.

- Familiarity is much higher among Frequent Investors (42%) and younger respondents (24% of those 18-34). Familiarity is low in all provinces and while familiarity increases with investment knowledge, just 1-in-4 with a high level of knowledge report being familiar.
- A plurality say that they don't know whether there are fewer rules for robo-advisers (44%) or whether robo-advisers charge lower fees (49%). Those who say they are very familiar with robo-advisers are most likely to say they charge lower fees (49%), but also most likely to say they are outperformed by in-person advisers (56%).

Use of Robo-Advisers is even lower – one-in-ten currently use a robo-adviser, another 9% have used one in the past.

- Use is most common among those under 35 (18-19%) and among Frequent Investors (17%).
- Among those with an account, a slim majority (54%) have been using the service for less than a year. 46% are established users (>1 year).
- Convenience is the most important reason for using a robo-adviser (44%), especially among those who use it as their primary account (53%). A quarter (24%) say they use the service because of lower fees, but this rises to the most important reason (44%) for those with high investment knowledge.
- Those who use robo-advisers are largely satisfied with the service (60%), and satisfaction is higher among those with high knowledge (70%), those who use it as their primary account (69%), and among established users (63%).

Use of Robo-Advisers likely to expand.

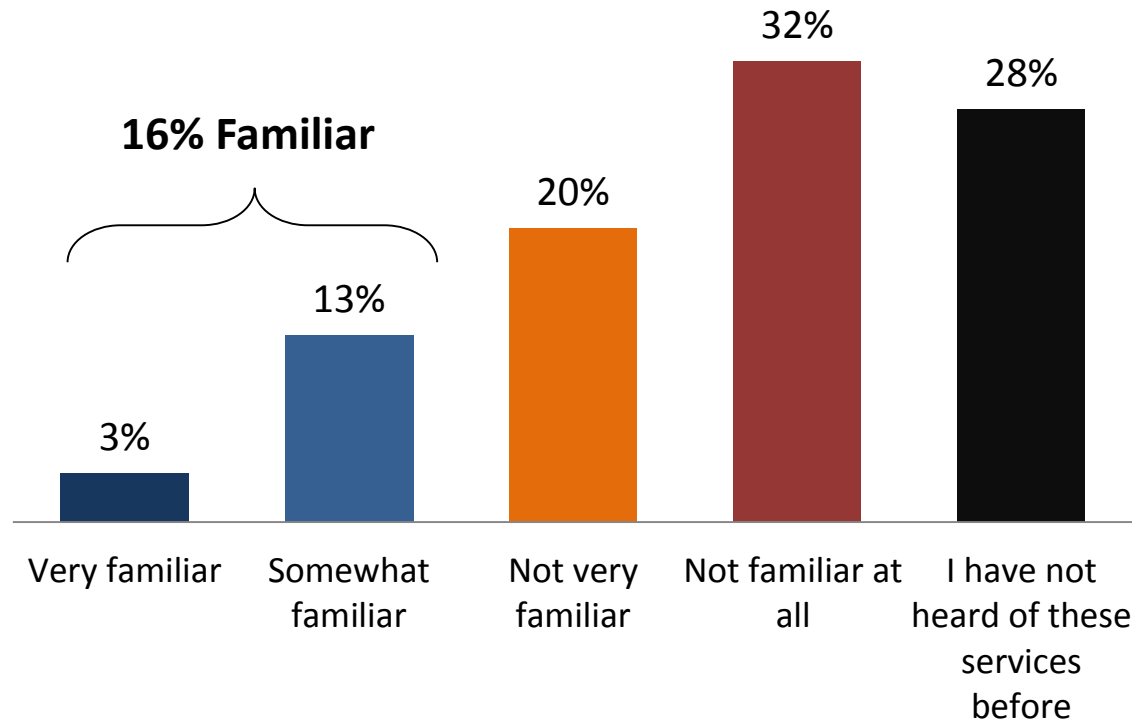
- Among those who do not use a robo-adviser, a plurality cited their lack of knowledge is (26%), while others are content with their advisers (21%). Fewer than 1-in-5 say they do not use an online service because it is important to them to meet in person (17%) or that they do not trust investing through the internet (15%). DIY advisers are most likely to avoid robo-advisers because of a lack of knowledge (38%).
- While 40% say they are not likely at all to use a robo-adviser in the future, 1-in-4 (23%) say they would be likely to turn to one the next time they need to open an account, including 38-39% of those under 35 and 44% of Frequent Investors.

Familiarity with robo-advisers: just than 1-in-6 are familiar; 42% of Frequent Investors are familiar



How familiar are you with automated online investing services?

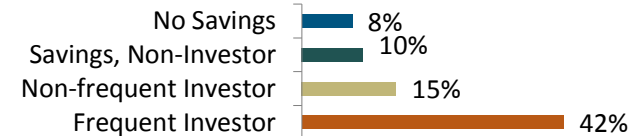
[asked of all respondents; n=5,000]



2017 Sample Breakdown ▶▶

Those who are familiar

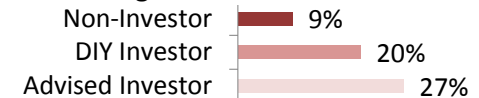
Investor Segments



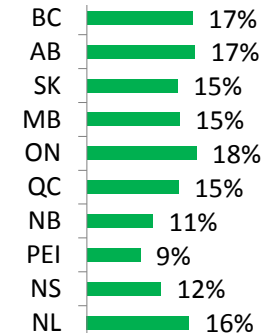
Investment Knowledge



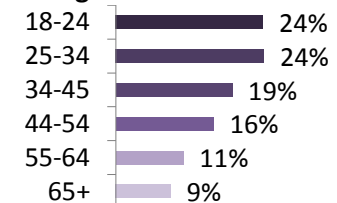
Adviser Segmentation



Province



Age



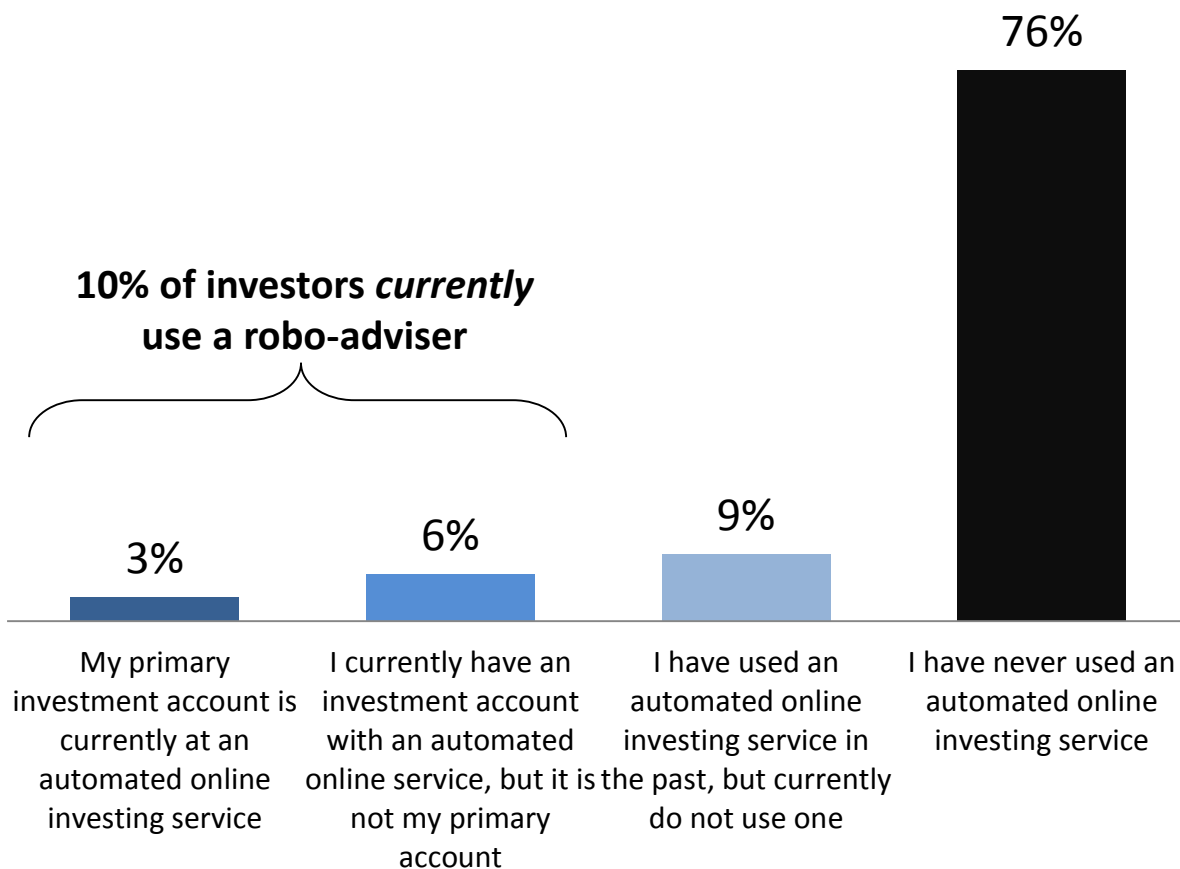
Note: 'Don't know' (4%) not shown

Use of robo-advisers: 1-in-10 investors use a robo-adviser; just 3% have their primary account with the service



Which of the following best describes you?

[asked only of investors only; n=2,364]



2017 Sample Breakdown ▶▶

Those who currently use an online service

Investor Segments



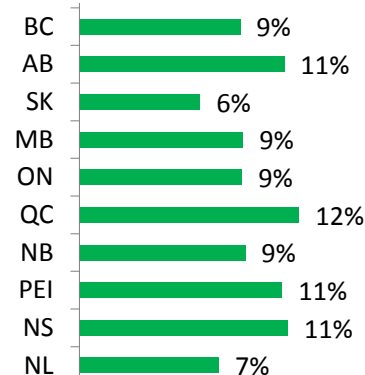
Investment Knowledge



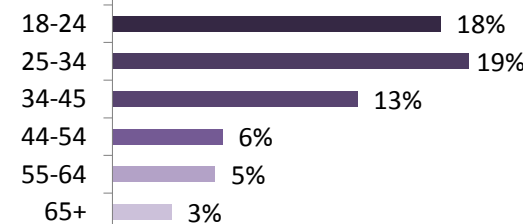
Adviser Segmentation



Province



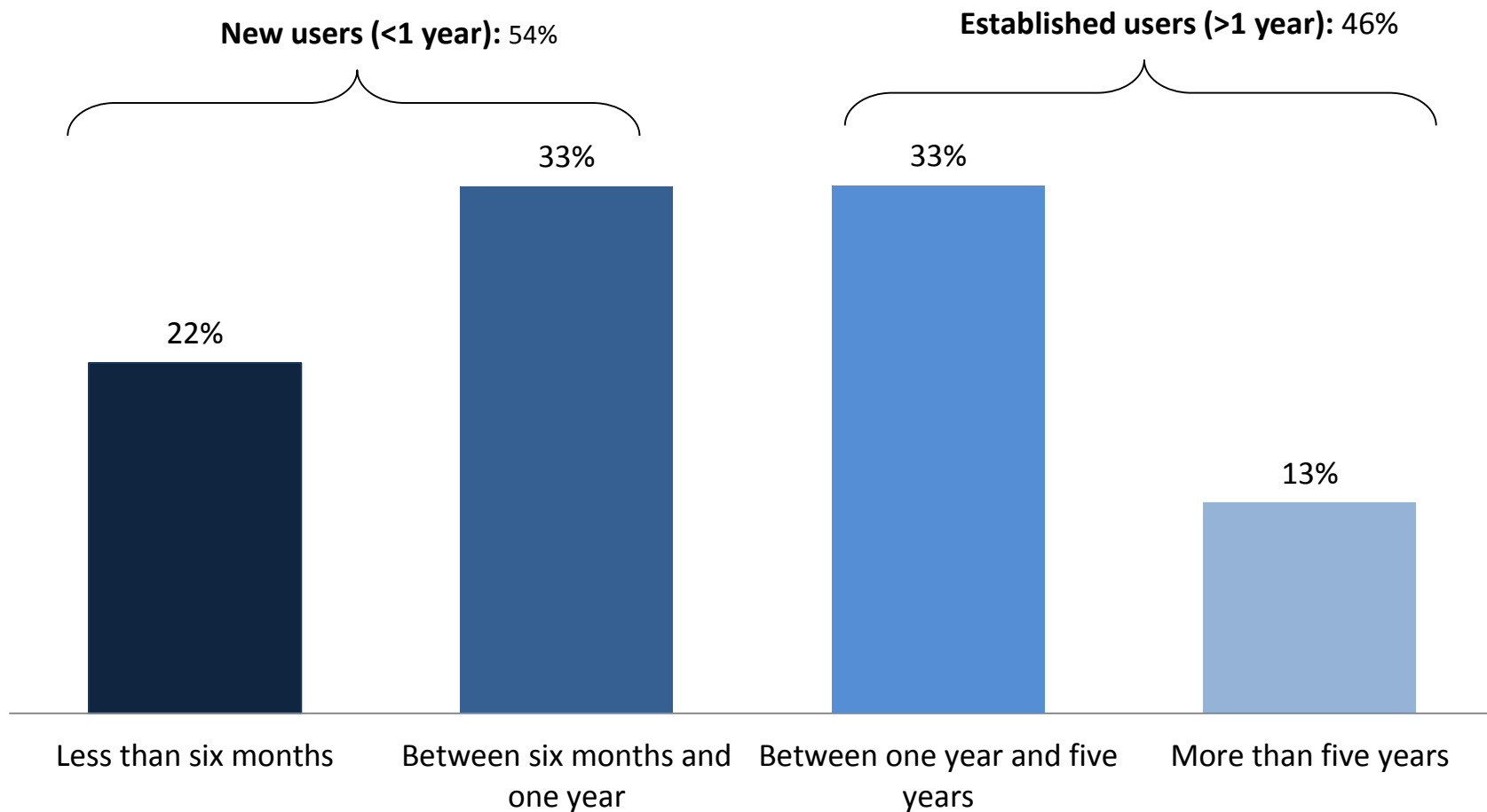
Age



Note: 'Don't know' (6%) not shown

Length of use: slim majority (54%) have used a robo-adviser for a year or less, 46% are established users

Q How long have you been using an automated online investment service?
[asked of respondents with an online automated account; n=227]

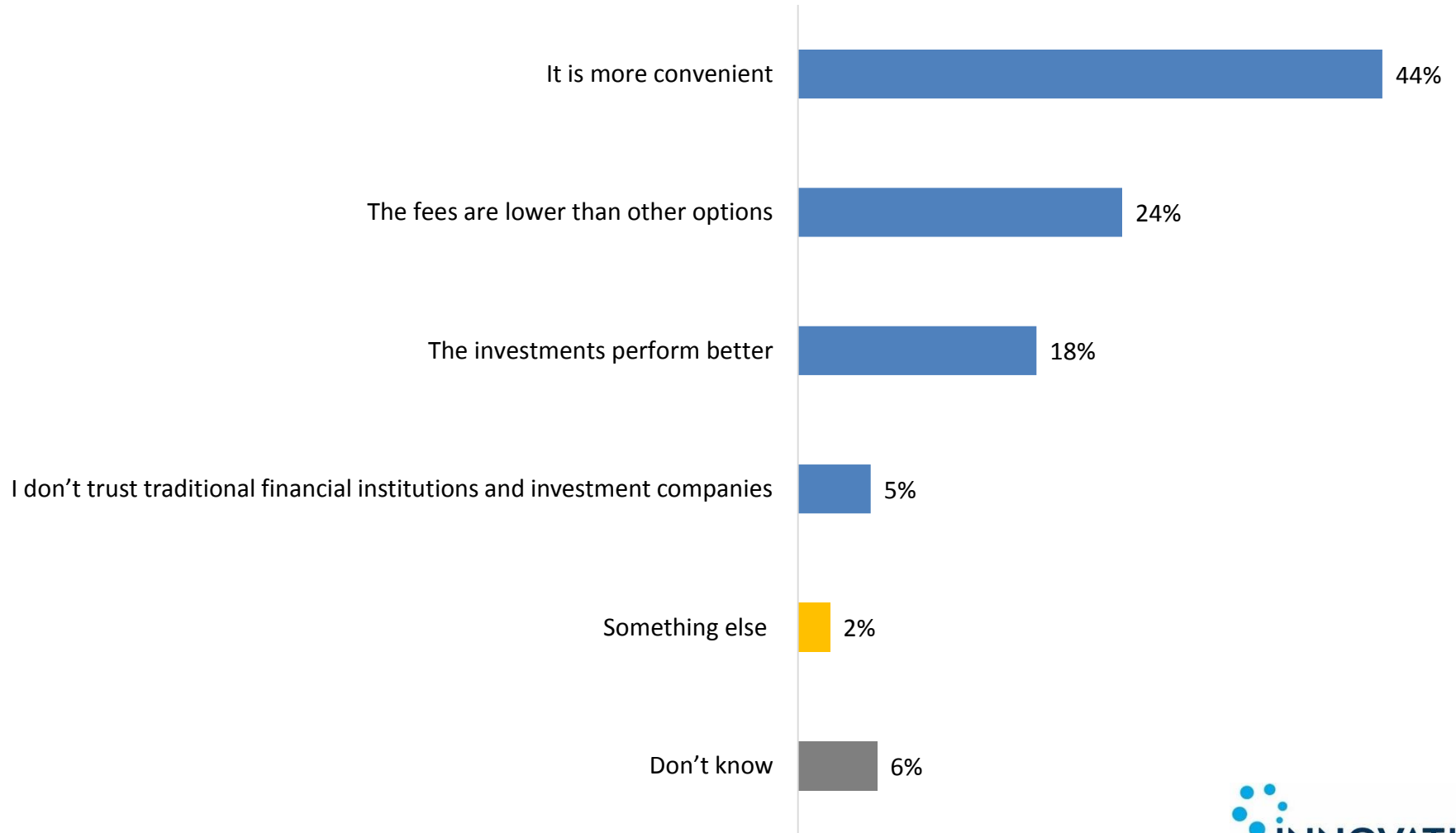


Reasons for using robo-adviser: Convenience is the most important reason for using online investment tools



Which of the following is the **most important** reason that you decided to open an account with an automated online investing service?

[asked of respondents with an online automated investing account; n=227]



Reasons for using robo-adviser: Convenience key to those with primary account; lower fees important to knowledgeable investors

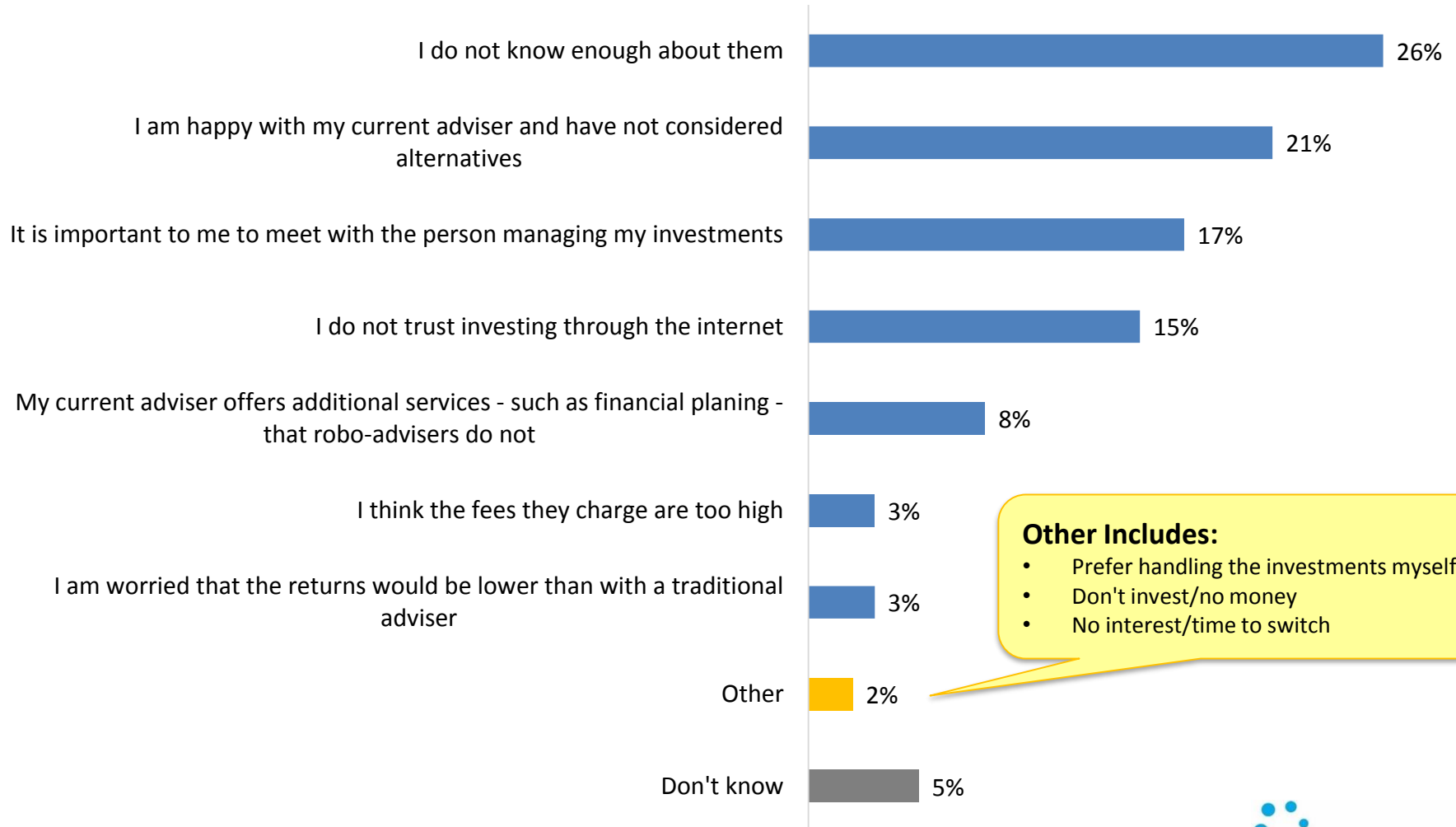
	Investor Type		Knowledge			Account Type		Length of Use	
	Non-frequent	Frequent	Low	Medium	High	Primary	Secondary	New (<1 Year)	Established (>1 Year)
More convenient	51%	39%	44%	50%	35%	53%	39%	41%	47%
Lower Fees	17%	29%	22%	15%	44%	22%	26%	25%	24%
Investments perform better	14%	20%	21%	18%	13%	14%	20%	18%	17%
Distrust big companies	3%	7%	7%	5%	3%	4%	6%	6%	4%

Reasons for *not* using robo-adviser: lack of knowledge, followed by satisfaction with the current adviser most important



Which of the following is the **most important** reason that you are not using an automated online investing service?

[asked of respondents without an online automated investing account; n=2,099]



Reason for *not* using a robo-adviser: DIY group most likely to avoid robo-adviser due to “lack of knowledge”

	Investor Type		Knowledge			Adviser	
	Non-frequent	Frequent	Low	Medium	High	DIY	Advised
Lack of knowledge	26%	24%	26%	26%	25%	38%	20%
Happy with current adviser	22%	21%	17%	23%	25%	7%	28%
Important to meet in person	18%	15%	17%	19%	14%	14%	18%
Distrust investing online	17%	11%	18%	15%	12%	18%	14%
Adviser offers additional services	7%	10%	6%	9%	10%	2%	11%
Fees too high	2%	7%	4%	3%	3%	5%	3%
Worried returns are lower	2%	5%	4%	2%	3%	3%	3%
Don't know	5%	4%	9%	3%	3%	8%	3%

Reason for *not* using a robo-adviser: those age 65+ most likely to say they are happy with current adviser

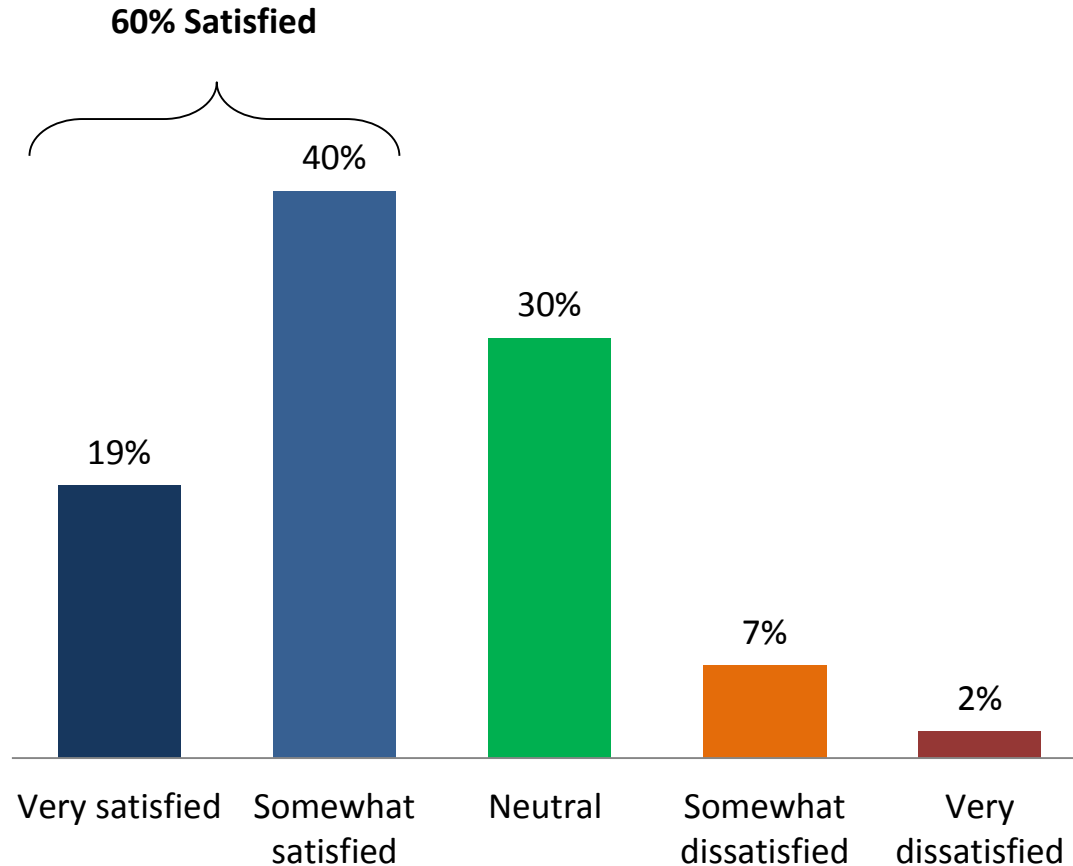
	Age					
	18-24	25-34	35-44	45-54	55-64	65+
Lack of knowledge	28%	32%	29%	29%	22%	18%
Happy with current adviser	15%	16%	17%	18%	21%	35%
Important to meet in person	13%	16%	14%	18%	20%	16%
Distrust investing online	16%	13%	12%	14%	18%	17%
Adviser offers additional services	8%	6%	10%	7%	8%	8%
Worried returns are lower	7%	4%	4%	3%	2%	1%
Fees too high	4%	6%	6%	3%	2%	0%
Don't know	8%	5%	7%	6%	4%	2%

Satisfaction: 6-in-10 satisfied; high knowledge group and those with a primary robo-adviser account most satisfied



Overall, how satisfied or dissatisfied are you with your experience of investing through this automated, online service?

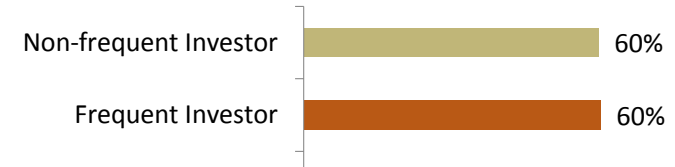
[asked of respondents with an online automated account; n=227]



2017 Sample Breakdown ▶▶

Those who are satisfied

Investor Segments



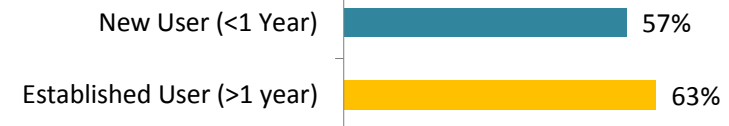
Investment Knowledge



Robo-Adviser Account



Length of Use

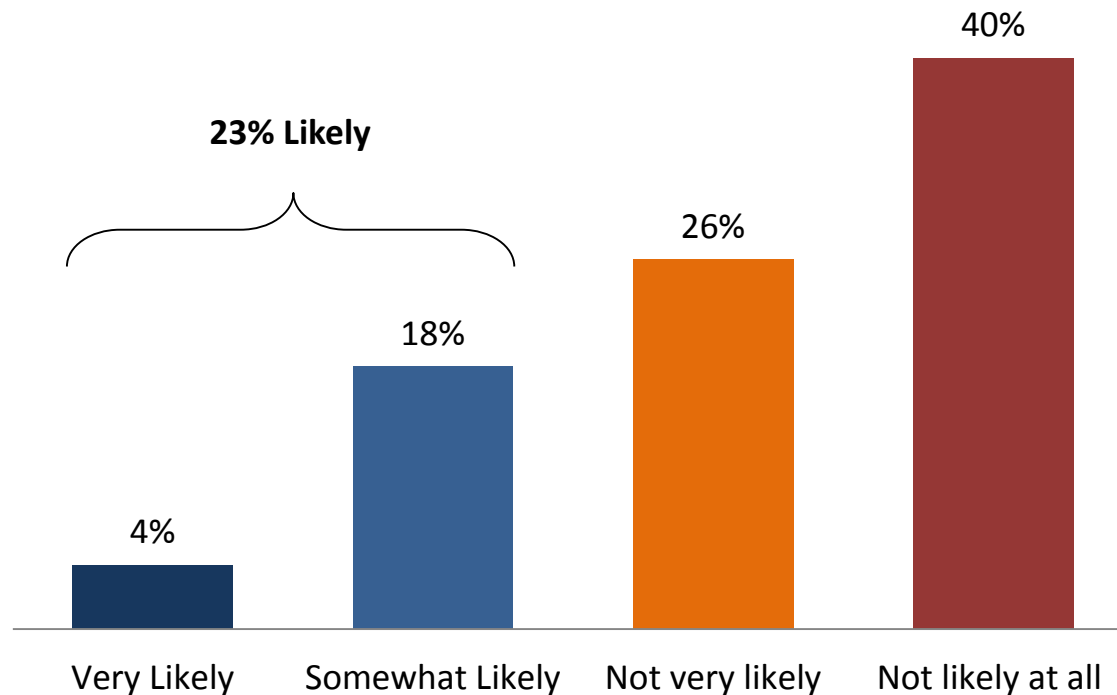


Likelihood of using robo-advisers: 1-in-4 likely to use robo-adviser in the future; nearly 4-in-10 of under 35 say so

Q

If you were planning to open a new investment account – or to move an existing account – how likely would you be to use an automated online service for that account, rather than a traditional in-person adviser?

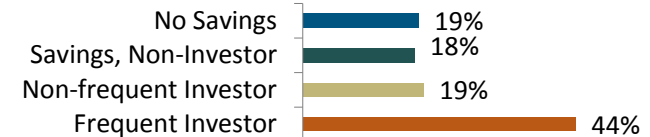
[asked of all respondents; n=5,000]



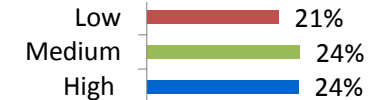
2017 Sample Breakdown ▶▶

Those who say likely

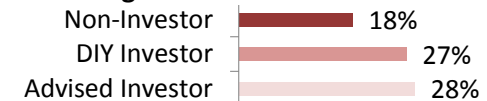
Investor Segments



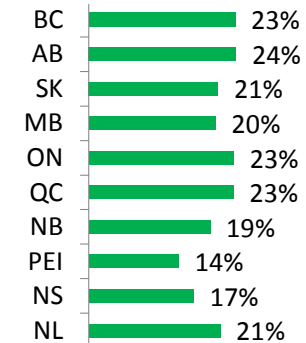
Investment Knowledge



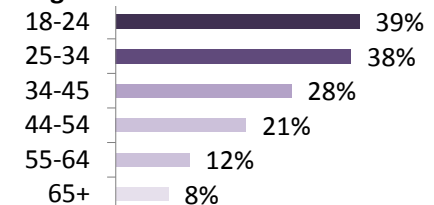
Adviser Segmentation



Province



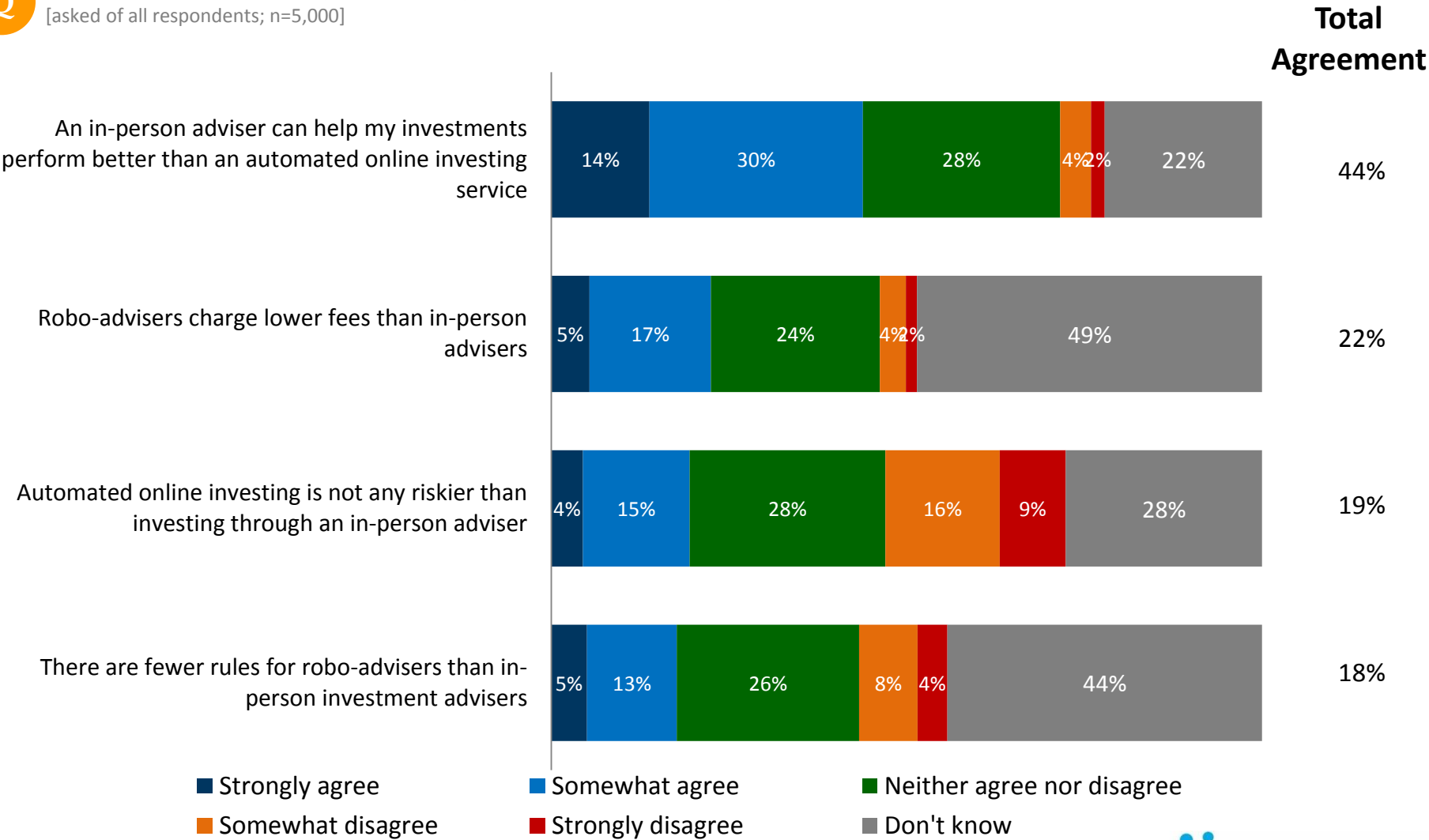
Age



Note: 'Don't know' (12%) not shown

Robo-adviser attitudes: many people are unsure or neutral; but plurality (44%) say in-person advisers perform better

Q Please indicate if you agree or disagree with the following statements?
[asked of all respondents; n=5,000]



Robo-adviser attitudes: Younger Canadians more likely to agree no riskier, but also feel that robo-advisers face fewer rules

Robo-Adviser Attitudes by Investor, Adviser Status and Age

Total Agree	Investor Type				Adviser Status			Age					
	No Savings	Savings, non-investor	Non-frequent	Frequent	Non-investor	DIY	Advised	18-24	25-34	34-45	44-54	55-64	65+
In-person out performs robo-advisers	39%	42%	45%	53%	41%	35%	53%	48%	47%	41%	42%	41%	45%
Robo-advisers charge lower fees	18%	20%	20%	39%	19%	26%	27%	30%	30%	28%	23%	16%	12%
Robo-advisers are no riskier	16%	18%	16%	35%	17%	21%	23%	27%	26%	26%	19%	14%	10%
There are fewer rules for robo-advisers	15%	14%	16%	30%	15%	16%	23%	26%	24%	19%	16%	13%	12%

Robo-adviser attitudes: High knowledge individuals most likely to say robo-advisers charge lower fees

Robo-Adviser Attitudes by Investment Knowledge and Province

Total Agree	Knowledge			Province									
	Low	Medium	High	BC	AB	SK	MB	ON	QC	NB	PEI	NS	NL
In-person out performs robo-advisers	42%	47%	43%	46%	43%	47%	49%	46%	40%	38%	41%	40%	41%
Robo-advisers charge lower fees	17%	24%	36%	25%	21%	20%	18%	23%	23%	14%	19%	19%	22%
Robo-advisers are no riskier	17%	21%	23%	21%	18%	17%	19%	20%	21%	15%	14%	14%	21%
There are fewer rules for robo-advisers	16%	19%	18%	17%	15%	18%	14%	18%	21%	13%	15%	11%	16%

Robo-adviser attitudes: Those familiar say they charge lower fees, but also feel performance is worse than in-person advisers

Robo-Adviser Attitudes by Robo-Adviser Familiarity, Use of Robo-Adviser and Length of Use

Total Agree	Robo-Adviser Familiarity				Use of Robo-adviser				Length of Use	
	Very/Some what familiar	Not very	Not at all	Never heard of/ Don't know	Primary account	Second account	Used in the past	Never used/ Don't know	New	Established
In-person out performs robo-advisers	56%	44%	45%	36%	39%	46%	65%	46%	46%	40%
Robo-advisers charge lower fees	49%	30%	17%	10%	49%	46%	46%	22%	49%	44%
Robo-advisers are no riskier	46%	24%	13%	10%	48%	48%	47%	16%	47%	49%
There are fewer rules for robo-advisers	39%	21%	13%	9%	32%	34%	50%	16%	37%	29%



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