



Canadian Mutual Fund & Exchange-Traded Fund Investor Survey



THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

L'INSTITUT DES FONDS
D'INVESTISSEMENT
DU CANADA



2019

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Research Objectives and Methodology

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Research Objectives

- In 2019, the Investment Funds Institute of Canada (IFIC) commissioned Pollara, an independent research firm, to conduct the 14th wave of IFIC's annual telephone survey of mutual fund investors in Canada.
- This year, the scope of this study was increased to also include Canadian Exchange-Traded Fund (ETF) holders. While in previous research, there were some investors who held both mutual funds and ETFs, this was the first year ETF investors were analyzed as their own group.
- The study was initiated by IFIC to better understand Canadian mutual fund holders, and now ETF holders, to identify their attitudes, opinions, needs, expectations and behaviours and to track these over time.
- In addition, this survey was designed to provide tracking for impacts on client knowledge and behaviour prior to the introduction of Point-of-Sale and Client Relationship Model Phase 2 regulation.
- This research illuminates investor attitudes and behaviour regarding mutual funds and ETFs, including:
 - Confidence in mutual funds/ETFs meeting financial goals;
 - Methods of purchasing mutual funds/ETFs and advisor's role in decisions;
 - Interest and use of alternative purchase channels;
 - Impressions regarding fees paid for mutual funds/ETFs and advice;
 - The use and perceived value of mutual fund/ETF statements and their changes; and
 - Changes in these measures over the course of the research program.

Research Methodology

- This research was conducted with Canadian investors who are eighteen years of age or older and who make all or some of the decisions regarding the investments in their household.
- Among mutual fund investors, 1,024 telephone interviews were conducted. These interviews were conducted between May 27 and June 17, 2019. Results with a sample of this size can be considered accurate to within $\pm 3.1\%$, at a 95% level of confidence.
- Among ETF investors, 500 telephone interviews were conducted. These interviews were conducted between May 27 and June 28, 2019. Results with a sample of this size can be considered accurate to within $\pm 4.4\%$, at a 95% level of confidence.
- National results have been weighted based on 2019 PMB data* to ensure they are representative of mutual fund/ETF holders by region and gender. Interviews were conducted in either English or French, depending on the respondent's language preference.

Research Methodology

- National results from 2019 mutual fund investors are tracked against results from previous waves of research. Generally speaking, changes of five or fewer percentage points from one year to another are not considered statistically significant and are noted only when they appear to confirm part of an on-going multi-year trend.

Year	Sample Size	Margin of Error	Interview Dates
2019	1,024	±3.1%	May 27 to Jun. 17, 2019
2018	1,000	±3.1%	Jun. 11 to Jul. 6, 2018
2017	1,000	±3.1%	Jul. 11 to Jul. 25, 2017
2016	1,000	±3.1%	Jun. 29 to Jul. 14, 2016
2015	1,008	±3.1%	Jul. 20 to Aug. 10, 2015
2014	1,002	±3.1%	Jul. 10 to Aug. 4, 2014
2013	1,004	±3.1%	Jun. 23 to Jul. 7, 2013
2012	1,000	±3.1%	Jun. 13 to Jul. 2, 2012
2011	1,006	±3.1%	Jun. 10 to Jun. 24, 2011
2010	1,002	±3.1%	Jun. 11 to Jun. 24, 2010
2009	1,002	±3.1%	May 28 to Jun. 9, 2009
2008	1,895	±2.3%	May 29 to Jun. 17, 2008
2007	2,508	±2.0%	May 23 to Jun. 27, 2007
2006	1,865	±2.3%	Jun 15. To Jul. 11, 2006

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



Key Findings

Key Findings

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

Attitudes towards Investment Products and Strategies

- Mutual fund investors continue to have more confidence in mutual funds than in other investment vehicles (stocks, GICs, bonds and ETFs).
 - Confidence in mutual funds remains much higher than in other vehicles, with confidence increasing slightly this year.
 - Confidence in stocks increased this year, while confidence in other products remains consistent to 2018.
 - Confidence in ETFs among mutual fund investors continues to be low.
- While ETF investors have a high confidence in ETFs, they also feel confident in stocks and mutual funds.
 - Their level of confidence in ETFs is similar to mutual fund investors' confidence in mutual funds.
 - Confidence in stocks and mutual funds is as high as confidence in ETFs among these ETF investors.
 - ETF investors have less confidence in GICs and bonds.

Key Findings

ETF investors have a more diverse portfolio that is more likely to change compared to mutual fund investors.

Investment Portfolios and Purchases

- Most investors have more than one type of investment product in their portfolio.
 - While this is true of mutual fund investors, half of their portfolios are made up of mutual funds, with stocks and GICs also being included.
 - ETF investors have a more diverse portfolio, consisting of almost an equal amount of ETFs, stocks and mutual funds.
 - ETF investors are more likely to make changes to their portfolio in the next year.
 - That said, one-quarter of mutual fund investors plan to increase their ETFs in their portfolios.
- Mutual fund purchases have seen a decrease this year, with only one-third of mutual fund investors making a past 12 month purchase, down 9 points over last year. Past 12 month purchases by ETF investors are much higher, with almost half of these investors making a purchase.

Key Findings

While use of advisors has declined slightly, they continue to be valued and trusted by those who use them.

Assessment of Investment Advisor

- While mutual fund investors continue to use advisors for the majority of purchases, this has seen a decline of 5 points this year. ETF investors are less likely to rely on advisors, instead purchases are almost evenly split between advisors and online brokerages.
- Investors, be it in mutual funds or ETFs, are satisfied with their advisors.
 - Mutual fund investors continue to see the value in their advisors, would not want to handle their own investments and feel their advisor gives them good savings/investment habits.
 - While less than half of ETF investors used advisors for their last purchase, those who have agree with these sentiments. That said, they are somewhat less likely to feel they would not want to handle their own investments or that they have better habits because of their advisors.
- Advisors continue to discuss the suitability of the investment to meet goals with both mutual fund and ETF investors, with little change seen in this finding over the past 13 years.

Key Findings

Advisor conversations about fees, in all forms, are on the rise. Confidence in knowledge about fees has also increased.

Knowledge of and Attitudes toward Fees

- Since the launch of CRM2, the nature of discussions between advisors and their clients have changed. Almost nine-in-ten investors have had some conversation with their advisors about fees or compensations. Specifically, the greatest increase was seen in discussions about fee/compensation (up 18 points), with discussions about MER increasing by 8 points and fees paid to the firm by 5 points.
- ETF investors who use advisors agree that these conversations are happening at the same frequency as mutual fund investors.
- Both ETF and mutual fund investors are confident in their knowledge of the fees paid to their advisors, with this confidence increasing for mutual fund investors over last year.
 - While advisors are a main source of information about fees, investors (particularly ETF investors) use other sources, such as statements to get information.
- The majority of mutual fund investors state they do not pay a direct fee.
 - While mutual fund investors continue to prefer advisors be paid through embedded fees, they are more open to a direct fee than last year.

Key Findings

Investors continue to become more discerning about the information they are receiving, and are more likely to take action because of it.

Information Requirements and Investment Statements

- While awareness of Fund Facts has increased since 2016, mutual fund investors are less satisfied with the information they receive when purchasing a mutual fund.
- With the launch of CRM2, a decline in satisfaction with the information contained in annual statements was seen in the 2018 research. This satisfaction has not rebounded this year. Instead, there has been a further softening in the levels of satisfaction with the information contained in these statements.
 - While overall satisfaction among mutual fund investors has declined only slightly compared to last year's findings, the proportion who have given statements an excellent rating has decreased significantly.
 - Impression of statements among ETF investors is similar to that of mutual fund investors, with the exception of the statement's ability to clearly show fees paid to firm, which receives a higher overall satisfaction among ETF investors.
- While still a minority, there has been an increase in the likelihood of taking action due to information contained in the statements.
 - The likelihood among mutual fund investors has increased by 7 points to almost one-quarter. They are more likely to talk to their advisors than switch advisors or methods of purchase.
 - ETF investors are even more likely to take action and are more likely to consider investing on their own or using online tools.

Key Findings

While mutual fund investors continue to have little interest in online tools, ETF investors are likely to use online brokerages.

Digital Investment Tools

- Among mutual fund investors, awareness of online brokerages has increased but usage has remained the same. Confidence and likelihood to use these tools remains low.
- ETF investors are more open to online brokerages, with half having used them.
 - These tools are used to purchase stocks and ETFs.
 - Two-thirds of ETF investors feel confident with online brokerages, and are likely to use them in the future.
- Behaviours around robo-advisors is similar to that of online brokerages among mutual fund investors, with awareness increasing since last year, but usage staying the same.
 - Confidence in robo-advisors remains low this year, with likelihood to use among mutual fund investors dropping even lower than that seen in 2018.
- ETF investors are less open to using robo-advisors than they are online brokerages.
 - Awareness, usage, confidence and likelihood to use are all lower than with online brokerages.
 - While 30% feel confident in robo-advisors, 18% feel it is likely they will use one.

Conclusions – Mutual Fund Investors

- Mutual fund investors continue to have more confidence in this product than in other products, with this confidence increasing slightly this year. While they are likely to have a variety of products in their investment portfolios, mutual funds are their primary investment vehicle. That said, this could be shifting, with the past 12 month purchase of mutual funds declining, and one-quarter considering an increase of ETFs in their portfolios.
- Mutual fund investors continue to rely strongly on advisors; however, there has been a slight decrease in their use this year. Satisfaction with advisors is still very strong and mutual fund investors express a reluctance to manage their investments without them.
- Conversations with advisors regarding fees, in all forms, is on the rise. With this rise in conversations has come a rise in confidence in understanding fees and openness to direct fees (although embedded fees are still preferred).
- Mutual fund investors continue to become more discerning when it comes to the information contained in their statement. While overall satisfaction with the ease of understanding, providing the necessary information and information on fees and returns has declined slightly compared to last year's findings, those who give each an excellent rating has declined significantly. There has been a slow increase in the likelihood of investors to take action due to this information over the past two years, but investors are more likely to talk to advisors or switch out specific funds rather than change their method of purchase.
- While awareness of online brokerages and robo-advisors is on the rise, there continues to be little interest in these tools.

Conclusions – ETF Investors

- ETF investors are not as loyal to this investment product. While they are confident in ETFs' ability to meet goals, they have the same confidence in mutual funds and stocks, and are likely to carry these products in equal amounts in their portfolios.
- ETF investors are more likely to have made an investment purchase in the past year, and are more open to changing the diversity of their portfolio moving forward, when compared to mutual fund investors.
- These investors are less reliant on advisors; instead, they are much more willing to handle their own investments particularly through the use of online brokerages. While they are aware of robo-advisors, they are not likely to use them.
- ETF investors who use an advisor have had discussions about fees, in their different forms, at the same frequency as mutual fund investors. They feel the same level of confidence in their knowledge of fees as do the mutual fund investors.
- Levels of satisfaction with annual statements are similar with ETF investors as they are with mutual fund investors, with the exception of the statements' ability to show fees paid, which is higher among ETF investors. These investors are more likely to take action because of the information in the statements and are more open to handling their investments themselves.



Results in Detail

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Attitudes towards Investment Products and Strategies

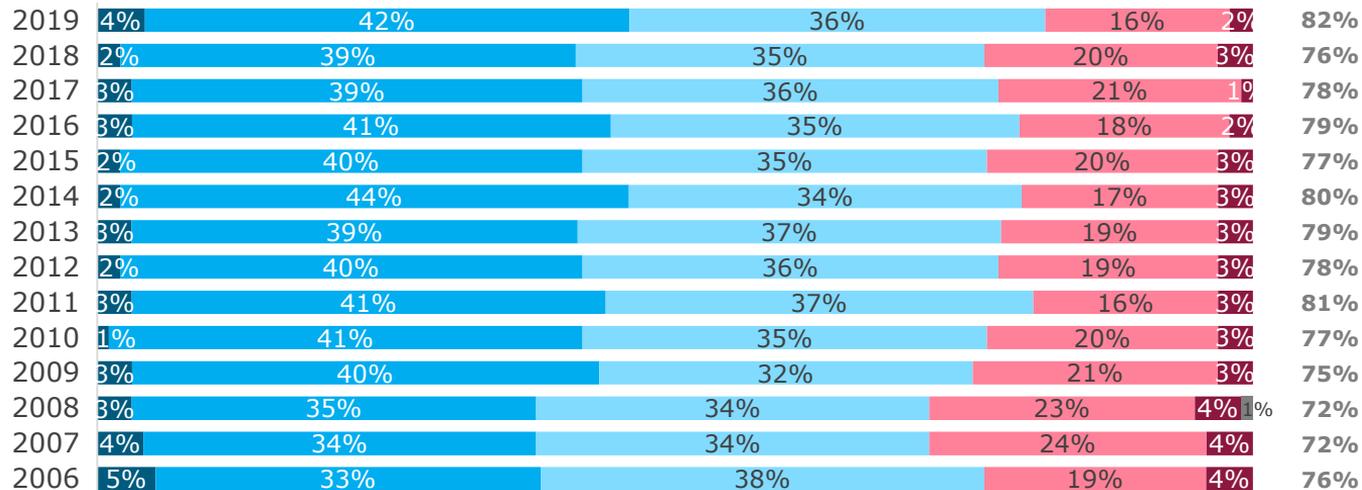
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Knowledge About Investing in Mutual Funds

Knowledge level in investing in mutual funds has increased over last year.



- The proportion who are knowledgeable about investing in mutual funds has increased to 82%, from 76% last year, reaching an all-time high.
- This increase was seen more among men, with 86% saying they are knowledgeable, compared to 78% of women.



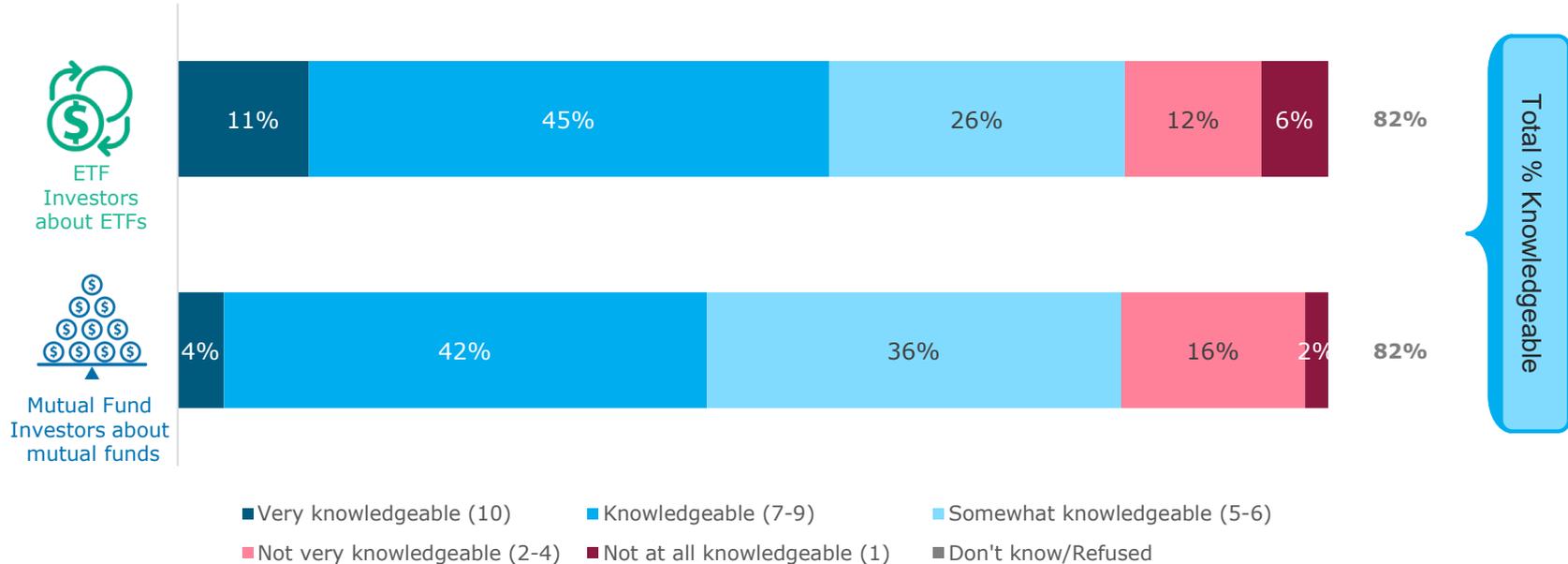
Total % Knowledgeable

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

Knowledge About Investing in ETFs

Knowledge in ETFs among ETF investors is similar to that of the knowledge mutual fund investors have in mutual funds.

- Four-fifths of ETF investors feel at least somewhat knowledgeable about ETFs. This is comparable to the 82% of mutual fund investors who say they have this level of knowledge about mutual funds.
- That said, this knowledge is stronger among ETF investors. More than one-tenth (11%) of ETF investors feel very confident in their knowledge about ETFs, compared to only 4% of mutual fund investors that feel very confident about their knowledge about mutual funds.
- As with mutual funds, men feel they are more knowledgeable about ETFs than women (85% vs. 73%). Knowledge is similar across age categories.



Q1. Using a 10 point scale, where 1 means 'not at all knowledgeable and 10 means 'very knowledgeable'; how knowledgeable would you say you are about investing in each of the following products? Base: Mutual Funds N=1024, ETFs N=500

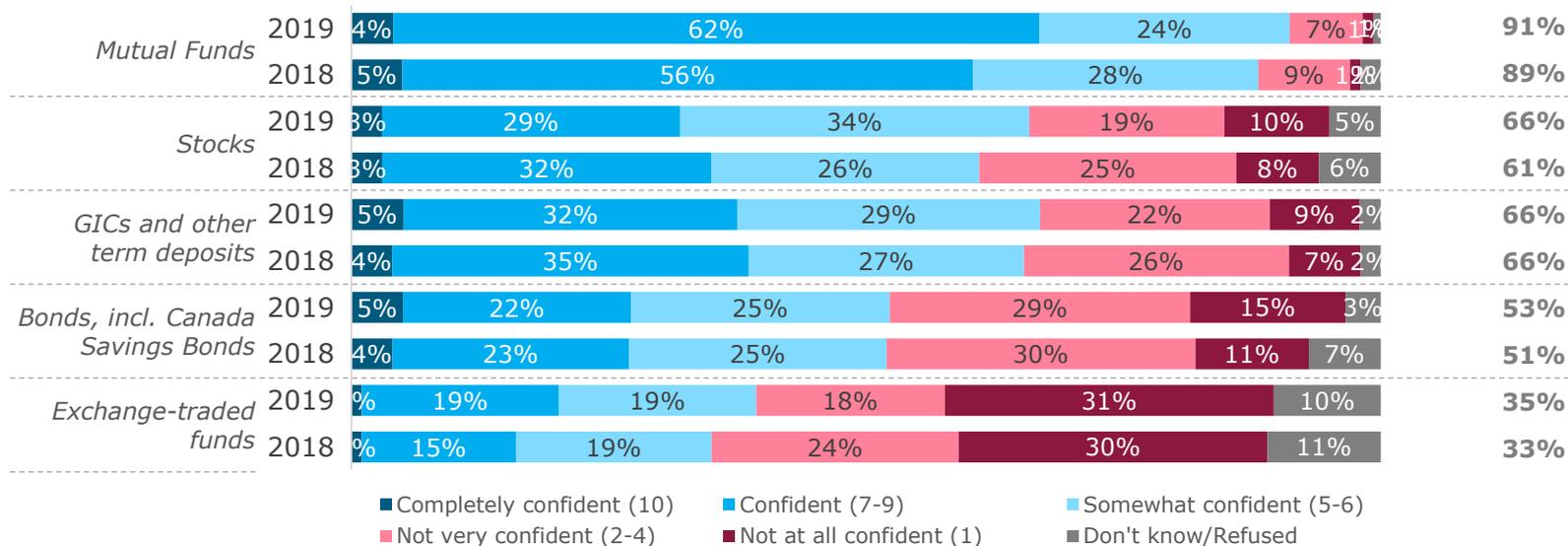
Confidence in Investment Products Meeting Financial Goals

Mutual fund investors continue to have high confidence in these funds.



Mutual Fund Investors

- Mutual fund investors continue to feel more confidence in mutual funds than other types of investments, with confidence increasing slightly this year (91%). Confidence in other investments types also remained stable this year.
- Men feel most confident in mutual funds (86% vs. 78% of women).



Total % Confident

Q3/Q4/Q5/Q6/Q7. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Mutual Funds N=1024

Confidence in Investment Products Meeting Financial Goals

ETF investors have high confidence in ETFs.

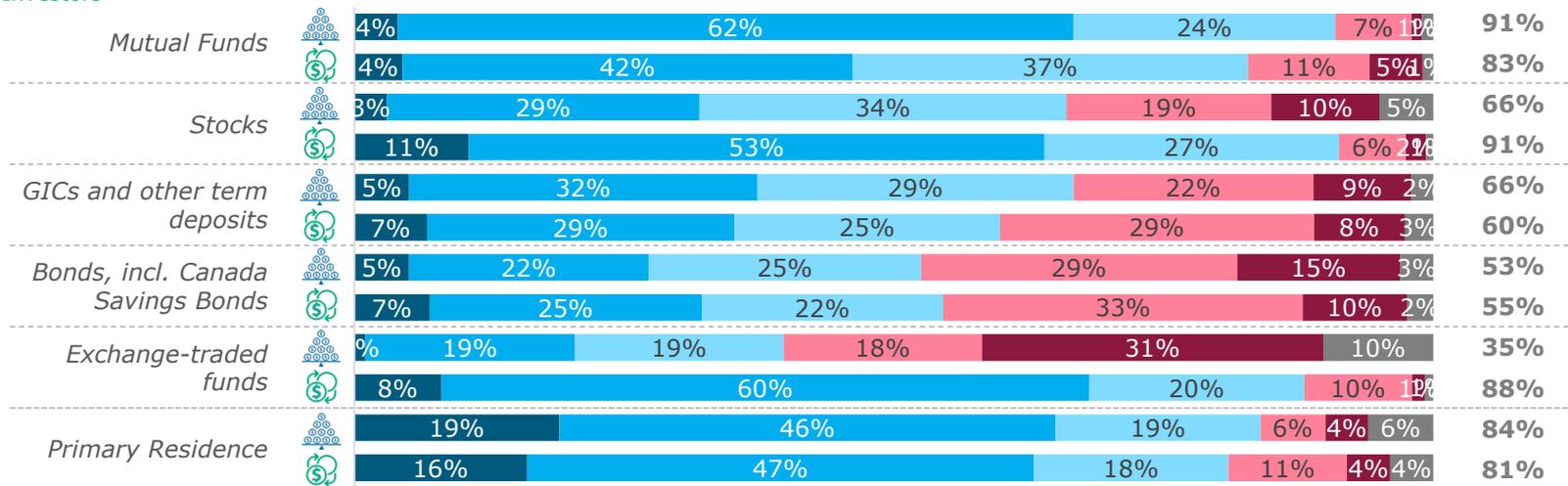


Mutual Fund Investors



ETF Investors

- Almost nine-in-ten (88%) ETF investors feel confident in ETFs. This is significantly higher than the confidence mutual fund investors have in ETFs (35%), and is similar to the confidence mutual fund investors feel in mutual funds (91%).
- ETF investors also feel a strong confidence in stocks (91%), but are less confident in GICs or bonds. Confidence in primary residence is similar among all investors.
- Men feel more confident in ETFs than do women (91% vs. 80% respectively).



Total % Confident

Completely confident (10)
 Confident (7-9)
 Somewhat confident (5-6)

Not very confident (2-4)
 Not at all confident (1)
 Don't know/Refused

Q3/Q4/Q5/Q6/Q7. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Mutual Funds N=1024, ETFs N=500

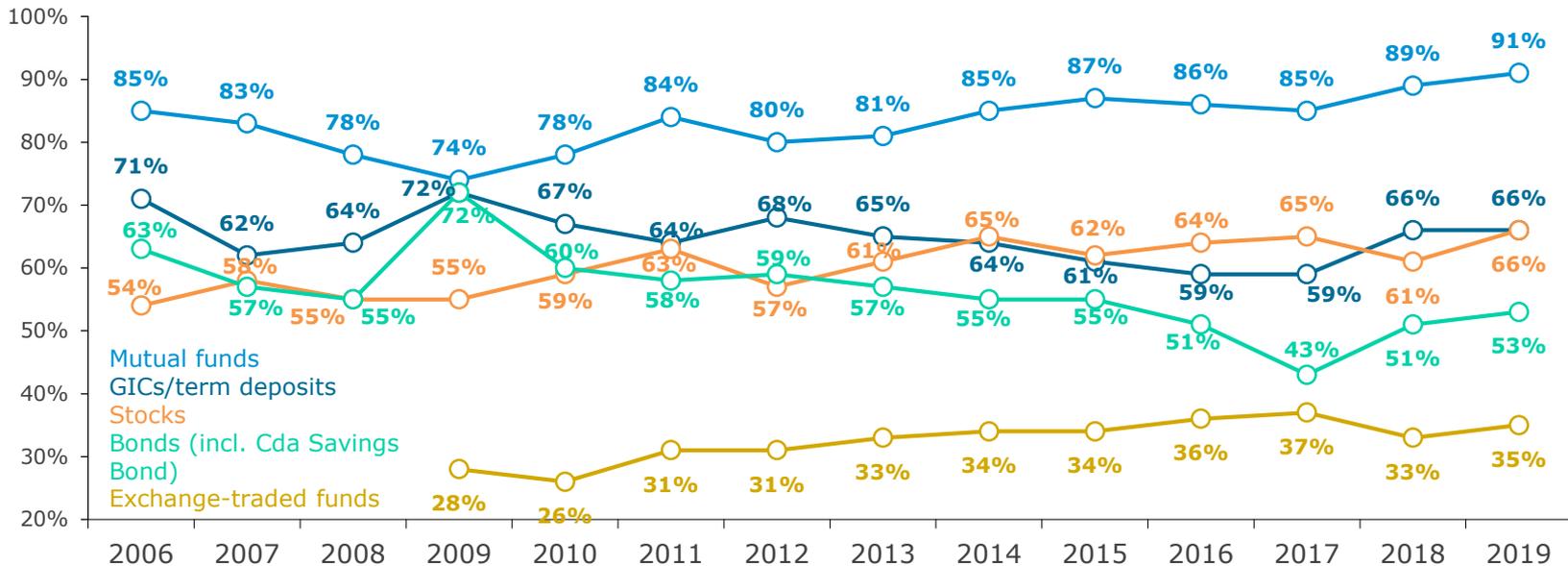
Confidence in Investment Products Meeting Financial Goals

Confidence in mutual funds continues to increase among mutual fund investors.



- Confidence in mutual funds continues its momentum, increasing to 91% from 89% last year.
- After an increase last year, confidence in GICs has leveled out at 66%.
- Confidence in stocks, bonds and ETFs have all seen a slight increase.

Mutual Fund Investors



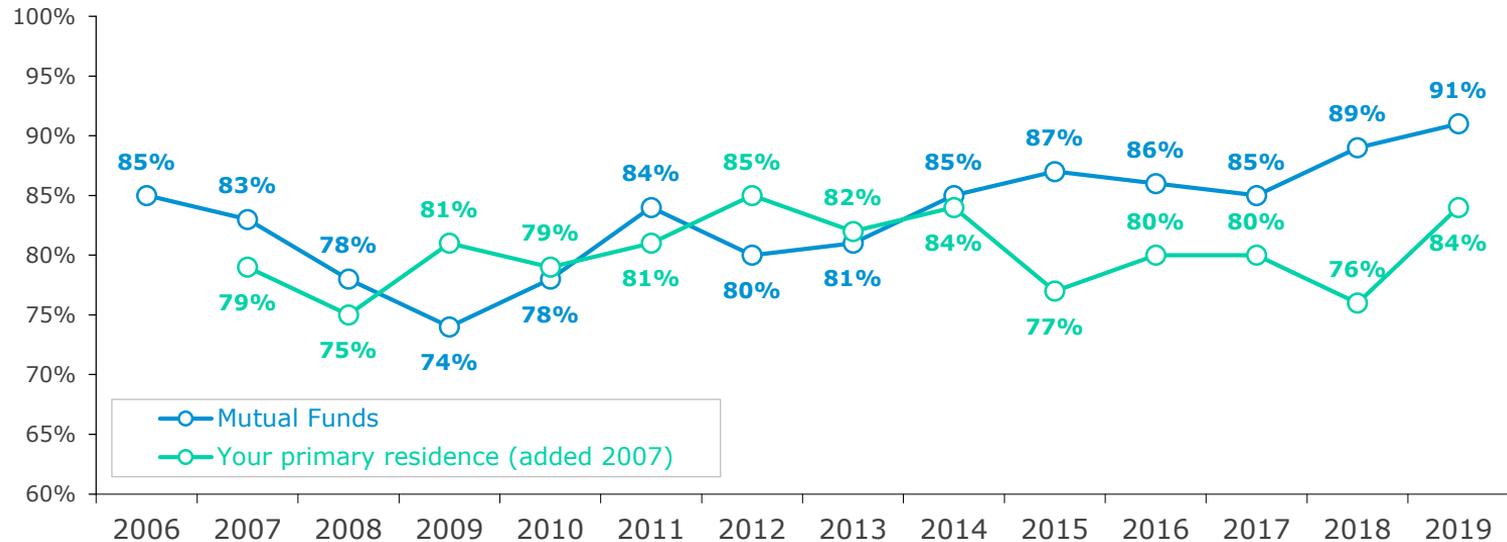
Q3/Q4/Q5/Q6/Q7. Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? Base: Mutual Funds N=1024

Confidence in Mutual Funds vs. Primary Residence

Confidence in primary residence as an investment saw an increase, lessening the gap between it and mutual funds, among mutual fund investors.



- The gap between confidence in mutual funds and primary residence as an investment has lessened this year, with confidence in housing increasing by 8 points, while confidence in mutual funds increased by only 3
- Confidence in the residence as an investment has increased to levels seen in 2014.
- Confidence in housing was similar across age and gender this year.





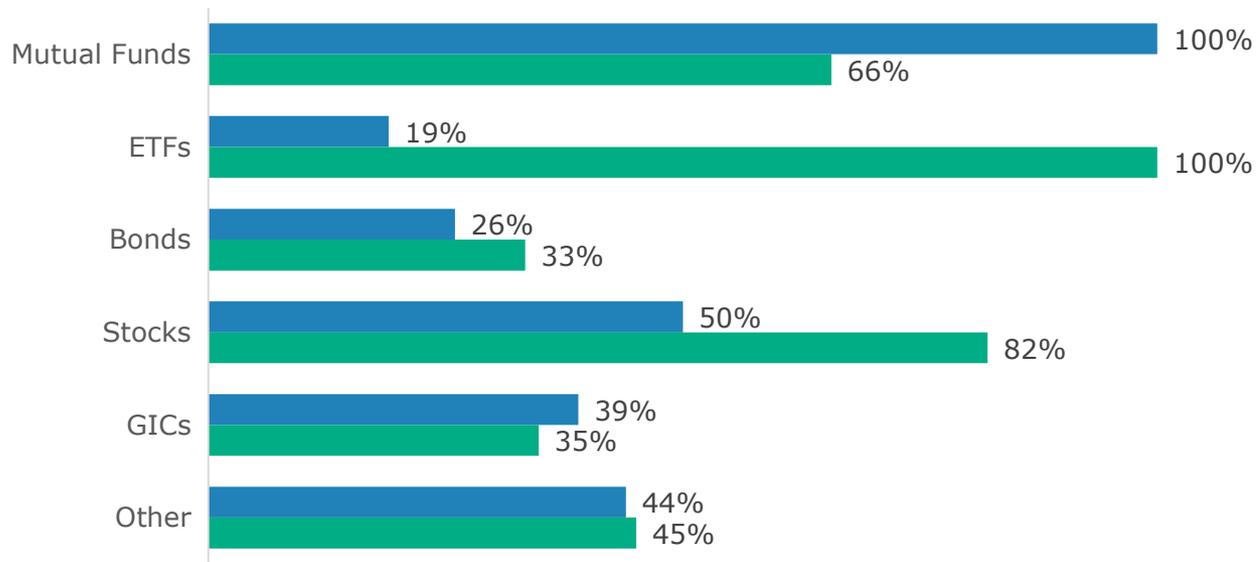
Investment Portfolios and Purchases

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Investment Portfolio

While the majority of mutual fund investors do not have ETFs, the majority of ETF investors have mutual funds.

- Most portfolios contain more than one type of investment (portfolios of mutual fund investors 93%, portfolios of ETF investors 99%).
- Canadian mutual fund investors are most likely to also have stocks (50%) in their portfolio, with two-fifths also having GICs and other investments. One-third of these investors have bonds and one-fifth have ETFs.
- While the majority of mutual fund investors do not have ETFs, the majority of ETF investors have mutual funds (66%). This group is even more likely to have stocks in their portfolio (82%) with GICs (35%) and bonds (33%) being less popular to this group.

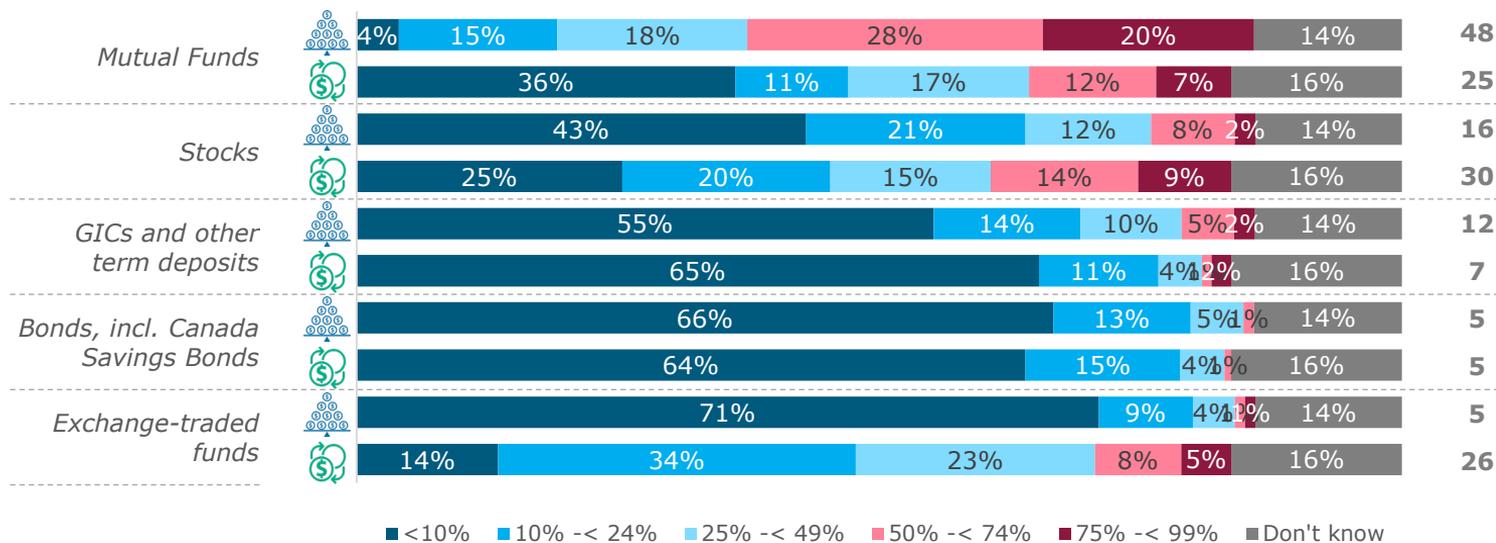


Composition of Investment Portfolio

ETF investors have a more diverse portfolio than mutual fund investors.



- When asked to describe the amount of each investment type in their portfolio, mutual fund investor portfolios are made up primarily of mutual funds (48% of their portfolio on average), with some investments in stocks (16%) and GIC (12%), and a small portion in bonds (5%) or ETFs (5%). In addition, these investors have an average of 14% of their portfolio in something else (other).
- ETF investors have a more diverse portfolio, with ETFs only making up an average of 26% of their portfolio. An almost equal proportion of their portfolio is made up of stocks (30%) and mutual funds (25%), with few investing in GICs (7%) or bonds (5%). These investors have 9% of their portfolio in other investments.



Average % of each investment in portfolio

Q9. You mentioned that you have more than one type of investment. What percentage of your investment portfolio is made up of... and how about... ? Base: Those with more than one investment type: Mutual Funds N=955, ETFs N=497

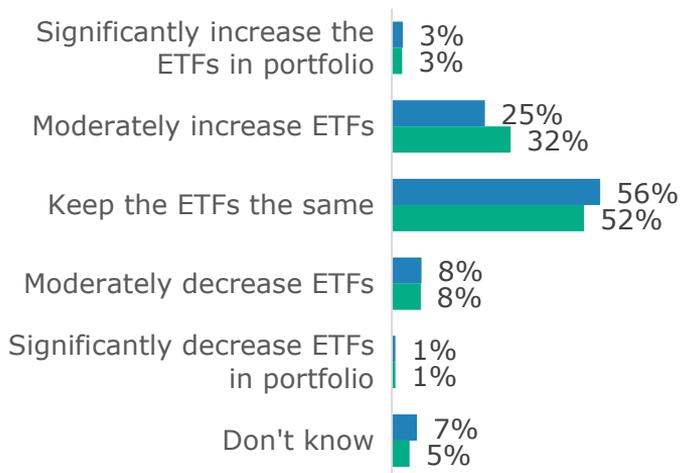
Future Changes to Investment Portfolio

ETF investors are more likely to change their portfolio composition in the next year.

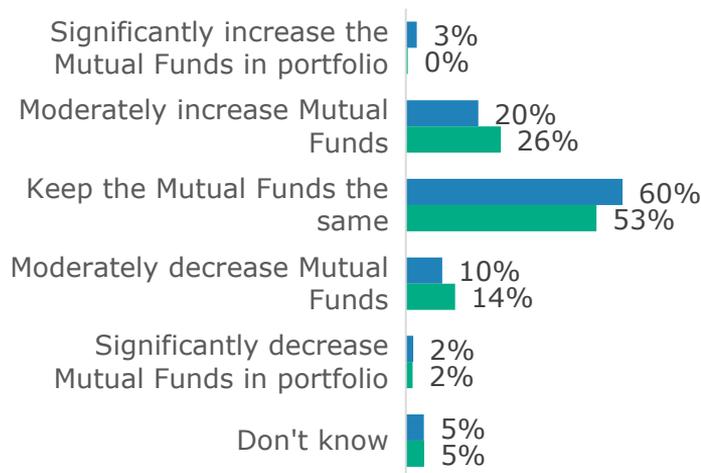


- Mutual fund investors are most likely to keep their portfolio as is, with more than half planning on keeping their mutual fund and ETF investments consistent over the next year (56% and 50% respectively). That said, 28% may increase their ETFs and 23% may increase their mutual fund investing.
- ETF investors are more open to change, with half saying they will keep their ETFs (52%) and mutual funds (53%) the same. They are more likely to increase their ETFs (35%) than their mutual funds (26%).
- 18-44 year olds are more likely to increase ETF investments (mutual fund investors 42%, ETF investors 55%).

Future ETFs Activity



Future Mutual Funds Activity



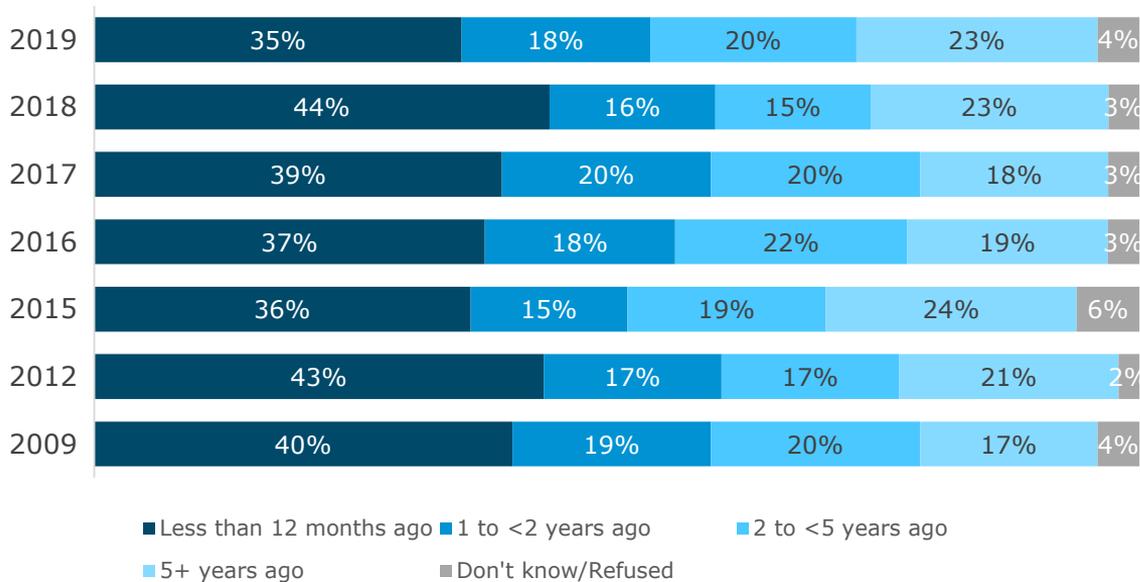
Most Recent New Fund Purchase

The past year purchases of mutual funds have decreased.



Mutual Fund
Investors

- Just over half (53%) of mutual fund investors have purchased a fund in the past two years, compared to 60% in 2018 and 59% in 2017. However, the proportion that has made a purchase in the past year has decreased from 44% last year to 35% this year.
- Those 65 and older are least likely to have made a purchase in the past two years (45% vs. 52% of 45-64 year olds and 60% of those 18-44)



Most Recent New Fund Purchase

Two-thirds of ETF investors have purchased a fund in the past two years.



ETF
Investors

- ETF investors are more likely to have made a recent purchase of ETFs, with 67% having done so in the past two years, 46% in the past year. Of this investor group that also owns mutual funds, they are likely to have done so at the same frequency, with 62% having purchased a mutual fund in the past two years, while 46% had done so in the past year.
- This compares to 53% of mutual fund investors who have purchased mutual funds in the past two years.
- These purchases are more likely to have been made by 18-44 year olds (73%) than 45-64 year olds (64%) or 65 and older (59%).



Mutual Fund
Purchased



ETF
Purchased



■ Less than 12 months ago ■ 1 to <2 years ago ■ 2 to <5 years ago
■ 5+ years ago ■ Don't know/Refused



Assessments of Investment Advisor

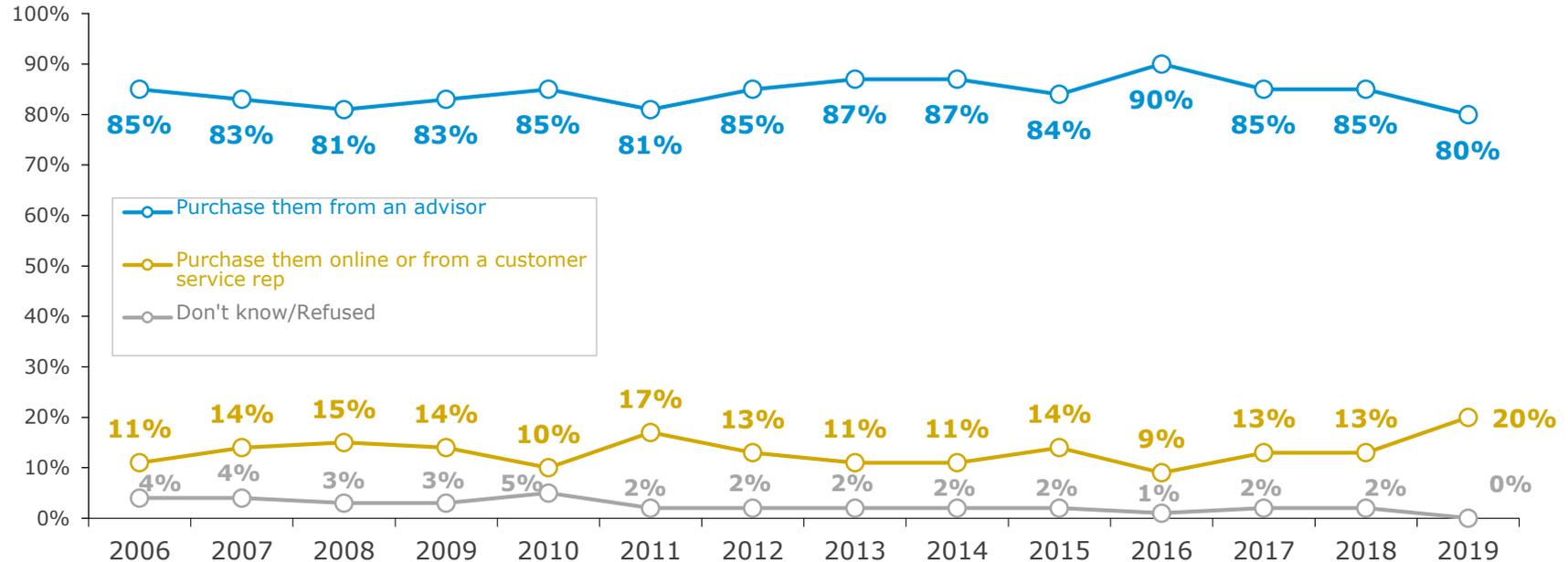
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Methods of Purchasing Mutual Funds: Most Recent Purchase

Likelihood of using an advisor to purchase mutual funds is down slightly.



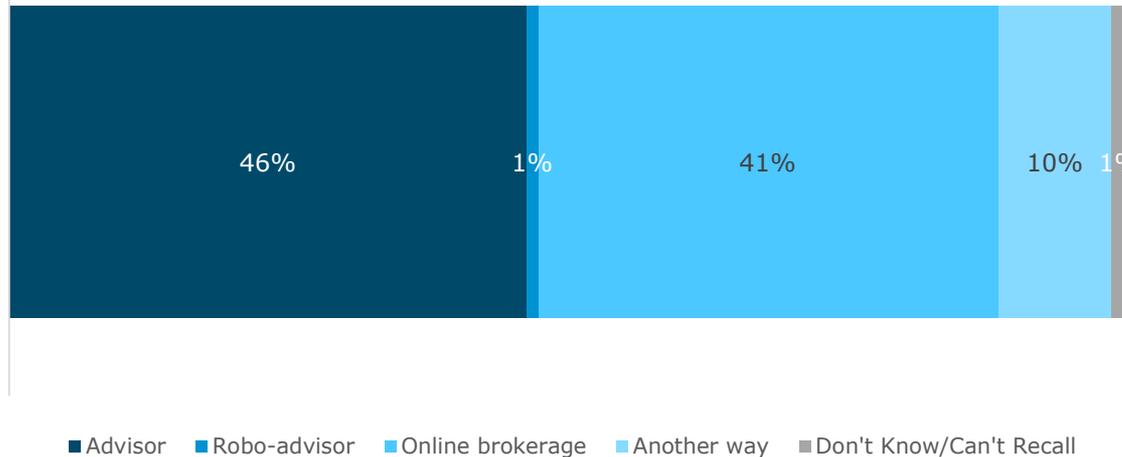
- The vast majority of people who purchase mutual funds continue to do so through an advisor (80%); however, this is down from the 85% who used an advisor last year.
- Those purchasing funds in another way has increased to 20% from 13% last year, with 7% doing so through an online brokerage and 13% in another. No one had made their last purchase through a robo-advisor.



Most Recent New Fund Purchase

ETF investors are more likely to have purchased ETFs without an advisor.

- The method of purchasing ETFs is split between those who use an advisor (46%) and those who use an online brokerage (41%). In comparison to how the mutual fund investors purchase mutual funds, ETF purchases are much less likely to be made through advisors.
- Those who are knowledgeable about ETFs are more likely to use an online brokerage (56%), although one-third (34%) made their last purchase through an advisor.
- Online brokerages are also more popular among 18-44 year olds (51%) and men (46%) when it comes to ETF purchases.

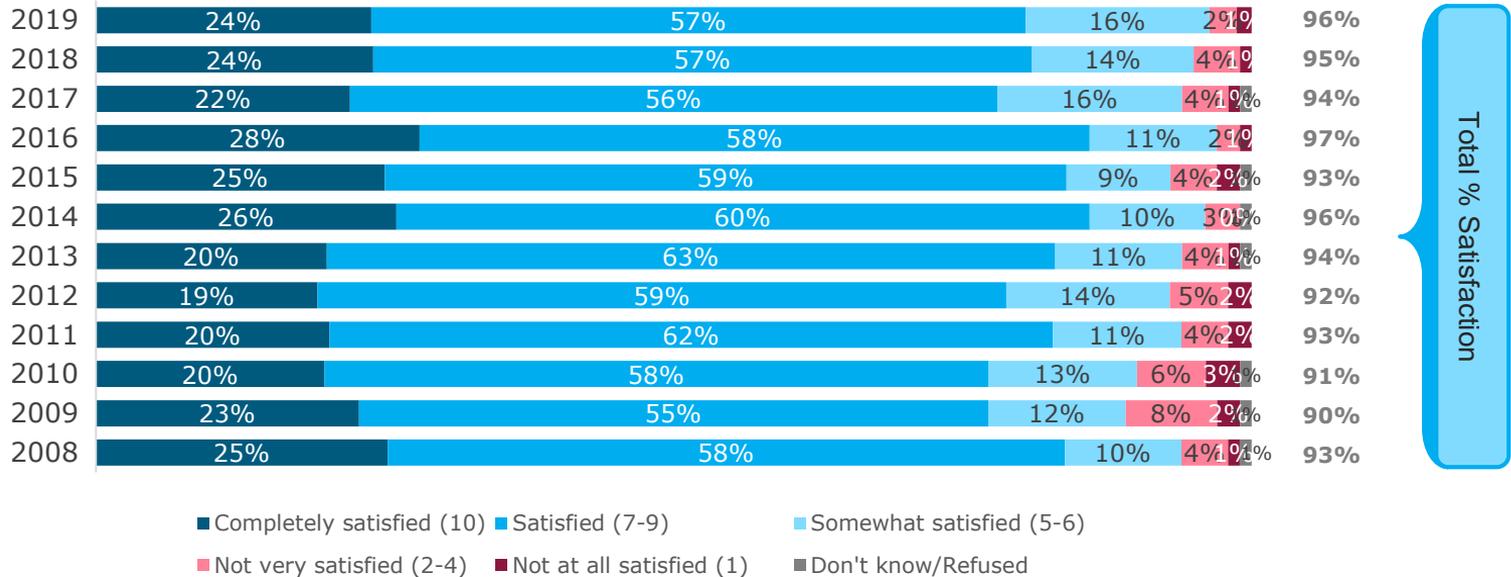


Satisfaction with Advisor's Advice

Mutual Fund investors continue to be satisfied with their advisors.



- The vast majority of mutual fund investors with an advisor report some level of satisfaction with this individual, with these results being consistent over the past decade.
- Satisfaction increases with age, with those 18-44 being less likely to say they are “completely satisfied” or “satisfied” (73%). Women are more likely to be completely satisfied with their advisor (31% vs. 18% of men).

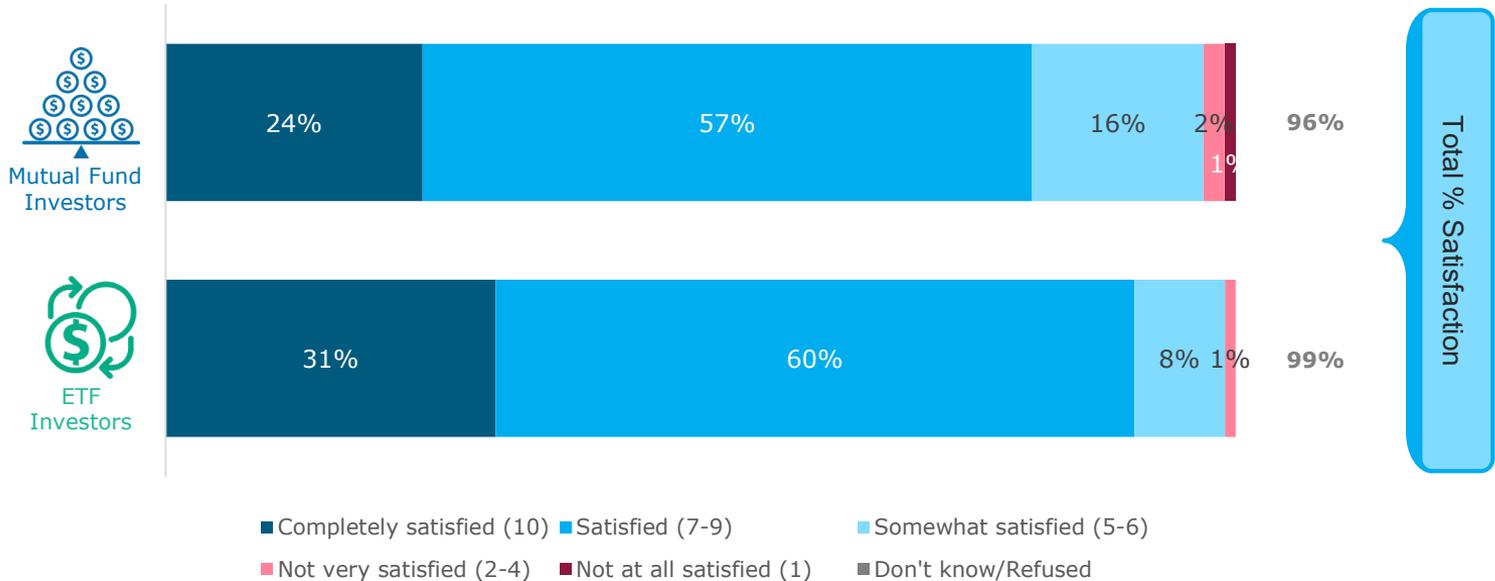


Q33. I would now like to ask you about your relationship with your financial advisor - meaning the advisor who you buy your mutual funds from. Using a scale from 1 to 10 where 1 means 'not at all satisfied' and 10 means 'completely satisfied', how satisfied are you with the advice provided by your financial advisor? Base - Purchased mutual funds from advisor: Mutual Funds N=707

Satisfaction with Advisor's Advice

ETF investors also report high satisfaction with their advisors.

- ETF investors also report high satisfaction with their advisors, with almost all (99%) giving them a positive rating.
- One-third (31%) say they are completely satisfied with the advisor, which is higher than the proportion of mutual investors who feel the same (24%).
- As with mutual fund investors, satisfaction increases with age, with those 18-44 being least likely to say they are “completely satisfied” or “satisfied” (86%) and women giving their investor a rating of 10 (45%) compared to men (24%).



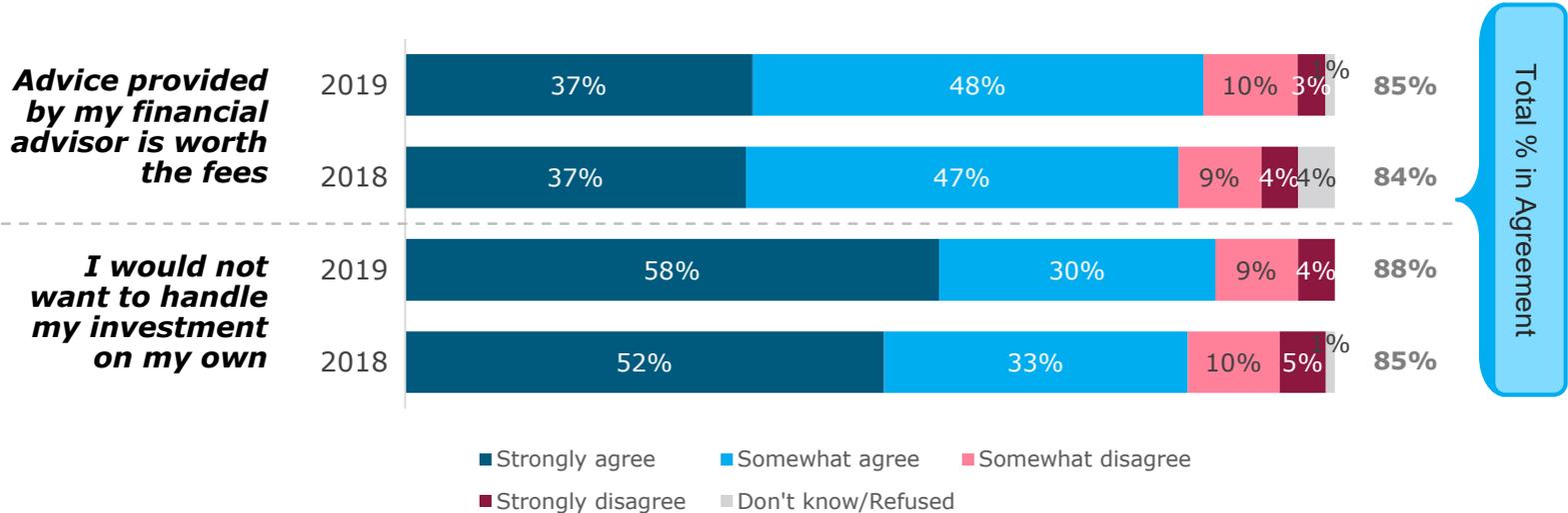
Q34. I would now like to ask you about your relationship with the advisor who you buy your ETFs from. Using a scale from 1 to 10 where 1 means 'not at all satisfied' and 10 means 'completely satisfied', how satisfied are you with the advice provided by your financial advisor? Base – Combination of MF/ETF Advisors: Mutual Funds N=844, ETFs N=285

Advisor Trust

Mutual fund investors feel their advisors add value.



- More than four-fifths (85%) of mutual fund investors agree that the advice they get is worth the fees, which is similar to the 84% who said the same last year.
- Additionally, they would not want to handle their investments on their own (88%), which is similar to last year's findings. That said, 58% strongly agree with this statement, which is up from the 52% who felt the same last year.



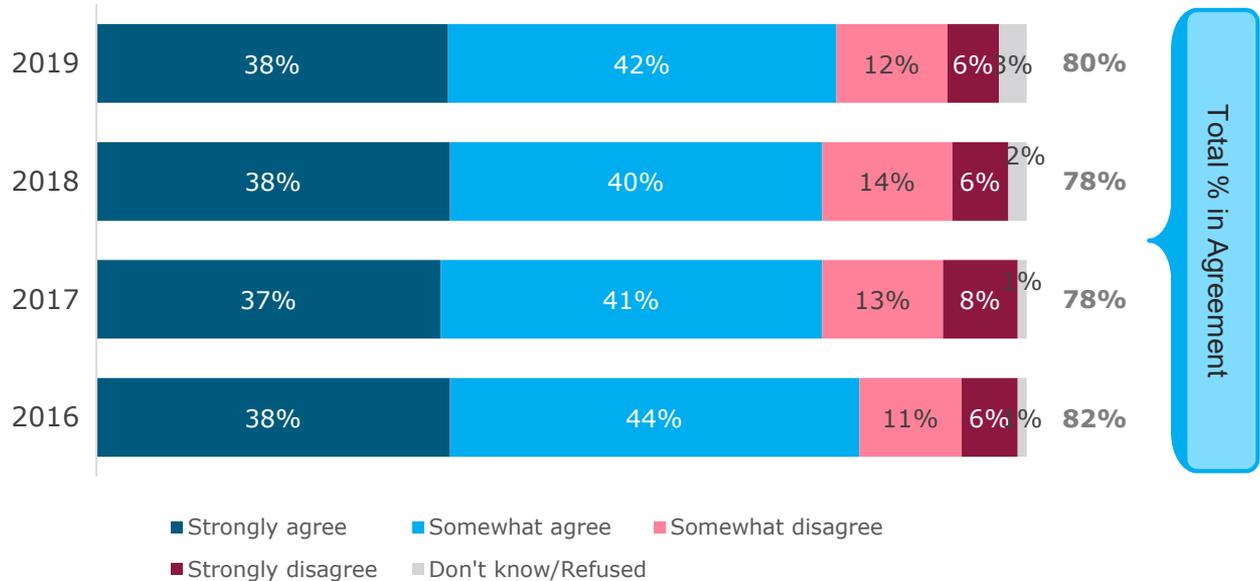
Advisor Trust

Advisors continue to promote better investing habits.



- Four-fifths (80%) of mutual fund investors say their advisor provides them with better savings habits, an increase from 78% last year.

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

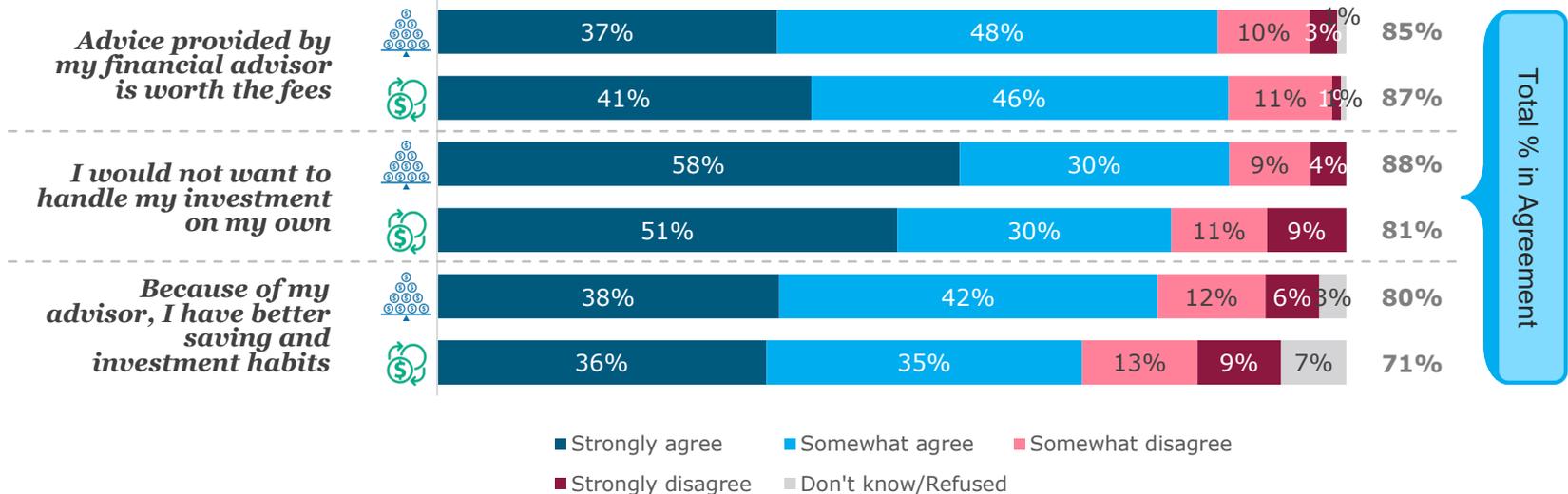


Advisor Trust

ETF investors also value and trust their advisors.



- The majority of ETF investors agree their advisors provide advice that is worth the fees, that they wouldn't want to handle their investments alone and that they have better habits due to their advisors. While they are less likely than mutual fund investors to say they wouldn't want to handle investments on their own, they feel more strongly in the value of the advice.
- While those with knowledge of ETFs value the advice they receive (93%), they are less likely to agree they wouldn't want to handle investments on their own (76%) or that they have better habits (67%).
- Agreement to all statements increases as the investor ages.



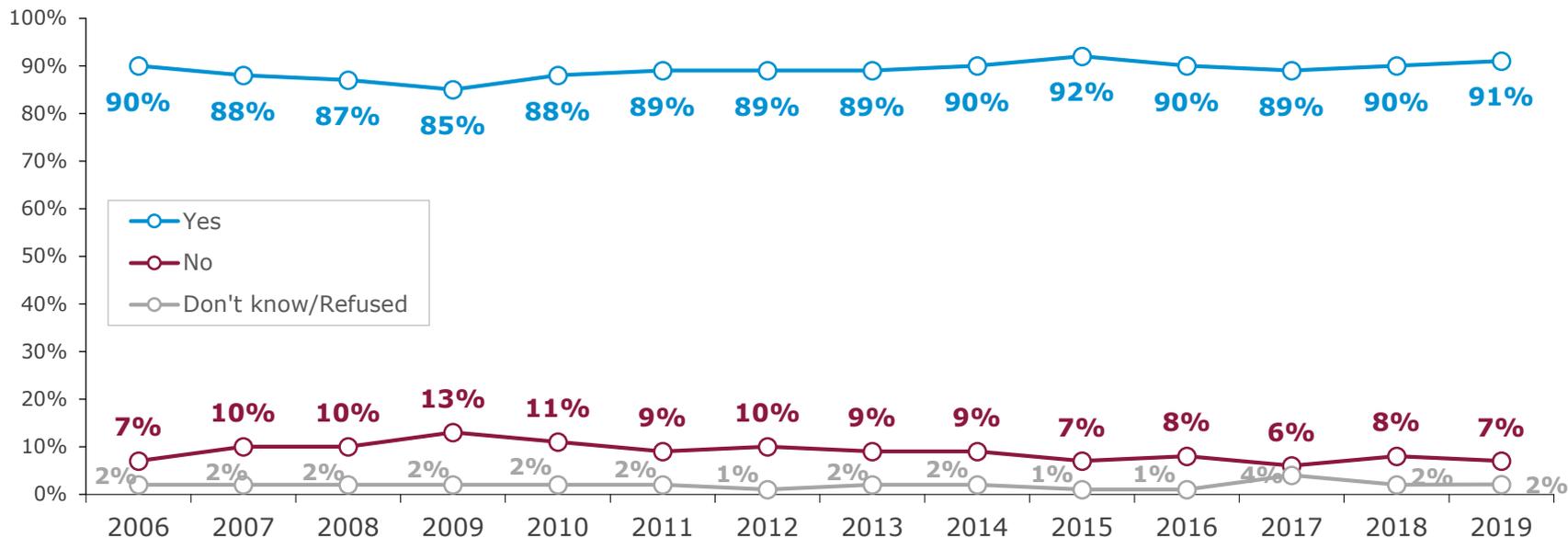
Whether Advisor Discussed Suitability

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



Mutual Fund
Investors

- Investors report that most advisors will talk to them about how mutual funds will help meet their goals. This has remained constant over the past decade.
- This is notably higher among those knowledgeable about mutual funds (94%) than those who consider themselves not knowledgeable (89%).





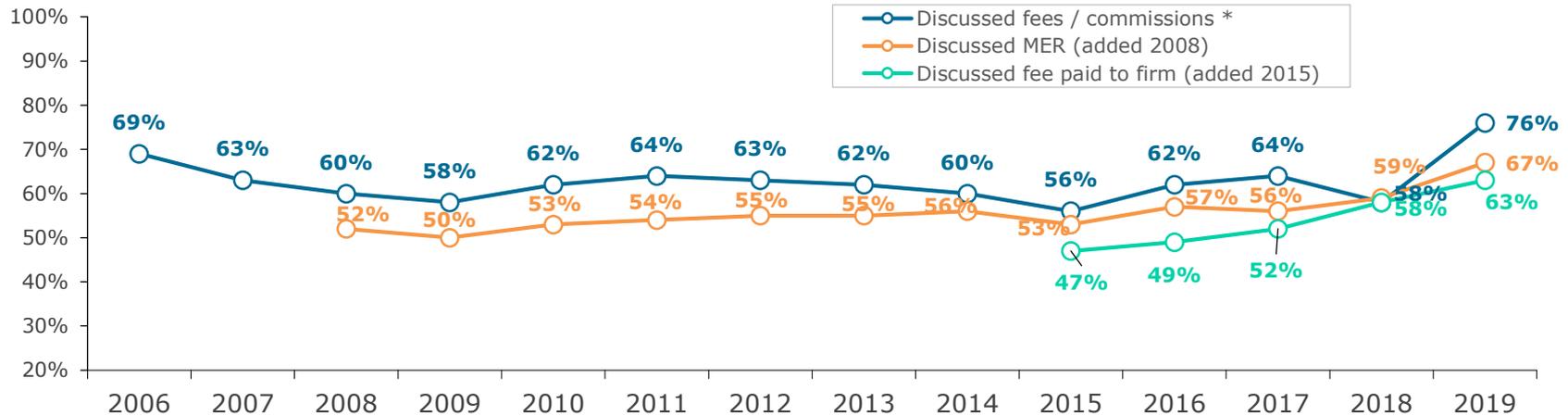
Attitudes Towards and Knowledge of Fees

Whether Advisor Discussed Compensation/Fees/MER

There has been an increase in conversations about fees/compensation.



- Almost nine-in-ten (88%) have had a discussion with their advisor about at least one of these three fee topics, while 49% had the conversation about all three.
- Three-quarters of those purchasing mutual funds from an advisor say the advisor had talked to them about fees. This is a significant increase from the 58% who had this conversation last year and the 64% who had it at the start of CRM2 in 2017.
- There has also been an increase in those who have had a conversation about MER (from 59% last year and 56% in 2017 to 67% this year) and fees paid to the firm (from 58% last year and 52% in 2017 to 63%)



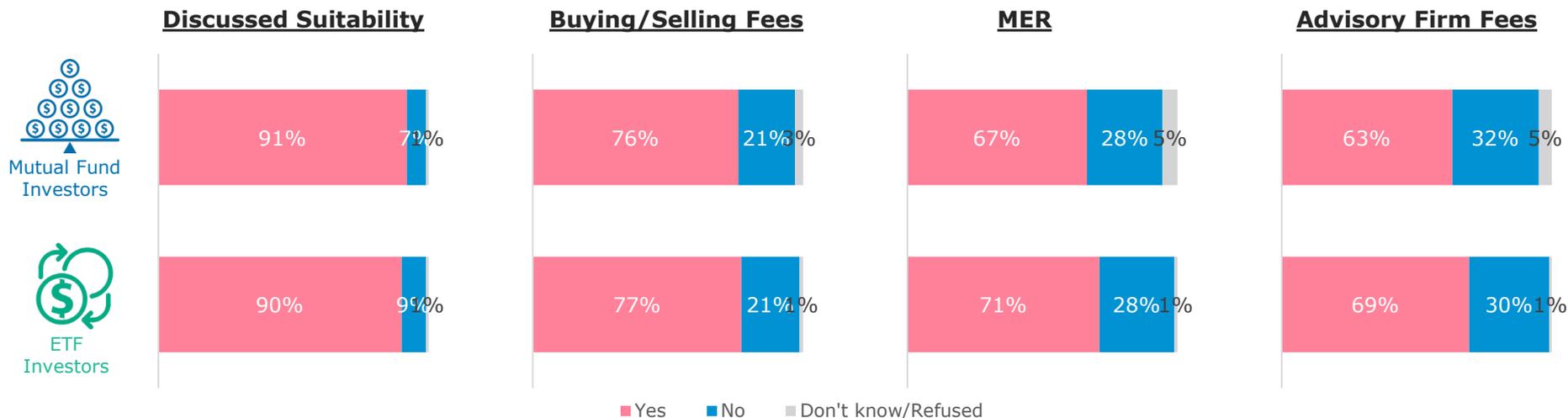
* Wording has changed from Discuss whether or not you will be charged a sales commission when you buy or sell the mutual fund – also called 'front-end load' and 'back-end load' fees in 2018 to Discuss whether or not your will be charged any fees when buying or selling your mutual fund. This can be called a front-end or back-end load or a trading fee in 2019

Q30-Q32. Thinking back to the last time you invested in mutual funds, did your advisor: Discuss whether or not you will be charged any fees when buying or selling your mutual fund/ETF/mutual fund or ETF. This can be called a front-end or back-end load or a trading fee? Discuss the fee the mutual fund /ETF / mutual fund or ETF company receives for managing, distributing and administering the fund, also known as the Management Expense Ratio or the MER? Discuss the fee paid to the firm where your advisor works? Base - Purchased mutual funds from advisor: Mutual Funds N=844

Whether Advisor Discussed...

Advisor conversations are the same, regardless of investment product.

- The likelihood of advisors covering a number of topics in their conversations is the same among mutual fund and ETF investors.
- Three-quarters of both types of investors having discussions about buying selling fees and two-thirds about MER and advisory firm fees. Almost all report having a discussion about the suitability of the investment.



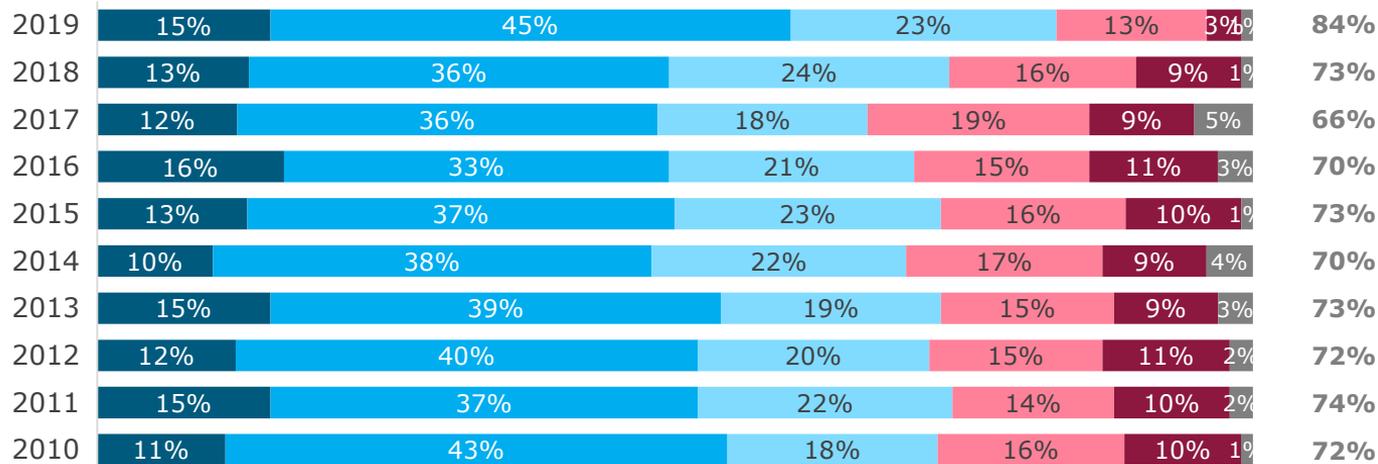
Q29- Q32. Thinking back to the last time you invested in ETFs, did your advisor: Discuss how well suited that ETF is for reaching your investment objectives? Discuss whether or not you will be charged any fees when buying or selling your mutual fund/ ETF/ mutual fund or ETF. This can be called a front-end or back-end load or a trading fee? Discuss the fee the mutual fund / ETF / mutual fund or ETF company receives for managing, distributing and administering the fund, also known as the Management Expense Ratio or the MER? Discuss the fee paid to the firm where your advisor works? Base - Purchased mutual funds from advisor Mutual Funds N=844. ETFs N=331

Confidence in Knowledge of Fee Payments

Confidence in fees paid has increased among mutual fund investors.



- More than four-fifths (84%) of mutual fund investors are confident in their knowledge of the fees they pay. This is an all-time high and a significant increase compared to the 73% who had the same confidence last year and the 66% who had it at the start of CRM2 in 2017. Specifically, those who feel very confident or confident has increased by 11-points over last year.
- Those who are knowledgeable about mutual funds are more likely to feel confident in their knowledge of fees (95%).



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

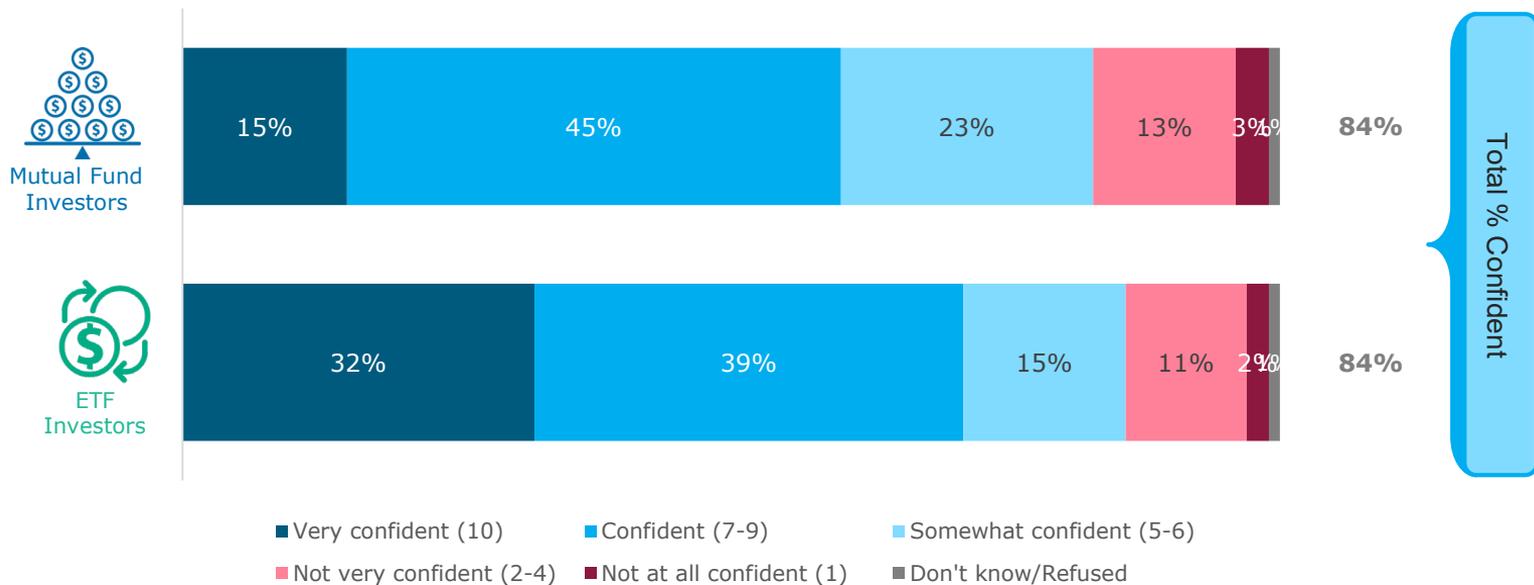
Total % Confident

Q39. Now I'd like to ask you a question about any fees and/or commissions you pay for your mutual funds. Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are you about your knowledge of any fees and/or commissions you pay for your mutual funds? Base: Mutual Funds N=1024

Confidence in Knowledge of Fee Payments

ETF investors are also very confident in their knowledge of the fees they pay.

- As with mutual fund investors, more than four-fifths (84%) of ETF investors are confident in their knowledge of the fees they pay.
- ETF investors are more likely than mutual fund investors to say they are very confident (32% vs. 15%).
- Younger investors are more likely to say they are very confident (37%) than are 45-64 year olds (29%) or those 65 and older (27%).

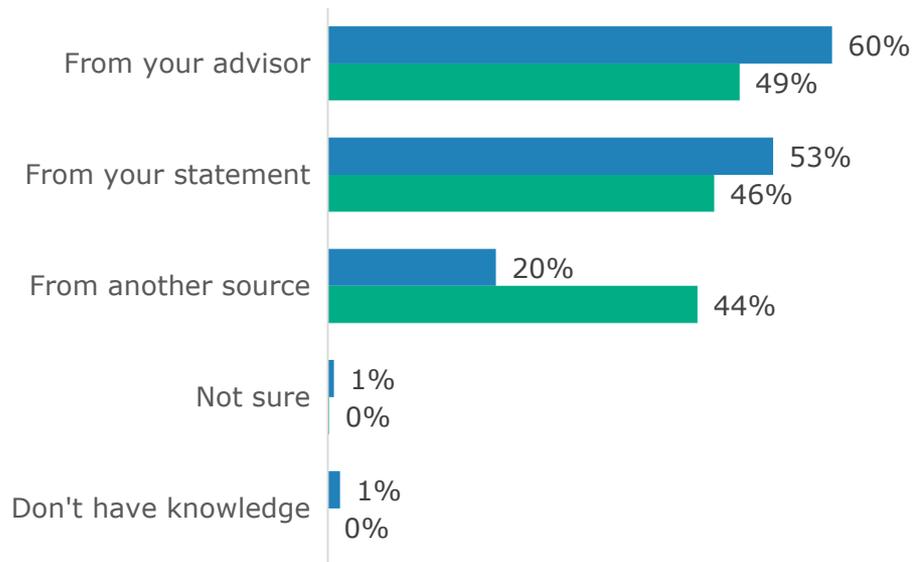


Q39. Now I'd like to ask you a question about any fees and/or commissions you pay for your mutual funds/ETFs. Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are you about your knowledge of any fees and/or commissions you pay for your mutual funds/ETFs? Base: Mutual Funds N=1024, ETFs N=500

Sources of Information about Fees

Mutual fund investors are more likely to get information from advisors.

- Mutual fund investors obtain information about fees from their advisors (60%) or to a slightly less degree, their statements (53%). Those who are knowledgeable about mutual funds are less likely to rely on advisors (53%) and more on their statements (55%). Older investors are more likely to rely on advisors (45-64 61%, 65+ 67%).
- ETF investors get their information from a number of sources, with 49% naming advisors, 46% their statement and 44% a different source. Those who are knowledgeable about ETFs are more likely to use another sources (58%) and less likely to depend on advisors or statements (39% each). Younger investors (60%) and men (51%) are also more likely to rely on other sources.

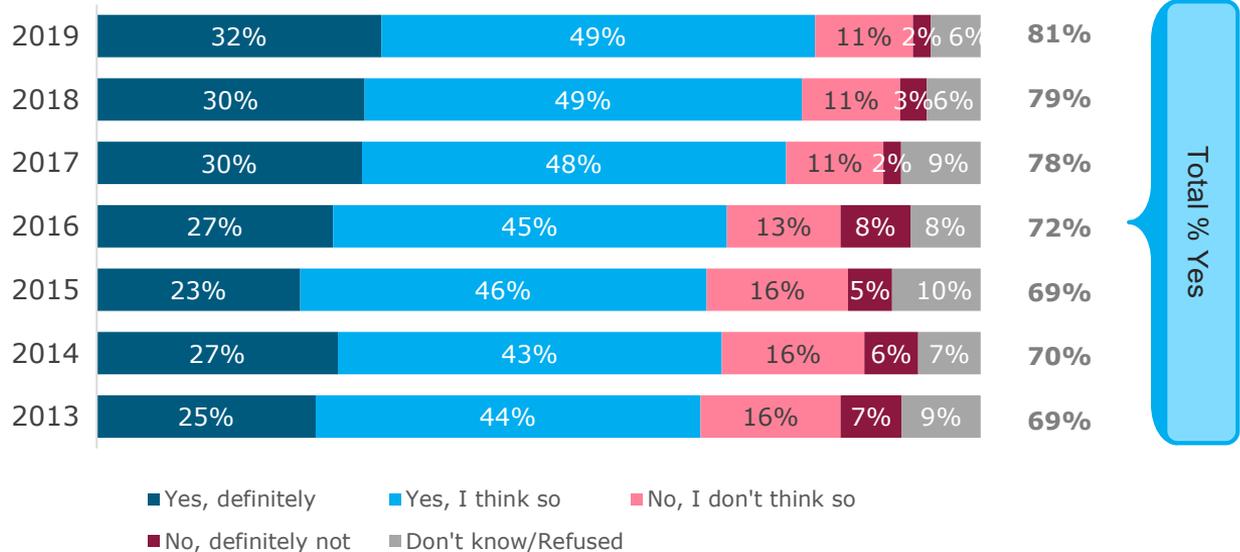


Advisor Compensation Structure

Four-fifths of mutual fund investors believe they pay a trailer to their advisors.



- The belief of the compensation structure for mutual fund purchases to pay their advisor continues its slow growth, up 2% since last year and 9% since 2016.
- Among those who are knowledgeable about mutual funds, 41% are certain in their knowledge.
- 18-44 year olds (24%) and women (22%) are less certain in this knowledge.



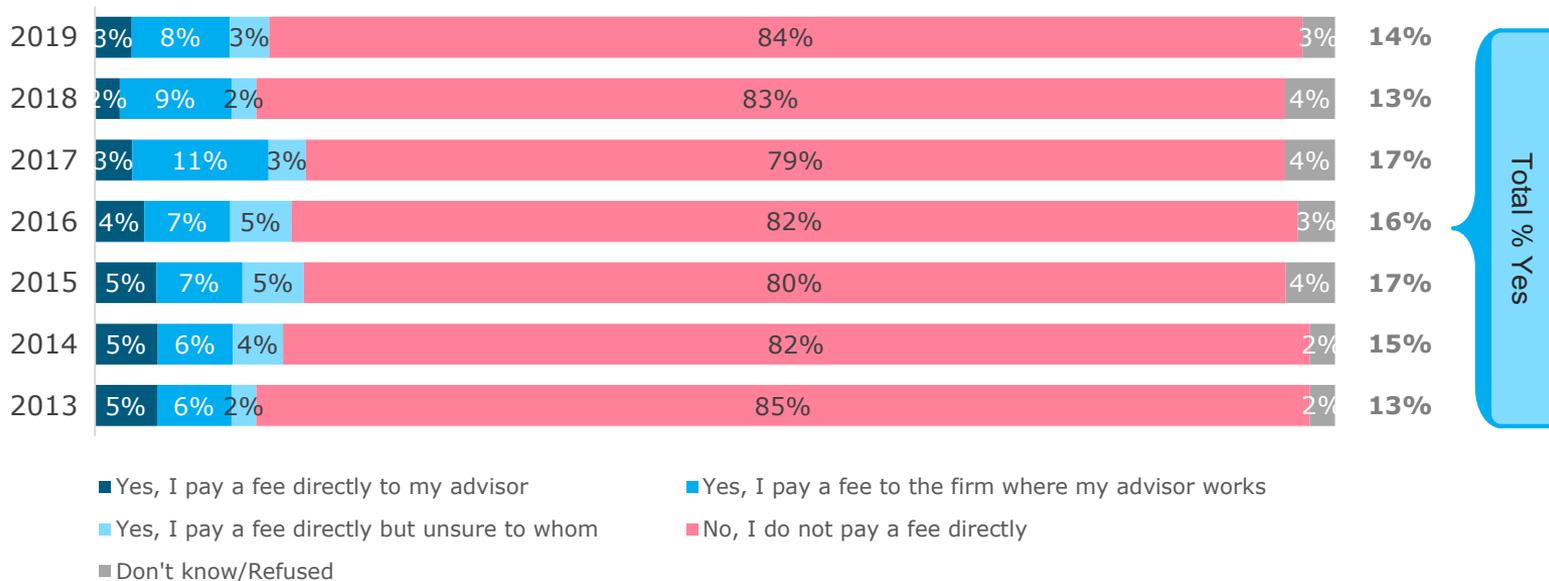
Q44. As far as you know, is part of the fees charged within the mutual funds you invest in used to compensate your financial advisor or your advisor's firm? Would you say...? Base - Purchased mutual funds from advisor: Mutual Funds N=844

Direct Fee Payments

Over one-in-ten mutual fund investors pay a direct fee to their advisor/firm.



- The number of mutual fund investors who state they pay a direct fee has remained constant, at 14% this year compared to 13% last year.
- Those 65 and older are more likely to state they pay a direct fee (23%) compared to 18-44 year olds (8%).

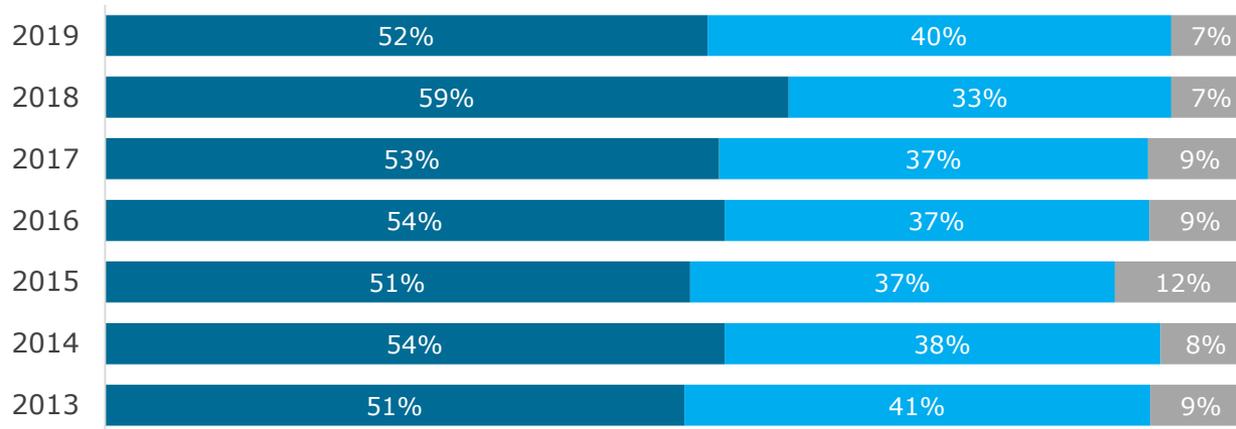


Compensation Model Preferences

Preference for payment through mutual fund fees decreases slightly.



- The majority of investors with advisors continue to prefer that their advisor be paid through mutual funds fees. This proportion has decreased from 59% last year to 52% this year – back to 2017 levels.
- Results are similar across all demographic groups.

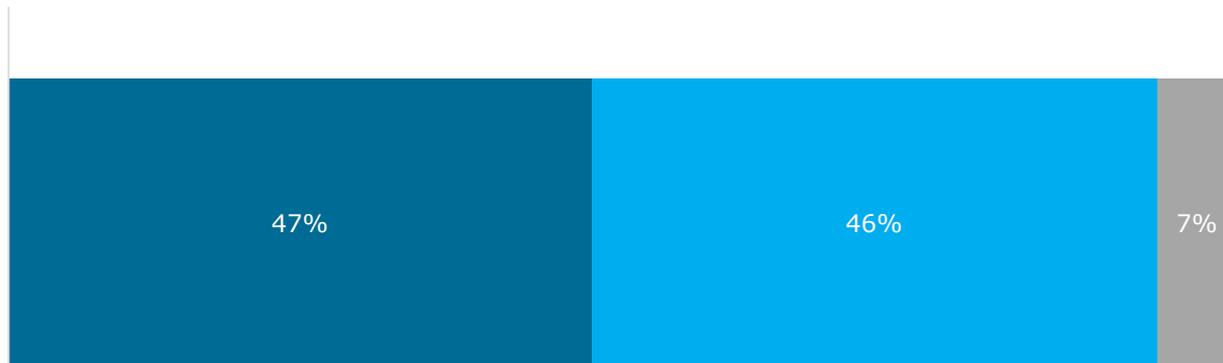


- I prefer that my advisor is paid through mutual fund fees that reduce my investment returns.
- I prefer to be charged a fee for ongoing advisory services directly by my advisor.
- Don't know

Compensation Model Preferences

ETF investors are split on their preferred compensation model.

- An almost equal proportion of ETF investors would prefer their advisors be paid through fees (47%) and be charged an ongoing fee (46%). This group is more open to a direct fee than are mutual fund investors.
- Those 65 and older would prefer a direct fee (56%), whereas 45-64 year olds would prefer it come from fees (53%). 18-44 year olds are more split on their views.



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



Information Requirements and Investment Statements

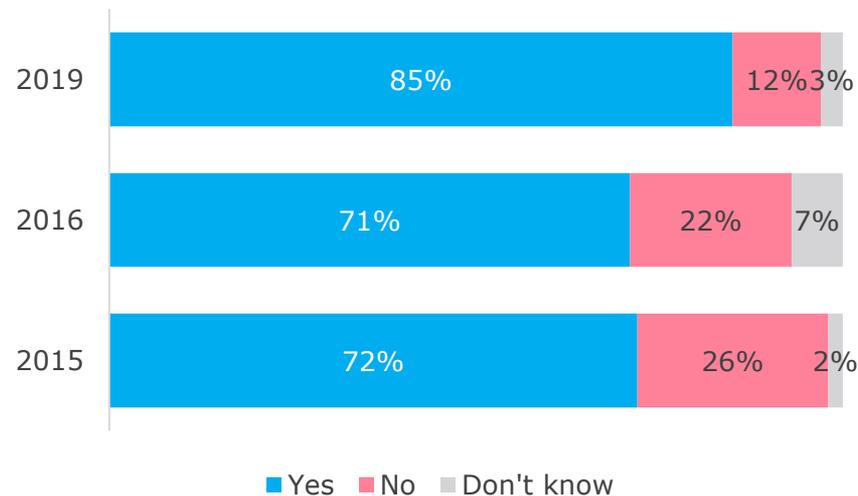
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Recall Receiving Information Materials About New Mutual Fund Purchased

More than four-fifths recall receiving informational materials such as Fund Facts.



- More than four-fifths of mutual fund purchasers recall receiving Fund Facts, an increase of 14 points since this was last tested in 2016.
- Those who are knowledgeable about mutual funds are more likely to state they received informational material such as Fund Facts (89%).
- Younger investors are more likely to recall receiving this information (93%) compared to 45-64 year olds (83%) or 65 and older (76%).

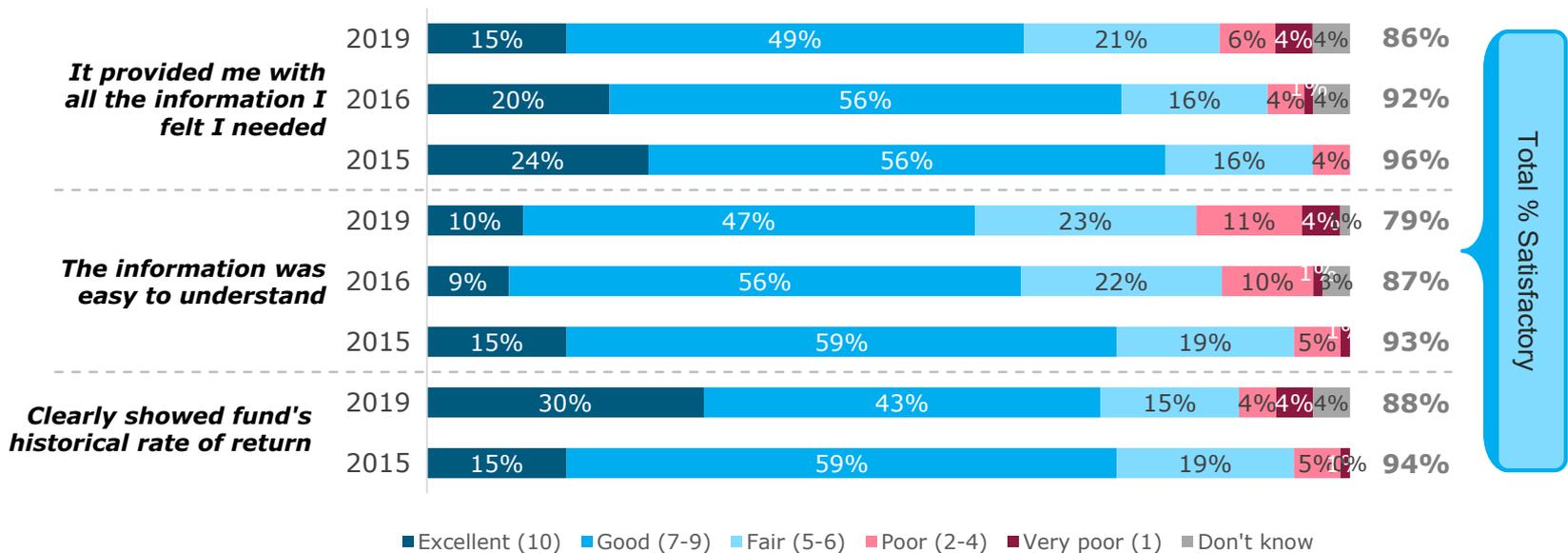


Quality of Information Materials Received About New Mutual Fund Purchased

Satisfaction on materials regarding new mutual fund purchases has decreased slightly.



- Mutual fund investors continue to be more discerning about the information contained in the Fund Facts since the launch of CRM2. They are less likely to consider the information they receive to be complete, with 86% giving this a positive rating, compared to 92% in 2016.
- When it comes to the ease of understanding the information, satisfaction has declined from 87% giving it a positive rating in 2016 to 79% this year.
- While the vast majority believe this clearly shows the fund's historical rate of return (88%), this is down from 94% when last testing is 2015.



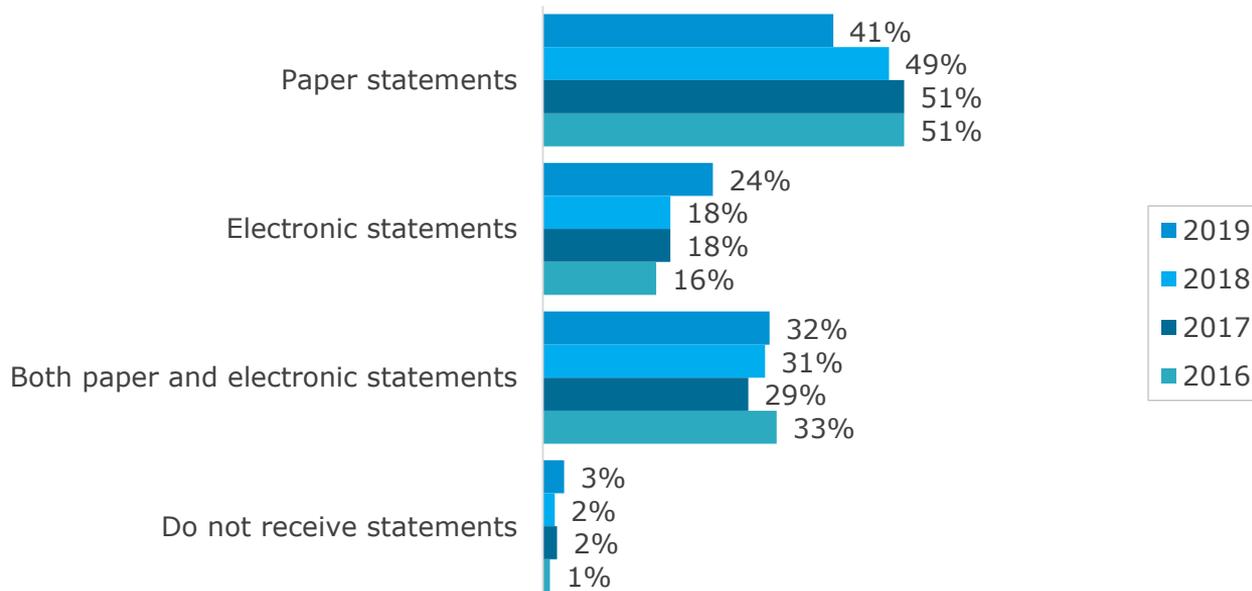
Q28. Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information materials you received about your new mutual fund purchase in each of the following areas. Base: Mutual Funds N=1024

Form of Mutual Fund Account Statements Received

Paper statements for mutual fund accounts continue to be most popular.



- Almost all mutual fund investors recall receiving statements of their accounts, with only 3% saying this has not been received.
- While 41% of mutual fund advisors continue to receive paper only statements, this has declined by 10 points since the start of testing in 2016. Conversely, the number of mutual fund investors receiving only electronic statements has increased by 8 points to 24%.
- Those 18-44 are less likely to receive paper only statements (33%) and are more likely to receive them electronically (32%).

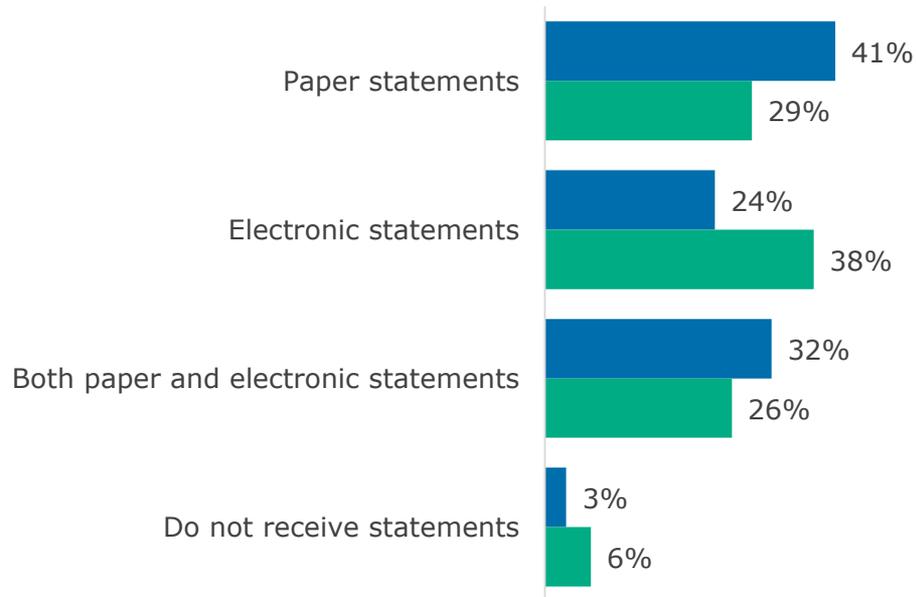


Form of Mutual Fund Account Statements Received

Electronic statements are most popular for ETF investors.



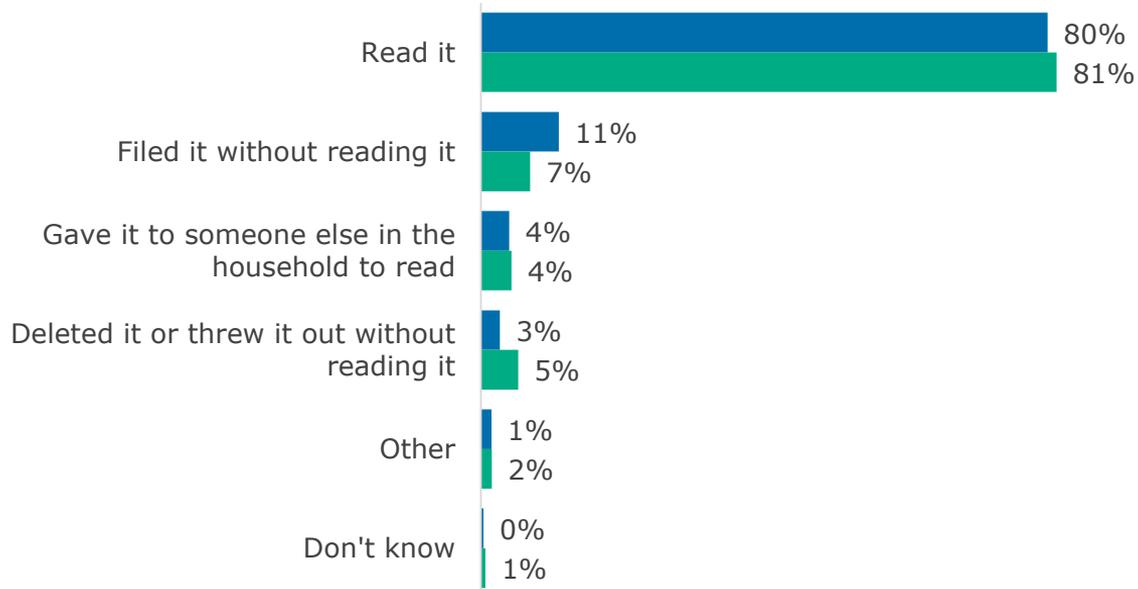
- Most ETF investors also recall receiving statements for their accounts, with only 6% saying it was not received.
- One-third (38%) of ETF investors receiving only electronic statements, while 26% receive both paper and electronic. Only 29% rely on paper statements alone.
- Those 65+ are most likely to get paper statements only (41%) whereas 18-44 year olds are more likely to depend solely on electronic statements (48%).
- Women are also more likely to get paper statements (43%) whereas men are more likely to get electronic (43%).



Form of Mutual Fund Account Statements Received

Most investors read their statements.

- A vast majority of investors, regardless of the product they are investing in, will read their statements when they are received.



Recall/Reading Fee and Performance (CRM2) Statement

While investors recall receiving their annual fee and performance (CRM2) statement this year, ETF investors are more likely to have read it.

- The majority of all investors recall receiving and reading their statements this year.
- While three-quarters of both mutual fund (74%) and ETF (75%) investors recall receiving their CRM2 statements, of these, ETF investors are more likely to have read it (71%) than mutual fund investors (63%). This means, of the total group, 47% of mutual fund investors and 53% of ETF investors recall reading this year's annual statement.
- Those with knowledge about their funds are more likely to have read the statement (71% for mutual funds, 77% for ETFs).

Recall Receiving Statements



Read Statements



Mutual Fund Investors



ETF Investors

■ Yes ■ No ■ Don't know/Refused

Q50. Do you recall receiving annual fees and performance statement/(s) for your investments this year?

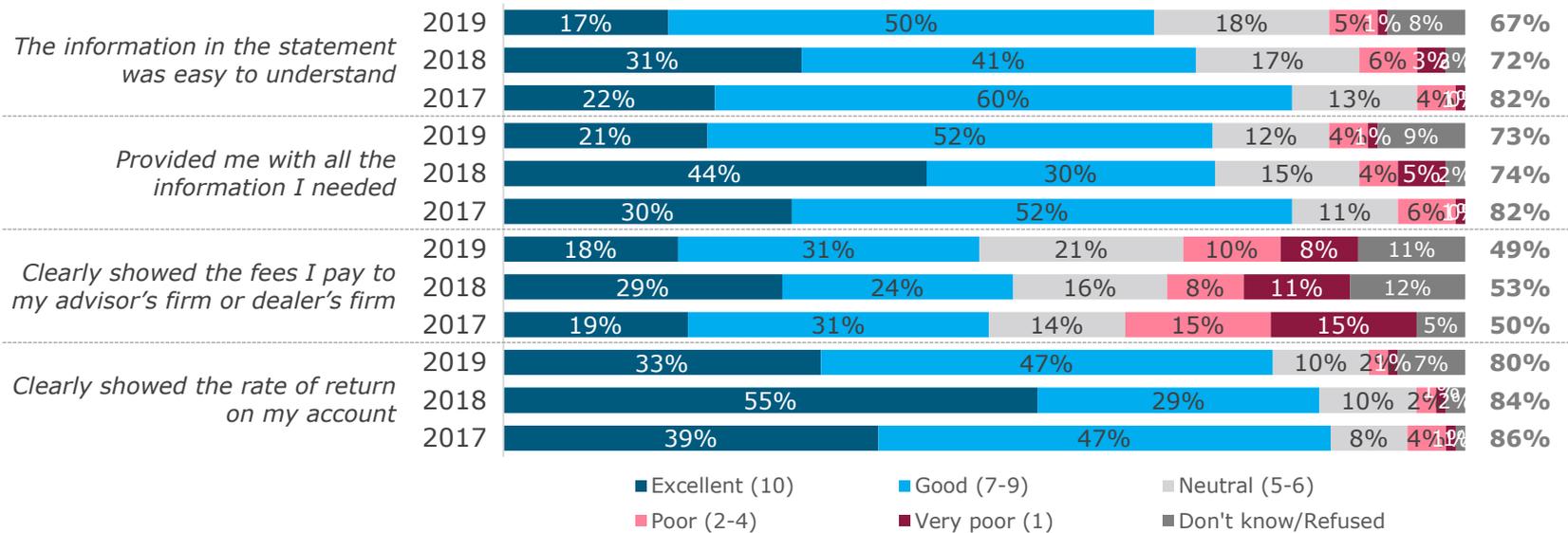
Q51. Have you read the annual fees and performance statement/(s) that you received for your investments this year? Base: Mutual Funds N=1024, ETFs N=500

Rating of Annual Statement

Satisfaction with statements declined slightly this year, adding to the significant decline in 2018.



- While mutual fund investors continue to feel positively about their statements, satisfaction has dropped slightly, compared to last year, with scores being significantly lower than what was seen in 2017.
- Despite the only slightly less positive overall scores this year compared to last, investors are feeling less strongly about the statements, being more likely to give each of these factors a “good” rather than an excellent rating this year. This is true for all factors.



Total % Good/Excellent

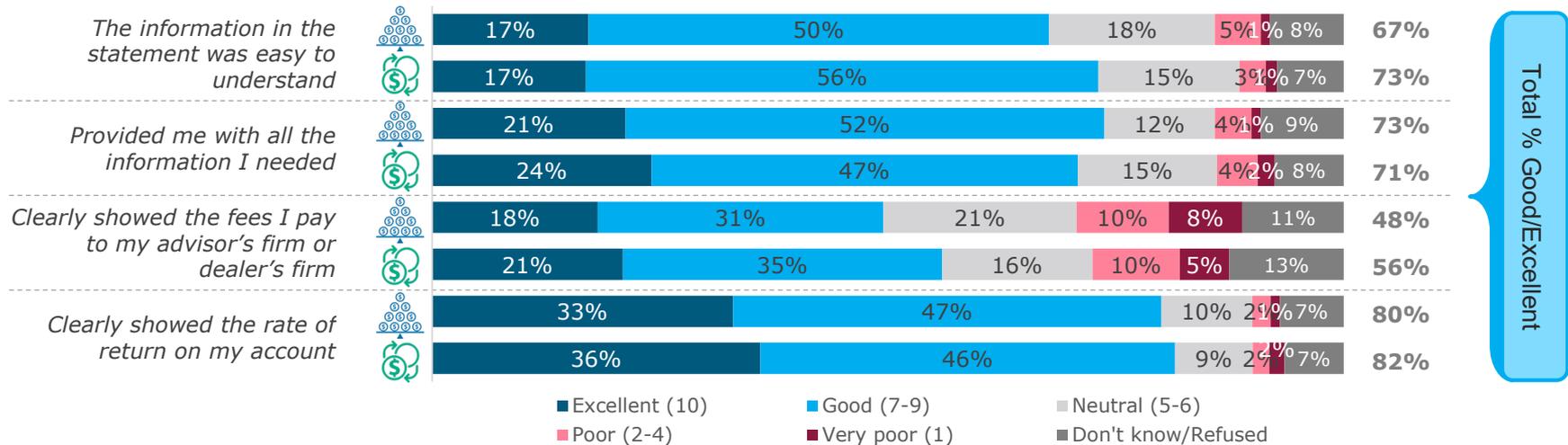
Q48- Q51 Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information you received in your annual fees and performance statement/(s) about your investments in each of the following areas. Base: Mutual Funds N=1024

Quality of Information Materials

ETF investors feel somewhat more confident about the ease of understanding and information about fees.



- ETF investors feel similarly to mutual fund investors when it comes to being provided with the information they need, being shown the rate of return on the account.
- However, ETF investors feel somewhat more positive than mutual fund investors when it comes to the ease of understanding the statements and that the statement shows the fees paid.



Q52 – Q55. Using a scale from 1 to 10 where 1 means 'very poor' and 10 means 'excellent', please rate the quality of the information materials you received about your investments in each of the following areas. Base: those who recall receiving their annual statement for mutual fund account this year Base: Mutual Funds N=1024, ETFs N=500

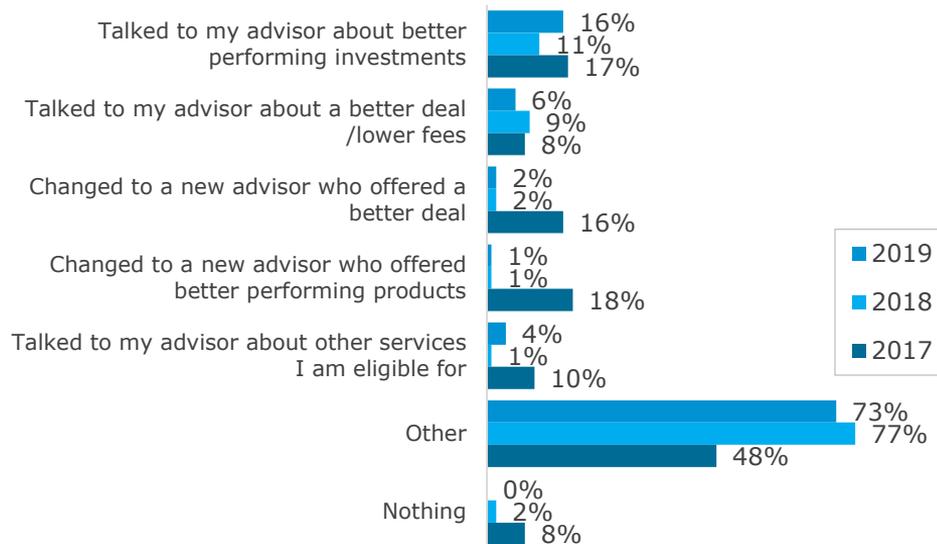
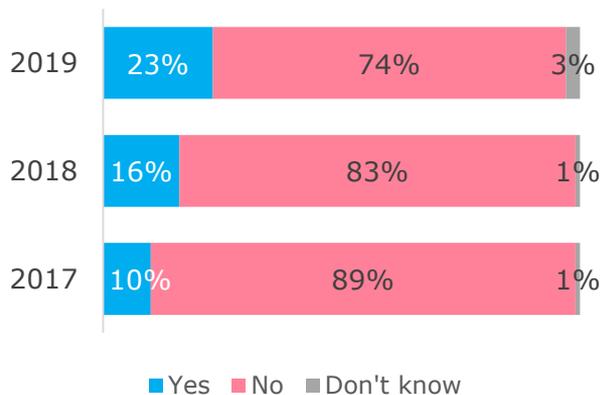
Action Taken Due to Changes

The new information in statements has caused one-quarter of mutual fund investors to take action.



- One-quarter of mutual fund investors feel the information on their statements caused a change in action. While still a minority, this is a significant increase since the launch of CRM2 in 2017 (up 13 points). Of the options offered to those making a change, more had talked to their advisor about different investments this year, and fewer had changed advisors. Those who are making “other” changes were buy/selling/changing specific funds or going to their advisor with questions.
- Those who are knowledgeable about mutual funds were more likely to make a change (27%) compared to those who have low knowledge (9%).

New Information Cause a Change in Action



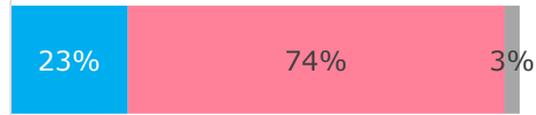
Q56. Has this new information caused you to take any action when it comes to your account? Base: those who have read their annual statement for mutual funds account this year Base: Mutual Funds N=1024
 Q57. What action have you taken? Base - Those who have taken action: Mutual Funds N=268

Action Taken Due to Changes

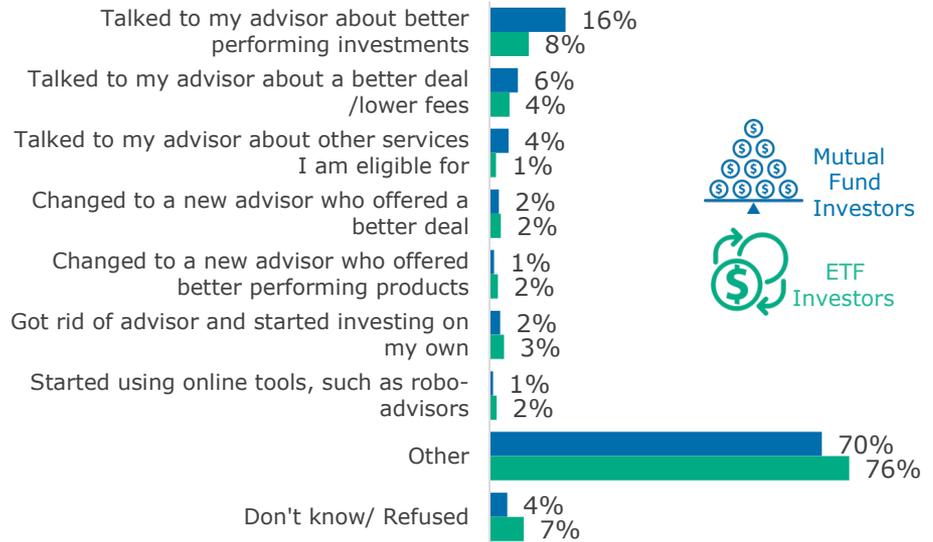
ETF investors were more inclined to take action due to the information.

- One-third of ETF investors have made a change due to information contained in statements. This is higher than mutual fund investors.
- Men are more likely to have made a change than women (36% vs. 23%).
- ETF investors have made a number of changes, but no single option was reported by more than 8%.

New Information Cause a Change in Action



■ Yes ■ No ■ Don't know



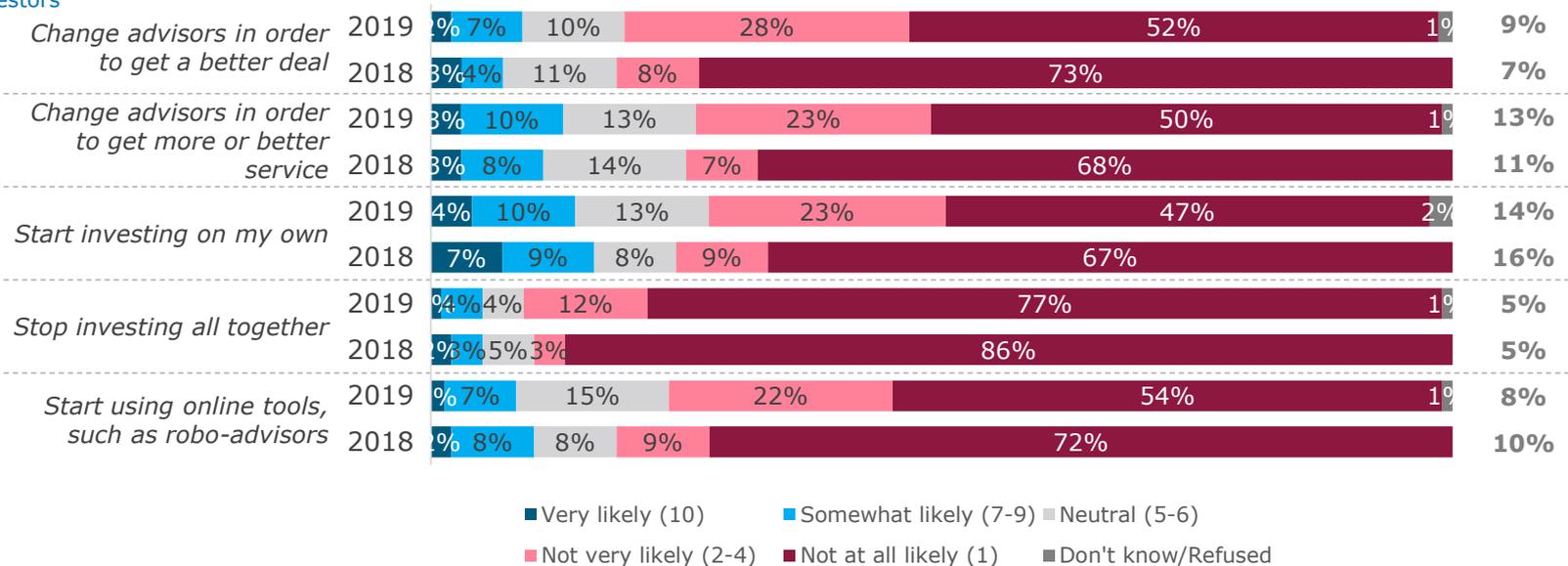
Likelihood of Taking Action

While one-quarter of mutual fund investors have taken action, very few believe they will take further action as a result of the new reporting requirements.



Mutual Fund Investors

- Very few mutual fund investors believe they will take further action based on the CRM2 information, with results being similar to last year's findings on all actions.



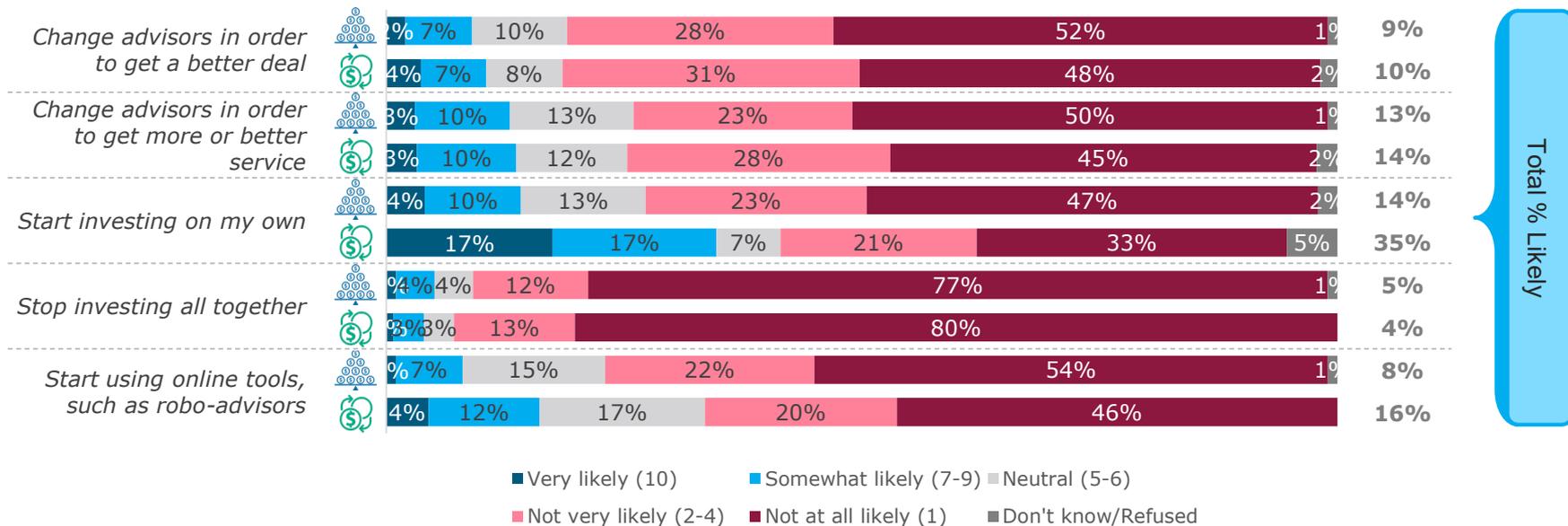
Total % Likely

Q58. – Q62. Based on the new information that you received about the fees you are paying, how likely are you to do each of the following? Please use a 10-point scale where 1 means you are not at all likely and 10 means you are very likely to do each of the following | Base: those who have read their annual statement for mutual funds account this year Base: Mutual Funds N=1024

Likelihood of Taking Action

ETF investors may start investing on their own, due to CRM2 information.

- One-third of ETF investors say the CRM2 information may cause them to invest on their own, and 16% say it may cause them to start using online tools. While still a minority, it is a much higher probability than other actions, and also higher than mutual fund investors' likelihood.
- Those knowledgeable about ETFs are most likely to invest on their own (44%), as are 18-44 year olds (45%) and men (40%).
- While knowledge does not impact use of online tools, 18 to 44 year olds (20%) and men (19%) are more likely to use them.





Awareness of and Attitudes Towards Digital Investment Tools

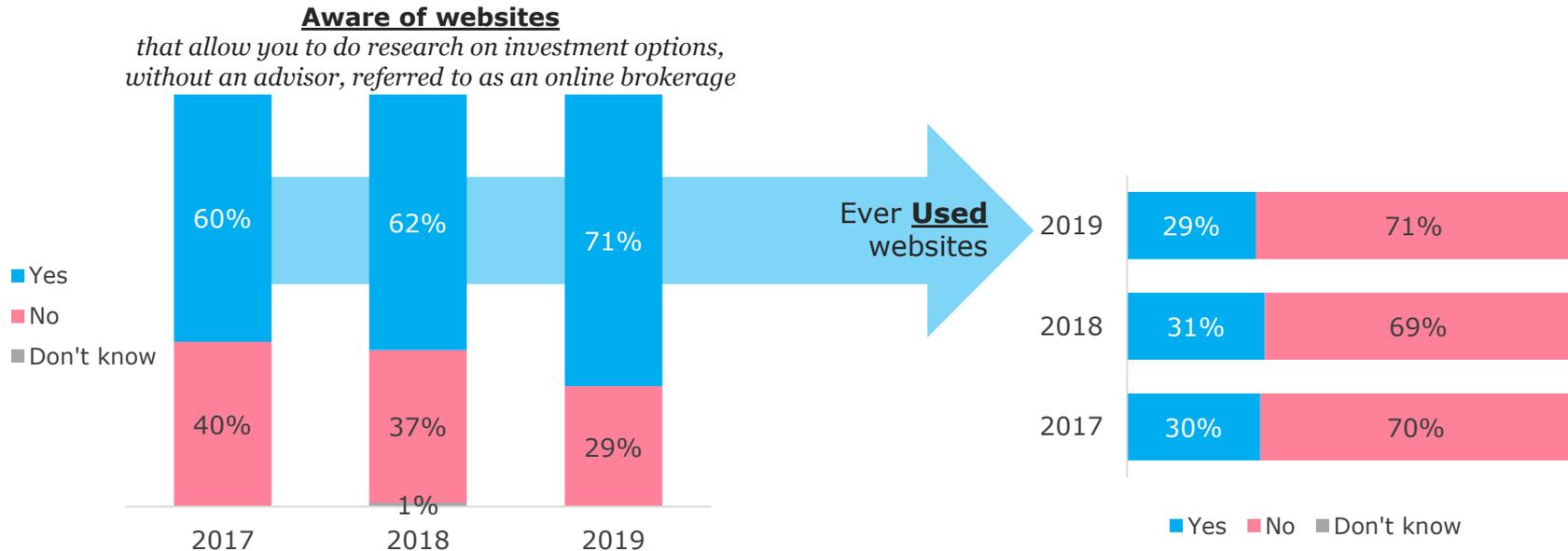
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Online Brokerage Website Awareness and Usage

While awareness of online brokerages has increased, usage remains consistent.



- Awareness of online brokerages has increased by 9-points this year to 71%. However, usage remains consistent at 29% of those who are aware of these sites (21% of mutual fund investors overall).
- Men have a higher awareness (75%) and usage (24% of all male investors) than women (66% and 15% of all female investors).
- Those outside of Quebec continue to have a higher awareness (78% vs. 39% of Quebecois).



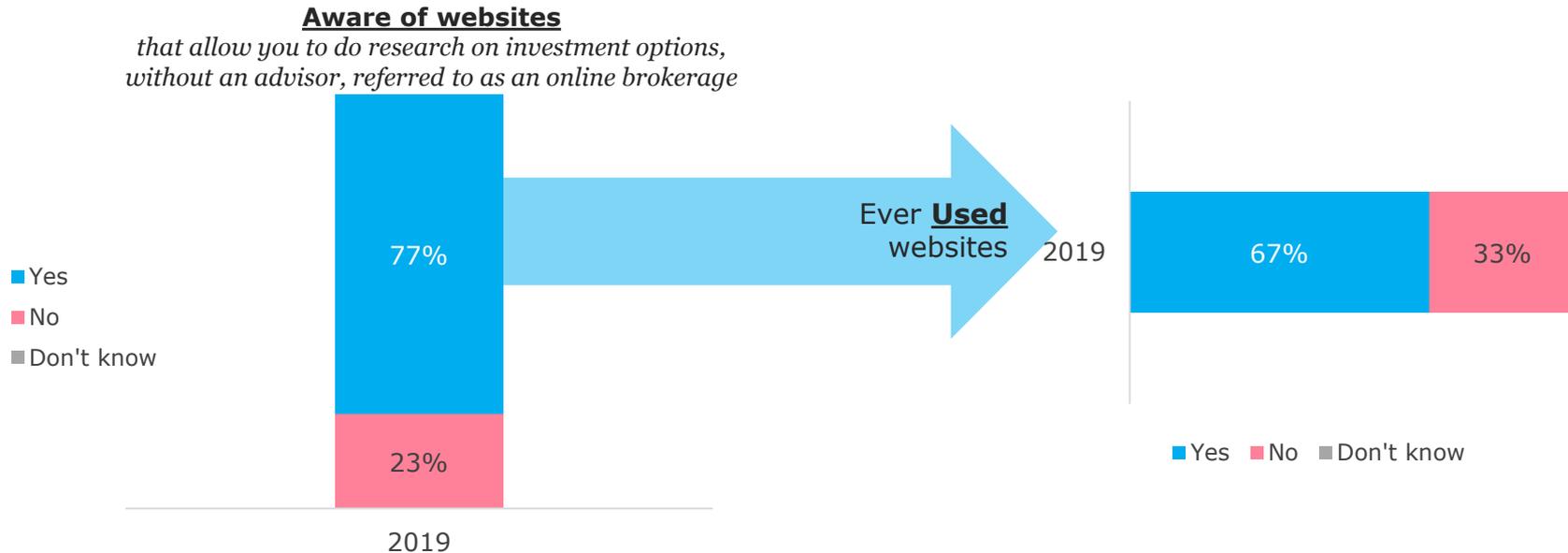
Q12. Are you aware of websites that allow you to do your own research on investment options and then purchase the investment you think would be most suited to your needs through the website, without obtaining the help of an advisor? This is often referred to as an online brokerage or discount brokerage. Base: Mutual Funds N=1024
Q13. Have you ever used these websites? Base - those aware of Online Brokerages: Mutual Funds N=716

Online Brokerage Website Awareness and Usage

ETF investors are more likely to have used online brokerages.



- While awareness of online brokerages is only slightly higher among ETF investors (77% vs 71% of mutual fund investors), those who are aware are significantly more likely to have tried them (67% vs. 29% of mutual fund investors). This means that 52% of all ETF advisors have tried an online brokerage.
- As with mutual fund investors, men are more aware (80%) and more likely to use (56% of all male investors) these websites than women (69% and 39% respectively).



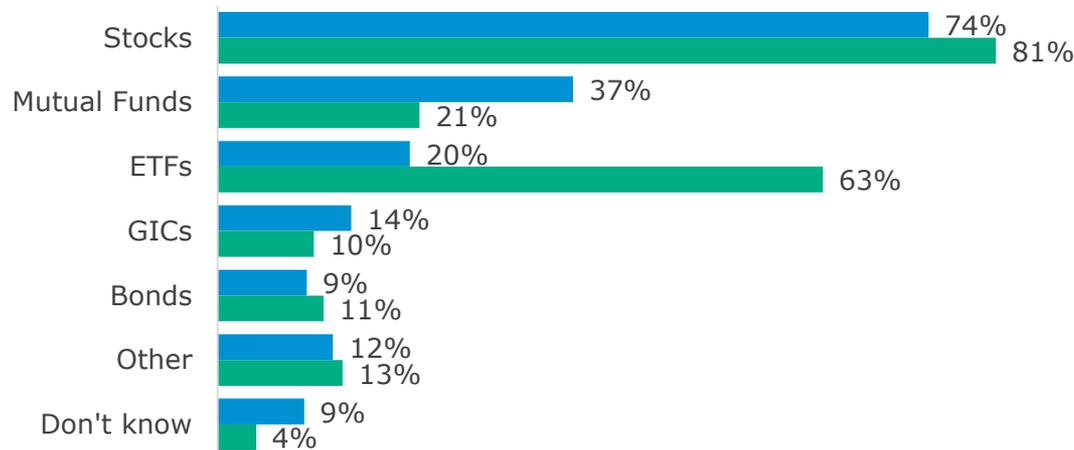
Q12. Are you aware of websites that allow you to do your own research on investment options and then purchase the investment you think would be most suited to your needs through the website, without obtaining the help of an advisor? This is often referred to as an online brokerage or discount brokerage. Base: ETFs N=500
Q13. Have you ever used these websites? Base - Those aware of Online Brokerages: ETFs N=402

Purchases made with Online Brokerages

Investors are most likely to purchase stocks through online brokerages.



- Both mutual fund and ETF investors who have used online brokerages are most likely to purchase stocks through that tool.
- One-third (37%) of mutual fund investors are likely to have purchased mutual funds through online brokerages, whereas two-thirds (63%) of ETF investors have used it to purchase ETFs.

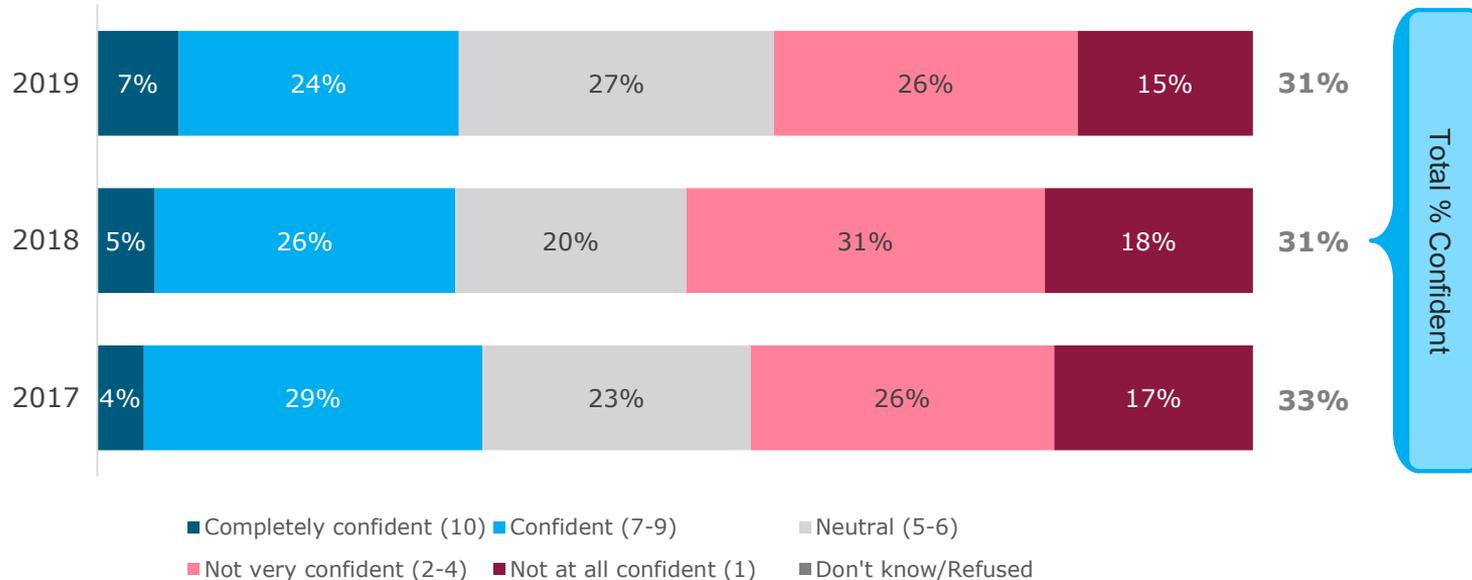


Confidence in Using Online Brokerage Website

While awareness has increased, confidence among mutual fund investors has not.



- While mutual fund investors are more aware of online brokerages, confidence among those who are aware remains stable at 31%.
- Among those who are knowledgeable about mutual funds, still a minority feel confident about using online brokerages (43%). That said, this is an increase from what was seen last year (31% of knowledgeable investors felt confident in using online brokerages).
- While confidence is not high among any group, men again are more confident than women (38% vs. 20%).

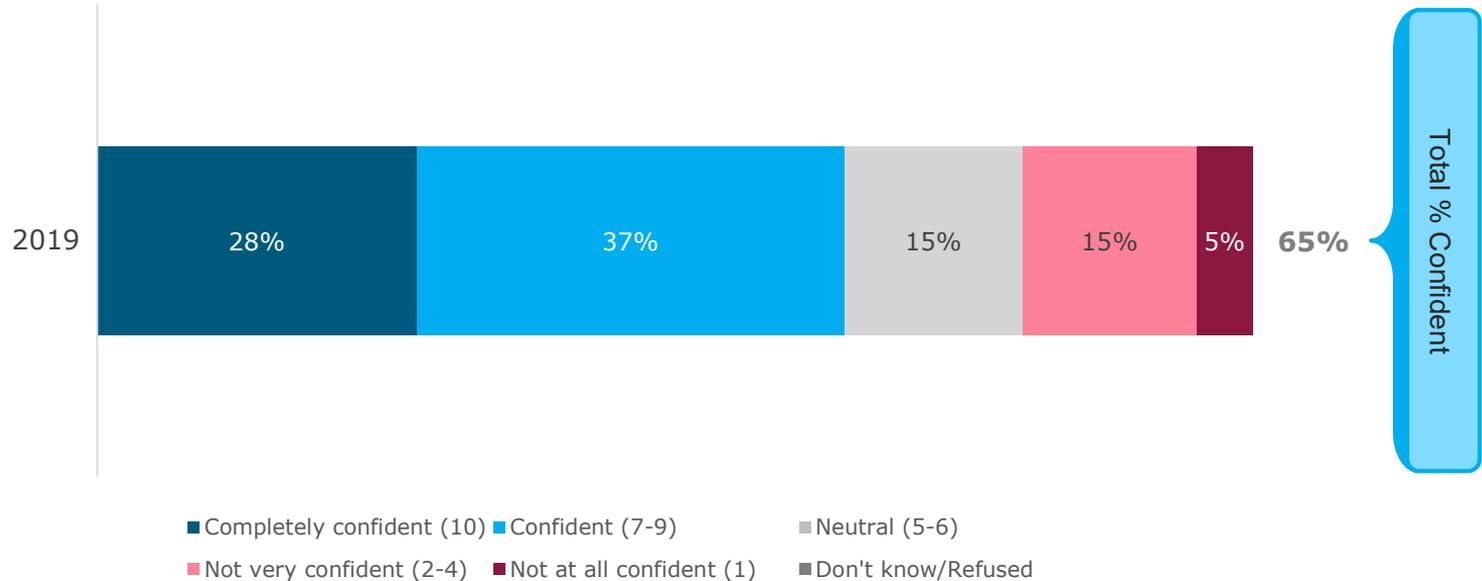


Confidence in Using Online Brokerage Website

ETF investors are much more confident in usage of online brokerages.



- Two-thirds of ETF investors who are aware of online brokerages would feel comfortable using them (65%) which is much higher than mutual fund investors who feel the same (31%).
- Those who are knowledgeable about ETFs feel even more confident about using this tool (78%).
- Investors 18-34 years old (77%) and men (69%) are also most confident.

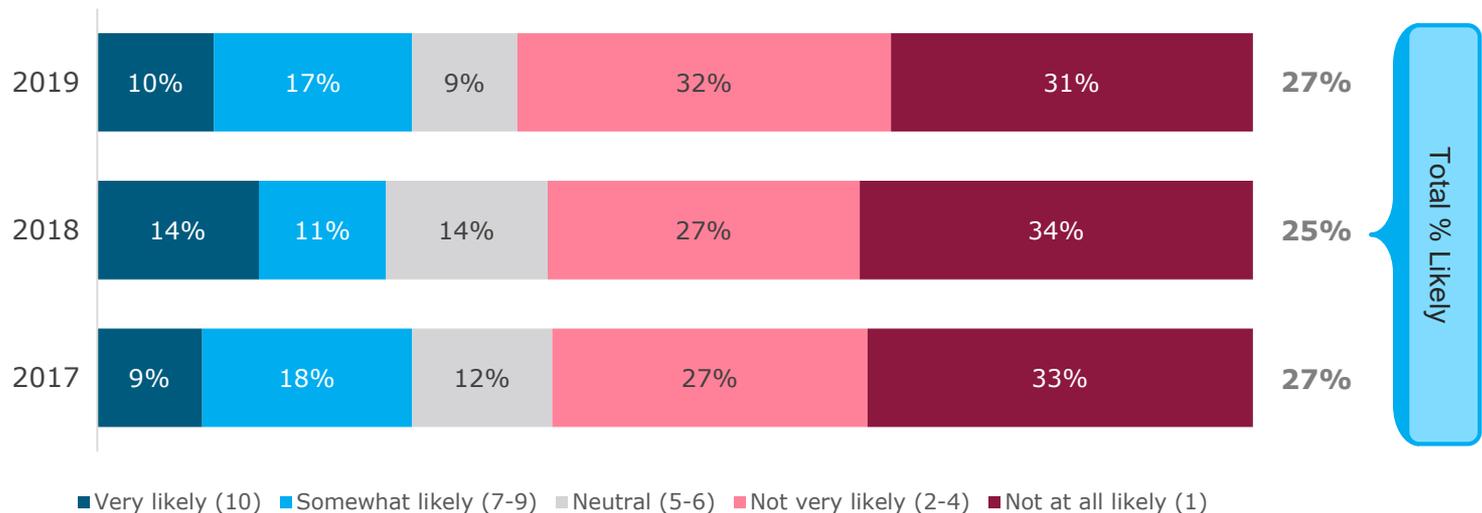


Likelihood of Using Online Brokerage Website

Likelihood of mutual fund investors using online brokerages is stable.



- Just over one-quarter (27%) of mutual fund investors feel it is likely they will use online brokerages, similar to last year's finding of 25%.
- Again, while those who are knowledgeable about their mutual funds are more likely to use an online brokerage than those who are not, still only 35% feel they are likely to do so, which is an increase over last year.

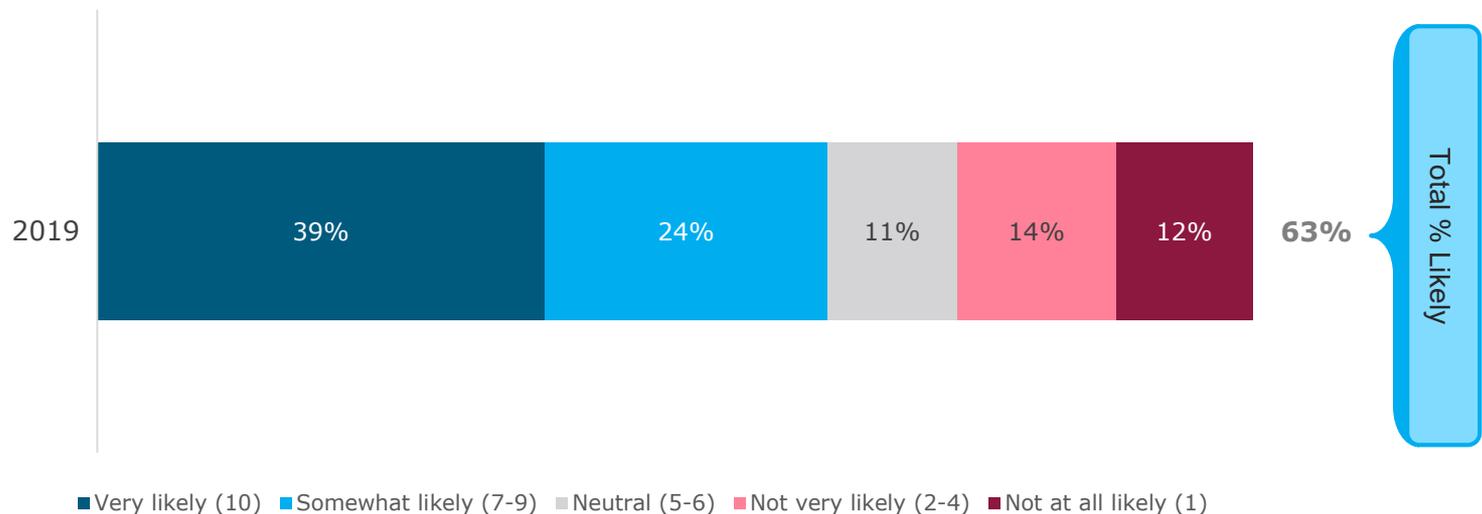


Likelihood of Using Online Brokerage Website

ETF investors are much more likely to use this tool.



- Almost two-thirds of ETF investors who are aware of online brokerages are likely to use them, with 39% saying this is very likely. This is much higher than the 27% of mutual fund investors who feel the same.
- Those who feel knowledgeable about ETFs are more likely to use this tool (82%), as are men (68% vs. 45% of women).



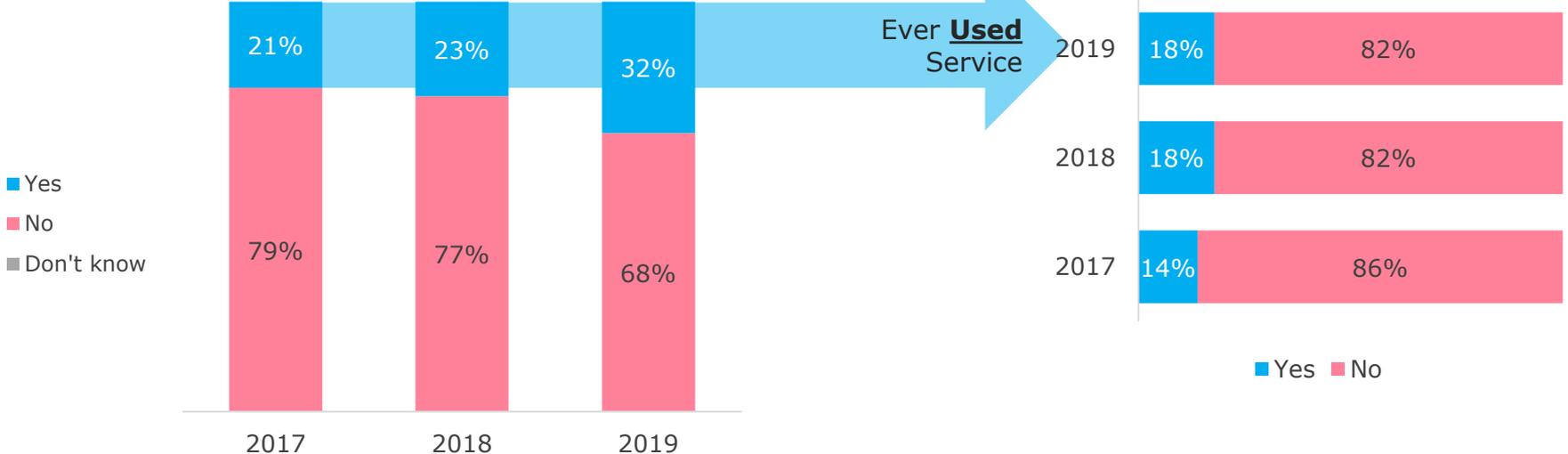
Robo-Advisor Awareness and Usage

While awareness of robo-advisors has increased, usage has not.



- Awareness of robo-advisors has continued its growth among mutual fund investors this year, jumping to 32% - up 9 points since last year and 11 points since 2017.
- Usage of the tool has not seen the same increase, with 18% of those who are aware (or 6% of all mutual fund investors) having used it. This compares to last year when the same number of those aware (18%), or 4% of all mutual fund investors, had used the tool.
- While those who are knowledgeable about mutual funds are more likely to be aware (38%), they are not more likely to use them (10%).

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



Q17. Are you aware of an online service that asks you questions about your personal situation and then offers automatic suggestions as to what investments could be right for you, with the option to purchase those investments through the tool? This is sometimes called a robo-advisor. Base: Mutual Funds N=1024
 Q18. Have you ever used this service? Base - Those aware of robo-advisor service: Mutual Funds N=265

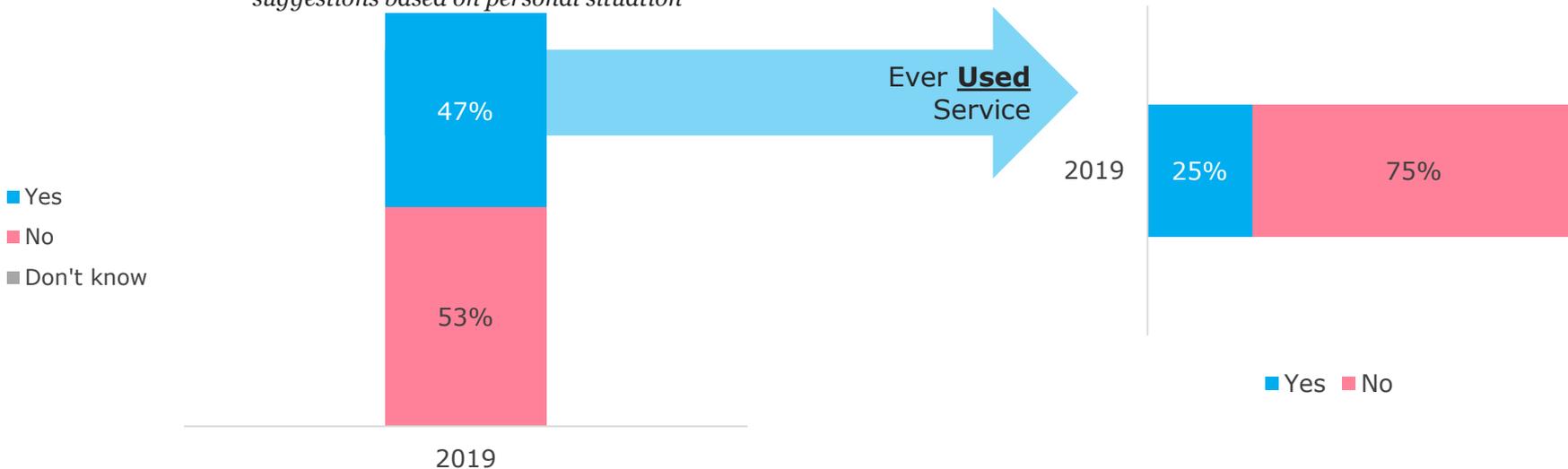
Robo-Advisor Awareness and Usage

Awareness and usage of robo-advisors among ETF advisors is also small.



- While awareness and usage of robo-advisors is higher among ETF investors than mutual fund investors, still just under half are aware (47%), and only one-quarter (25%) of those who are aware (or 12% of all ETF investors) have ever used one.
- As with mutual fund investors, those who are knowledgeable about ETFs are more likely to be aware of robo-advisors (59%) but they are not more likely to have used them (26%).

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



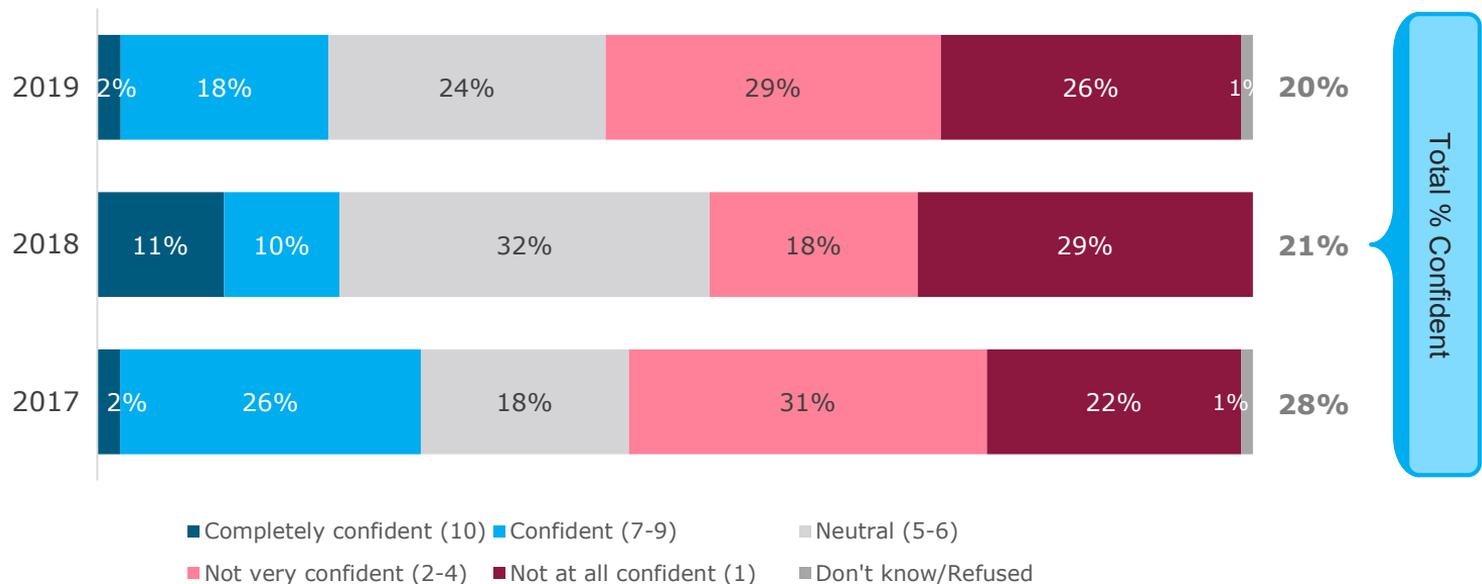
Q17. Are you aware of an online service that asks you questions about your personal situation and then offers automatic suggestions as to what investments could be right for you, with the option to purchase those investments through the tool? This is sometimes called a robo-advisor. Base: ETFs N=500
Q18. Have you ever used this service? Base - Those aware of robo-advisor service: ETFs N=234

Confidence in Using Robo-Advisor

Confidence in robo-advisors has not increased with awareness.



- While awareness of robo-advisors has increased, the proportion of mutual fund investors who feel confident using it remains the same this year (20%). The proportion who feel very confident has also dropped back to 2017 levels (2%).
- While 18-44 year olds and men are more confident in this tool than older investors and women, their confidence is still quite low (27% and 21% respectively).

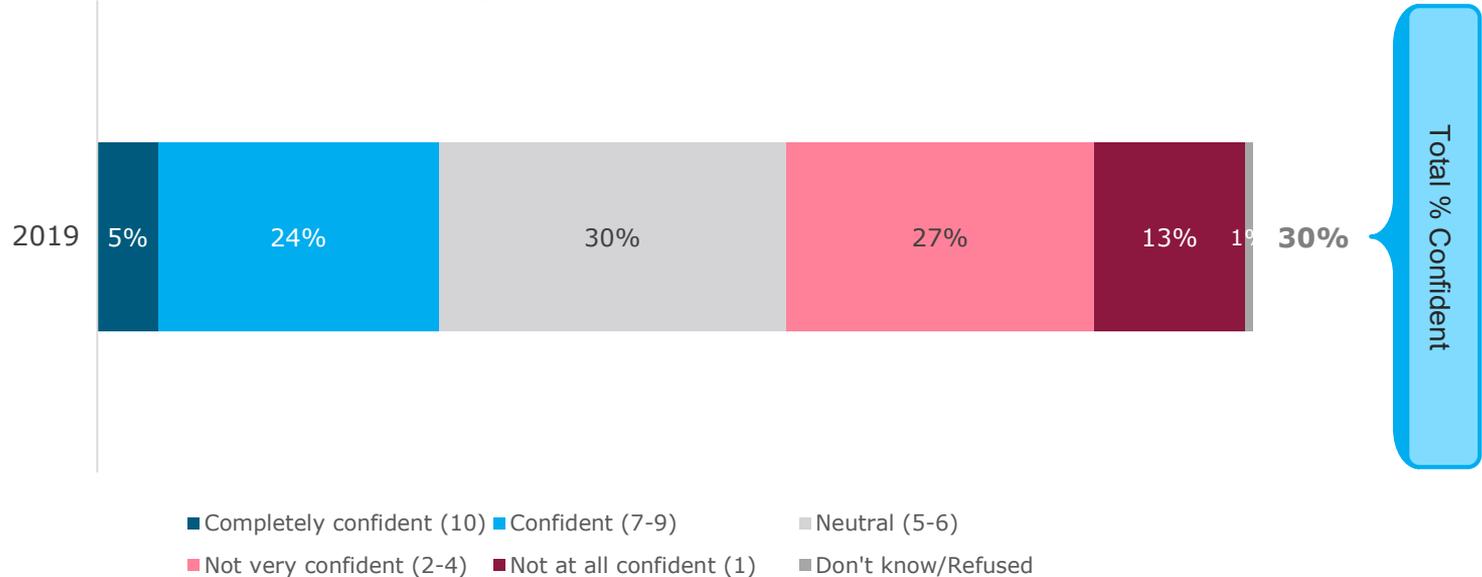


Confidence in Using Robo-Advisor

ETF investors are not overly confident in using robo-advisors.



- Only three-in-ten ETF investors feel confident in using robo-advisors, with 40% not being confident. While this is higher than the confidence shown by mutual fund investors, it is lower than that shown for online brokerages.
- While those who are knowledgeable in ETFs feel more confident in this tool, it is still a minority (36%).
- Few 65 and older feel confident using this tool (18%), but confidence levels are similar between 18-44 year olds (31%) and 45-64 year olds (34%).
- Confidence is also similar between men (30%) and women (28%).



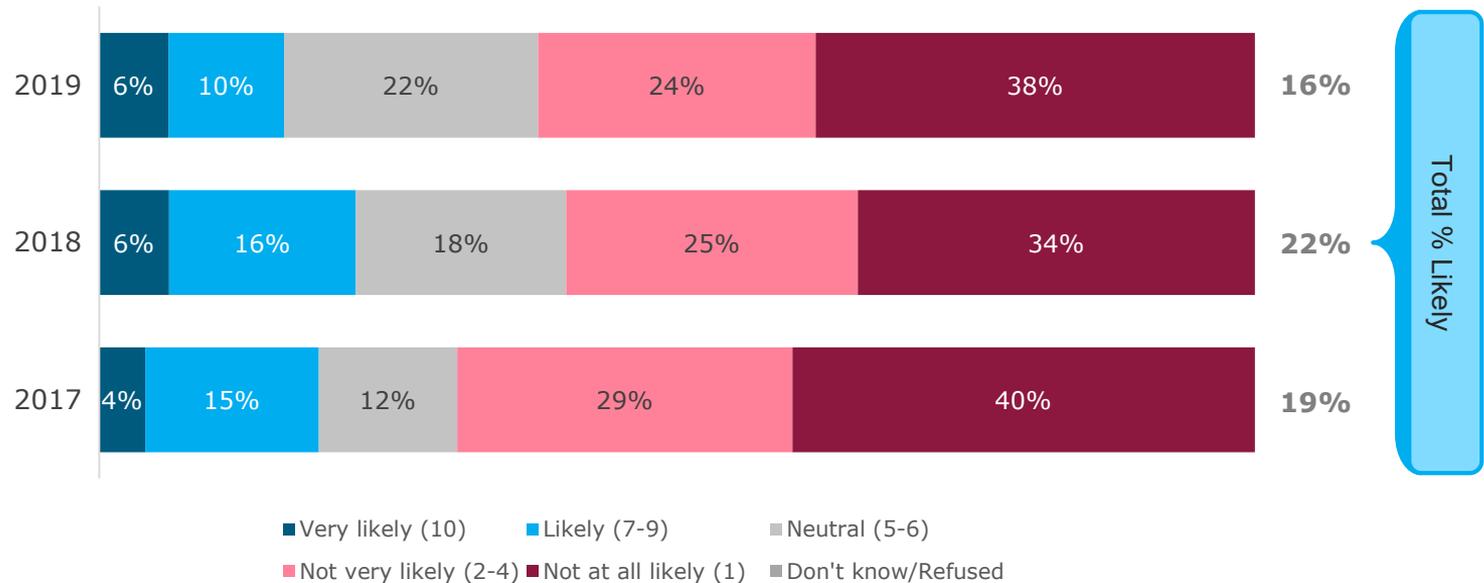
Likelihood of Using Robo-Advisor

Likelihood of mutual fund investors using robo-advisors has also decreased.



Mutual Fund Investors

- As confidence in robo-advisors has decreased, so has the likelihood of mutual investors using this tool. Less than one-fifth (16%) feel it is even somewhat likely that they would use a robo-advisor, down from 22% last year.

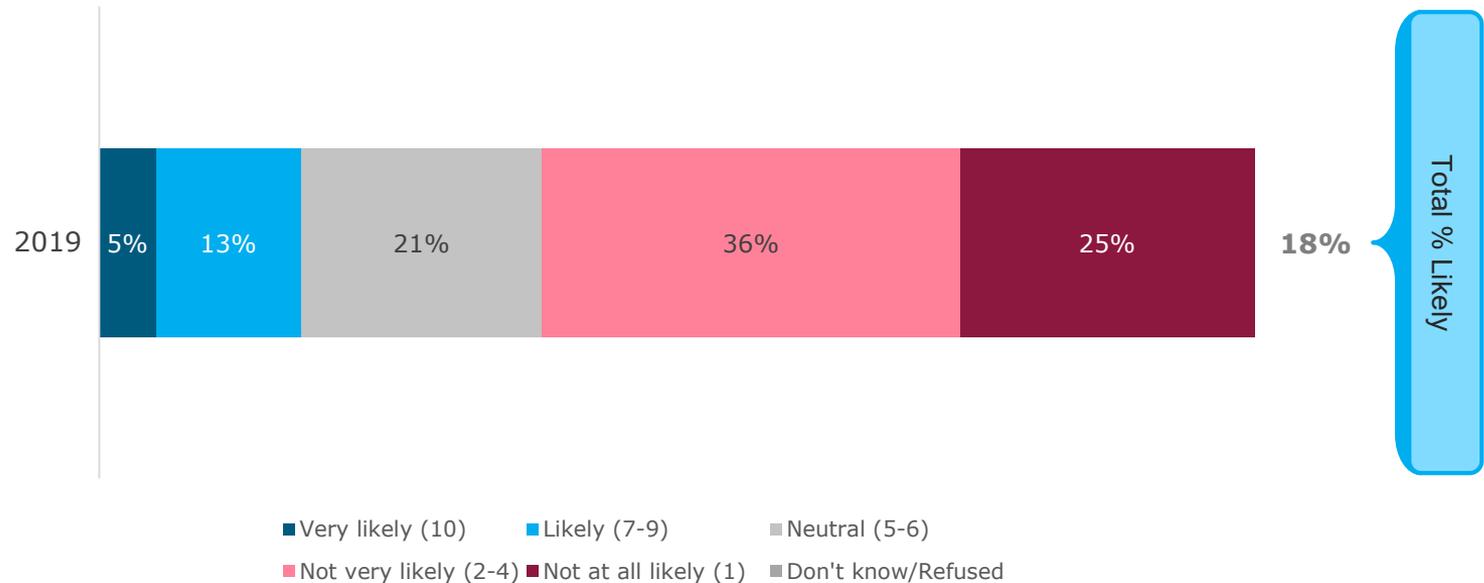


Likelihood of Using Robo-Advisor

Likelihood of using robo-advisors among ETF investors is also low.



- Less than one-fifth (18%) of ETF investors are likely to use a robo-advisor. This is similar to the mutual fund investors' likelihood to use this tool (16%) and it is much lower than the likelihood of using an online brokerage (63%).





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