



the gandalf group

Fall 2009 Canadian Investors' Survey

Conducted on behalf of Standard Life, BNN
and CTV

November 2, 2009





- ❑ This survey was conducted online between October 8th and 14th, 2009.
- ❑ We surveyed a nationally representative sample of Canadian adults. Those who said they buy or sell stocks, mutual funds and bonds at least once a year (on average) and identified they held investments in RRSPs, stocks bonds or mutual funds qualified for the survey. Our total sample consists of 1105 investors, and within that we applied a particular focus to “Retail Investors” – those who have invested a significant amount in the markets and tend to buy and sell more often than other investors.



- ❑ The events of the last year have made many investors uncertain about investing in stocks compared to other options such as bonds or real estate.
 - There is faith in the markets but there is uncertainty as to whether stocks are really the best place to invest.
 - Half of Retail Investors have invested less in the markets than they otherwise would.
 - That being said, most expect their investments to make solid gains over the next 12 months.
 - Those with less to invest tend to be more cautious and have lower expectations around expected rates of return. Those with larger portfolios are less cautious and expect higher rates of return.
 - Those who consider themselves more cautious or more of a ‘saver’ than an ‘investor’ trade less often than those who are more ‘aggressive’ or consider themselves ‘investors.’
 - Certain investor types are more aggressive and more likely to consider themselves ‘investors’ than ‘savers’ – these investors are more likely to be male.



- ❑ Retirement is a significant focus of Retail Investors
 - Those with more to invest are more likely to be of retirement age but even those who are of working age consider saving for retirement to be a top goal and many have refocused their investments in the last year to focus more on retirement.
 - While those at retirement age or near retirement have much more invested in stocks, bonds and mutual funds compared to younger investors, a significant number of this retirement group has less than \$100k invested.
- ❑ Financial planners, advisors and brokers have taken a hit to their reputations over the events of the last year, although it is a small one. Many investors still have confidence in the services they receive from planners, advisors brokers.
- ❑ A key niche in the market in this and other respects are younger investors who trade online
 - As younger investors they do not necessarily have the most to invest although they may have higher incomes. They are more aggressive, trade more often, expect higher returns and rely on different sources of information, compared to other investors.
 - This group is far less satisfied than others with the services and advice they've received from professionals, such as planners, advisors and brokers.

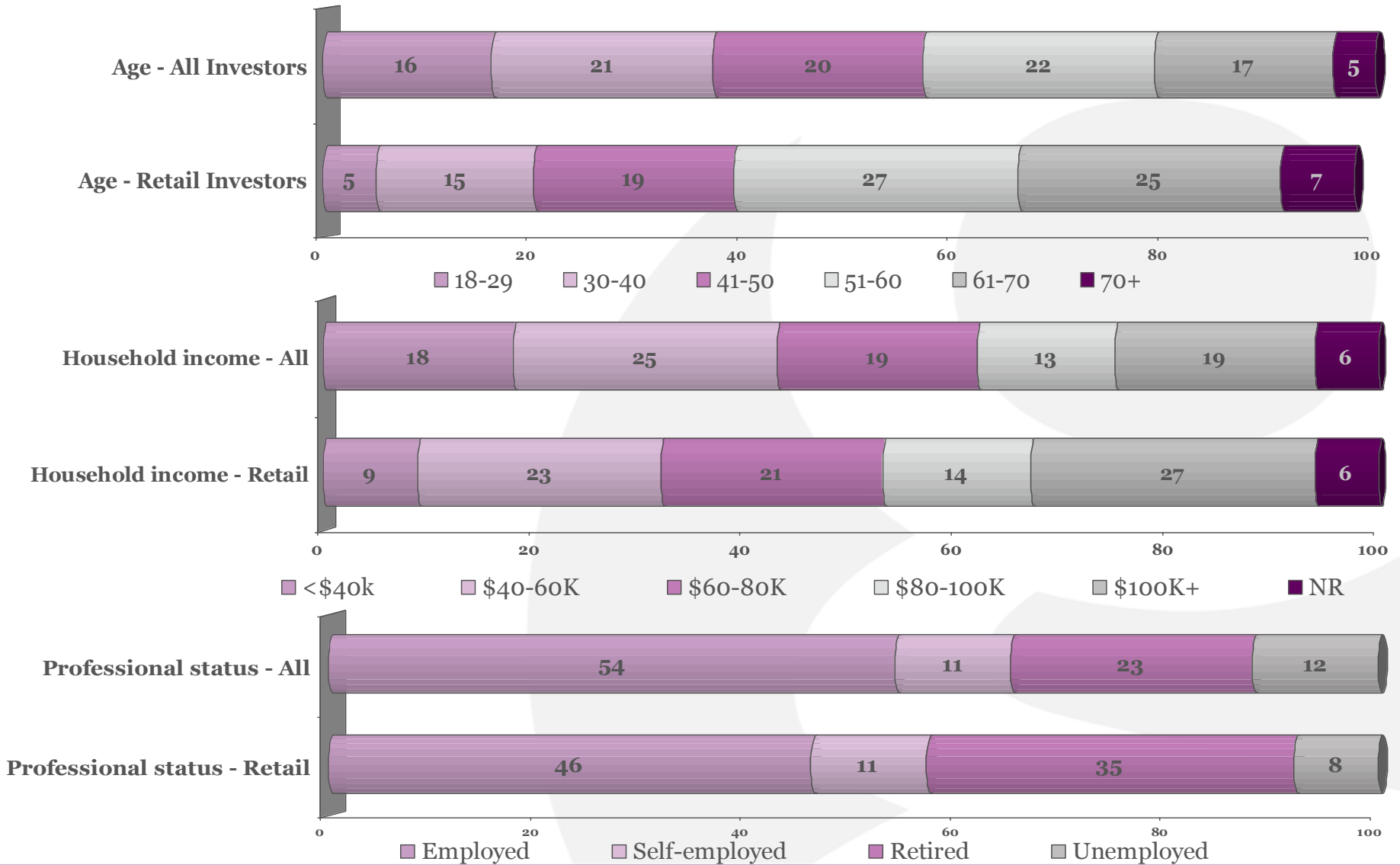


- ❑ The overall sample of 1105 investors surveyed represents a range of age groups, close to the distribution in the Canadian population.
 - Those under 40 invest significantly smaller amounts than those aged 40 and up
 - 53% of respondents were female, 47% male. 30% have children living at home.

- ❑ Within our sample almost half (n=525) are so-called “Retail Investors” – those with at least \$50k invested in stocks, bonds, mutual funds and RRSPs.
 - This group is more knowledgeable about their trading activity and trades more often: most buy and sell at least once every few months.
 - While those under 50 years age are the majority of all investors surveyed, among “Retail Investors” they are a minority. “Retail Investors” are older on average, slightly more likely to be male – 54% – and just over a third are retired.



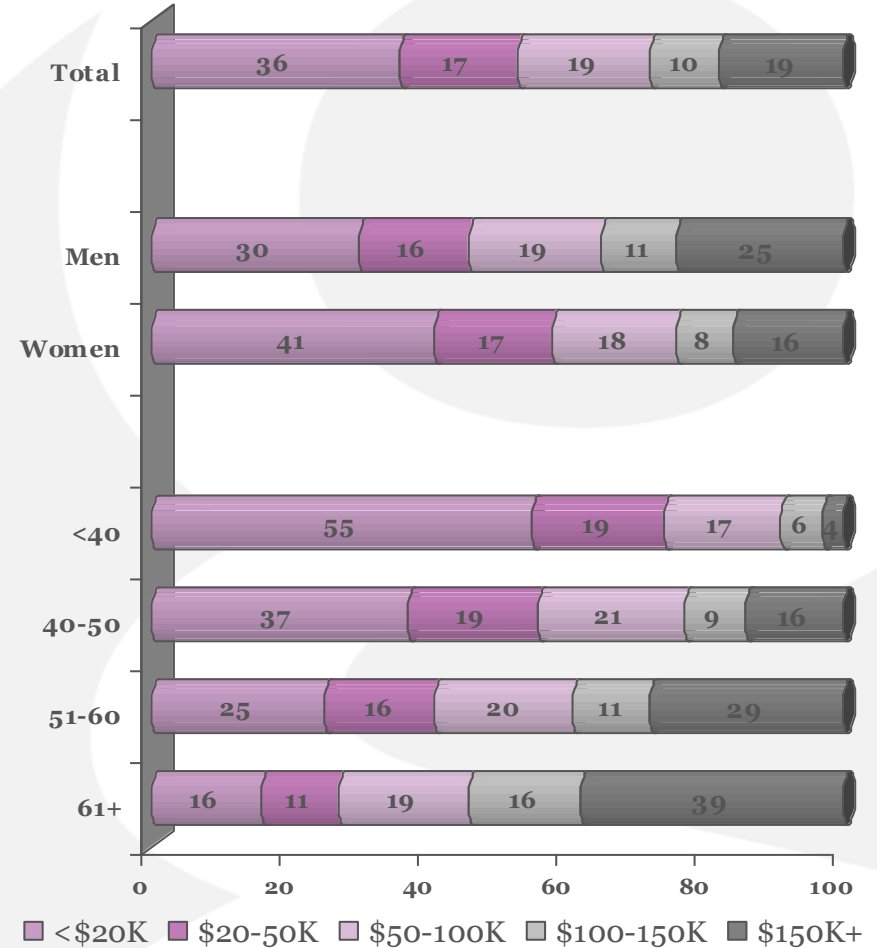
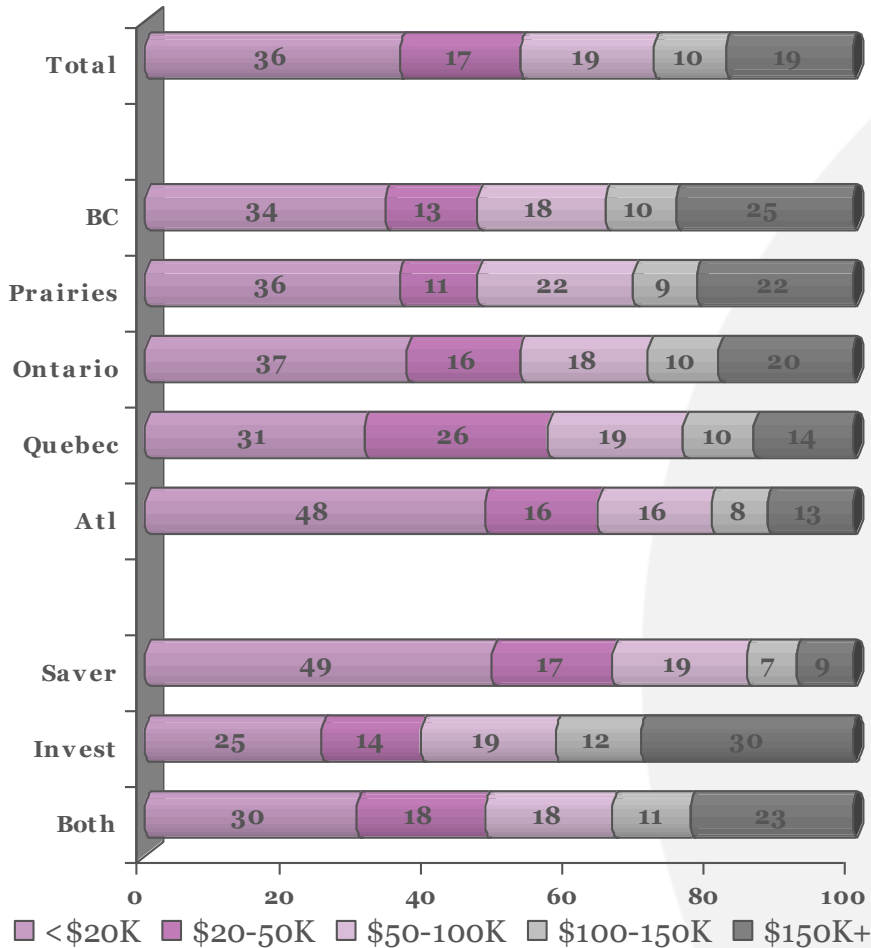
Investor Profiles





Investment Portfolio Values

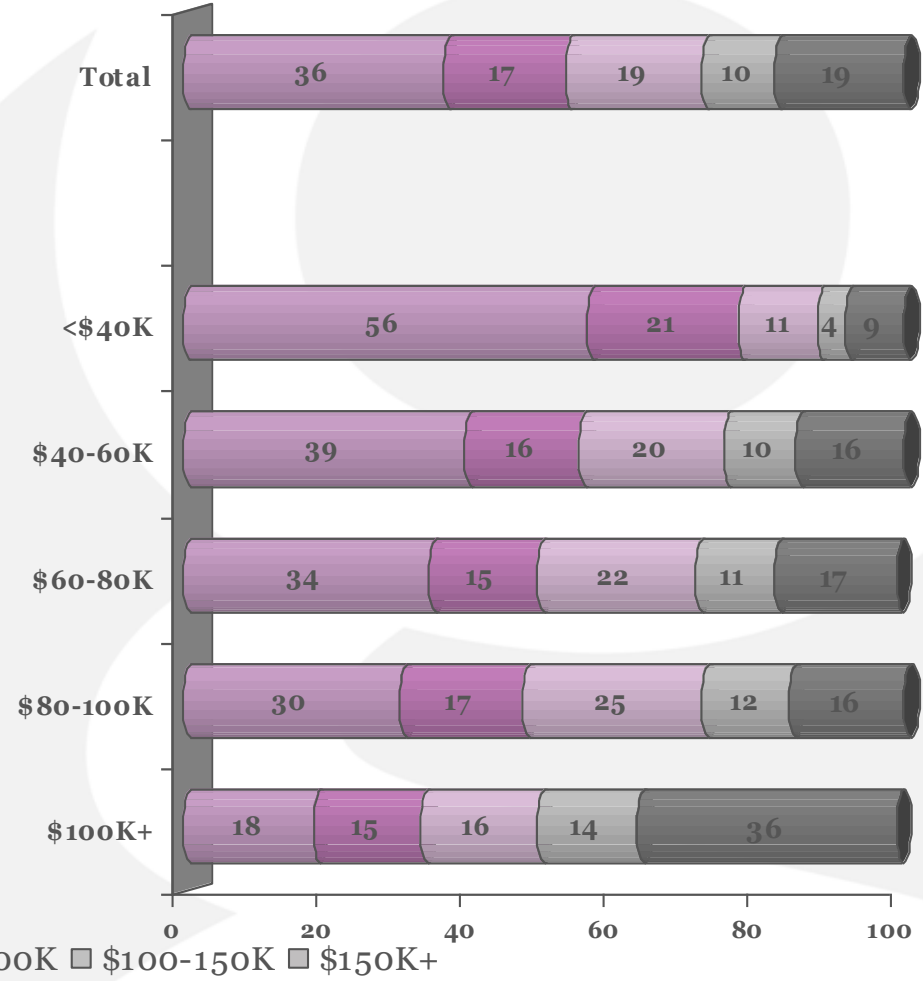
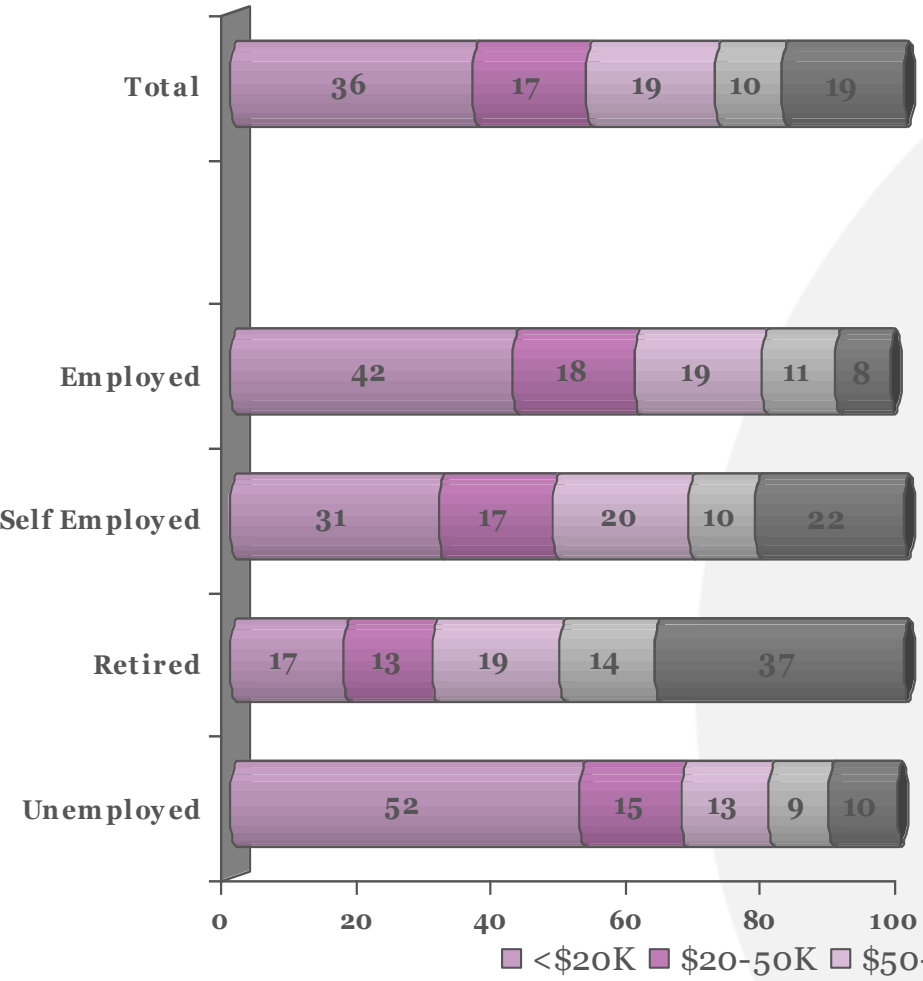
“How much do you have invested in the stock market, in bonds, mutual funds and RRSPs? Please tell us approximately the combined value invested in any or all of these investment types.” ALL INVESTORS by region, type, gender & age.





Investment Portfolio Values

“How much do you have invested in the stock market, in bonds, mutual funds and RRSPs? Please tell us approximately the combined value invested in any or all of these investment types.” ALL INVESTORS By Prof. Status & Household Income



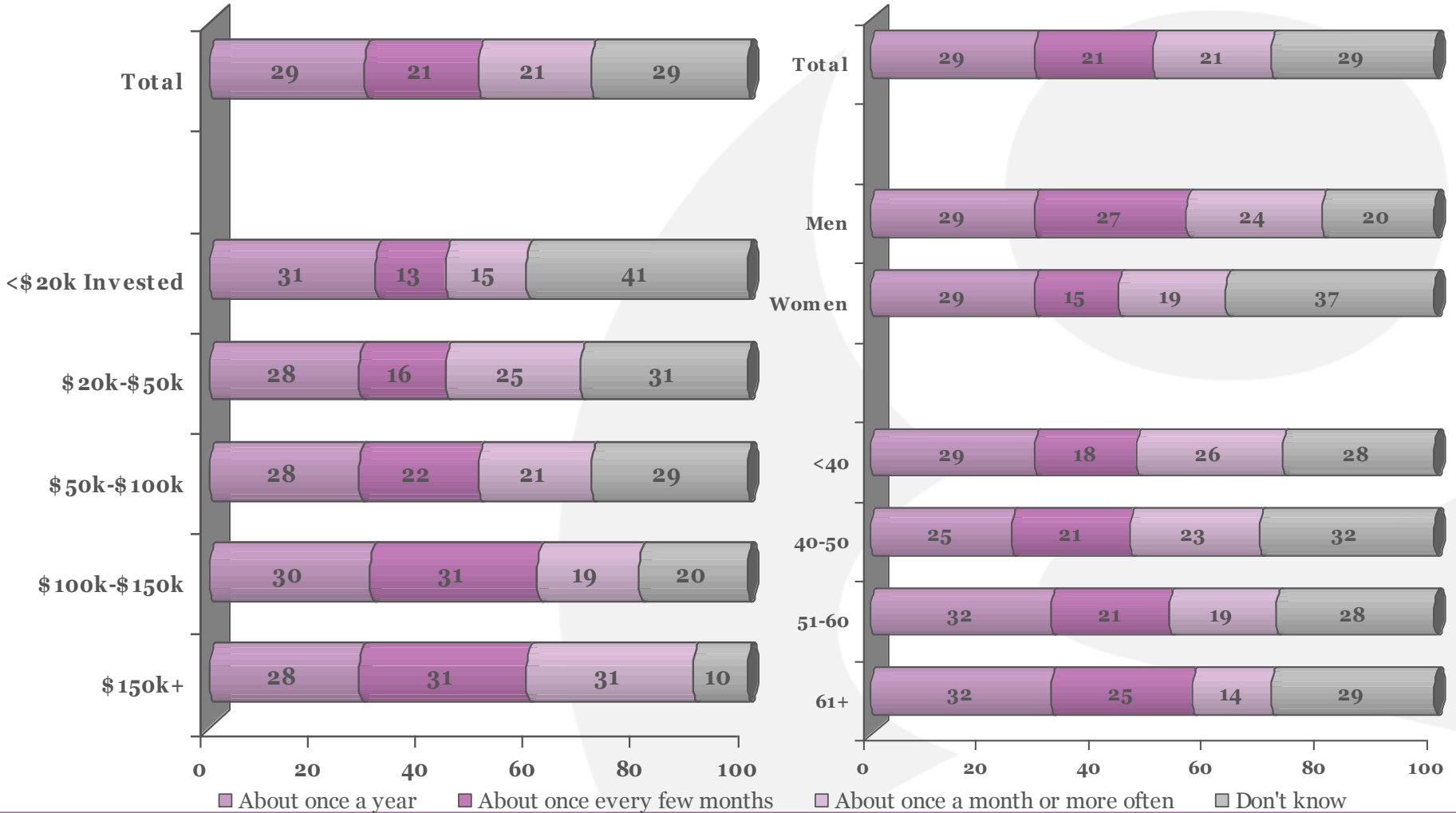


- ❑ Most Canadian investors are passive investors
 - 29% of all investors surveyed said they buy and sell only about once a year and 29% were unsure about the frequency of trades they made on average
 - Among Retail Investors (those with more than \$50k invested) 28% said they buy and sell about once a year – the majority of Retail Investors trade less than once a month – just 24% said they buy and sell at least monthly and 19% were unsure
 - Younger investors are more active. The number of Retail Investors under 40 who trade at least monthly is 38%
 - Likewise, these younger investors make more trades per quarter than other age groups – about one in four Retail investors under 40 make 6 or more trades per quarter



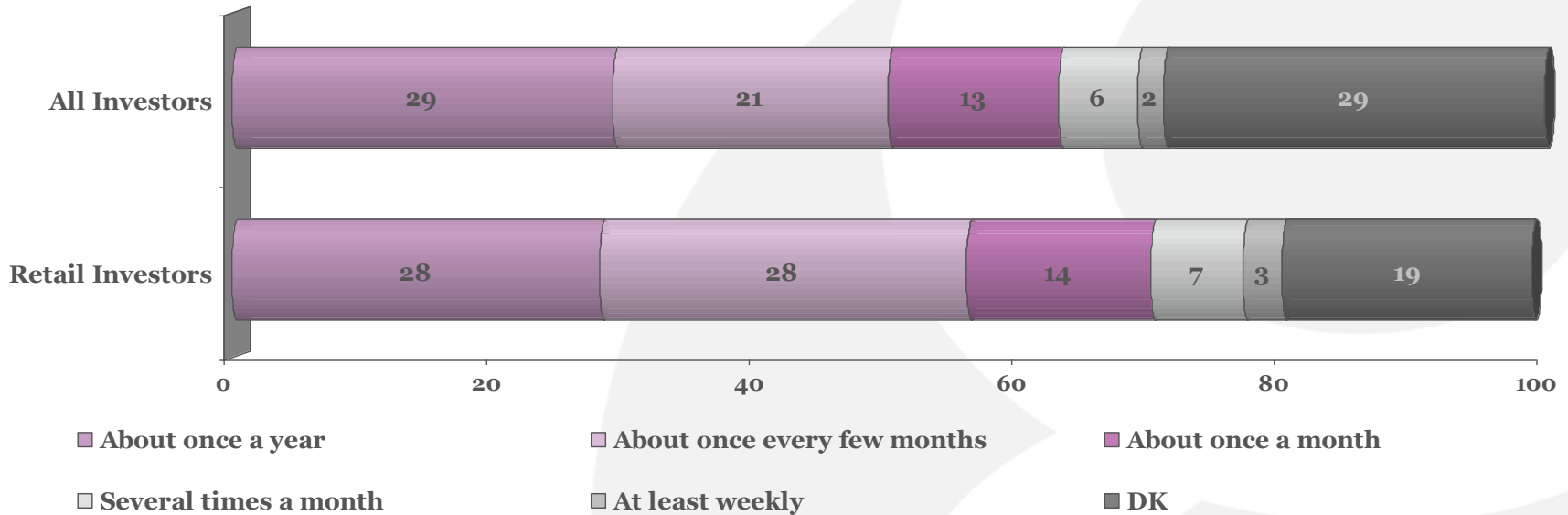
Investment Activity

“How often would you say you buy or sell stocks, bonds or mutual funds in a typical year?” ALL INVESTORS (RETAIL & OTHER INVESTORS COMBINED)





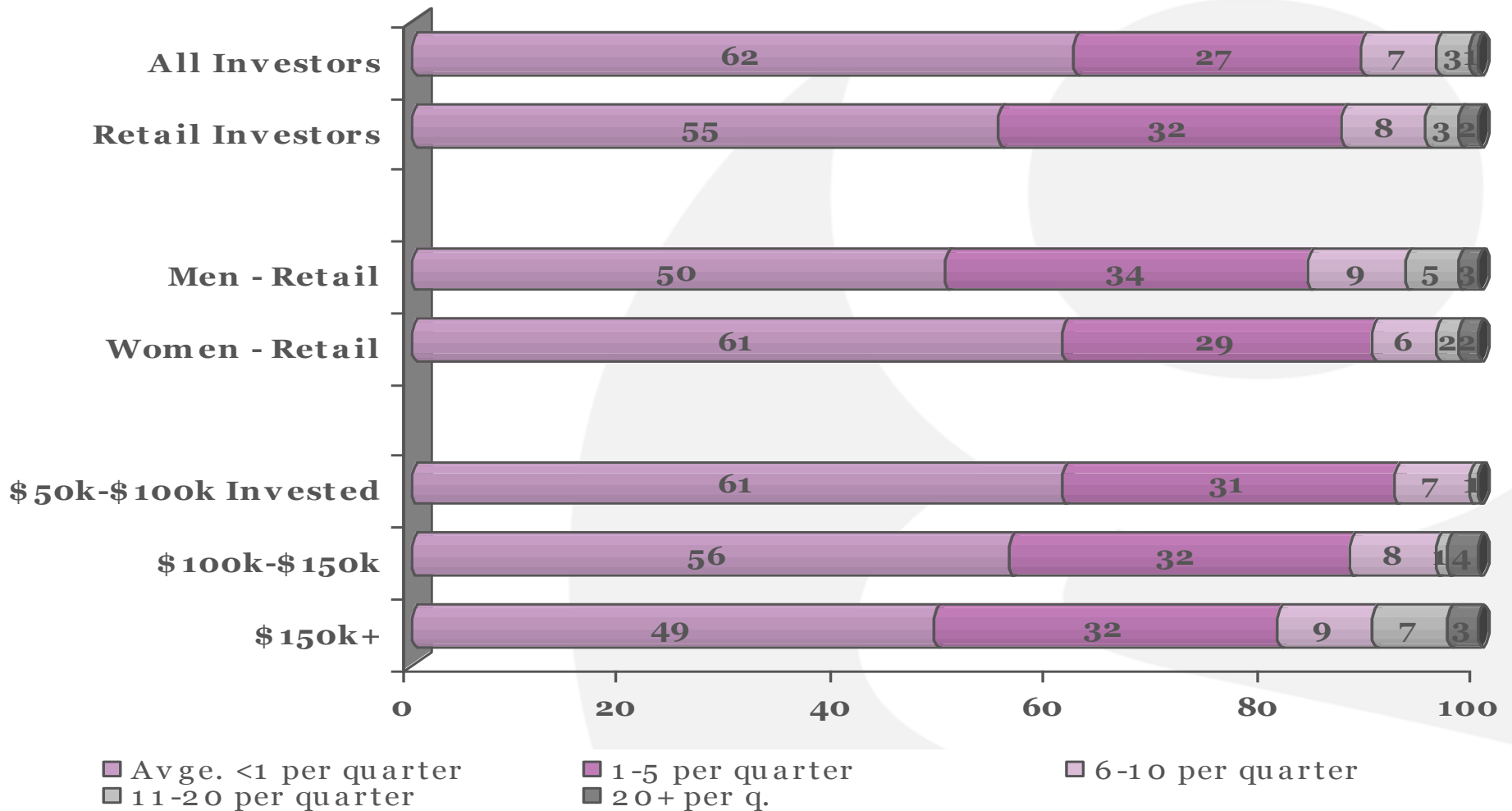
“How often would you say you buy or sell stocks, bonds or mutual funds in a typical year?” **ALL INVESTORS vs. RETAIL INVESTORS**





Trades per quarter

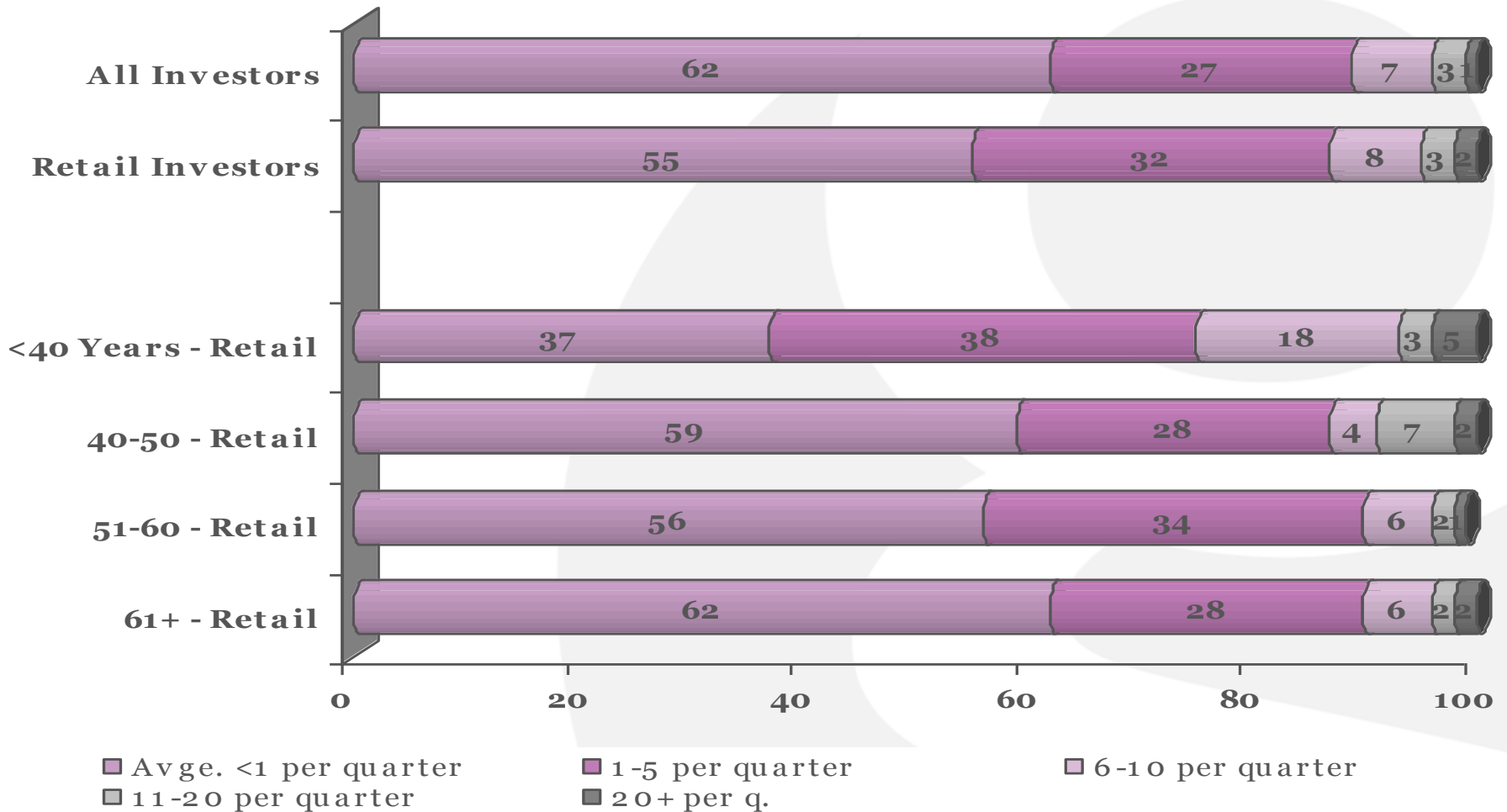
“In a typical quarter or three month period roughly how many trades, purchases or sales of stocks/bonds/mutual funds would you say you make?”





Trades per quarter

“In a typical quarter or three month period roughly how many trades, purchases or sales of stocks/bonds/mutual funds would you say you make?”

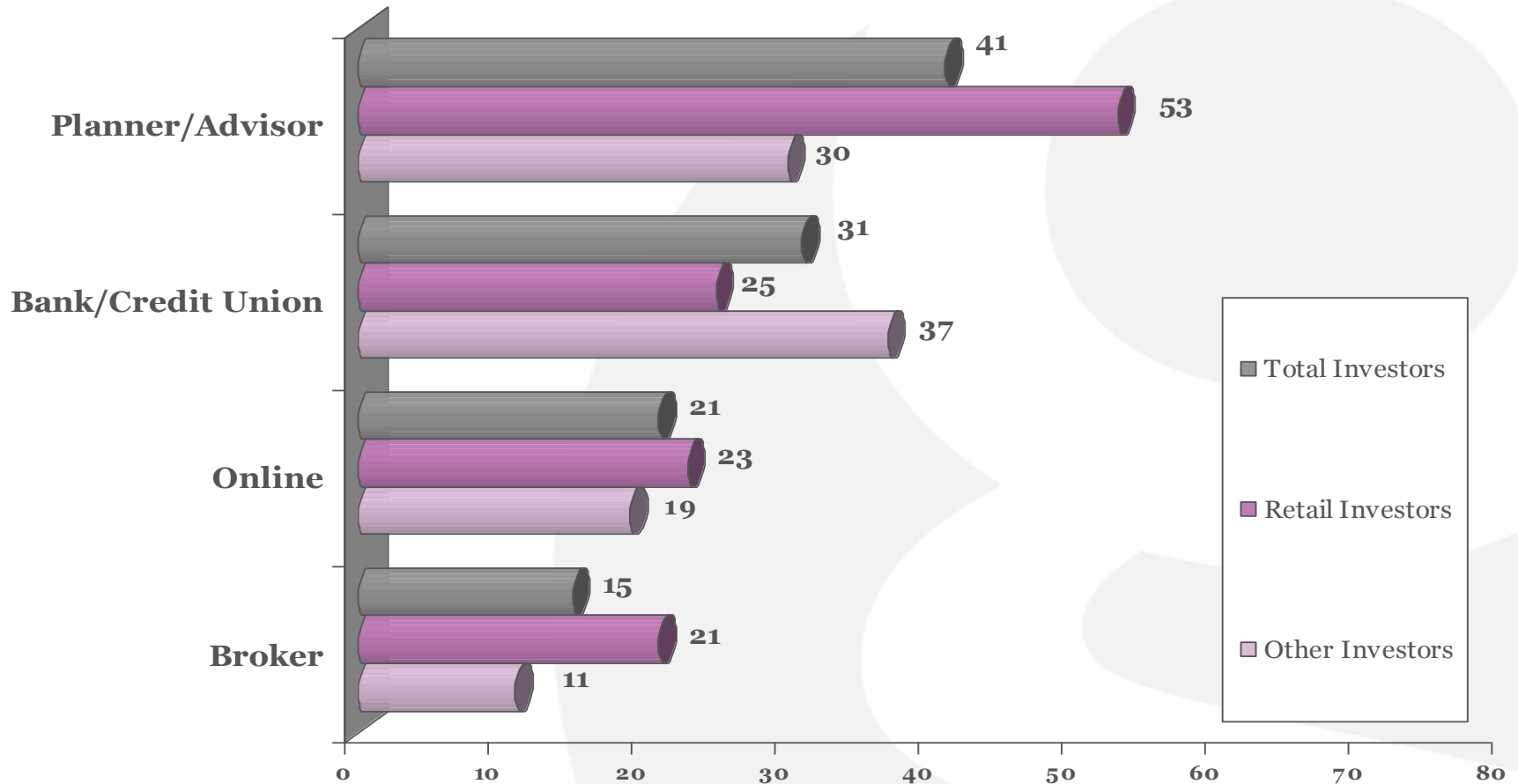




- ❑ Retail Investors primarily use financial planners and advisors to buy and sell
 - Those who trade online or use a broker are more likely to trade at least once a month, while those who trade less often are more likely to use a planner or advisor
 - Retail Investors are less likely than other investors to use a bank or credit union to trade, buy or sell investments
 - Quebecers are more likely than those in other regions to use a bank or *caisse*
 - Online traders are significantly more likely to be younger, male and high income earners

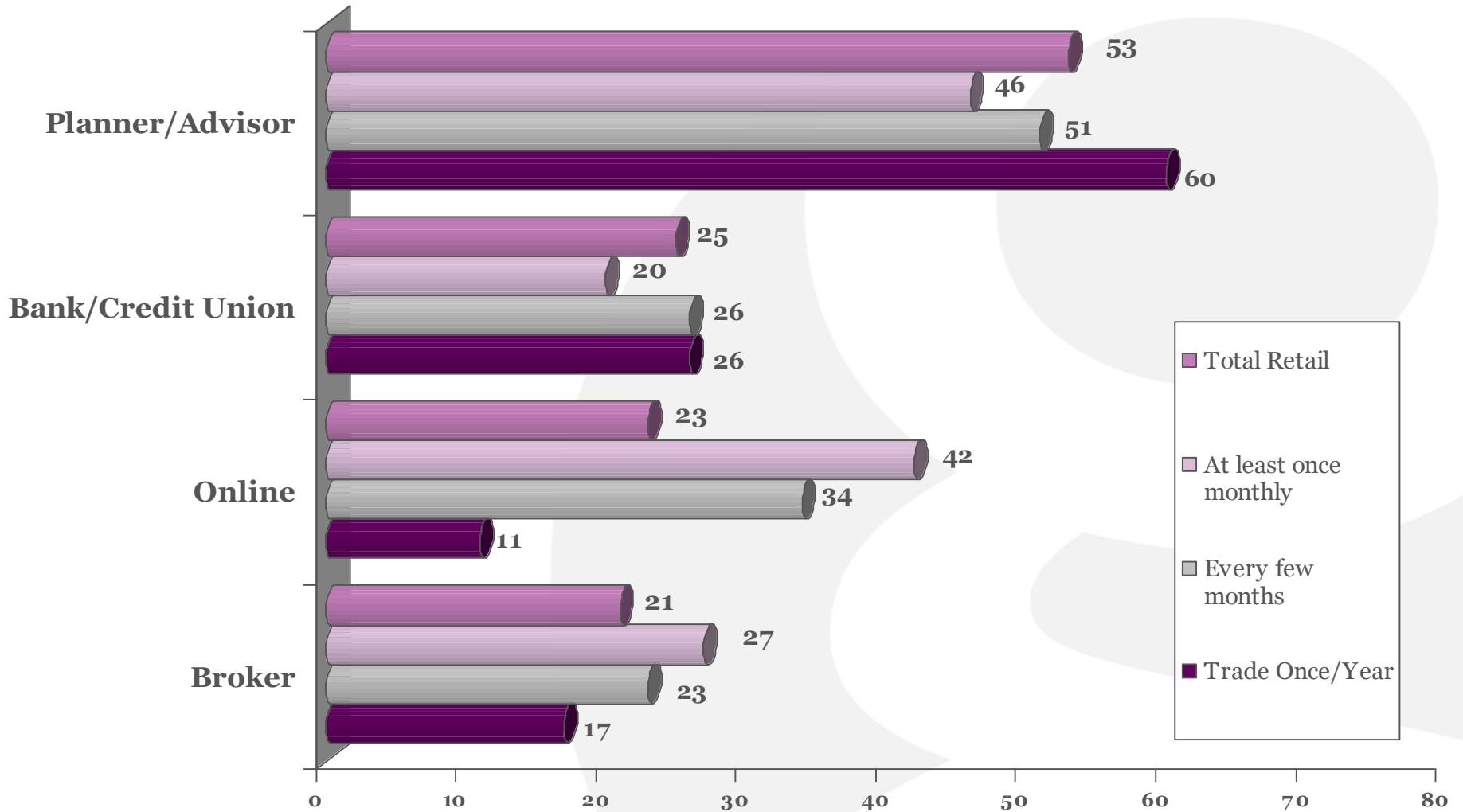


“Please tell us how you buy/sell stocks, bonds & mutual funds.” **ALL, RETAIL & OTHER INVESTORS**
% saying each





“Please tell us how you buy/sell stocks, bonds & mutual funds.” **RETAIL INVESTORS** by Frequency of Purchase % saying each

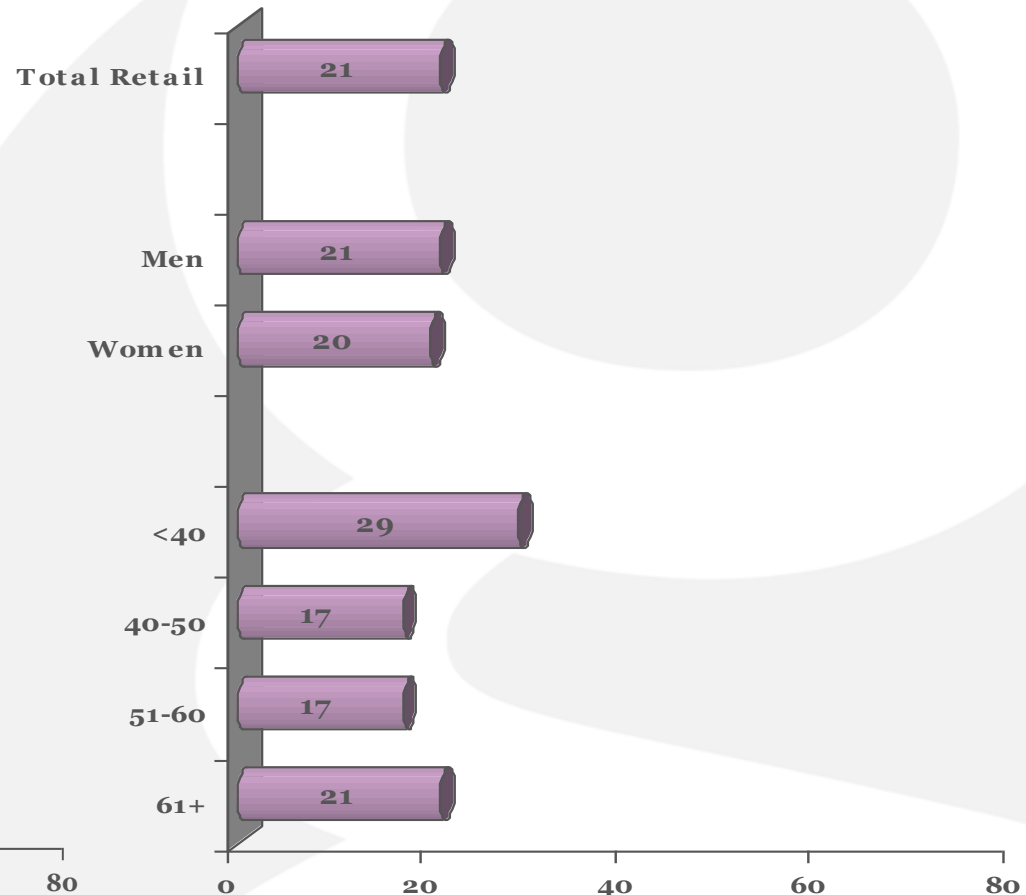
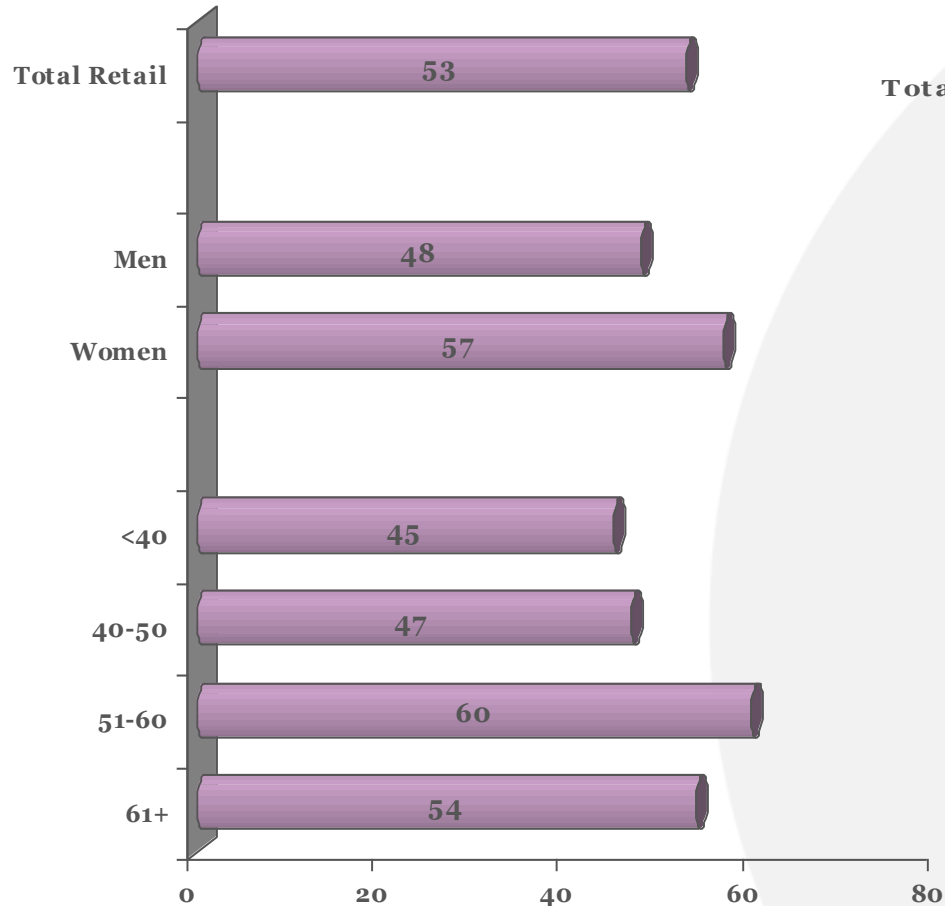




“Please tell us how you buy/sell stocks, bonds & mutual funds.” **RETAIL INVESTORS % Saying Each**

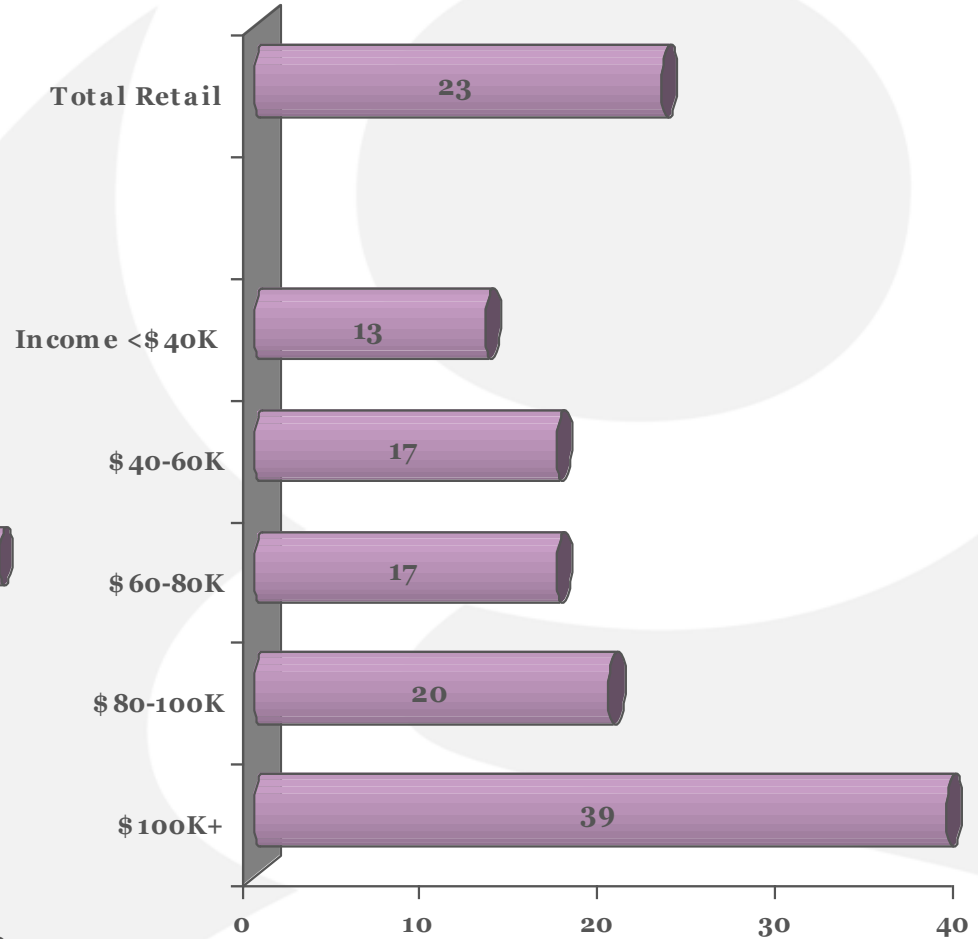
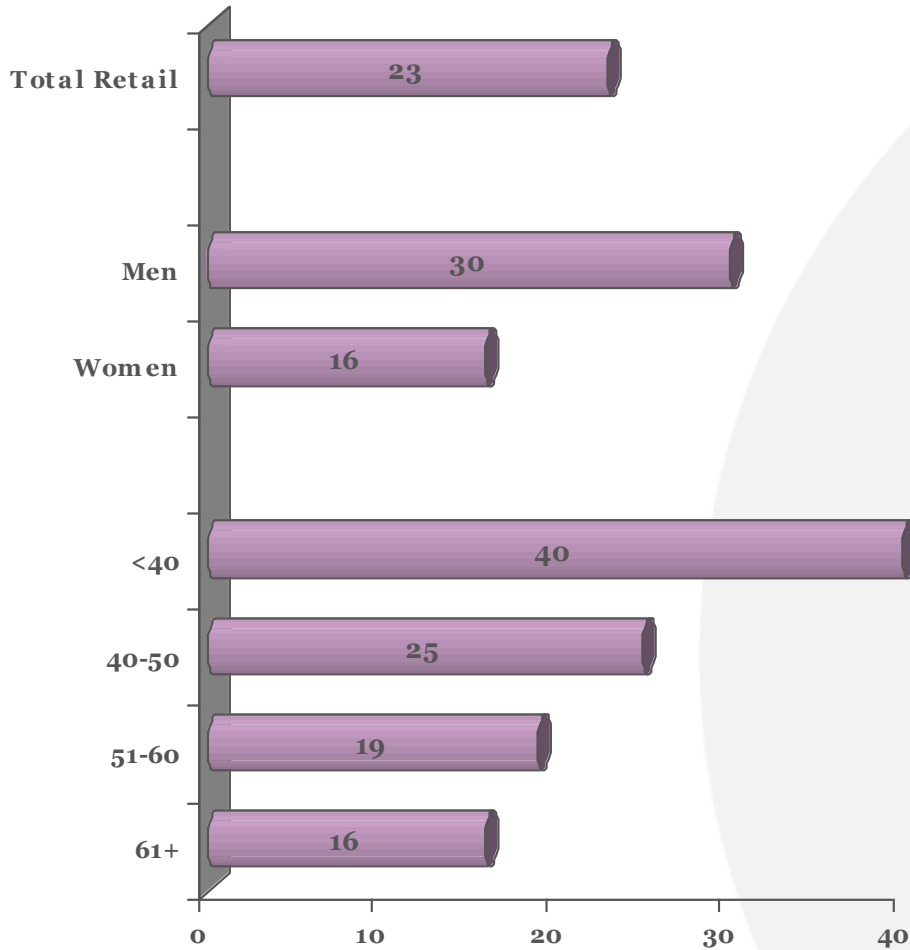
FINANCIAL ADVISOR/PLANNER

FULL SERVICE BROKER





“Please tell us how you buy and sell stocks, bonds and mutual funds.” **RETAIL INVESTORS W. online trading account or service**





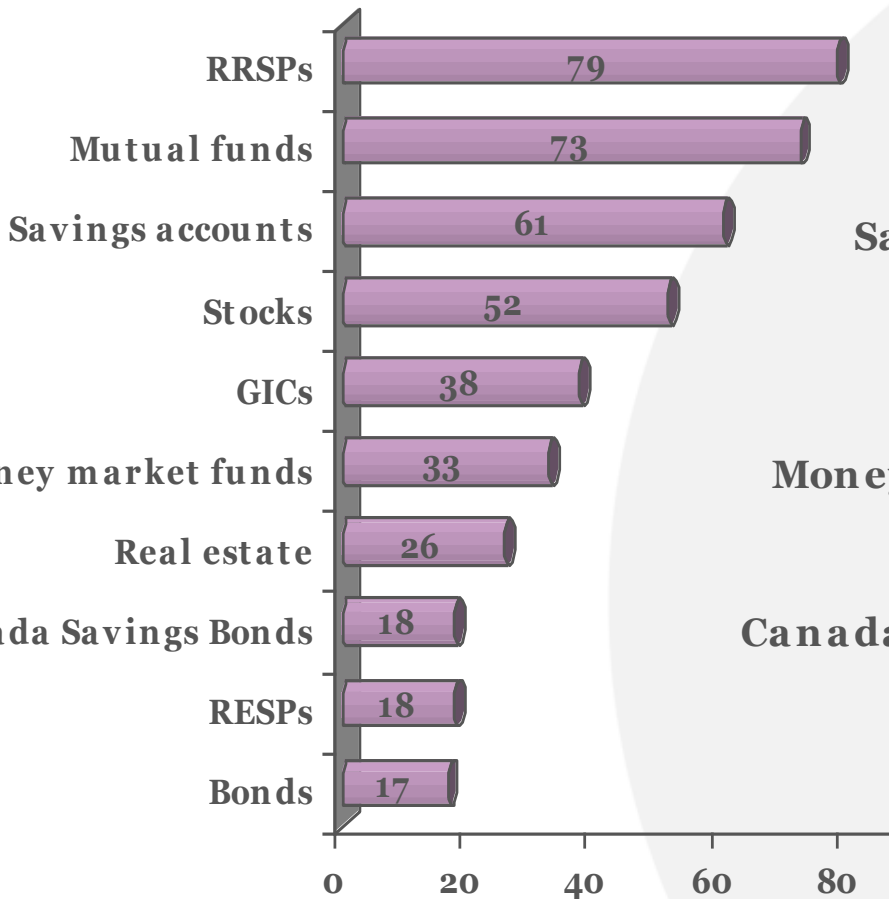
- ❑ Retail Investors are more likely to have invested in a range of investment types compared to other investors (i.e. those with less than \$50k invested)
 - RRSPs are a hugely popular tax shelter among Retail Investors
 - While they are more likely than other investors to buy most types of investments, Retail Investors are only somewhat more likely to be invested in RESPs – retirement is more of a focus for Retail Investors than other concerns
 - Retail Investors are also more likely than other investors to own stocks
 - Still only about half of Retail Investors own stocks - mutual funds are a preferred means of investing in the markets
 - Retail investors who buy and sell only once a year are far less likely to own stocks (only 36%), compared to over 70% among those who buy and sell at least every few months
 - Rate of stock ownership is much higher among those who use brokers (76%) and online services (91%)
 - Women are somewhat less likely than men to own mutual funds but significantly less likely to own stocks



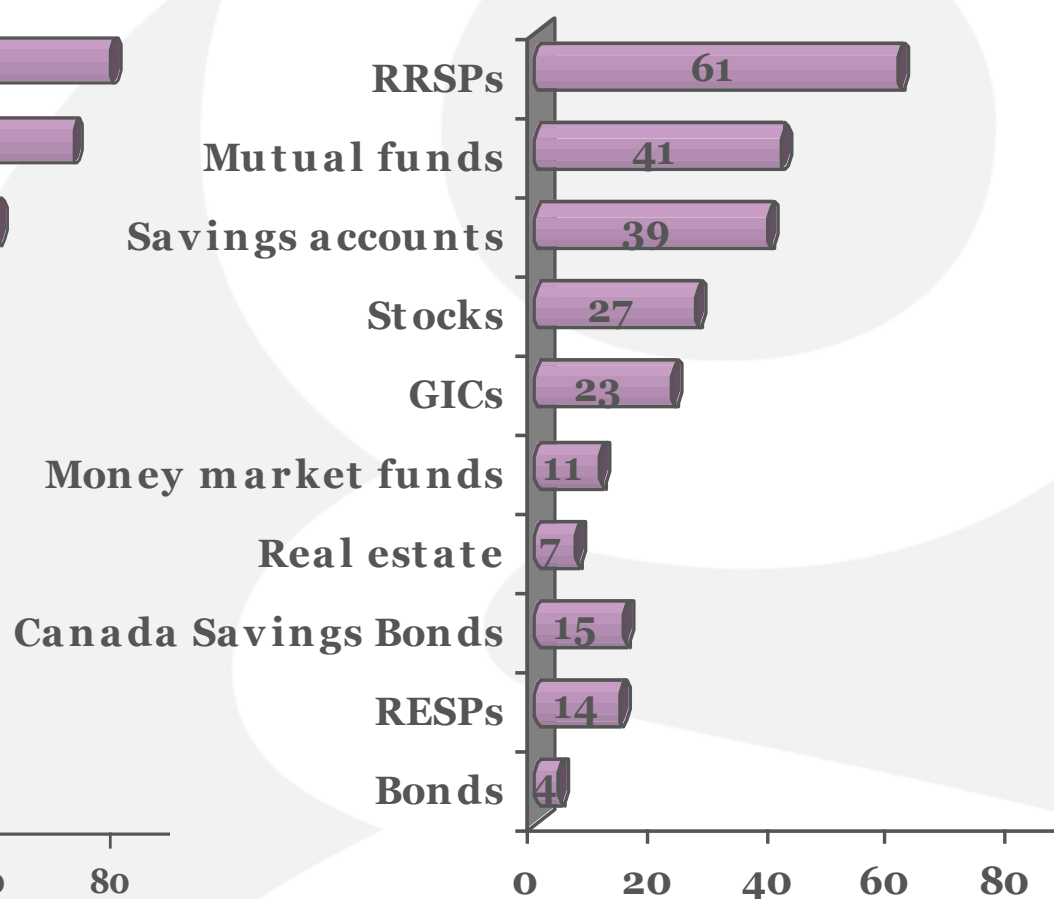
Type of Investment

“Please tell us which of the following investment types you own.” RETAIL vs. OTHER INVESTORS (i.e. <\$50k invested)

RETAIL INVESTORS



OTHER INVESTORS



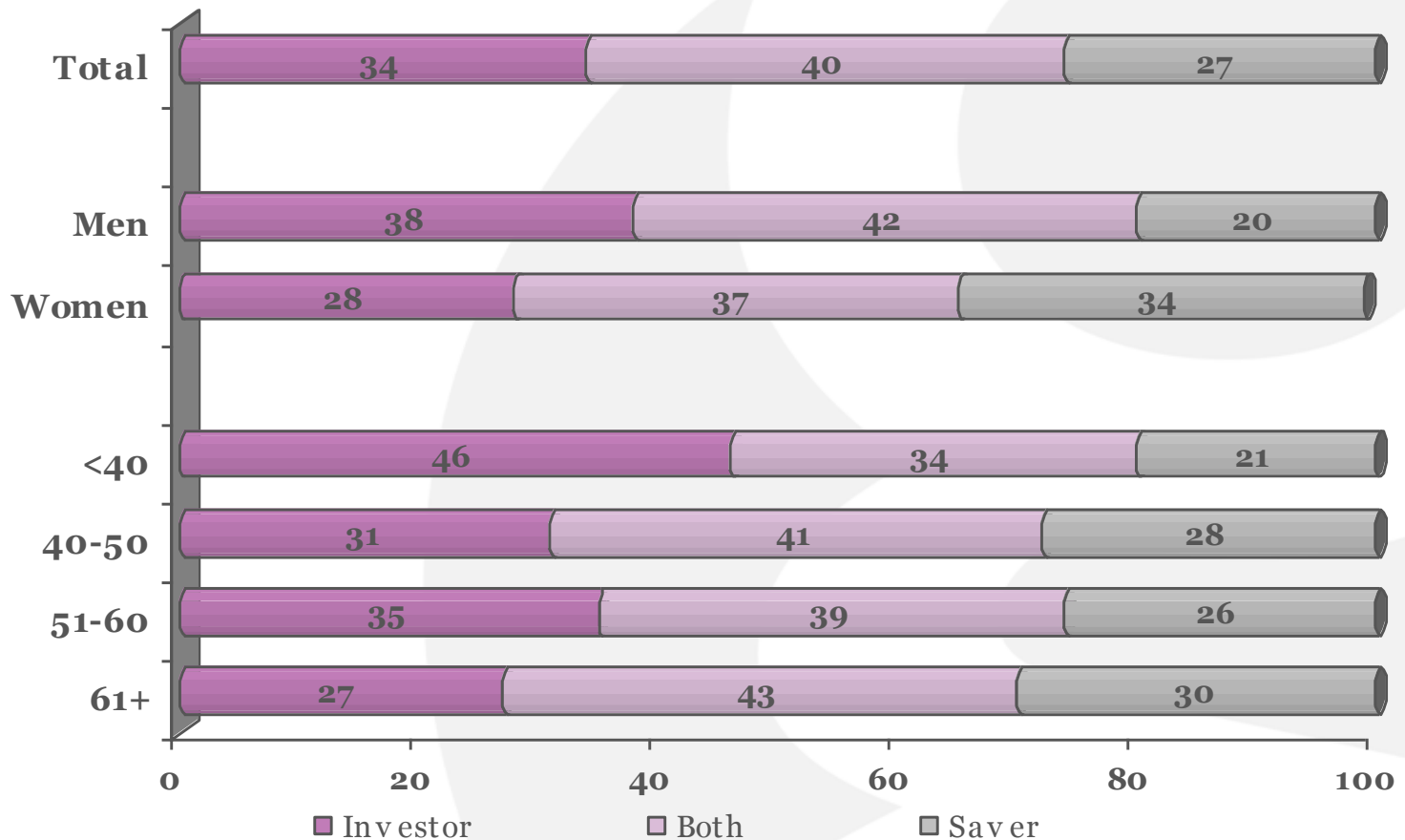


- ❑ Those with the most to invest and with the highest incomes are far more likely to consider themselves ‘investors’ than ‘savers’ in their approach to investment
 - They said they tend to invest more of their money in markets that will deliver growth & a good rate of return as opposed to investing mostly in secure savings
 - These high-value and income groups are also more likely to say they are moderate or aggressive than cautious in their investment approach
 - Among Retail Investors, women are almost twice as likely as men to describe themselves as cautious – 31% to 16%
 - Of that group of investors who are trading at least once a month, very few called themselves cautious – most were “moderates” and “aggressive”



Investment Types

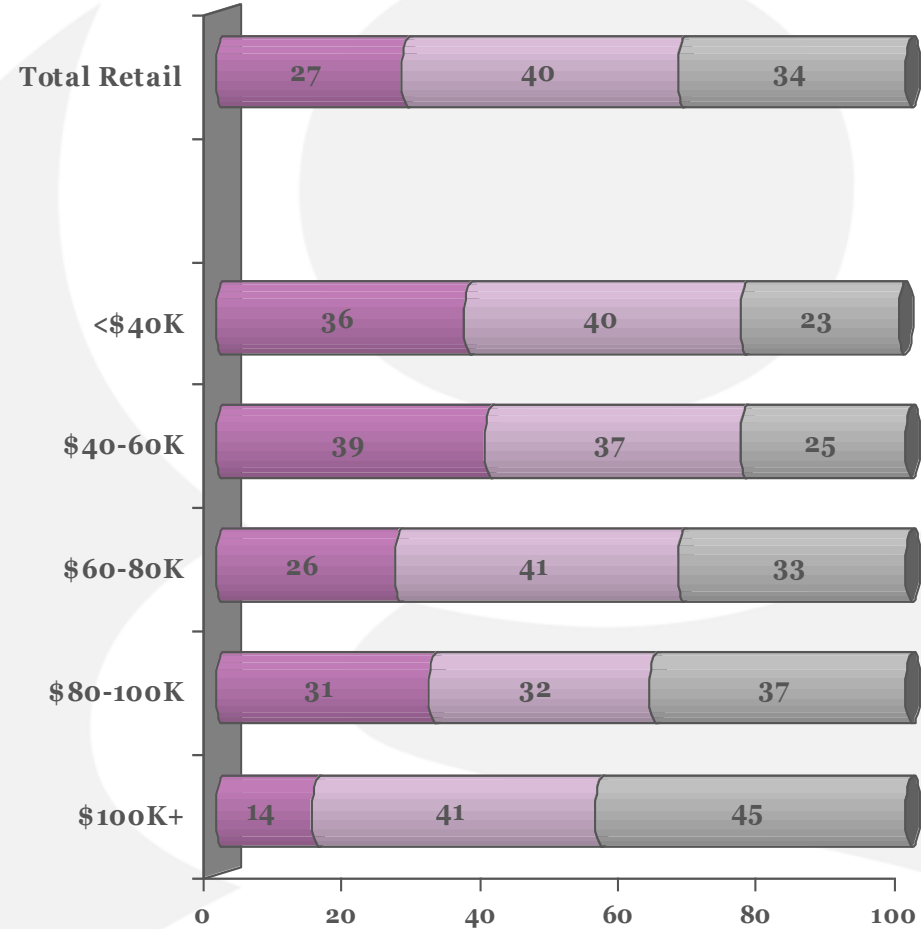
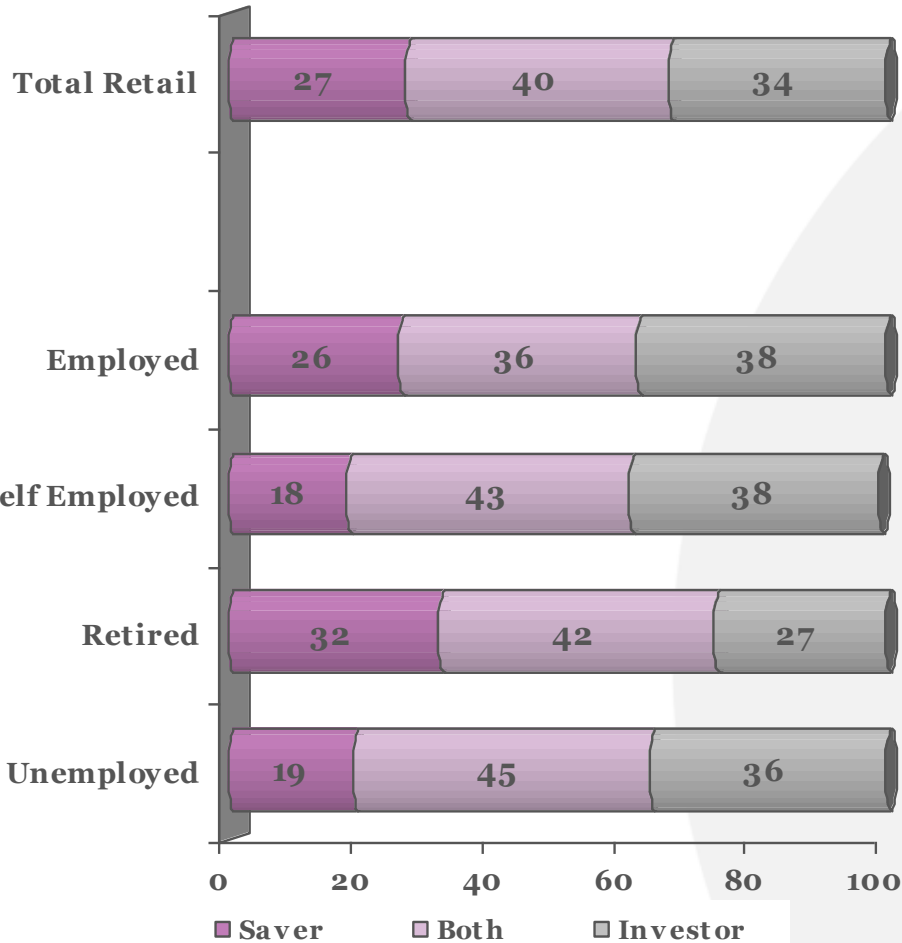
“Considering your personal approach or preference when it comes to your investments do you consider yourself: more of a ‘saver,’ meaning you invest most of your money & investments in secure savings; more of an ‘investor,’ meaning you invest most of your money & investments in markets that will deliver growth & a good rate of return; both a ‘saver’ & an ‘investor,’ meaning you invest your money & investments fairly evenly between saving & investing?” RETAIL INVESTORS





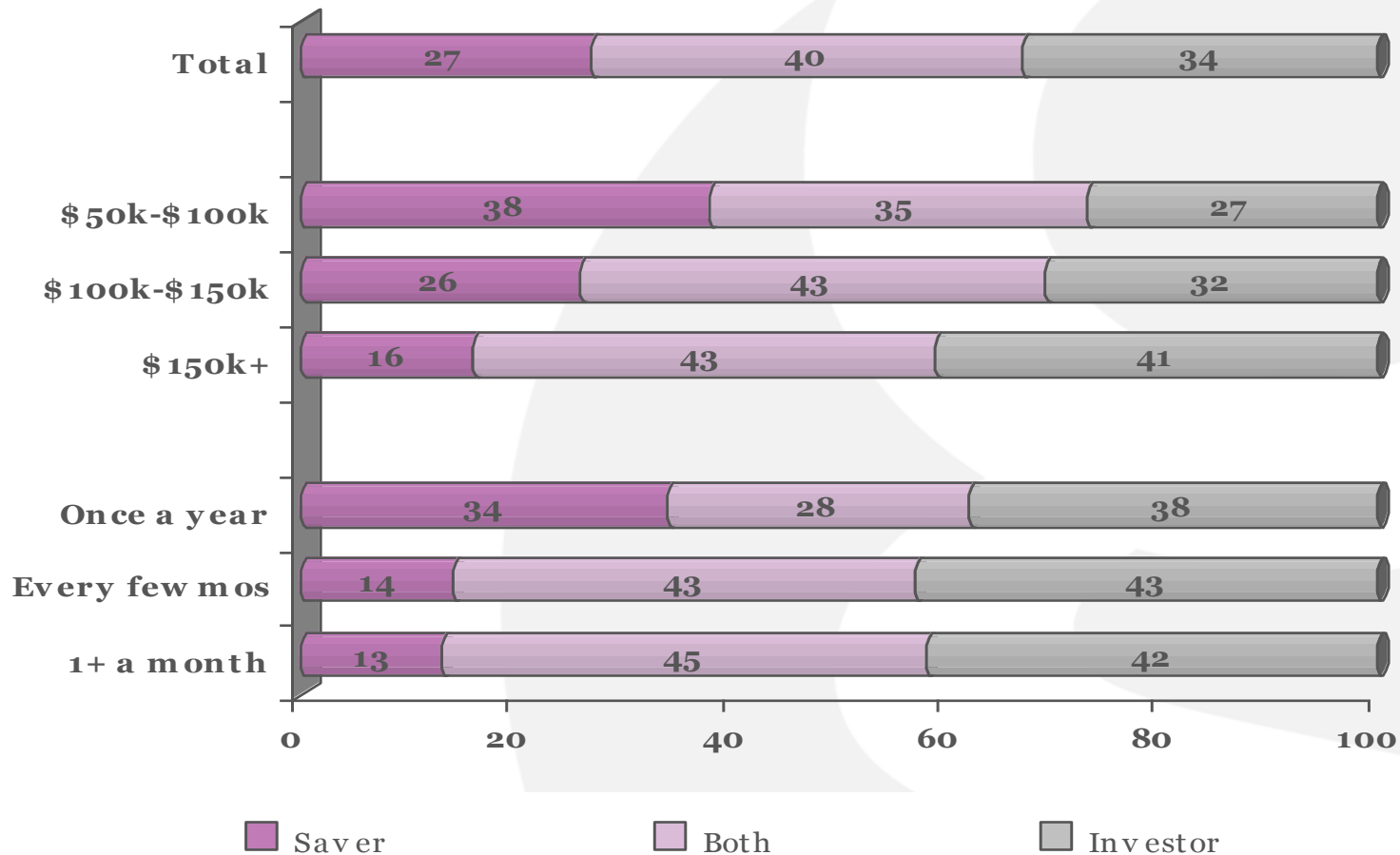
Investment Types

“Considering your personal approach or preference when it comes to your investments do you consider yourself: More of a saver; more of an investor; both a saver and an investor.” RETAIL INVESTORS By Professional Status and Income Groups





“Considering your personal approach or preference when it comes to your investments do you consider yourself: More of a saver; more of an investor; both a saver and an investor.” RETAIL INVESTORS By amount invested and frequency of trades

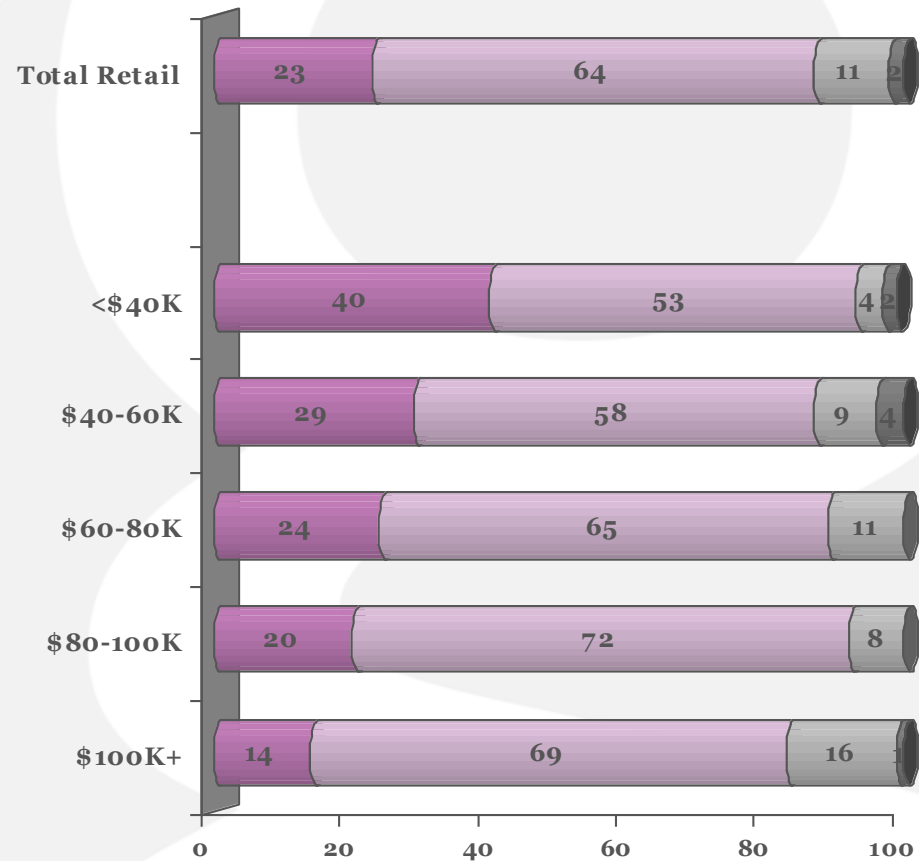
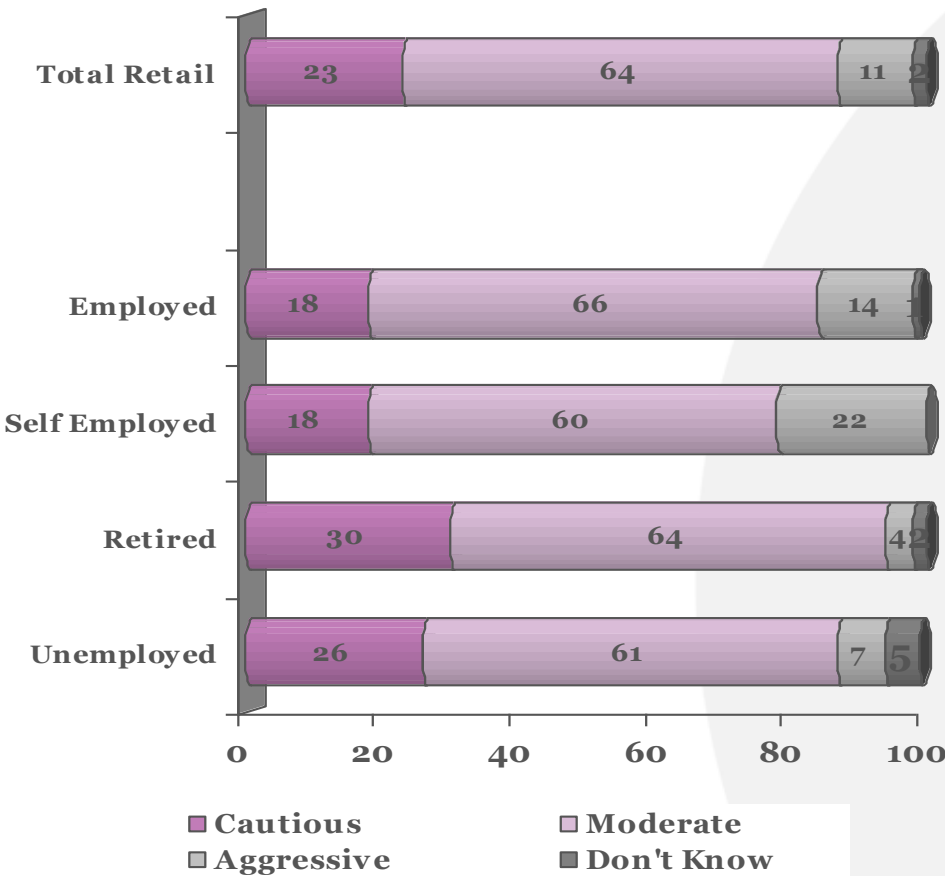




Investment Types

“Considering your personal approach or preference when it comes to your investments, how would you describe your risk tolerance level at the current time?: Cautious - you prefer an approach where few or none of your investments are exposed to market fluctuations; Moderate - you prefer a balance between secure guaranteed investments on the one hand and stocks or investments that are exposed to market fluctuations on the other; Aggressive - you prefer placing most of your investments in stocks and investments that are exposed to market fluctuations.” RETAIL INVESTORS

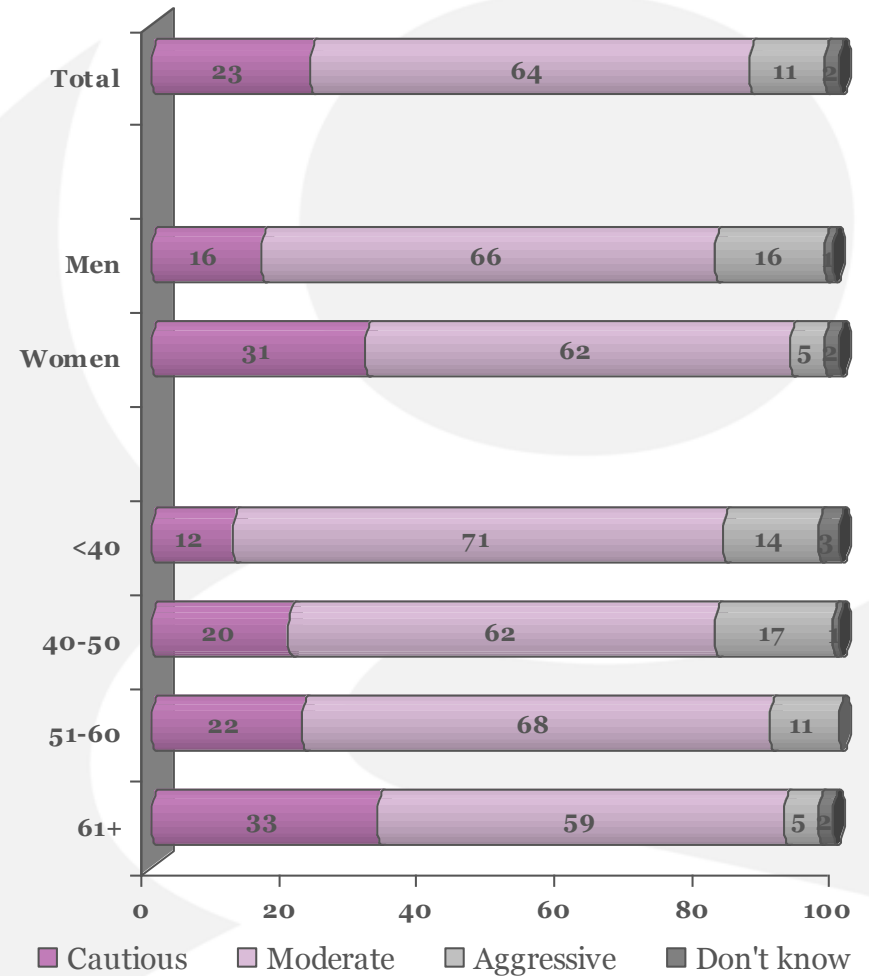
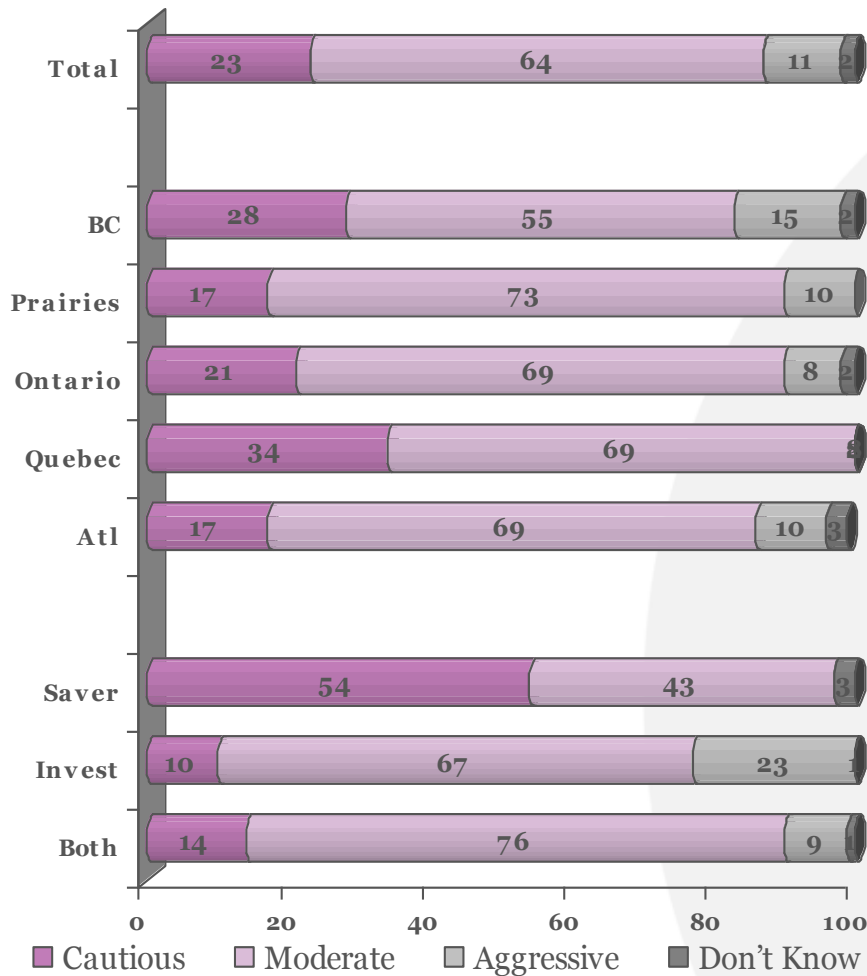
By Professional Status and Income Groups





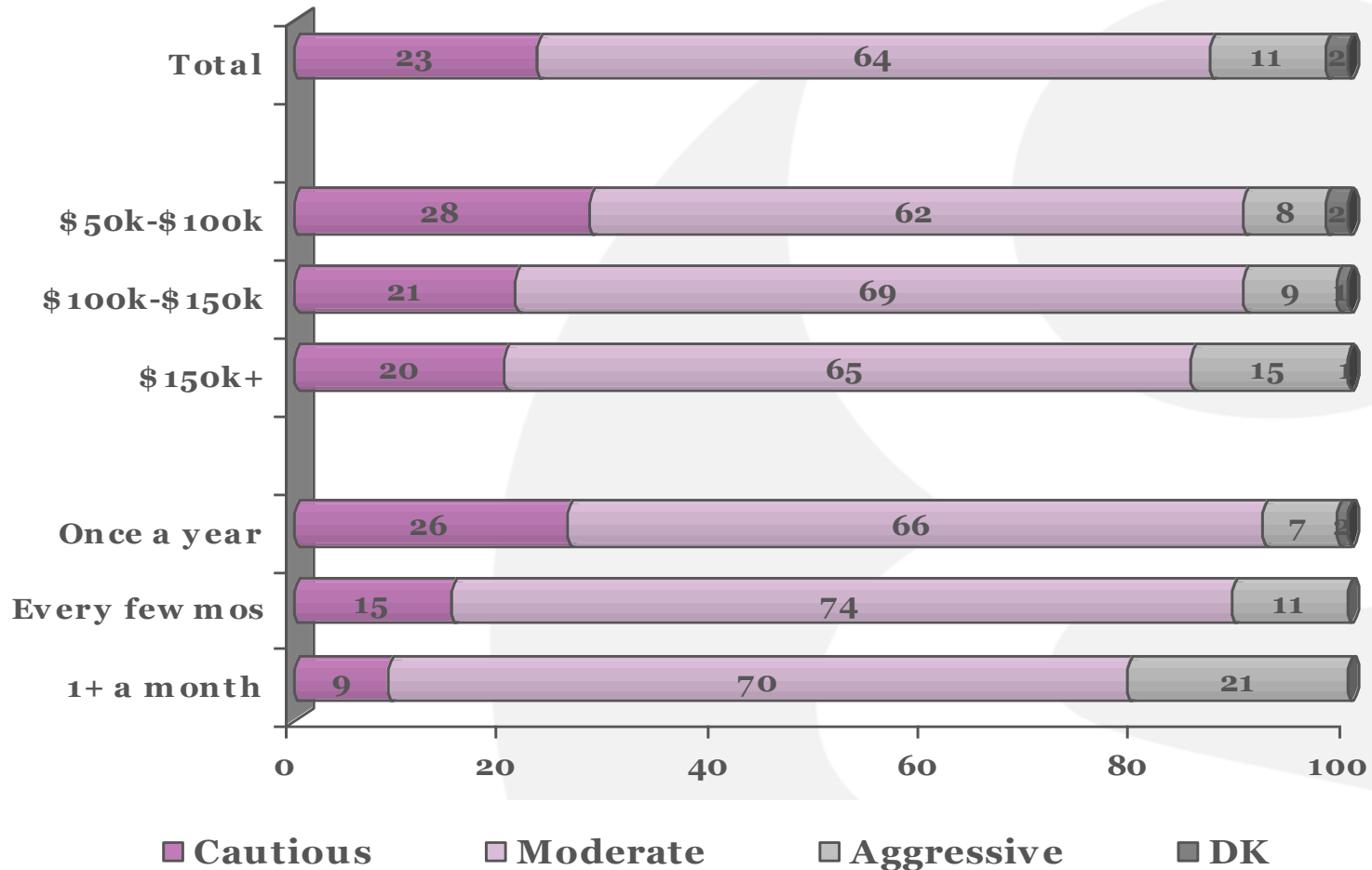
Investment Types

“Considering your personal approach or preference when it comes to your investments, how would you describe your risk tolerance level at the current time?” RETAIL INVESTORS - By region, investor-type, gender and age groups.





“Considering your personal approach or preference when it comes to your investments, how would you describe your risk tolerance level at the current time?” RETAIL INVESTORS By amount invested and frequency of trades





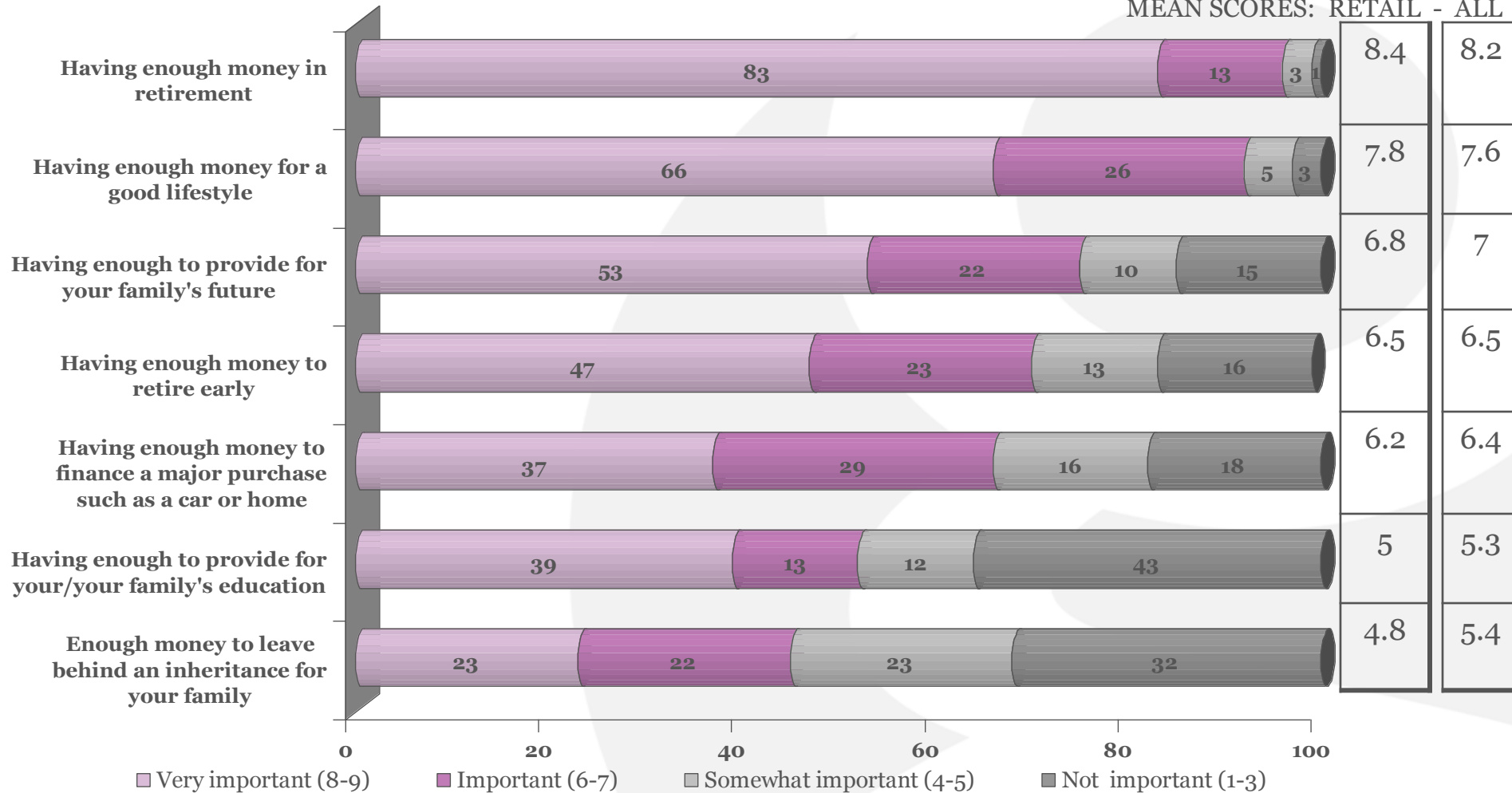
- ❑ Having enough retirement income is the most important investment objective tested
 - It is important for virtually every investor over the age of 40
 - For those under 40, having enough to provide for their family's future ranks closely to retirement in importance
 - Retail investors are somewhat more focused on retirement than other investors – for instance, they are less likely compared to other investors (who are on average younger) to rank investing for education, inheritance or a major purchase as high in importance
 - While having enough money to retire early is less important for most than other concerns, it's still a priority for almost half of Retail Investors
 - For those with children under 18, saving for education is hugely important – second only to retirement in importance



Investment Goals

“We’d like to know about your goals when it comes to investing. Please tell us on a scale of one to nine where one means not at all important and nine means very important, how important each of the following is to you.” RETAIL INVESTORS

MEAN SCORES: RETAIL - ALL



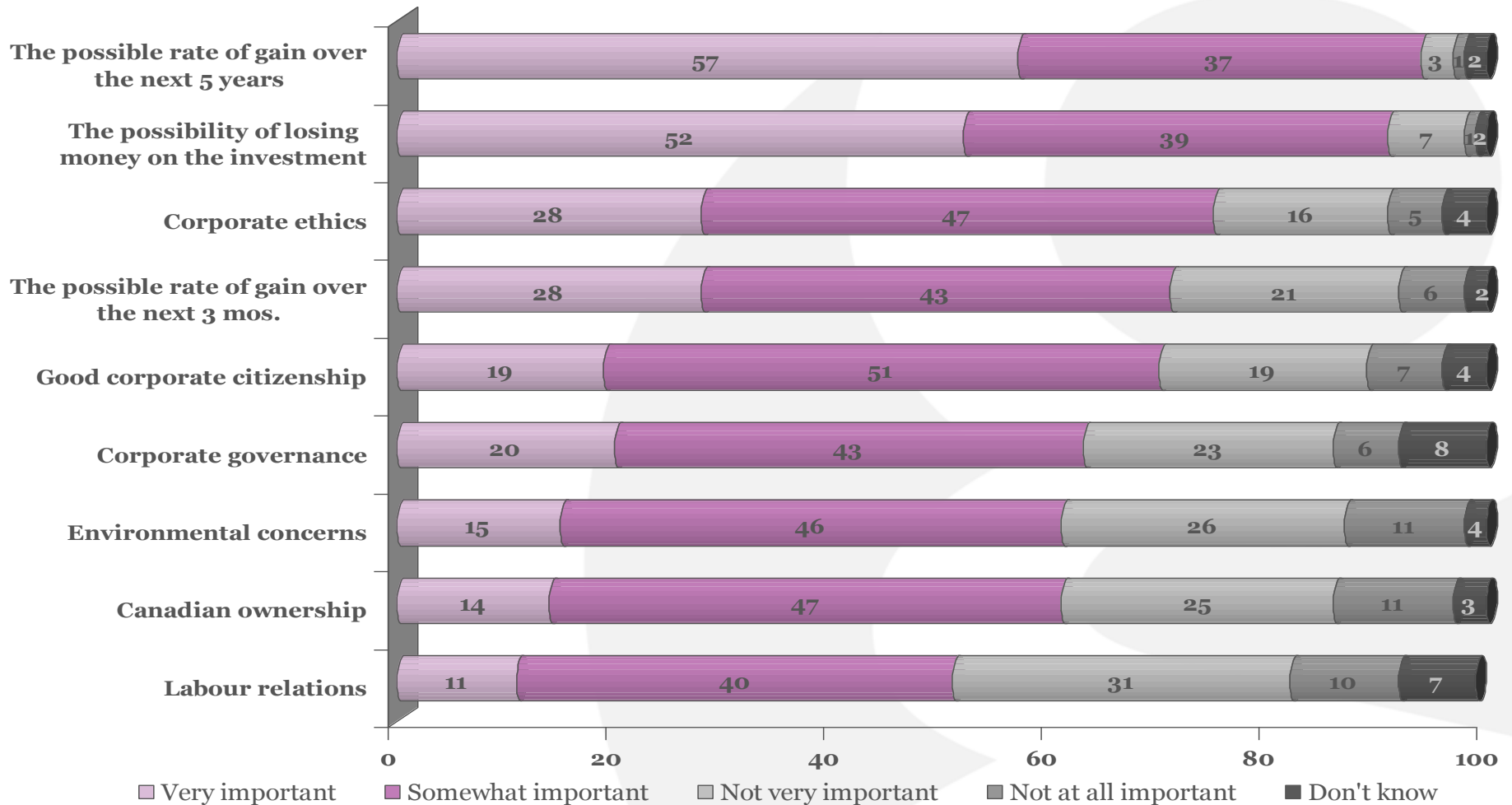


- ❑ When it comes to what they consider most when they trade, most Retail Investors will overlook governance, ethical, corporate citizenship issues, and foreign ownership concerns if the earnings are there
 - Possible gain over five years is the most important consideration for Retail Investors
 - While Retail Investors are more likely to claim to take the long view, the majority said they consider the next quarter's results - one in four take them very seriously
 - Environmental considerations are slightly more important to female Retail Investors, but no more important to younger Retail Investors than older Investors
 - Most are unconcerned with Canadian ownership



Investment Considerations

“For each of the following, please tell us how important each is for you when you are considering buying or selling stocks, bonds or mutual funds.” RETAIL INVESTORS



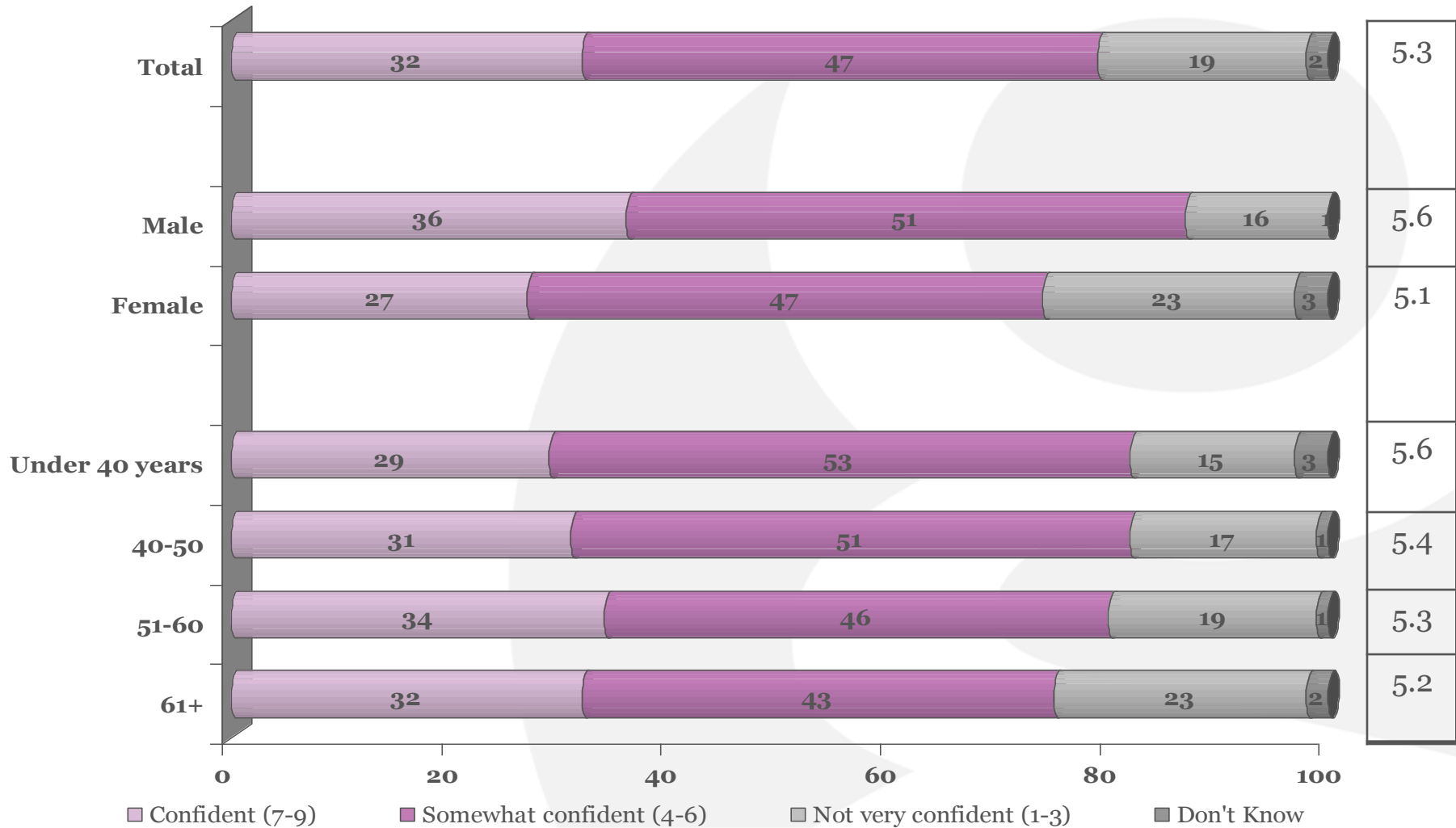


- ❑ The majority Retail Investors are at most only somewhat confident when it comes to investing their money in the stock market at the current time
 - Only about a third said their level of confidence was high
 - Those with the most to invest (\$150k and above) were more likely to say they had high levels of confidence than did those with less invested in the markets
 - While older Retail Investors have more to invest on average they are not necessarily more confident - younger investors registered higher confidence levels
 - Male Retail Investors were also more likely to say they are confident investing in the markets at the current time
 - Those who are 'cautious' in their investment approach tended to say they are less confident. 'Aggressive' and even 'moderate' Retail Investors said they were more confident than the average Retail Investor.



Confidence in the Markets

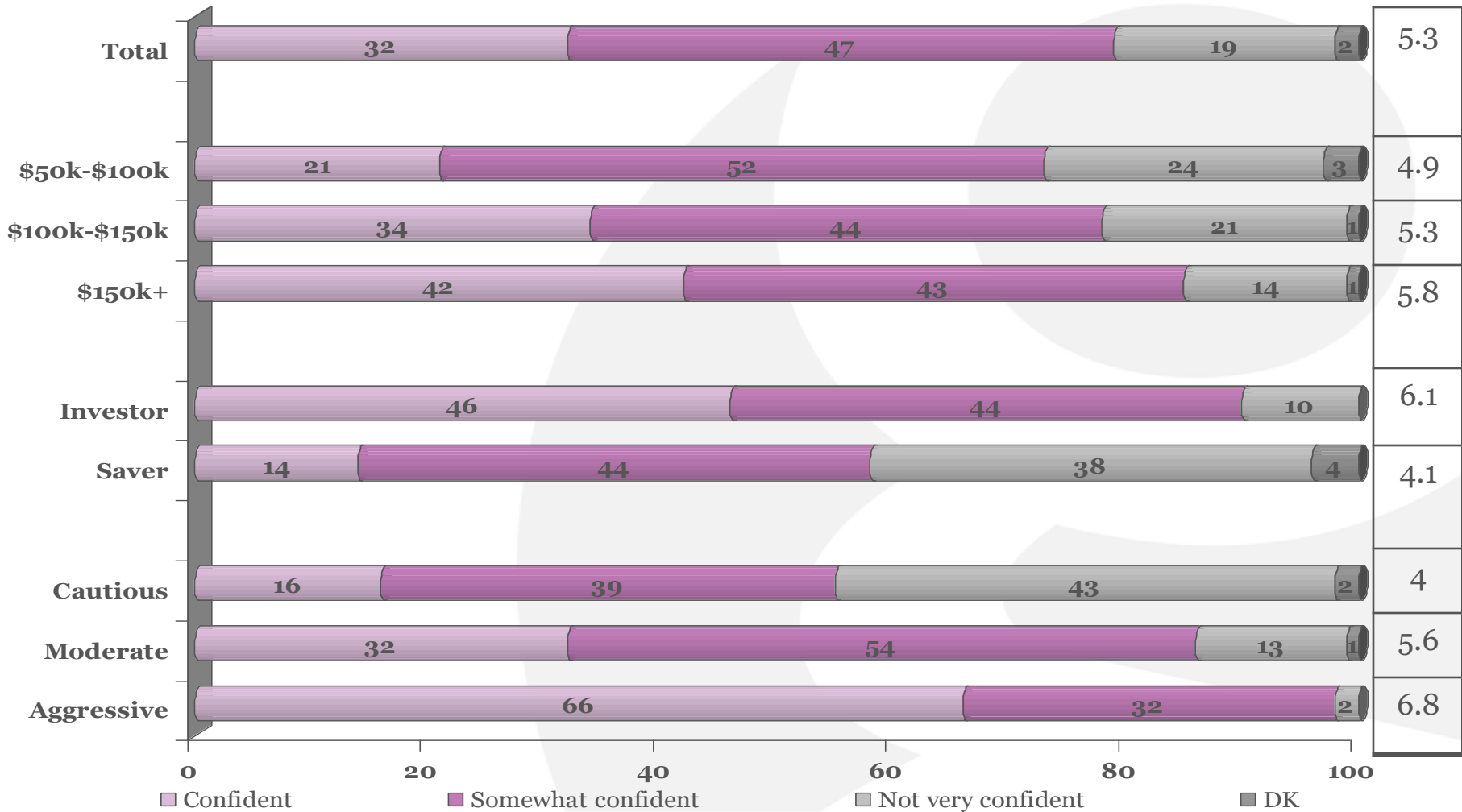
“What is your level of confidence when it comes to investing your money in the stock market at the current time? Please tell us on a scale of 1 to 9 where 1 means not at all confident and 9 means very confident.” RETAIL INVESTORS





Confidence in the Markets

“What is your level of confidence when it comes to investing your money in the stock market at the current time?” RETAIL INVESTORS



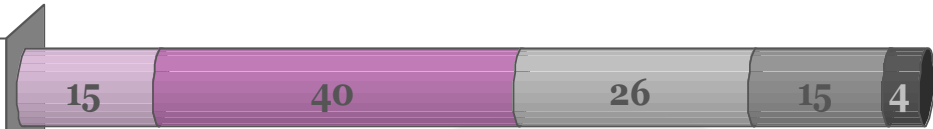


- Many Retail Investors have invested less in the markets of late than they otherwise would have done and most have reprofiled their investments to plan for retirement. Many are concerned about whether stocks are the safest bet.
 - High value investors were less likely to agree it's safer to invest in real estate and significantly more likely to believe they will make back what they lost over the last year.
 - Most Retail Investors are more worried about falling behind than excited about getting ahead.
 - This view is widely held. Most in each subgroup agreed – male/female; retired, unemployed and employed; and most income groups. Those few who consider themselves aggressive investors were most likely to disagree.
 - Most Retail Investors have refocused their investments in the past year to plan more for retirement
 - Even 48% of those under 40 agreed they had refocused their portfolio with retirement in mind
 - While most don't expect a decline in the markets in the next six months, there are many who are unsure on this question or who agreed prices will drop (33%)
 - Despite the gains made on the markets recently, half of Retail Investors said they left more of their money outside of the stock market than they otherwise would have
 - While most still believe long-term investment will yield growth, 41% of cautious investors agreed they no longer believe investing in the markets over time will yield growth



Agree Disagree: Investment Trends

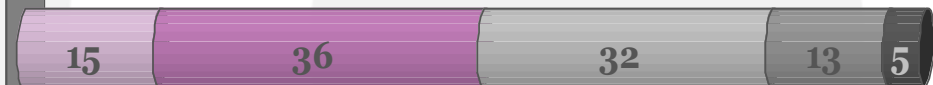
In the last year I have refocused my investments to plan more for retirement



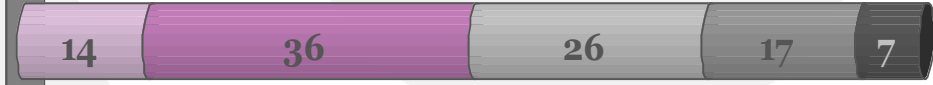
I'm more worried about falling behind than I am excited about getting ahead



I would rather put money into more secure investments like bonds than into stocks given the current economy



I chose to invest less in the stock markets over the last six months than I normally would



I think it's safer to invest in real estate than in the stock markets right now



I think stock market values are likely to drop some time in the next six months



I no longer believe that investing in the markets over time will yield growth



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

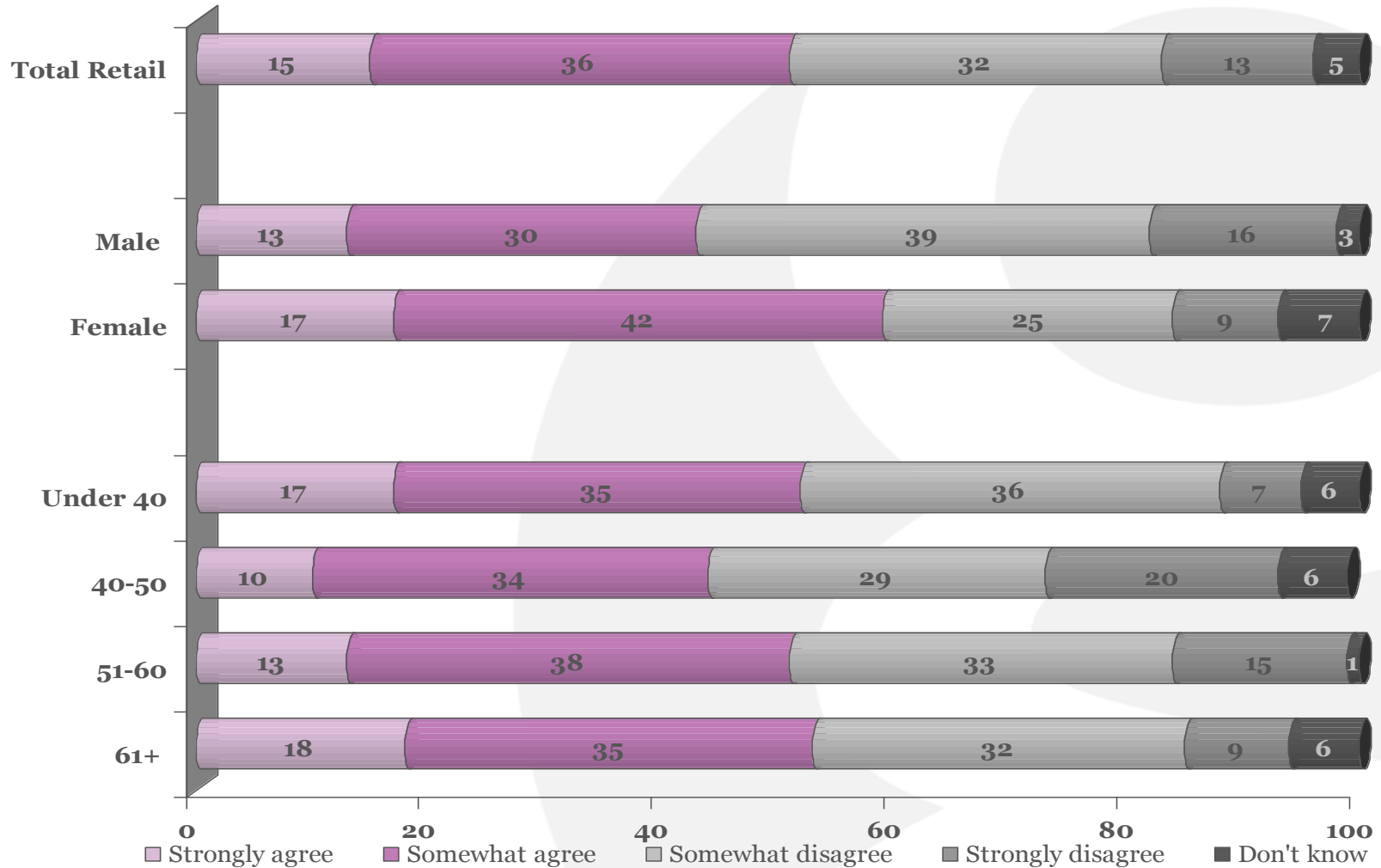


- While most Retail Investors are concerned about how secure stock markets are compared to other options, few have strong views – most are relatively unsure, either somewhat agreeing or somewhat disagreeing they'd rather invest in secure markets than in stocks
- High value Retail Investors are less concerned – most with at least \$150k in investments disagreed that investments in bonds were preferable to stocks given the economy
- Men were also likely to disagree, and are more prepared than women to invest in stocks compared with options like bonds in the current economy
- In terms of likelihood to gain back what was lost over the last year or so, almost half of Retail Investors (45%) said they either never lost anything, have already made it back, or are very confident they will make it back – of the remainder 37% hope they will make back what was lost; 16% are doubtful.
- Cautious investors are less likely to have lost money, but those that did are less likely to think they will make it back.



Confidence in the Markets

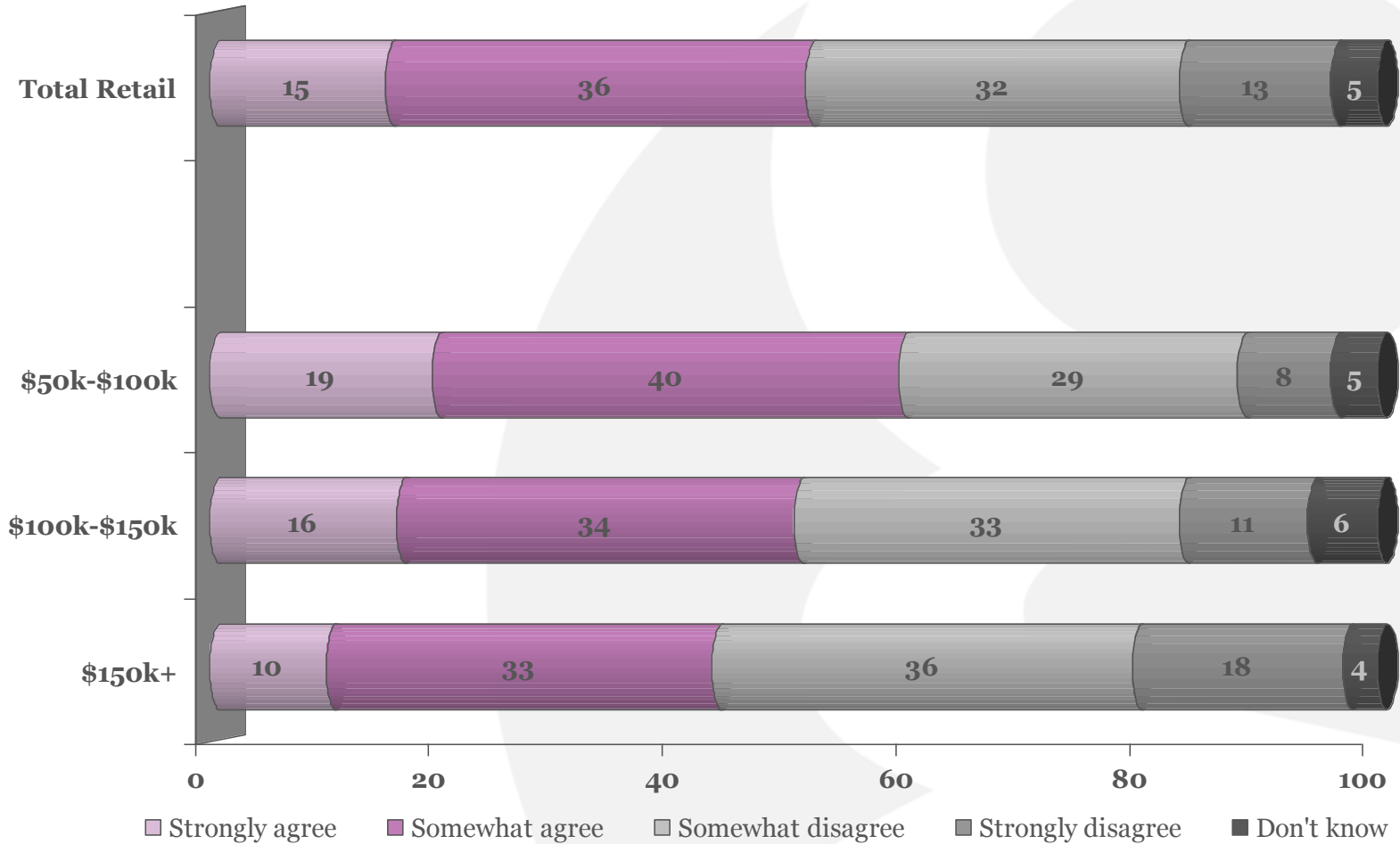
Agree/Disagree: "I would rather put money into more secure investments like bonds than into stocks given the current economy." RETAIL INVESTORS By Gender & Age





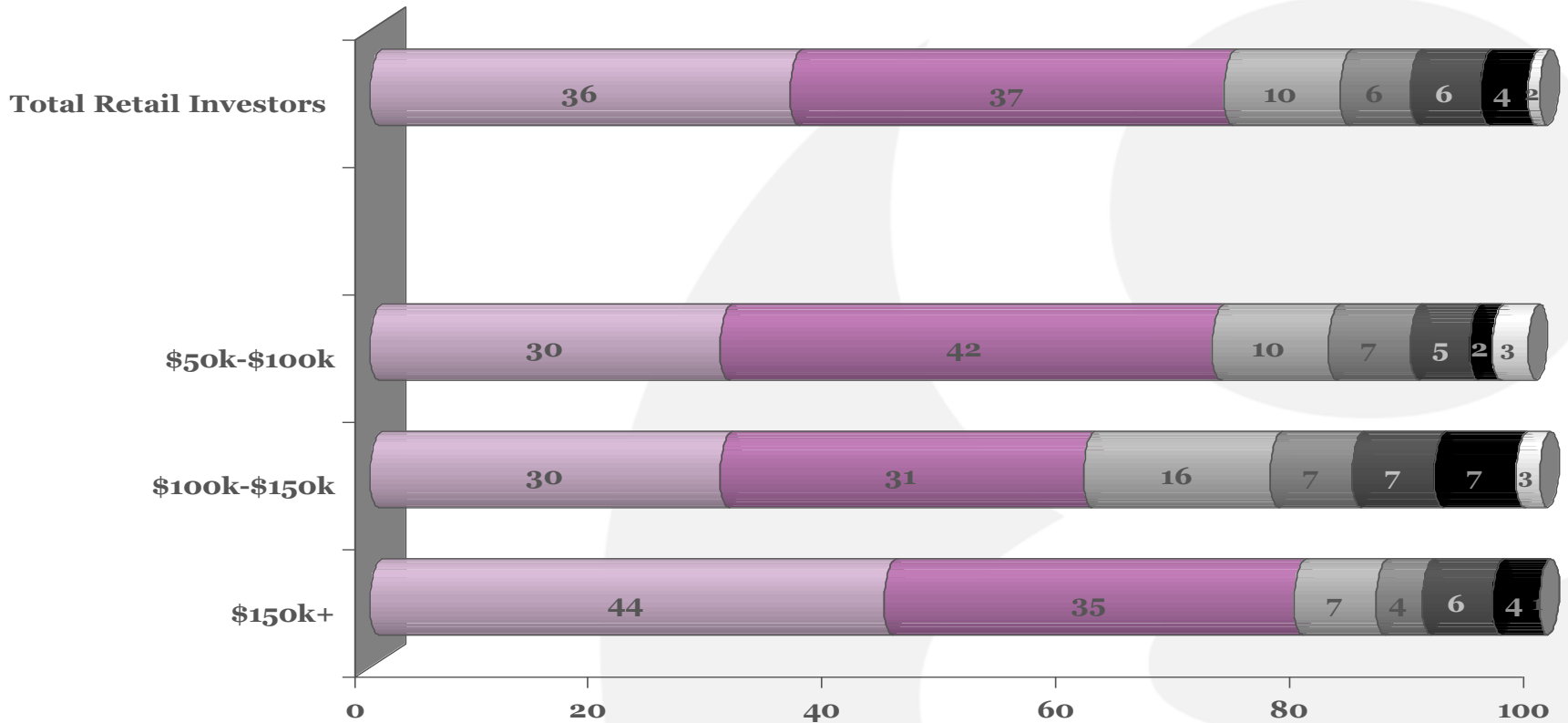
Confidence in the Markets

“I would rather put money into more secure investments like bonds than in to stocks given the current economy.” RETAIL INVESTORS By Amount Invested





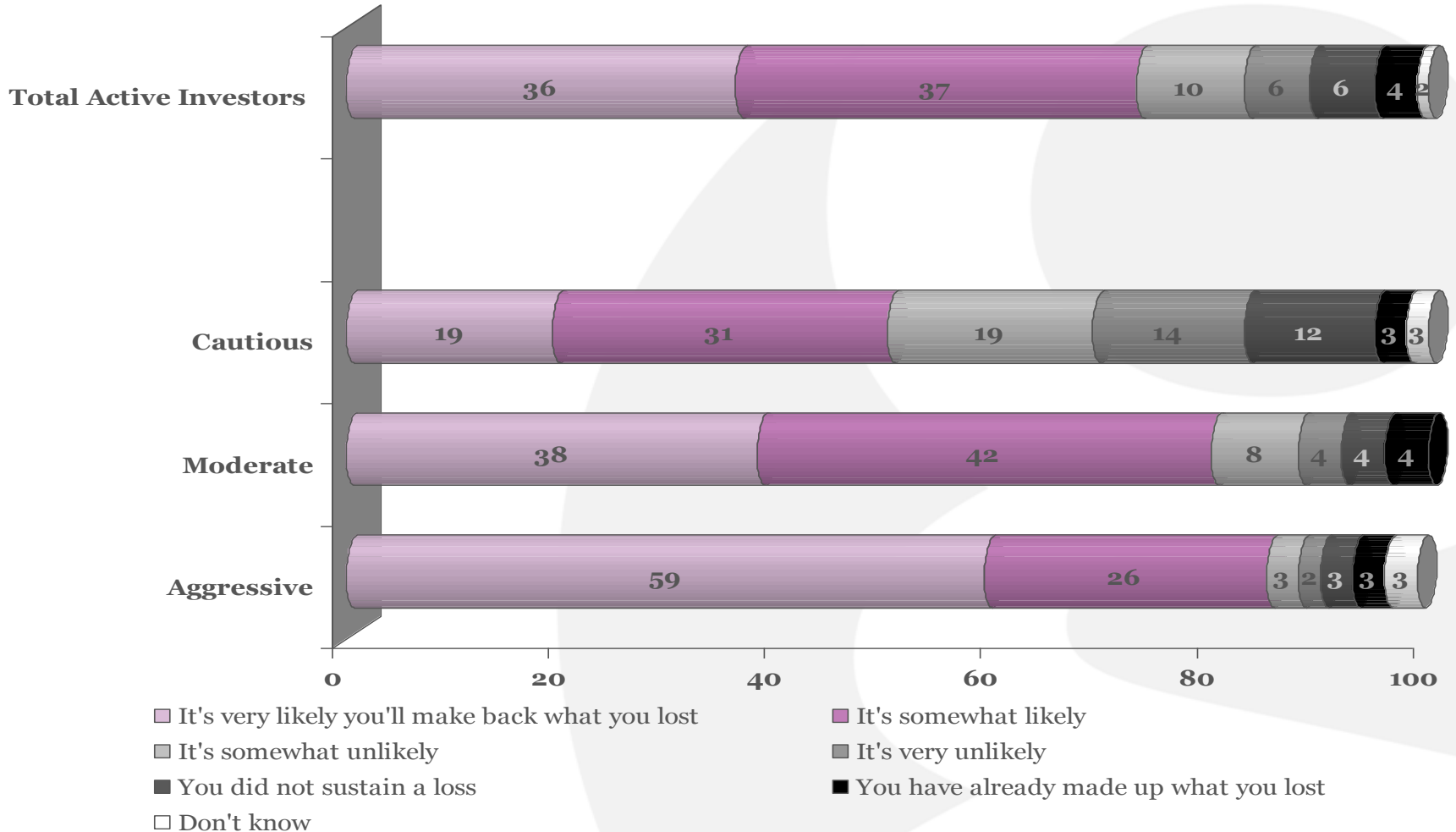
“Which one of the following statements best applies to you with respect to making back what you lost in the stock markets, mutual funds and bonds?” RETAIL INVESTORS



- It's very likely you'll make back what you lost
- It's somewhat unlikely
- You did not sustain a loss
- Don't know
- It's somewhat likely
- It's very unlikely
- You have already made up what you lost



“Which one of the following statements best applies to you with respect to making back what you lost in the stock markets, mutual funds and bonds?” RETAIL INVESTORS





- ❑ Most Retail Investors are bullish – they expect the markets to yield good returns over the next year
 - In effect they expect markets to outpace economic growth in the next twelve months
 - Less than 2% of Retail Investors said they expect their stocks and mutual funds to break even or sustain a loss in the next year.
 - Those with more to invest expect higher returns than those with less invested
 - So-called ‘Savers’ are much less likely to expect significant gains in the coming year



“Please tell us what annual rate of return, in percentage terms, you expect from your investments in stocks and mutual funds over the next twelve months.”

Respondents	Average Rate of Return	% Saying “Don’t Know”
All Investors	7.5%	34%
Retail Investors	8%	24%
Retail - Retired	7.7%	22%
Retail – Male	8.7%	12%
Retail – Female	6.9%	38%
Retail - \$50k-\$100k Invested	7.3%	30%
Retail - \$100k-\$150k Invested	8.5%	29%
Retail - \$150k +	8.3%	15%
Retail - Saver	5%	39%
Retail – Investor	9.9%	18%
Retail - Online	11.1%	6%



“Over the long-term, what annual rate of return in percentage terms do you expect to see from your investments in a typical year?”

Respondents	Average Rate of Return	% Saying “Don’t Know”
All Investors	7.9%	32%
All Retail Investors	8.2%	19%
Retail - Retired	7.6%	16%
Retail – Male	8.6%	10%
Retail – Female	7.7%	30%
Retail - \$50k-\$100k Invested	8.7%	26%
Retail - \$100k-\$150k Invested	7.2%	23%
Retail - \$150k +	8.3%	10%
Retail – Saver	5.9%	34%
Retail – Investor	9.3%	13%
Retail – Online Trading	9.7%	7%



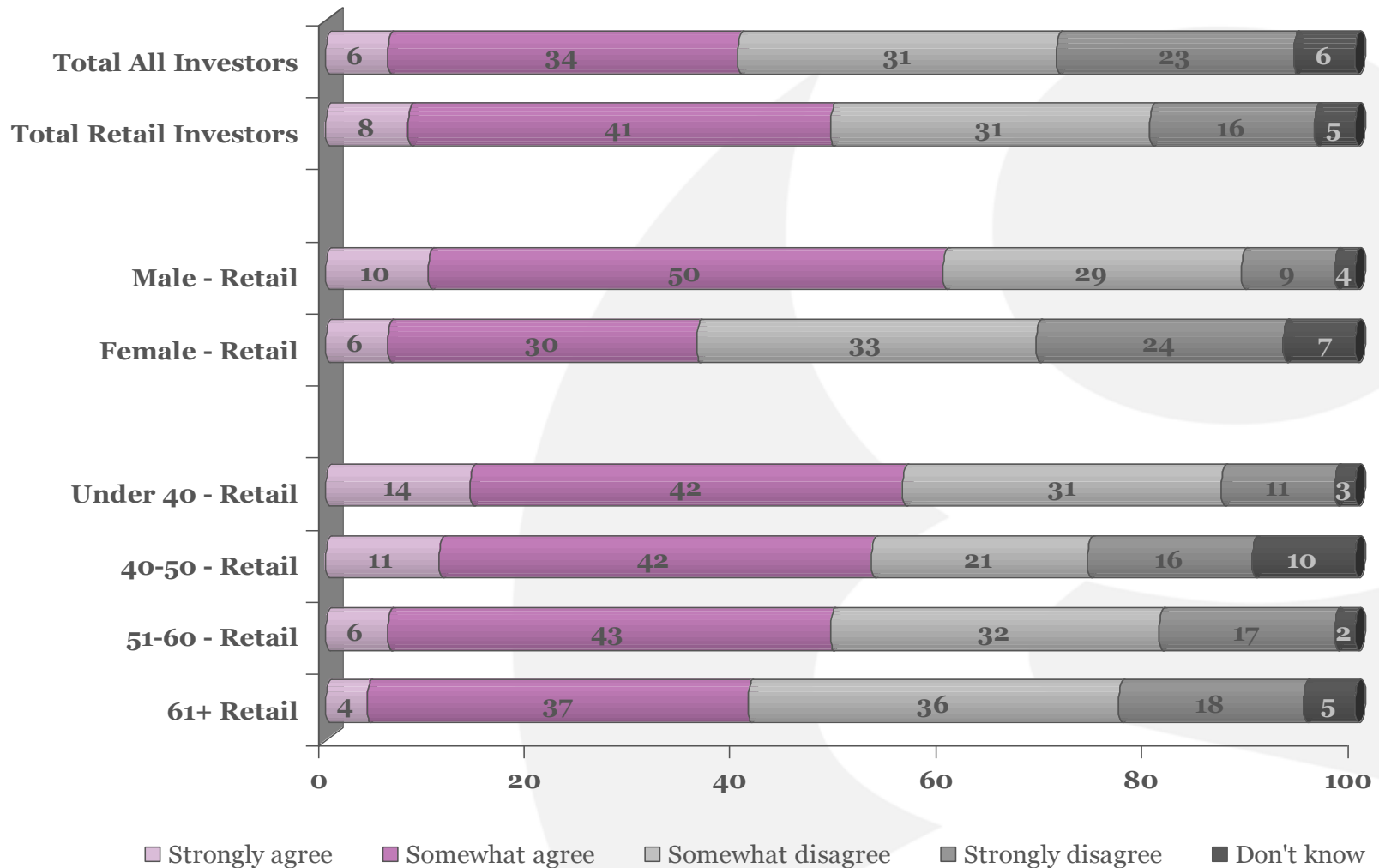
Knowledge of the Markets

- ❑ When it comes to investing in stocks, male, younger and higher value Retail Investors are most likely to say they are knowledgeable about investing in the markets.
- ❑ Cautious investors were far less likely to say they were knowledgeable.
- ❑ Those who were less knowledgeable are more likely to use financial planners and advisors, while those who use online services to trade were more likely to consider themselves knowledgeable about the markets.



Knowledge of the Markets

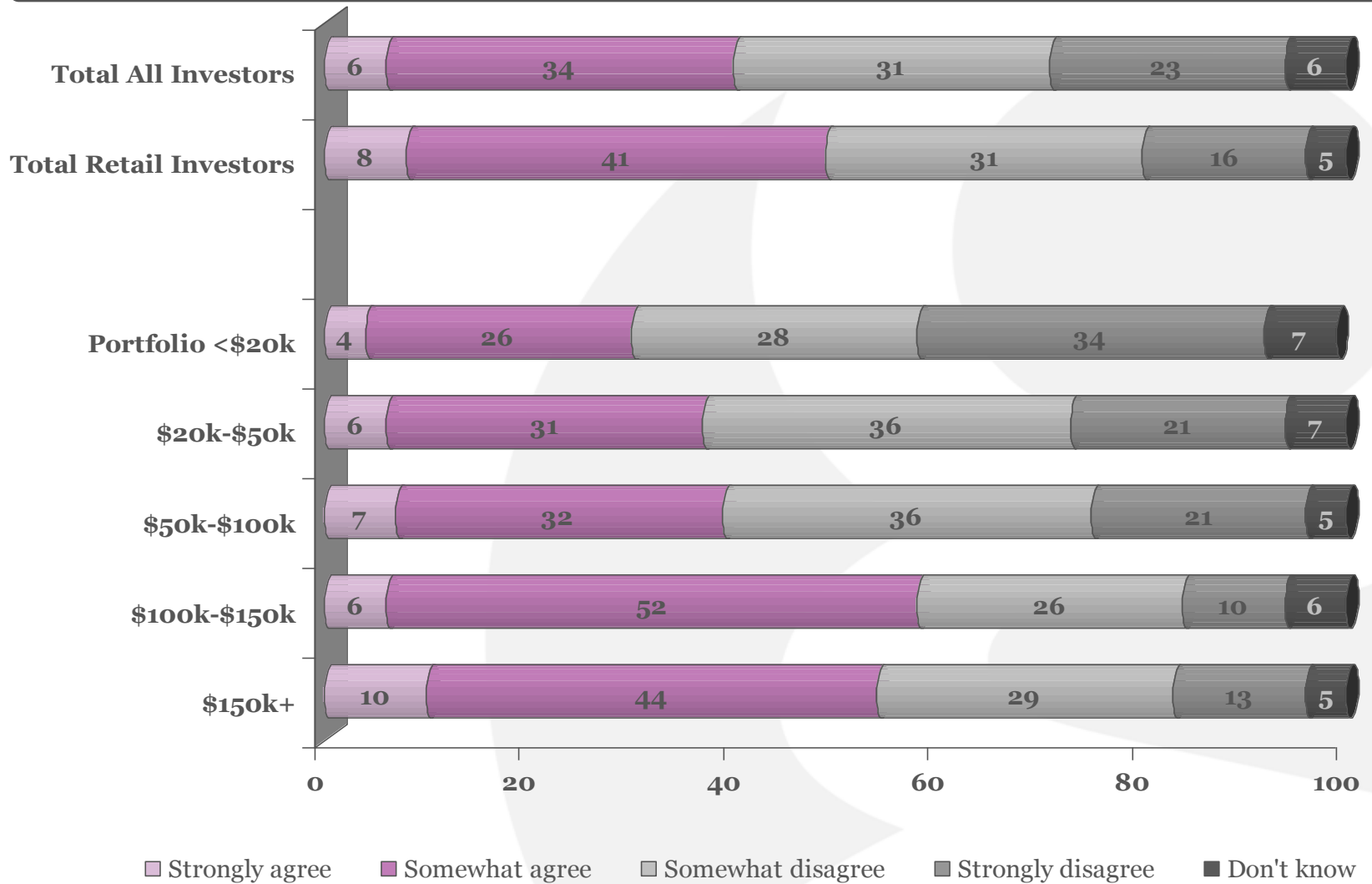
Agree/Disagree: "I am knowledgeable when it comes to investing in the stock market."





Knowledge of the Markets

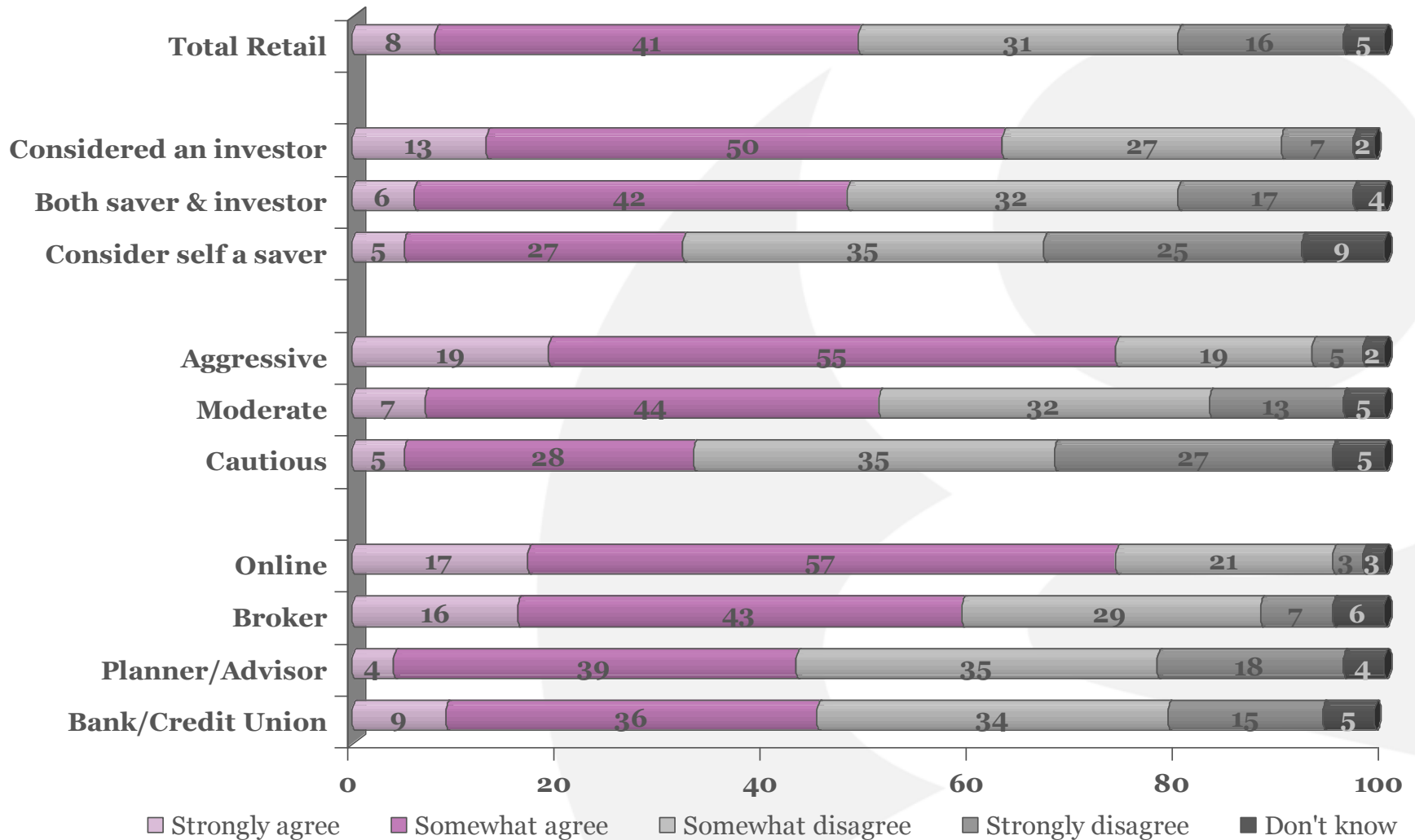
Agree/Disagree: "I am knowledgeable when it comes to investing in the stock market."





Knowledge of the Markets

Agree/Disagree: "I am knowledgeable when it comes to investing in the stock market." Retail Investors

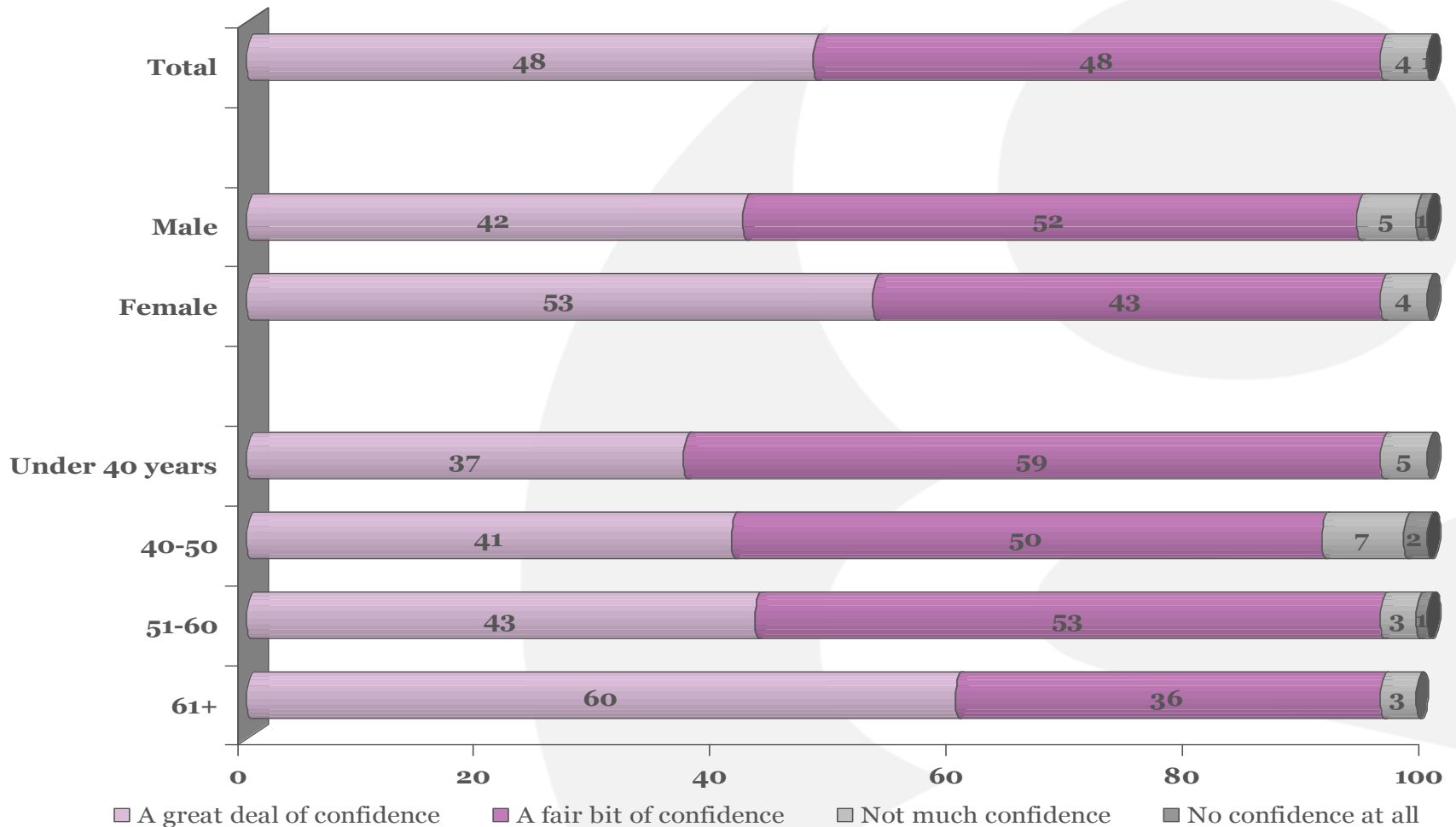




- ❑ Retail Investors give good marks to their brokers, planners and advisors
 - There's a divide along age lines when it comes to confidence in and satisfaction with brokers/planners/advisors, with older investors being much more satisfied
 - High value investors are also among the most satisfied
 - Likewise, those with \$150k and more in their portfolios were most likely to say their brokers, advisors or planners were very influential in their investments decisions
 - Women were slightly more likely than men to have higher satisfaction and confidence levels in their advisors
 - Older and female respondents were also more likely to say the advice they receive is influential
 - Those who buy and sell most often (at least once a month) were somewhat more likely than others to say their advisors are very influential
 - Those who use online trading were less likely to say they were influenced by their brokers

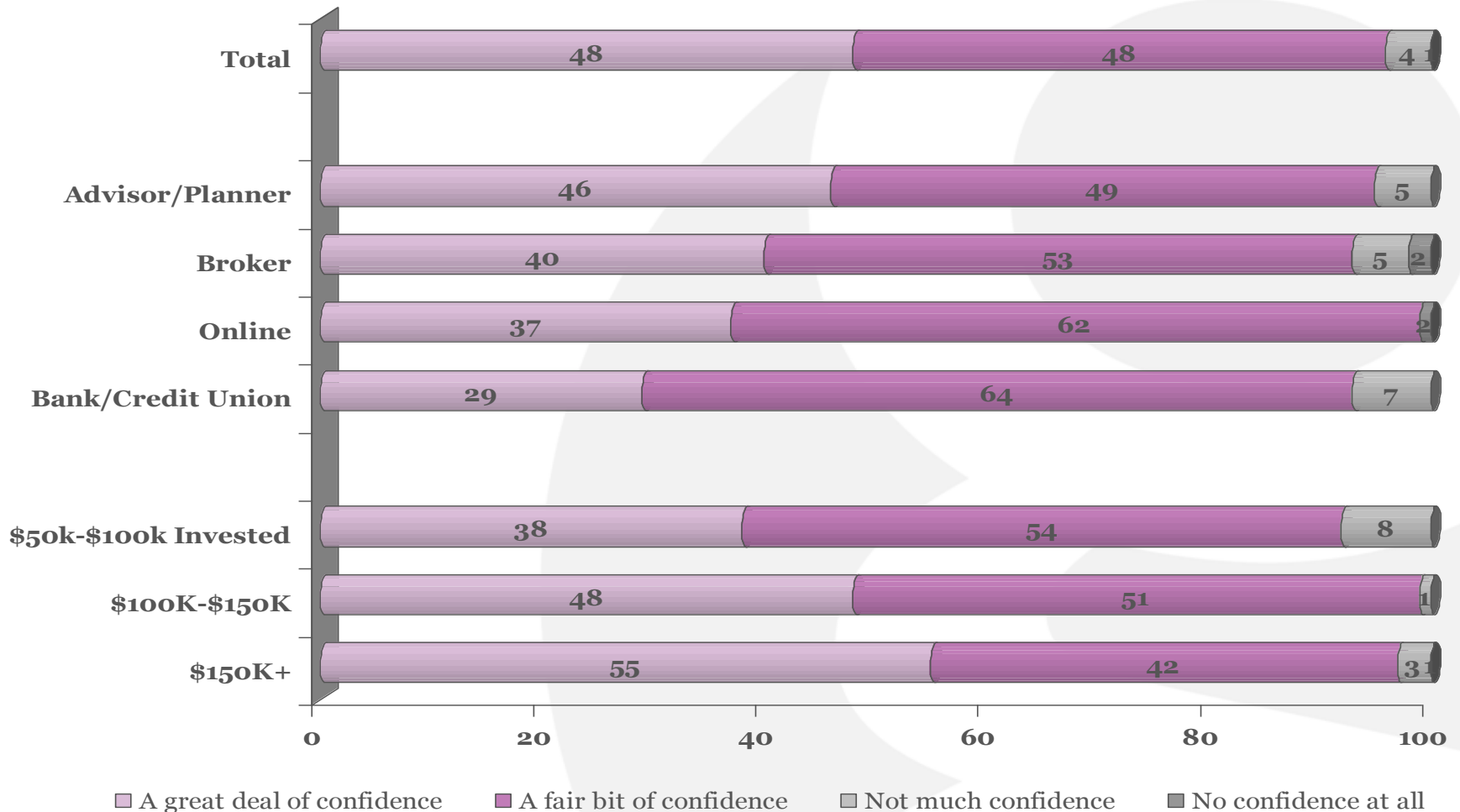


“How much confidence do you have in the financial advice you receive from your broker, advisor or planner?” RETAIL INVESTORS who use brokers/advisors/planners



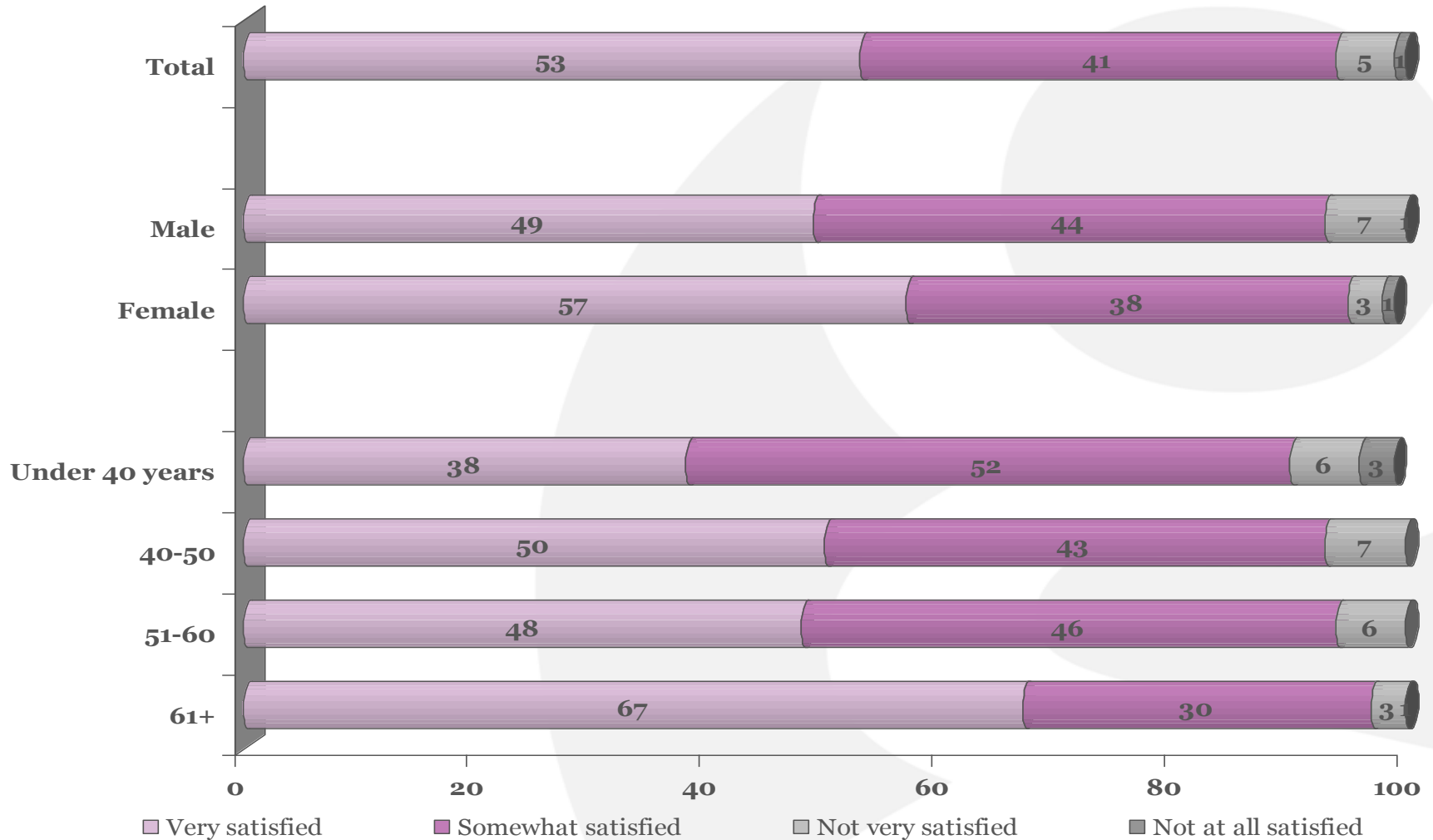


“How much confidence do you have in the financial advice you receive from your broker, advisor or planner?” RETAIL INVESTORS who use brokers/advisors/planners



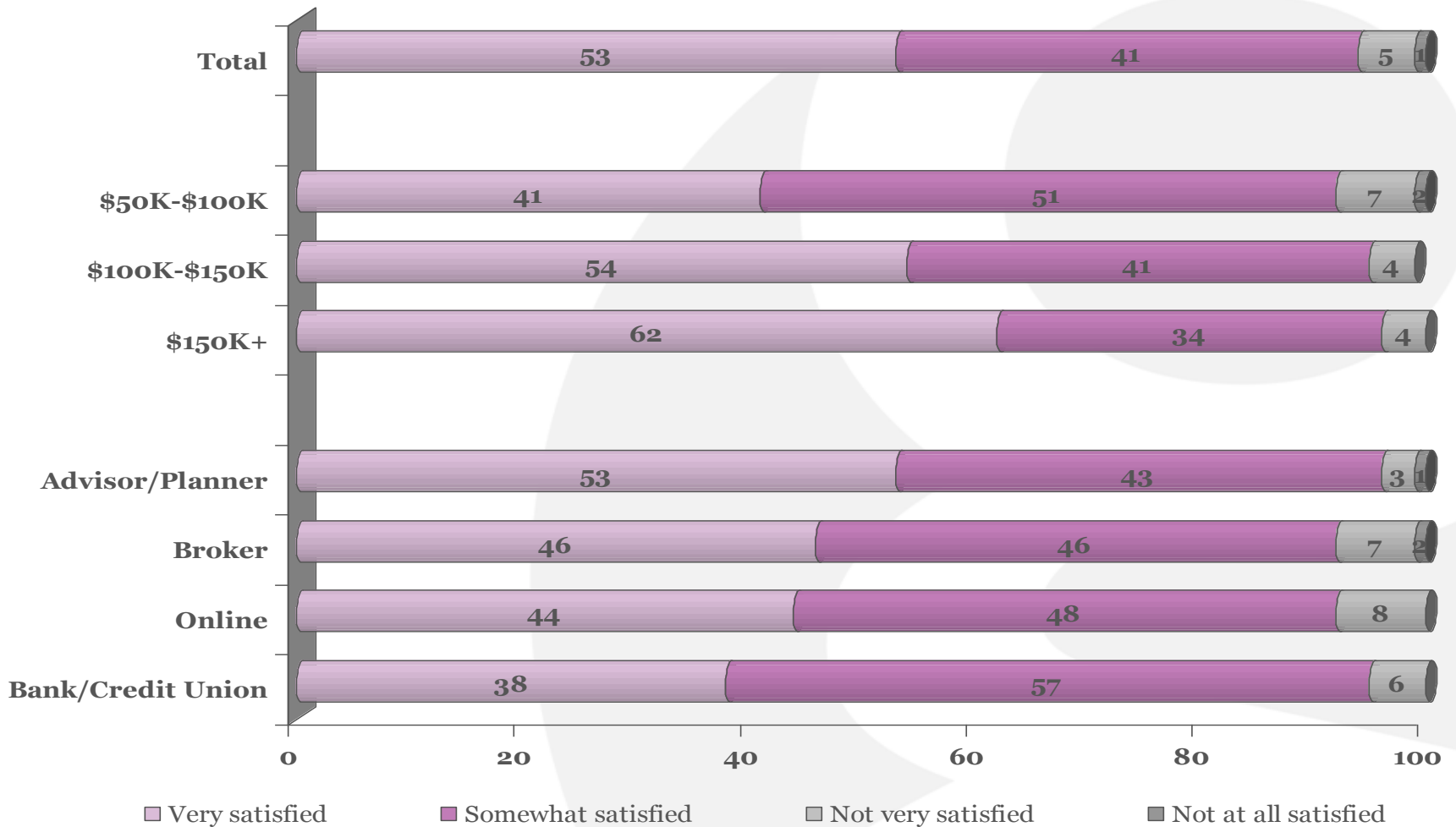


“How satisfied are you with the service you receive from your broker, advisor or planner?” RETAIL INVESTORS who use brokers/advisors/planners



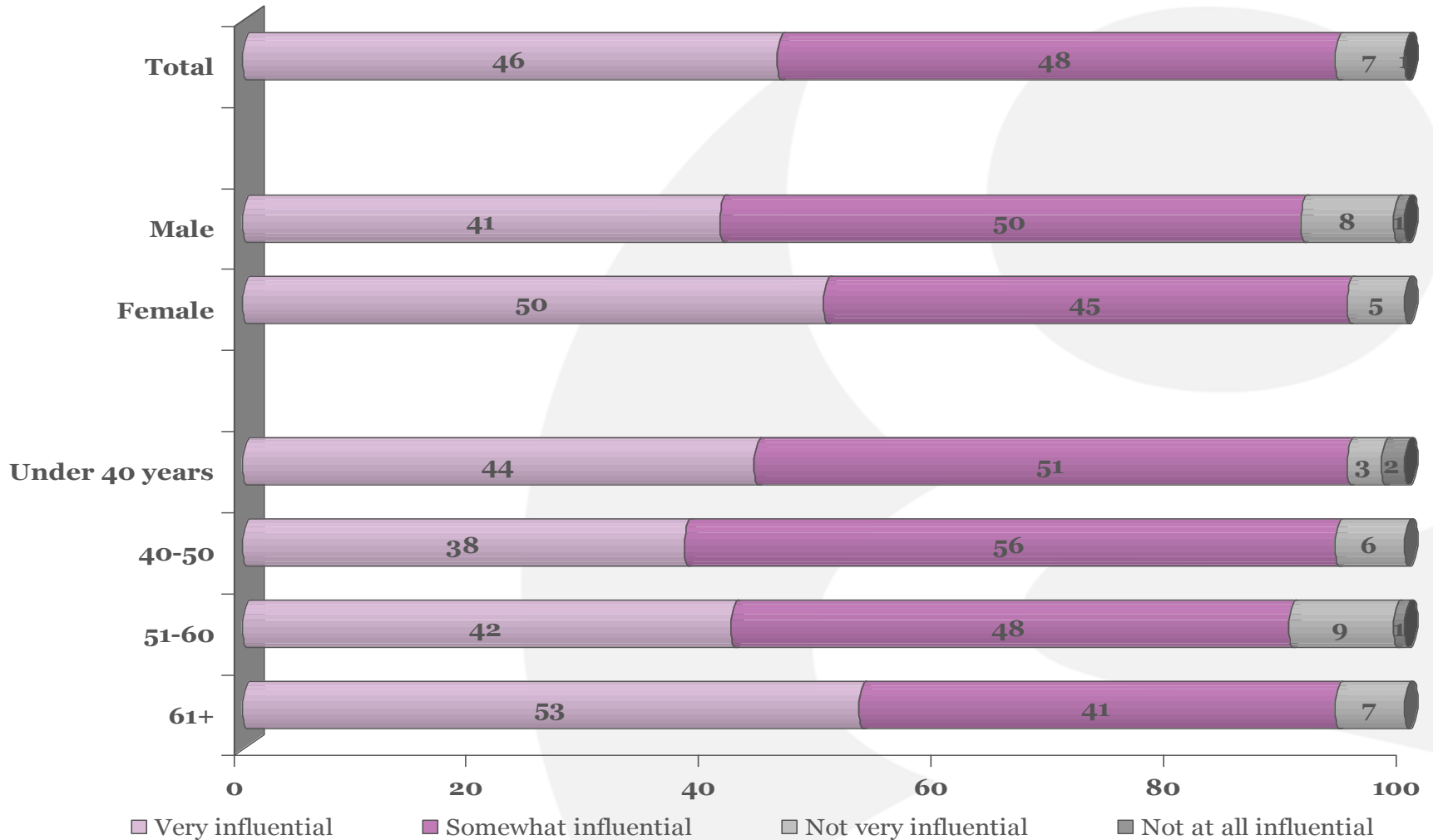


“How satisfied are you with the service you receive from your broker, advisor or planner?”
RETAIL INVESTORS who use brokers/advisors/planners



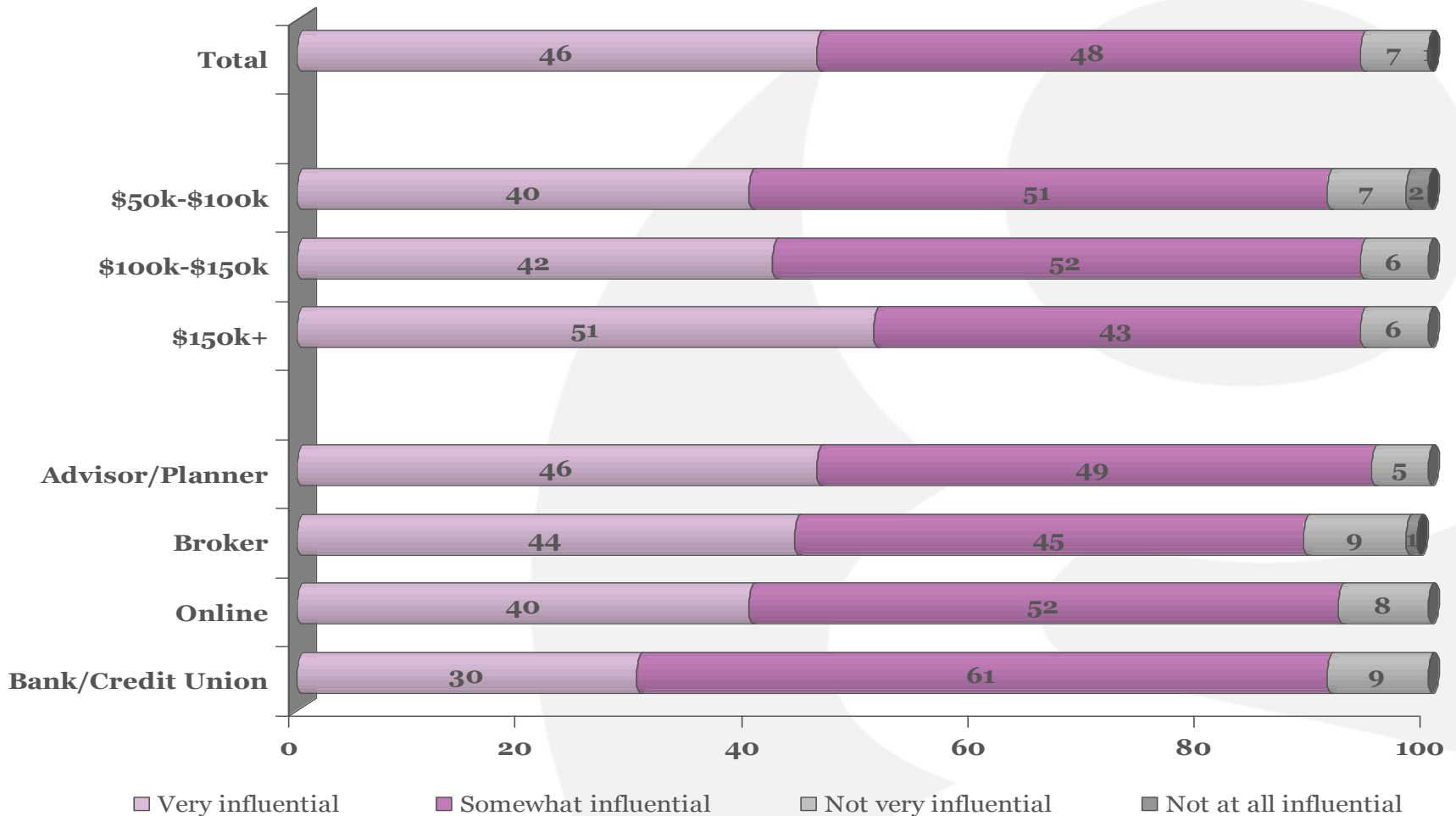


“How influential would you say your financial planner, advisor or broker is when it comes to decisions about your investments?” RETAIL INVESTORS who use brokers/advisors/planners





“How influential would you say your financial planner, advisor or broker is when it comes to decisions about your investments?” RETAIL INVESTORS who use brokers/advisors/planners





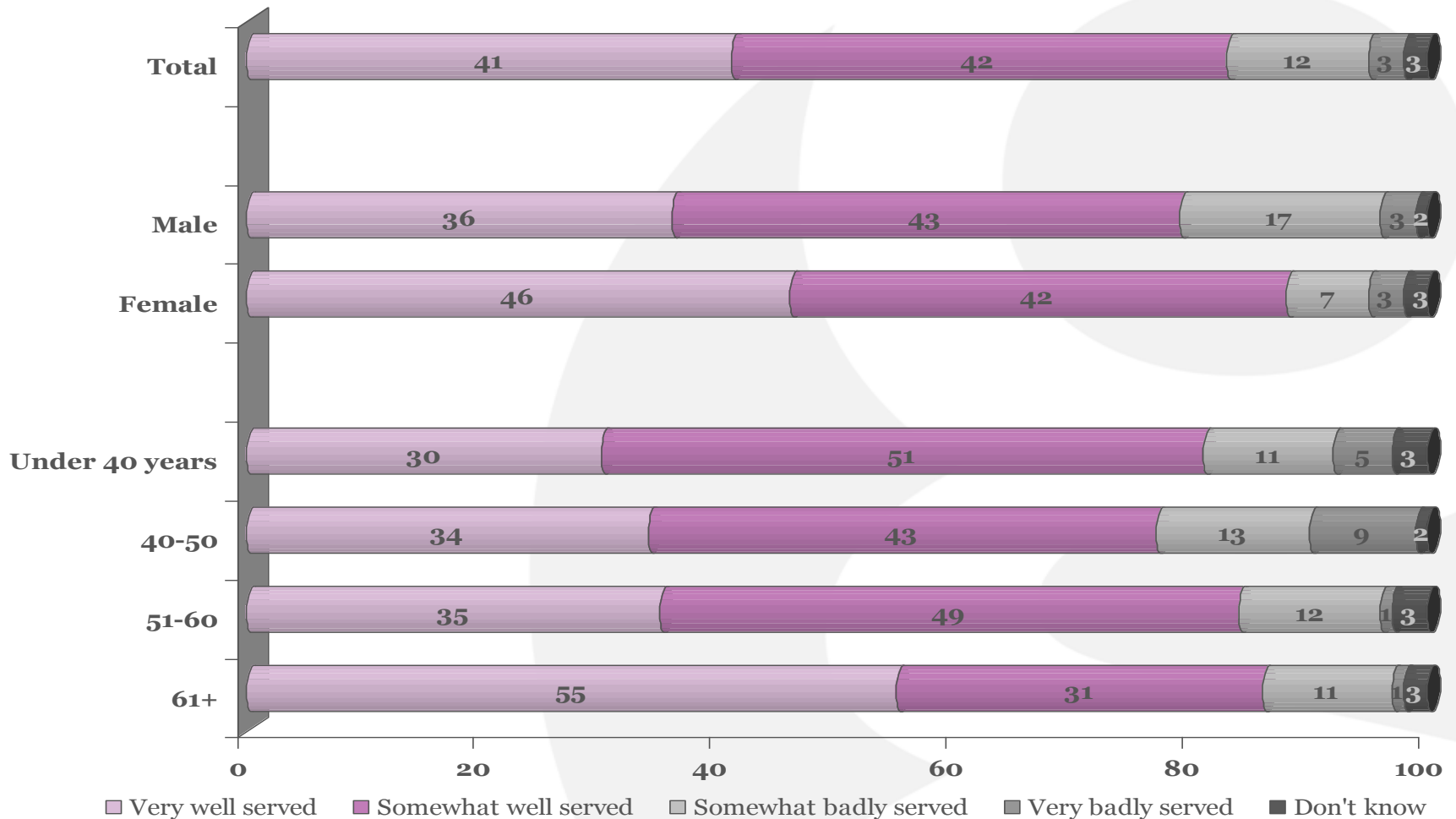
- ❑ Those at retirement age and with the largest portfolios were most likely to say they were well served leading up to and during the market crash of last year
 - Younger and male investors were less likely to say so as were those who also maintain an online account

- ❑ Those Retail Investors who use online accounts or a bank/credit union to buy and sell, as well as a broker/planner/advisor, were more likely than most to agree that after the performance of the markets in the last year they had less confidence in the professional investment advice they receive



Advice in a down market

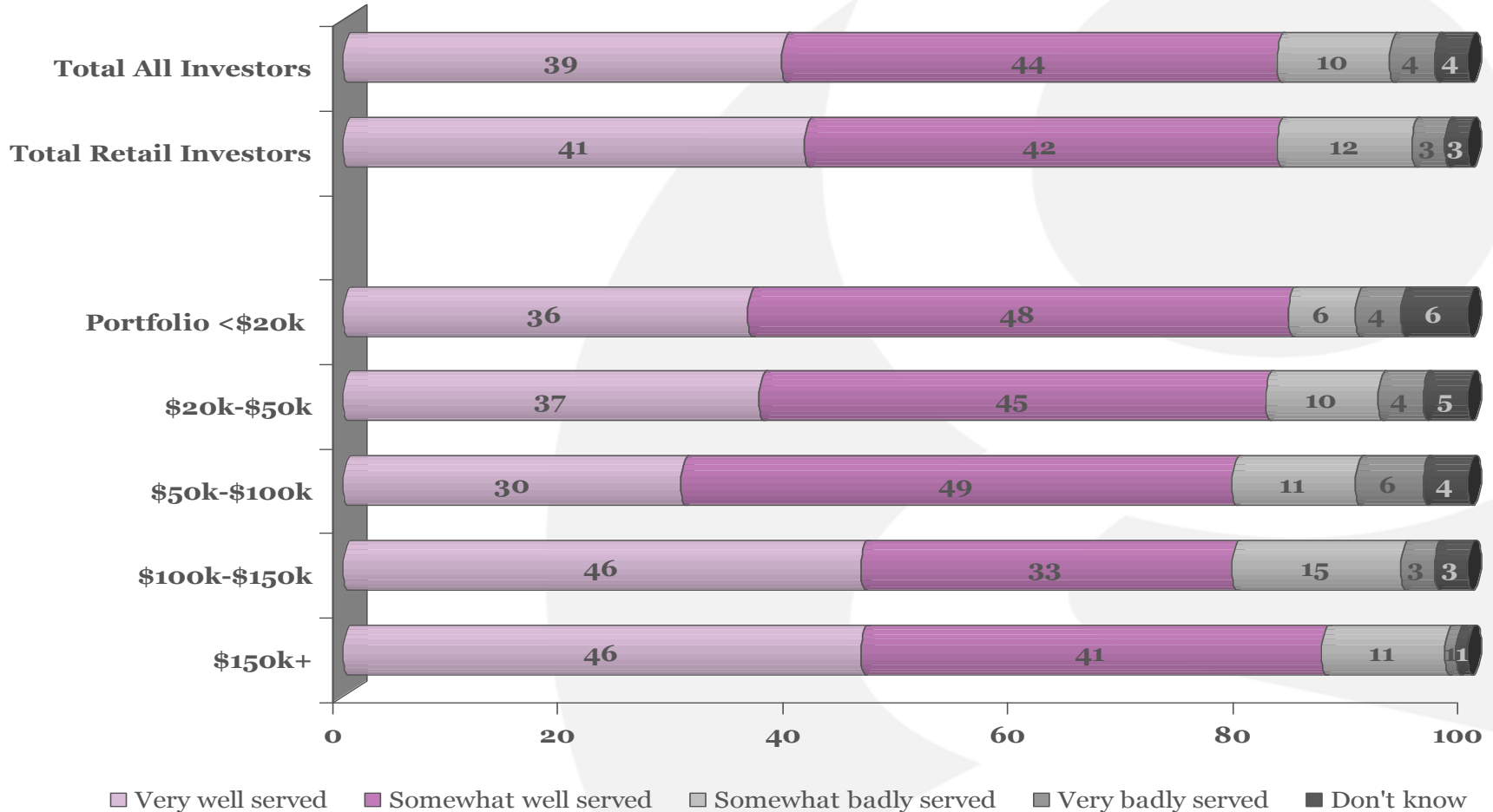
“How well served were you by your financial advisor, planner or broker leading up to and during the market crash of late last year?” RETAIL INVESTORS with a broker/advisor/planner





Advice in a down market

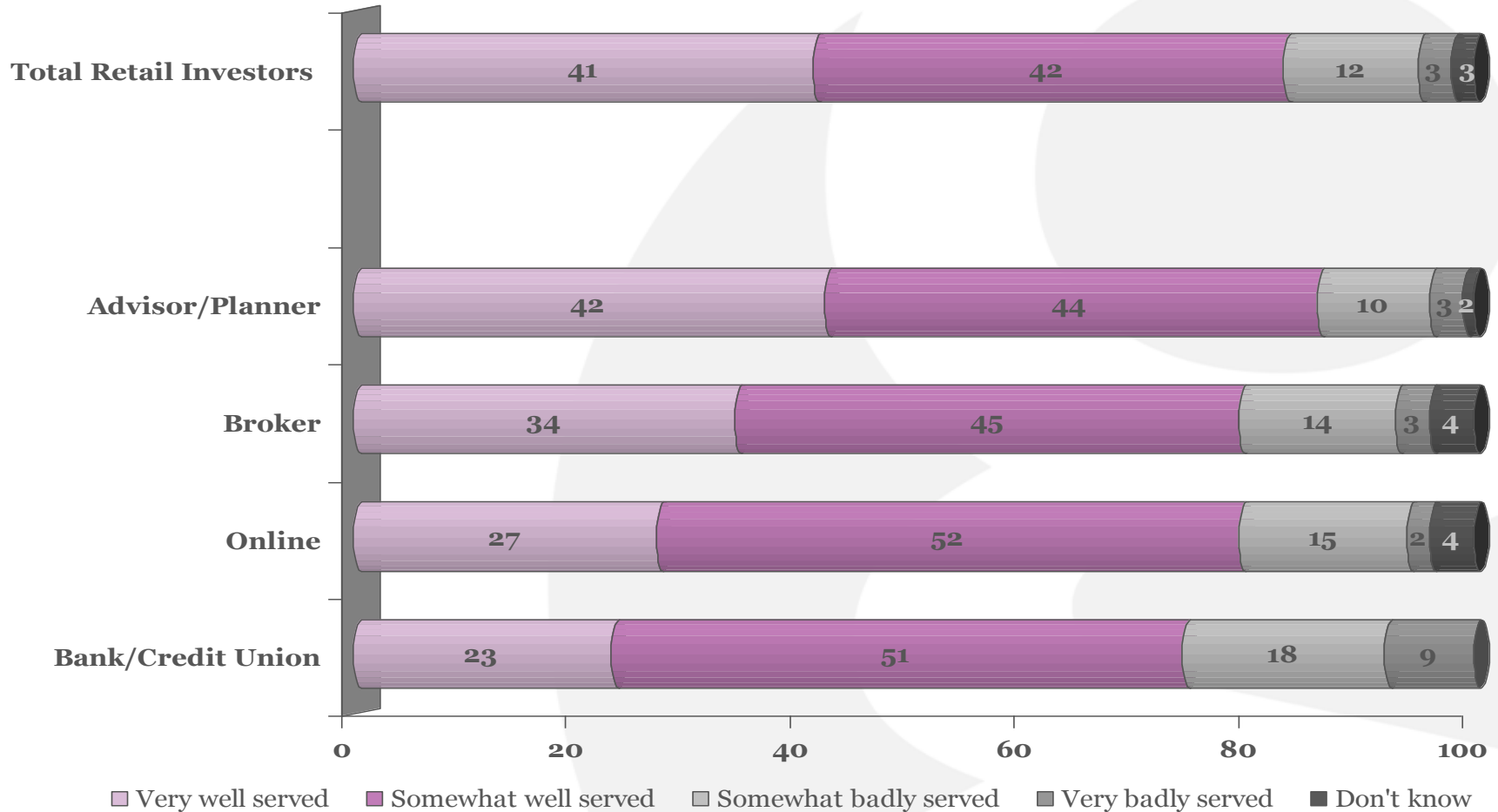
“How well served were you by your financial advisor, planner or broker leading up to and during the market crash of late last year?” Investors with a broker/advisor/planner





Advice in a down market

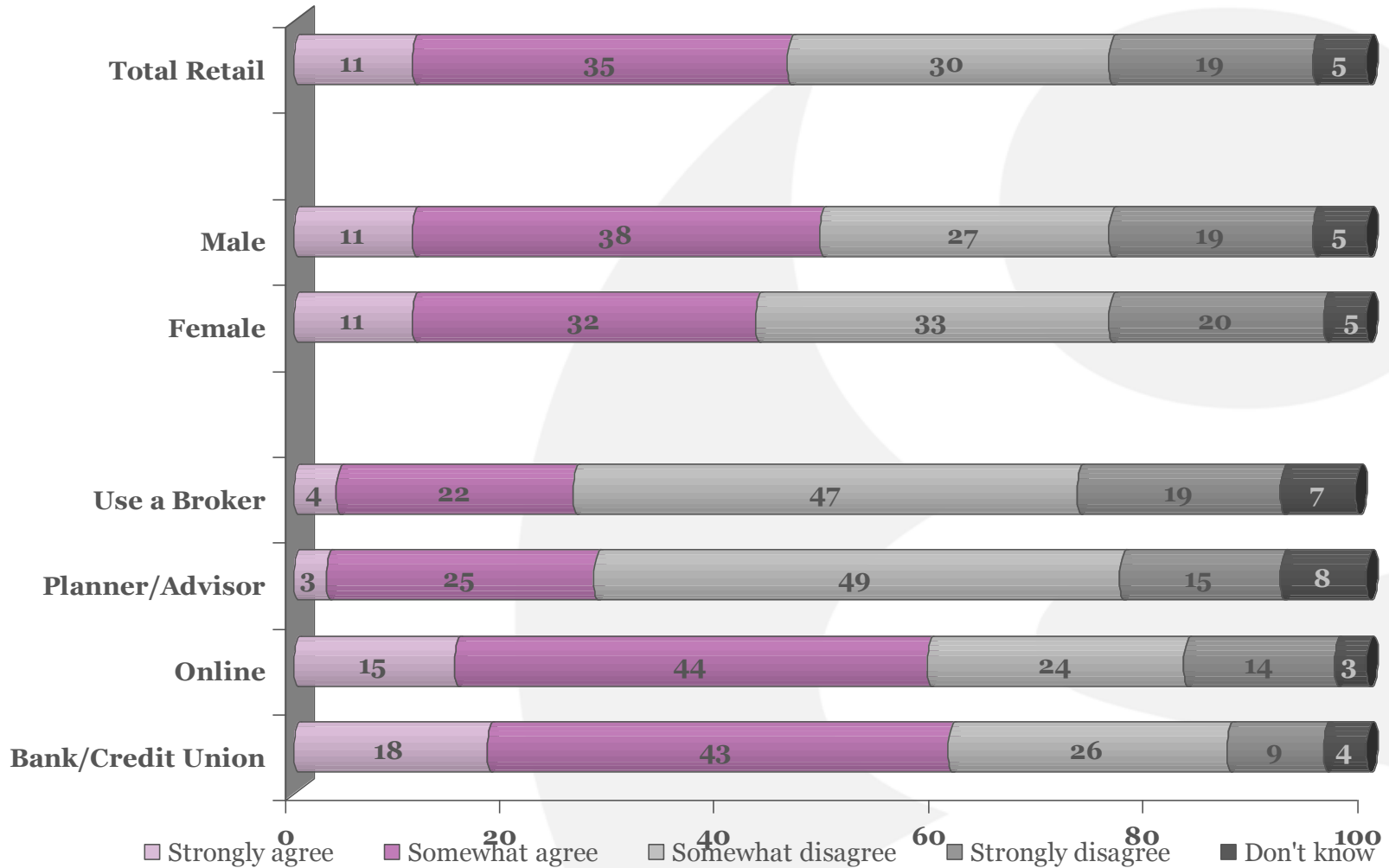
“How well served were you by your financial advisor, planner or broker leading up to and during the market crash of late last year?” **RETAIL INVESTORS** with a broker/planner/advisor





Advice in a down market

Agree/Disagree: "After the performance of the markets in the last year I have less confidence in the professional investment advice I receive from brokers advisors or planners." RETAIL INVESTORS who use a broker/planner/advisor





- ❑ Brokers, Planners and Advisors are by far the most common source of investing information for Retail Investors
 - The majority said they rely on these service providers for information, however among those under 40 years of age just under half list these professionals
 - Those with the most money to invest are even more likely to rely on these advisors, while among those with \$50k-\$100k invested, roughly half list a broker or planner/advisor as an investment information source
 - Those who trade at least once a month were slightly less likely to mention these advisors (56%) and more likely to mention online brokerages (27%)
 - Those who are trading online disproportionately rely on the internet and mainstream media for investment information, and much less than others on advisors or brokers
 - Male Retail Investors are more interested in “news”, while female Retail Investors are more interested in “advice” (planner/advisor plus word of mouth)
 - Among media outlets named BNN was selected by 16% of Retail Investors as one of their information sources
 - Those who said newspapers were asked to name which in particular
 - The Globe and Mail Report on Business: 15% of Retail Investors listed it, followed by The Financial Post (13%) and La Presse (6%)



“What are your main sources of information when it comes to investing?”

RETAIL INVESTORS - % Saying Each

