



Canadian Investors' Survey Identifies High Satisfaction with Financial Advice Services & Agreement with Current Approaches to Advisor Compensation & Commissions

TORONTO – May 30, 2017 – New survey data released by the Gandalf Group reveals a high level of satisfaction among Canadian individual investors (70% very satisfied) when it comes to financial advice services, including transparency around fees. While investors tend to have a moderate level of awareness of the various fees they pay, on balance, most accept commission-based approaches to advisor compensation that are commonly in place with many funds.

“Given the ongoing public policy discussion about financial services, transparency and commissions, this survey provides interesting and timely insights into investor attitudes,” said David Herle, Principal of the Gandalf Group. “We find little dissatisfaction or desire for change and a high level of agreement around the importance of advisors when it comes to helping investors reach their investment objectives.”

In addition to overall satisfaction with the service advisors provide, the survey with Canadians who own funds or stocks identifies that:

- Advisors play an important role. Most investors intend to consult an advisor in the next year (53% said they were likely to do so, 22% possibly would). Nearly half (48%) said they rely on advisors to help with most or all their investment decision-making and another 31% look to advisors to help with some decisions.
- Advised investors were more satisfied than non-advised investors with portfolio performance (46% of advised investors were very satisfied vs. 29% of other investors).
- While most agreed conflicts of interest exist in financial advice services, a significantly larger proportion agreed advisors are concerned about how clients' investments perform. Most advised investors gave high satisfaction ratings to their advisors on providing unbiased advice (69% very satisfied) and being transparent about fees (62%).
- While most investors have only moderate or low awareness about the range of fees and commissions they pay, most (59%) said they considered the practice of trailing commissions to be very or somewhat acceptable based on what they know and a description in the survey. Those who consider themselves more knowledgeable about investing were more likely (69%) to say trailing commissions were acceptable.
- Investors tended to express a preference for compensating advisors indirectly, i.e. through a commission based on the value and paid out of the investments they bought with that advisor.

The survey provides some insight into the importance of recent changes to disclosure rules, which established standards in Canada for reporting on fees and commissions advisors earn from funds and third-parties.



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- A substantial proportion of investors review their statements carefully: nine out of ten said they read fee disclosure elements of the financial statements and reports at least some of the time; 51% said they review that section in every statement and report.
- Most (58%) have heard at least something of new Canadian disclosure requirements with respect to reporting fees and commissions.
- And a substantial proportion (39%) believes the amount of information disclosed about fees they pay has increased over the last three years. Those who considered themselves more knowledgeable about investing or had relatively more invested were more likely to say the amount of information disclosed to them had increased.

“There is still a cohort of investors who are not as knowledgeable as they could be about all the fees they pay, particularly those with relatively less invested,” added David Herle. “But the data shows that those who follow their investments closely have noticed improvements in disclosure and they were very comfortable, as in fact were most investors surveyed, with the kind of transparency and commission structures in the funds they own.”

The findings are based on a core sample of 1299 individual Canadian investors, screened in from a larger, representative total sample of the Canadian adult population surveyed online. It provides a representative profile of the individual investor within the broader population with a fair degree of reliability, allowing us to look at subgroups of investors as determined by net-worth or other differentiators. Survey interviews were completed online between April 7th and May 5th, 2017.

The research methodology was designed by the Gandalf Group Inc., a Toronto-based consultancy that specializes in survey research and other quantitative/qualitative research methods. The survey was conducted on behalf of AGF Investments Inc.

A detailed report on results is available for download from the Gandalf Group’s website at GandalfGroup.ca.

For more about this research, contact:
Alex Swann, Principal, Gandalf Group
info@gandalfgroup.ca
416-644-4120