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Survey Identifies Canadian Investors' Satisfaction with Advisor Compensation Models & Comfort with Mutual Fund Purchase Options

TORONTO – Dec. 12, 2018 – New survey data released by the Gandalf Group provided updated information on Canadian investors' views on how their advisors are compensated and important data about the prevalence and acceptability of mutual fund purchase options such as deferred sales charges (DSCs).

“There is always room for more improvement and options when it comes to fees and transparency, but far more are satisfied than dissatisfied when it comes to what their advisors are paid, especially when it comes to fee transparency,” said David Herle, Principal at the Gandalf Group. “So, while some will not opt for common advisor compensation models including sales charges, most are comfortable with them and believe they are acceptable, notably those who have experience with them.”

The survey with Canadians responsible for their household's investments in funds or stocks identifies that:

- The clear majority of investors receive advice and service from a professional advisor (4 out of 5 do) and few of them are dissatisfied – only 3% very dissatisfied with their advisors.
- There is less strong satisfaction when it comes to fees but the proportion that is very satisfied with what they pay their advisors (38%) is far greater than the proportion that is very dissatisfied (9%).
- They are more satisfied when it comes to transparency about the fees and commissions they pay: most are very satisfied (55%) with their advisors when it comes to managing the costs of investing including fees and commissions and only 6% of advised investors are very dissatisfied with transparency around advisor fees and commissions.
- Advised investors are divided – and many have no clear preference – when it comes to paying advisors based on the amount of time spent and advice offered or paying a percentage of their portfolio value.
- Investors have a clearer preference between paying an advisor indirectly from their portfolio or out of the amount invested (57%) rather than directly or pursuant to an invoice or paid by credit card or cheque (29%).

The survey provides insight into how the marketplace views mutual fund purchase options and DSCs.



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- Less than half of investors recall having ever invested in a fund with a DSC, and fewer still recall ultimately paying a DSC. Most, however, agreed that investors can avoid paying a DSC in part by moving within a fund provider's suite of offerings.
- While familiarity or experience with them is not widespread, advised investors know more and have heard more about them.
- And based on what they know, as well as a description provided, the majority of all investors (62%) agreed advisors should have the option of offering funds with a DSC.
- Only 20% of investors considered these an unacceptable approach to advisor compensation.
- Those who recall purchasing a fund with a DSC were more likely than others to say they were acceptable (84%).

The findings are based on a core sample of 1,102 individual Canadian investors, screened in from a larger, representative total sample of the Canadian adult population surveyed online. It provides a profile of the individual investor within the broader population. Survey interviews were completed online between October 31st and November 14th, 2018 and included tracking questions that allow for comparison to a comparable investor survey sample collected in April/May 2017.

The research methodology was designed by the Gandalf Group Inc., a Toronto-based opinion research consultancy. The survey was conducted on behalf of AGF Investments Inc.

Two reports are available about the survey results at GandalfGroup.ca including more details about the findings mentioned above concerning advisor compensation as well as an additional report concerning advice services. That additional report provides insights about:

- The proportion of advisors relying on different advice channels
- The customer base for digital advice or robo-advisor services
- Satisfaction with different aspects of advice services and deliverables
- Perspectives on the strengths and weaknesses of advisors.

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