

OSC Web Editor's Correction Note dated 2013-03-25:
The research finding that 67% of investors under 35 have
portfolios valued at \$50,000 was reported, in error, as
19% in the narrative published 2013-03-18

Strengthening Investor Protection in Ontario - Speaking with Ontarians

Appendix A - Online



Choicebook

Welcome

Welcome and thank you for taking the time to help strengthen investor protection in Ontario. We're looking forward to helping you learn about some of the key issues and challenges facing everyday investors in Ontario. We're also eager to get your feedback on what's needed to ensure there's a strong system in place to protect people when they're making investments.

We designed this online 'Choicebook' to give us the feedback we need while still protecting your privacy - so we'll only be asking a few basic demographic questions about you and you will stay anonymous.

It should take about 10-15 minutes to complete the Choicebook.

Click 'NEXT' to get started!

Progress: 2%

NEXT

About us

This Choicebook was created by two not-for-profit groups that watch out for the financial well-being of Ontarians.

The **Investor Advisory Panel (IAP)** represents the interests of everyday investors (called "retail" investors) in Ontario. We seek public input on financial issues that matter to Ontarians, and present them to the Ontario Securities Commission - the agency responsible for securities regulation in our province.

The **Investor Education Fund (IEF)** is a non-profit organization founded by the Ontario Securities Commission. We provide unbiased and independent financial tools to help Ontarians make better money decisions.

Learn More:

[Click here to learn more](#) about the Investor Advisory Panel

[And click here](#) to get a better sense of the products and services that the Investor Education Fund provides

PREVIOUS

Progress: 5%

NEXT

About this Choicebook

Through this Choicebook, and two in-person sessions, our goal is to represent your interests as everyday ("retail") investors, explore some of the current rules around investing and at the end of the process, make suggestions to the Ontario Securities Commission on how to further protect everyday investors.

In recent years, recurring themes have emerged from our discussions with investors and in our submissions to the OSC. We will explore two of these today:

1. The investor-adviser relationship
2. Investment product information



PREVIOUS


Progress: 8%

NEXT


About you

To better understand what we hear from participants, we have a few basic questions to start off with:

1. How many years have you been investing?

2. As an investor and consumer, how confident are you in your own financial and investment knowledge (i.e. your financial literacy)?

3. As an investor and consumer, how confident are you that the right measures are in place to protect you and your investments?

PREVIOUS

Progress: 10%

NEXT

Context setting: Investor protection in Ontario

As an individual, you invest your own money to achieve financial goals and financial security at various phases in your life.

As a retail investor, you make much smaller investments (and trade less frequently) than “institutional investors.” These are typically organizations with large portfolios, such as banks, insurance companies, and mutual funds, that invest money on behalf of their clients.

One of the *Ontario Securities Commission’s* objectives is to protect retail investors in the investment process. One way that it does this is by regulating the investor-adviser relationship, the first issue we’d like to explore with you.

PREVIOUS

Progress: 13%

NEXT

Issue 1.1: Role of the financial adviser

There is a range of services that an adviser can provide. Some of the key services include

1. Finance and risk assessment:
 - Assessing your financial situation and tolerance for risk
 - Helping you develop short- and long-term financial goals
 - Clarifying the risks involved with investments they recommend
2. Recommendations and management:
 - Making clear and specific recommendations for investing your money
 - Managing a portfolio by making investment decisions on your behalf
3. Ongoing monitoring and assistance:
 - Providing you with regular account statements and updates
 - Answering your questions around investment products and strategies

PREVIOUS

Progress: 18%

NEXT

Issue 1.1: Role of the financial adviser

Anyone selling investment products or offering financial advice must be registered with the regulator in their province or territory.

But keep in mind...

People who provide financial advice can call themselves many things, such as 'adviser,' 'dealer,' 'representative,' or 'salesperson.' However, these titles can be unrelated to the experience and qualifications they may have. While some may have credible experience or relevant qualifications (obtained through formal education, certification or accreditation programs), others may not.

Now as we go through a couple of questions, consider your own adviser's experience and background, as well as the role she or he plays in your investment decisions.

PREVIOUS

Progress: 21%

NEXT

Issue 1.1: Role of the financial adviser

4. Before hiring my financial adviser, I checked his or her experience and qualifications

Choose... ▼

5. Which factor has the most influence on your decision to select a financial adviser?

Choose... ▼

Other:



PREVIOUS

Progress: 24%

NEXT

Issue 1.1: Role of the financial adviser

6. Which factor has the most influence on your decision to keep working with your financial adviser?

Choose...

Other:

7. Indicate your level of agreement with the following statement: "When I was choosing a financial adviser, I was aware of the range of services advisers provide".

Choose...

PREVIOUS

Progress: 27%

NEXT

Issue 1.1 : Role of the financial adviser

8. Which services are most important to you as an investor? Select the most important:

- Assessing my financial situation and risk tolerance
- Helping me develop financial goals;
- Clarifying the risks involved with investments
- Making clear and specific recommendations
- Explaining how recommendations will meet my goals
- Providing regular updates
- Answering my investment questions
- Effectively making most of the decisions, with my confirmation
- Other (please specify below)

Other:

9. On average, my adviser contacts me

PREVIOUS

Progress: 29%

NEXT

Issue 1.2: Financial advisers' duties

Many professionals, such as lawyers and doctors, are obligated to act in the best interest of their clients. This means more than just being honest and straightforward with you – it's about putting your interest first, even before their own financial gain. This is known as the "best interest" or "fiduciary" duty.

Currently in Canada, other than for investment fund managers, it is not clear whether the "best interest duty" applies to financial advisers.

The Ontario Securities Commission, like other securities regulators around the world, is studying whether this duty should be put into law explicitly in order to protect investors.

Did you know?

70% of investors believe that there is a "best interest duty" in Ontario.

This is not currently the case.

PREVIOUS

Progress: 32%

NEXT

Issue 1.2: Financial advisers' duties

Indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know
10. I generally trust the advice I receive from my financial adviser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. I think that a 'best interest duty' is needed to protect retail investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PREVIOUS

Progress: 35%

NEXT

Issue 1.3: How advisers are paid

When conflicts of interest emerge, they can undermine the investor-adviser relationship. *For example, when an adviser recommends an investment that pays a big commission but has lower returns or higher risks than a low-cost alternative.*

The line between what's best for the investor and what's best for the adviser is blurred. Often in these situations, money is at the centre of the conflict of interest.

Financial advisers can be paid in different ways. The money they receive can come from the company they work for, as well as the companies whose products they are selling (for example, a mutual fund company). As an investor, you may pay fees that can either be owed separately or can be hidden in the cost of the investment.

PREVIOUS

Progress: 37%

NEXT

Issue 1.3: How advisers are paid

An adviser's payment can include:

- **Service fees**, usually based on a set percentage of your investments with them;
- **Sales/trailing commissions**, usually based on how much they sell and are paid out every year that you own the investment (*Trailing commissions are an ongoing commission paid by mutual funds to adviser firms to compensate them for the ongoing services their advisers provide to investors after the mutual fund purchase*);
- **Annual salary**; and,
- **Combination of commission and fees**

PREVIOUS

Progress: 40%

NEXT

Issue 1.3: How advisers are paid

Why is adviser pay important? Consider how an adviser's pay could affect the advice you receive:

Example 1: A mutual fund company might pay your adviser twice as much commission if you invest in one product over another, even if this choice is a higher risk investment **or** a higher cost product.

Example 2: A brokerage firm could offer your adviser more commission if you make new investments with them, even if this unnecessarily increases the fees you pay to your adviser.



PREVIOUS

Progress: 43%

NEXT

Issue 1.3: How advisers are paid

Indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Disagree	Strongly Disagree
12. I know how my current financial adviser is being paid (e.g. combination of salary and sales commission)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. My adviser has explained how he or she is compensated for the financial services provided to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PREVIOUS

Progress: 45%

NEXT

Issue 1.3 How advisers are paid

Indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Disagree	Strongly Disagree	I don't know
14. The way an adviser is paid has a significant impact on whom I choose.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. I believe that the way my adviser is paid has an impact on which financial products are recommended to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PREVIOUS

Progress: 48%

NEXT

Issue 1: Other relationship concerns

Indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know
16. I believe that my investment returns are higher because of my financial adviser.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. I 'stay the course' and remain 'invested' because I have a financial adviser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PREVIOUS

Progress: 51%

NEXT

Case Study 1: Paul's story

Meet Paul – he's in his early 30's and works at a software company in Waterloo. Over the past two years, he's been working with a financial adviser to help him plan his financial future and make the right investments.

However, Paul is unsure about his current financial adviser. He's a bit concerned that his adviser is too risk averse, or perhaps not as knowledgeable as he thought. Most of the friends he's spoken to have made more money than he has with their investments. A few have even suggested investments that his adviser told him to stay away from! Paul is also challenged by the fact that most of the high-fee funds he owns haven't been performing well.

Paul is thinking about whether his current adviser is serving his needs, which includes his long-term financial goals for retirement. What should he do?



PREVIOUS

Progress: 54%

NEXT

Case Study 1: Paul's story

18. If you were in Paul's situation, what's the one thing that would give you greater confidence and comfort in your financial adviser?

- Working with your adviser to re-assess your financial situation and tolerance for risk
- Having a frank discussion with your adviser on how he or she is paid
- Looking more closely into your adviser's qualifications
- Arranging for more regular check-ins with your adviser on the performance of your portfolio
- Other (please specify below)

Other:

PREVIOUS

Progress: 56%

NEXT

Case Study 1: Paul's story

19. Do you have any other suggestions for Paul?

Characters remaining: 1250 of 1250

PREVIOUS

Progress: 59%

NEXT

Issue 2: Investment Product Information

Our next topic deals with information available to help inform your investment decisions. Retail investors are often challenged with knowing what is **available**, what is **important** and **understanding** the information.

The right investment product information can help you better understand your investment and how it works:

- How will it make money?
- What fees are involved?
- What are the risks involved?
- Is this right for me?



PREVIOUS

Progress: 62%

NEXT

Issue 2.1: Information on mutual funds

Mutual funds often make up a big part of a retail investor's portfolio. They are popular investment products since they offer diversification, are professionally managed and are supervised by a self-regulatory organization overseen by securities' regulators.

On the flip side, mutual funds come with fees (which are sometimes quite high), it is hard to know the risks involved, and investors often purchase funds based on past performance rather than whether or not they meet their investment needs.

PREVIOUS

Progress: 64%

NEXT

Issue 2.1: Information on mutual funds

Investment product information is one way to help you understand more about the mutual funds you are investing in. In particular it can provide information on:

- The type of mutual fund (e.g. money market, bond, stock);
- Investment objectives, approach or focus of the fund;
- Fees associated with the mutual fund; and
- Investments in the fund, including major investments in the fund

PREVIOUS

Progress: 67%

NEXT

Issue 2.1: "Fund Facts" in focus

Mutual fund companies are now required to prepare **Fund Facts** for each of their mutual funds. These are posted to their website, filed with the securities regulator in each province, and provided to you free of charge upon request.

Fund Facts are designed to be a brief summary of most of the key information on a mutual fund, such as its total value and costs, the list of investments, its performance, and the risks involved. It also outlines how advisers are paid.

As an investor, this is a key resource for understanding your mutual funds. It is short in length, written in plain language and readily available. At this time, there is no requirement to provide it at point of sale.

FundFacts.com
The Industry Repository for Fund Fact Sheets

PREVIOUS

Progress: 70%

NEXT

Issue 2.2: Information about individual companies

Those investors who choose to invest directly in individual company stocks or bonds can benefit from lots of available information. This information can give you a better idea of a company's performance and track record, major business opportunities and risks, and financial condition. Available documents include, but are not limited to:

- **Financial statements:** records (often audited by outside accountants) of the company's most recent financial activities;
- **Prospectus:** a legal document required when companies issue new stocks or debt, with lots of details info;
- **Management discussion & analysis:** Management's analysis and explanation of the company's performance;
- **Analyst reports:** Analysis by investment dealers or other organizations examining the business and recommending their securities
- **Financial media:** Business journalists (electronic, print and online) who analyze individual companies, interview company management and make recommendations

PREVIOUS

Progress: 72%

NEXT

Issue 2.2: Investment production information

Now we'd like to learn about how you get your information when making investment decisions:

20. How often do you read your account statements?

21. When making an investment decision, how often do you do your own research?

22. What is your main source of information on investments?

PREVIOUS

Progress: 75%

NEXT

Issue 2.2: Investment production information

23. Please indicate your level of agreement with the following statement:

	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	I don't know
My financial adviser provides me with sufficient information to make investment decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24. Where do you start first when deciding on investments?

Choose...

Other:

PREVIOUS

Progress: 78%

NEXT

Issue 2.2: Investment production information

Please rank the importance of the following information when making an investment decision.

	Very important	Important	Somewhat important	Not important	I don't know
25. Risk level of investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26. Potential rate of return	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
27. Past rate of return	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28. Cost of investment, such as fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29. If the investment meets my investment goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30. If the investment is suitable for my risk profile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
31. Other (please indicate below):	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other:

PREVIOUS

Progress: 81%

NEXT

Case Study 2: Jennifer's story

Meet Jennifer – she is in her mid-40s and is a single, full-time working mother with two school-aged children. She is the office manager of an interior design firm in Kingston. Like many people, Jennifer thinks about the future and gets nervous about her finances. She knows that balancing her current expenses will continue to get harder as she saves for her children's education and her retirement.

To help plan for the future, Jennifer has worked with a financial adviser for the past five years to make a variety of investments. But with the recession, these have not returned as much profit as Jennifer hoped. With little improvement over the last year, she has gotten very discouraged and stopped opening her monthly statements, which were hard to understand to begin with.

However, Jennifer knows that this isn't the answer. She needs to do a better job of understanding her investments and pay more attention. Jennifer feels she needs help finding information she can understand and be confident with.



PREVIOUS

Progress: 83%

NEXT

Case Study 2: Questions

32. If you were in Jennifer's situation, which one change would be most helpful in making investment product information more useful and understandable?

- Use plain, everyday language
- Integrate more graphics
- Link to an interactive website
- Create videos that explain how to read the statement
- Send reminders to look at account by text message
- Sit down with a financial adviser to ask questions
- Other (please specify below)

Other:

PREVIOUS

Progress: 86%

NEXT

Case Study 2: Questions

33. Based on your own situation, which one change would be most helpful in making investment product information more useful and understandable?

- Use plain, everyday language
- Integrate more graphics
- Link to an interactive website
- Create videos that explain how to read the statement
- Send reminders to look at account by text message
- Sit down with a financial adviser to ask questions
- Other (please specify below)

Other:

PREVIOUS

Progress: 89%

NEXT

Case Study 2: Other ideas

34. How much time are you willing to spend understanding your financial position and investment results?

35. Do you have any other ideas to make investment product information more useful and understandable?

Characters remaining: 1250 of 1250

PREVIOUS

Progress: 91%

NEXT

Final thoughts

36. Do you have any other issues, concerns or ideas around strengthening investor protection in Ontario? Please share below:

Characters remaining: 1250 of 1250

PREVIOUS

Progress: 94%

NEXT

What did you think of our Choicebook?

We'd like to know how you liked this Choicebook!

Please indicate your level of agreement or disagreement with the following statements:

	Strongly agree	Agree	Disagree	Strongly disagree	Not sure
37. I enjoyed completing the Choicebook.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
38. The Choicebook helped me better understand services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
39. The information contained in the Choicebook was easy to understand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
40. Based on this experience, I would consider completing a Choicebook in the future.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
41. I valued the opportunity to share my ideas and preferences.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PREVIOUS

Progress: 97%

NEXT

Thank you!

Thank you for taking the time to share your thoughts about the key issues and challenges facing investors in Ontario.

If you would like to receive the final report of our findings in early 2013, please share your e-mail address below.

Email address:

Thank you once again!


Click FINISH to submit your responses.

PREVIOUS

Progress: 100%

FINISH

ascentum

 @ascentum

 ascentum



Online Panel Results

Prepared by
Richard W. Jenkins Ph.D.

Jenkins Research

December 2012

Methodology

The data presented here are based on a representative sample drawn from the Ekos Prob/*t* online panel, which is a randomly recruited panel.

Respondents were randomly selected to participate in this study and were invited (by email) to visit the Prob/*t* site where they completed several questions, including screening questions, before they entered the Choicebook site.

A total of 2030 completions were achieved. A sample of this size has a margin of error of plus or minus 2.17%. The margin of error for subsamples will be larger.

The data has been weighted to the population of Ontario based on age, gender and region of people who qualified to complete the Choicebook.

Worth Noting

Age, Years of Experience and Portfolio Size

- Naturally there is a high inter-correlation between age, years of experience and portfolio size.
 - For example, you need to be investing for a long time to have a large portfolio and by definition, younger investors have limited time to build up experience.
- Younger investors here refer to those under 45 and particularly under 35 (which represents a relatively small proportion of the population who met the screening criteria).

Preliminary High Level Findings

Skepticism about shared interest

- There is a natural tendency for people to rationalize that their financial adviser is looking out for them; they should say good things or get another adviser.
- Although there is evidence here that FA are relied upon, three things highlight the skepticism that many investors feel.
 - Only 20% strongly agree that they generally trust the advice of their financial adviser.
 - 59% strongly support the “best interest duty”.
 - 25% strongly agree (64% overall) that how FA is paid impacts the recommendations they receive.

Experience versus Inexperience

- 11% are very confident in their financial literacy and these people tend to have been investing longer, have larger portfolios, and be more engaged in investing. This group is more focused on performance and skeptical of FAs despite acknowledging their help.
- 25% have little confidence in their literacy and are therefore more reliant on the advice of FAs.

A one-sided power relationship

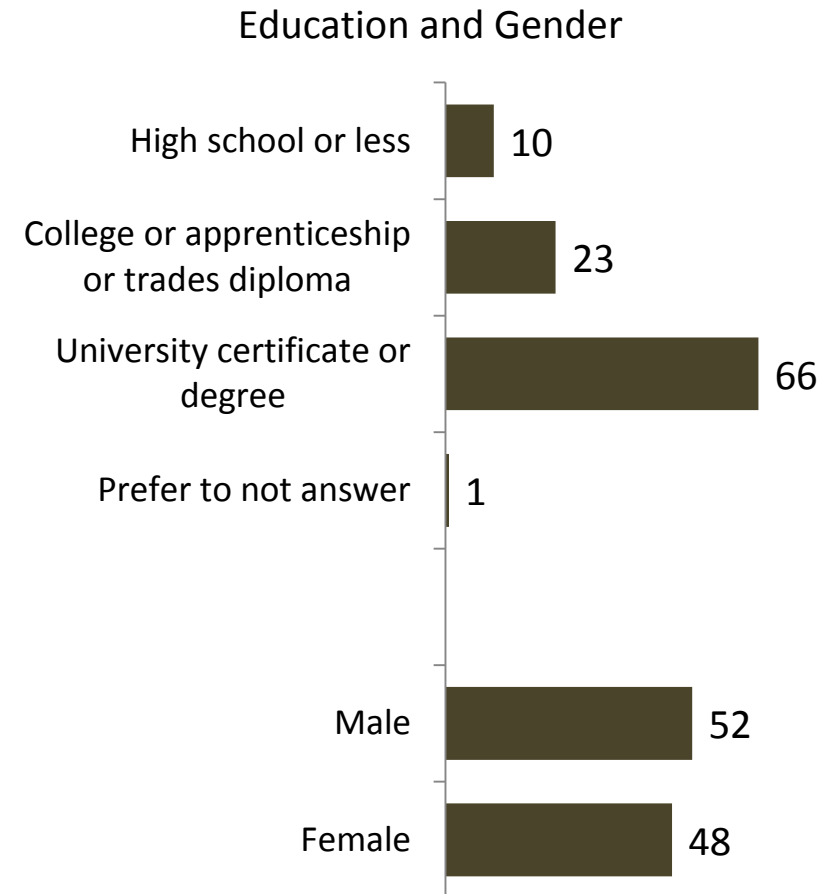
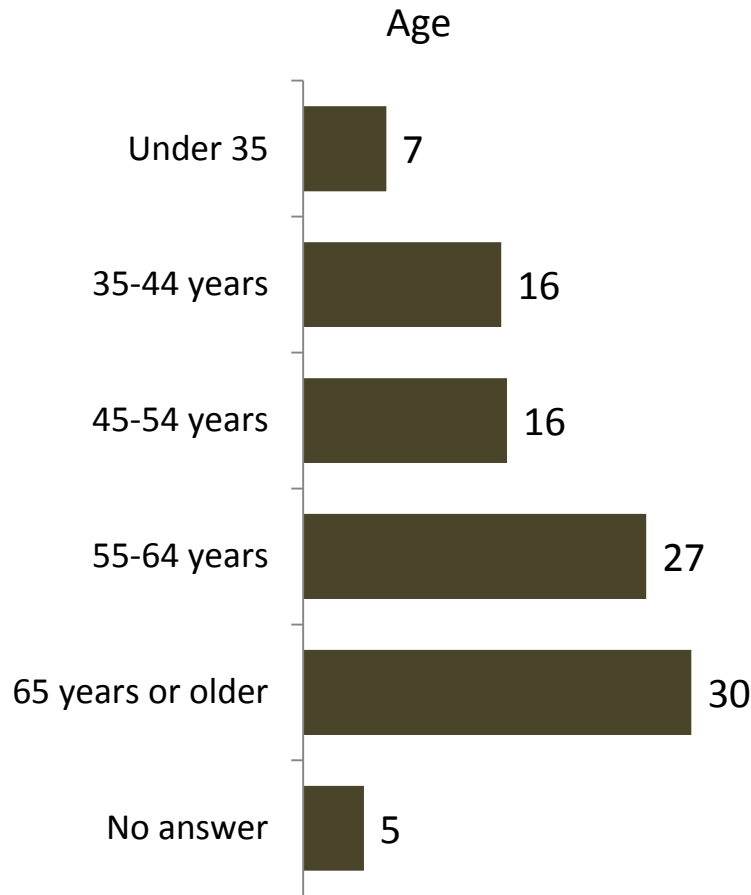
- The relatively few with a high level of confidence in their literacy translates into a significant group that is potentially confused.
- While people think that how FAs are paid affects the recommendations they receive, 42% don't know how their FA is being paid.
- In addition, only 46% checked the qualifications of their DA

Investor Profile

- Current investors skew toward being older, and more educated. Women and men are equally likely to be investors.
 - Only 23% of the investors were younger than 45.
 - 19% have been investing for less than 10 years
- Younger investors are interesting because they tend to be new to investing (42% of those under 35 have been investing less than 5 years) and have relatively small portfolios (67% have less than \$50,000).
 - The under 35 year old investor tends to be financially well-off: 58% of those under 35 have incomes greater than \$90,000. Although this is also true for those under 55, it is not as true for those 55 years and older (only 35% of those 65 plus have incomes in the highest range).
 - Younger investors are less engaged overall. They have less confidence in their own knowledge and are less supportive of a duty of care requirement.

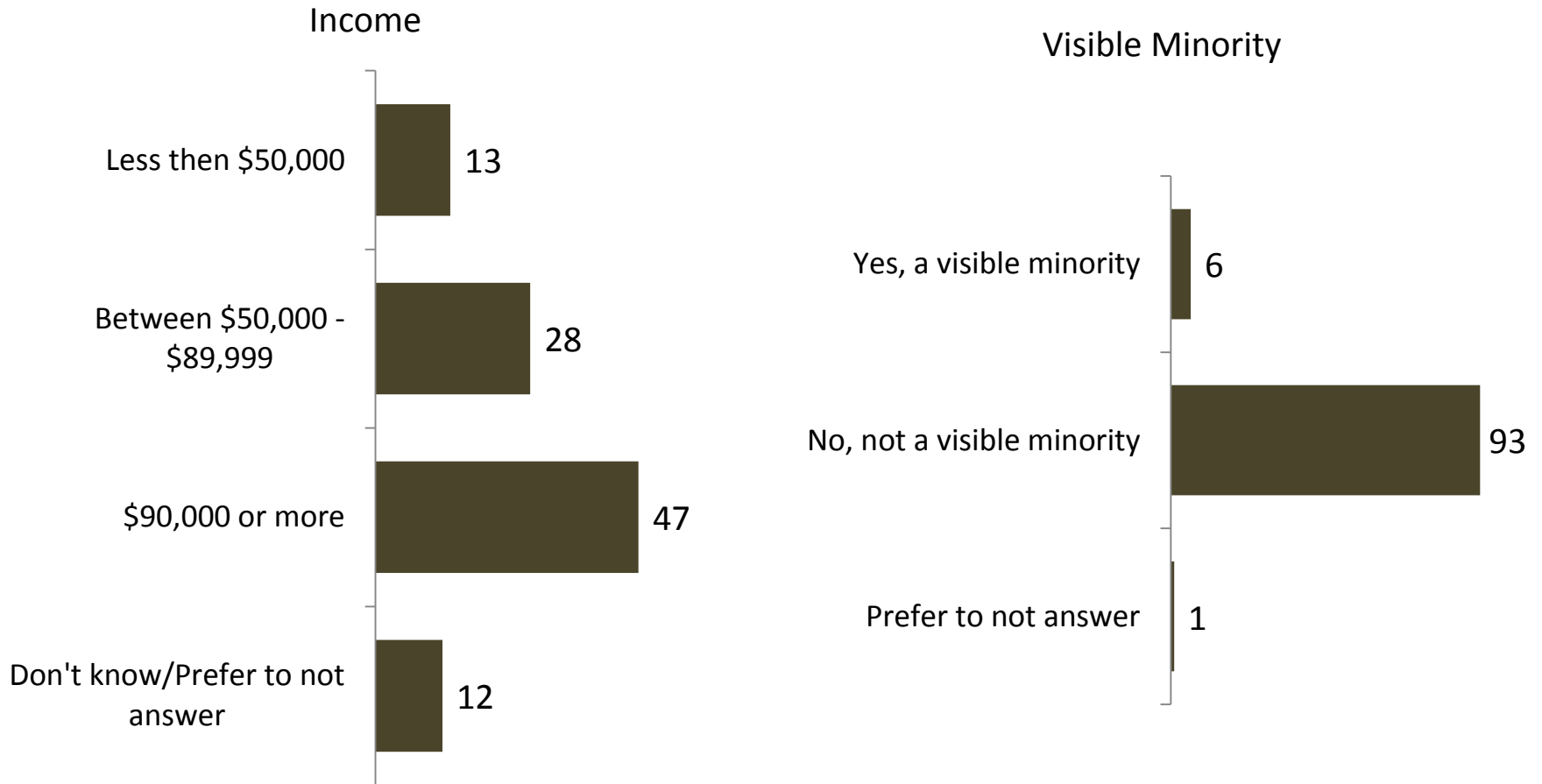
Demographic Profile: Age, Gender and Education

Note: The following are based on weighted data to reflect the population of people in Ontario who qualified for the survey.



Demographic Profile: Income and Minority Status

Note: The following are based on weighted data to reflect the population of people in Ontario who qualified for the survey.

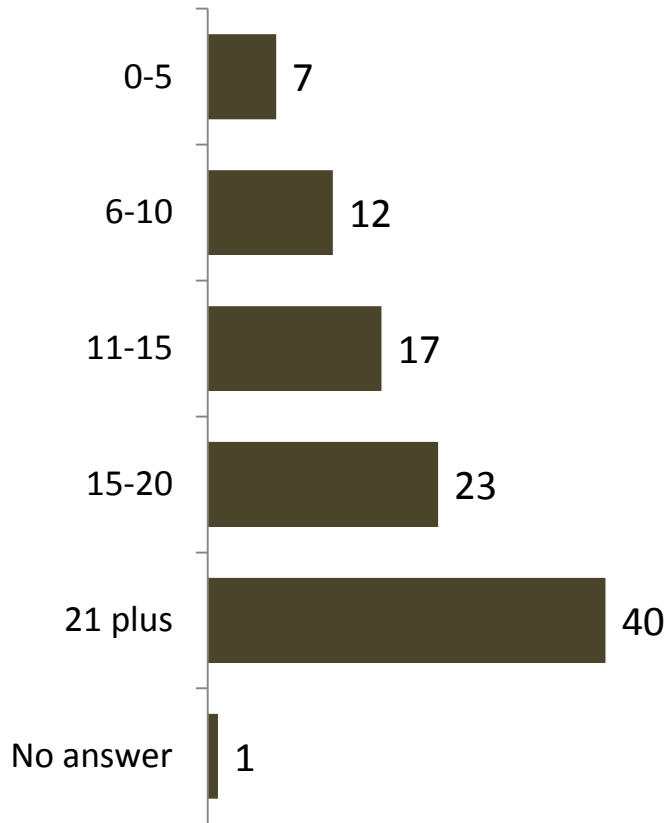


Investor Profile

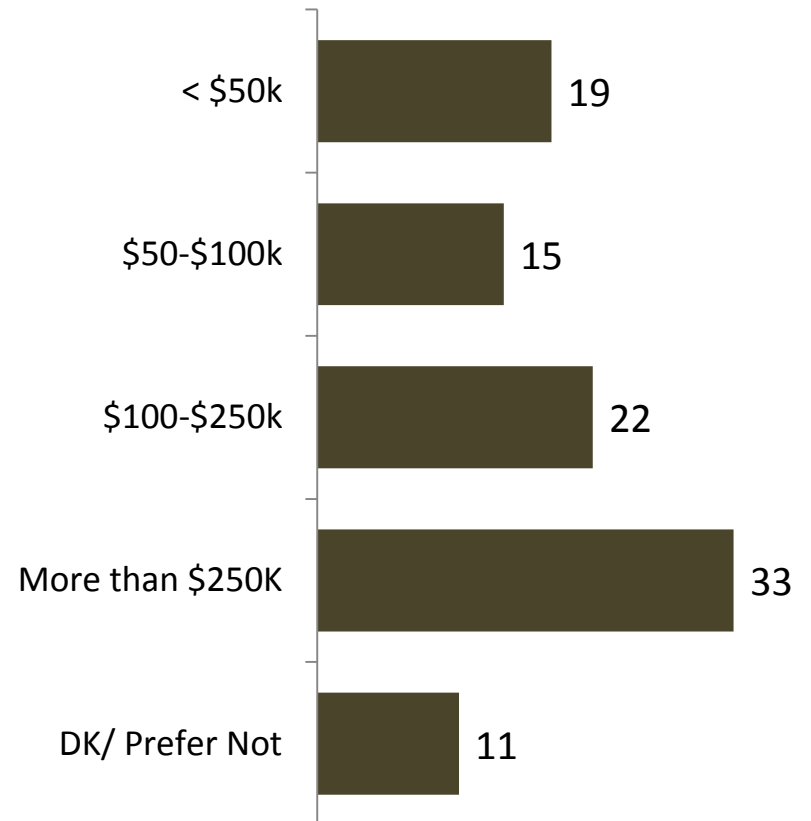
Q. How many years have you been investing?

Q. Please indicate the approximate size of your portfolio.

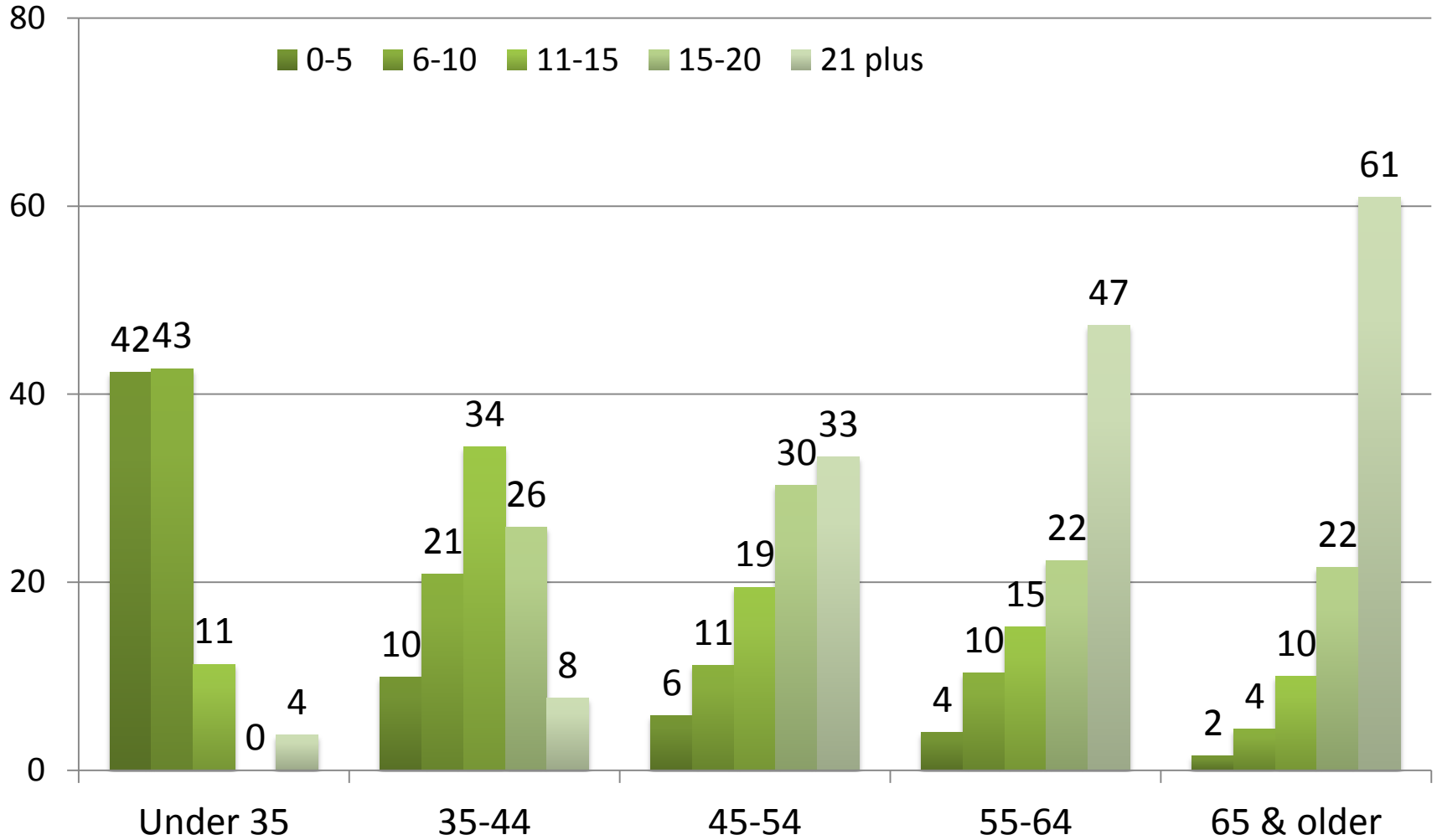
Years of Investing



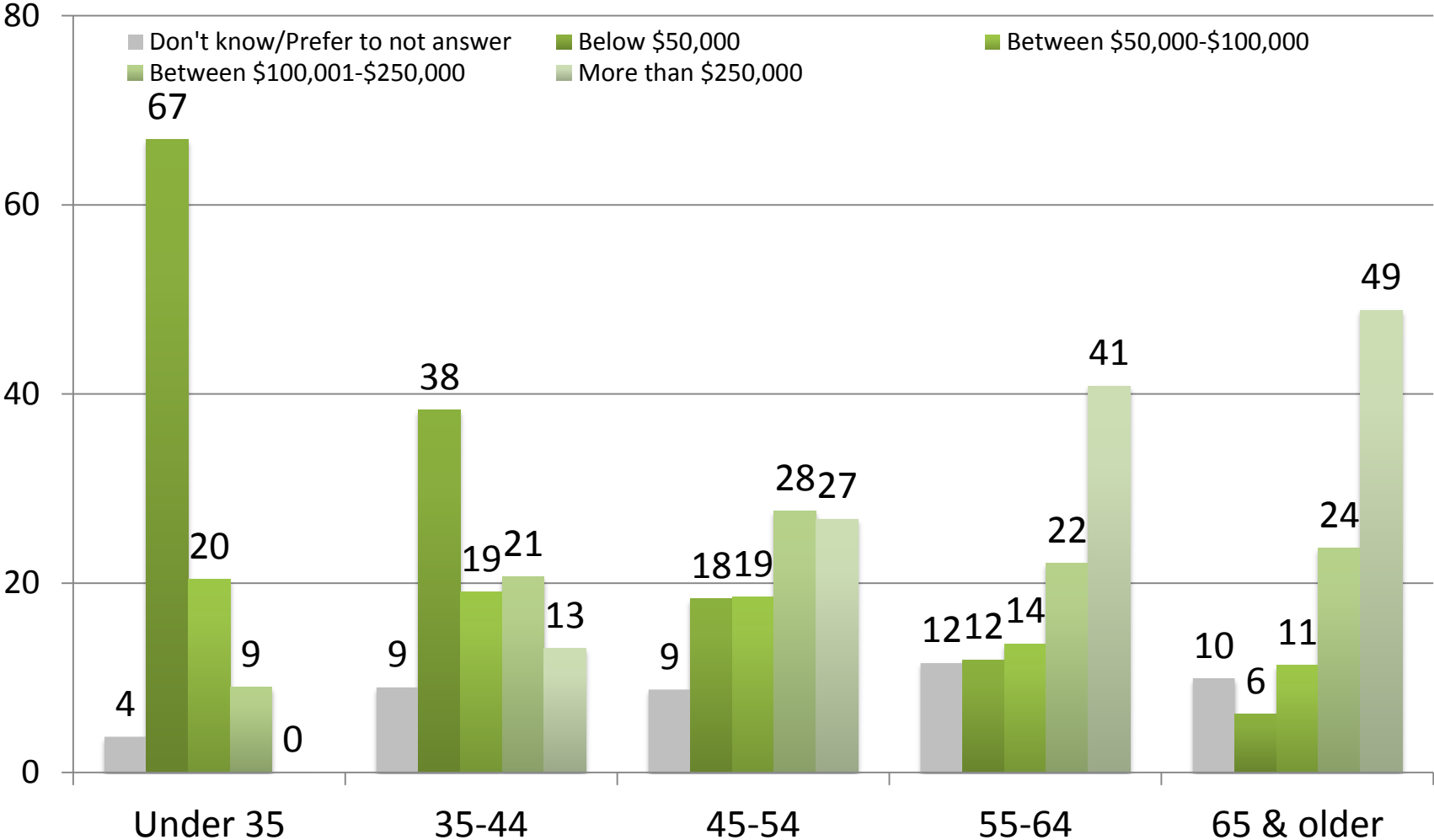
Portfolio Value



Years of Investing Experience by Age

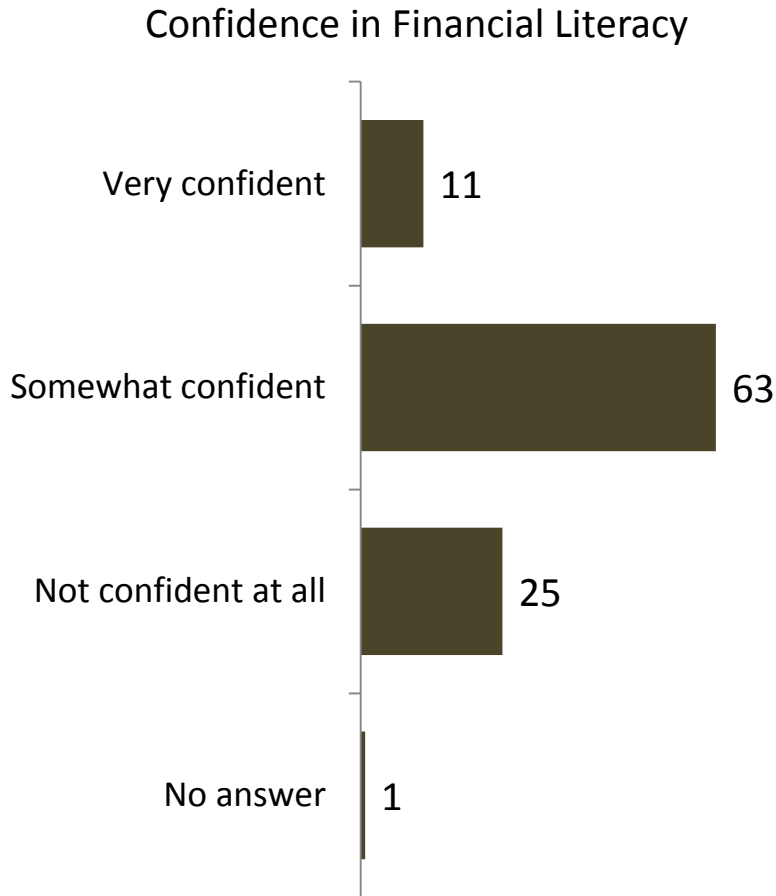


Portfolio Size by Age



Financial Literacy

Q. As an investor and consumer, how confident are you in your own financial and investment knowledge (i.e. your financial literacy)?

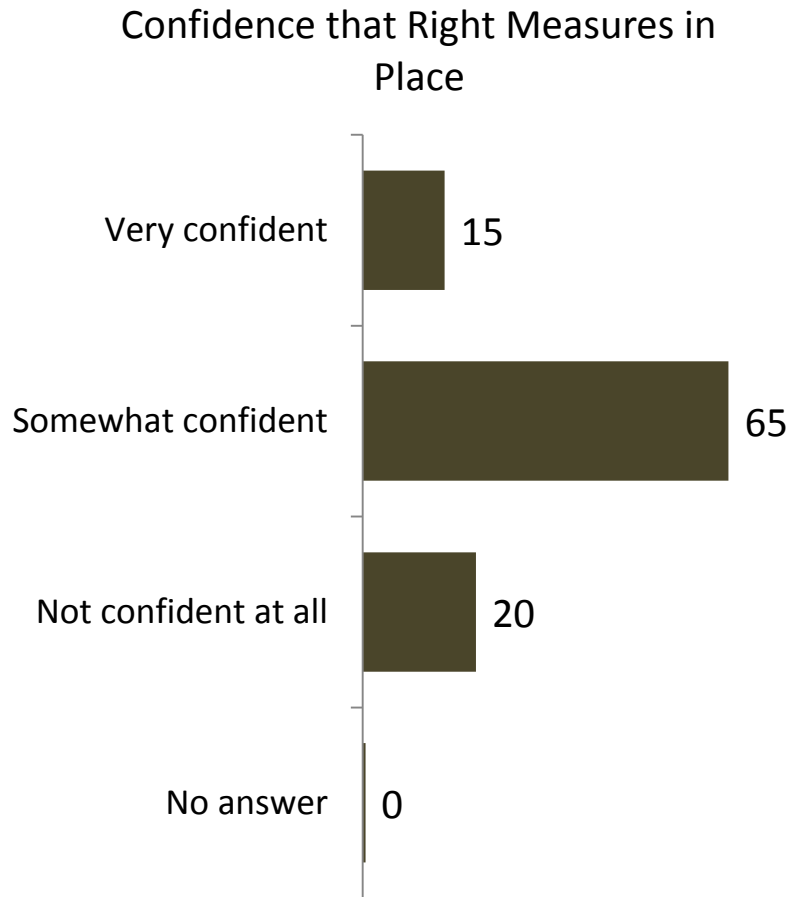


The high proportion in the middle suggests, perhaps, that for the retail investor there is considerable trepidation about their own knowledge.

- Men are twice as confident as women (15% vs. 7%) very confident. In fact one in three (34%) female investors is not at all confident.
- Young investors (under 35) are also less confident (38% not at all confident).
- People with larger portfolios are more confident but even here, 16% are not at all confident.
- Lower income groups tend to be less confident but those with less education are just as confident as those with higher education.

Confidence in Protection

Q. As an investor and consumer, how confident are you that the right measures are in place to protect you and your investments?



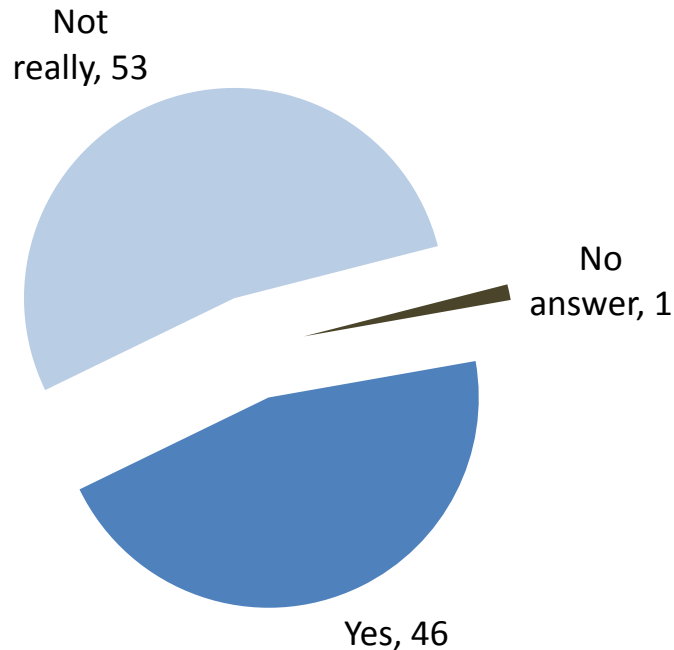
Low confidence in personal financial literacy could be made up by greater confidence that there is adequate protection for investors but only 15% are very confident.

- Importantly, it is the people with less confidence in their own personal knowledge who are the least confident that the right measures are in place.
- Men and women do not differ.
- Younger investors are somewhat less confident.

Due Diligence Regarding Adviser

Q. Before hiring my financial adviser, I checked his or her experience and qualifications?

Checked Experience & Qualifications

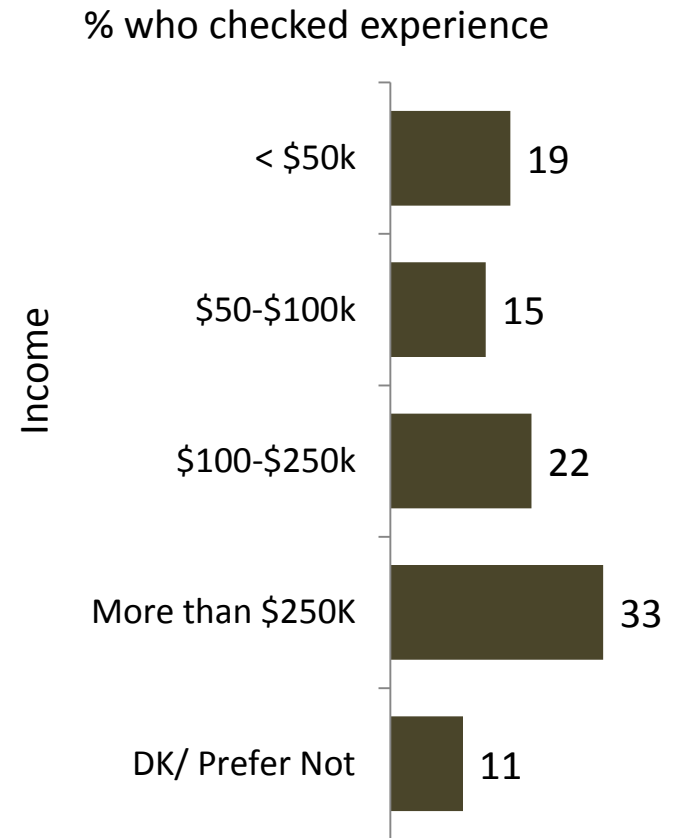
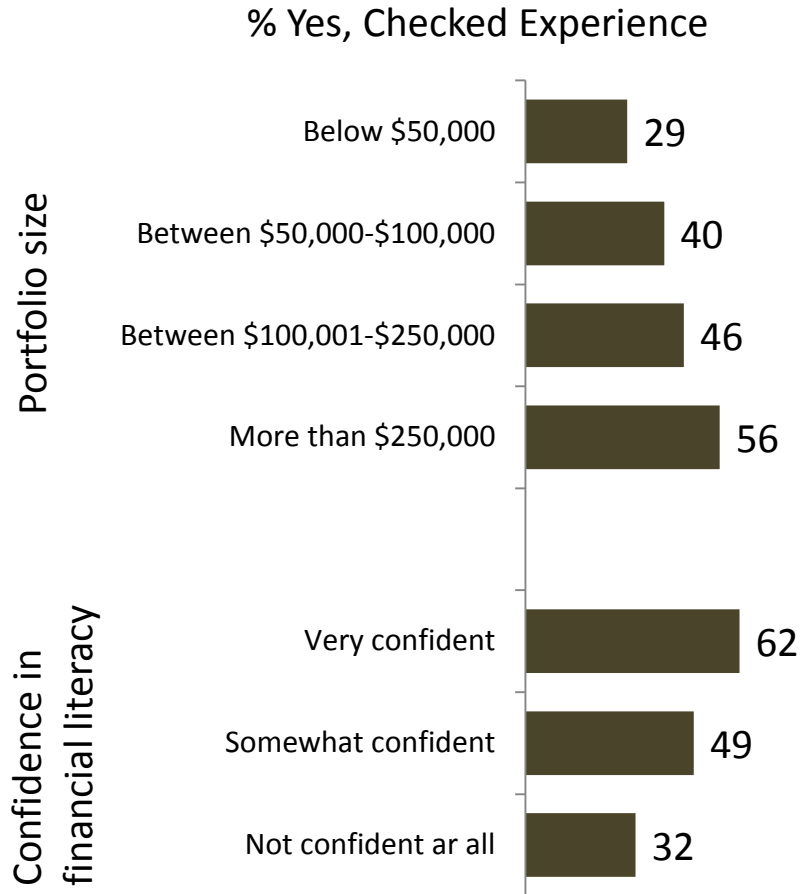


Less than half (46%) say that they checked the experience and qualifications of their financial adviser.

- Those with more confidence in their own financial literacy are more likely to have checked.
- Men and women do not differ.
- Youth are much less likely (33% of those under 35) than older investors (56% of those 65+).
- Those with smaller portfolios are less likely to have checked; only 29% of those with portfolio's under \$50,000 checked.

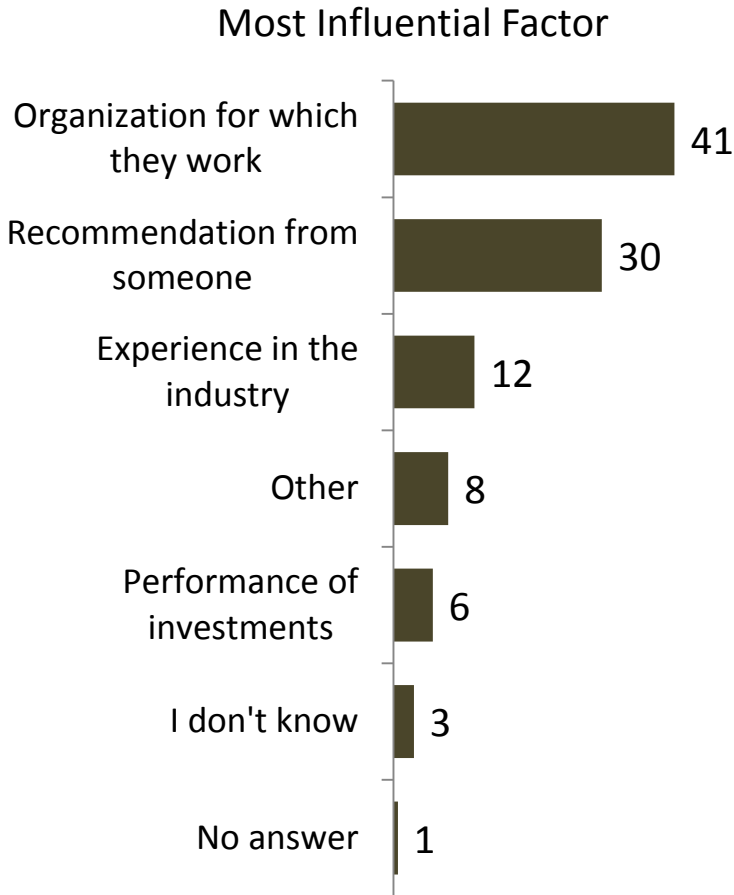
Due Diligence Regarding Adviser

Q. Before hiring my financial adviser, I checked his or her experience and qualifications?



Factors Influencing Selection of Financial Adviser

Q. Which factor has the most influence on your decision to select a financial adviser?

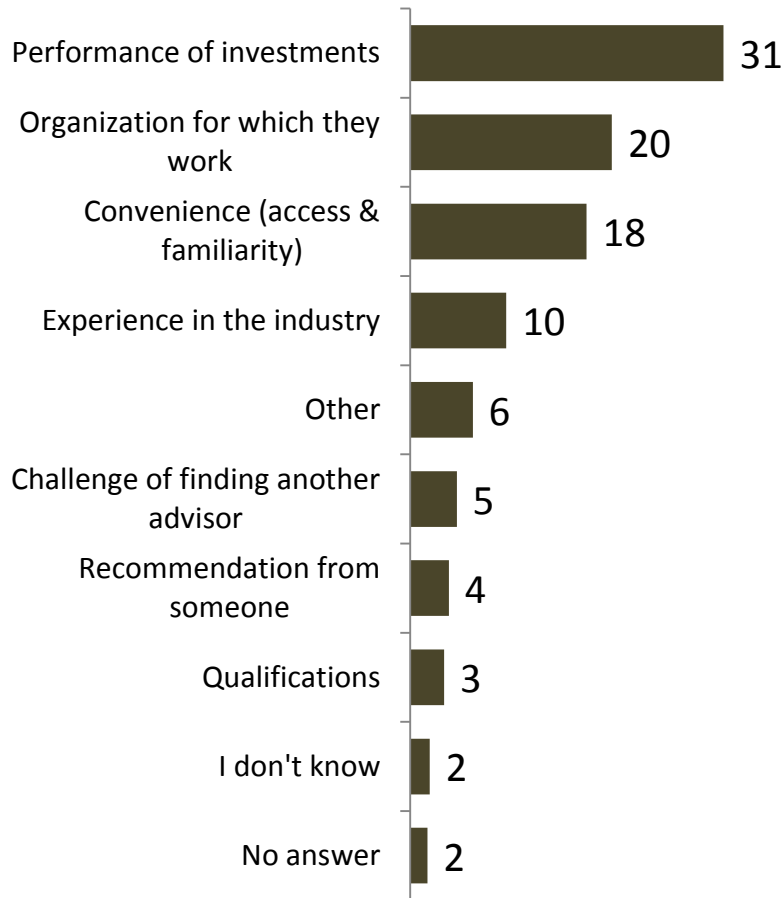


Institutional brands are the most important influence on the decision to select a financial adviser followed by a recommendation from someone.

- Those with more confidence in their own financial literacy are more likely to have checked.
- Young investors are much more likely to rely on a recommendation and older people place more emphasis on experience in the industry.
- Men and women do not differ.
- Experience (17%) and performance (9%) are more important for confident investors. People who are not confident are more likely to rely on a recommendation.
- People who checked the experience and qualifications of their adviser were more likely to be influenced by experience and a recommendation.

Factors Influencing Decision to Keep Financial Adviser

Q. Which factor has the most influence on your decision to keep working with your financial adviser?

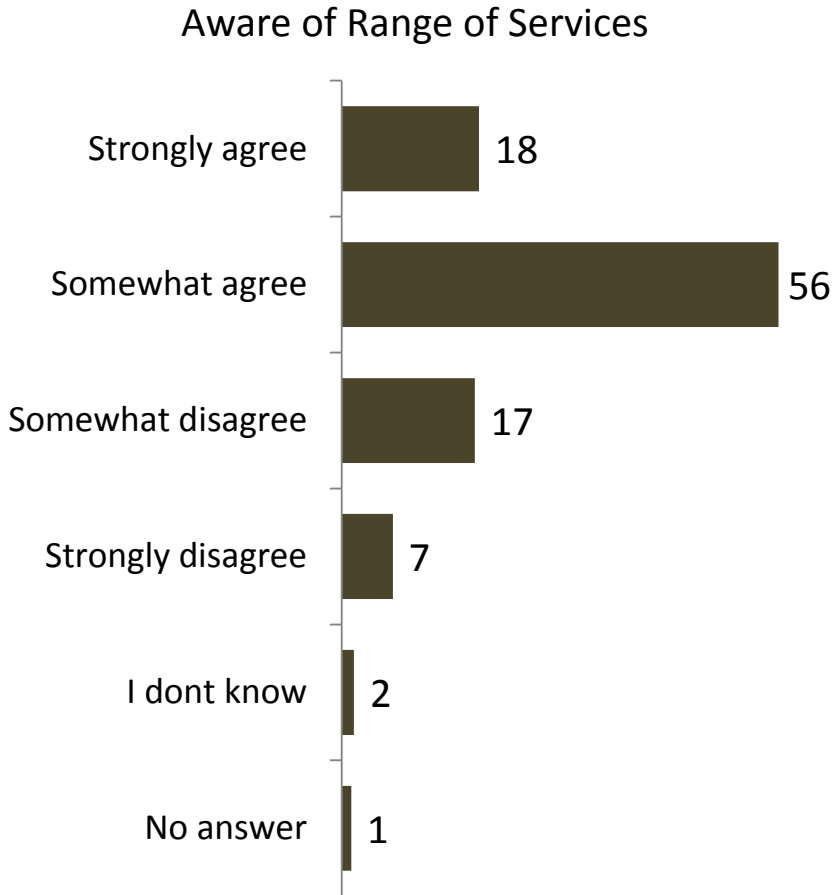


If brands matter for choice, performance is the most cited influence for staying with a financial adviser followed by brand and convenience.

- Those who are very confident in their knowledge are more likely to focus on performance (35%) and less on convenience (9%).
- Young investors are much more likely to be influenced by convenience and older people place more emphasis on experience in the industry.
- Men and women do not differ.
- Investors with smaller portfolios are more focused on convenience and less on performance.

Awareness of Ranges of Services Offered

Q. Indicate your level of agreement with the following statement: “When I was choosing a financial adviser, I was aware of the range of services advisers provide”



Awareness of the services offered is modest. A small proportion (18%) strongly agrees, but most either only somewhat agree or disagree.

- The more confident in one's knowledge the more likely one is to agree with the statement.
- Large portfolio investors are much more likely to strongly agree (28% of those with portfolio's larger than \$250,000)
- Younger investors are much less likely to be aware of services (7% for those under 35 strongly agree).
- Men are slightly more likely to agree.

Most Important Services

Q. Which services are most important to you as an investor? Select the most important:

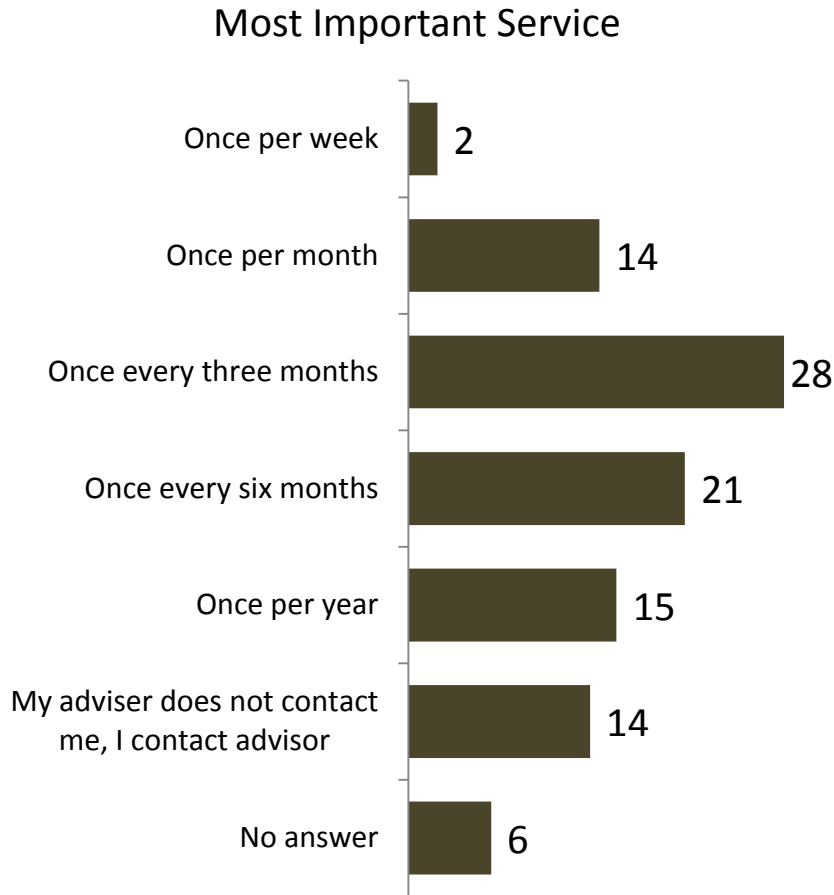


Making clear and specific recommendations is the primary role assigned to advisers and is largely the most important for all sub-groups.

- The more confident in one's knowledge the more likely the adviser is seen as someone who answers investment questions.
- Investors with smaller portfolios place more emphasis on assistance in general terms. For example, assessing my financial situation (23% for those with \$50,00 or less) and helping develop goals (15%).
- Younger investors are much more likely to see the adviser in terms of helping them develop financial goals (10% of those under 35).

Frequency of Contact

Q. On average, my adviser contacts me?

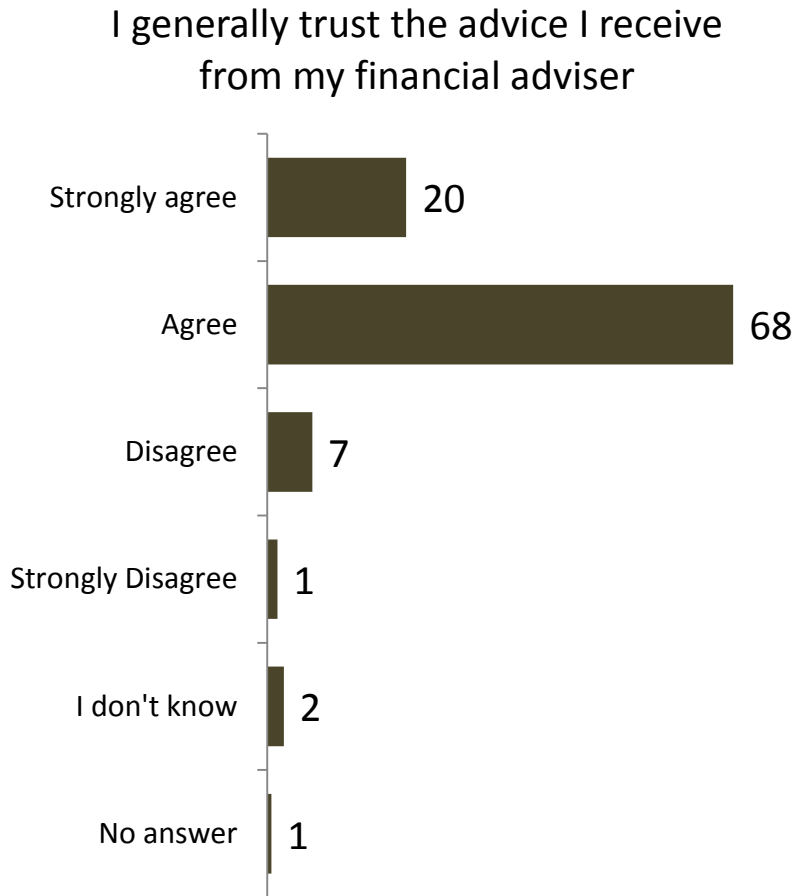


There is considerable variation in contact with advisers: 16 per cent of investors are contacted at least once per month but 14% are not contacted at all.

- The more confident in one's knowledge the more one is contacted by the adviser (24% at least once per month).
- Large portfolio investors are much more likely to have at least monthly contact (19% of those with portfolio's larger than \$250,000). In fact, 26% of those with small portfolios are not contacted at all.
- Young investors (under 35) are much more likely to have to contact their adviser themselves (24%).

Trust in the Advise of Financial Adviser

Q. Level of agreement: "I generally trust the advice I receive from my financial adviser".



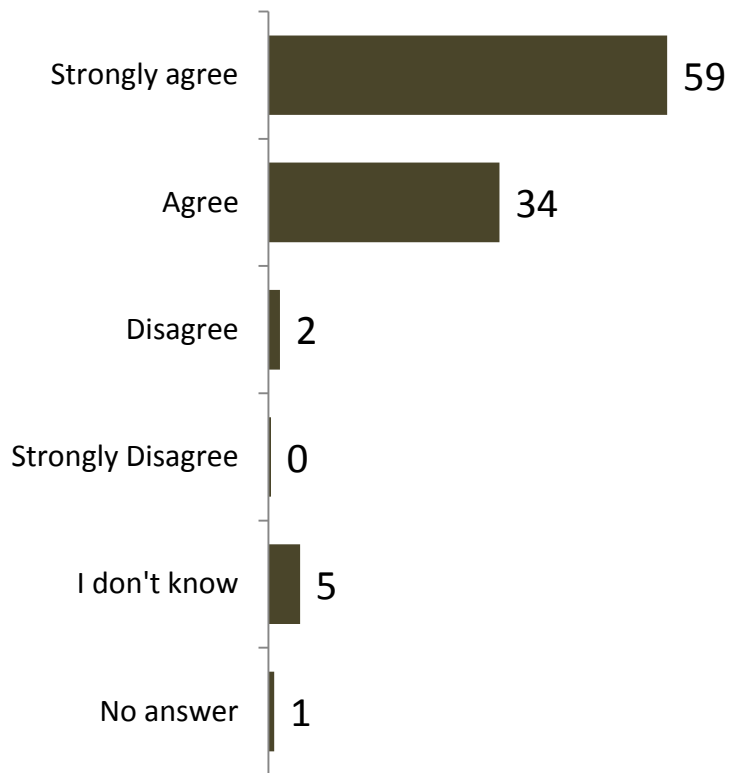
Just one in five have complete confidence in the advice of their financial adviser as evidence by strongly agreeing with the statement. Agreement is stronger among:

- The more confident in one's knowledge the more to trusting of the adviser (30% strongly agree vs only 16% of those who do not have confidence).
- Large portfolio investors are much more likely to strongly agree (25% of those with portfolio's larger than \$250,000).
- Older investors: 26% of those over 65 strongly agree compared with 7% of those under 35.

“Best Interest” Duty

Q. Level of agreement: “I think that a ‘best interest duty’ is needed to protect retail investors”.

I think that a ‘best interest duty’ is needed to protect retail investors



There is strong support for the idea that there should be a “best interest duty” across all groups, even among those with more knowledge and experience.

- Those who are very confident in their own personal knowledge are equally likely to think it is needed.
- Large portfolio investors are more likely to strongly agree (63% of those with portfolio’s larger than \$250,000) than small investors. This may reflect their greater stake in financial investments.
- Older investors: 59% of those over 65 strongly agree compared with 40% of those under 35.

Knowledge of Compensation

Q. Level of agreement: "I know how my current financial adviser is being paid (e.g. combination of salary and sales commission)"

Q. Level of agreement: "My adviser has explained how he or she is compensated for the financial services provided to me"

My adviser has explained how he or she is compensated for the financial services provided to me"



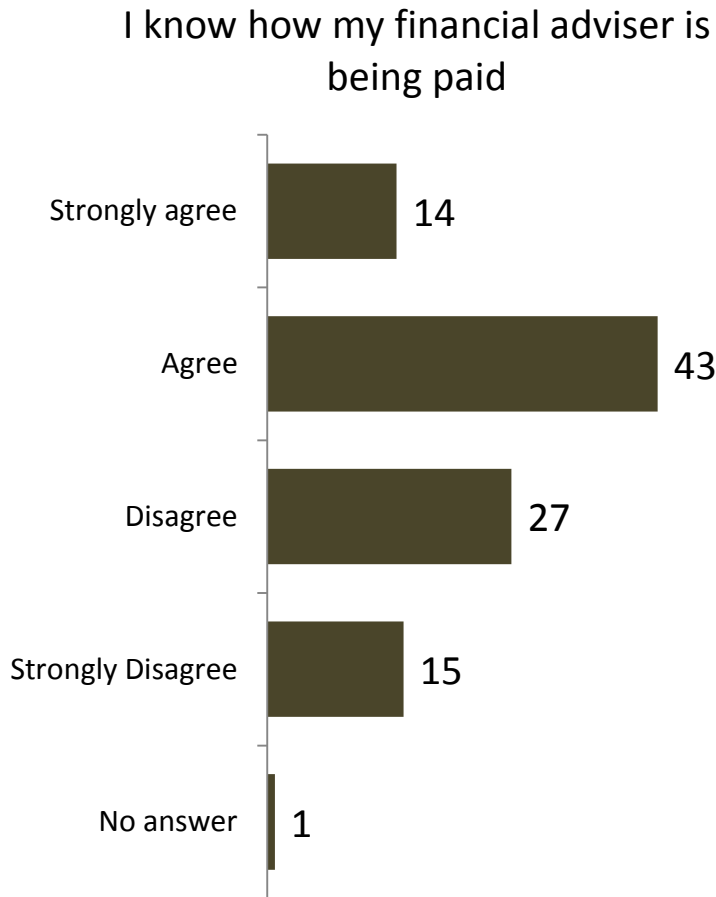
I know how my current financial adviser is being paid (e.g. combination of salary and sales commission)



■ No answer ■ Strongly Disagree ■ Disagree ■ Agree ■ Strongly agree

Knowledge of Compensation

Q. Level of agreement: “I know how my current financial adviser is being paid (e.g. combination of salary and sales commission)”

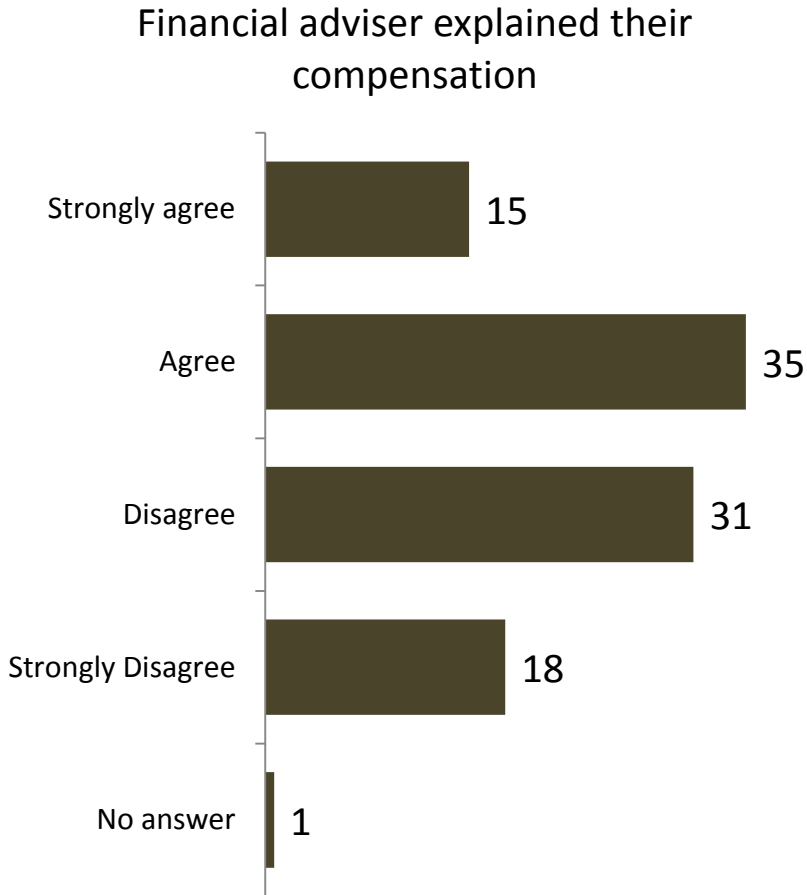


More than four in ten do not know how their current financial adviser is being paid. Agreement is stronger among:

- The more confident in one’s knowledge the more likely one is to know (73% agree) compared with only 45% of those who are not confident.
- Similarly, the larger one’s portfolio the more likely one knows how their adviser is being paid.
- Older investors: 65% of those over 65 agree that they know compared with 41% of those under 35.

Adviser has Explained Compensation

Q. Level of agreement: “My adviser has explained how he or she is compensated for the financial services provided to me”

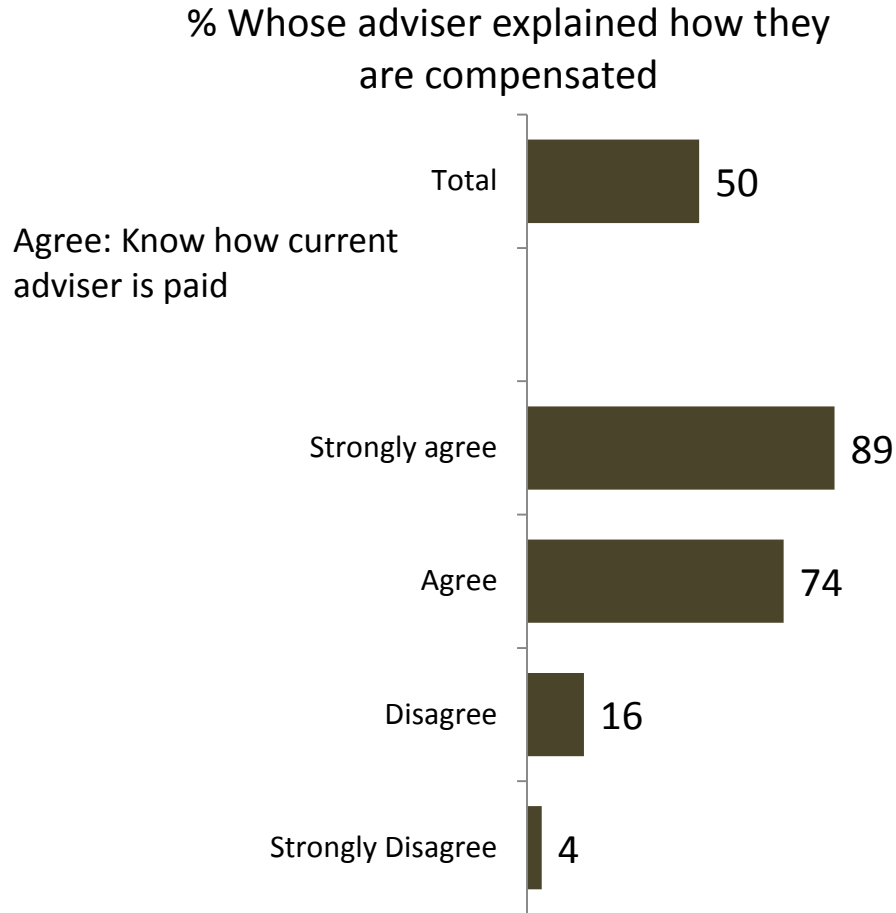


About half of investors agree that their current financial adviser explained their compensation.

- The larger one's portfolio the more likely one has been told how the adviser gets paid. For example, only 39% of those with a portfolio under \$50,000 have been told compared with 60% of those with \$250,000 or more.
- Older investors are more likely to have been told: 56% of those over 65 agree that the compensation was explained.
- The more confident in one's knowledge the more likely one is to have had the compensation explained (64% agree) compared with only 40% of those who are not confident.

Knowledge of Compensation

Q. Level of agreement: "I know how my current financial adviser is being paid (e.g. combination of salary and sales commission)"



People who say they were told about the compensation scheme should now know (except for those who have forgotten the specifics but recall being told). That said, people who know may have learned the information from other sources.

Among those who strongly agree that they know how their current adviser is being paid, 89% agree (somewhat or strongly) that their adviser told them.

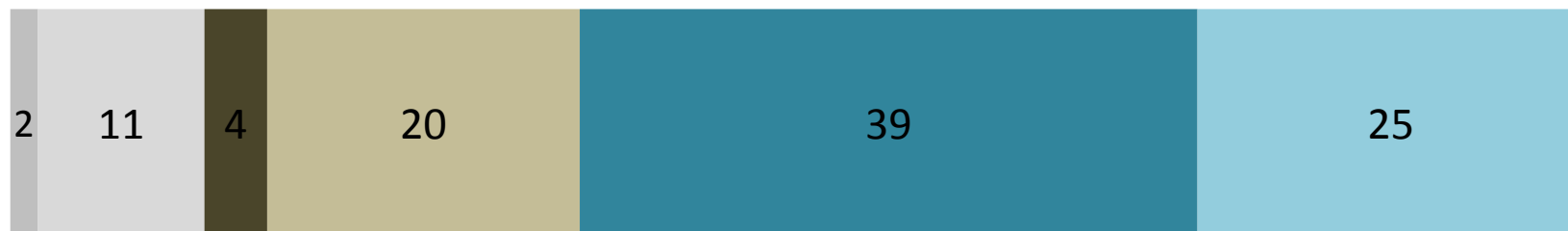
- A small percentage who do not know how the adviser is compensated did have the compensation explained (16% and 4%).

Impact of Compensation Mode

Q. Level of agreement: "The way an adviser is paid has a significant impact on whom I choose"

Q. Level of agreement: "I believe that the way my adviser is paid has an impact on which financial products are recommended to me"

I believe that the way my adviser is paid has an impact on which financial products are recommended to me



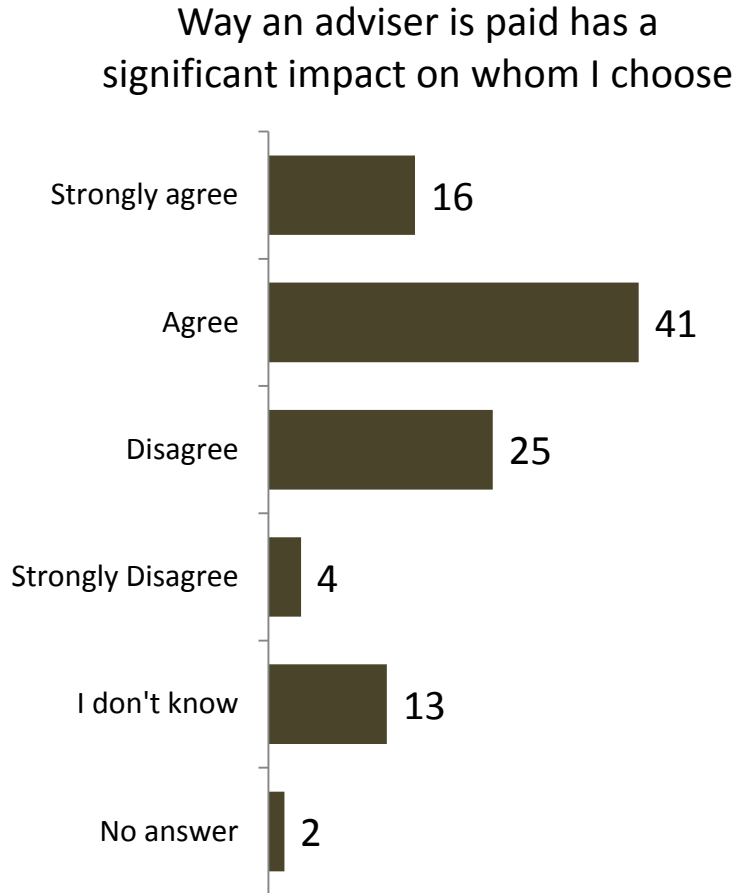
The way an adviser is paid has a significant impact on whom I choose



■ No answer ■ I don't know ■ Strongly Disagree ■ Disagree ■ Agree ■ Strongly agree

How Adviser is Paid Impacts Whom I Choose

Q. Level of agreement: “The way an adviser is paid has a significant impact on whom I choose”



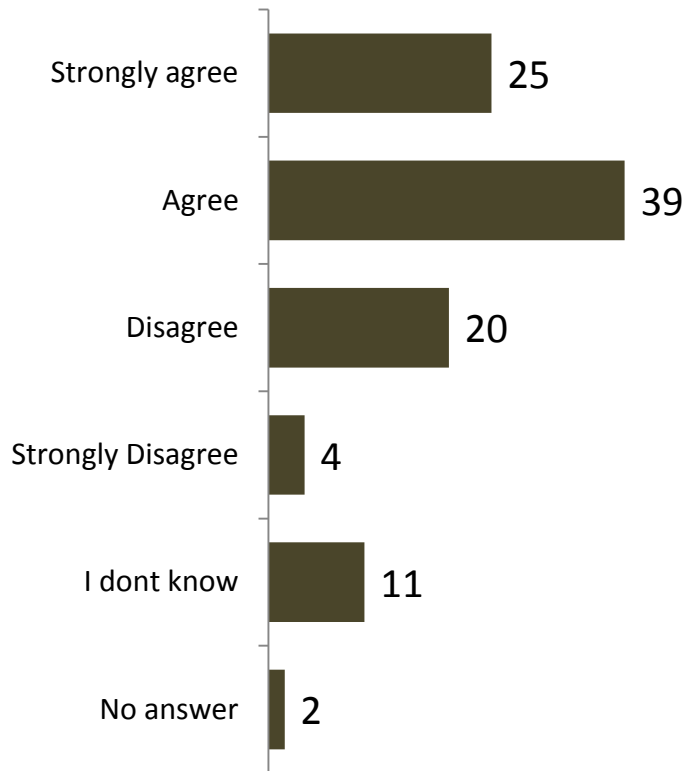
The way that advisers are paid has a significant impact for some investors but 29% are not impacted.

- Group differences are small and the noteworthy finding is that less confident, younger, and smaller dollar value investors are more likely to say that they do not know.

How Adviser is Paid Impacts the Recommendations

Q. Level of agreement: "I believe that the way my adviser is paid has an impact on which financial products are recommended to me"

Way an adviser is paid impacts the recommendations received

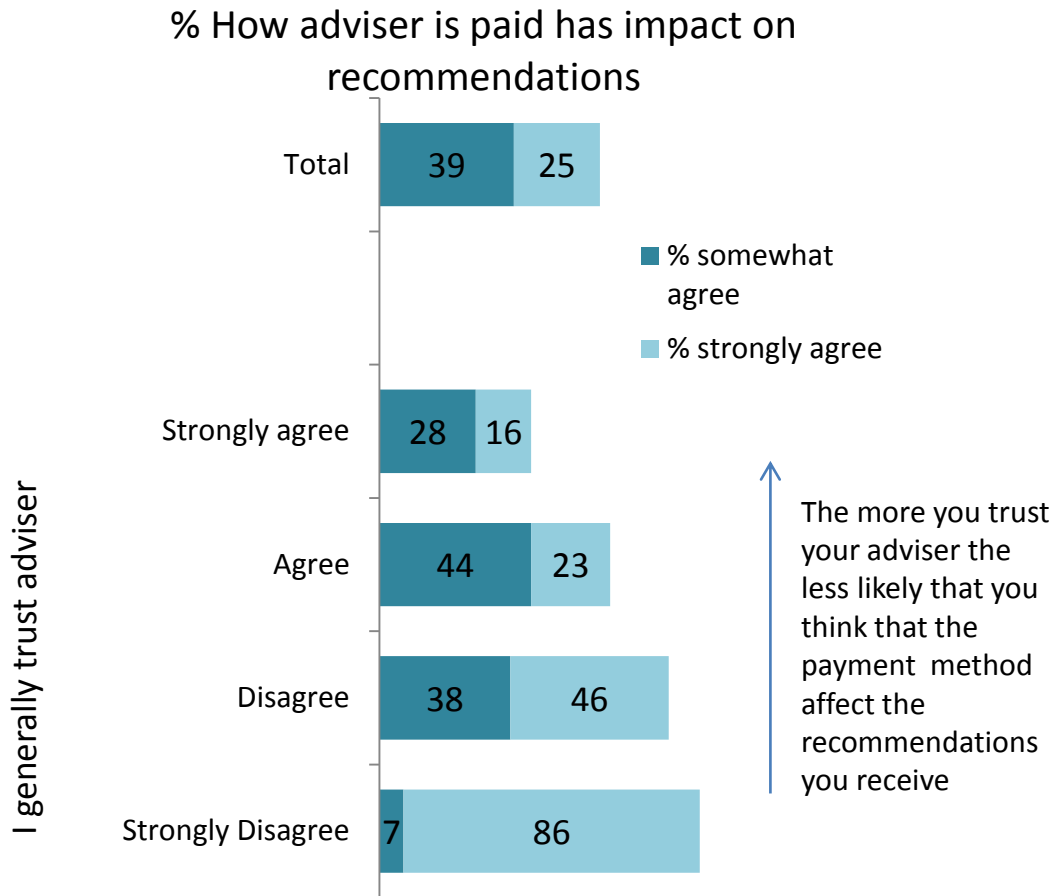


Investors on the whole believe that the way that advisers are paid has an impact on the financial products that are recommended to them. Only 24% do not think this is true.

- Group differences are also small when it comes to this view.
- For example among those who are very confident in their knowledge, 62% agree compared with 66% of the non-confident.

How Adviser is Paid Impacts the Recommendations

Q. Level of agreement: "I believe that the way my adviser is paid has an impact on which financial products are recommended to me"

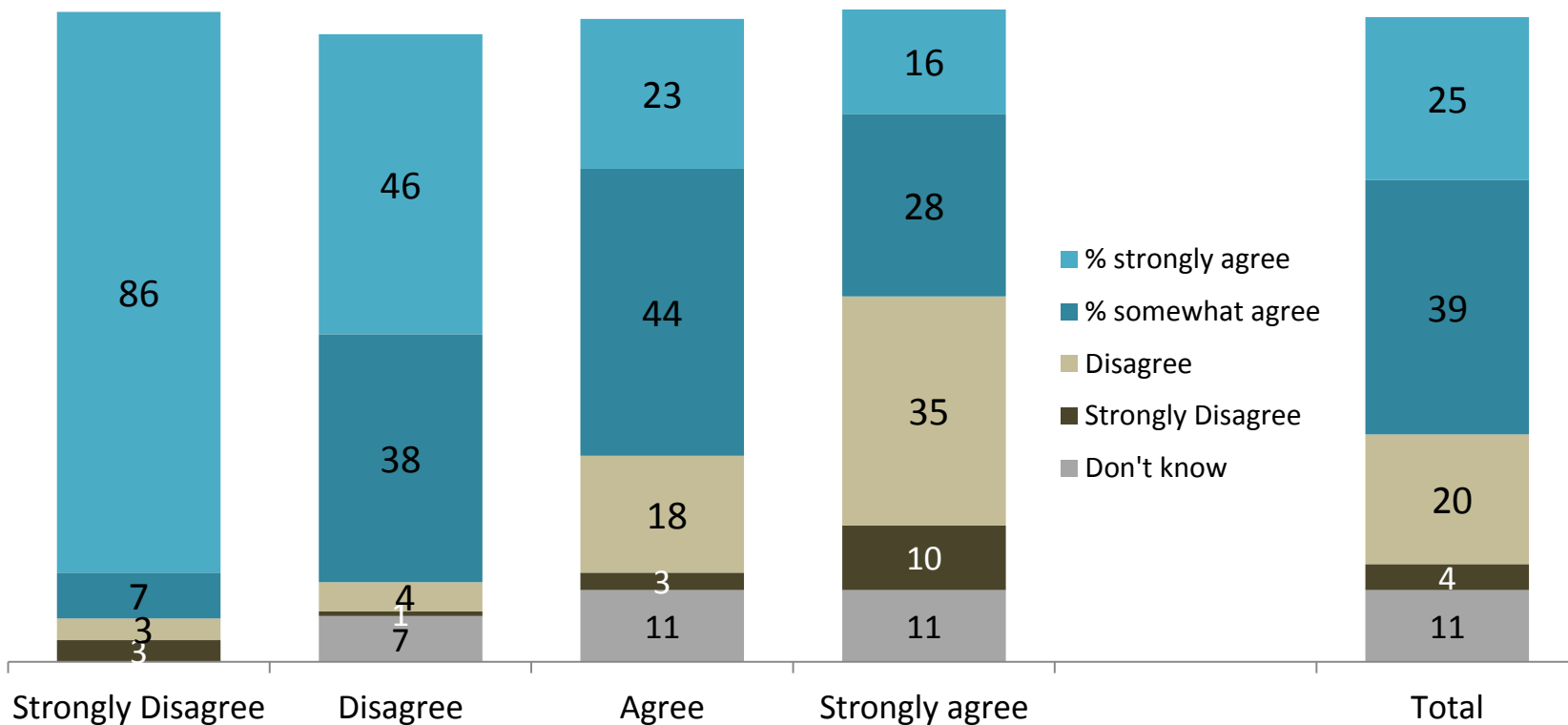


Overall, 25% strongly agree that they way their adviser is paid affects the recommendations they receive. The difference between those who fully trust and those who don't is reflected in perceptions of how the adviser makes recommendations.

- Among those who trust their adviser, 44% also agree that the way the adviser is paid affects the recommendations. In comparison, 67% of those who only somewhat trust their adviser feel this way.
- Naturally, people who don't trust their adviser (a small group), tend to see the adviser as pursuing their own interest.

People who generally trust advice are less likely to think adviser's recommendations are affected by the way they are paid

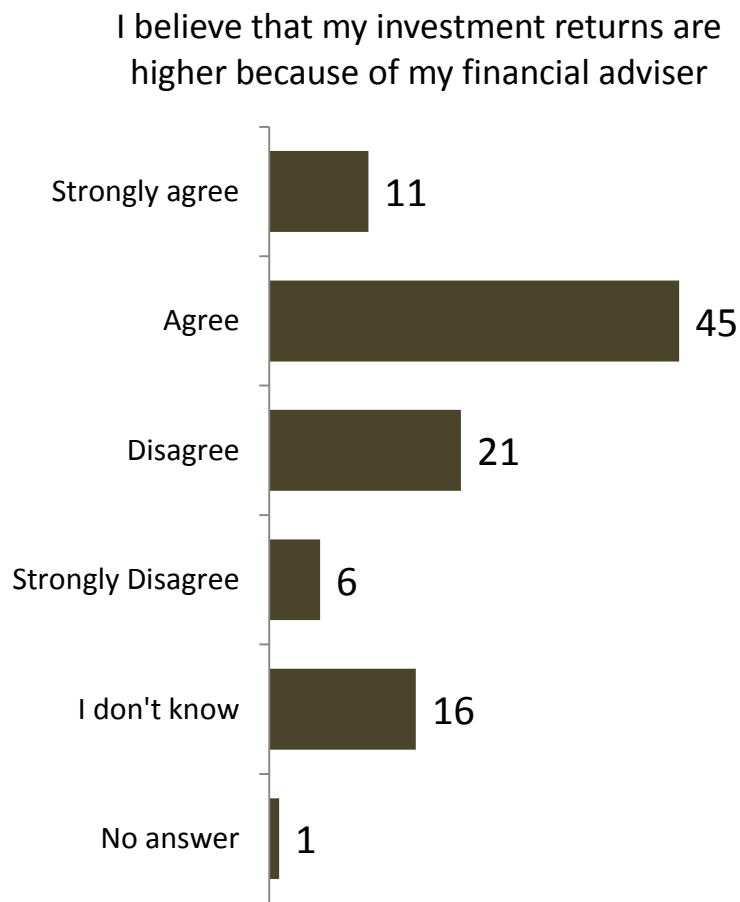
How adviser is paid has impact on recommendations



Q. Level of agreement: "I generally trust the advice I receive from my financial adviser".

Impact of Adviser: Returns are Higher

Q. Level of agreement: "I believe that my investment returns are higher because of my financial adviser"



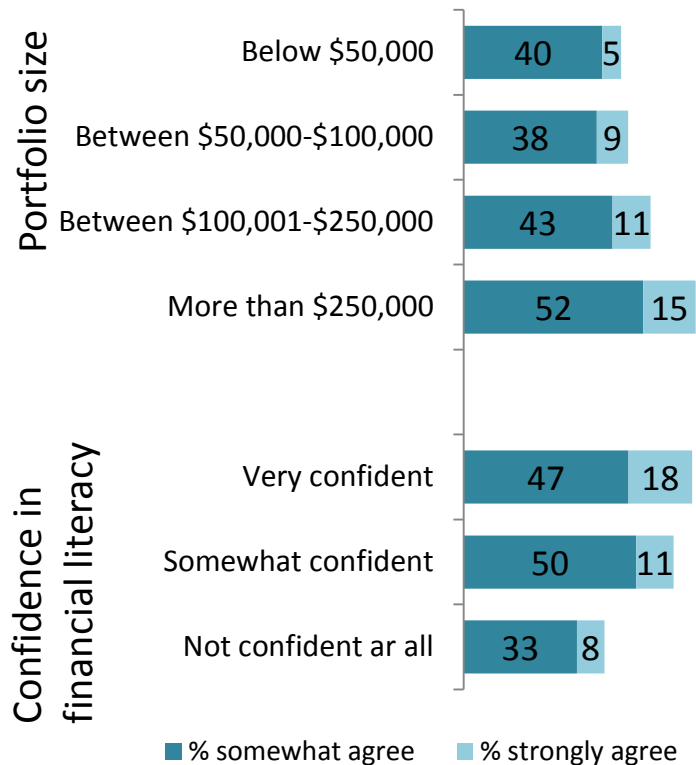
56% of investors believe that their investment returns are higher because of their financial adviser. Notably 16% do not know.

- The larger one's investment portfolio, the more likely that a larger return is associated with the adviser (15% of the highest portfolio group strongly agree compared with 5% for those under \$50,000).
- Similarly among those who are very confident in their knowledge, 18% strongly agree compared with 8% of the non-confident.
- Older investors are also more likely to believe they get higher returns.

Impact of Adviser: Returns are Higher by Portfolio Size

Q. Level of agreement: "I believe that my investment returns are higher because of my financial adviser"

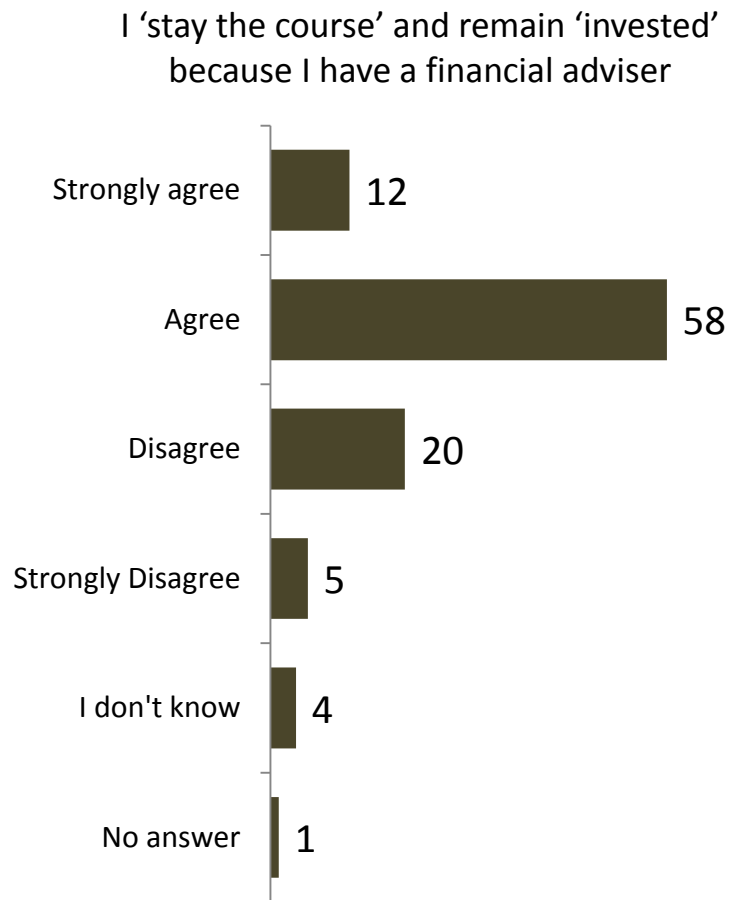
% who agree that my investment returns are higher because of my financial adviser



There is a clear relationship between the belief that the adviser contributes to higher returns and both portfolio size and confidence in personal financial literacy.

Impact of Adviser on Staying the Course

Q. Level of agreement: "I 'stay the course' and remain 'invested' because I have a financial adviser"

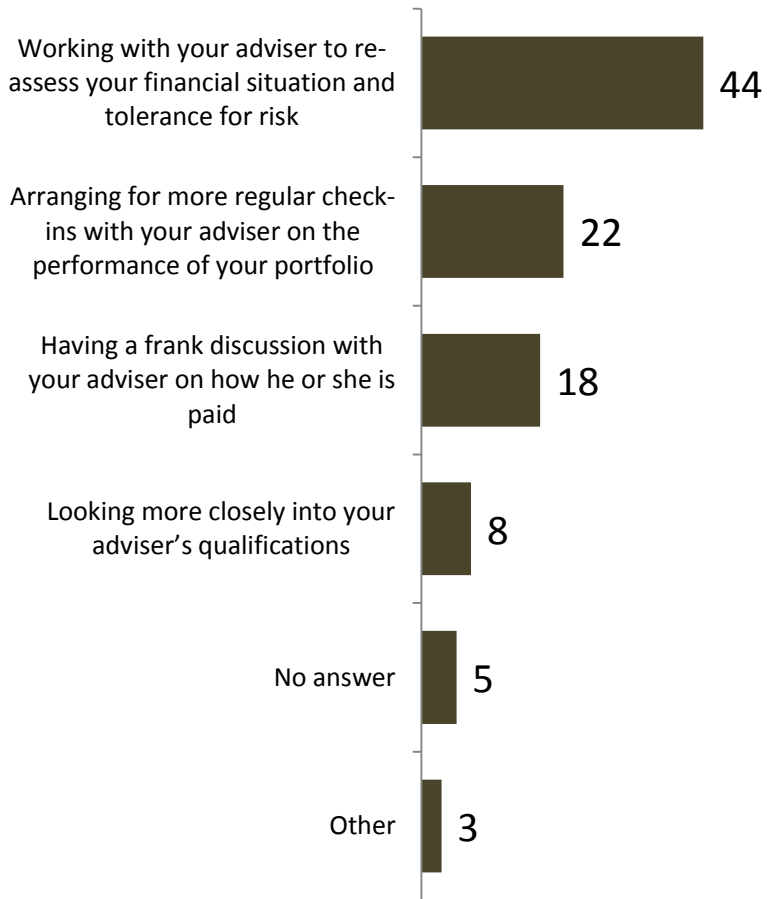


70% of investors believe that they stay the course because of their financial adviser. Experience is key with most measures of experience associated with a higher level of agreement.

- Older investors (15% of those 65+ strongly agree) are also more likely to believe they get higher returns than younger ones (3%)
- Similarly strong relationships exist for those with larger portfolios and those confident in their investment knowledge.

In Paul's Situation What Would You Do?

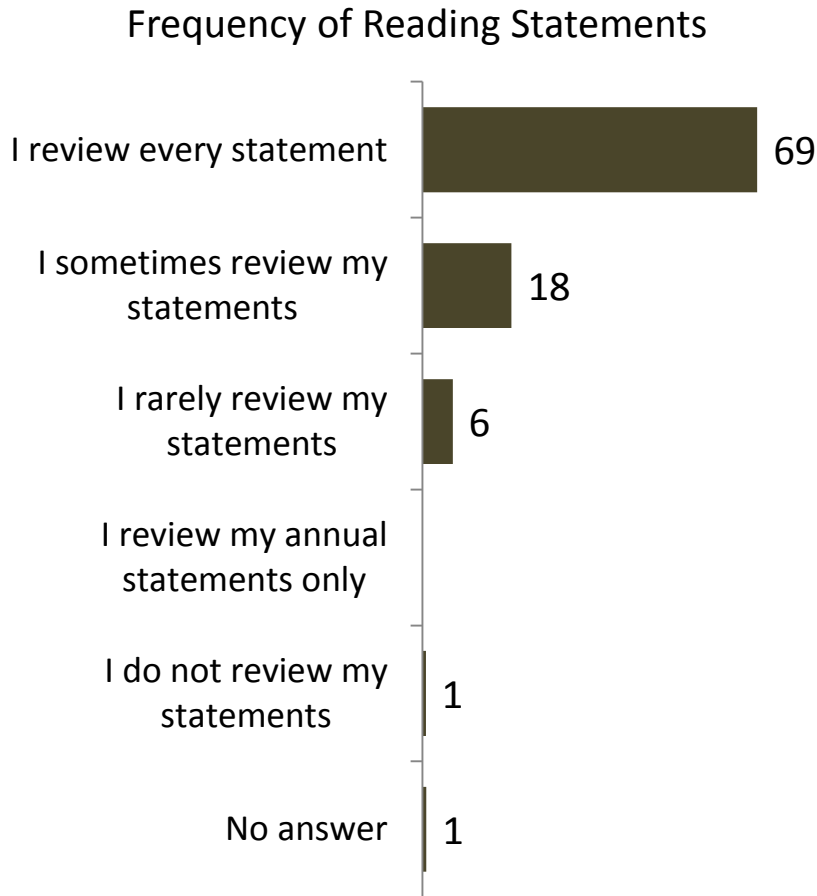
Q. "If you were in Paul's situation, what's the one thing that would give you greater confidence and comfort in your financial adviser?"



In Paul's situation, the most preferred option is to work with the adviser to reassess their financial situation and tolerance for risk followed by more frequent check-ins with the adviser.

Engagement with Information

Q. "How often do you read your account statements?"

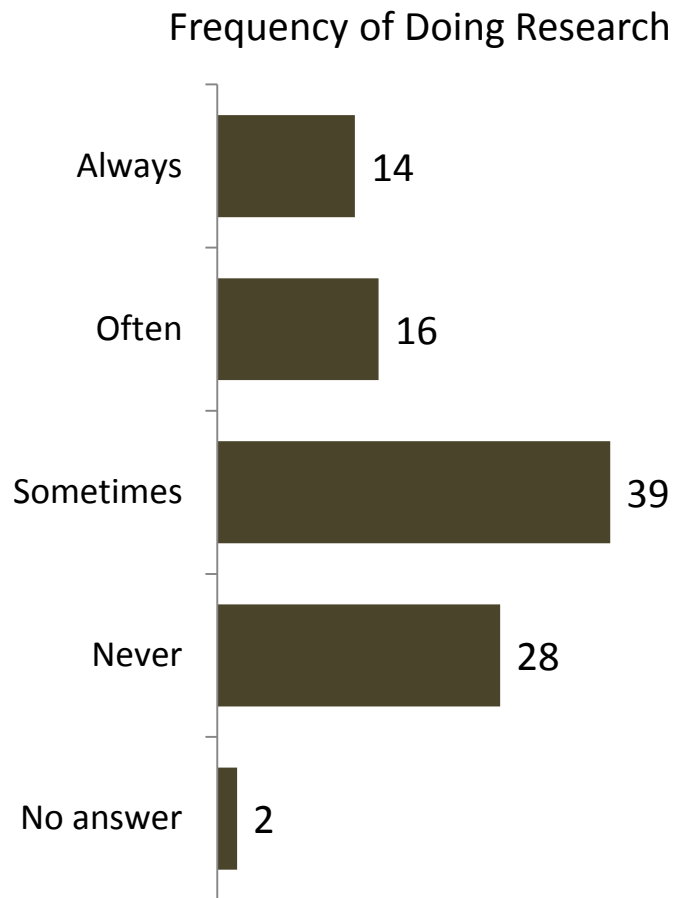


The default position is to read every statement but certain groups are more likely to do so.

- The more confident in one's knowledge the more likely one is to read every statement (80%).
- Those with higher value portfolios are more likely to read every one (77% of those with more than \$250,000) compared with only 56% of those with small portfolios (less than \$50,000).
- Younger investors are less likely to read every statement (51% of those under 35).

Doing Research

Q. “When making an investment decision, how often do you do your own research?”



About 14% of investors always do their own research. This is higher among key sub-groups.

- The more confident in one's knowledge the more likely one is to always do one's own research (40%). Compare this with 4% of those who are not confident.
- Those with higher value portfolios are not really more likely to always do research but they are less likely to say never.
- Younger investors are not less likely to do research always but they are more likely to do so never.

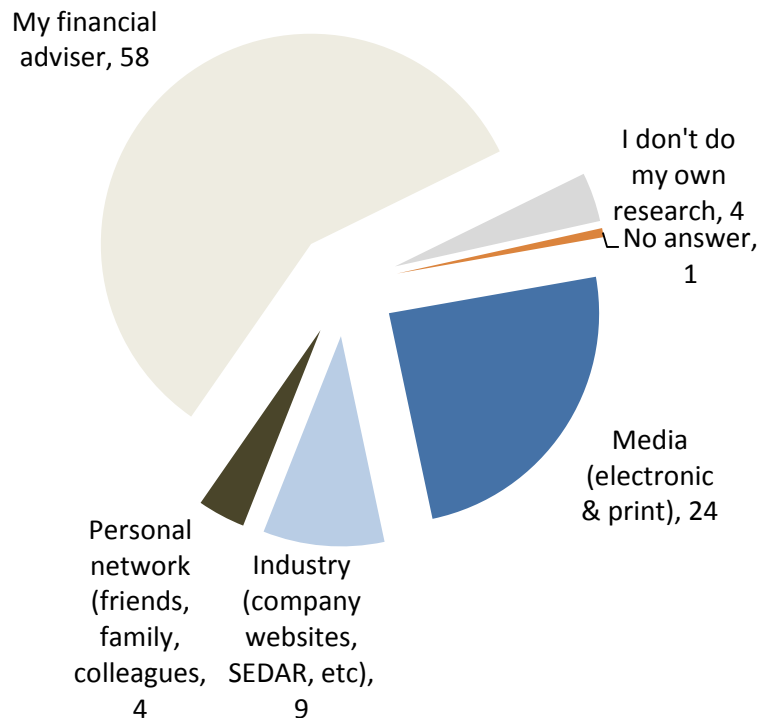
Although confidence usually goes together with higher portfolios and age, there are many among these two groups who lack the confidence which shows up as a lack of self-directed research.

Doing Research

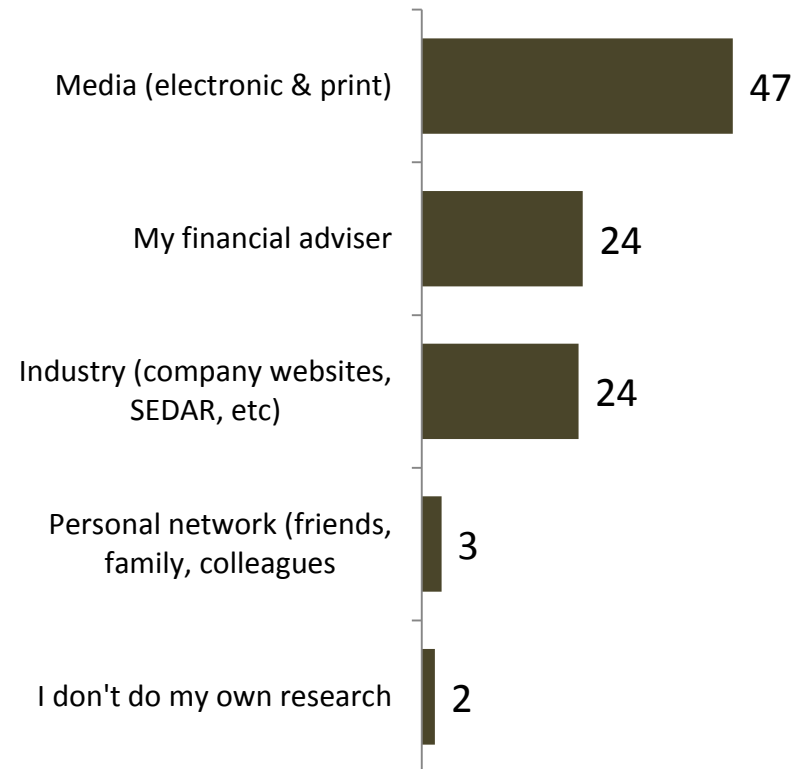
Q. "When making an investment decision, how often do you do your own research?"

Q. "What is your main source of information on investments?"

Main Source of Information on Investments

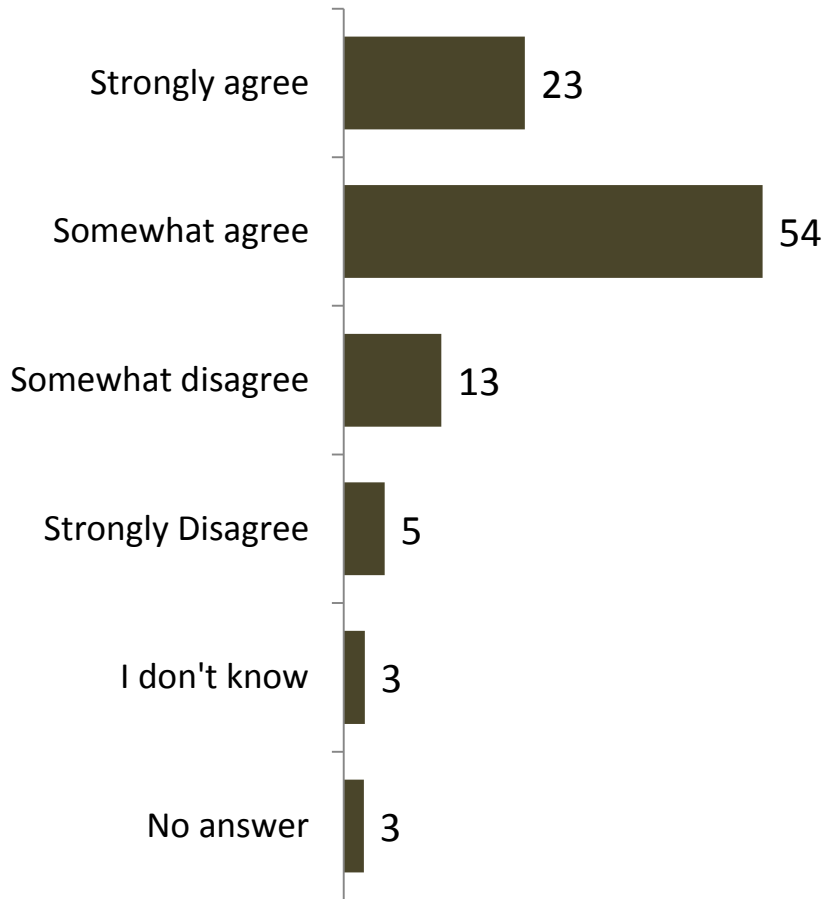


Main source among those who at least often do their own



Financial Adviser Provides Sufficient Information

Q. Level of agreement: "My financial adviser provides me with sufficient information to make investment decisions"

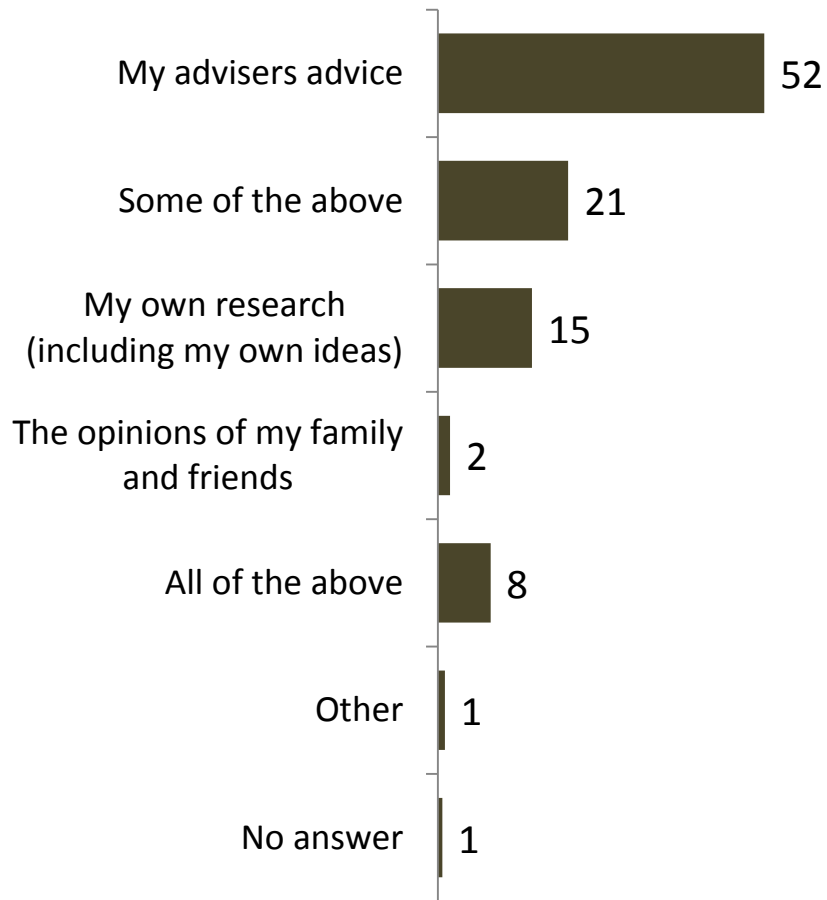


While relatively few people disagree, most people only somewhat agree (54%) that their financial adviser provides sufficient information to make investment decisions.

- The more confident in one's knowledge the more likely one is to strongly agree that their adviser provides sufficient information (35%).
- Similarly, those with higher value portfolios are more likely to strongly agree (30%).
- Younger investors are much less likely to strongly agree (11% of those under 35).

Where One Starts When Deciding on Investments

Q. "Where do you start first when deciding on investments?"



Advisers are central for investors in deciding on investments. More than half of investors start with their advisers advice.

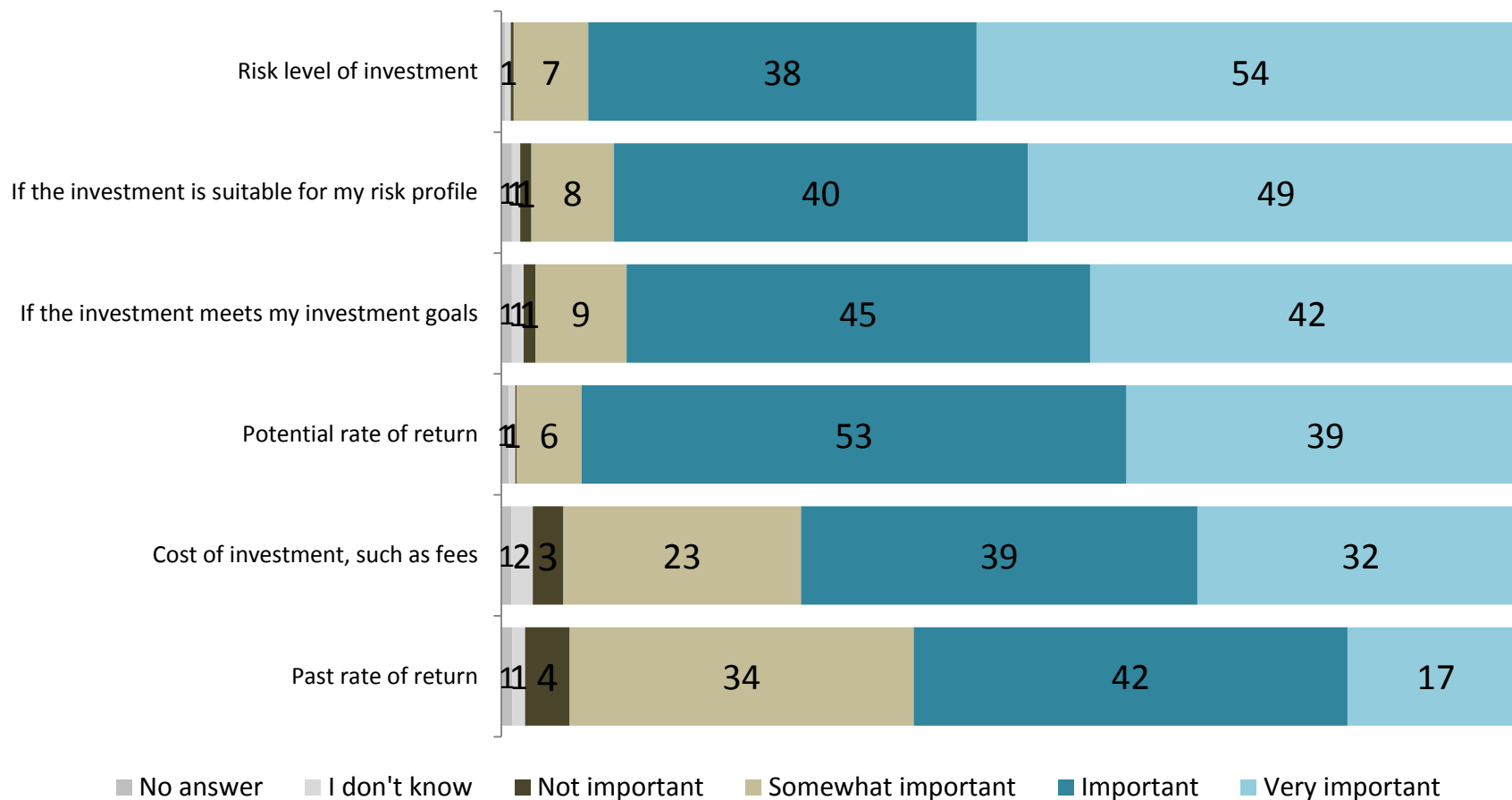
- A key difference is that those who are very confident about their own knowledge are much more likely to start with their own research (33%) than those who are only somewhat (15%) or not confident at all (8%).
- Size of portfolio does not explain differences and other differences are small or insignificant.

Drivers of Investment Decisions

- The risk level is the most important overall consideration for people both directly and in terms of matching investments with their risk profile.
- The past rate of return is the least important followed by the cost of the investment.
- Older people place more importance on:
 - If the investment is suitable to their risk profile
 - If the investment meets their goals
 - The risk level of the investment
- Investors confident in their knowledge do not differ in their importance except to place much more importance on whether the investment meets their investment goals.

Importance for Making an Investment Decision

Q. "Please rank the importance of the following information when making an investment decision"

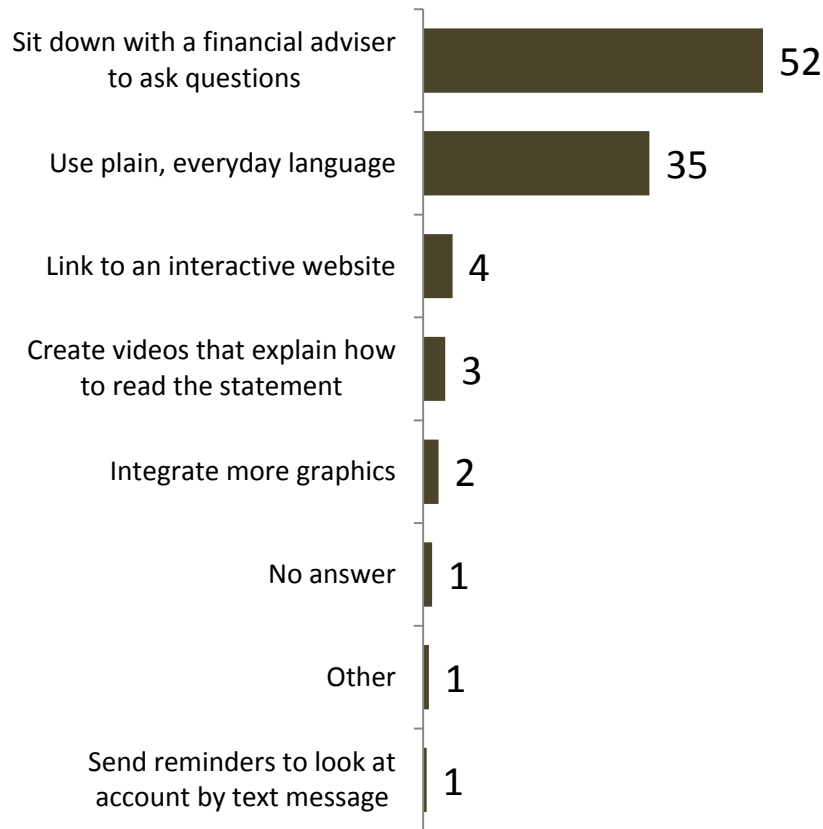


Which Would be the Most Helpful Information

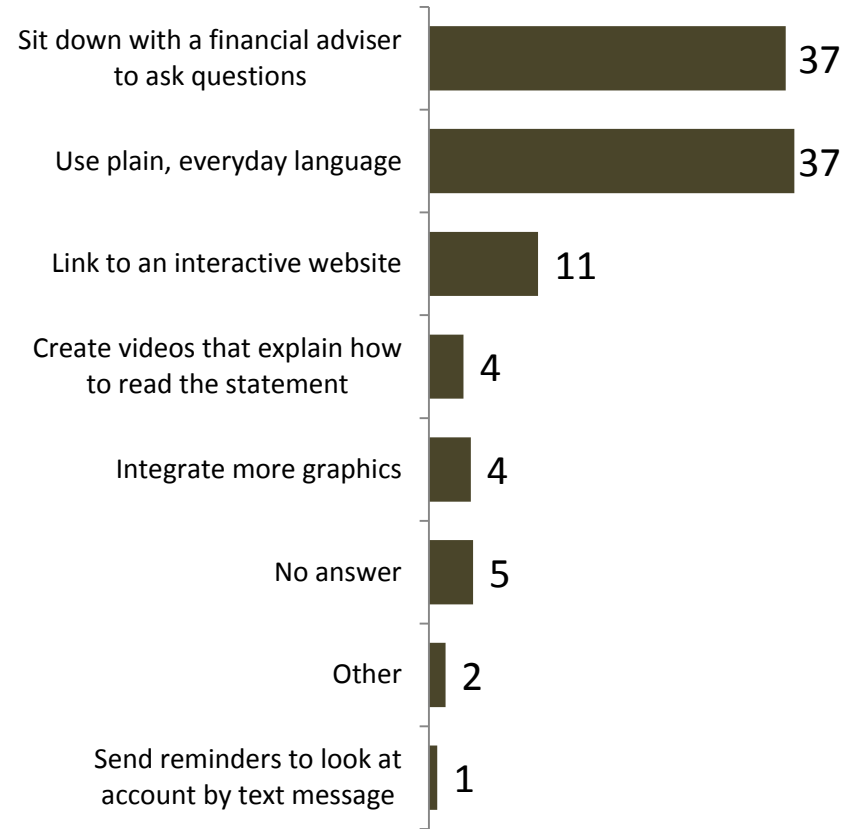
Q. "If you were in Jennifer's situation, which one change would be most helpful in making investment product information more useful and understandable?"

Q. "Based on your own situation, which one change would be most helpful in making investment product information more useful and understandable?"

If you were in Jennifer's Situation

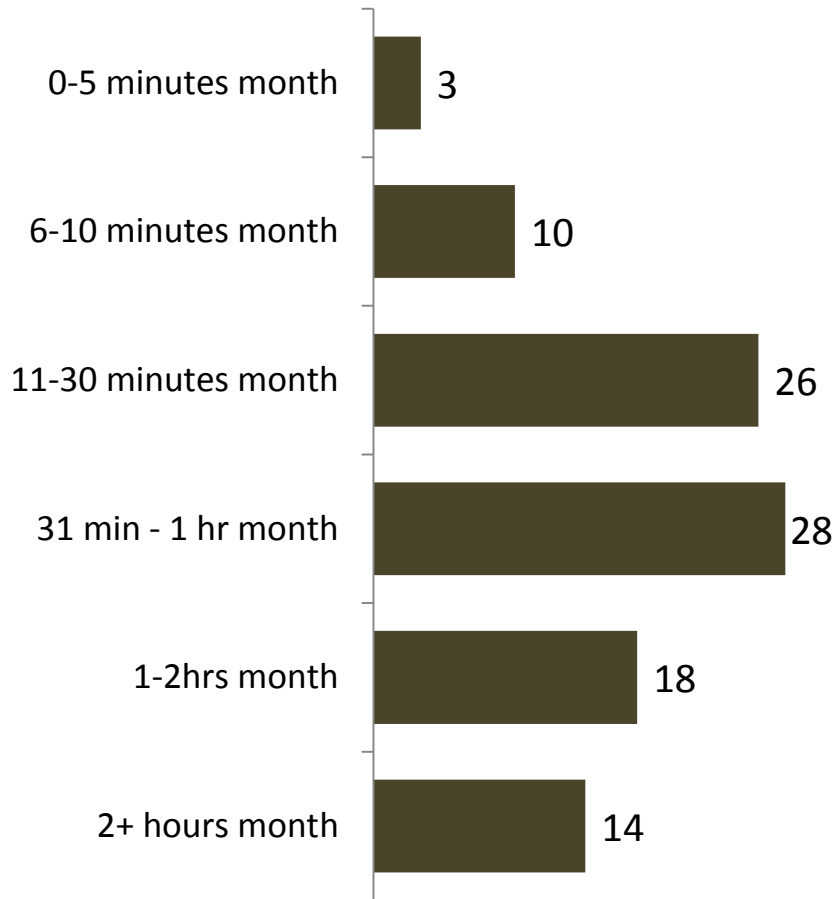


Based on your Situation



Time Willing to Commit

Q. "How much time are you willing to spend understanding your financial position and investment results?"

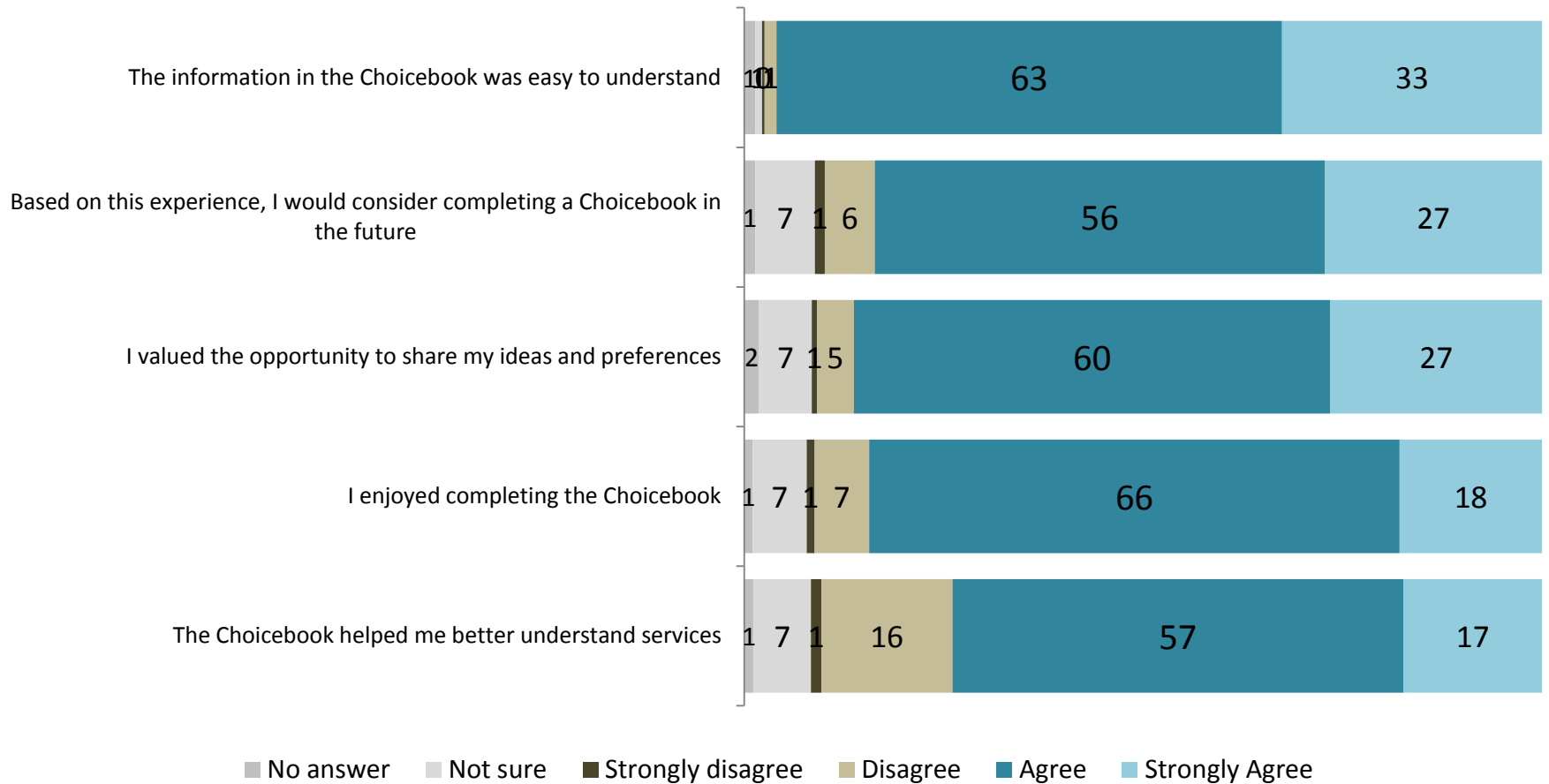


Overall, 39% of investors are willing to spend less than 30 minutes and 61% are willing to spend more than 30 minutes.

- Men are more than twice as willing as women (20% vs. 9%) to spend more than 2 hours per month.
- Willingness to spend time is also related to age. Older investors (over 65) are much more willing to spend time.
- People with larger portfolios and those who are confident in their own knowledge are much more willing to spend time. For example, 31% of those who are very confident are willing to spend more than 2 hours compared with only 7% of those who are not confident.

Evaluation

Q. "Please indicate your level of agreement or disagreement with each of the following statements"



Online Choicebook – Screening Questions

November 6, 2012

Goal: a representative sample (2,000) of retail investors in Ontario.

INTRO1

Probit is working with Ascentum Inc. on a study with residents of Ontario. This survey is voluntary and will take no longer than 5 minutes to complete.

Q1

Do you work in or have you ever worked in the financial services sector, including as a financial adviser? This is defined as the activity of financial institutions that offer money management services such as banking, investment, stock brokerage, and insurance.

No – screen them into the pool

Yes – screen them out of the pool

Prefer not to answer – screen them out of the pool

Q2

Do you or have you ever worked for a securities regulator such as the Ontario Securities Commission, Investment Industry Regulatory Organization of Canada or the Mutual Fund Dealers Association?

No – screen into the pool.

Yes – screen them out of pool

Q3

Do you own investments, such as stocks, bonds, and mutual funds?

Yes - screen them into the pool

No - screen them out of the pool

Prefer to not answer - screen them out of the pool

Q4

Do you have an immediate family member (mother, father, brother, sister, son, daughter, spouse) who works in financial adviser services?

Yes - screen them OUT of the pool

No - screen them into the pool

Prefer to not answer - screen them out of the pool

Ontario General Public Retail Investors Survey

Q5

Do you enlist the services of someone (such as a financial adviser) to help you with your investments? This could include someone at your bank or credit union.

Yes - screen them into the pool

No - screen them out of the pool

Prefer to not answer - screen them out of the pool