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2017 CSA Investor Index ▶▶

Manitoba Custom Report



Report Prepared for:

Manitoba Securities Commission, Securities Division

500-400 St. Mary Avenue

Winnipeg, MB

R3C 4K5



THE MANITOBA
SECURITIES
COMMISSION

2017 CSA Investor Index:

Manitoba Results

These materials are intended for use as general information to understand investor behaviour and the estimated incidence of investment fraud in Manitoba. They are not intended to provide specific investment, tax, legal, or accounting advice and should not be relied on for that purpose.

The conclusions drawn and opinions stated are those of the authors. Research for this study was conducted in September 2017.

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This report has been prepared by Innovative Research Group Inc. for the Manitoba Securities Commission.

About the Canadian Securities Administrators

The Canadian Securities Administrators (CSA), the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets. The CSA protects Canadian investors from unfair, improper, or fraudulent practices and fosters fair and efficient capital markets. Part of this protection is educating investors about the risk, responsibilities and rewards of investing. Through its Investor Education Committee, the CSA works to facilitate access to objective investment information and to help retail investors make informed investment decisions.

To learn more about the CSA, visit www.securities-administrators.ca.



About Innovative Research Group

Innovative Research Group, Inc. (INNOVATIVE) is a national public opinion research and strategy firm with offices in Toronto and Vancouver. The firm provides critical information needed to assess and overcome public affairs and corporate communications challenges, identify and evaluate potential solutions, and monitor outcomes.

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About the 2017 CSA Investor Index and the Manitoba Custom Report

Background:

The *2017 CSA Investor Index Study* is the fifth survey on investment knowledge, investor behaviour, and incidence of investment fraud among Canadians conducted by the Canadian Securities Administrators (CSA). The previous four surveys were conducted in 2006, 2009, 2012 and 2016. The information and analysis from these surveys are intended to help the CSA Investor Education Committee develop and deliver programs to help investors make appropriate investment decisions and recognize, avoid, and report suspected fraudulent investments.

Research objectives:

The CSA commissioned Innovative Research Group (INNOVATIVE) to design and conduct the *2017 CSA Investor Index*. The CSA's Investor Index survey is designed to track key benchmarks on investor knowledge, confidence, risk orientation, behaviours, use of information, and investment fraud. The full index has been conducted previously in 2006, 2009, and 2012; along with a shorter version of the survey in 2016. Each investor index has also included special topics sections focusing on emerging or important issues for that year.

Manitoba Custom Report:

Of the five *CSA Investor Index Studies*, an oversample of Manitoba respondents were surveyed in 2017. These results are tracked in this report to provide the MSC robust data about Manitoba and the comparison with national results.

Special topics in 2017:

The 2017 survey also includes new questions in the following areas:

- **The impact of CRM2 on investors:** With new disclosure requirements on costs and performance recently coming into effect, the study takes a closer look at whether investors recall receiving a CRM2 report, their perceptions of the report and whether they have taken any action in light of it.
- **Robo-advisers:** With the increasing popularity of robo-advisers, this study explores investors' familiarity with robo-advisers, their prevalence, and the perceptions surrounding these services.

Methodology and Approach

Methodology

The *2017 CSA Investor Index* was conducted by Innovative Research Group Inc. (INNOVATIVE) using a mixed methodology that combined a random digit dialing telephone survey with an in-depth online survey.

- The online survey consisted of a representative sample of 7,271 Canadians, 18 years or older. This survey was used to develop an in-depth profile of Canadians and their investment behaviour. An oversample of 529 Manitoba respondents were surveyed to provide robust provincial data.
- The online survey was conducted between August 28th and October 2nd 2017 in both French and English from the nationally representative online panels managed by Survey Sampling International (SSI) and Ipsos.
- Online panels are recruited from a wide variety of sources to reflect the age, gender, region and language characteristics of the country as a whole. The survey is administered to randomly selected samples from the panels and weighted to ensure that the overall sample's composition reflects that of the actual target population according to Census data to provide results that are intended to approximate a probability sample. INNOVATIVE provides each panellist with a unique URL via an email invitation so that only invited panel members are able to complete the survey. Panel members can only complete a particular survey once.
- The online sample has been weighted by age, gender and province using 2016 Statistics Canada Census data to reflect the actual demographic composition of the population. To ensure a proportionate representation of Canadians, while not over-estimating the reliability of the sample in any particular region of the country, the sample was weighted down to n=5,000. The oversample in Manitoba has been weighted by age and gender using 2016 Statistics Canada Census data to reflect the actual demographic composition of the population. To ensure a proportionate representation of the province, the sample was weighted down to n=500.
- In addition to weights derived from Statistics Canada Census data, the online sample was also weighted by the results of a August-September 2017 national telephone survey of 1,330 Canadians, 18 years of age or older. The telephone survey was used to verify distributions from the online survey on key weighting variables including incidence rates for particular investment behaviours.
- This is a representative sample. We have set targets to ensure we properly reflect key regional and demographic distribution and then used weights to ensure we reflect the country properly. However, since the online survey was not a random probability based sample, a margin of error can not be calculated. The Marketing Research and Intelligence Association prohibits statements about margins of sampling error or population estimates with regard to most online panels.

Note: *Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.*

Previous studies with Manitoba tracking

2012 CSA Investor Index

The 2012 online survey was conducted between May 17th and 31st 2012, using INNOVATIVE's national research panel, Canada 20/20™, as well as respondents drawn from nationally representative samples managed by SSI and uThink. Nationally, 6,911 Canadian adults completed the survey. The online panels were recruited from a wide variety of sources to reflect the age, gender, region and language characteristics of the country as a whole. The online sample has been weighted by age, gender and province using 2011 Statistics Canada Census data to reflect the actual demographic composition of the population. While there was no oversampling in Manitoba, MSC was provided with a custom report.

The Manitoba and the National Samples

The Manitoba Sample:

The oversample in MB (n=529) has been weighted by age and gender to reflect the actual demographic composition in the province. The sample has been weighted down to n=500.

Province/Territory	Actual Sample	Weighted National Sample
Newfoundland and Labrador	222	80
Prince Edward Island	228	22
Nova Scotia	234	142
New Brunswick	574	118
Quebec	1,519	1,213
Ontario	2,009	1,868
Manitoba	529	182
Saskatchewan	206	151
Alberta	1,019	556
British Columbia	710	653
Territories: Yukon, NWT, Nunavut	21	15
National	7,271	5,000

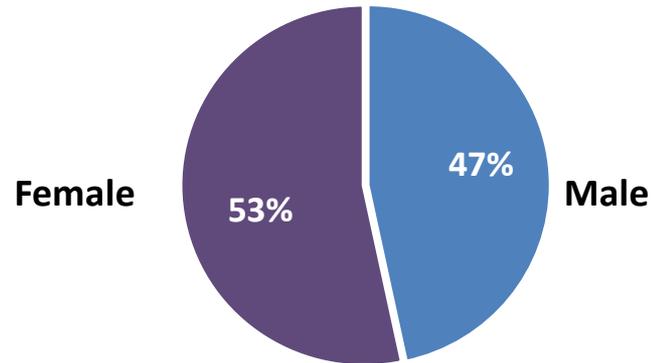
The National Sample:

This general population sample consists of 7,271 respondents, who were disproportionately sampled by province in order to provide reliable provincial samples. The weighted national sample is 5,000.

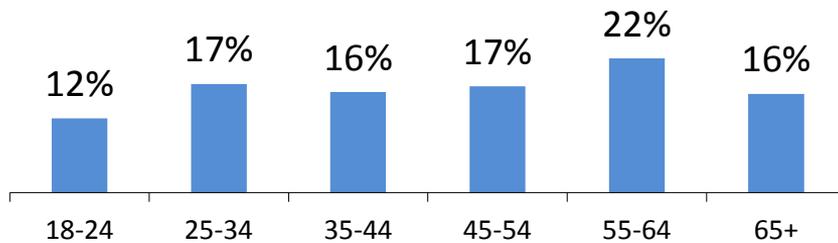
Respondent Profile

Demographics: Respondent profile

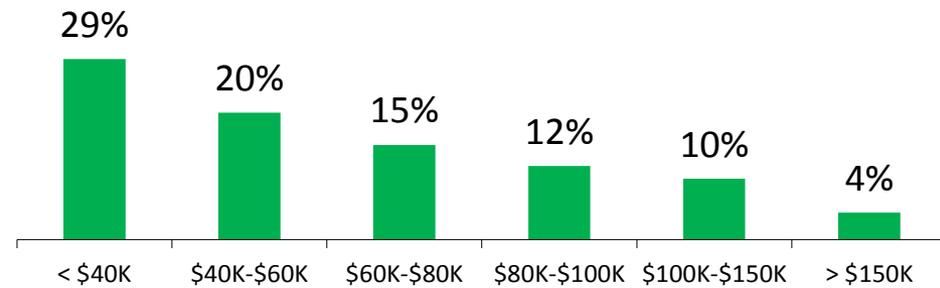
Gender



Age



Household Income



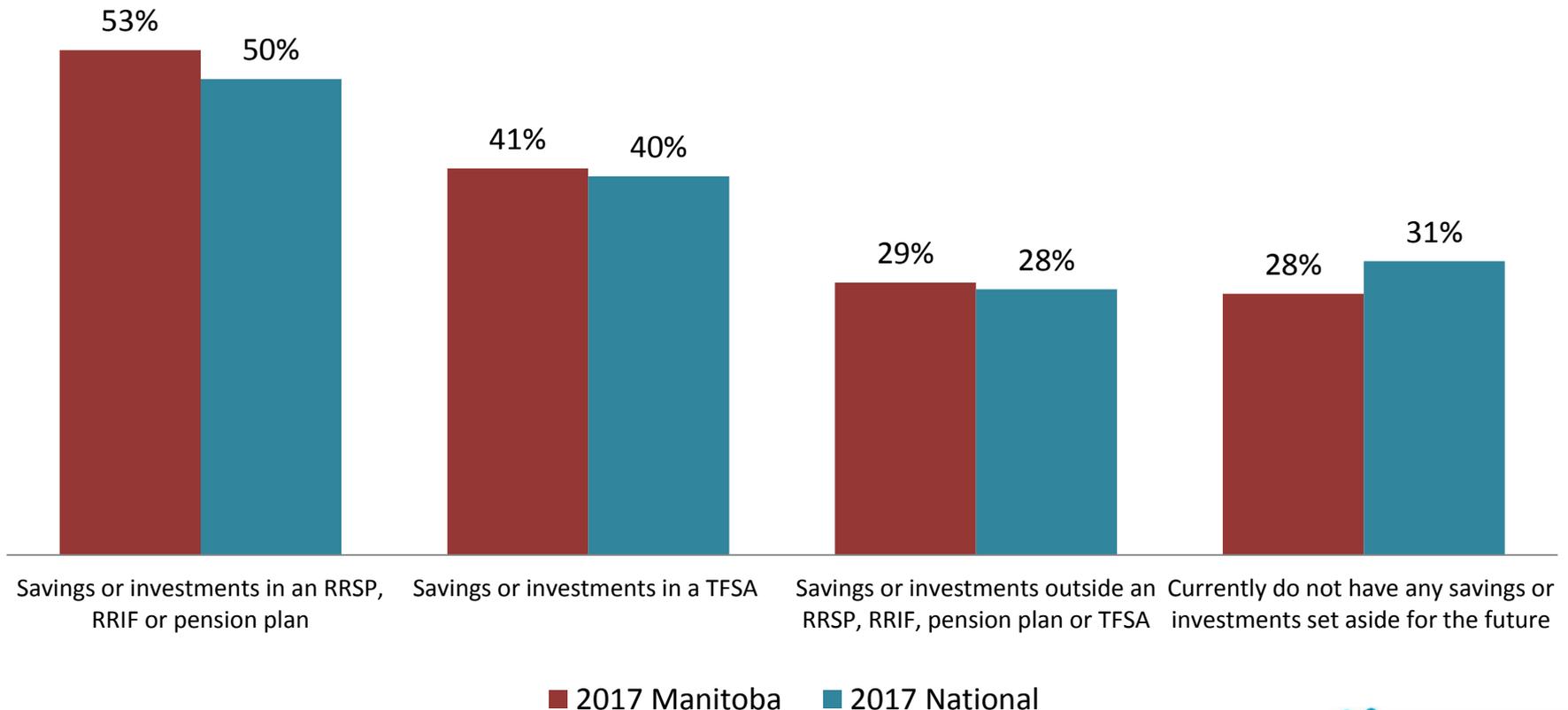
Note: 'Prefer not to say' (10%) not shown

Investor profile: when compared with national average, slightly fewer Manitoba respondents have savings or investments

Q

Do you personally have any savings or investments set aside for the future? This could be either in or outside of an RRSP (Registered Retirement Savings Plan), RRIF (Registered Retirement Income Fund) or TFSA (Tax-Free Savings Account). Check all that apply.

[asked of all respondent n=5,000; MB n=500; multiple answer selections allowed]

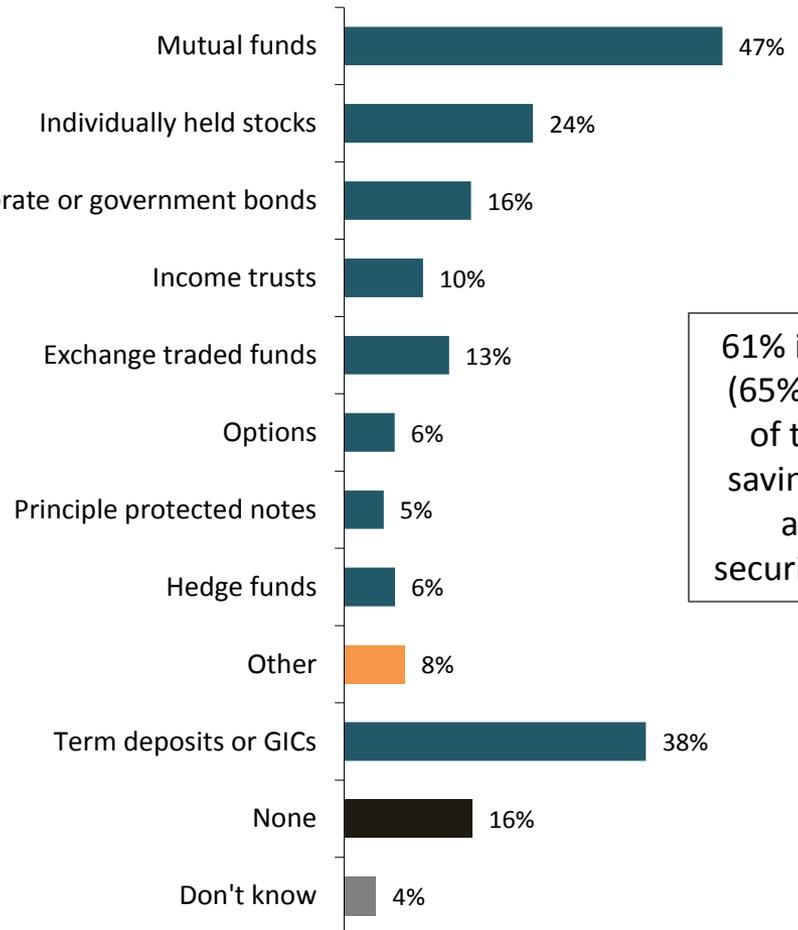
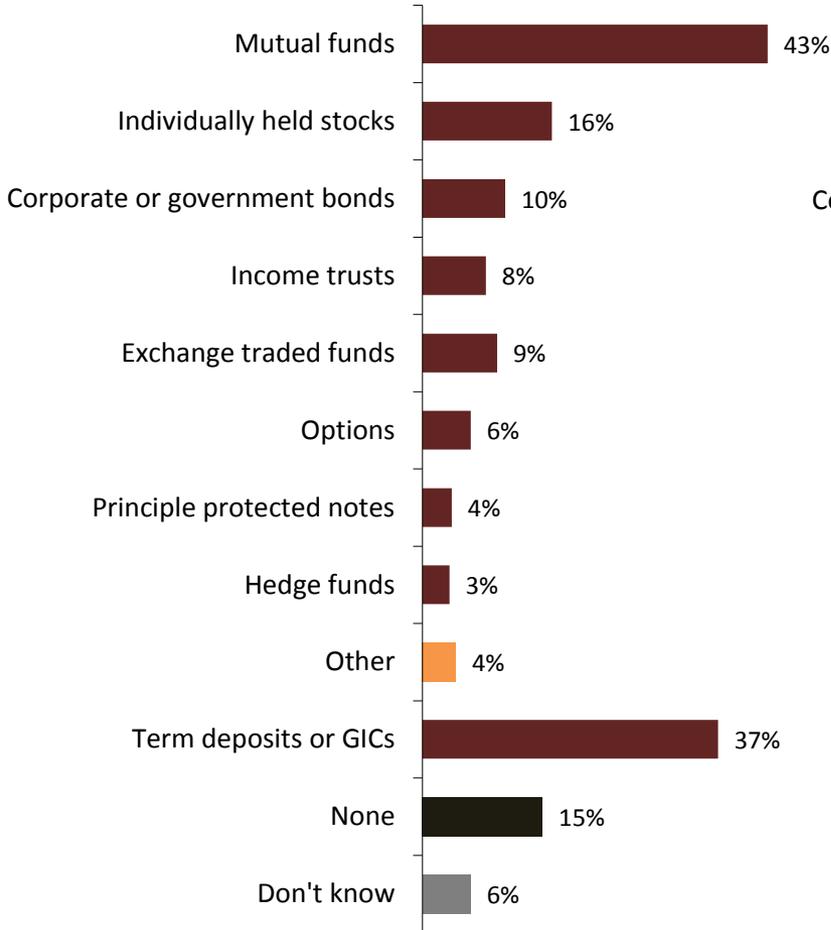


Investor profile: 61% of MB respondents who have savings set aside for the future hold at least 1 securities product



Which of the following savings or investment products do you own?

[asked only of those who indicated they currently have investments or savings set aside for the future; multiple selection allowed; n=3,453, MB n=362]



61% in Manitoba
(65% nationally)
of those with
savings selected
at least 1
securities product

Investor profile: MB has fewer Frequent Investors, 5 points lower than the national average

Q

In general, how often do you – or your financial adviser on your behalf – buy or sell investments like stocks, bonds, mutual funds or other investments in the financial markets?

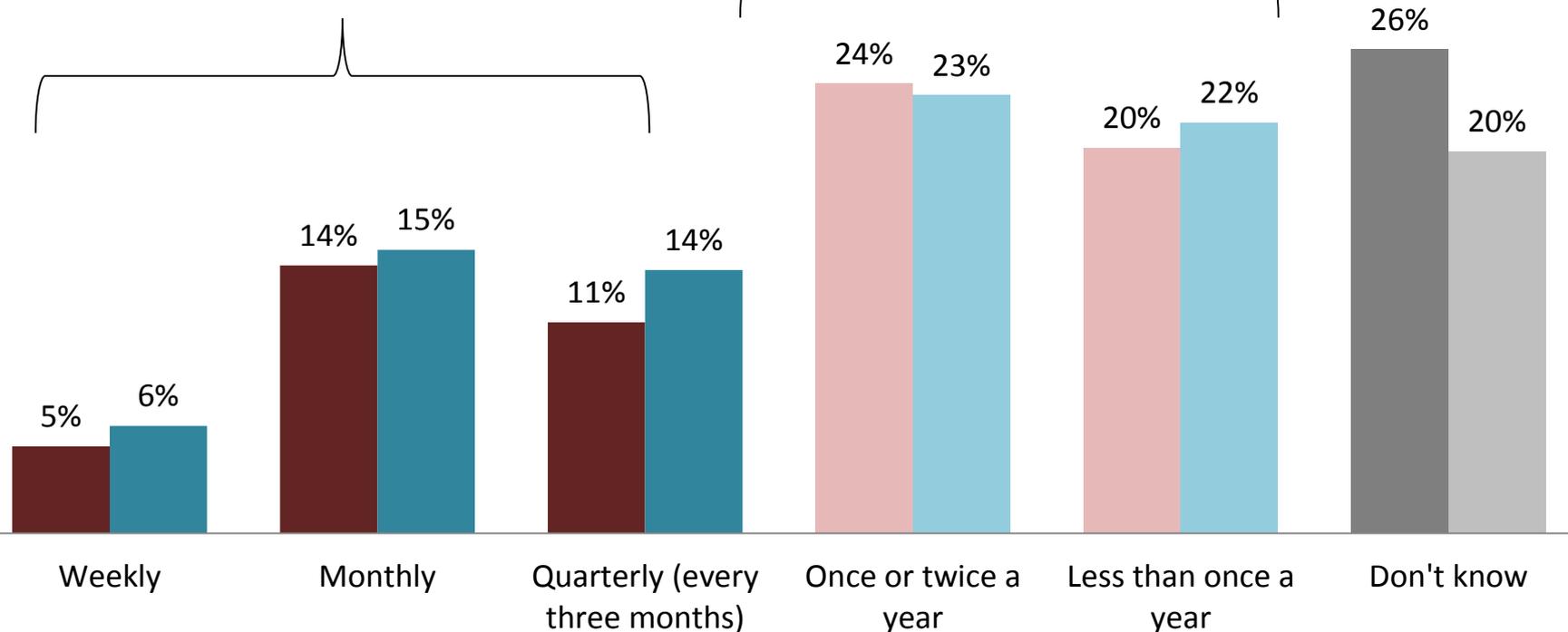
[asked only of those who own at least one investment product other than term deposits or GICs, n=2,364, MB n=221]

Frequent Investor

MB: 30%
National: 35%

Non-Frequent Investor

MB: 44%
National: 45%



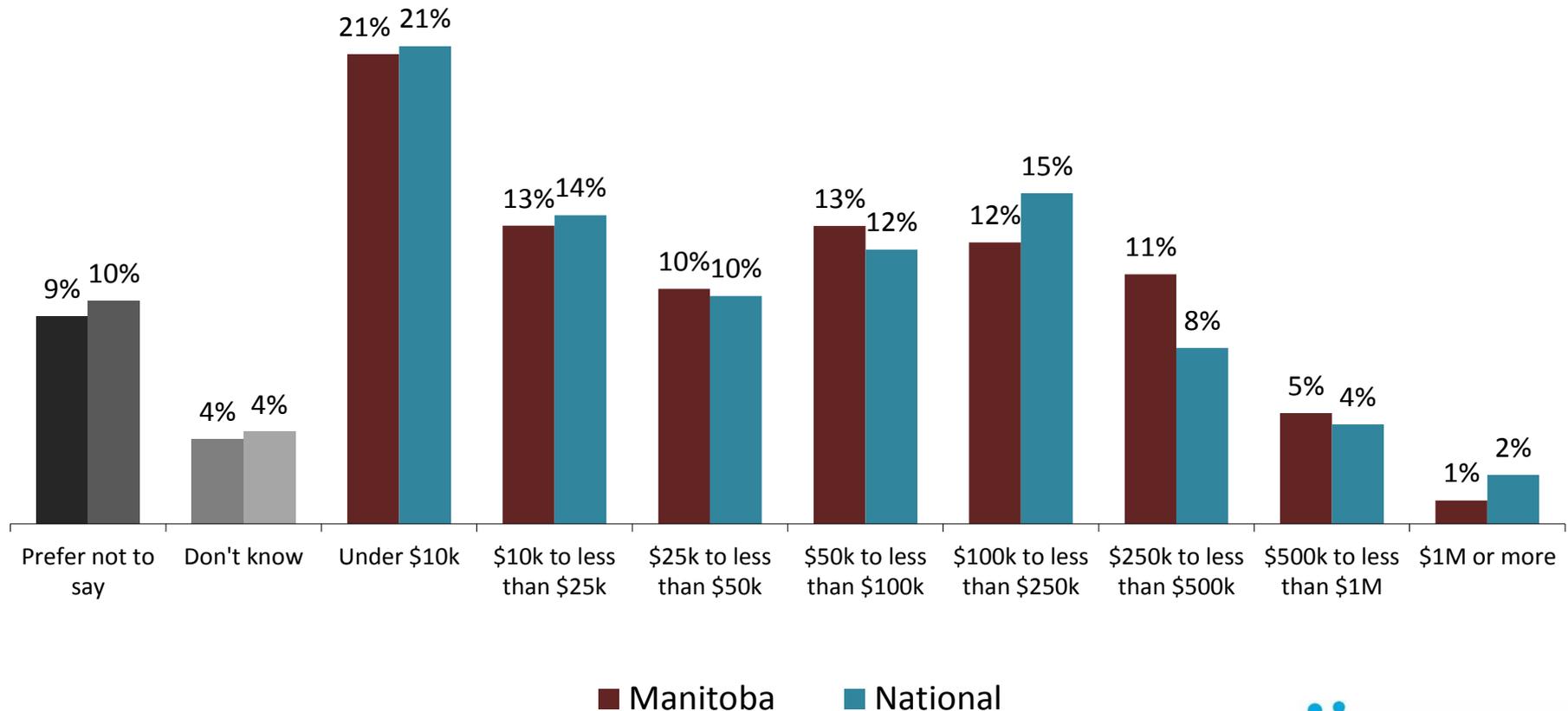
■ MB ■ National

Investor profile: nearly half of MB investors have a portfolio less than \$50k; distribution similar to national average

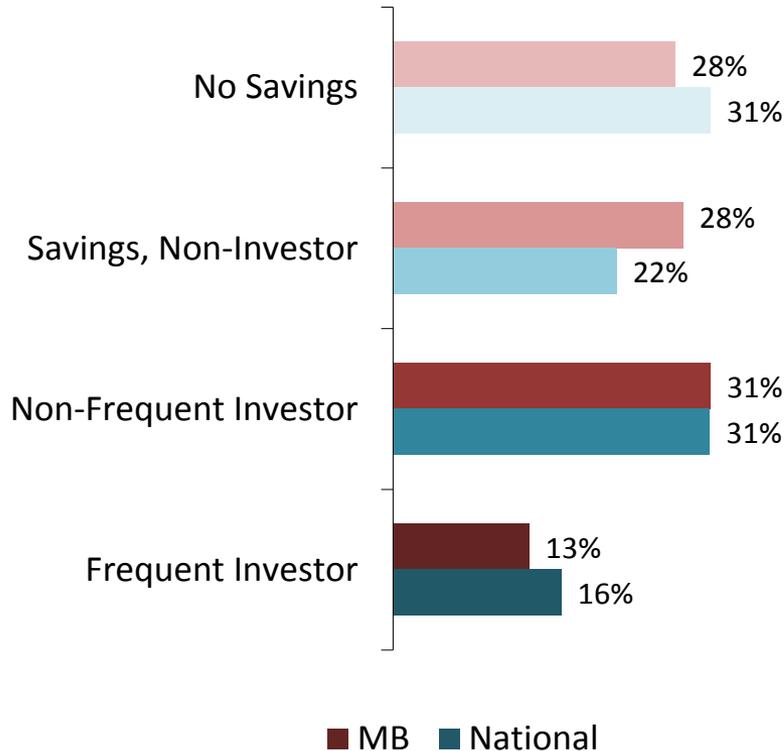
Q

How large would you say your investment portfolio is today?

[asked only of those who have investments; n=3,453, MB n=362]



Investor segmentation



No Savings: those who currently do not have any savings or investments set aside for the future.

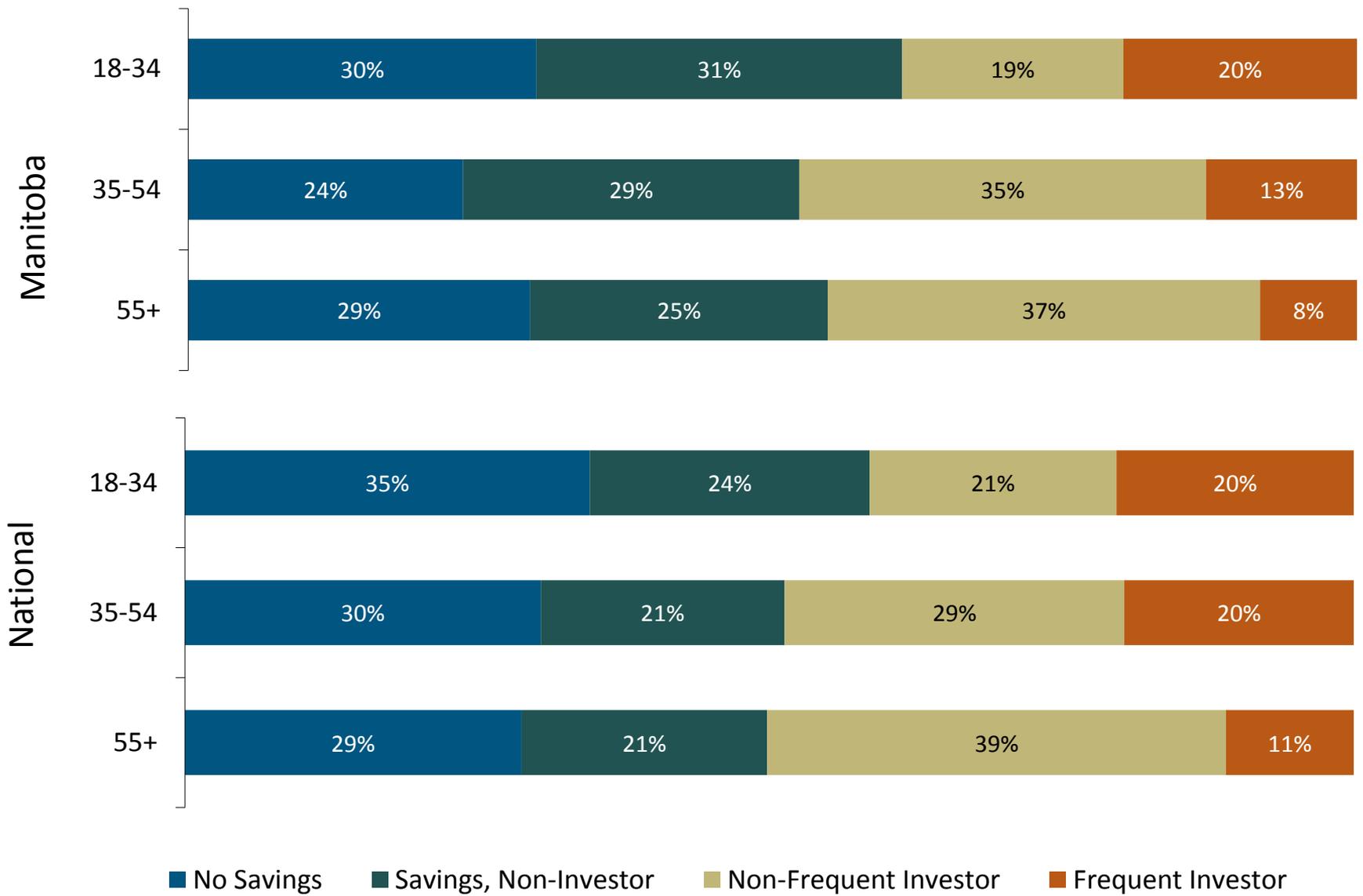
Savings, Non-investor: those who have savings, but do not own securities such as stocks, bonds, or mutual funds.

Non-Frequent Investors: those who own securities such as stocks, bonds, and/or mutual funds, but adjust their investment portfolio no more than once or twice a year.

Frequent Investors: those who own securities and adjust their investment portfolio at least once a quarter.

In this document, “respondents” and “Canadians” refers to the entire sample. “Investors” refers to the portion of the sample that has money set aside for the future, through securities, such as stocks, bonds and/or mutual funds.

Investor segmentation by age: compared to national results, MB respondents more likely to be 'savings, non-investor' at all ages



Investment Knowledge

Investment Knowledge

Over half of respondents from Manitoba answered fewer than half of the investment knowledge questions correctly.

- Seven knowledge questions were used to create the *Investment Knowledge Index*. Three were standardized questions used in similar international studies and covered simple compound interest, real compound interest and investment risk. The other four questions related to diversification, mutual fund returns, warning signs of fraud, and the relationship between interest rates and bonds.
- 54% of Manitoba respondents answered three questions or less correctly on the general investment knowledge test. Based on the number of correct answers, this 54% of respondents were categorized as low investment knowledge (0-3 correct answers), 32% were grouped as medium investment knowledge (answering 4-5 correct) and 14% as high investment knowledge (6-7 correct answers).
- Overall, investment knowledge in Manitoba is comparable to national average – slightly more respondents were categorized as low knowledge (54% compared to 51% nationally), about the same scored in the middle category (32% in Manitoba and 33% nationally), and a similar portion have high knowledge (14% in Manitoba compared to 16% nationally).

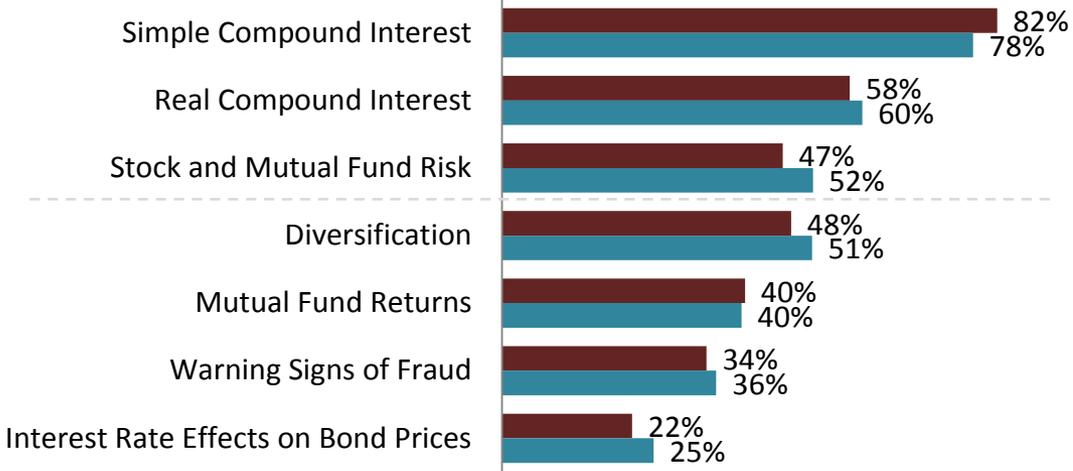
Investment knowledge varies across demographic and investor groups, but at all ages, income levels, and investor types, more respondents failed the investment knowledge test than scored six or seven correct.

- More educated respondents are more likely to be in the high knowledge category – 23% of those with university degree are categorized as high knowledge, although 4-in-10 (37%) still failed the test. On the other hand, the vast majority (72%) of those with high school or less education fall into the low knowledge category and just 3% fall into the high knowledge category.
- Knowledge also varies across income groups with those with lower incomes demonstrating lower levels of investment knowledge. Two-thirds (67%) with annual household incomes under \$40,000 are in the low knowledge category and only 8% are in the high knowledge group compared to 21% of those with household incomes of \$80,000+.
- Interestingly, Non-Frequent Investors are more knowledgeable than Frequent Investors. 25% of Non-Frequent Investors are considered high knowledge compared to 20% of Frequent Investors.

Investment knowledge index: a slim majority of MB respondents²⁰ (54%) answered fewer than half of the questions correctly

Percentage Choosing Correct Answer

[asked of all respondents, n=5,000; MB n=500]



Measuring Financial Literacy:

These seven questions make up the *investment knowledge index* and allow us to group Manitoba and national respondents by level of knowledge when it comes to investing.

The graph on the left of the slide outlines the percentage of respondents who chose the correct answer to each question. The graph on the bottom of the slide shows the comparison between Manitoba and national respondents.

Low Knowledge

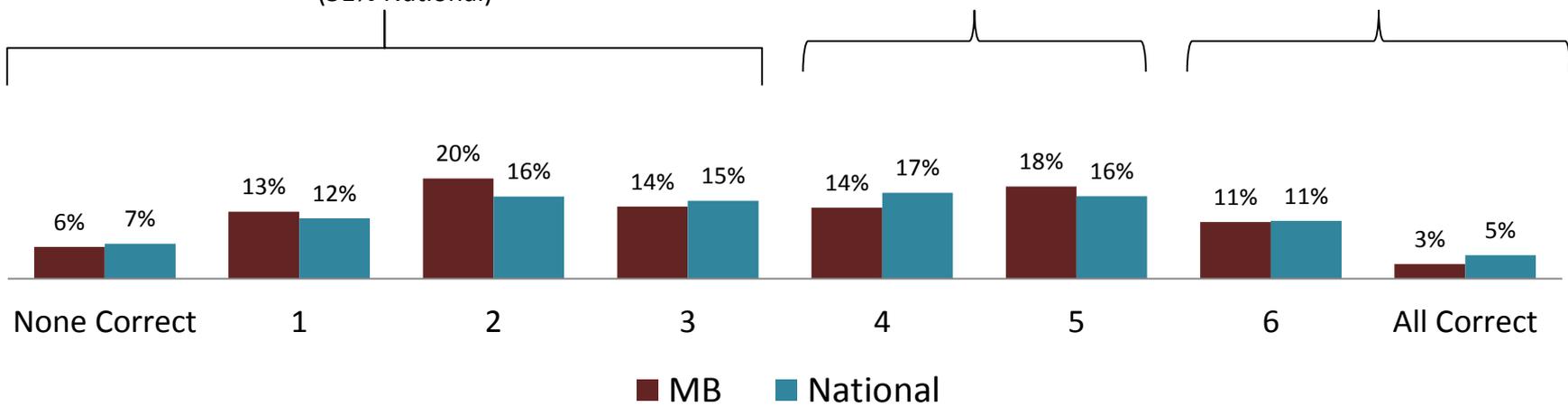
54% of Manitoba respondents got less than half of the knowledge questions correct (51% National)

Medium Knowledge

32% got 4 or 5 correct (33% National)

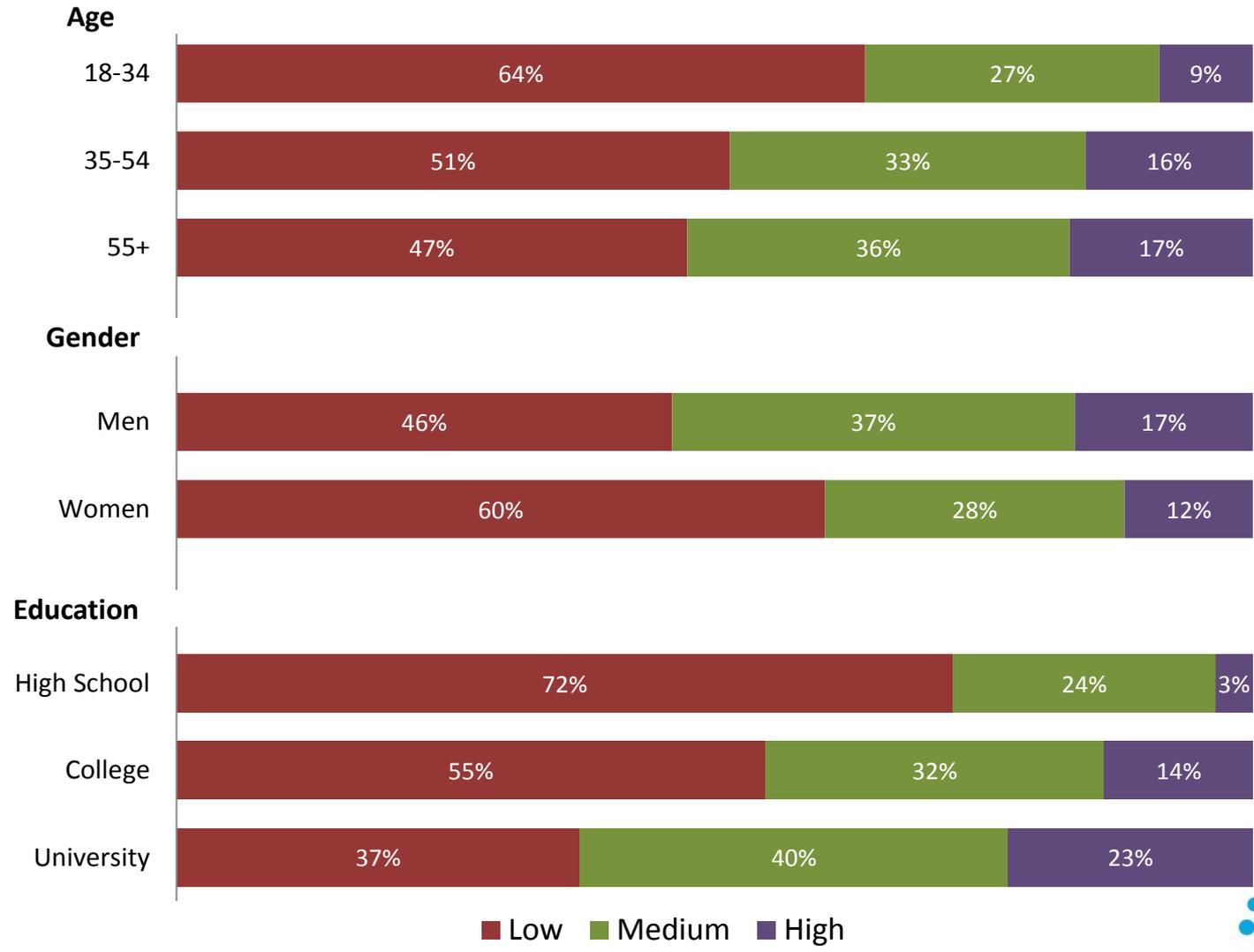
High Knowledge

14% got 6 or all the questions correct (16% National)



Investment knowledge index: knowledge increases with age and education; men more likely to be knowledgeable than women

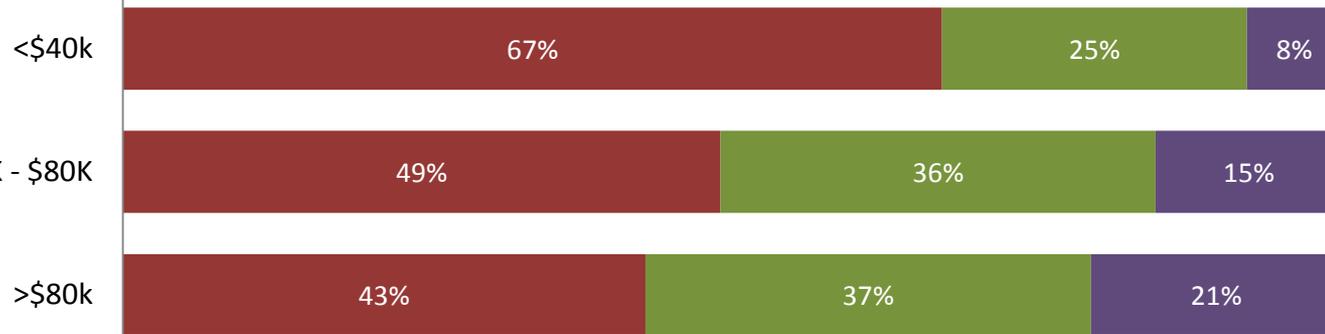
Investment Knowledge by Demographics



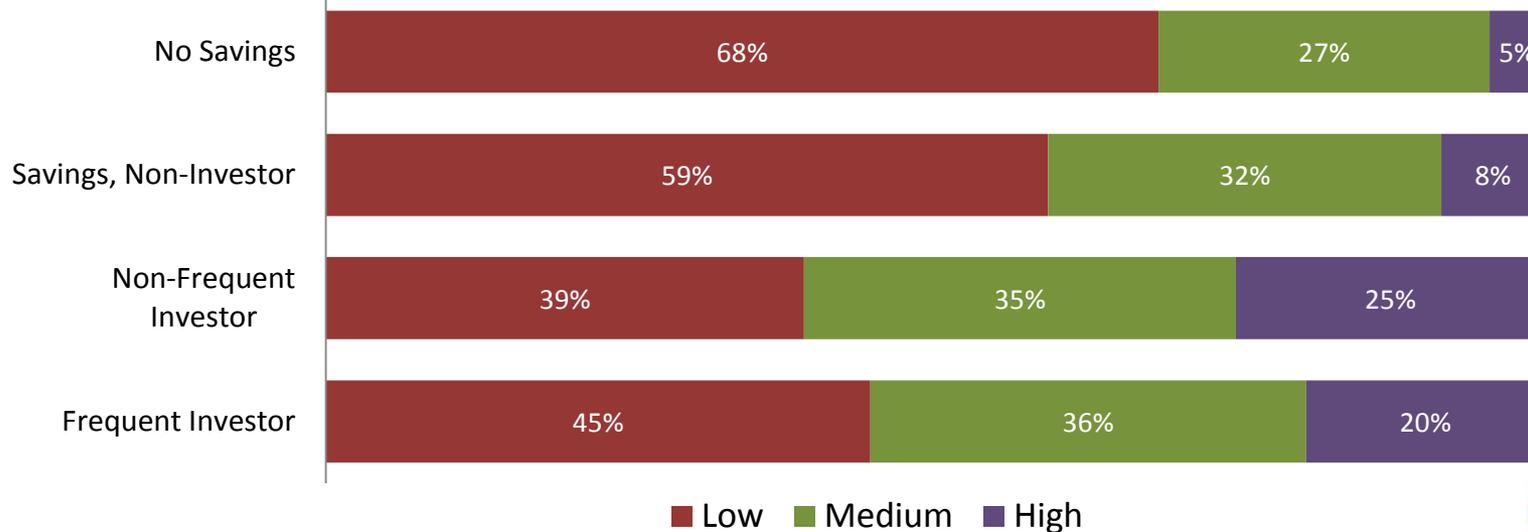
Investment knowledge index: knowledge increases with income, Non-Frequent Investors more knowledgeable than Frequent

Investment Knowledge by Demographics

Household Income



Investor Segments

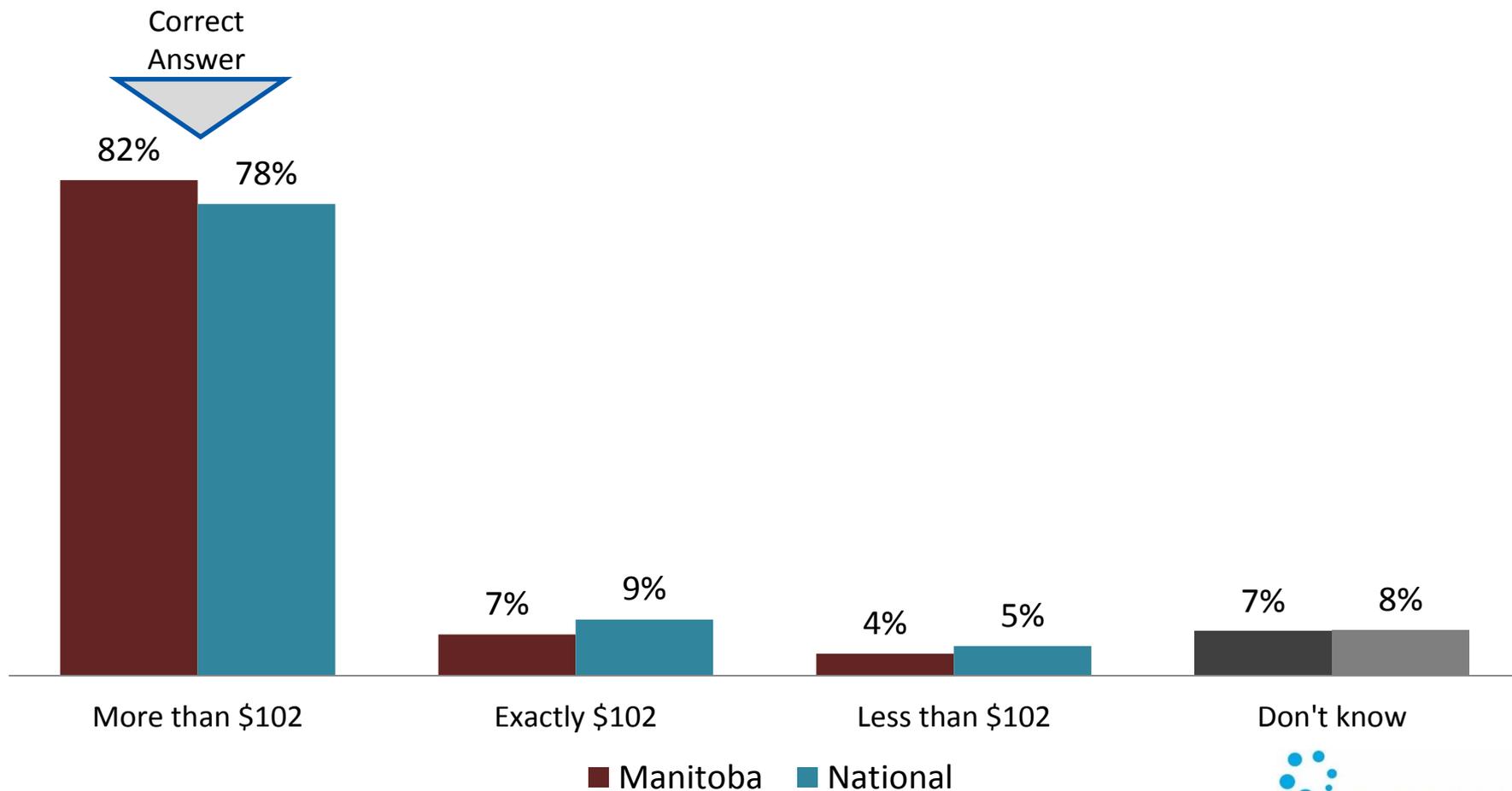


Simple compound interest: 8-in-10 (82%) gave the correct answer; marginally higher than national results



Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

[asked of all respondents; n=5,000; MB n=500]



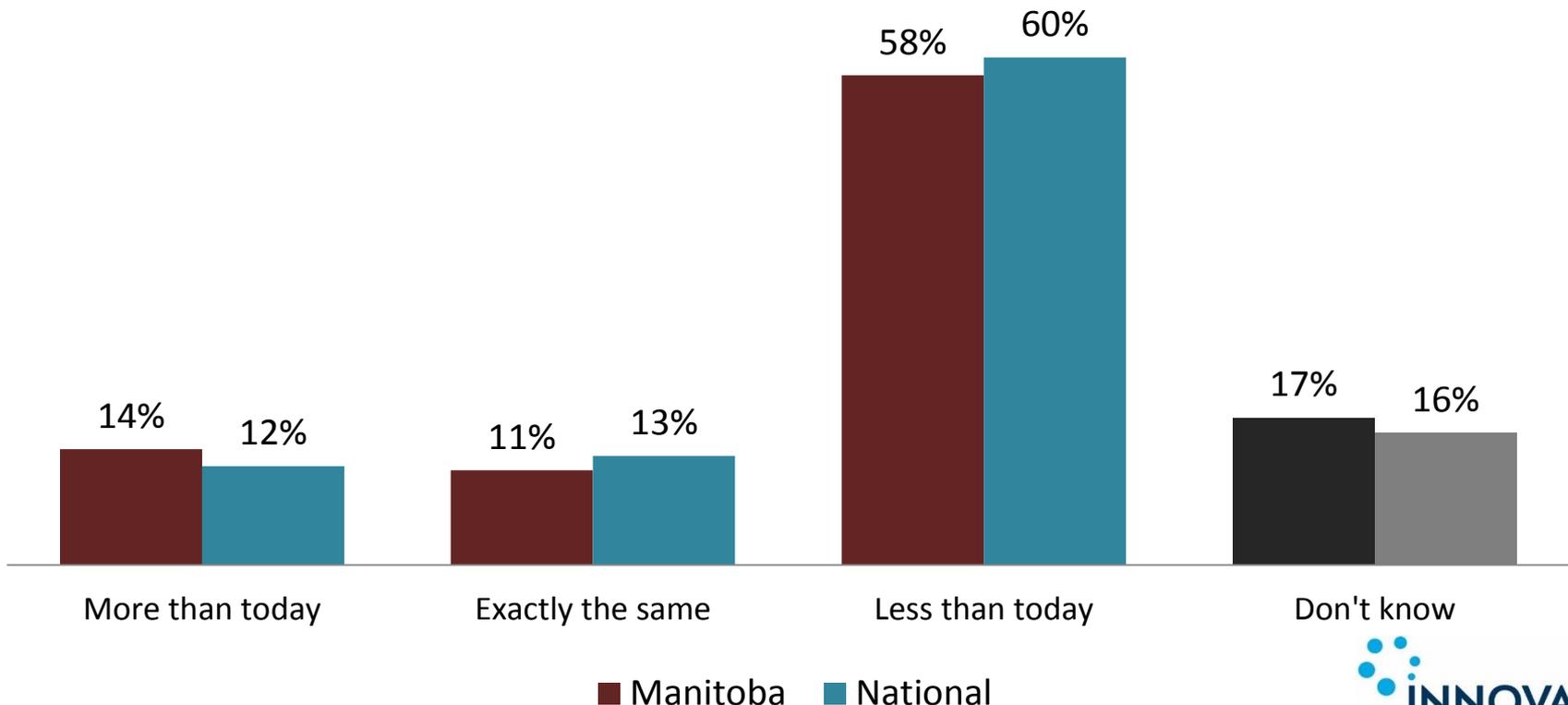
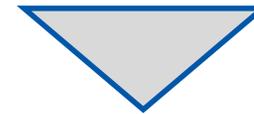
Real compound interest: nearly 6-in-10 (58%) gave the correct answer; the distribution is similar to national results



Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

[asked of respondents; n=5,000; MB n=500]

Correct
Answer



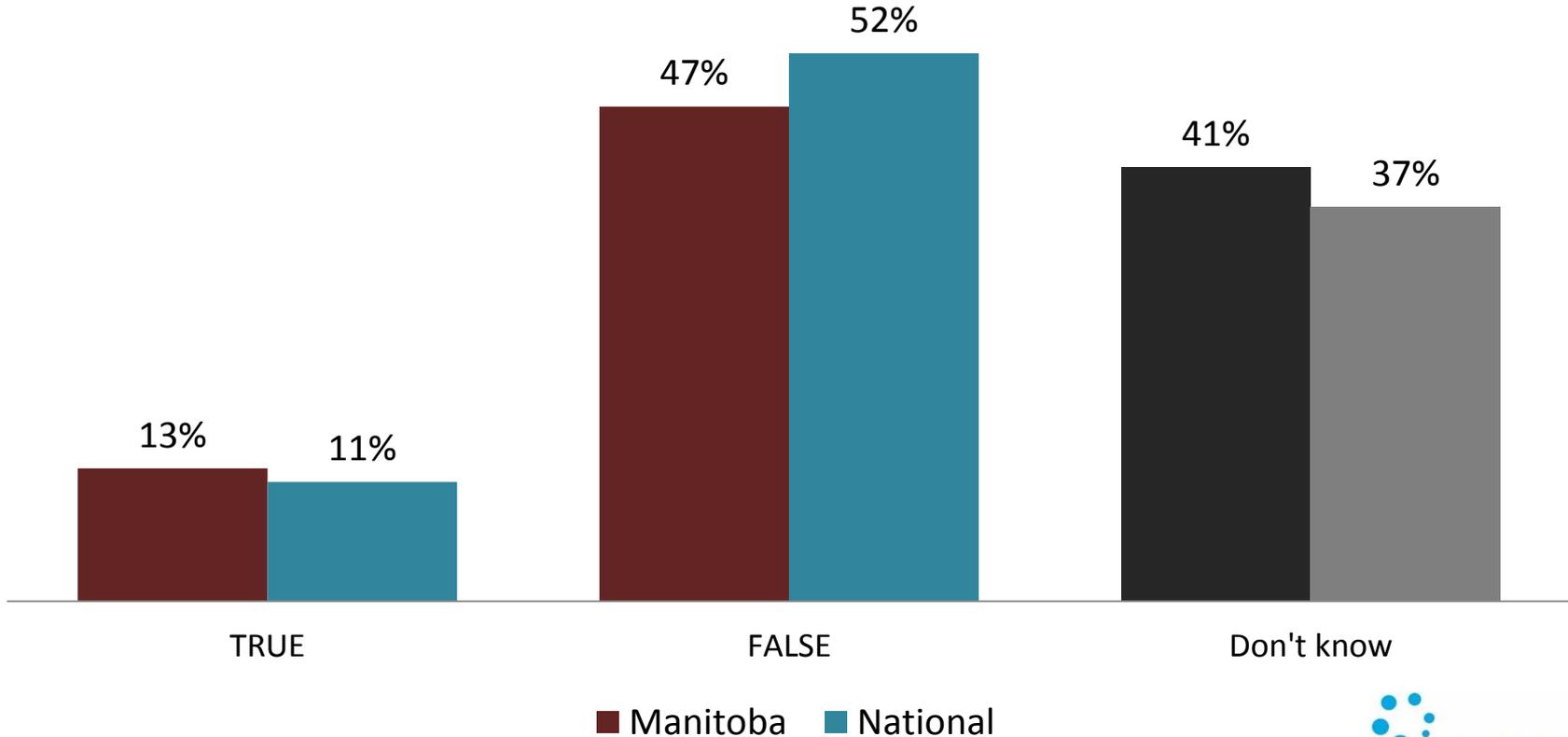
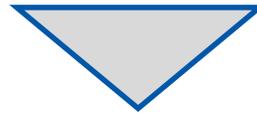
Stock and mutual fund risk: less than half (47%) gave the correct answer, about 5 points lower country-wide



Buying a single company's stock usually provides a safer return than a stock mutual fund.

[asked of all respondents; n=5,000; MB n=500]

Correct Answer

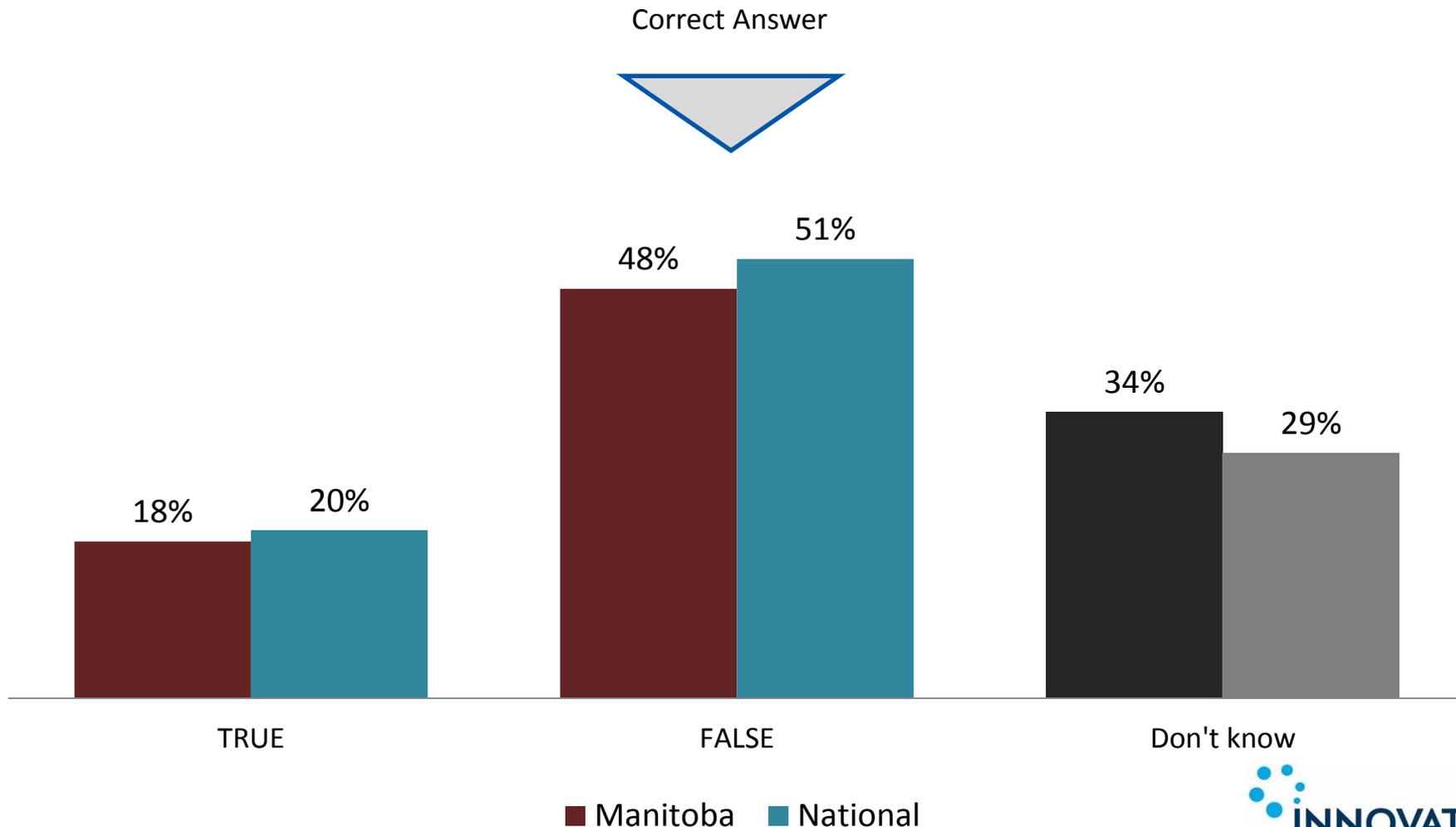


Diversification: about half (48%) gave the correct answer; 5 points more say 'Don't know' than the national average



When an investor diversifies his or her investments, the risk of losing money increases.

[asked of all respondents; n=5,000; MB n=500]



Mutual funds: 4-in-10 (40%) gave the correct answer; the distribution is consistent with national results



Mutual funds pay a guaranteed rate of return.

[asked of all respondents; n=5,000; MB n=500]

Correct Answer



40%

40%

37%

36%

23%

24%

TRUE

FALSE

Don't know

■ Manitoba ■ National

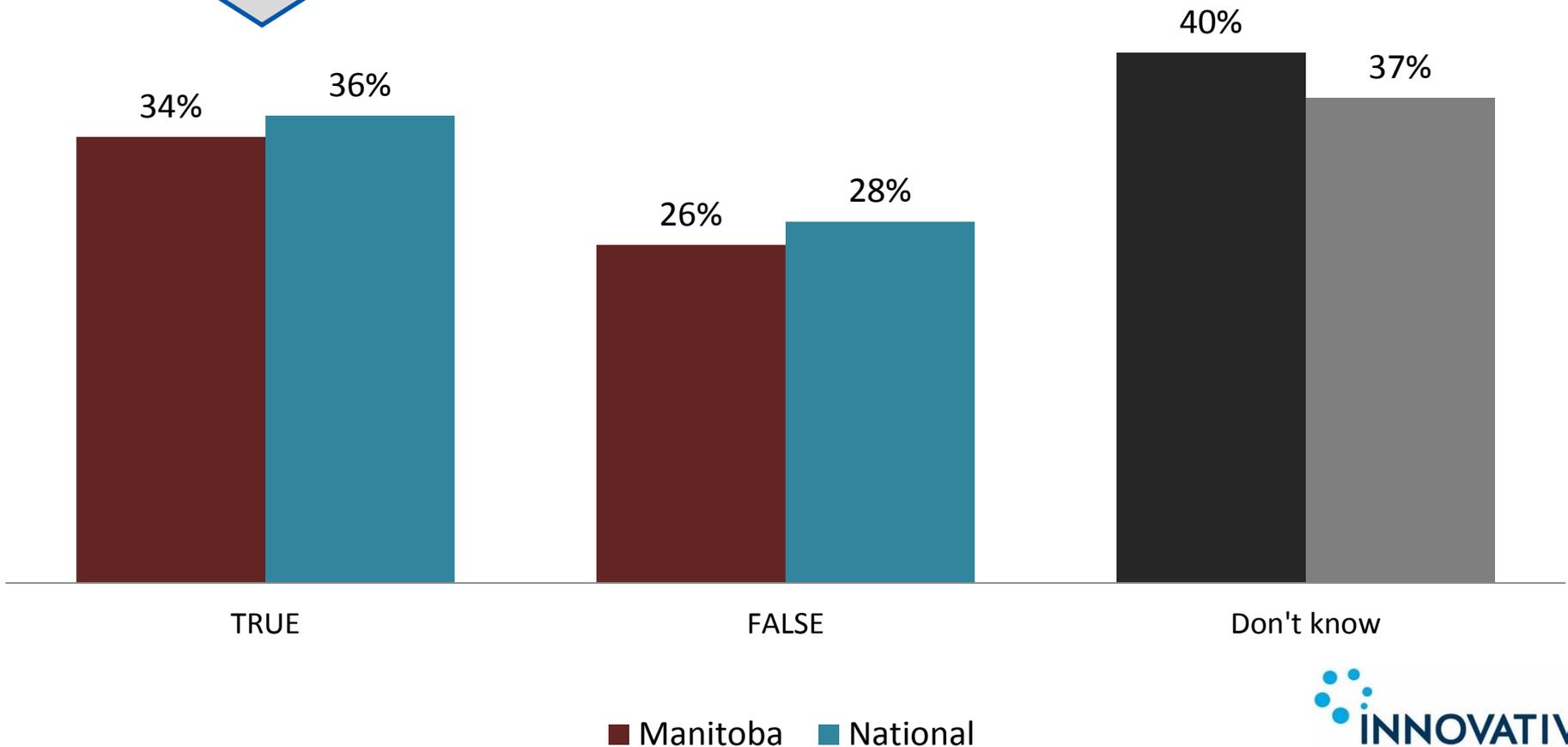
Warning sign of fraud: a third (34%) gave the correct answer; the distribution is similar to the national results



Investments that offer a higher-than-market rate of return and little to no risk are almost always fraudulent.

[asked of all respondents; n=5,000; MB n=500]

Correct Answer

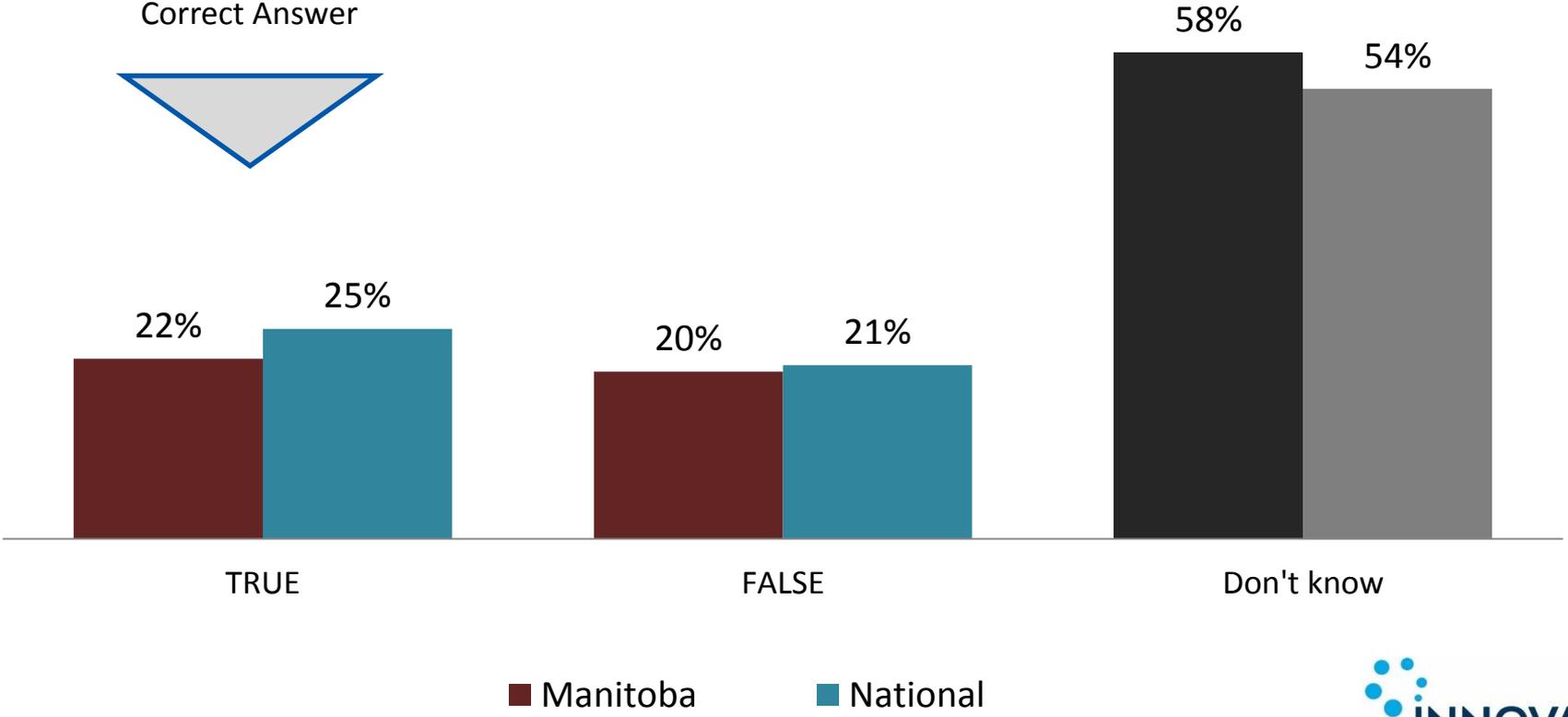
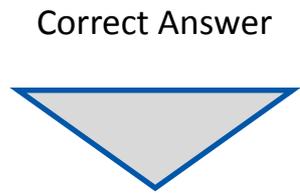


Effect of interest rates on bond prices: over 1-in-5 (22%) gave the correct answer, more than half (58%) said they don't know



Bond prices go up when interest rates go down.

[asked of all respondents; n=5,000; MB n=500]



Use of Investment Advisers

Investment Advisers – comfort level high but intensity drops, background checks remain relatively uncommon

Only half (50%) of respondents in Manitoba feel confident when it comes to making investment decisions.

- These findings are consistent with those in 2012 (54%). Manitoba respondents are less confident than the national average (57% confident); in 2012 they were slightly *more* confident (54% in Manitoba and 51% nationally).

4-in-10 (44%) Manitoba respondents currently have a financial adviser, comparable to the national average of 42% and consistent with 2012.

- Frequent (84%) and Non-Frequent (68%) investors and those in high knowledge group (68%) are the most likely to use advisers.
- 15% have been with their current adviser for between 1 and 5 years and 14% have had their adviser for 10+ years.
- Based on the investor segmentation and respondent's answers to the use of financial advisers, we created an adviser segmentation: One-third of Manitoba respondents are advised investors, while just 12% are do-it-yourself investors, who invest *without* the help of an adviser. Over half (56%) are non-investors, whether or not they have an adviser. This distribution is comparable to the national average.

Nearly all respondents (91%) feel comfortable bringing forward concerns when speaking to their current adviser.

- However, the intensity of comfort has dropped substantially from 65% saying “very comfortable” in 2012 to 52% this year. The decrease in intensity was also observed nationally.

With overall comfort remaining high, few looked into the background of their advisers – just 27% of those with an adviser said they did, similar to the level in 2012 (29%).

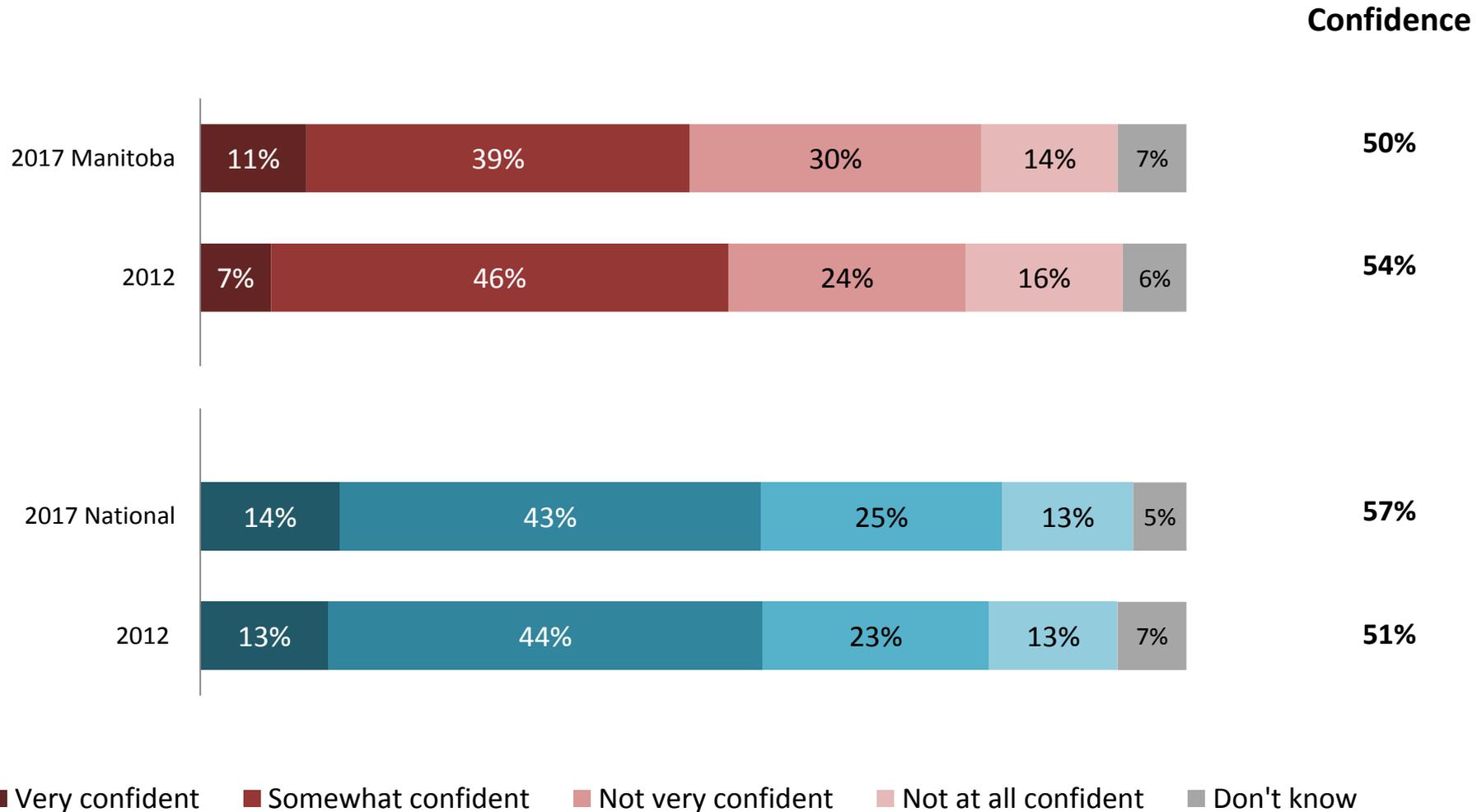
- Nationally, there was a significant drop between 2012 and 2017, from 38% to 29%, but the proportion who checked into the background of their adviser in Manitoba remains steadily low.
- Background checks are more common among respondents age 18-34 (43%) and Frequent Investors (40%).
- Most who did check into their financial adviser's background say they did so through Internet/Google search (18%) or word of mouth (15%). Only 1% (4% nationally) checked with their provincial regulator.

Familiarity with payment method and total amount paid to adviser is low.

- 3-in-10 (30%) of those with an adviser say their adviser is paid through salary, another 3-in-10 (30%) say commission. A quarter don't know how their adviser is paid. These results are similar to the country-wide results.
- Among those with a financial adviser, 4-in-10 (43%) agree that they know how much they have paid their financial adviser in the last 12 months, up significantly from 29% in 2012, but still lower than the national average (47%).

Investor confidence: half (50%) feel confident, down slightly from 2012 and lower than national results (57%)

Q How confident are you when it comes to making investment decisions?
[asked of all respondents; n=5,000, MB n=500]

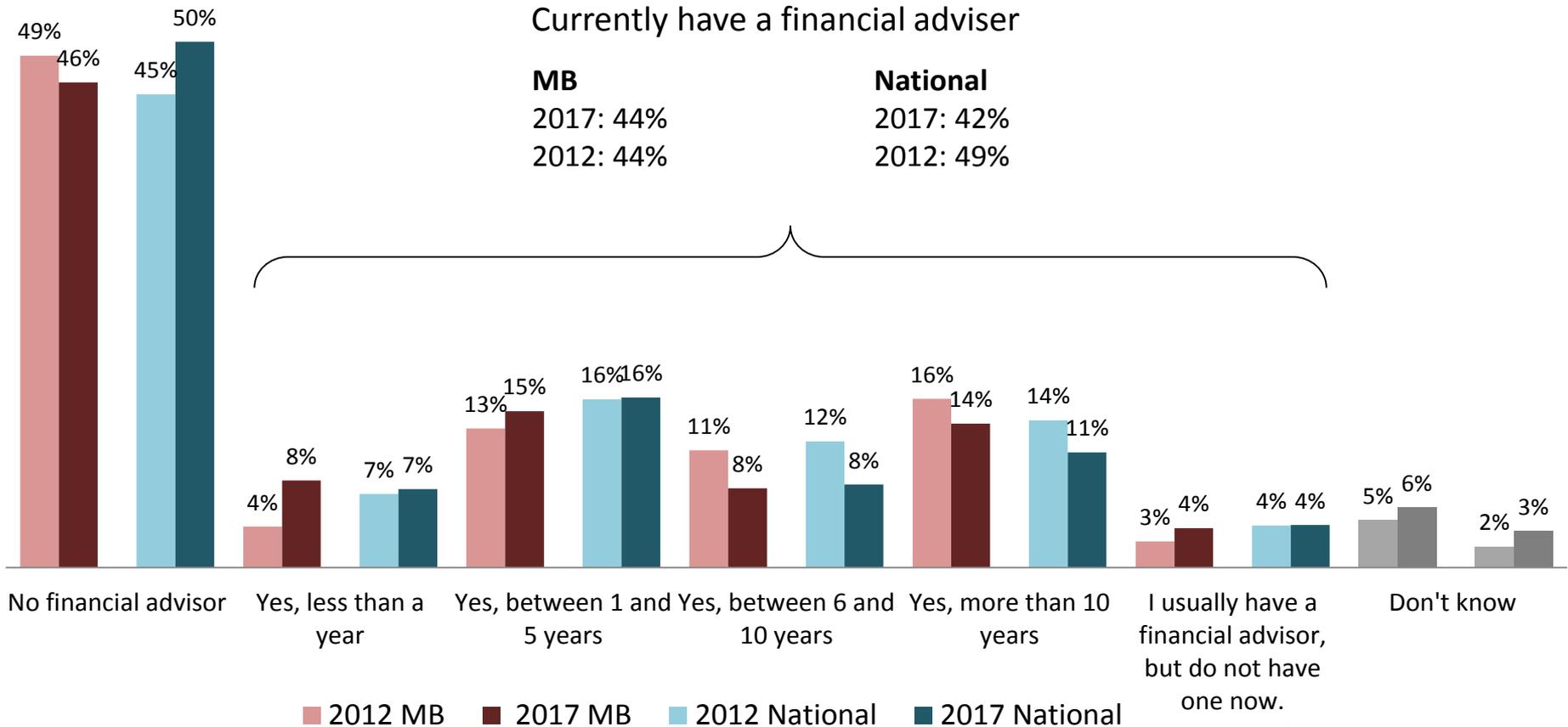


Use of financial advisers: more than 4-in-10 (44%) currently have an adviser, consistent with 2012



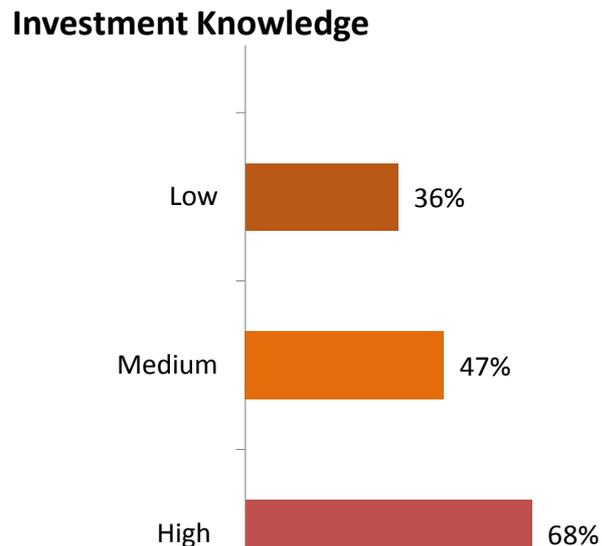
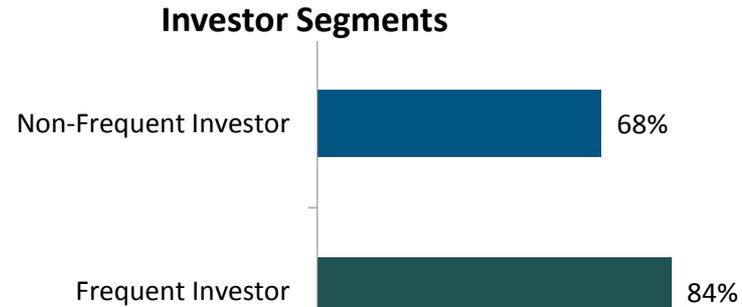
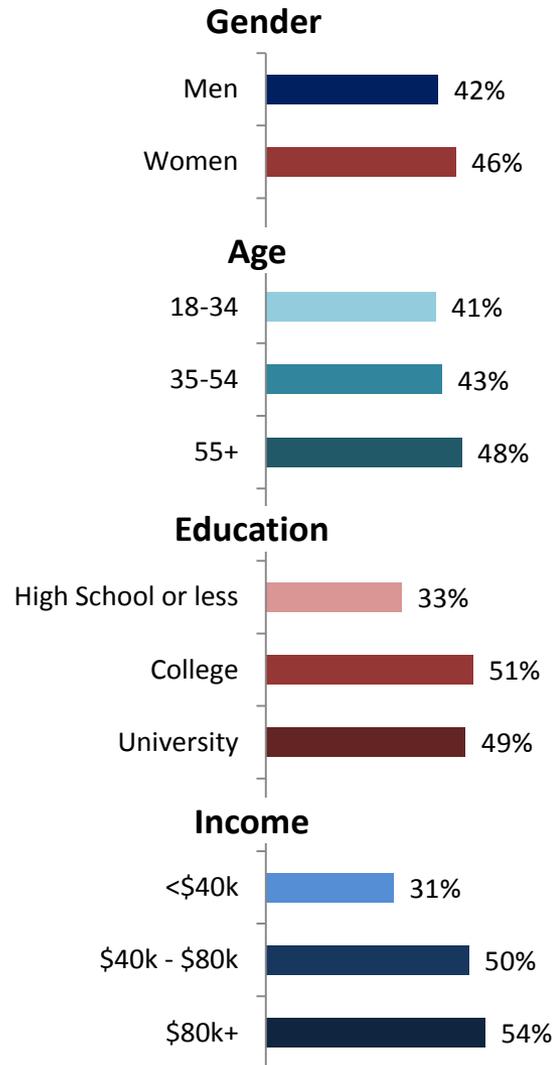
Do you have a financial adviser and, if so, how long have you had your current adviser?

[asked of all respondents; n=5,000; MB n=500]



Have a financial adviser: Frequent Investors and those in high knowledge group are more likely to have an adviser

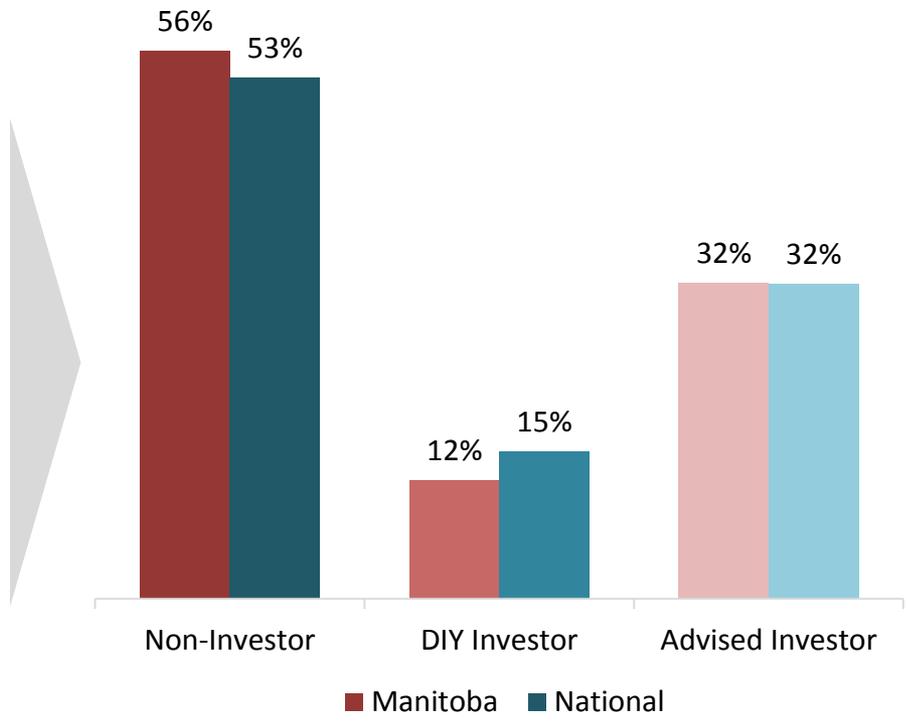
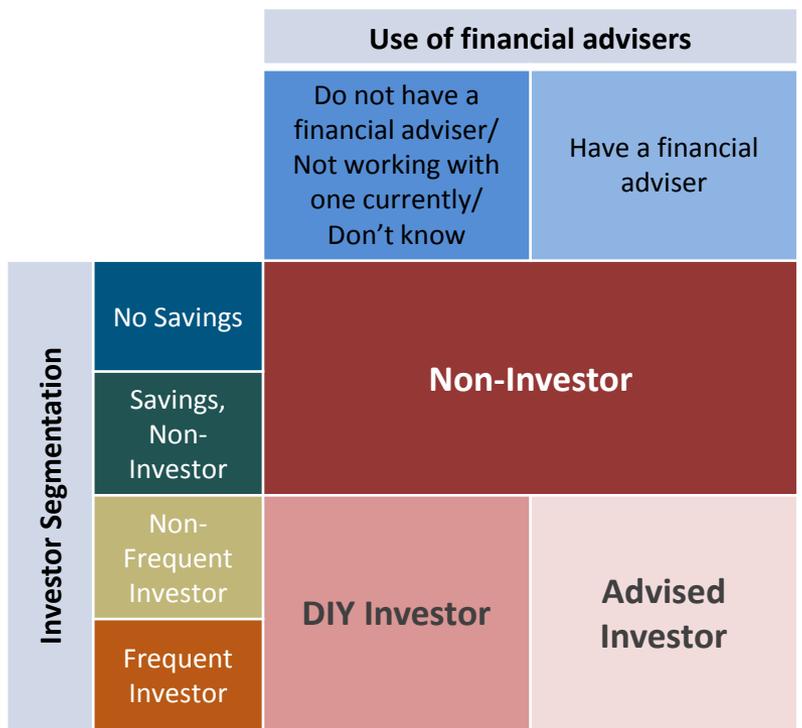
% who currently have a financial adviser



Adviser Segmentation: a slim majority (56%) are classified as non-investors, 1-in-3 as advised investors, just 12% as DIY

Based on the investor segmentation and respondent's answers to the use of financial advisers, we group the sample into three groups.

- **Non-Investor** includes respondents who currently do not have any savings or investments set aside for the future and those who have savings, but do not own any securities.
- **DIY Investor** includes those who are Non-Frequent and Frequent Investors but do not have a financial adviser.
- **Advised Investor** includes those who are Non-Frequent and Frequent Investors and are currently working with a financial adviser.

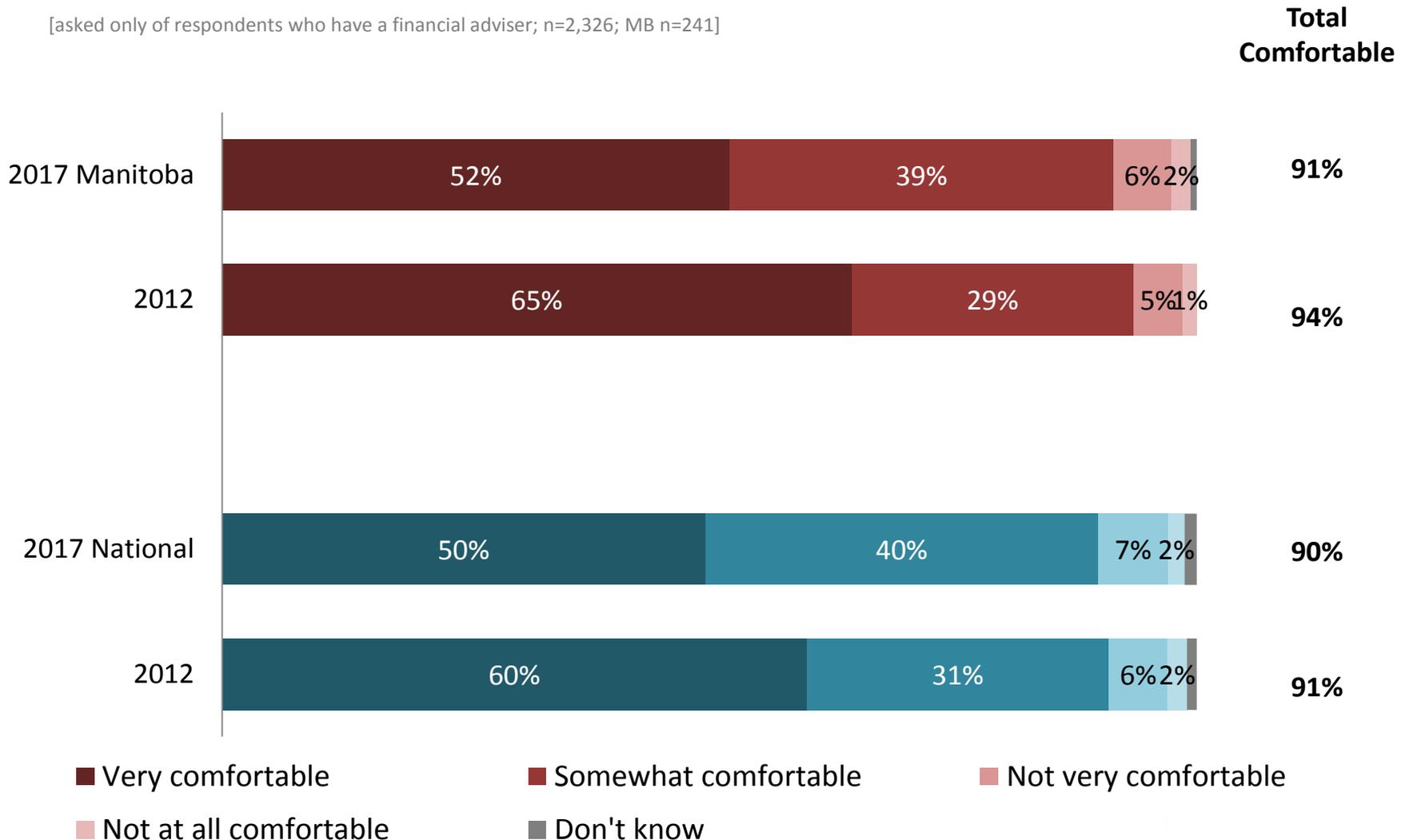


Comfort with advisers: nearly all feel comfortable with their adviser, yet the percent saying 'very comfortable' is down 13 points



How comfortable do you feel bringing forth concerns and questions when speaking with your financial adviser?

[asked only of respondents who have a financial adviser; n=2,326; MB n=241]

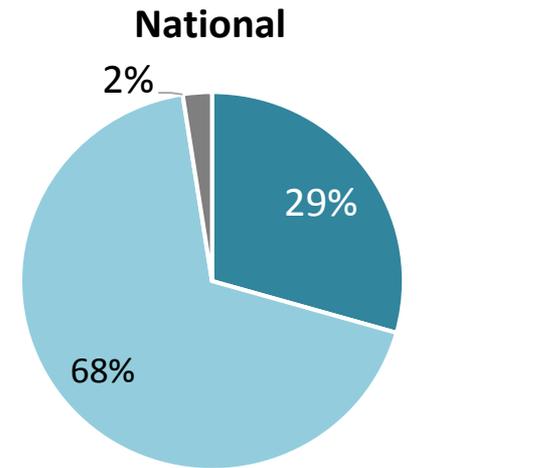
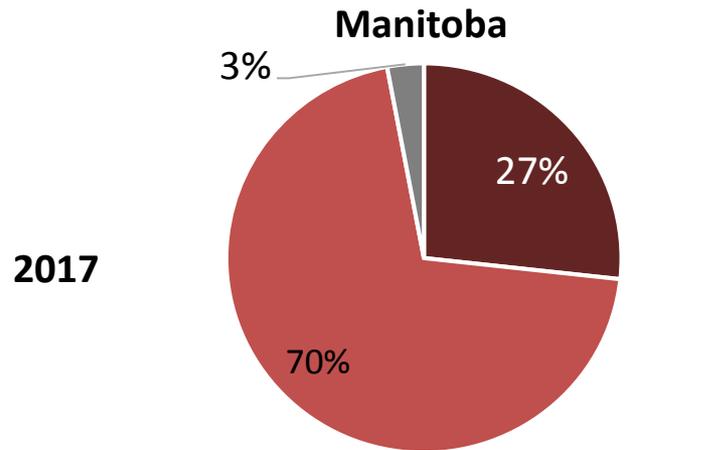


Adviser background check: over a quarter (27%) checked, similar to 2012 MB and 2017 national results



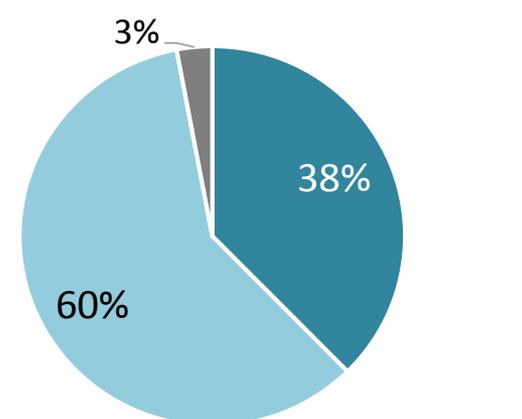
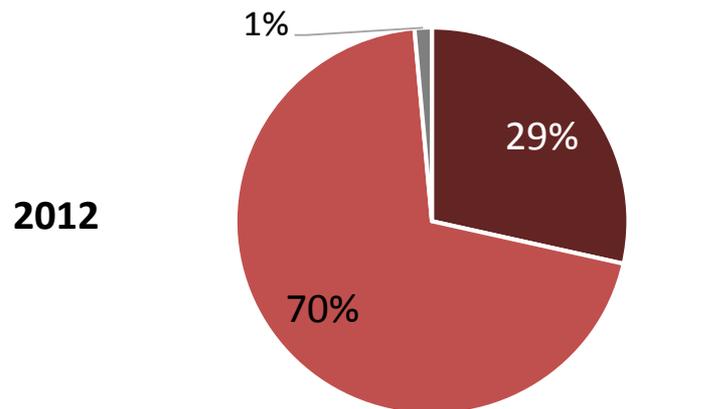
Have you ever checked into the background of your financial adviser in any way?

[asked only of respondents who have a financial adviser; n=2,326; MB n=241]



■ Yes ■ No ■ Don't know

■ Yes ■ No ■ Don't know

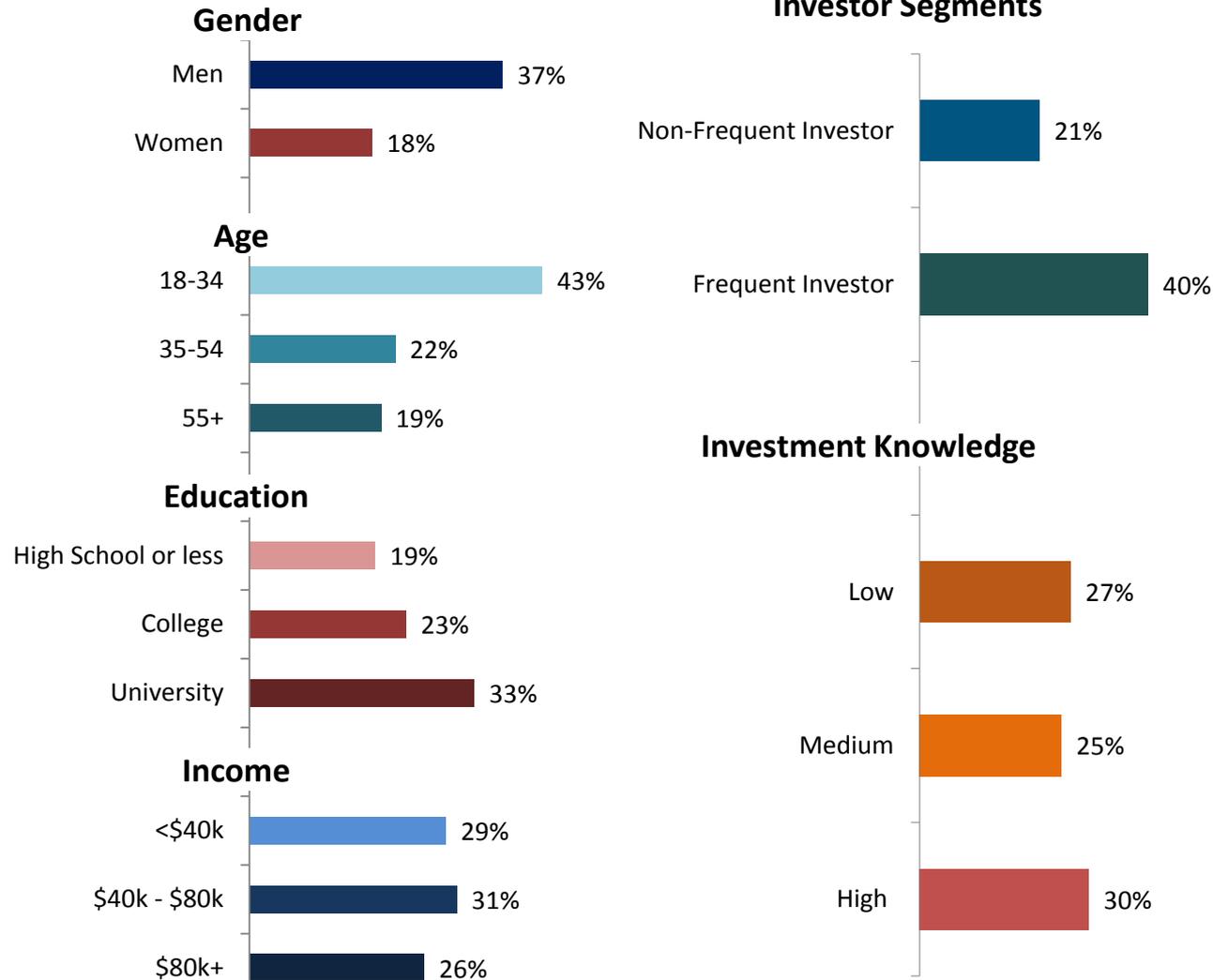


Adviser background check: those age 18-34, Frequent Investor and men more likely to check the background of their adviser



Have you ever checked into the background of your financial adviser in any way?

% who have done background check



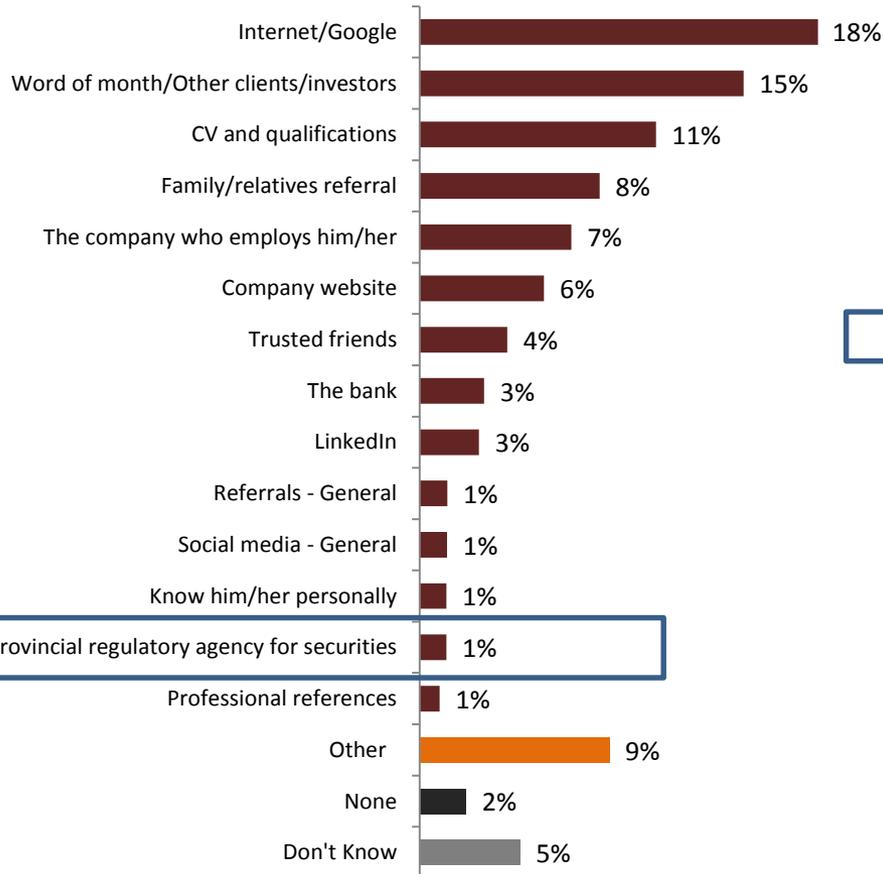
Top sources for checking adviser background: 'Internet/Google' (18%) and 'word of month' (15%) are the most common ³⁹



What sources did you use to check the background of your financial adviser?

[asked only of respondents who have checked into the background of their financial advisers; open-ended question; n=608; MB n=64]

Manitoba



National



Other Includes:

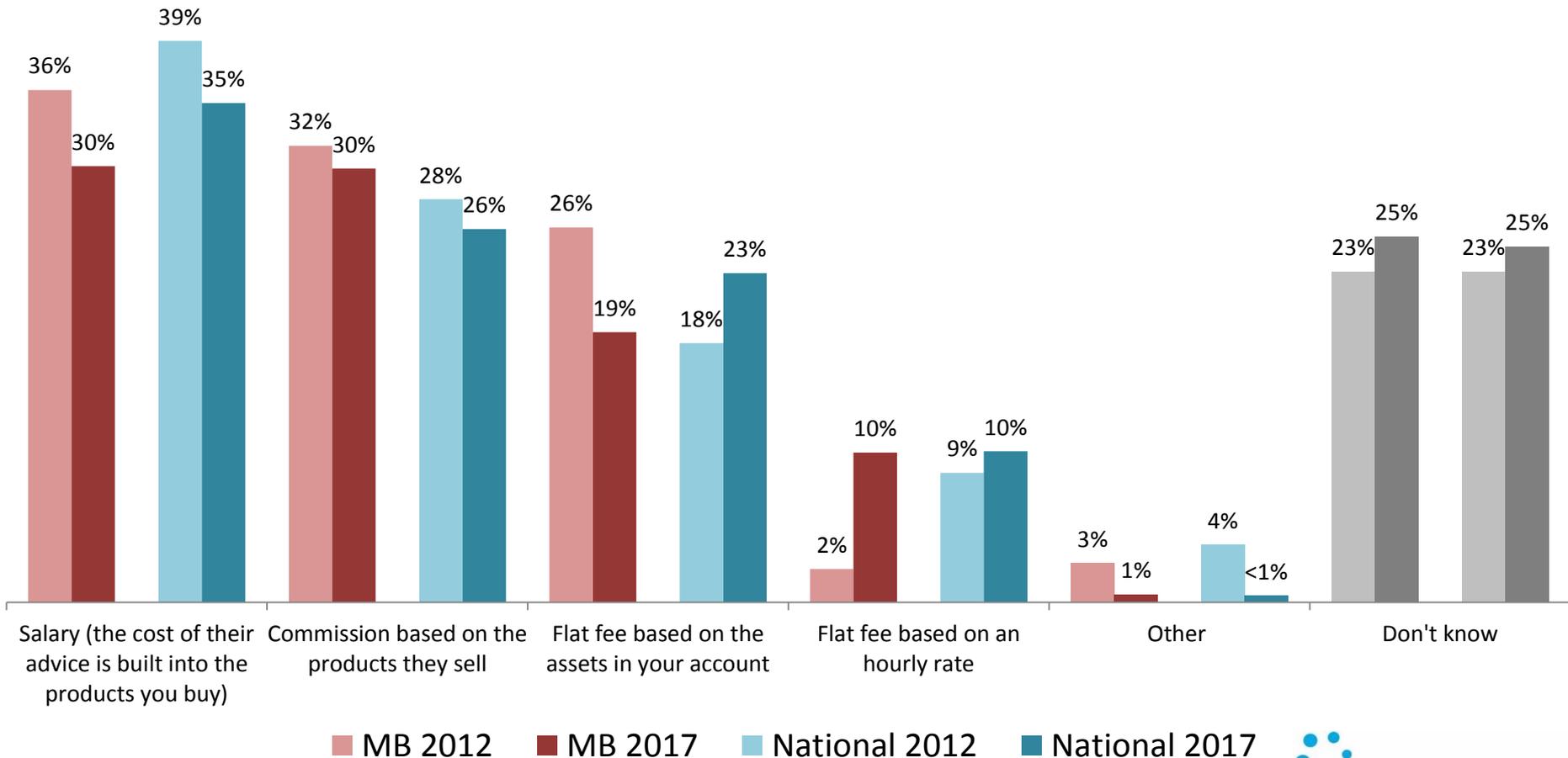
- Facebook
- Investigated - lawyer, PI
- Better Business Bureau
- Police

Adviser compensation: 3-in-10 of those with an adviser say their adviser is paid by salary, 3-in-10 say commission; 25% don't know



Is your financial adviser being paid by any of the following methods?

[asked only of respondents who have a financial adviser; multiple selections allowed; n=2,326; MB n=241]



Adviser compensation: more than 4-in-10 (43%) say they know the exact amount paid to their adviser, up from 29% in 2012

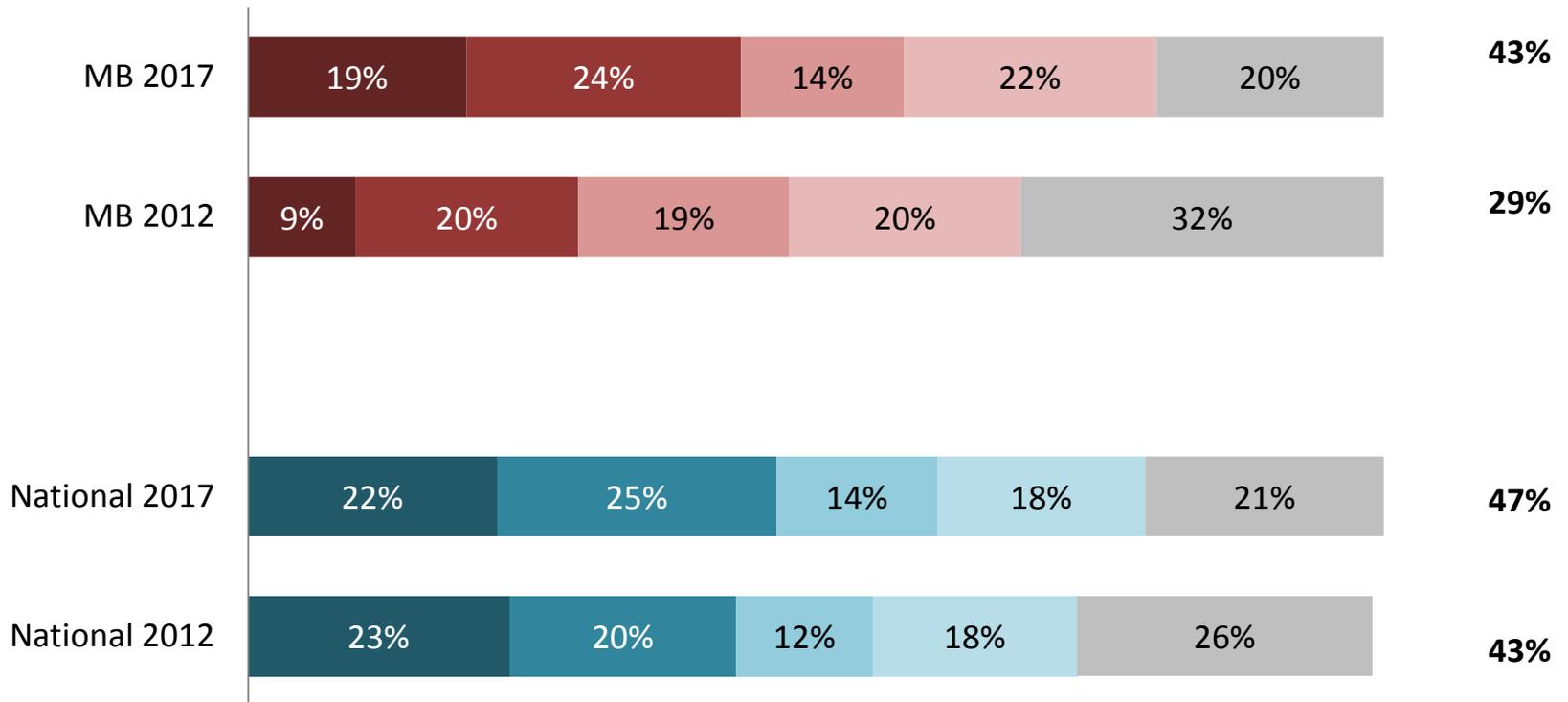


Do you agree or disagree with the following statement:

I know exactly how much I have paid my financial adviser in the past 12 months.

[asked only of respondent who have a financial adviser; n=2,326; MB n=241]

Agree



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

Investment Planning

Only a quarter have a plan, but most who do have one have reviewed it within the last year

Only a minority of Manitoba respondents have a written plan.

- A quarter (26%) of Manitoba respondents say they have a written financial plan with clear goals, similar to Canadian average and consistent with the 2012 Manitoba results.
- Among investors with advisers, 54% have a plan, the same is true of just 13% of DIY investors. Frequent Investors (53%) are also more likely to have a plan than other investor segments.
- Those with incomes over \$80k are almost twice as likely to have a written plan than those whose incomes are under \$40k (34% vs 18%).

Most of those with a plan have reviewed it in the last year.

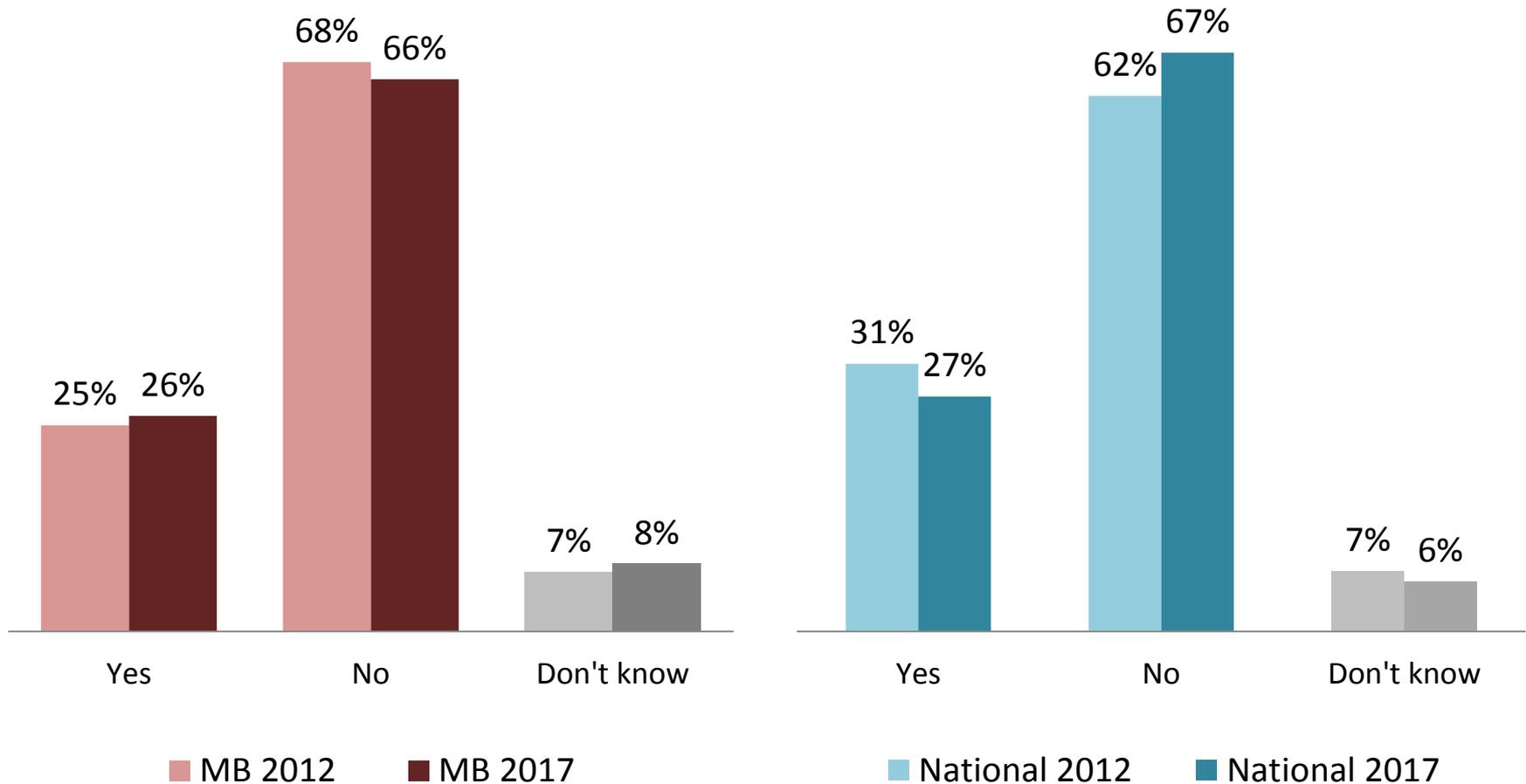
- 80% of those in Manitoba who have a plan have reviewed it in the last 12 months, substantially higher than in 2012 (71%) and marginally higher than the national average this year.

Financial plan: a quarter (26%) have a financial plan; consistent with previous study and 2017 national results



Do you have a formal, written financial plan that includes clear investment goals?

[asked of all respondents; n=5,000; MB n=500]

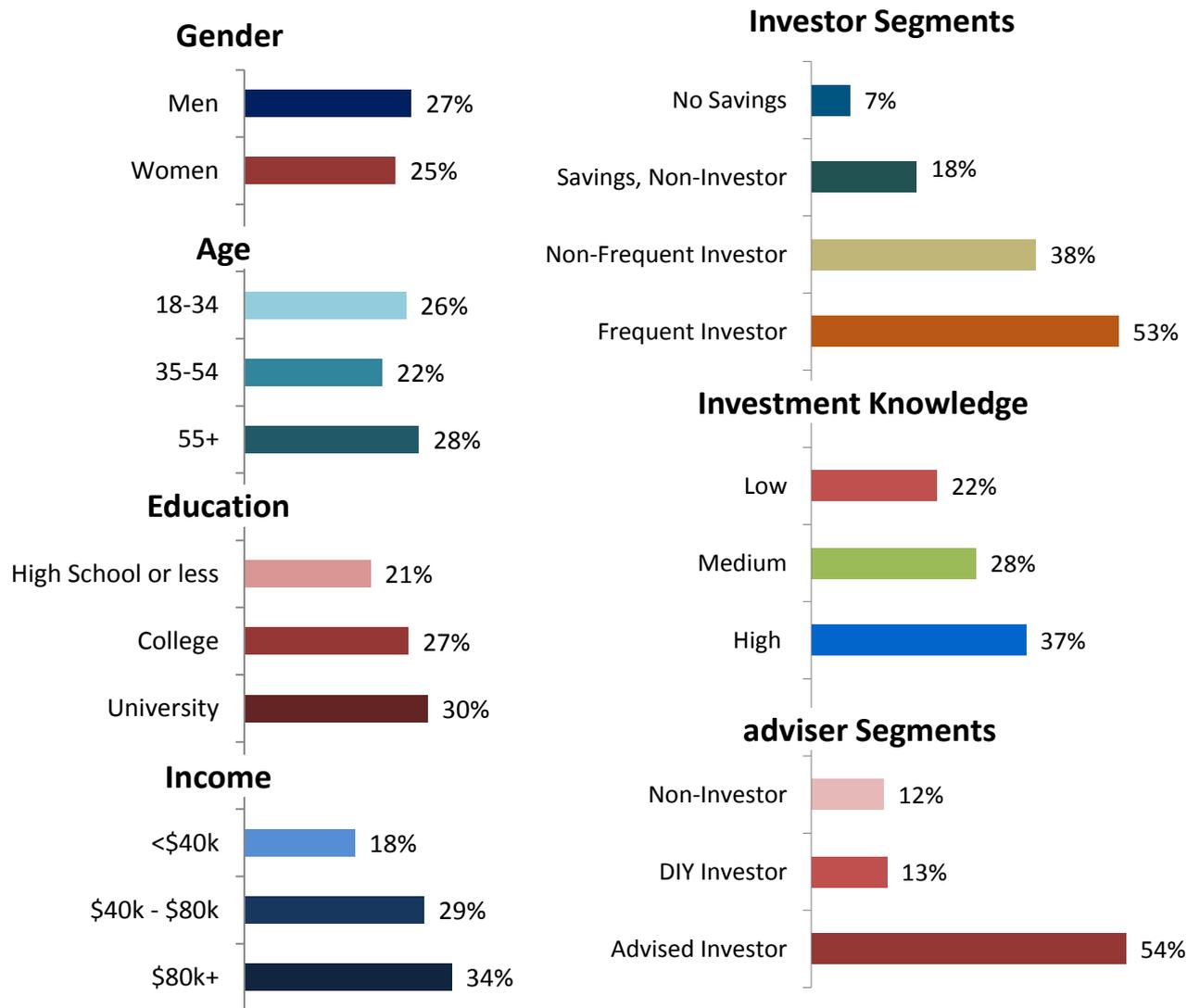


Financial plan: advised investor (54%) and Frequent Investor (53%) most likely to have a financial plan



Do you have a formal, written financial plan that includes clear investment goals?

% who have a financial plan

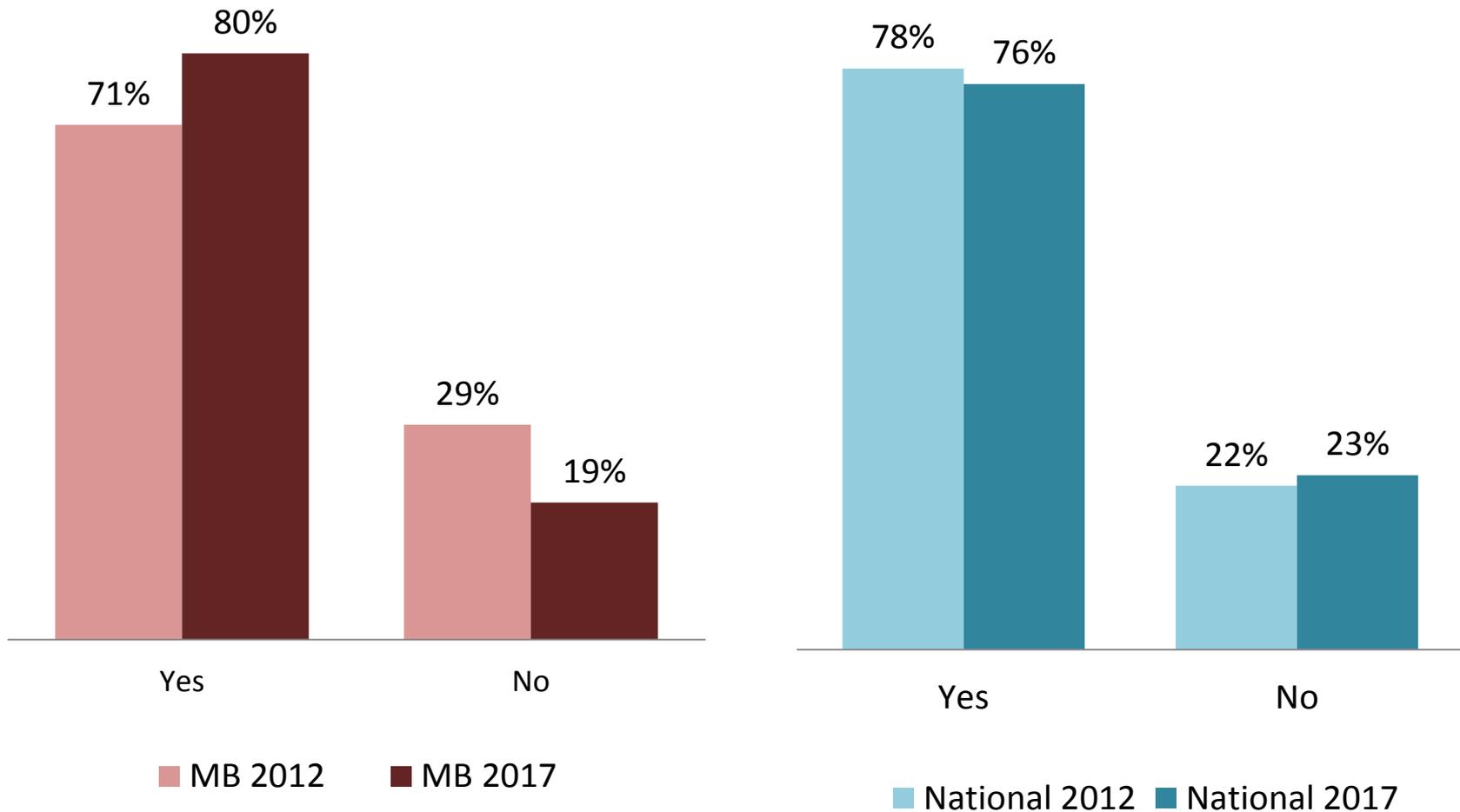


Review financial plan: 8-in-10 of those who have a plan have reviewed it, up from 2012 and higher than national average (76%)



Have you reviewed your financial plan in the **past 12 months**?

[asked only of respondents with a formal written financial plan; n=1,360; MB n=129]



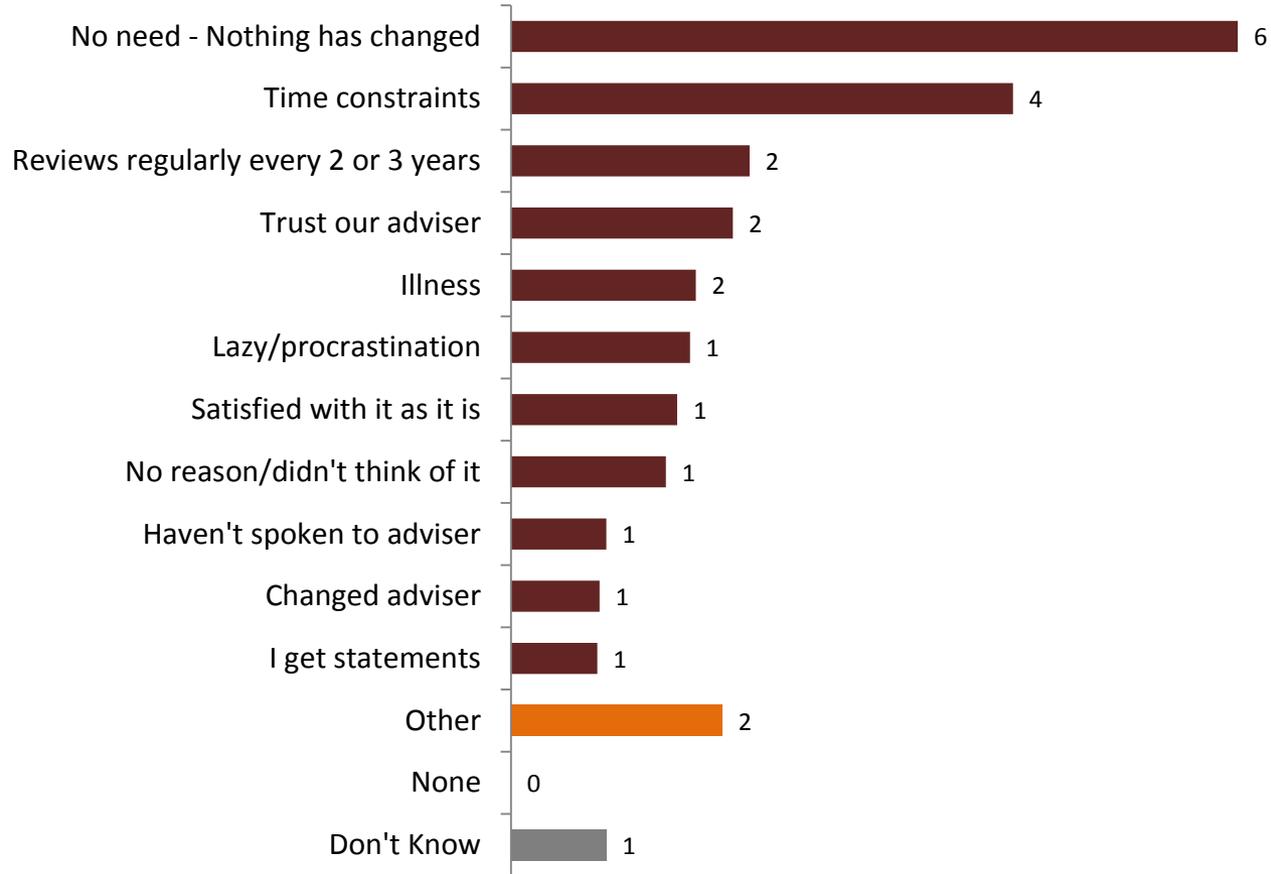
Note: 'Don't know' (<1%) not shown

Top reason for not reviewing financial plan: 'no need/no reason' and 'time constraints' are the most common reasons



What is the main reason you have **not** reviewed your financial plan in the **past 12 months**?

[asked only of respondents who did not review their financial plan in the past 12 months; open-ended question; n=265; MB n=24]



Note: Due to small n size (n=24) for the MB sample, results should be treated with caution.

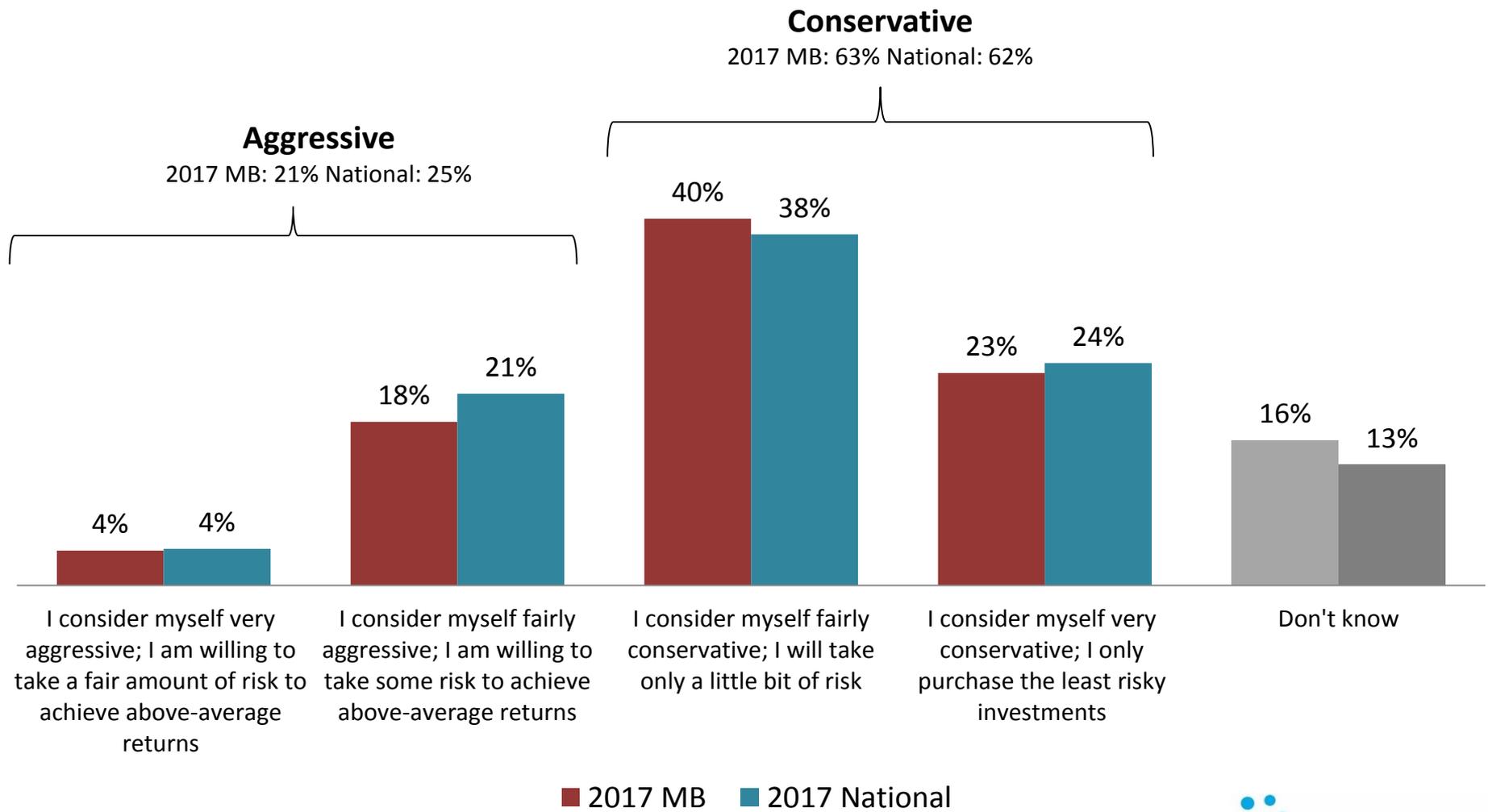
Investor Risk Tolerance

Risk orientation: 1-in-5 (21%) consider themselves as aggressive, 6-in-10 (63%) say conservative; similar to national level



Which of the following best describes your investment style?

[asked only all respondents; n=5,000, MB n=500]

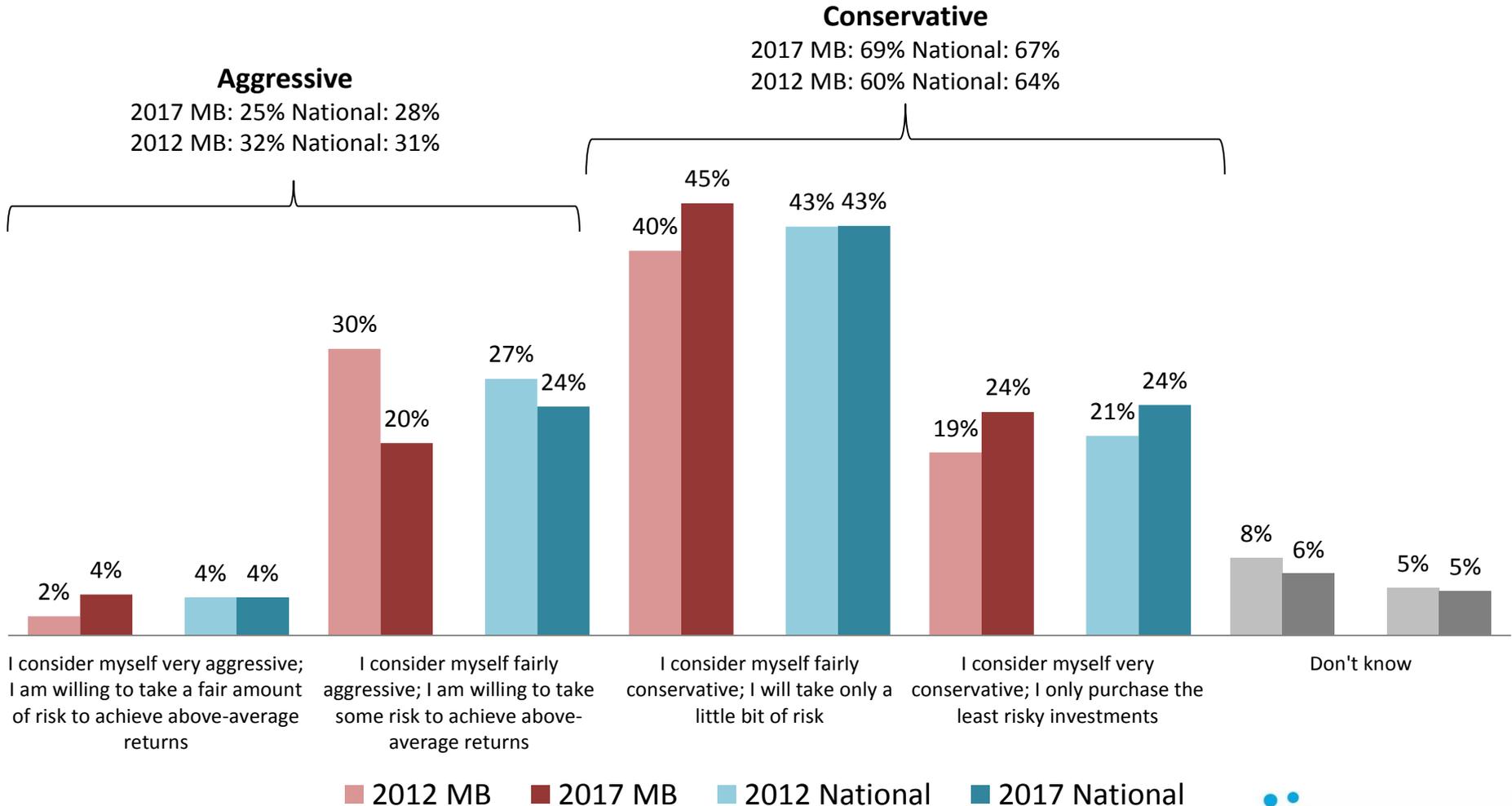


Investor risk orientation tracking: investors more conservative than in 2012, similar, but smaller, shift also observed nation-wide



Which of the following best describes your investment style?

[Only respondents with financial investments are included in the results below, n=3,453, MB n=362]

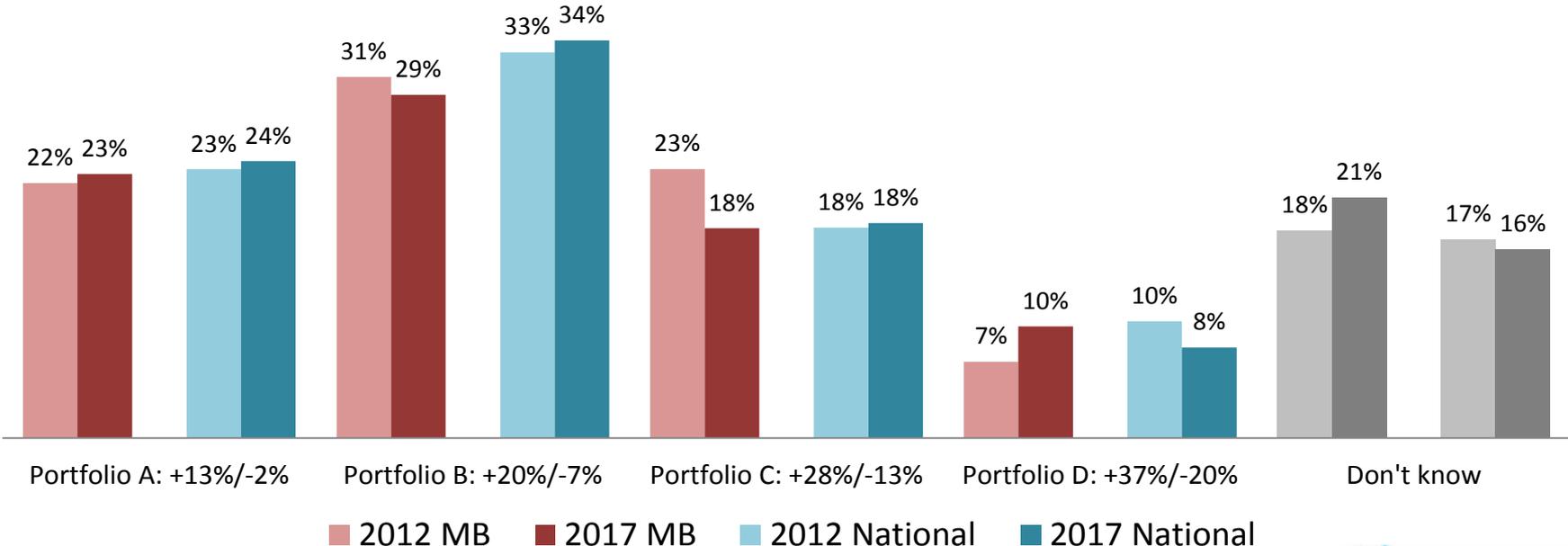
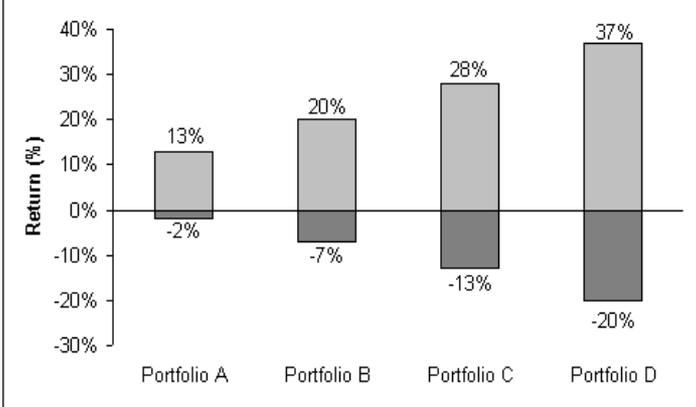


Investor risk orientation: 3-in-10 (29%) of MB respondents prefer “Portfolio B”, under a quarter (23%) choose “A”



A portfolio is a basket of different investments. The returns earned by a specific portfolio depend on the mix of investments that make up the portfolio. The following graph shows the probable range of returns (from best to worst) of four hypothetical portfolios over a one-year period. Which of these portfolios would you prefer to invest in?

[asked of respondents; n=5,000, MB n=500]

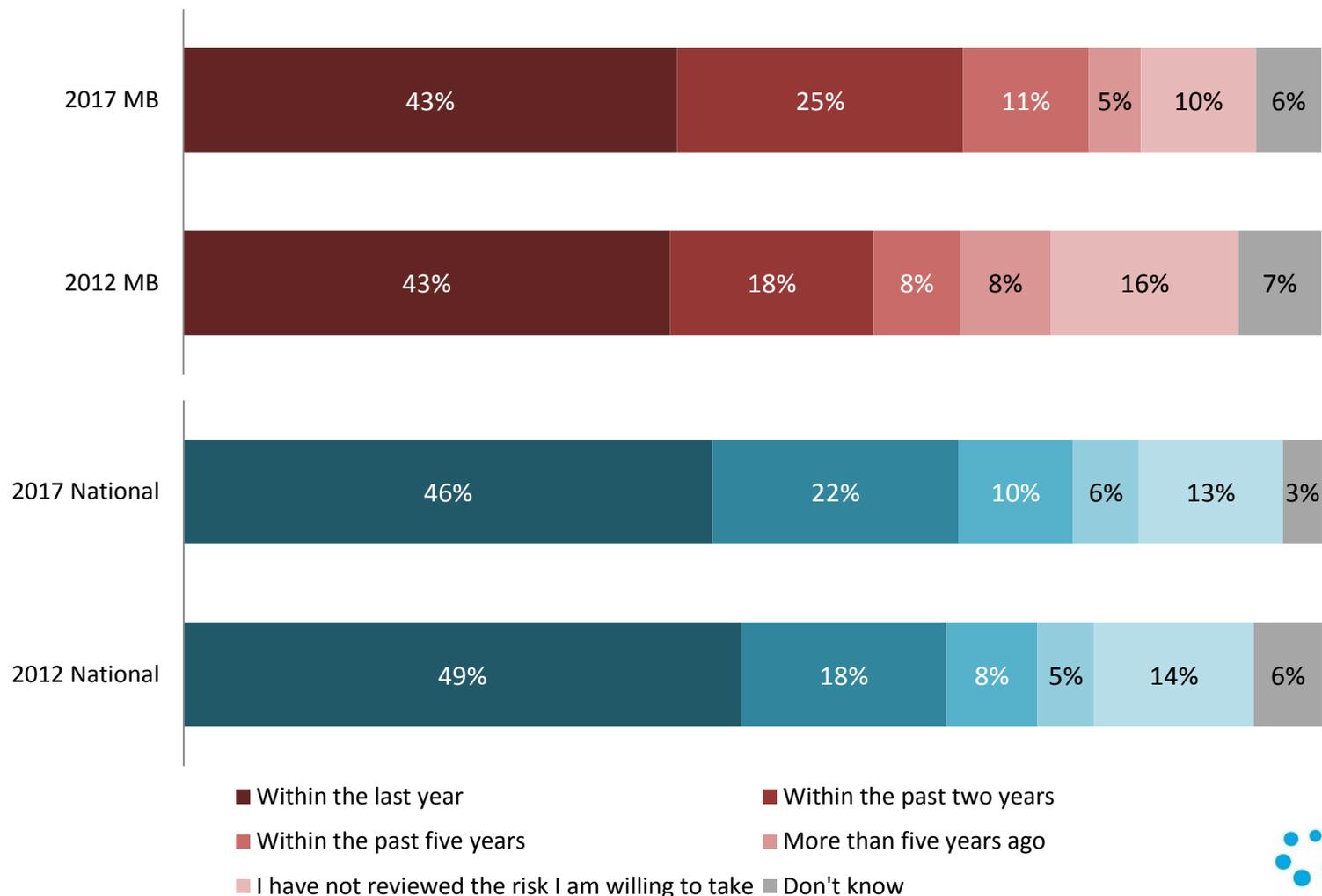


Risk-tolerance review: more than 4-in-10 (43%) investors have reviewed their risk tolerance, stable from 2012



When was the last time you thoroughly reviewed the level of risk you're willing to take with your investments?

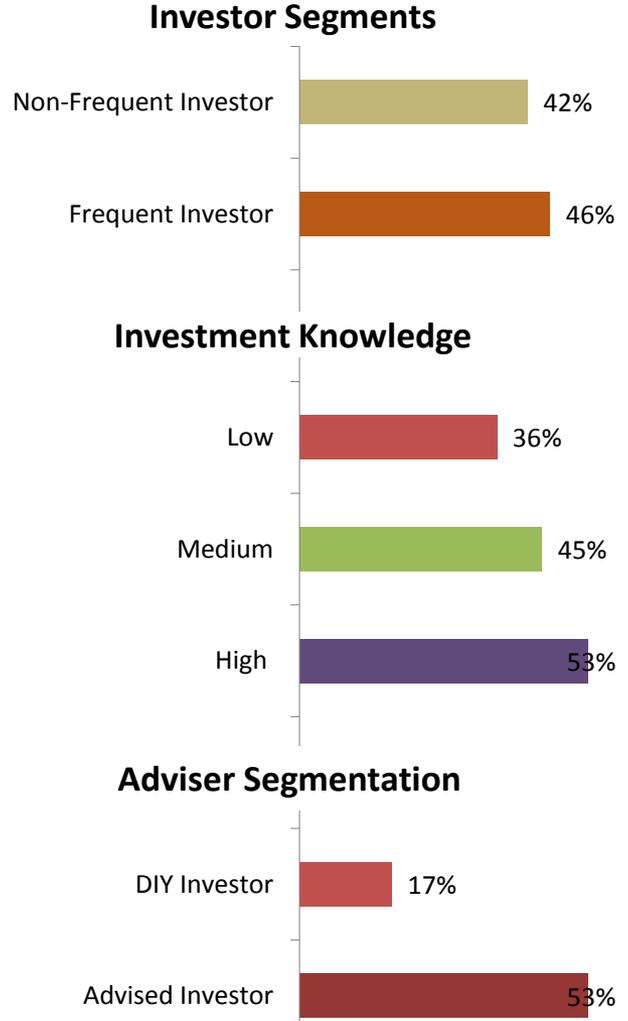
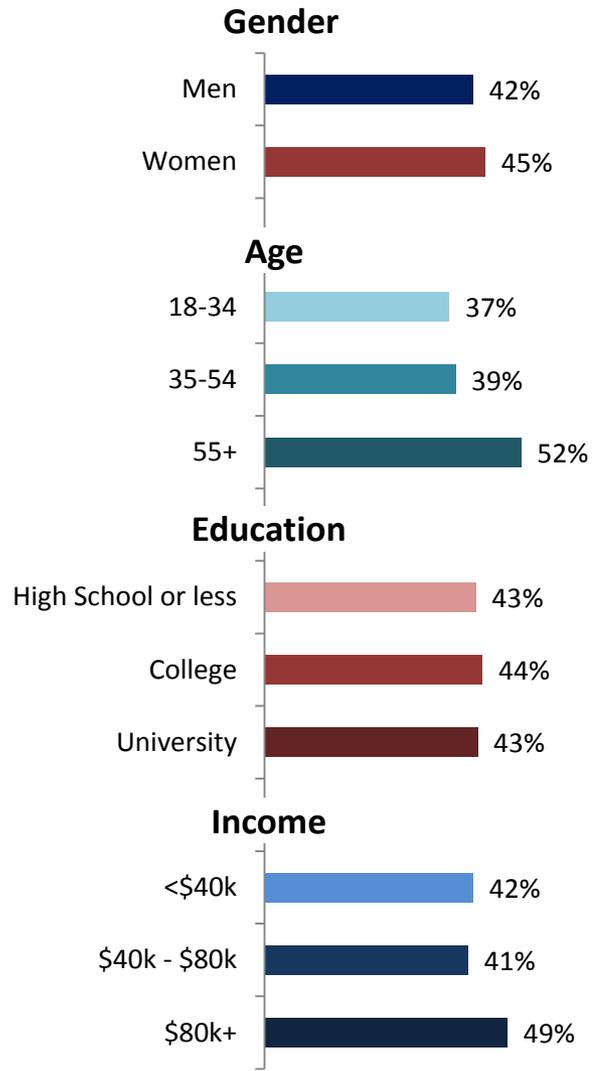
[asked only of respondents with financial investments; n=2,364, MB n=221]



Risk-tolerance review: high knowledge and advised investors, and those 55+ are more likely to have reviewed risk tolerance



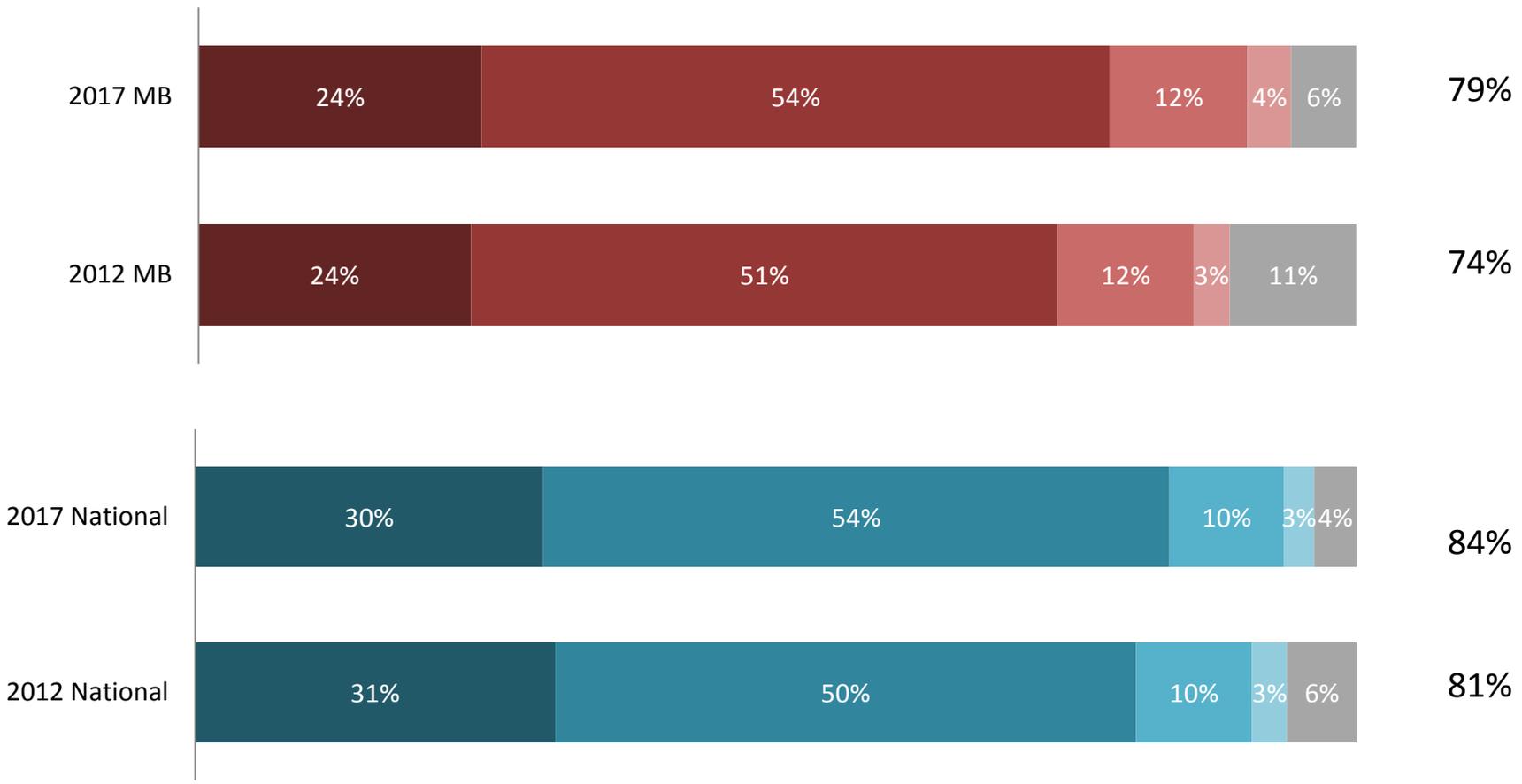
When was the last time you thoroughly reviewed the level of risk you're willing to take with your investments?
% who review their risk tolerance within the last year



Understanding of risk: 8-in-10 (79%) understand the risk level of their investments, up from 2012, but still lower than national level

Q Please indicate if you agree or disagree with the following statement:
I understand how risky each of my investments are today.
[asked only of respondents with financial investments; n=2,364, MB n=221]

Total Agree



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



Investment Fraud in Manitoba

Experience with Investment Fraud

Manitoba respondents are still being approached with fraudulent investment opportunities (20% say they have). The portion remains steady since 2012 (22%).

5% (1-in-20 Manitobans) say they have actually invested money in a fraud, up slightly from the 2012 Manitoba results (3%).

- Email remains the most common way respondents are introduced to fraudulent opportunities, both nationally (44%) and in Manitoba (42%).

Of those approached with a fraud, just 3-in-10 (30%) reported it to the authorities, again consistent with the national results.

When asked who they *would* report fraud to, most say the police/RCMP.

- A plurality said the police or RCMP (43% in Manitoba and 37% nationally). Just 6% (up from 1% in 2012) said they would report a fraud to the provincial regulatory agency and one-in-five (19%) said they would not know where to report a suspected fraud.

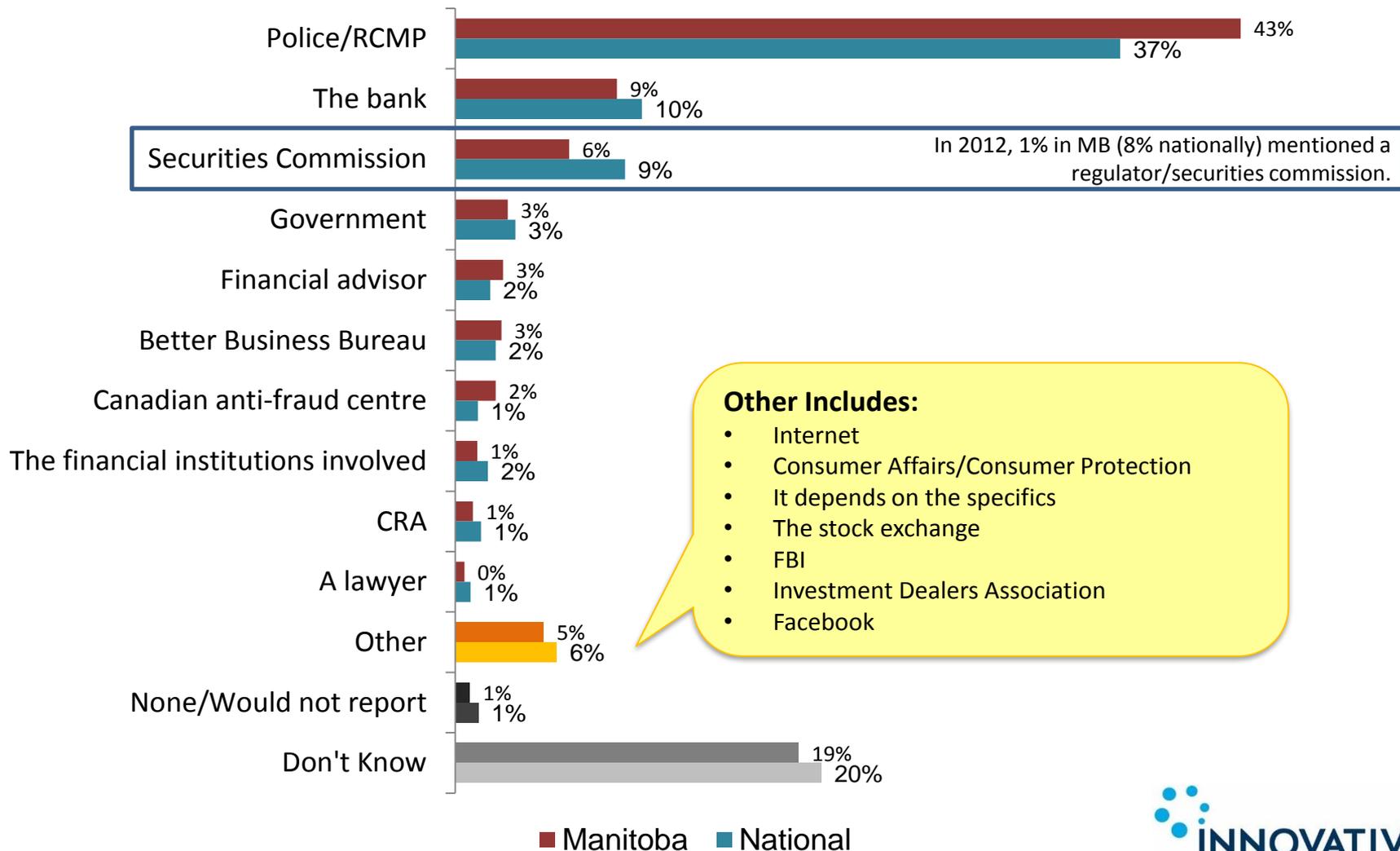
Those who did not report said they chose not to because it was clearly a scam and they did not fall for it (14%) or because there is too much email fraud to report it all (14%).

- Although down substantially since 2012 (29%), over 1-in-6 (16%) still think reporting a fraudulent investment is more trouble than it is worth. This is consistent with the national average (18% agree it's too much trouble).

Reporting investment fraud: 4-in-10 (43%) would report to the police, only 6% would go to the Securities Commission

Q Where would you go to report a **suspected** investment fraud?

[asked of all respondents, n=5,000; MB n=500; open-ended question]

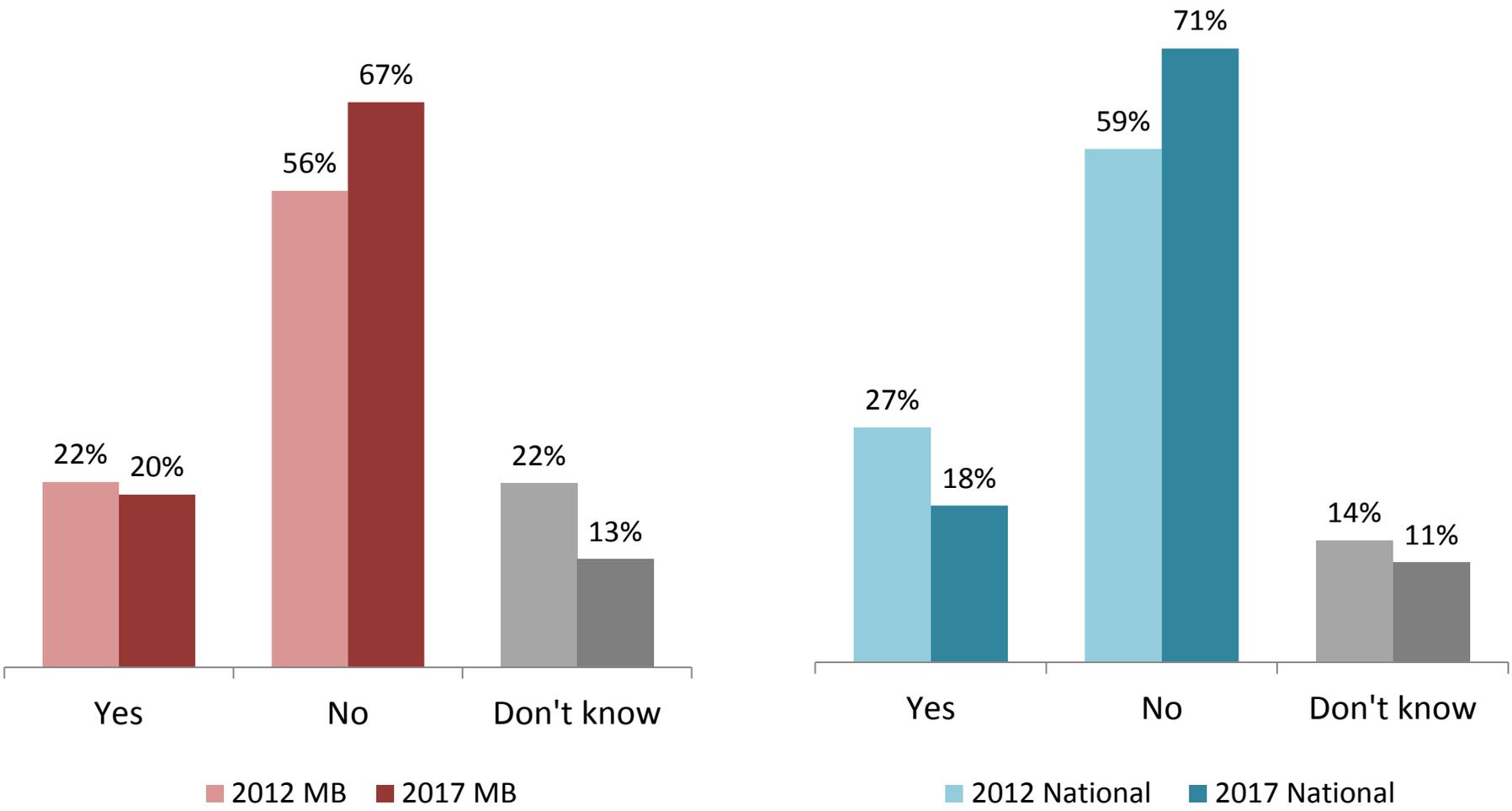


Fraud attempts: 1-in-5 (20%) have been approached with fraud, consistent with 2012 MB and 2017 national results



Do you think anyone has ever approached you with a possible fraudulent investment?

[asked of all respondents, n=5,000; MB n=500]

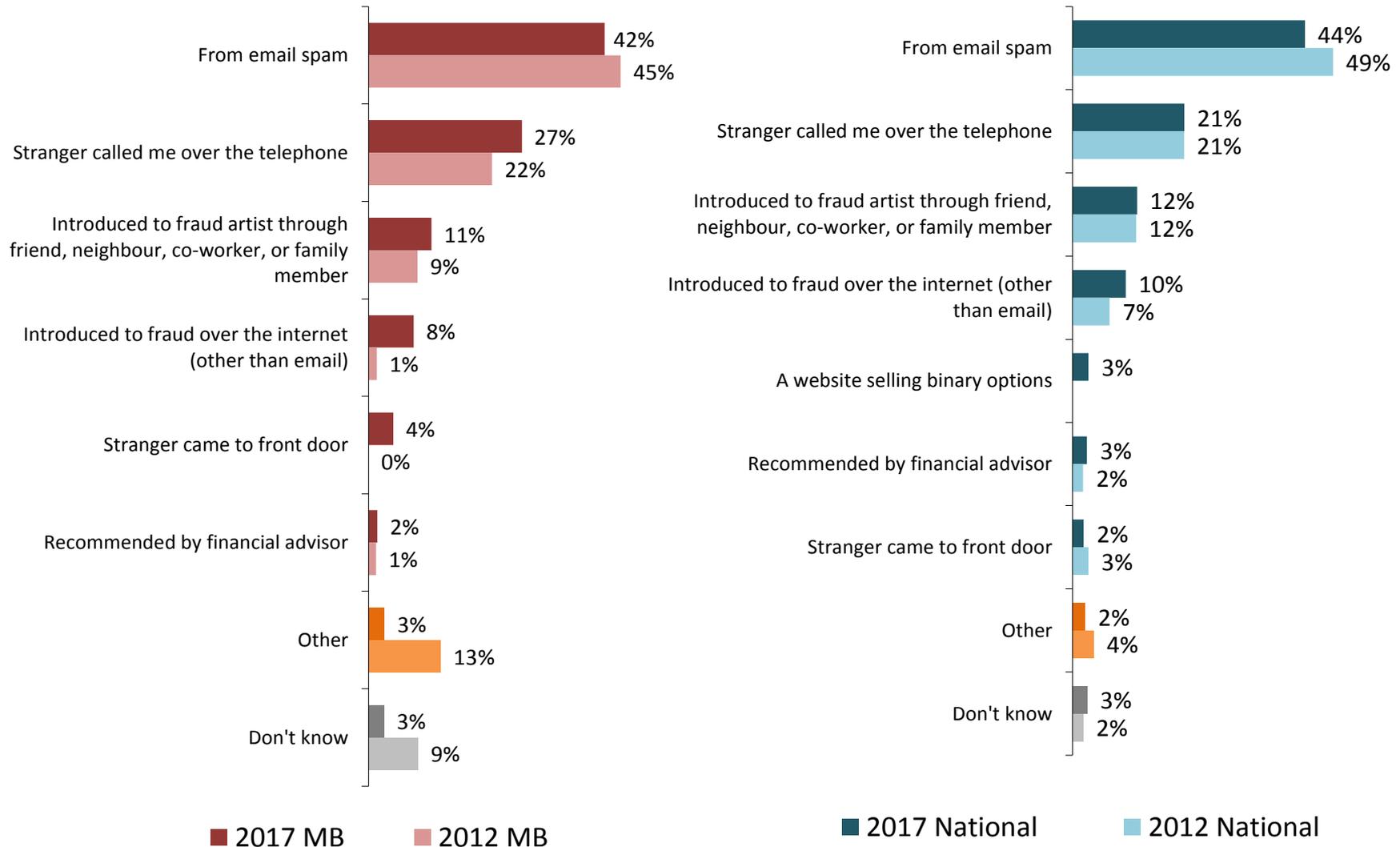


Method of approach: 4-in-10 (42%) were introduced to the opportunity by email spam, 3-in-10 (27%) from a stranger's call



How were you introduced to the **most recent** investment fraud you encountered?

[asked only of those who believe they have been approached with a fraudulent investment; n=900, MB n=102]



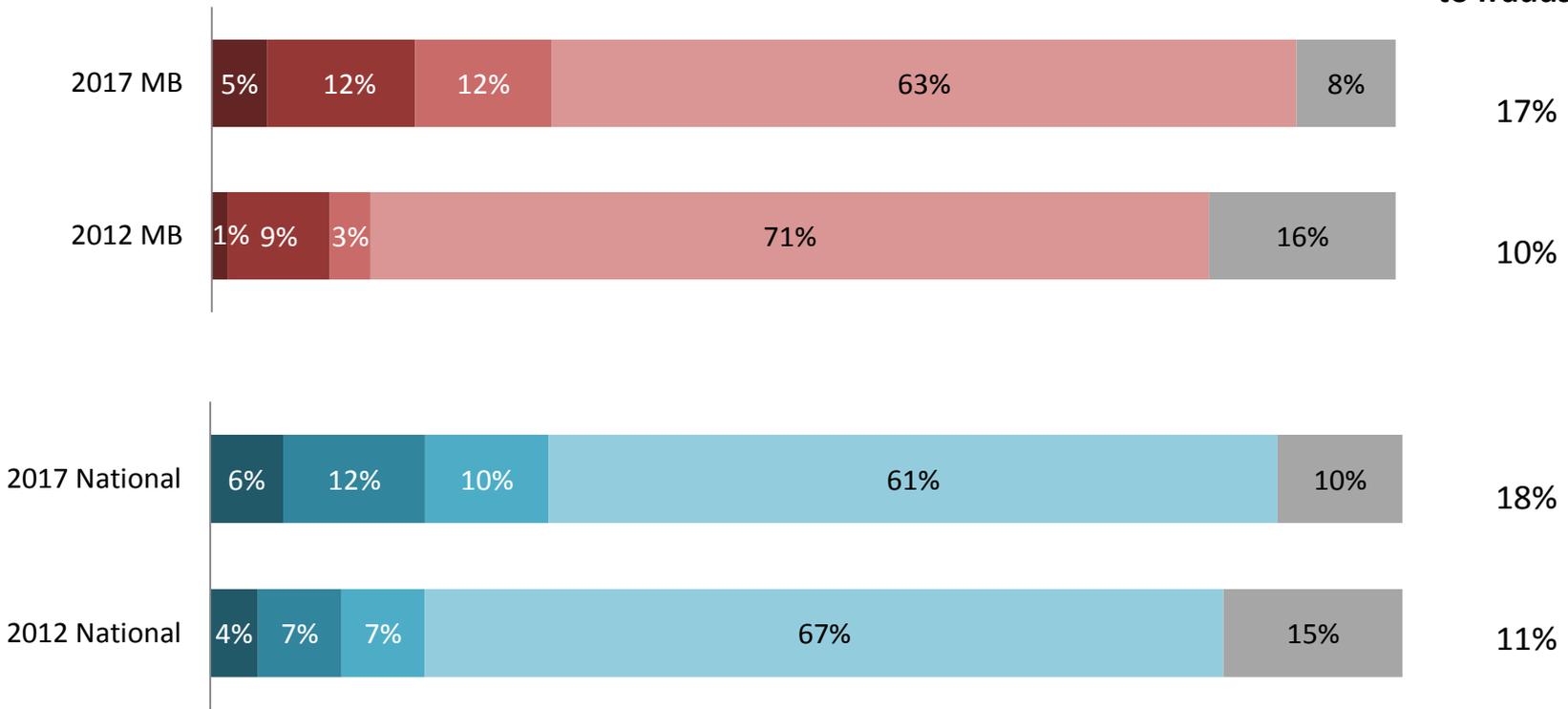
Level of trust: 17% of those say their relationship with fraudster was strong, up from 10% in 2012



How would you describe the level of trust you developed with the person or persons who **most recently** approached you with a fraudulent investment opportunity?

[asked only of those who believe they have been approached with a fraudulent investment; n=900, MB n=102]

Strong relationship to fraudster



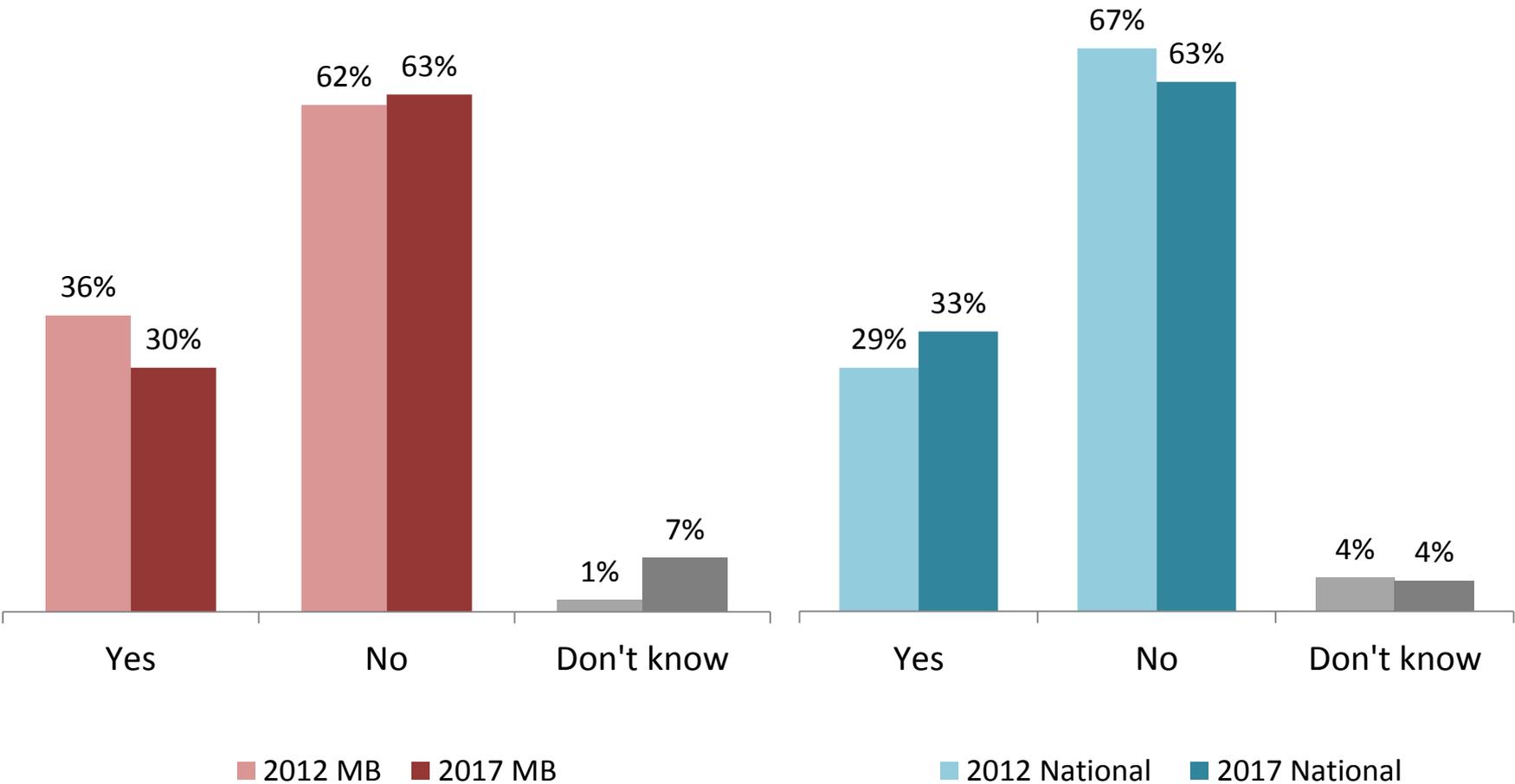
■ Very strong ■ Somewhat strong ■ Not very strong ■ Not at all strong ■ Don't know



Reporting fraud: Of those who were approached with fraud, only 3-in-10 reported it to the authorities, similar to national level⁶¹

Q Once you realized this **most recent** investment opportunity was fraudulent, did you report it to the authorities?

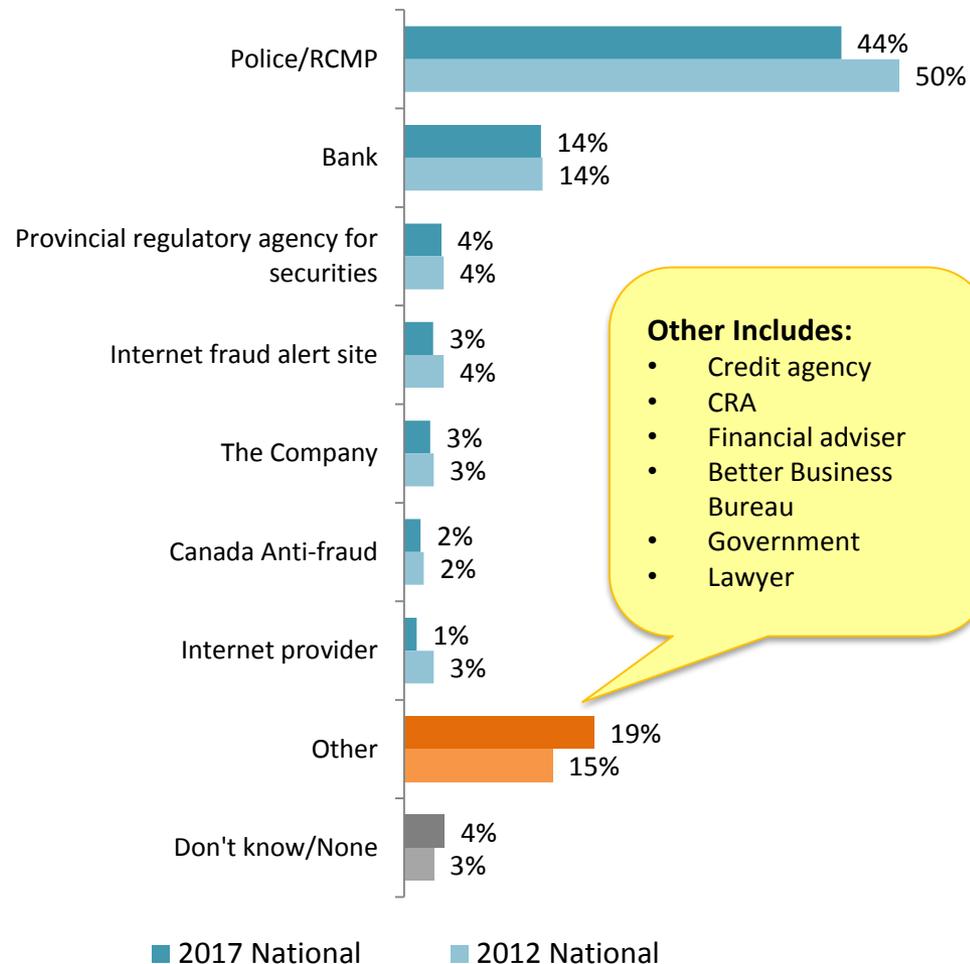
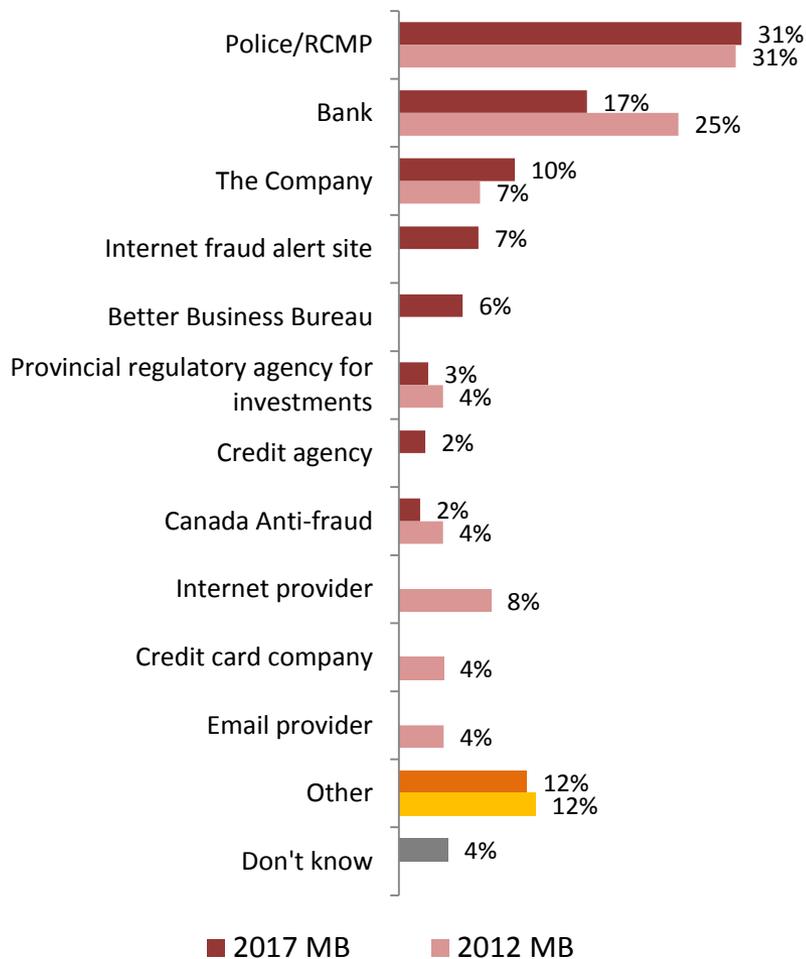
[asked only of respondents who have been approached with investment fraud; n=900, MB n=102]



Reporting fraud: 3-in-10 (31%) say they reported the fraud to the 'Police/RCMP', 17% said they reported it to the 'bank'

Q Where did you go to report the suspected investment fraud?

[asked only of respondents who believe they were approached with a fraudulent investment and reported it to the authorities; open-ended question; n=300, MB n=31]

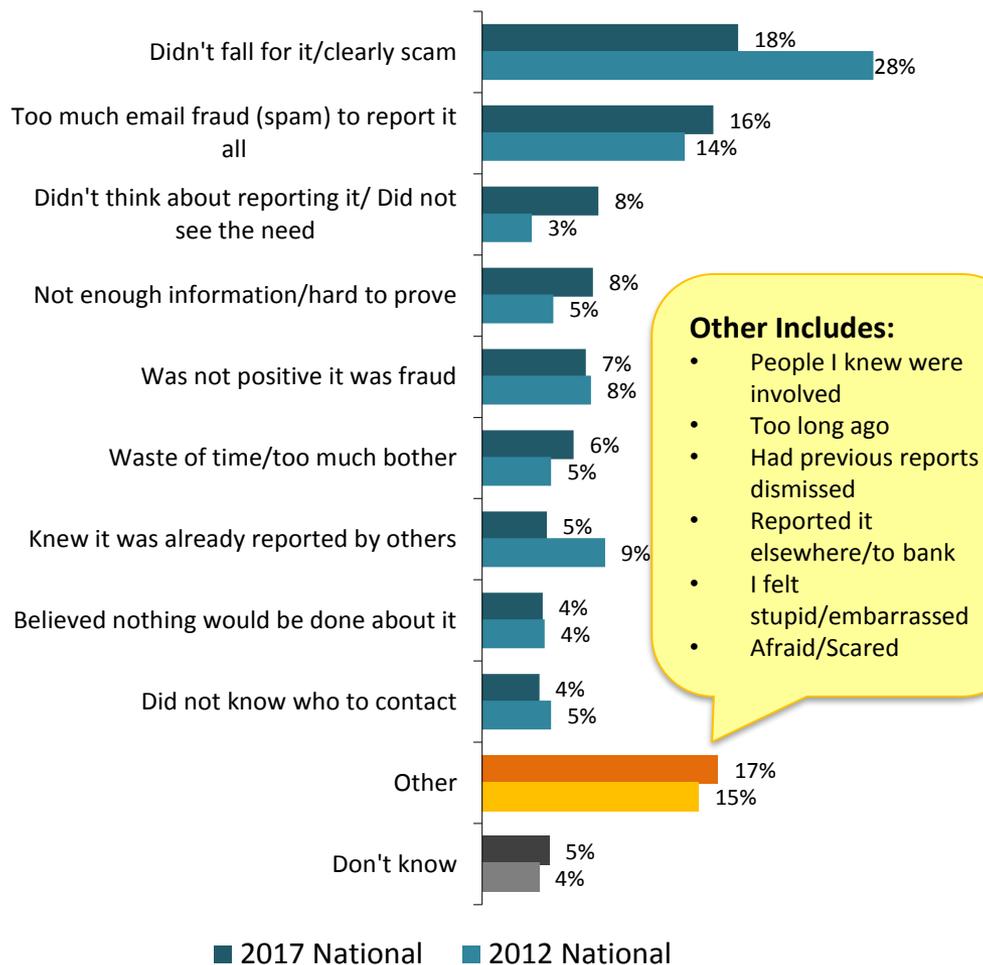
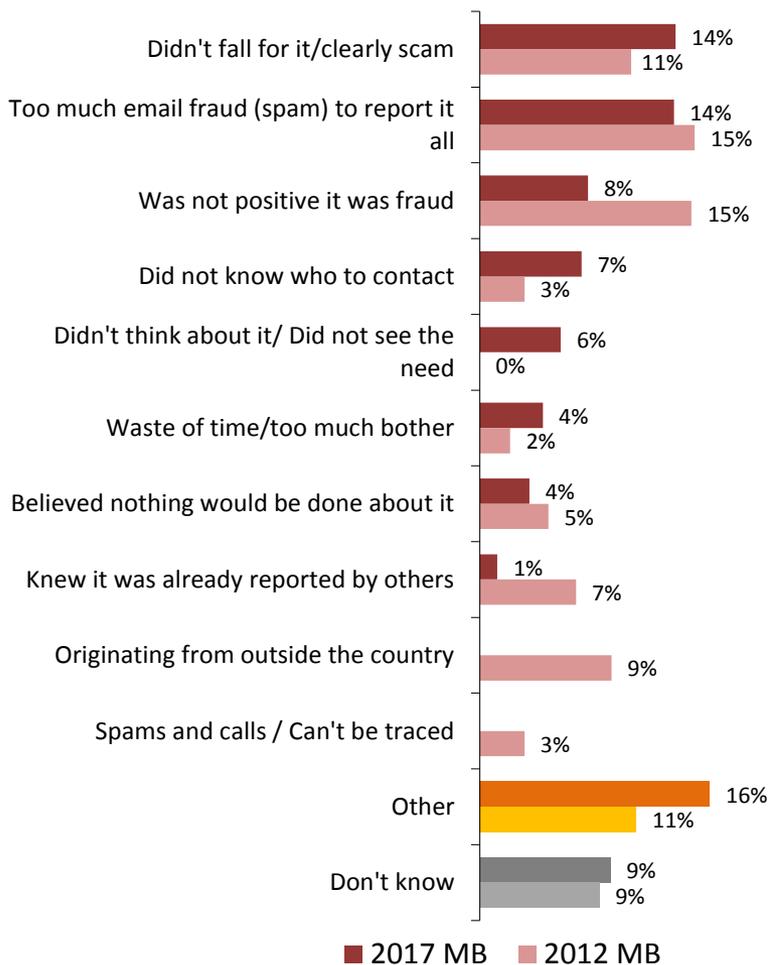


Reasons for *not* reporting fraud: 'didn't fall for it' (14%) and 'too much to report it all' (14%) are most common reasons



Why didn't you report it to the authorities?

[asked only of those who believe they have been approached with a fraudulent investment but did not report it; open-ended question; n=605, MB n=102]



Other Includes:

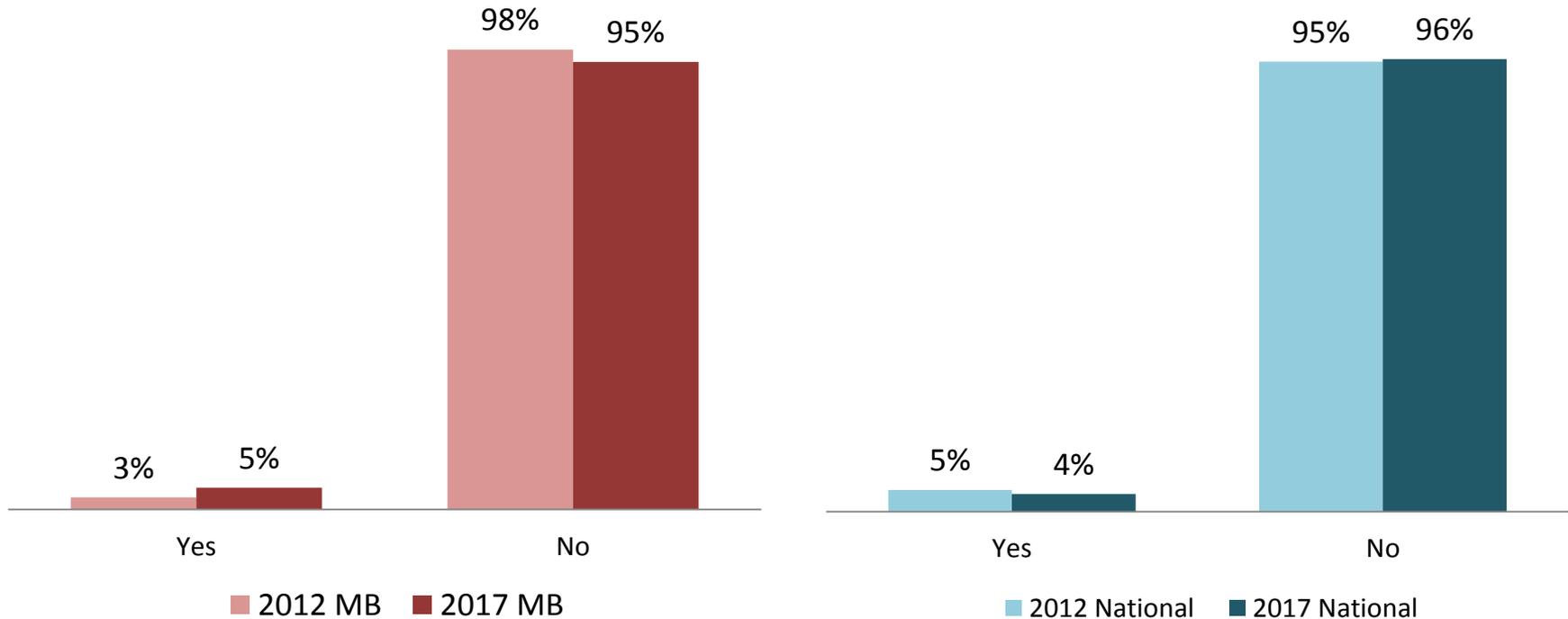
- People I knew were involved
- Too long ago
- Had previous reports dismissed
- Reported it elsewhere/to bank
- I felt stupid/embarrassed
- Afraid/Scared

Fraud incidence rate: 5% say they've invested in a fraud, up slightly from 2012 Manitoba result (3%)

Q

Have you ever invested money in what turned out to be a fraudulent investment?

[asked only of respondents who have been approached with investment fraud n=950, MB n=102; percentages in graph calculated based on the total number of respondents]



Note: 'Don't know' (<1%) not shown

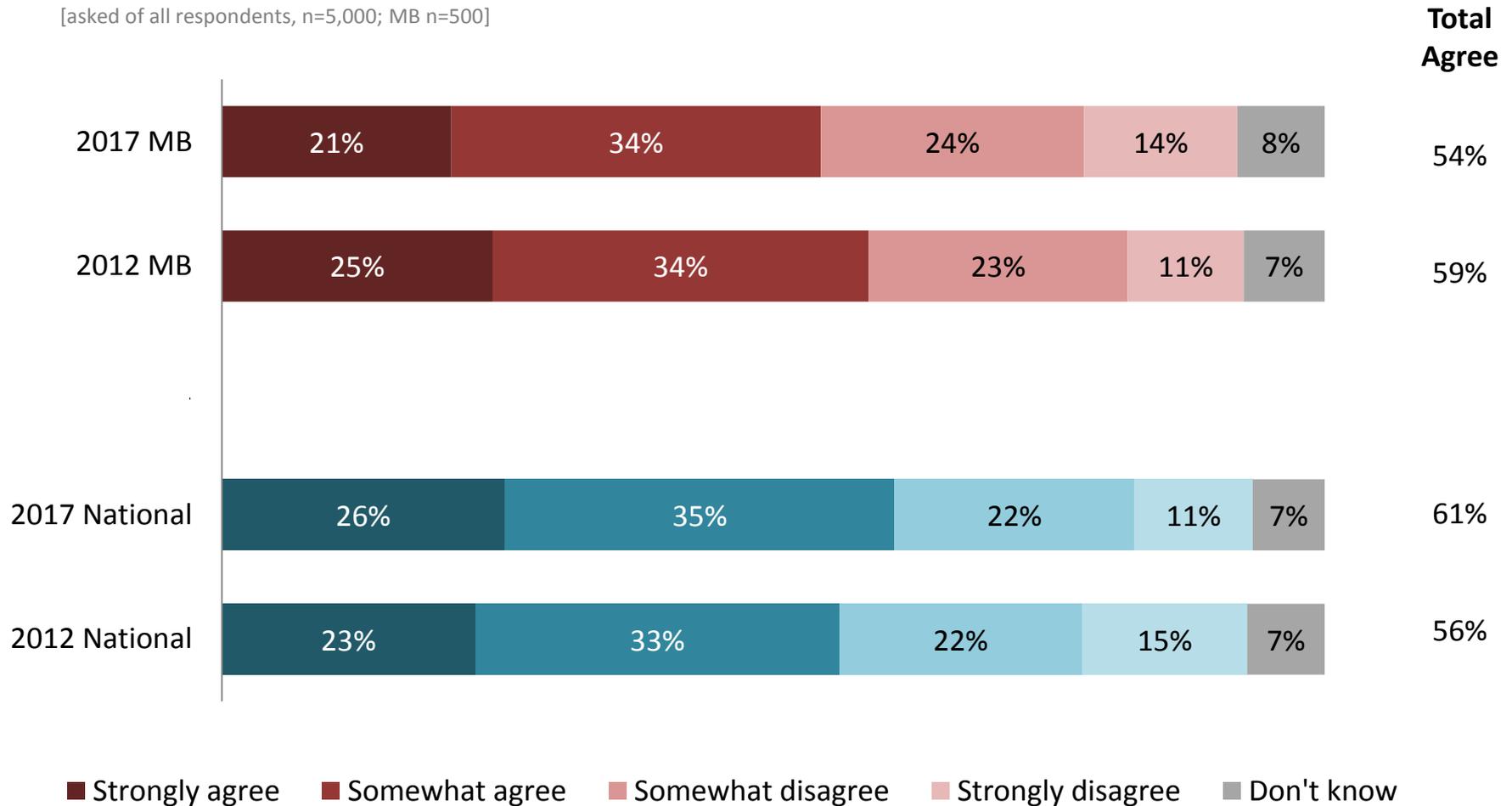
Precursor values: 54% think they are as likely to be a victim of fraud as anyone else, down from 2012, lower than national level

Q

For each of these statements please indicate if you agree or disagree:

I am just as likely to be a victim of investment fraud as anyone else.

[asked of all respondents, n=5,000; MB n=500]

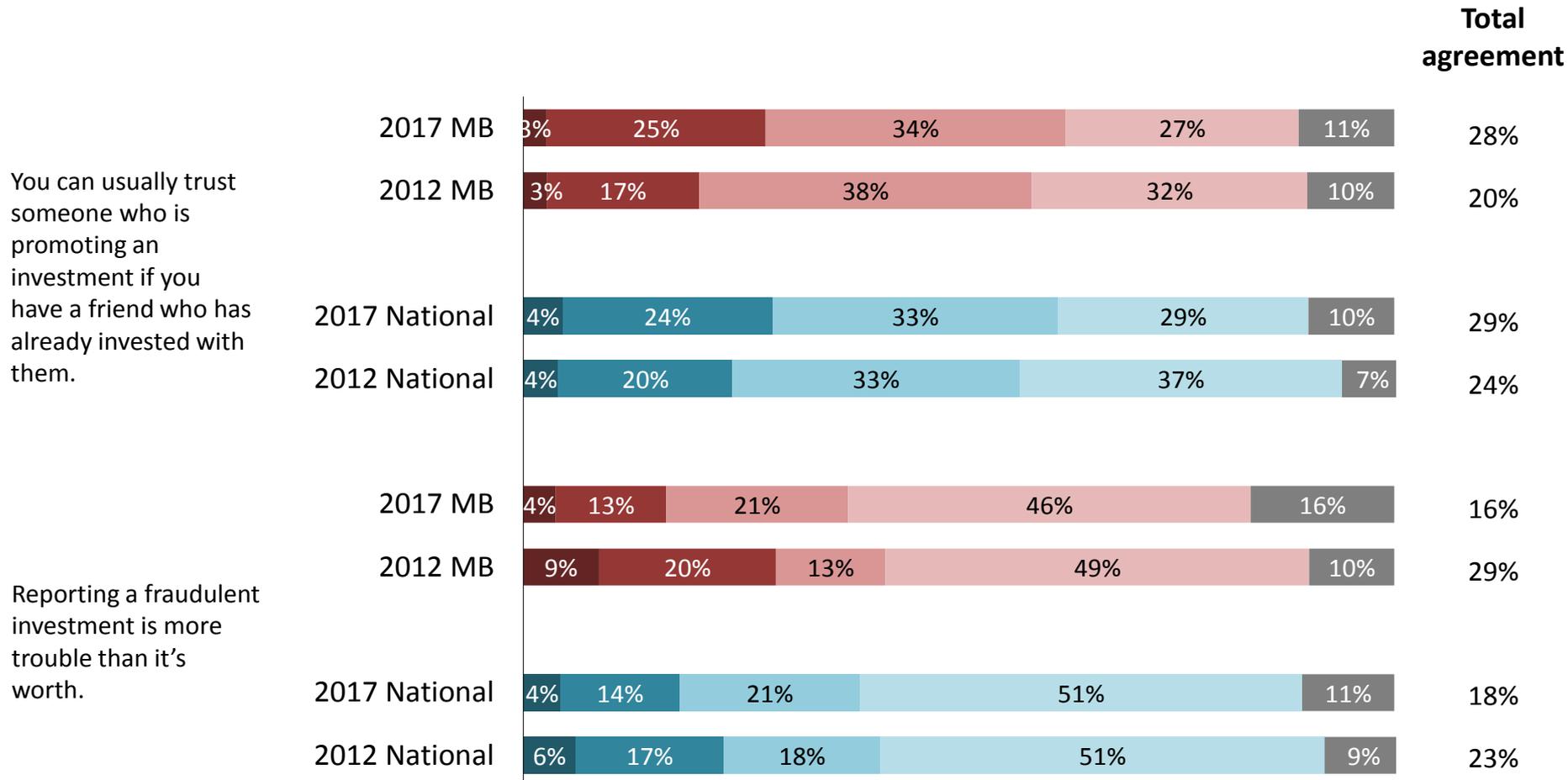


Precursor values: more believe they can trust someone if a friend invested, fewer think reporting fraud more trouble than its worth



For each of these statements, please indicate if you agree or disagree:

[asked of all respondents, n=5,000; MB n=500]



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



Market Expectations

Personal optimism is on the rise, but optimism towards the economy in general is steady from 2012

Investors are optimistic about their own economic future and the economy generally.

- Half of Manitoba investors are optimistic about achieving their investment targets over the next 12 months (47%) and more are optimistic about achieving these goals in the next five years (53%). Since 2012, optimism has grown - in 2012, just 32% were optimistic about meeting their goals in a 12-month period and less than half (45%) were optimistic about the next five years.
- 58% of investors are optimistic about maintaining or increasing their income in a 12-month period, up 5 points from 2012.
- Among investors, optimism about economic growth (45% in 2017 and 43% in 2012), the unemployment rate (33% in 2017 and 30% in 2012), and inflation (25% in 2017 and 29% in 2012) remain steady. However, optimism towards the performance of the stock market has grown substantially - 34% of Manitoba respondents feel optimistic, compared to 25% in 2012. Nationally, there was a growth in optimism for all measures.

Expectations on Market and Individual Investment Portfolios

For the purposes of this study, the authors consider a “reasonable” market rate of return today as anything 4% or less.

Most respondents don’t know the annual rate of return.

- Vast majority (65%) do not know what the annual rate of return is on the average investment portfolio. 28% of all respondents and 32% of savers and investors have unreasonable expectations (greater than 4%). Manitoba respondents are slightly less unreasonable than Canadians at large - in the national results, 31% of all respondents and 36% of savers and investors have unreasonable expectations.
- Just 7% of all respondents and 9% of savers and investors have a reasonable rate of return.

Few investors know the annual rate of return on their own portfolio and the number who have unreasonable expectations has increased substantially since 2012.

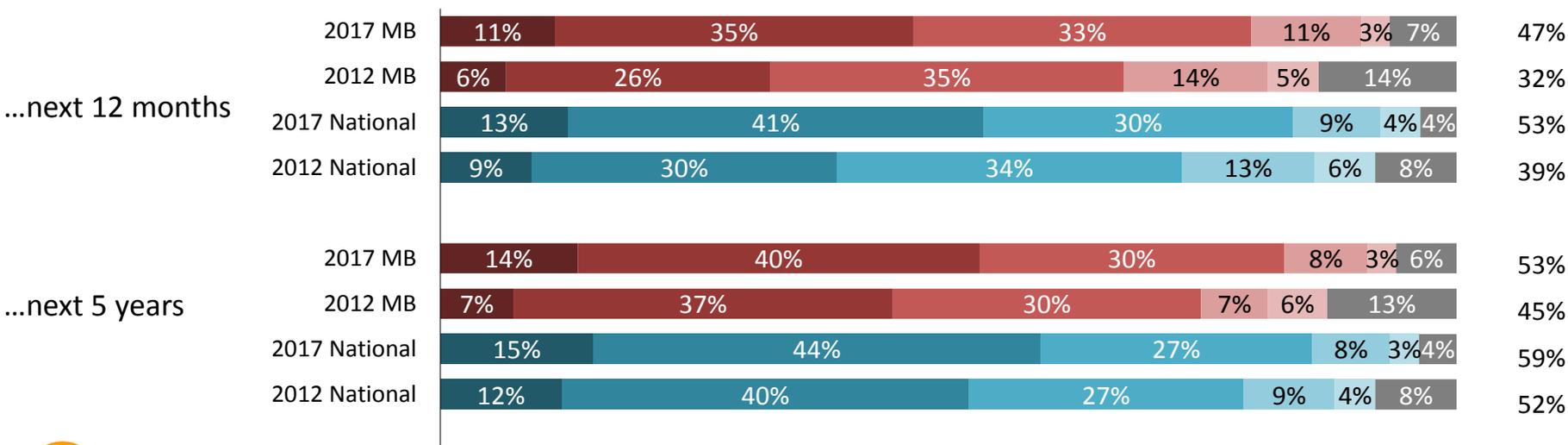
- Half (50%) say they do not know the annual rate of return on their portfolio.
- Only 9% of investors have reasonable expectations, down 6 points from 2012 (15%).
- The portion who have unreasonable expectations on individual investment portfolio has increased substantially from 29% in 2012 to 41% in 2017, similar to the country wide (43%) level.

Personal optimism: More MB and Canadian investors are optimistic they will achieve their goals, maintain their income

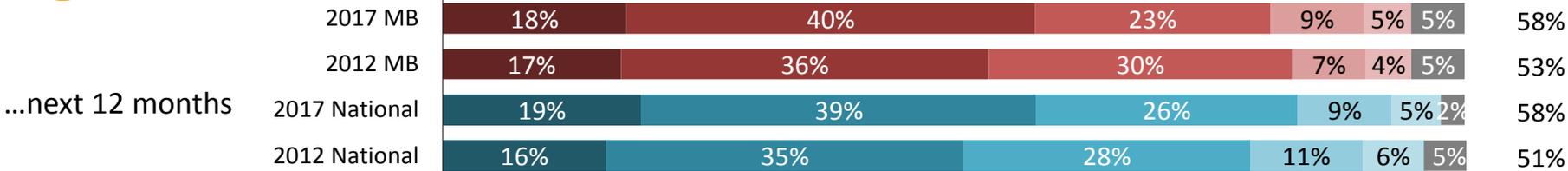
Q Overall, how optimistic or pessimistic are you that you will be able to achieve your investment targets over the...

[asked only of respondents with financial investments; n=2,364, MB n=221]

Total Optimism



Q How would you rate your ability to maintain or increase your current income over the...



■ Very optimistic ■ Somewhat optimistic
■ Neither optimistic nor pessimistic ■ Somewhat pessimistic
■ Very pessimistic ■ Don't know

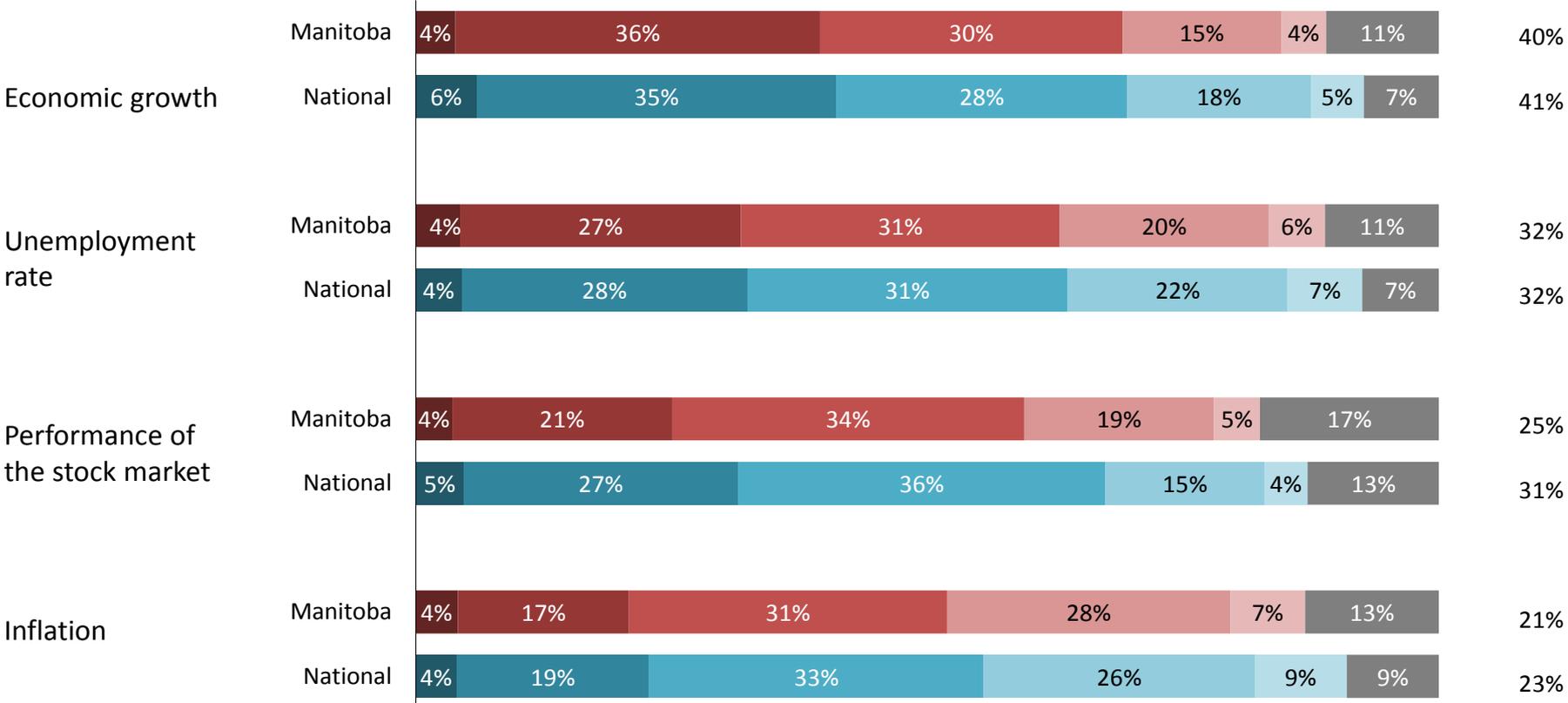
General optimism: level of optimism of MB respondents is similar to optimism country-wide, MB less optimistic about stock market⁷⁰



Now we would like you to think about the factors that could affect the overall investment environment. As far as the general condition of the economy is concerned, how would you rate the following over the next 12 months?

[asked of all respondents; n=5,000, MB n=500]

Total Optimism



■ Very optimistic
 ■ Somewhat optimistic
 ■ Neither optimistic nor pessimistic
■ Somewhat pessimistic
 ■ Very pessimistic
 ■ Don't know

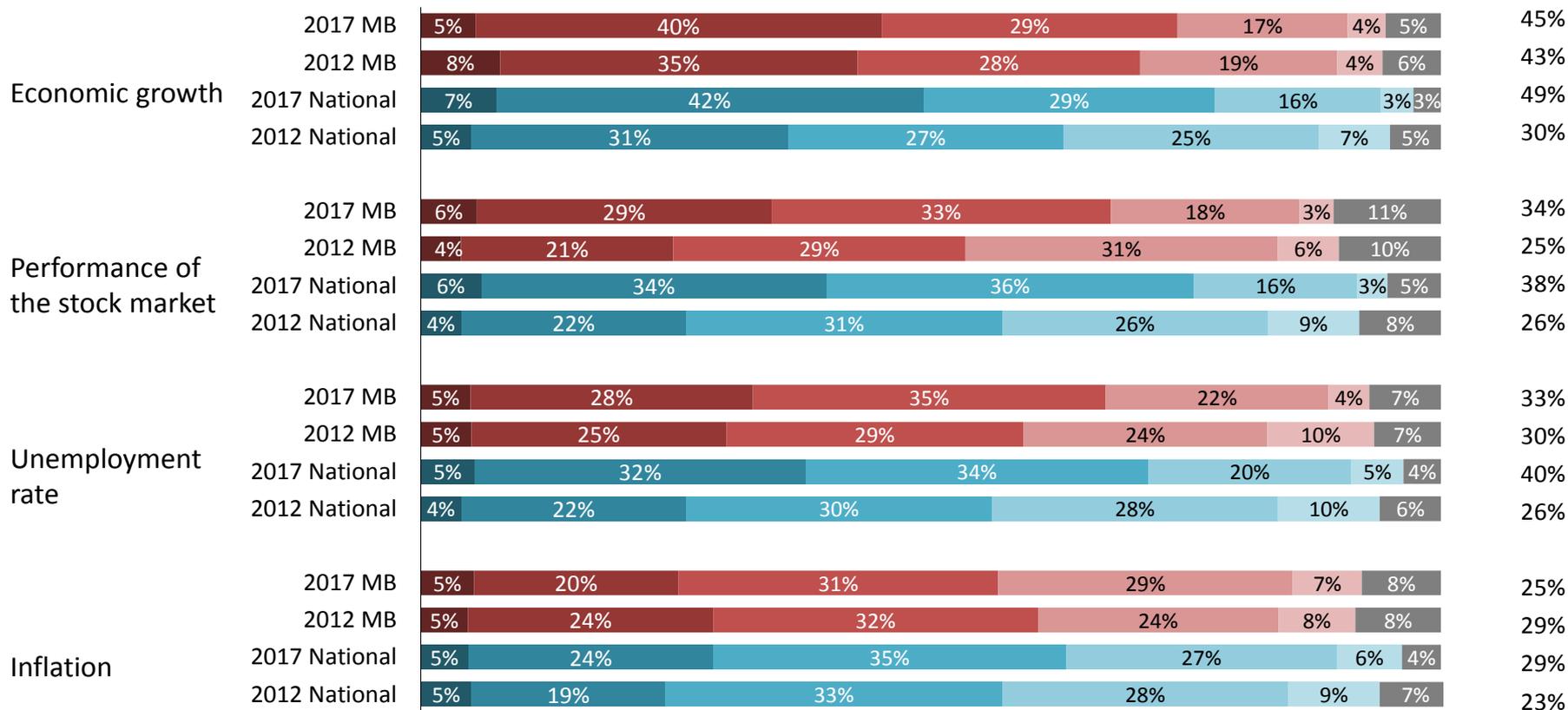
Investor optimism tracking: optimism remains steady across the board, except for the performance of the stock market (up 9 points)



Now we would like you to think about the factors that could affect the overall investment environment. As far as the general condition of the economy is concerned, how would you rate the following over the next 12 months?

[asked only of respondents with financial investments; n=2,364 , MB n=221]

Total Optimism



Very optimistic

Somewhat optimistic

Neither optimistic nor pessimistic

Somewhat pessimistic

Very pessimistic

Don't know

Calculating “reasonable” rate of return

For the purposes of this study, the authors consider a “reasonable” market rate of return today as anything less than 4%. This is based on the 5-year nominal return of 4.1% on 3-month treasury bills, all Canadian bonds, and the TSX Composite Index between 2007 and 2011.

In 2012 the reasonable rate of return, calculated based on the years 2007 to 2011 was also found to be 4%.

‘Nominal’ Return

	2012	2013	2014	2015	2016	5 year average
3-month T-bills	0.9%	1.0%	0.9%	0.6%	0.5%	0.8%
All Canadian Bonds	3.6%	-1.2%	8.8%	3.5%	1.7%	3.3%
TSX Composite Index	7.2%	13.0%	10.6%	-8.3%	21.1%	8.7%
Equal weighted average across asset classes	3.9%	4.3%	6.8%	-1.4%	7.8%	4.3%

Source: BCSC

Note: Nominal is the stated return, while real is stated return minus inflation rate.

Market Rate of Return Expectations: more say don't know, 7% have a reasonable expectation, 28% unreasonable



What do you think is the annual rate of return today on the **average investment portfolio**?

[asked of all respondents, n=5,000; MB n=500; open ended question]

Weighted Average Expected Rate of Return

Manitoba:

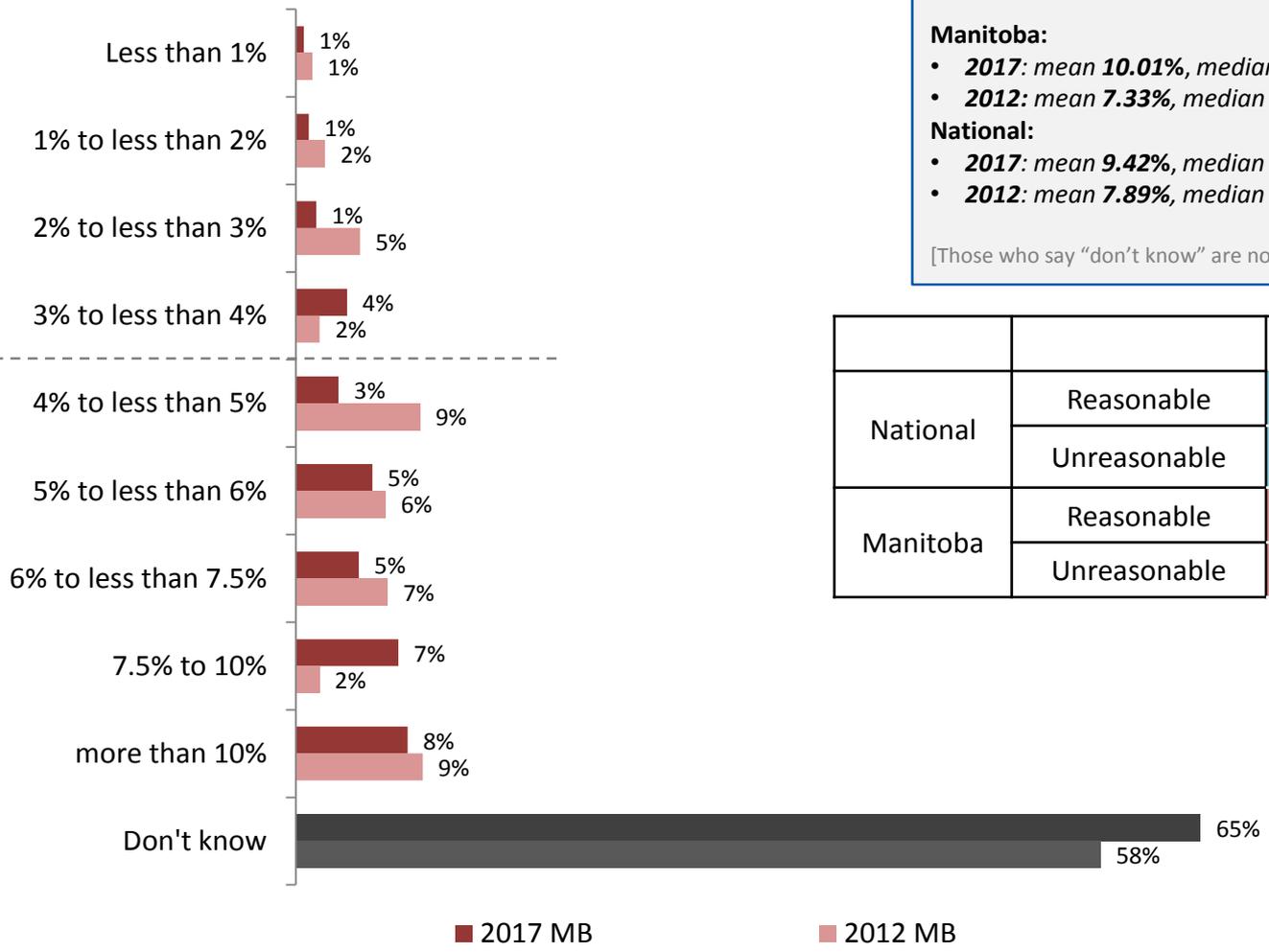
- **2017:** mean **10.01%**, median **7.00%**
- **2012:** mean **7.33%**, median **5.00%**

National:

- **2017:** mean **9.42%**, median **6.00%**
- **2012:** mean **7.89%**, median **5.00%**

[Those who say "don't know" are not included in this calculation]

		2012	2017
National	Reasonable	12%	9%
	Unreasonable	29%	31%
Manitoba	Reasonable	10%	7%
	Unreasonable	33%	28%

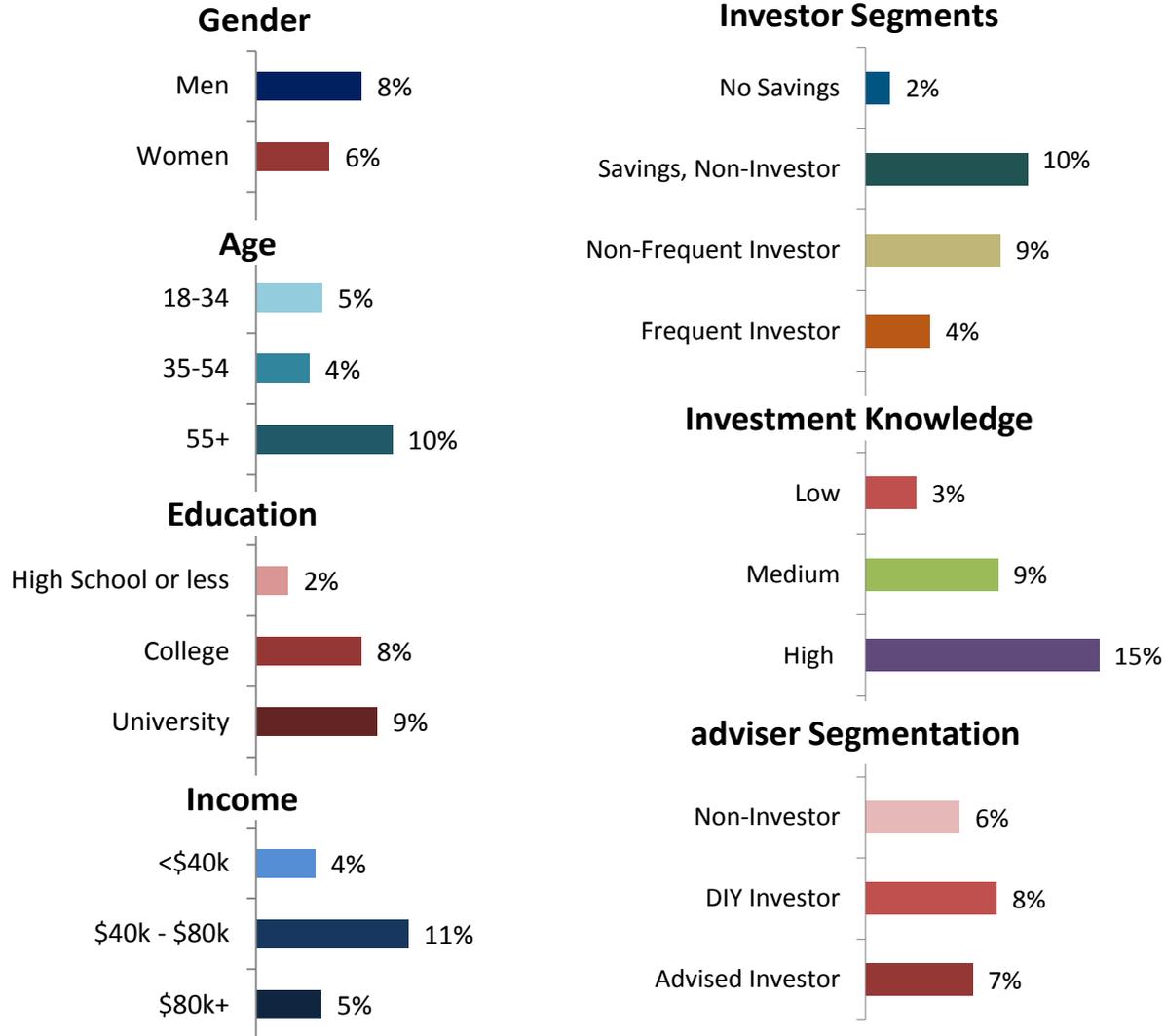


Reasonable Market Expectations: those with high investment knowledge are more likely to have reasonable expectations



What do you think is the annual rate of return today on the **average investment portfolio**?

% with reasonable expectation



Savers/Investors – Market Rate of Return Expectation:

9% reasonable; 32% unreasonable



What do you think is the annual rate of return today on the **average investment portfolio**?

[asked of all 5,000 respondents; open-ended question; results below only include those of savers/investors n=2,364 MB n=362]

Average Expected Rate of Return (Savers/Investors)

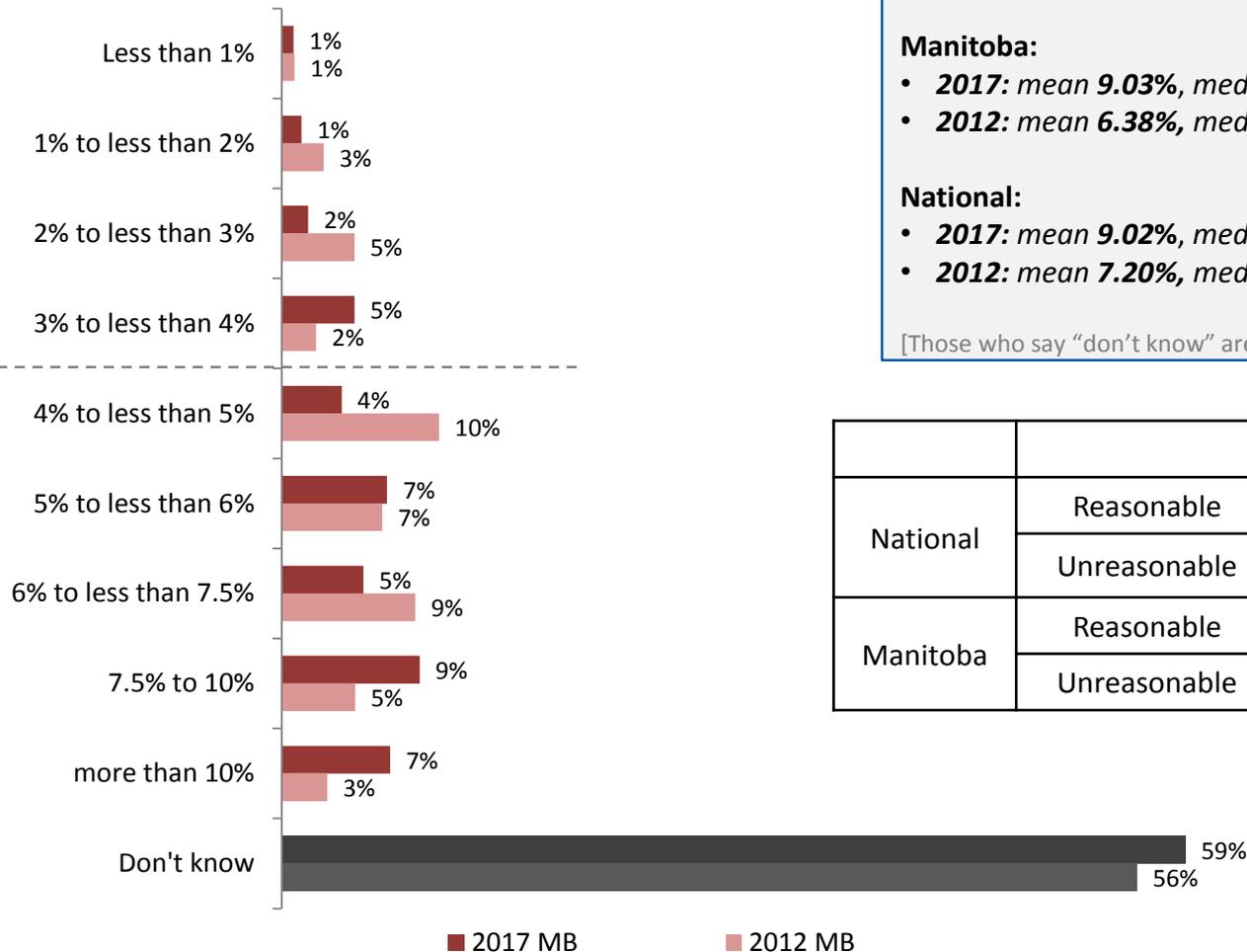
Manitoba:

- **2017:** mean **9.03%**, median **6.00%**
- **2012:** mean **6.38%**, median **5.00%**

National:

- **2017:** mean **9.02%**, median **6.00%**
- **2012:** mean **7.20%**, median **5.00%**

[Those who say “don’t know” are not included in this calculation]



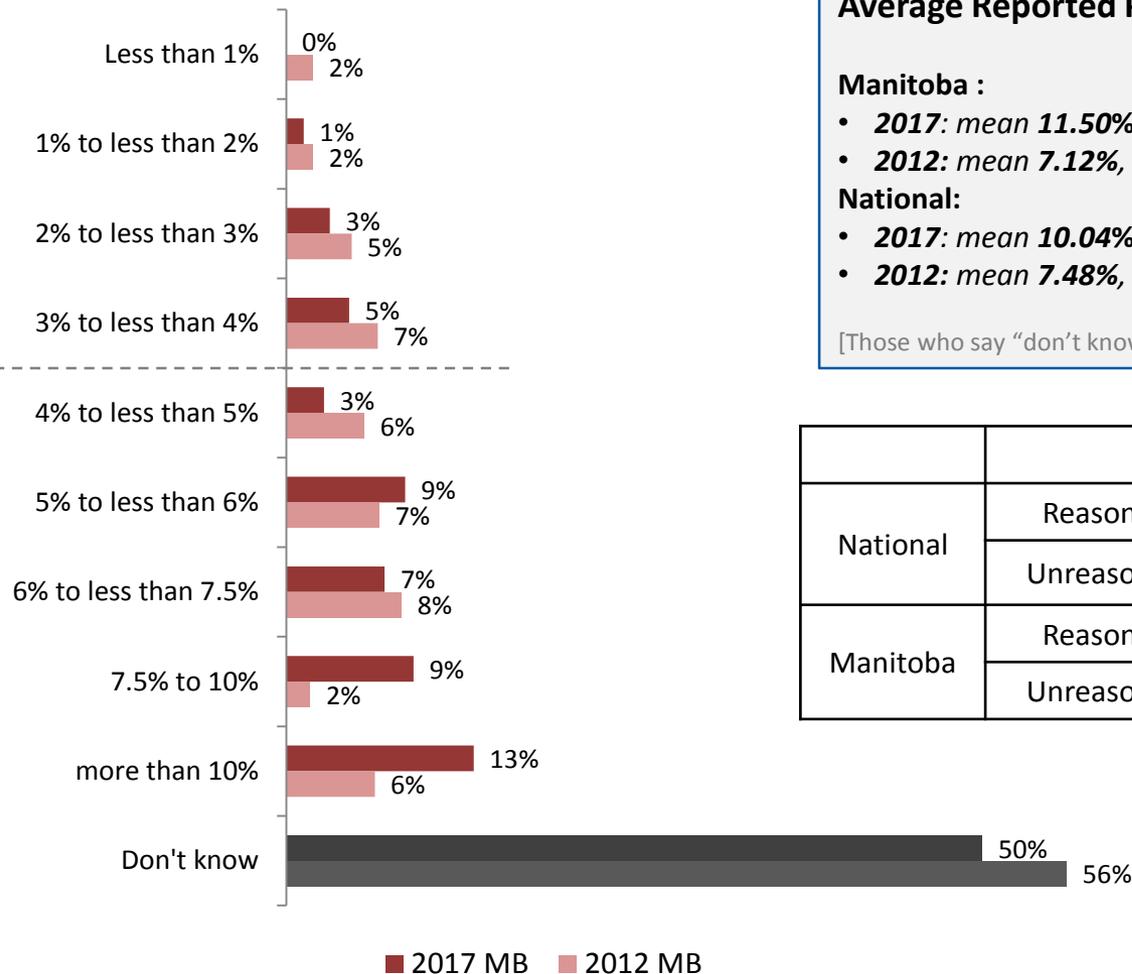
		2012	2017
National	Reasonable	14%	10%
	Unreasonable	33%	36%
Manitoba	Reasonable	11%	9%
	Unreasonable	33%	32%

Individual Investment Portfolio Returns: 50% of investors say more than 10% of return, 41% have unreasonable expectations



What do you think is the annual rate of return today on **your investment portfolio**?

[asked only of respondents with savings or investments; open-ended question; n=2,364, MB n=221]



Average Reported Personal Rate of Return (Investors)

Manitoba :

- **2017: mean 11.50%, median 7.00%**
- **2012: mean 7.12%, median 5.00%**

National:

- **2017: mean 10.04%, median 6.00%**
- **2012: mean 7.48%, median 5.00%**

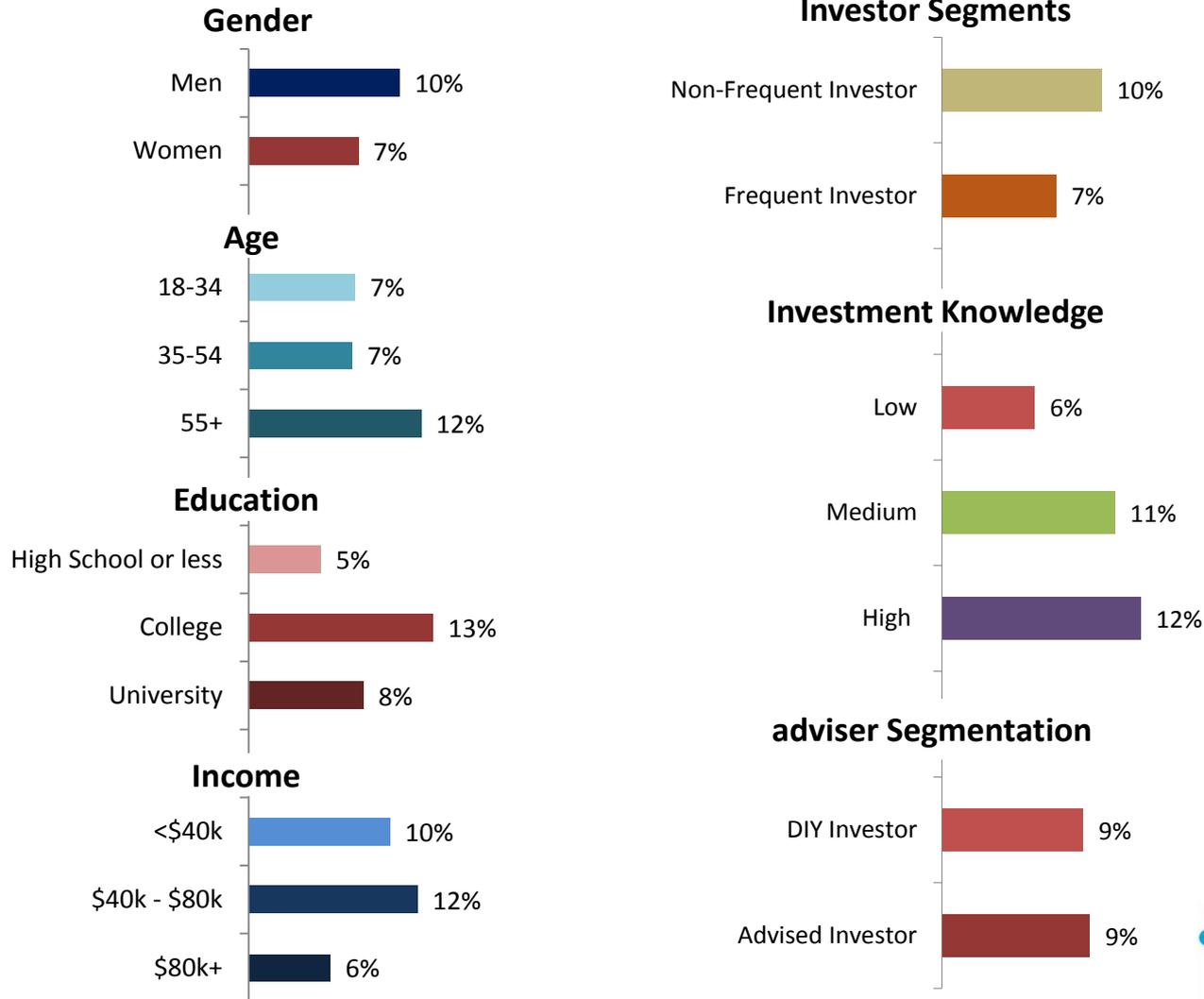
[Those who say "don't know" are not included in this calculation]

		2012	2017
National	Reasonable	18%	12%
	Unreasonable	33%	43%
Manitoba	Reasonable	15%	9%
	Unreasonable	29%	41%

Reasonable Portfolio Expectations: investors in high knowledge group and 55+ are more likely to have reasonable expectations ⁷⁷



What do you think is the annual rate of return today on the **your investment portfolio**?
% with reasonable expectation



Sources of Information

Sources of Information and the Role of Social media

Financial advisers still the most common source of information.

- Half (51%) of the investors say they turned to a financial adviser when looking for information on investing, same as the national average.
- Other sources of information include a bank or financial institution's website (37%), family and friends (28%) and the media (16%).
- **Information segmentation:** 4-in-10 (39%) investors turned *only* to a financial adviser or bank when last looking for investment information (higher than the national level 36%). A third (32%) relied on a mix of information from their adviser/bank *and* 3rd parties. A smaller group relied only on 3rd party information (13%).
- Those who use a mix of sources of information are the most knowledgeable – 3-in-10 (31%) are classified as high knowledge, compared to just 22% of those who turn to their adviser/bank only or 23% of those who look for third party sources only.

Websites and blogs (23%) are the most common information channel among investors.

- Investors who are 18-34, men, Frequent and knowledgeable are more likely to look for information on websites and blogs.
- Nearly half of DIY investors (47%), low knowledge group (46%) and Non-Frequent Investors (46%) say they don't look for information.

Few investors use social media as a source of information, but use is on the rise especially among those age 18-34.

- Among investors, young respondents 18-34 (21%), men (16%), and DIY investors (15%) are more likely to use social media as a way to find information.
- Among all respondents, Facebook (24%) and YouTube (20%) are now the most common sources of investing information. Use of Google or Yahoo! Groups is down (12% versus 19% in 2012).
- 61% say they do not use any social media, down from 70% in 2012. This decrease is also observed nationally.

Investment opportunities on social media remain rare.

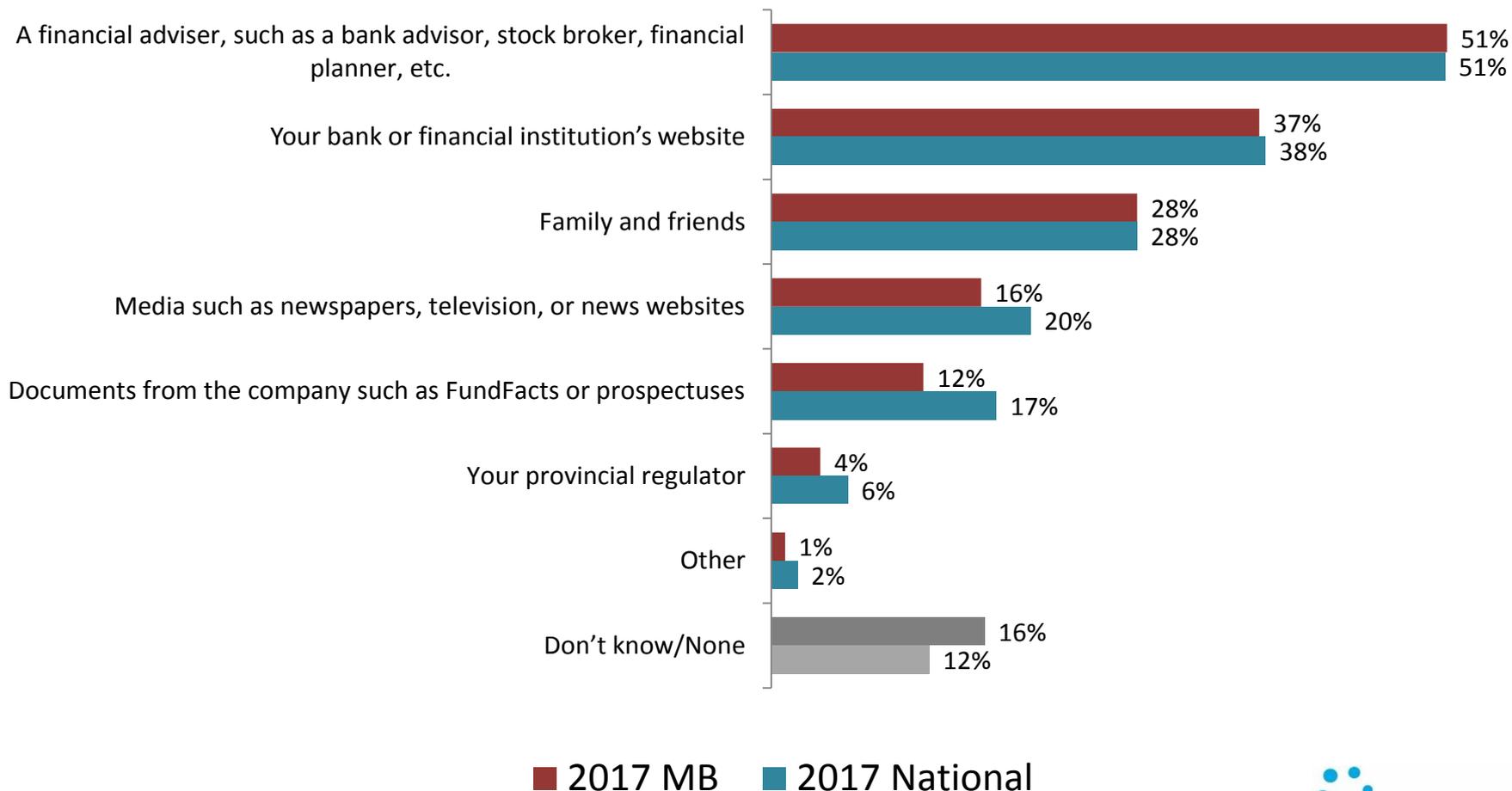
- Overall, 26% of all respondents say they have seen investment opportunities advertised on social media, up from 2012 (15%), and comparable with the national results (27% in 2017).

Sources of information: half (51%) of investors sought information from their financial adviser, 37% from the bank

Q

When you last looked for information about investing, did you look for this information from any of the following sources? Please select all that apply.

[asked only of respondents with investments or savings; multiple selection allowed; n=2,364, MB n=221]



Sources of information: those 55+, advised investors and more knowledgeable investors are more likely to say 'financial adviser'

	Age			Gender		Investor Segmentation		Adviser Segment		Knowledge		
	18-34	35-54	55+	Male	Female	Non-Frequent Investor	Frequent Investor	DIY	Advised	Low	Medium	High
A financial adviser	41%	45%	65%	47%	56%	55%	44%	25%	62%	36%	63%	61%
Bank/financial institution's website	51%	44%	22%	37%	38%	33%	47%	34%	38%	31%	44%	37%
Family and friends	47%	29%	14%	36%	19%	24%	38%	22%	30%	26%	32%	25%
Media	15%	18%	15%	22%	10%	14%	21%	15%	16%	7%	16%	31%
Documents from the company	12%	9%	14%	14%	9%	10%	15%	7%	13%	5%	13%	21%
Your provincial regulator	7%	2%	3%	3%	4%	1%	11%	1%	5%	6%	2%	3%
Other	0%	1%	2%	1%	1%	1%	0%	0%	1%	1%	2%	0%
Don't know/None	10%	22%	15%	18%	14%	20%	8%	34%	10%	27%	8%	10%

Information Segmentation: 4-in-10 (39%) look for investing information from their adviser or bank only, 1-in-3 use a mix

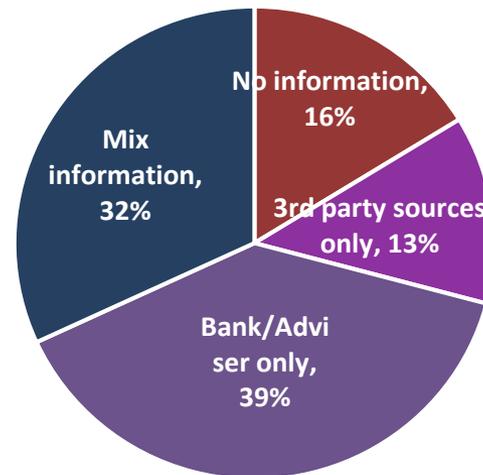
Based on sources of information investors use, we can identify 4 key groups:

- **No information** includes investors who did not look for investing information or don't know the sources of the information.
- **3rd party sources only** are those who did not use information provided by their adviser/bank but relied solely on information from other sources
- **Bank/Adviser only** are those who looked for investing information provided by their financial adviser or bank only.
- **Mix information** includes those who looked for investing information from their adviser/bank AND information based on other, 3rd party, sources

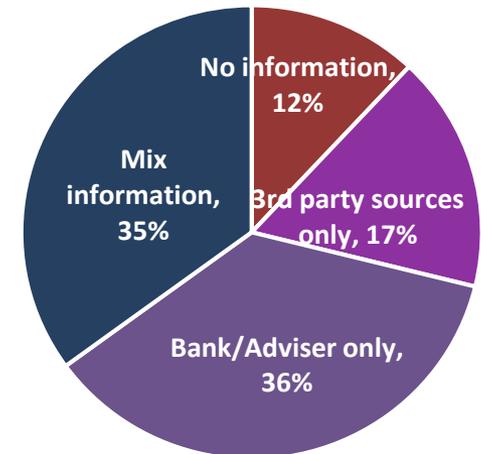
		Used investing information from financial adviser or bank	
		No	Yes
Used other sources of investing information	No	No information	Bank/Adviser only
	Yes	Other sources only	Mix of information sources



Manitoba

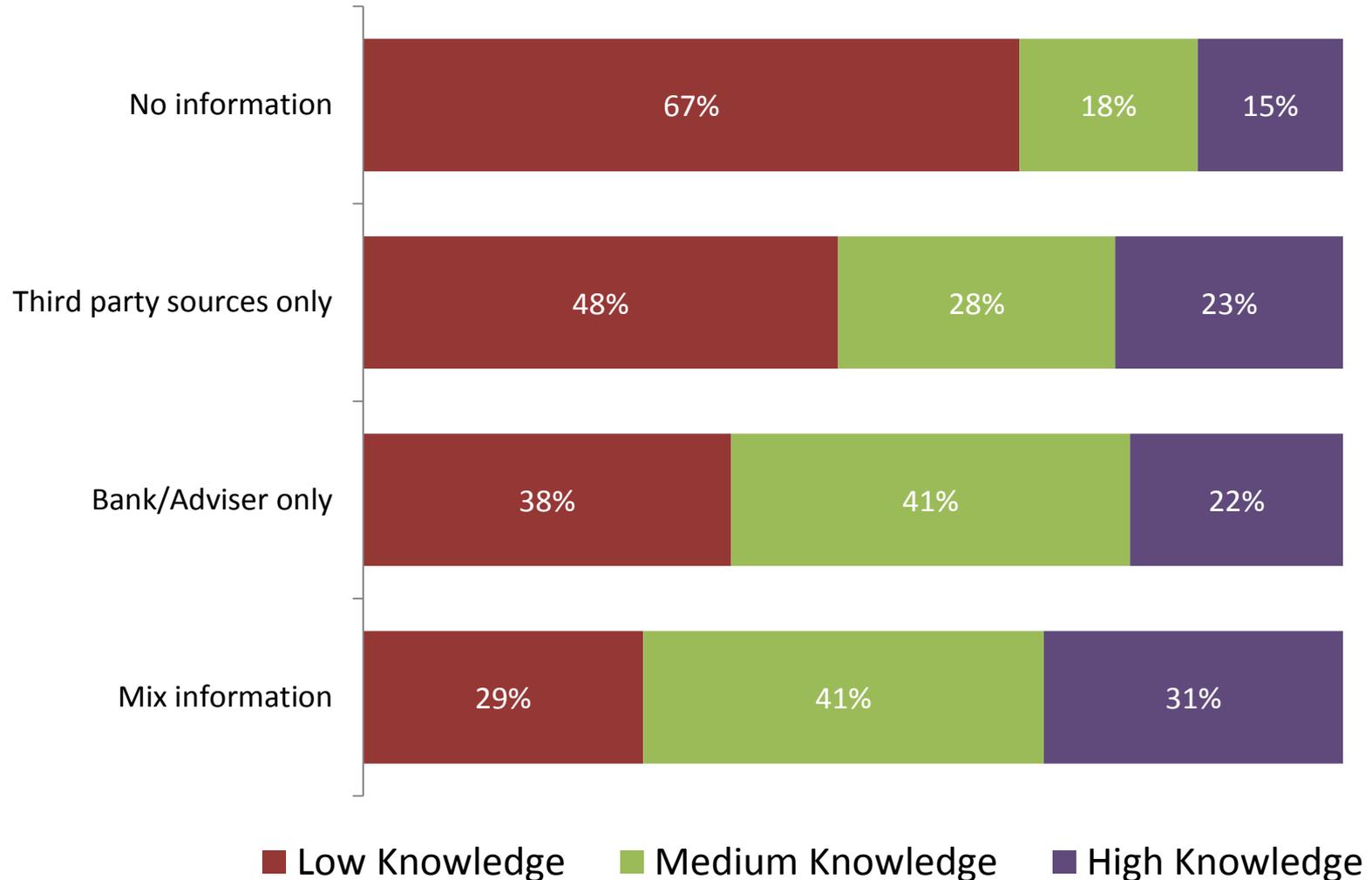


National



Level of Knowledge : mixed info group the most knowledgeable, 31% are high knowledge, followed by bank/adviser only group

Knowledge by Information Sources

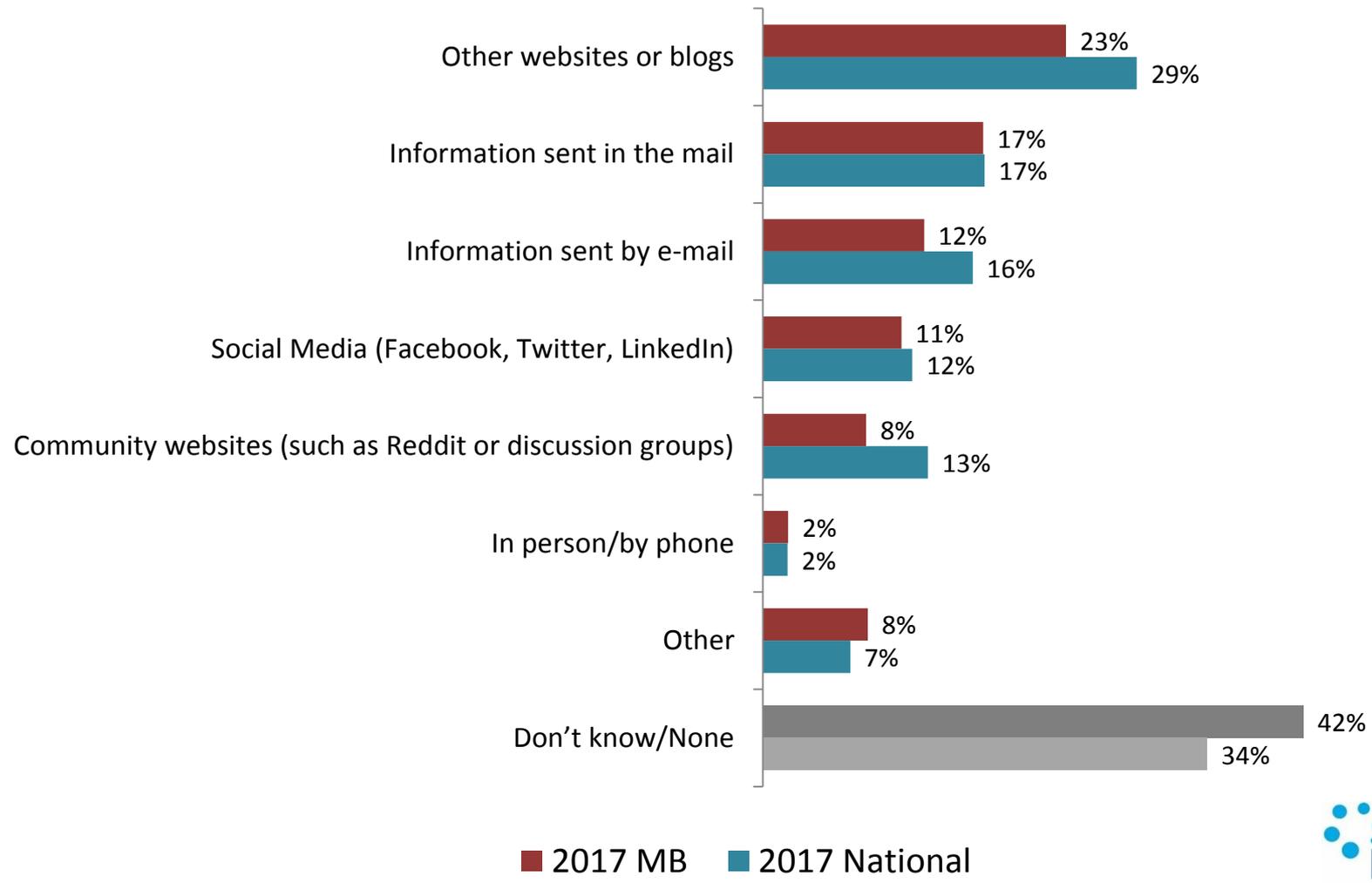


Channels of information: 'Websites or blogs' most popular among investors, followed by information sent in the mail or by email



When you last looked for information about investing, did you look for this information in any of the following ways? Please select all that apply.

[asked only of respondents with investments or savings; multiple selection allowed; n=2,364, MB n=221]



Channels of Information: those 18-34, men, and Frequent and knowledgeable investors look to websites and blogs

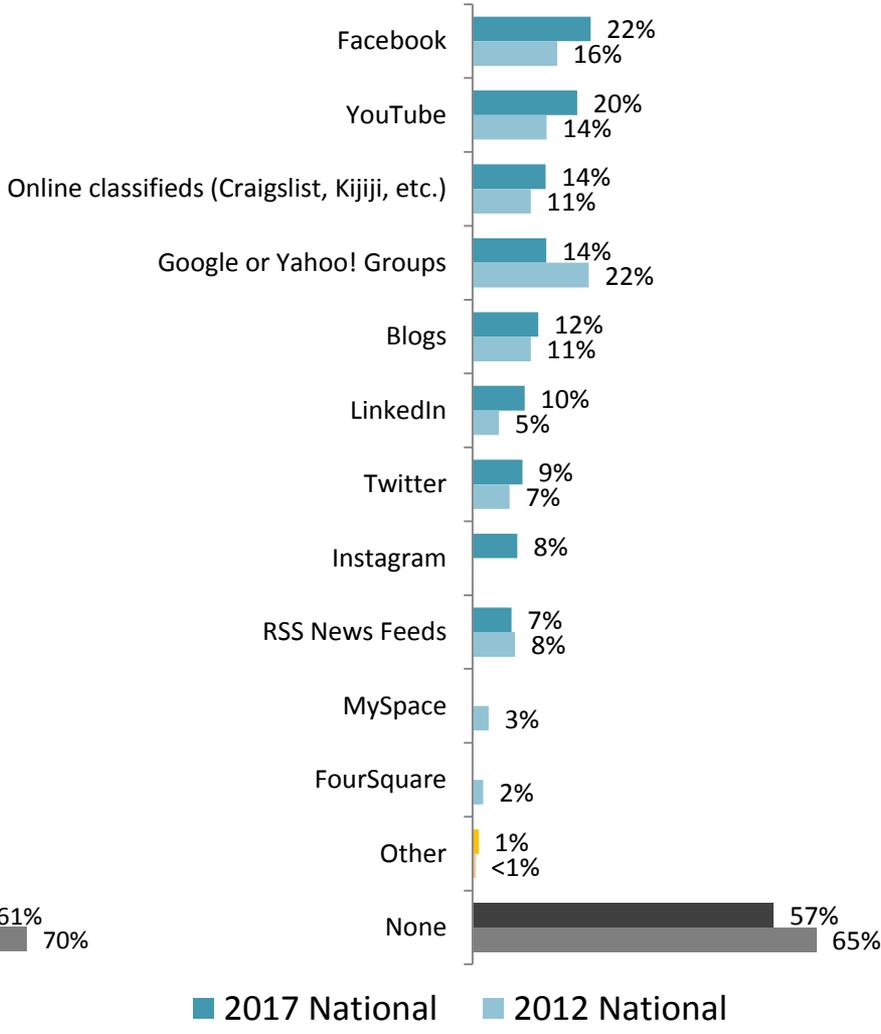
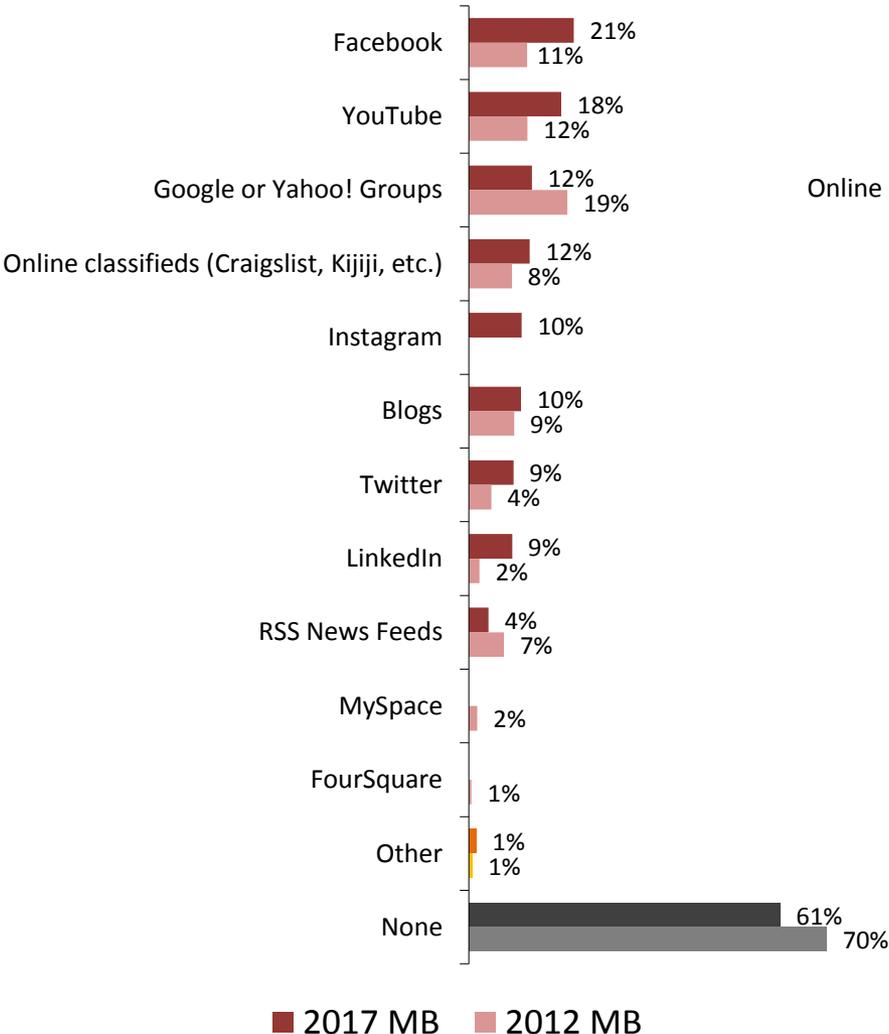
	Age			Gender		Investor Segmentation		adviser Segment		Knowledge		
	18-34	35-54	55+	Male	Female	Non-Frequent Investor	Frequent Investor	DIY	Advised	Low	Medium	High
Other websites or blogs	30%	21%	21%	27%	19%	22%	27%	23%	24%	15%	30%	28%
Information sent in the mail	22%	18%	12%	21%	13%	15%	22%	14%	18%	15%	19%	18%
Information sent by e-mail	18%	12%	10%	13%	11%	9%	20%	8%	14%	14%	11%	13%
Social Media	21%	11%	3%	16%	6%	6%	21%	15%	9%	12%	11%	8%
Community websites	17%	8%	2%	14%	2%	5%	15%	5%	9%	5%	11%	9%
In-person/by phone	0%	2%	3%	0%	4%	2%	1%	1%	2%	3%	1%	2%
Other	1%	7%	14%	7%	10%	9%	5%	4%	10%	7%	5%	14%
Don't know/None	30%	41%	50%	38%	45%	46%	31%	47%	40%	46%	41%	36%

Social media: 6-in-10 (61%) don't use any social media for info on investing; most popular sources are Facebook and YouTube ⁸⁶



Do you use any of the following social media websites or services as sources of information about investing?

[asked of all respondents, n=5,000; MB n=500; multiple selection allowed]



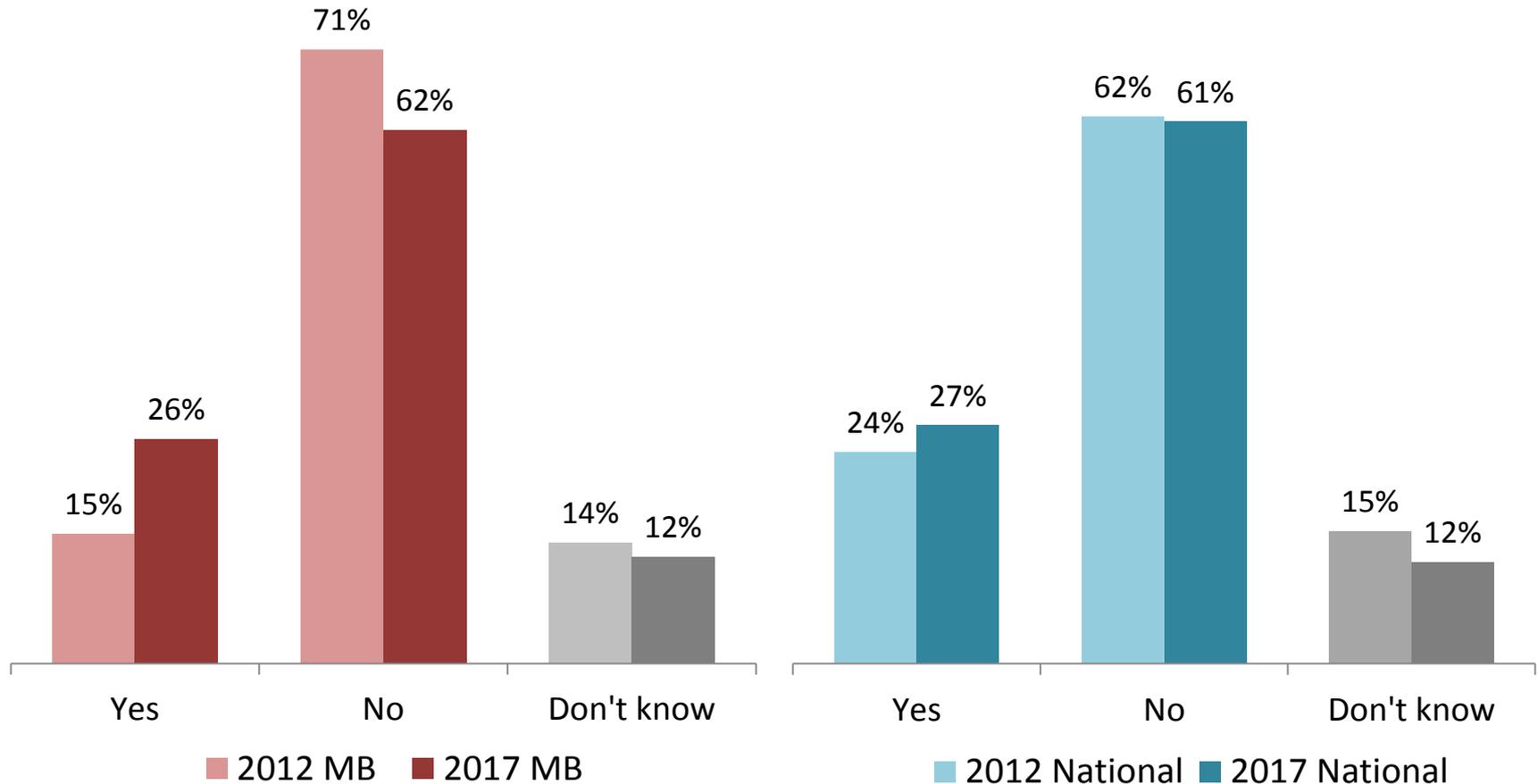
Note: Four Square and My Space not included in 2017; Instagram not asked in 2012

Investment ads on social media: 1-in-4 (26%) have seen ads on social media, up 11-points from 2012



Have you ever seen information on investment opportunities advertised on social media?

[asked of all respondents, n=5,000; MB n=500]



Awareness of Securities Regulators

Awareness of the Securities Regulator

A quarter (27%) of Manitoba respondents are aware of their provincial securities regulator, down from 37% in 2012.

- 7-in-10 (68%) say they do not know if there is a provincial government agency that regulates financial investments, notably higher than the national average of 59%.
- Once identified by name, just 22% report that they are familiar with the Manitoba Securities Commission, down from 29% in 2012. Aided awareness of MSC is much lower than the national average of 31%.

1-in-10 (11%) of those who have heard of MSC have visited their regulator's website and 5% have contacted the organization in other ways.

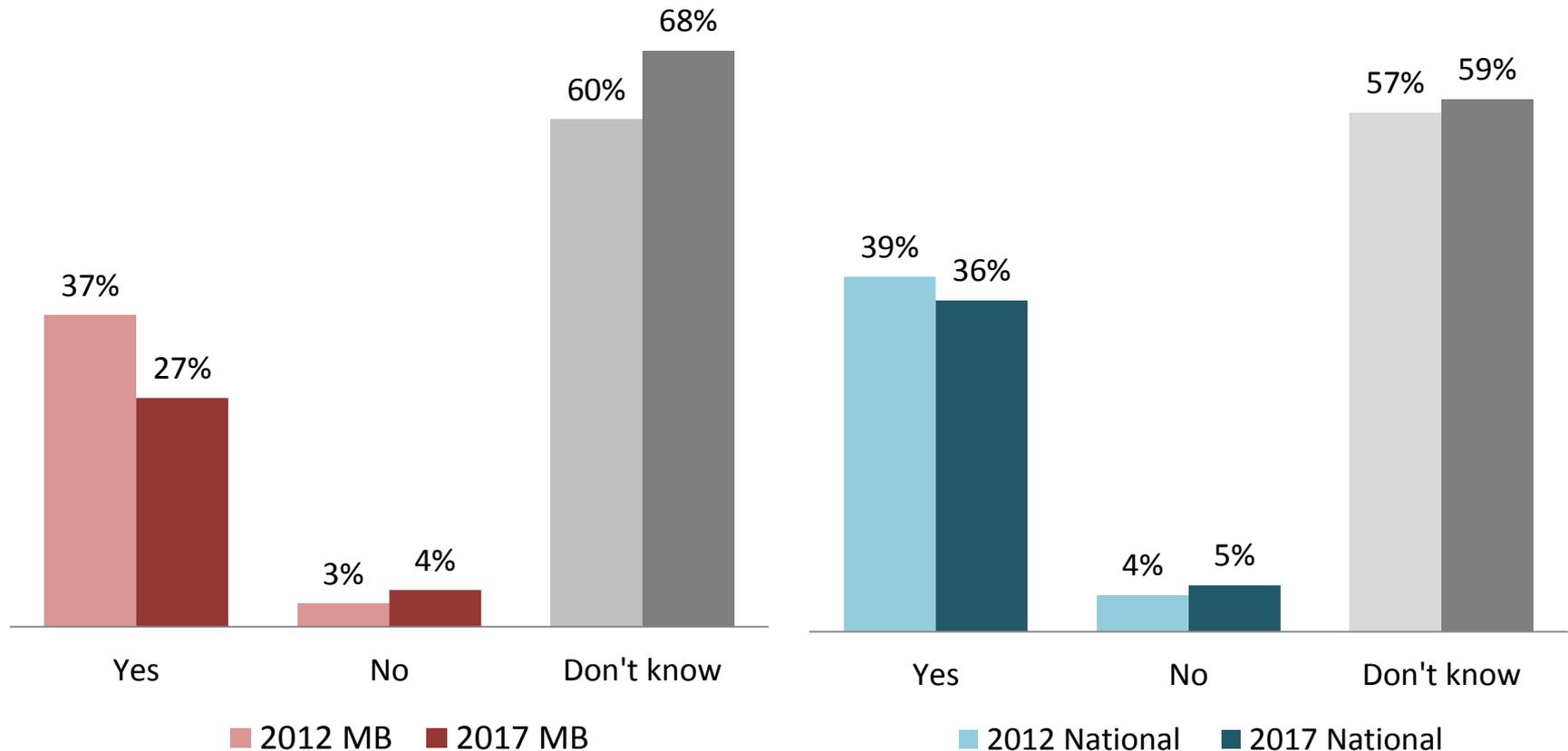
- A quarter (25%) of those who have heard of MSC before report that they are familiar with the website but have never visited. A majority, 6-in-10, have never heard of their website.
- While few may use their services, 55% of those who have visited the website or have contacted the regulator found the information provided to be helpful, and only 6% found it to be unhelpful. The results are comparable with the national averages.

Awareness of securities regulator: awareness down about 10 points to 27%, comparable to national results



Is there a [provincial/territorial] government agency responsible for regulating financial investments in your [province/territory]?

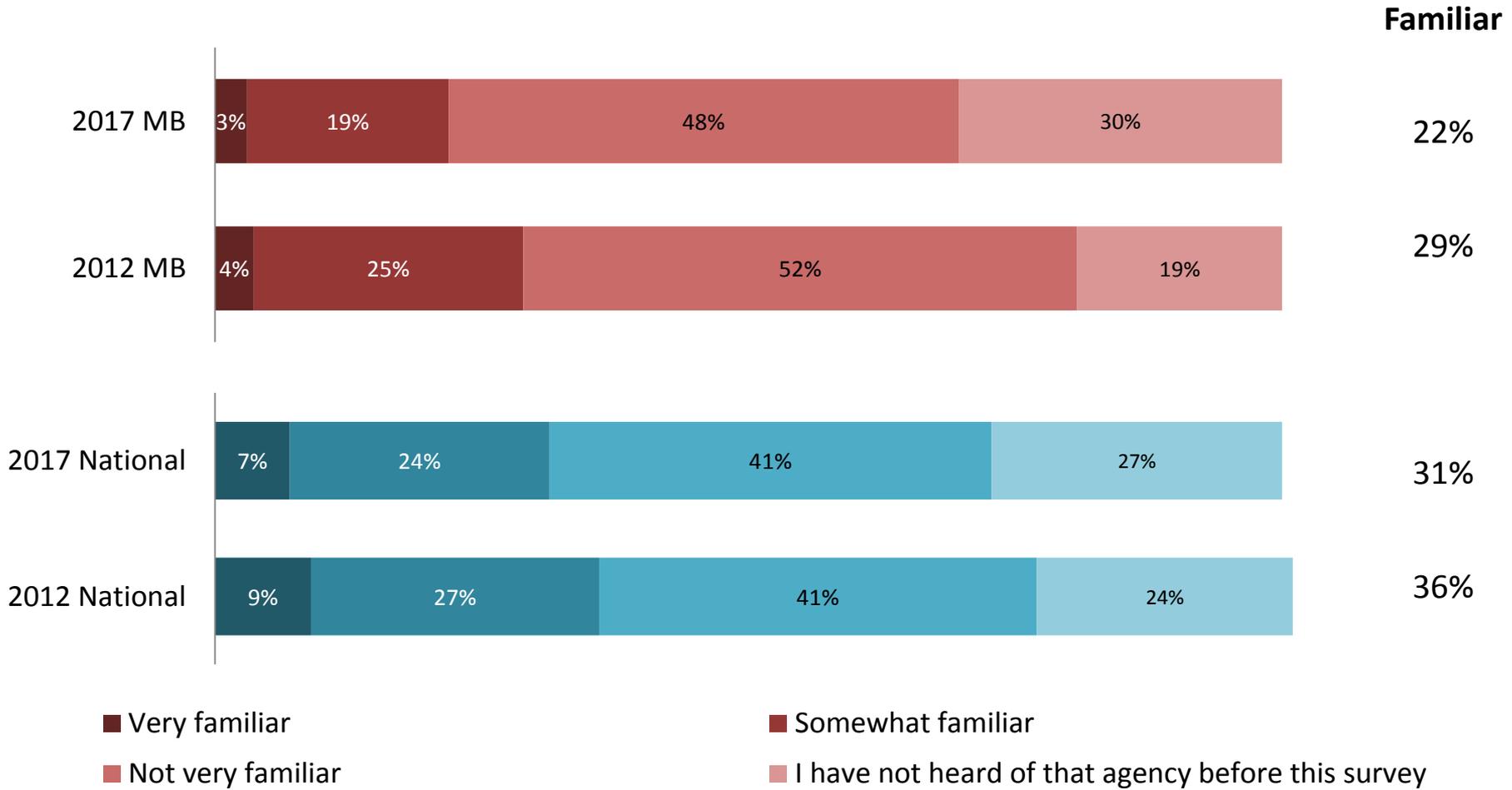
[asked of all respondents; n=5,000, MB n=500]



Aided familiarity with regulators: only 1-in-5 (22%) are familiar, lower than in 2012 and 9 points lower than national results

Q In fact, there is a provincial/territorial agency in {**Insert province/territory**} responsible for regulating financial investments called the {**agency name**}. Now that we have mentioned the {**agency name**}, how familiar would you say you are with this agency?

[asked of all respondents; n=5,000, MB n=500]



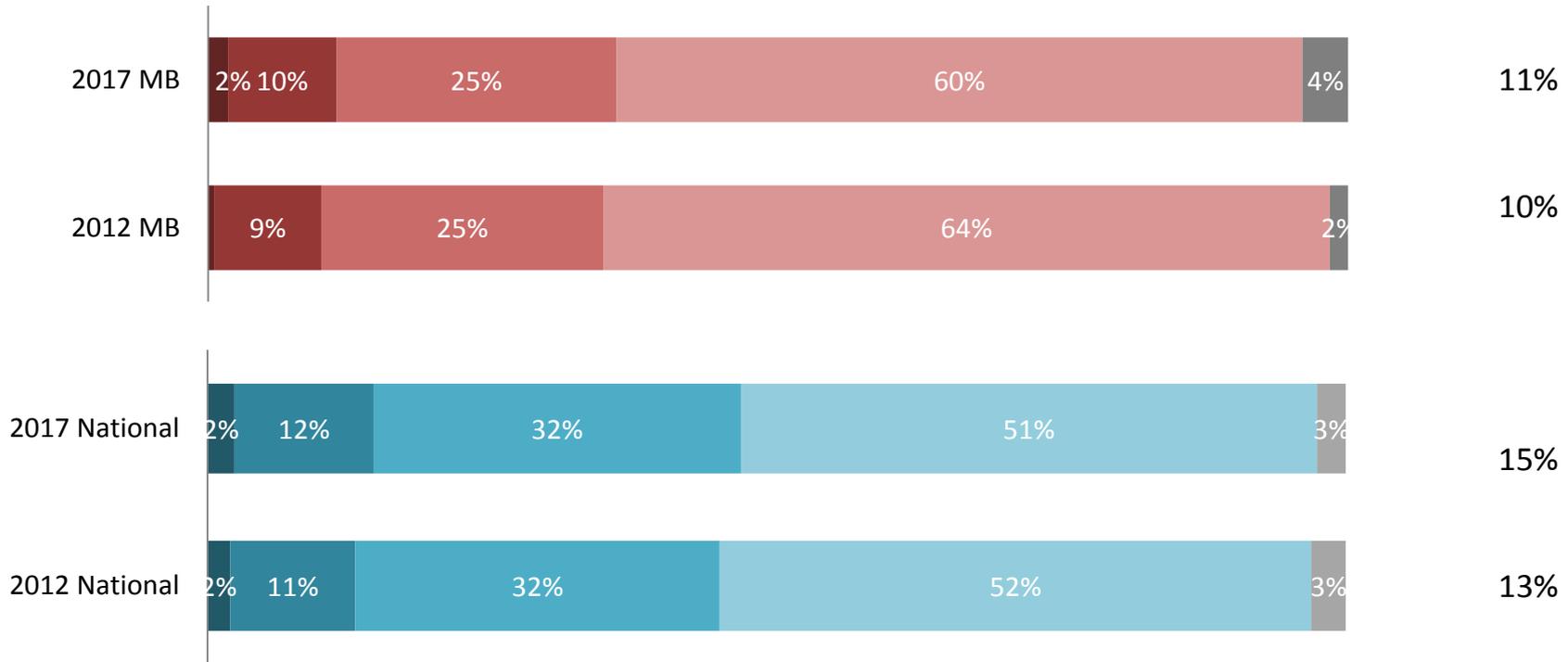
Regulator website: only 1-in-10 of those who have heard of the regulator visited the website, steady from 2012



Have you ever visited the website of the {agency name}?

[asked only of those who have heard of their securities regulator before; n=3,638, MB n=348]

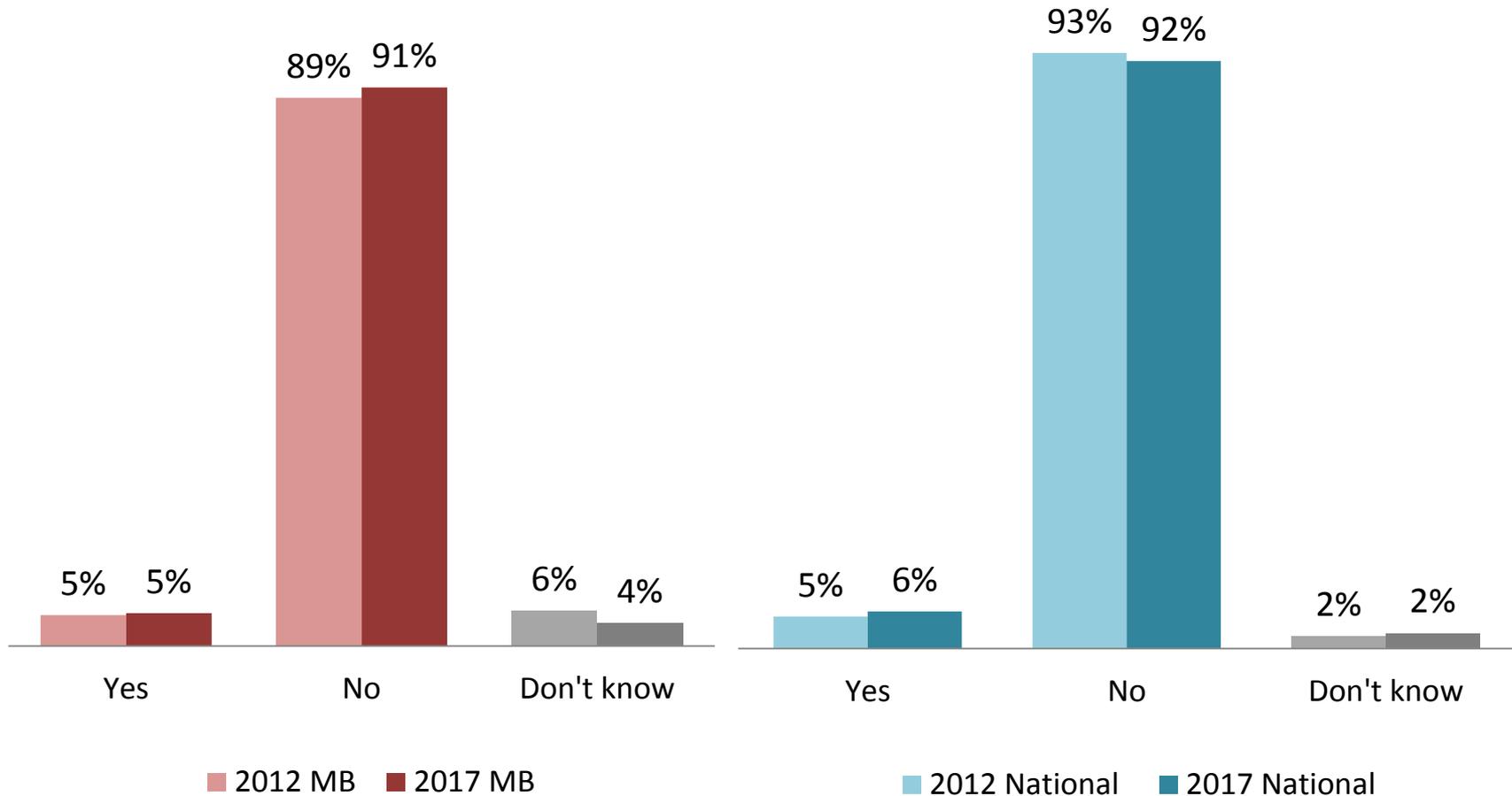
Visited their website at least once (Among those who have heard of their provincial regulator)



- I visit this website regularly
- I am familiar with this website but have never visited
- I have visited this website on at least one occasion
- I have not heard of their website before this survey
- Don't know

Contacting the regulator: only 5% of those who have heard of the regulator have contacted them, similar to national average

Q Other than visiting their website, have you ever contacted the {agency name}?
 [asked only of those who have heard of their securities regulator before; n=3,638, MB n=348]



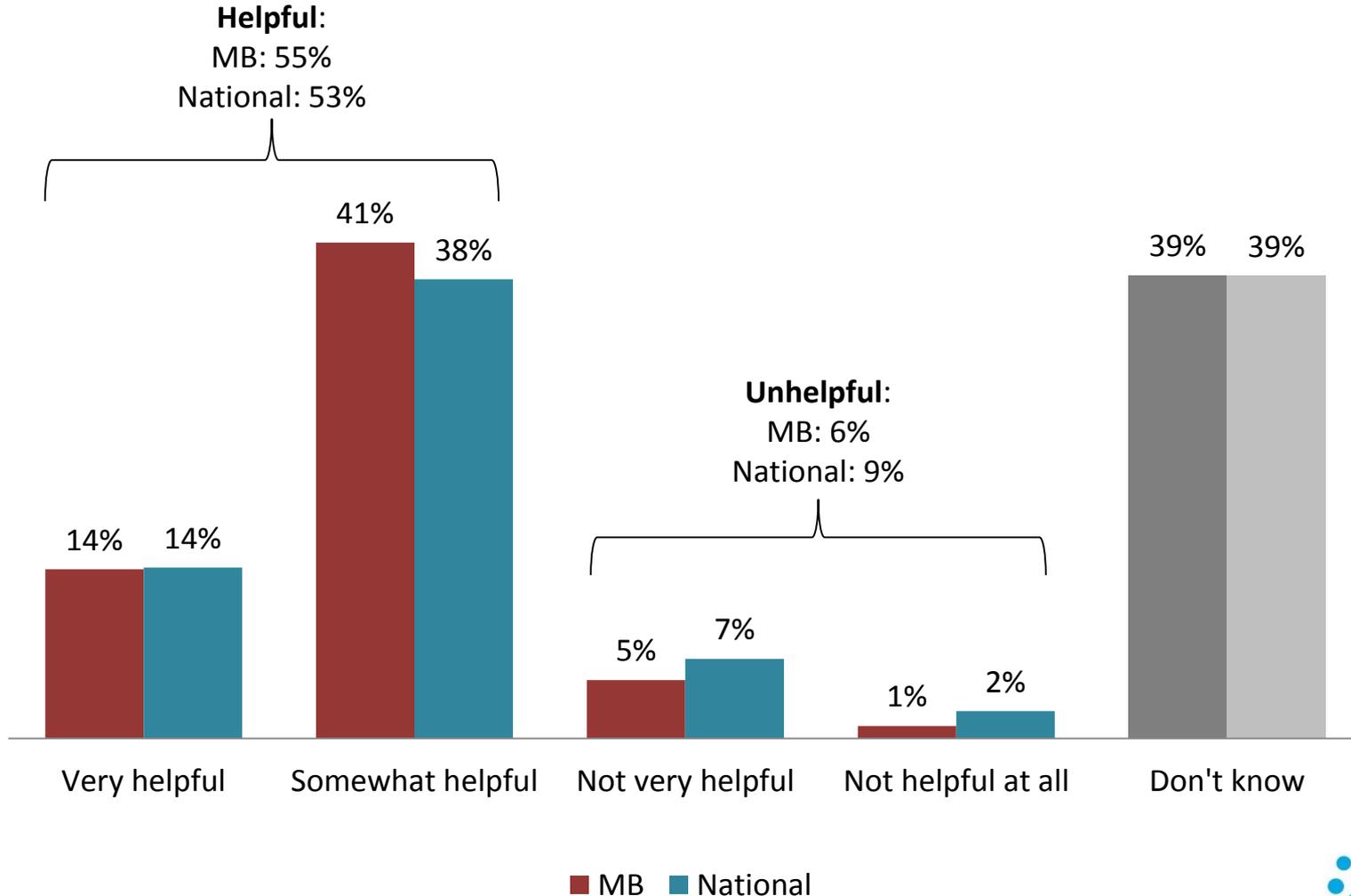
Note: Change of questions wording, in 2012 the question was “Beyond visiting their website, have you ever contacted the {agency name}?”

Helpfulness of the regulator: half (55%) of those who visited the website or have contacted the regulator say 'helpful'



Did you find the information and/or advice provided by {agency name} to be helpful?

[asked only of those who either have visited the website or have contacted their securities regulator before; n=1,721, MB n=125]



CRM2 Report

Recalling, Understanding, and Using CRM2 Statements

Unaided, three quarters (77%) of Manitoba investors with an adviser report they received an annual statement covering fees and performance.

- Aided recall – specifying the CRM2 mandated statement by name – was slightly lower with 6-in-10 (63%) advised investors stated they had received a CRM2 statement.
- Knowledgeable investors (79%), 55+ (78%) and those who seek investment information from their bank or adviser only (72%) are most likely to recall receiving the statement.

Among those who report receiving a CRM2 report, less than half (48%) say they had heard about the report from their adviser before receiving it, consistent with the national results.

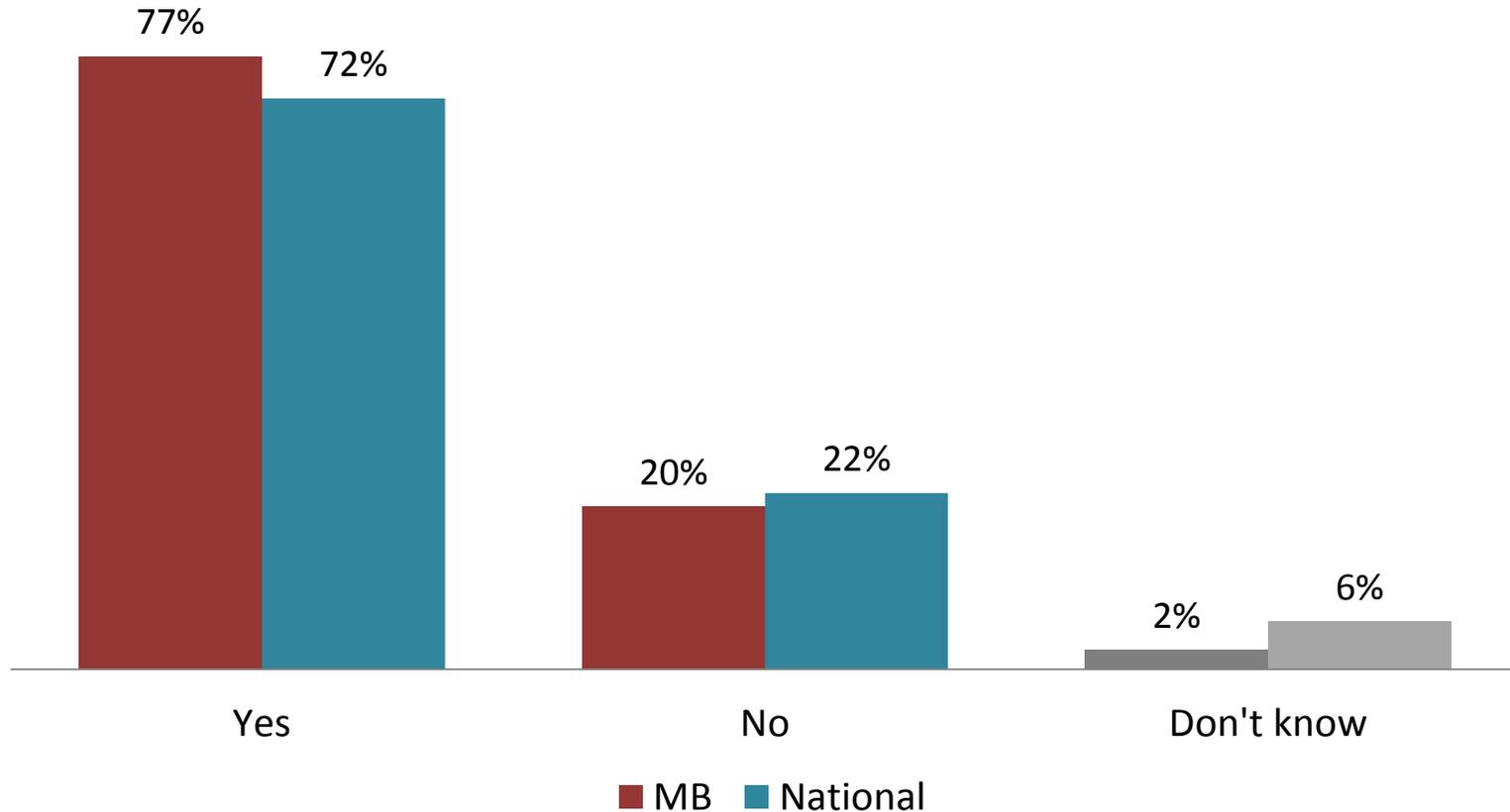
- Manitoba respondents are also as likely as the general Canadian advised investor population to have heard about the CRM2 report on the news (17% compared to 18% nationally) and from family or friends (6% compared to 7% nationally).
- 38% (40% nationally) say they did not know anything about the changes before receiving the report.
- 8-in-10 (79%) agree that it is easy to read and understand and 78% agree that it provided information they needed to better understand fees. These results are higher than the national numbers (71% and 72% respectively).
- Most (65%) didn't speak to their adviser after reviewing their annual report and just a third (34%) talked to their adviser. The distribution is similar to the national results.

Unaided CRM2 Report Recall: three quarters (77%) of investors ⁹⁷ with an adviser recall receiving a fee statement

Q

Since this past January, 2017, have you received an annual report from your adviser outlining the performance of your investments and the fees you paid in 2016?

[asked only of investors with investment adviser; n=1,625, MB n=161]



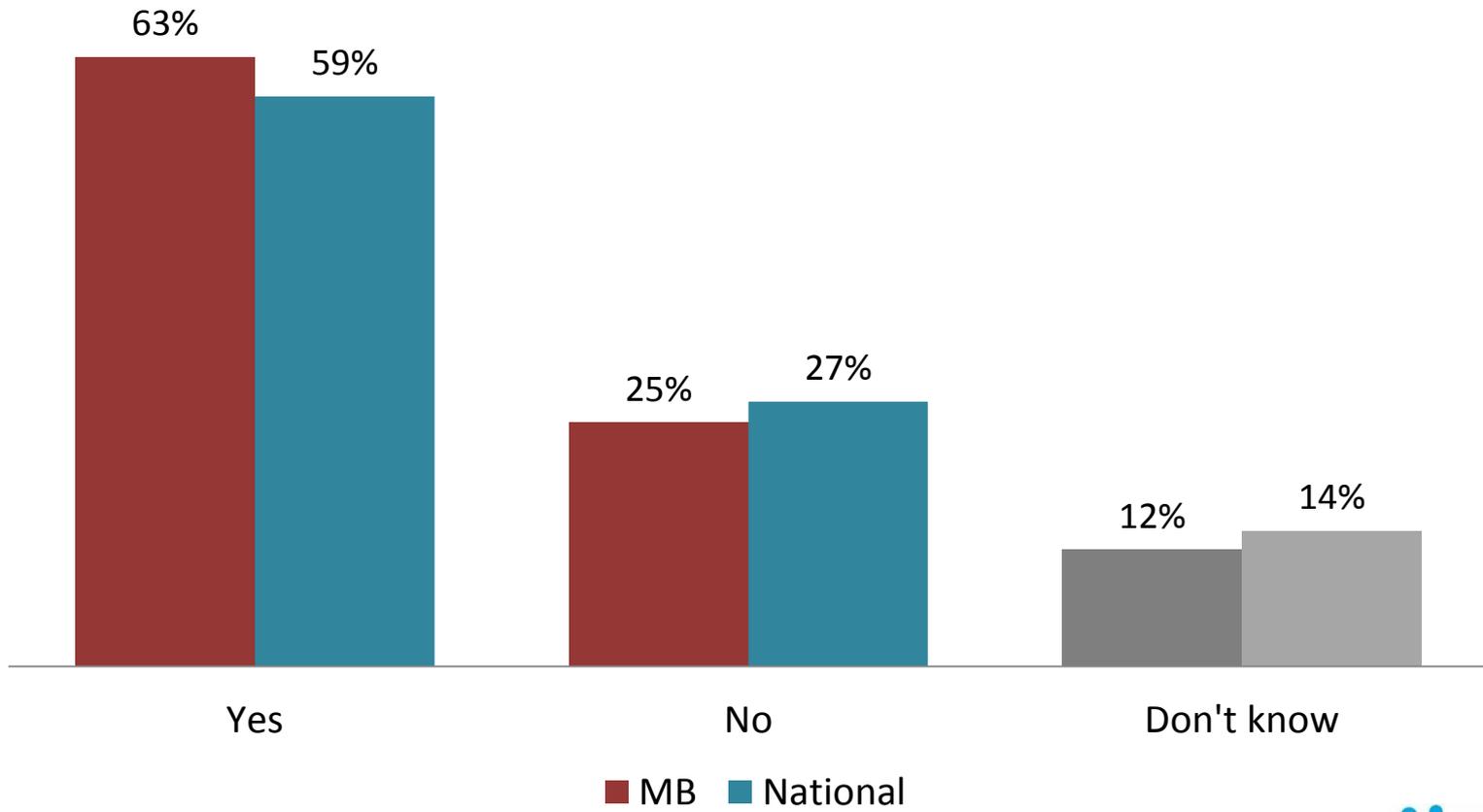
Aided CRM2 Report Recall: aided recall slightly lower – 6-in-10 (63%) advised investors say they received the report



In fact, new securities laws known as Client Relationship Model, Phase 2 (CRM2) now require investment advisory firms to provide all clients with a detailed annual report that outlines the fees they paid, as well as the performance of their investment.

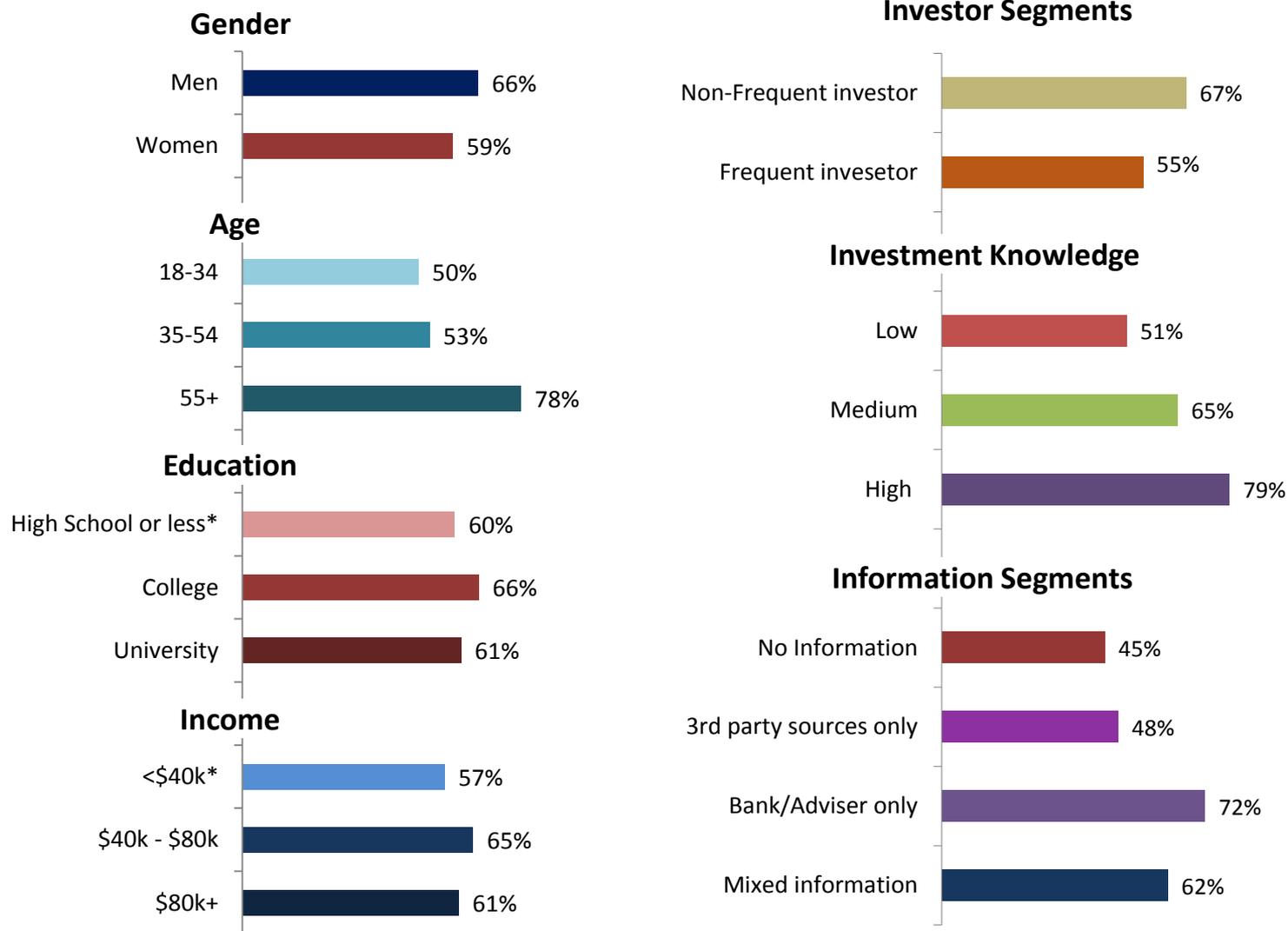
Now that we have mentioned it, do you recall receiving this particular statement?

[asked only of investors with investment adviser; n=1,625, MB n=161]



Report Receiving CRM2 Statement: knowledgeable investors and those 55+ are more likely to say they received the report

% with report receiving CRM2 aided

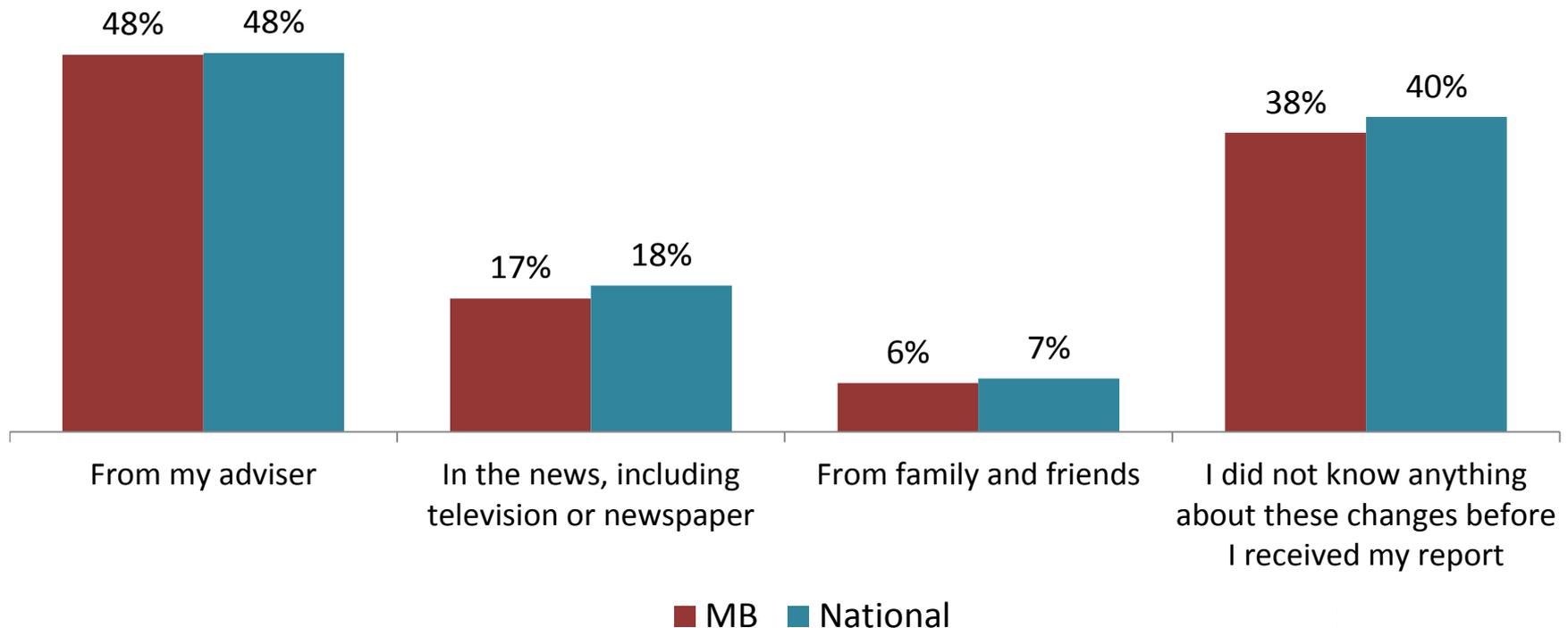


Seen, Heard, Read about CRM2 Report: half (48%) of those report receiving a CRM2 report had RSH it from their adviser



Before you received your annual report, had you read, seen or heard anything about the CRM2 regulatory changes to the way investment fees are reported in any of the following places? Please select all that apply.

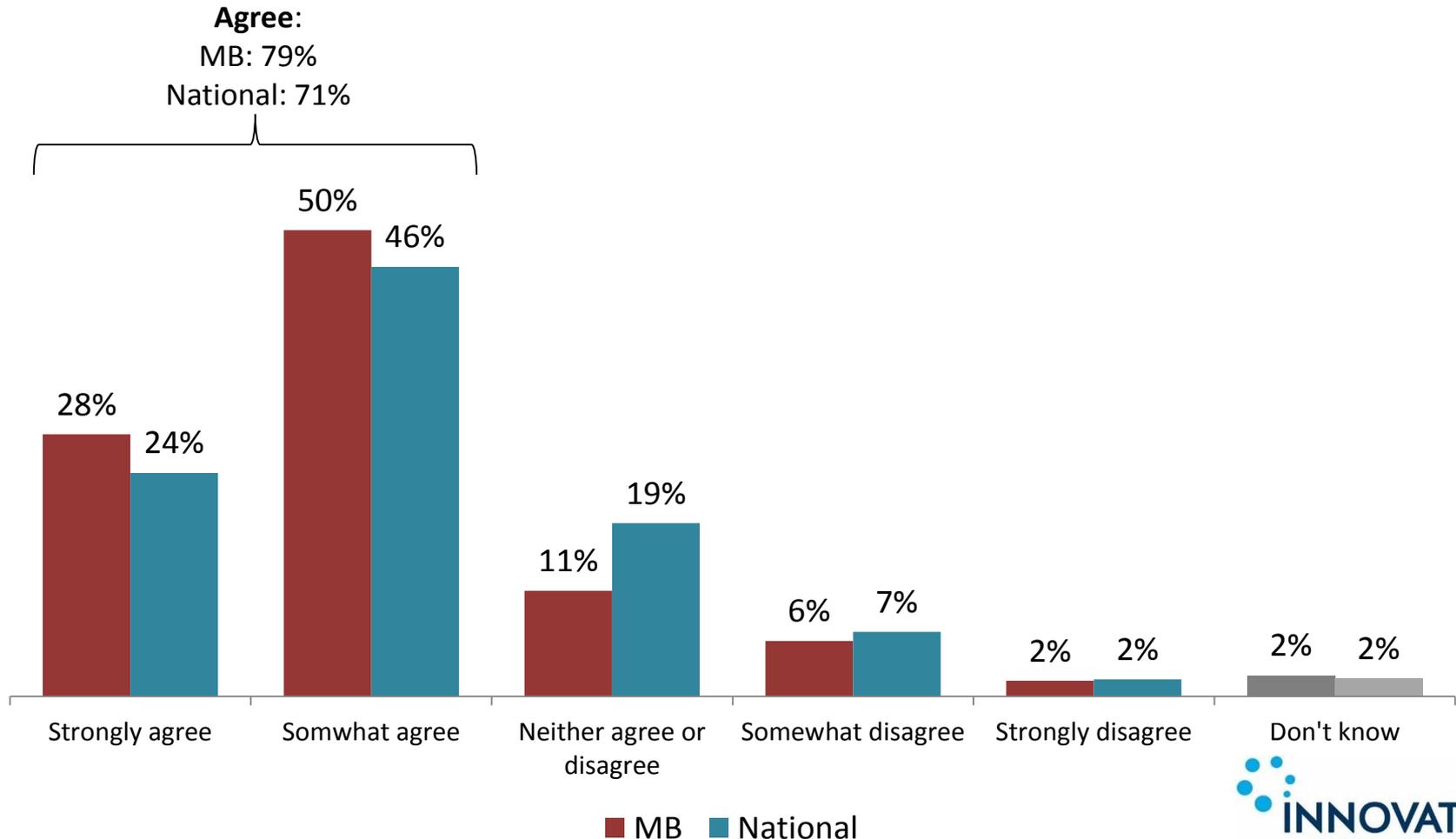
[asked of respondents who report receiving a CRM2 report; n=954, MB n=101; multiple selection allowed]



Understanding the CRM2 Report: 8-in-10 (79%) of those who recall receiving the report agree it was easy to read, understand

Q Thinking now about the annual report for 2016 that you received from your adviser, would you agree or disagree with the following? The report was easy to read and understand

[asked of respondents who report receiving a CRM2 report; n=954, MB n=101]

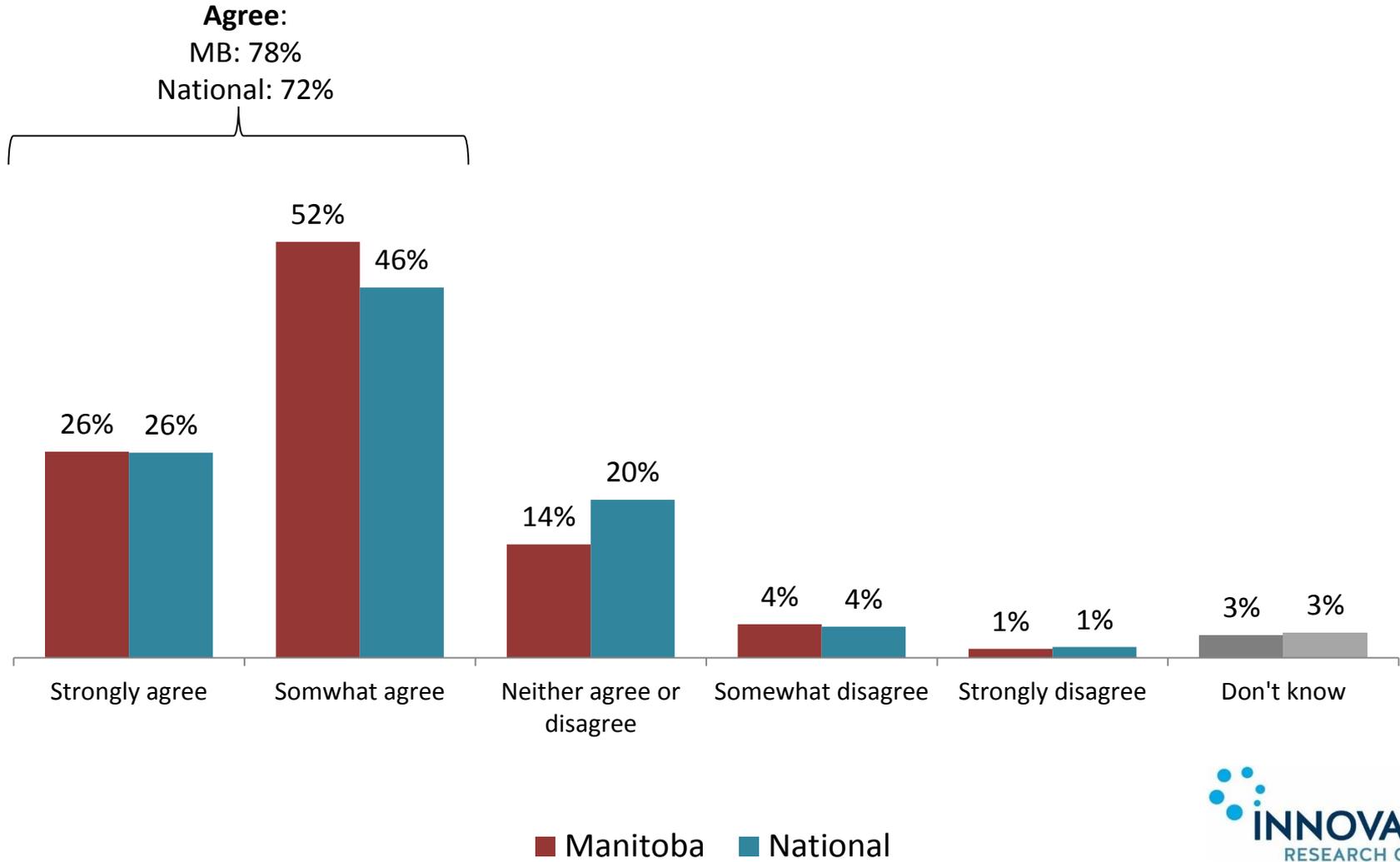


Understanding Fees: 8-in-10 (78%) of those who recall receiving the report agree it provided the information on fees they needed



Thinking now about the annual report for 2016 that you received from your adviser, would you agree or disagree with the following? The report provided the information I need to better understand the fees I pay.

[asked of respondents who report receiving a CRM2 report; n=954, MB n=101]

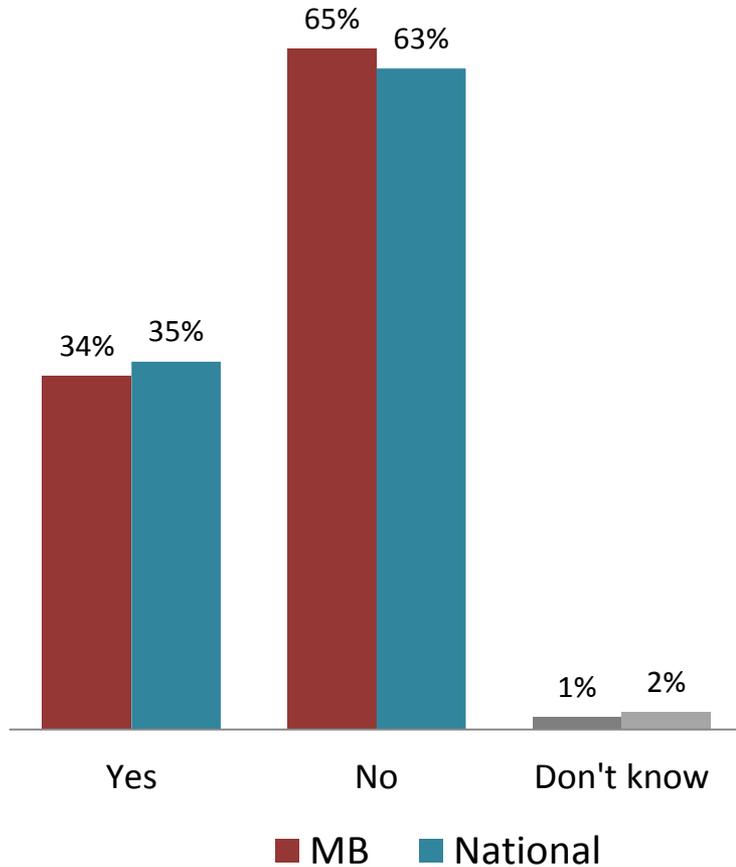


Talking to Adviser, Taking Action: a third (34%) of those report receiving the report talked to their adviser



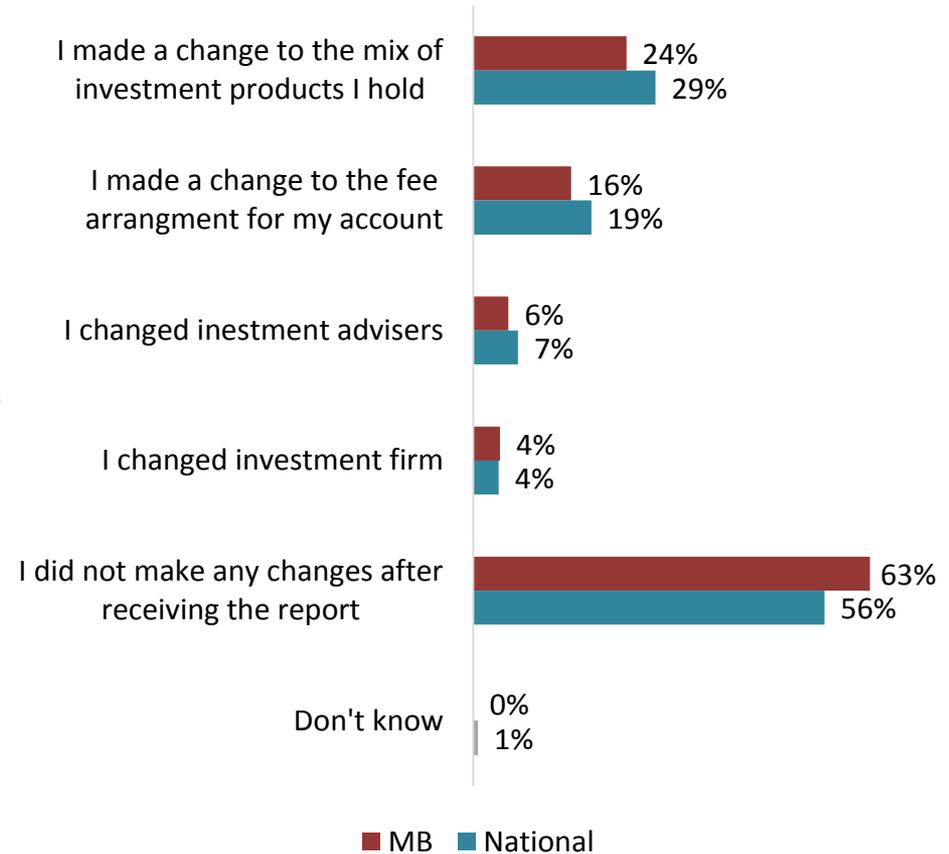
After you review the annual report, did you discuss it with your investment adviser?

[asked of respondents who report receiving a CRM2 report; n=954, MB n=101]



After talking to your adviser about the statement, did you do any of the following? Please select all that apply.

[asked of respondents who spoke with their adviser; n=335, MB n=34, multiple mentions]



Robo-Advisers

This section was preceded by an explanation of the topic:

*The next few questions are about **automated** online investment services – often referred to as “robo-advisers”. Automated online investing services are offered through a website or app. Generally, you can authorize them to carry out transactions on your behalf, consistent with your investment goals and risk profile.*

Please note: *Automated refers to the fact that most investment decisions are made for you by the service. For this reason, automated online investing services are not the same thing as online discount brokerages.*

Robo-Advisers: Use and Familiarity

Familiarity with Robo-Advisers is low – just 1-in-7 (15%) say they are familiar with automated online investing services, about the same as the national average of 16%.

- A majority say that they don't know whether robo-advisers charge lower fees (55%) or whether there are fewer rules for robo-advisers (49%).

Use of Robo-Advisers is also low – one-in-ten (9%) investors currently use a robo-adviser, another 9% have used one in the past.

- Convenience is the most important reason for using a robo-adviser, followed by the lower fees. A similar pattern is observed nation-wide.
- A majority (57%) of those who use robo-advisers are satisfied with the service.

The future of Robo-Advisers is uncertain.

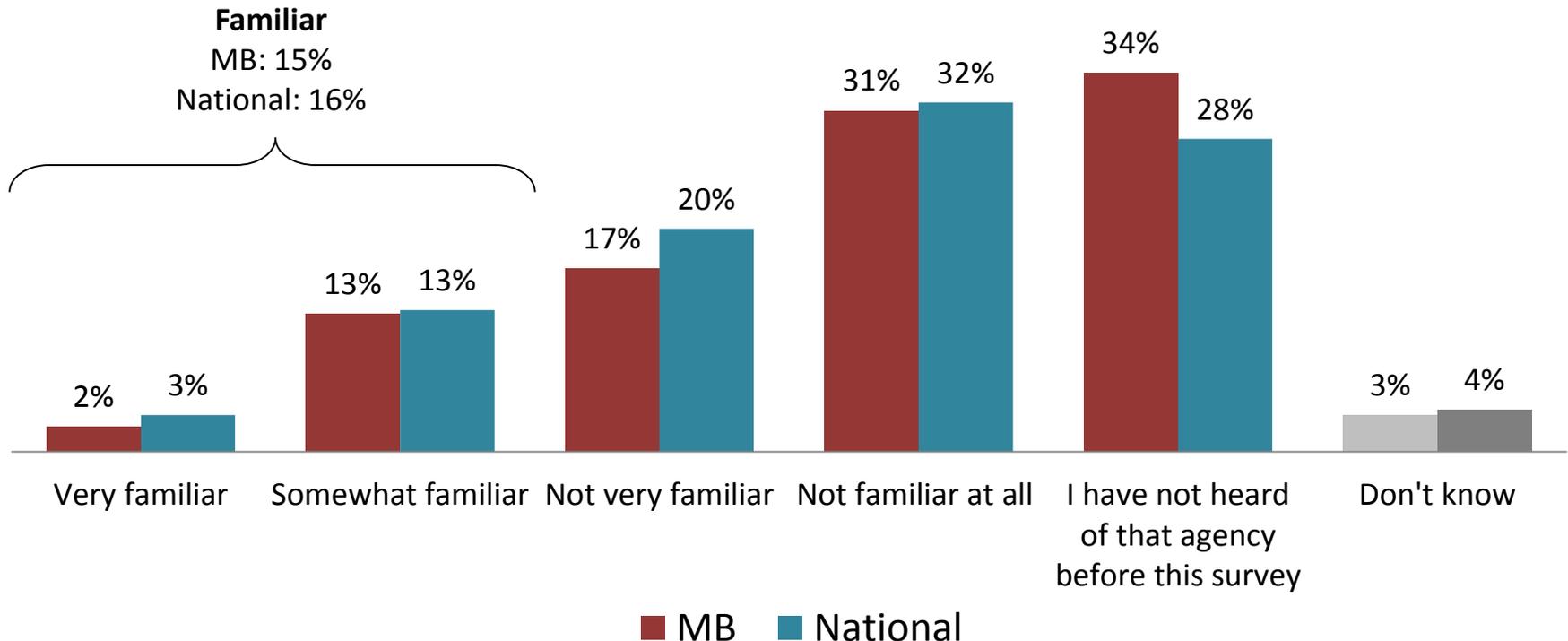
- Among those who do not use a robo-adviser, a plurality said that they are content with their current advisers (24%) or cited their lack of knowledge (24%), others don't trust investing through the Internet (18%). 17% say it's important for them to meet with their adviser in person.
- Nearly half (45%) say they are not likely at all to use a robo-adviser in the future. 1-in-5 (20%) say they would be likely to turn to one the next time they need to open an account, but only 4% say they are 'very likely' to do so.

Familiarity with Robo-Advisers: only 15% are familiar with robo-advisers, similar to the national level



How familiar are you with automated online investing services?

[asked of all respondents; n=5,000, MB n=500]

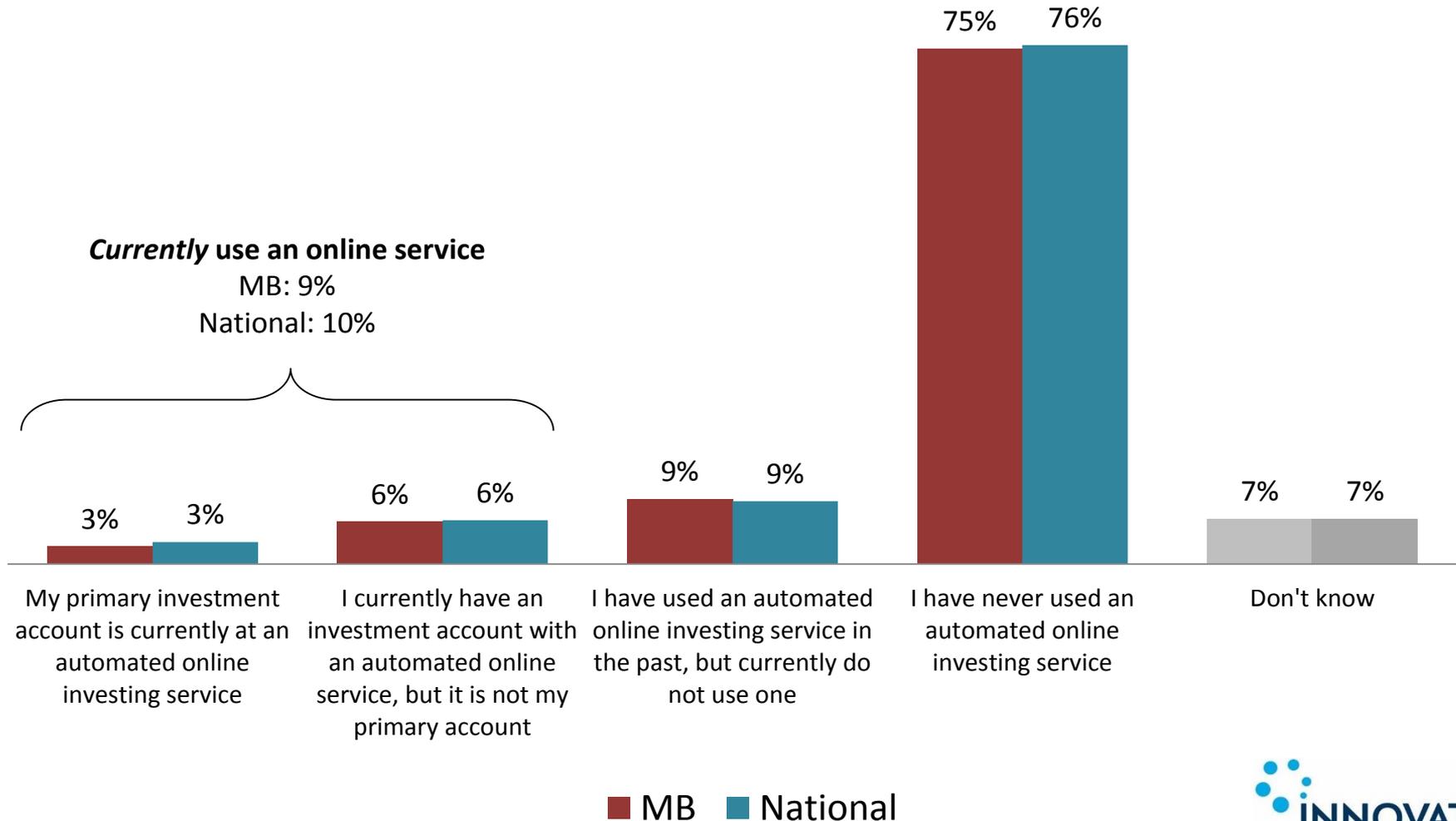


Use of Robo-Advisers: only 1-in-10 (9%) investors currently use a robo-adviser, similar to the national level



Which of the following best describes you?

[asked only of investors; n=2,364, MB n=221]



Note: 'Don't know' not shown

Length of Time: most respondents with a robo-adviser have been using it for less than a year



How long have you used an automated online investing service?

[asked of respondents with an online automated account; n=227; MB n=19]

New (<1 year)

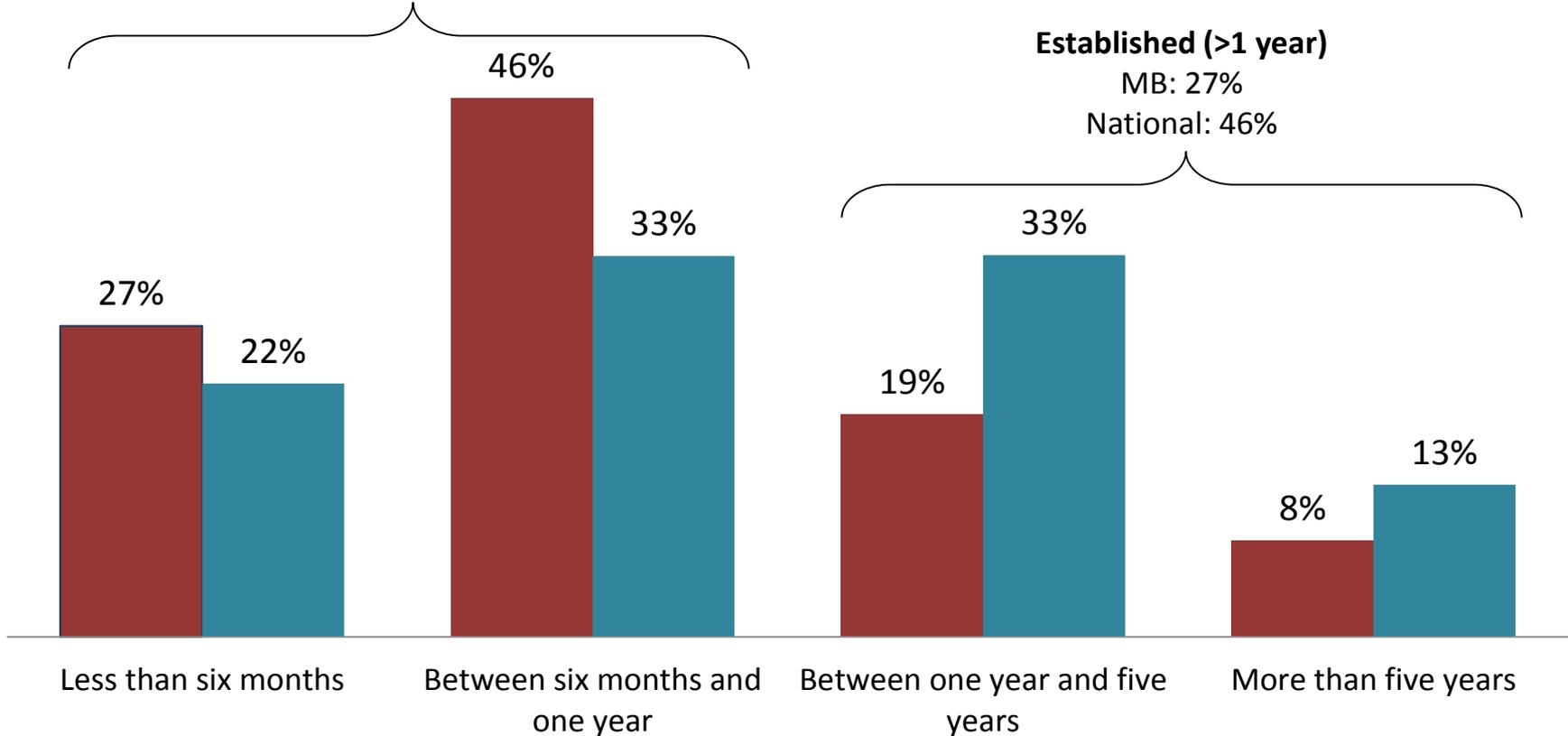
MB: 73%

National: 54%

Established (>1 year)

MB: 27%

National: 46%



■ MB ■ National

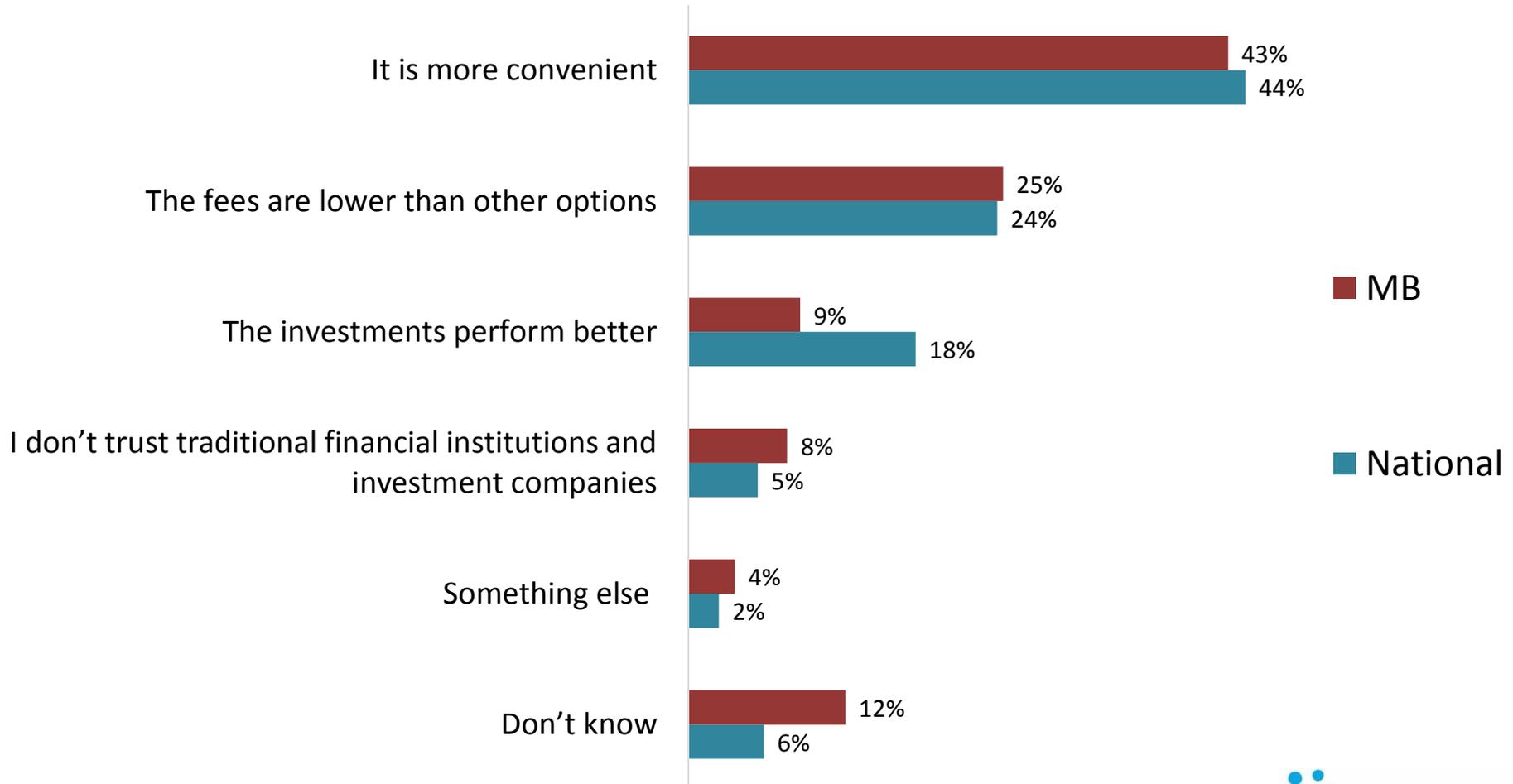
Note: Due to small n size (n=19) for the MB sample, results should be treated with caution.

Reasons for using a Robo-Adviser: most respondents cited convenience as the most important reason, lower fees second



Which of the following is the **most important** reason that you decided to open an account with an automated online investing service?

[asked of respondents with an online automated investing account; n=227, MB n=19]



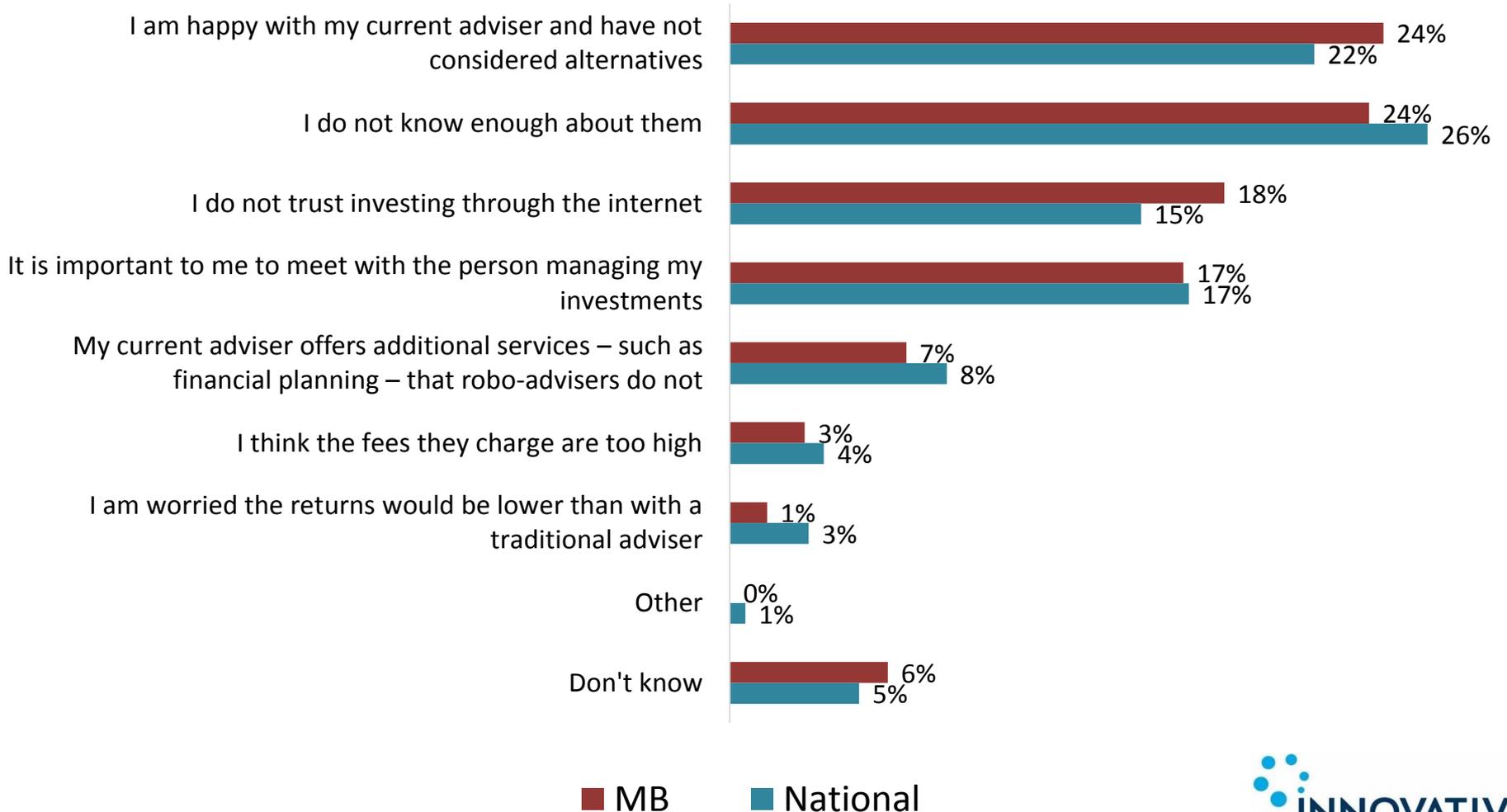
Note: Due to small n size (n=19) for the MB sample, results should be treated with caution.

Reasons for *not* using a Robo-Adviser: ‘satisfaction with current adviser’ and ‘lack of understanding’ most common



Which of the following is the **most important** reason that you are not using an automated online investing service?

[asked of respondents without an online automated investing account; n=2,099, MB n=197]

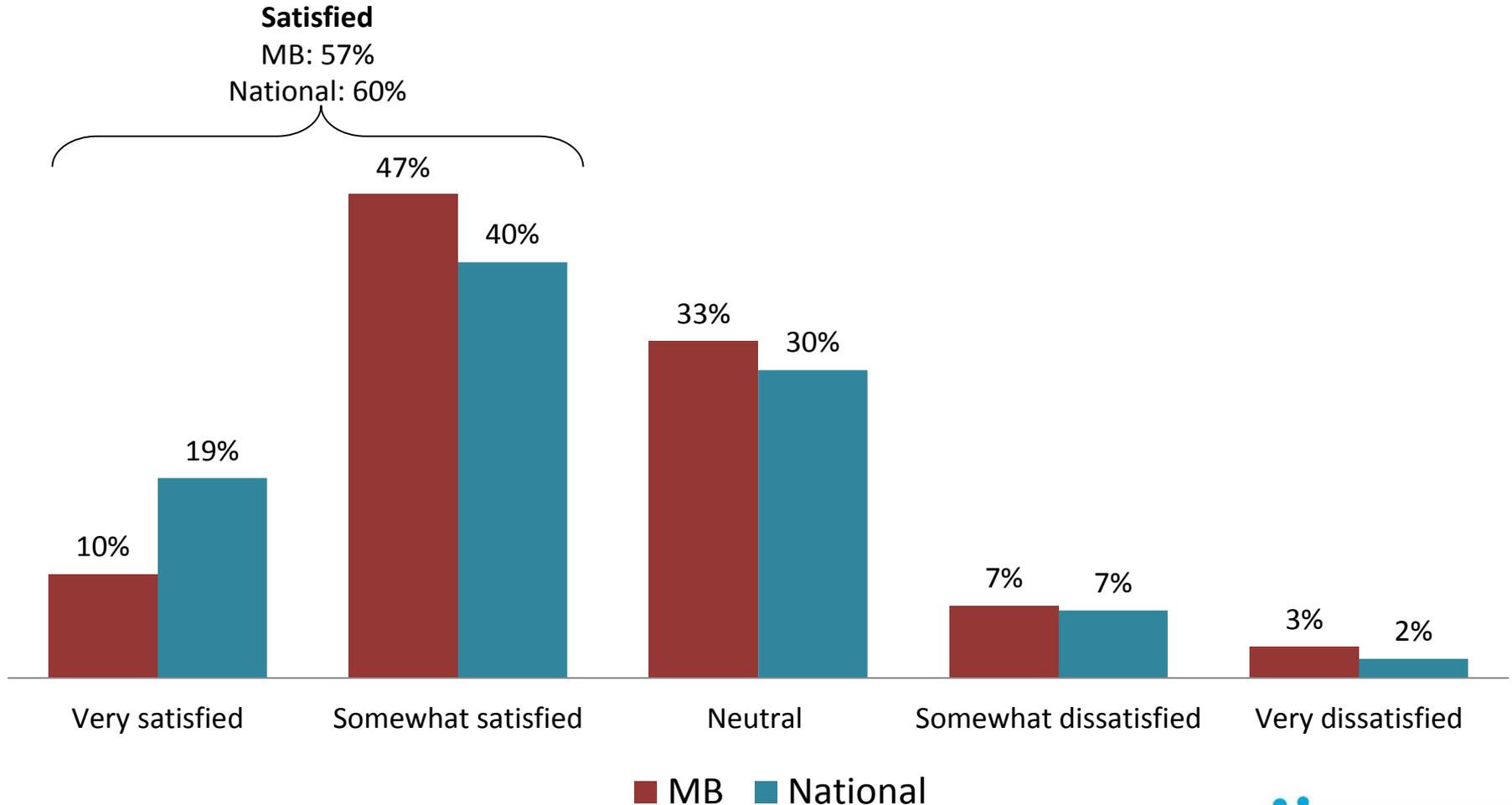


Satisfaction with Robo-Advisers: most are satisfied with robo-adviser, intensity is not as strong as nationally



Overall, how satisfied or dissatisfied are you with your experience of investing through this automated, online service?

[asked of respondents with an online automated account; n=227, MB n=19]



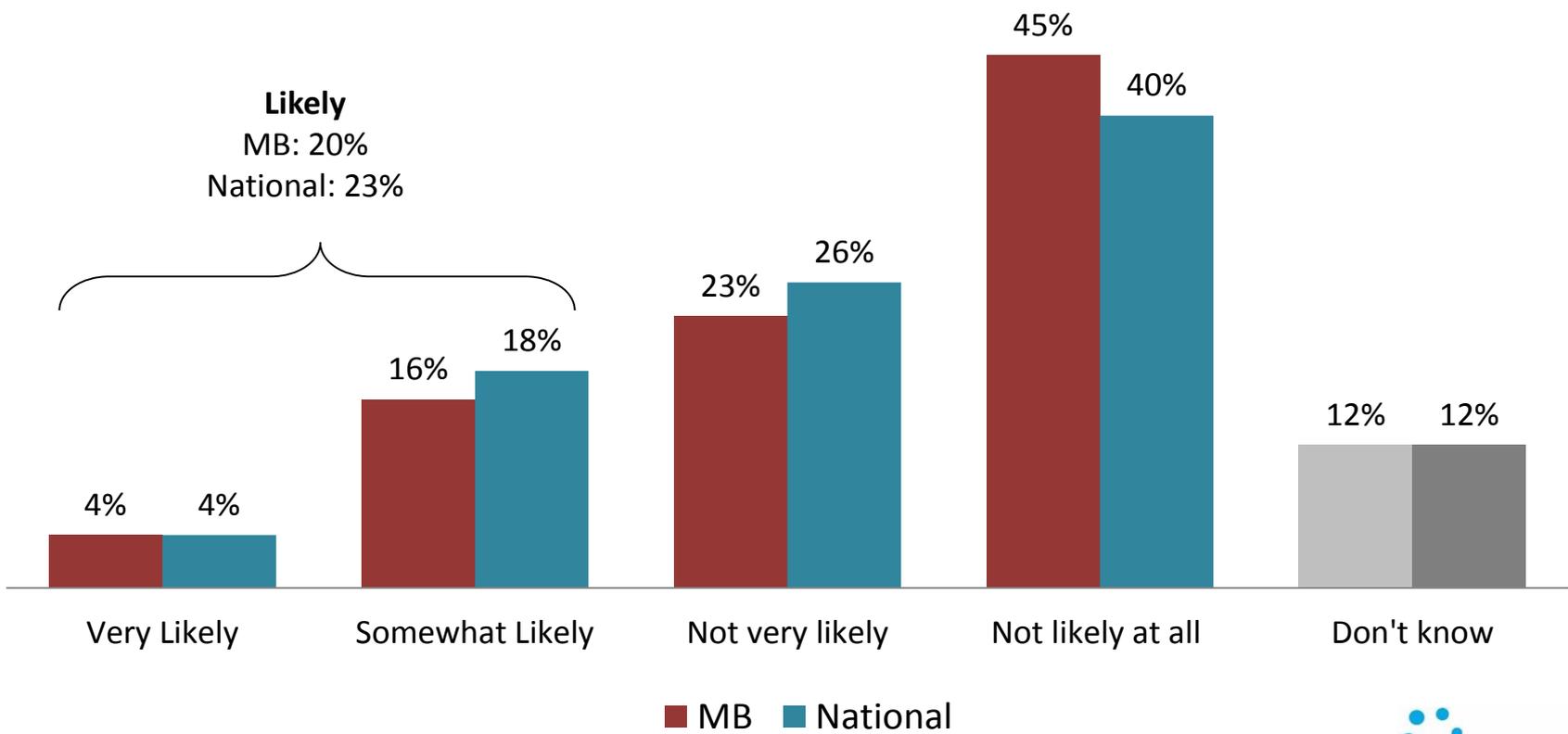
Note: Due to small n size (n=19) for the MB sample, results should be treated with caution.

Likelihood of using Robo-Advisers: 1-in-5 (20%) say they would use a robo-advisor in the future, but 45% say 'not likely at all'



If you were planning to open a new investment account – or to move an existing account – how likely would you be to use an automated online service for that account, rather than a traditional in-person adviser?

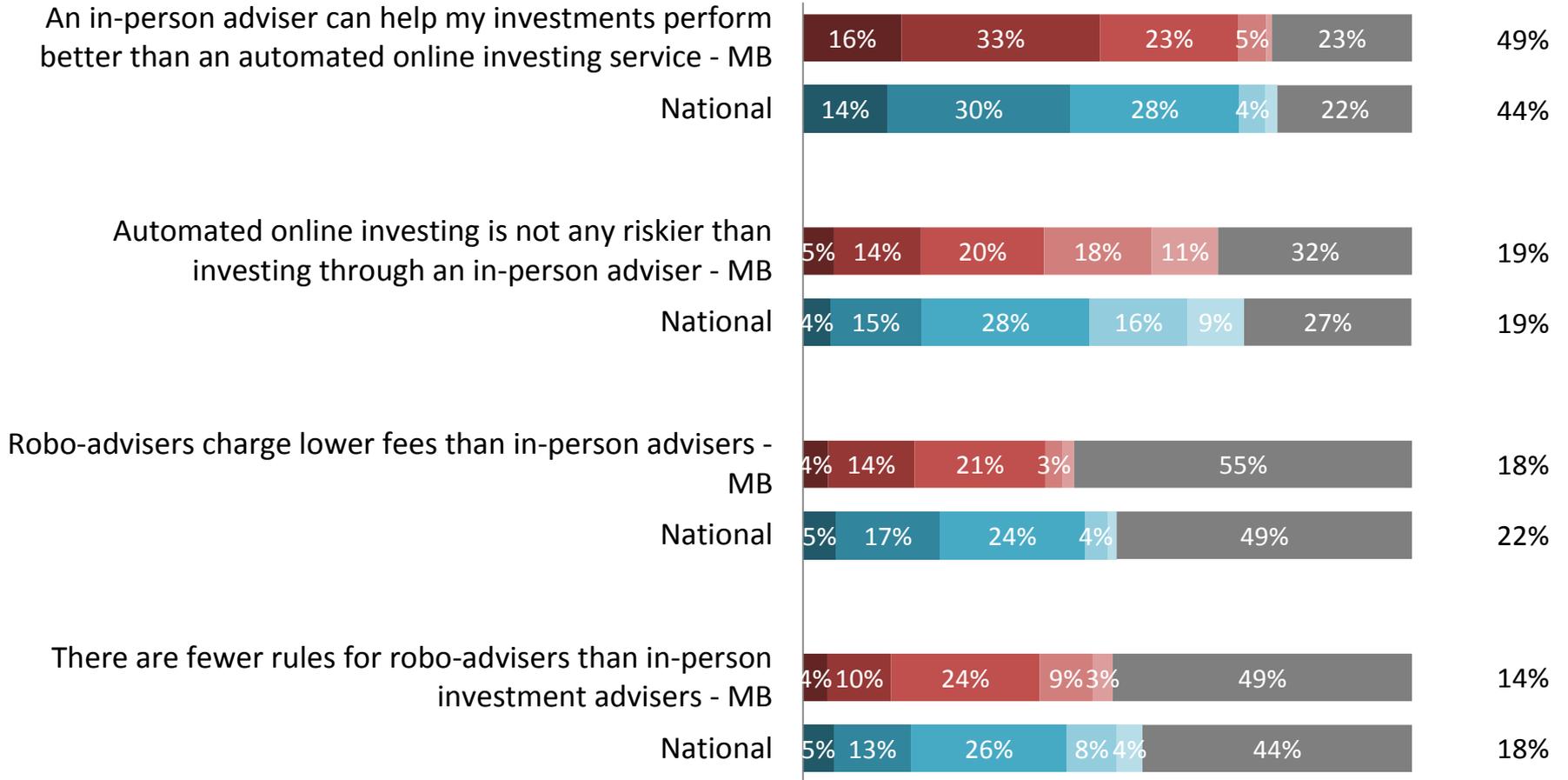
[asked of all respondents; n=5,000 MB n=500]



Attitudes on Robo-Advisers: half (49%) think in-person advisers outperform robo-advisers, higher than national average (44%)

Q Please indicate if you agree or disagree with the following statements?
[asked of all respondents; n=5,000, MB n=500]

Total Agreement



Strongly agree
 Somewhat agree
 Neither agree nor disagree

Somewhat disagree
 Strongly disagree
 Don't know

Robo-adviser attitudes: Younger respondents, Frequent Investors more likely to agree they charge lower fees

Robo-Adviser Attitudes by Investor and Age

Total Agree	Investor Type				Age		
	No Savings	Savings, non-investor	Non-Frequent	Frequent	18-34	34-54	55+
In-person outperforms robo-advisers	41%	51%	48%	60%	52%	48%	47%
Robo-advisers are no riskier	18%	20%	12%	37%	31%	16%	13%
Robo-advisers charge lower fees	15%	17%	16%	34%	31%	15%	12%
There are fewer rules for robo-advisers	10%	10%	13%	35%	26%	13%	7%

Robo-adviser attitudes: Those familiar say they charge lower fees, are no riskier, and are governed by fewer rules

Robo-Adviser Attitudes by Adviser Status and Robo-Adviser Familiarity

Total Agree	Adviser Status			Robo-Adviser Familiarity			
	Non-investor	DIY	Advised	Very/ Somewhat familiar	Not very	Not at all	Never heard of/ Don't know
In-person out performs robo-advisers	47%	32%	59%	53%	58%	51%	41%
Robo-advisers are no riskier	19%	11%	23%	46%	33%	12%	9%
Robo-advisers charge lower fees	16%	16%	23%	45%	24%	18%	6%
There are fewer rules for robo-advisers	10%	8%	24%	35%	17%	13%	6%



Building Understanding.

Personalized research to connect you and your audiences.

For more information, please contact:

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