National Smarter Investor Study

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Published by:
The British Columbia Securities Commission
701 West Georgia Street
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Vancouver, BC
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About this Study

Understanding the knowledge, attitudes, and behaviour of BC investors is critical to the British Columbia Securities Commission (BCSC) mission to educate and protect financial consumers. Over the years the BCSC, on its own and in cooperation with other Canadian regulators, has commissioned leading-edge studies of investment attitudes and behaviours with a strong emphasis on good investment behaviour and fraud prevention.

In this study, the BCSC has engaged Innovative Research Group Inc. to generate new understanding and insight into client knowledge and perceptions about investing among Canadians aged 35 and older (“those most likely to invest”) with a particular emphasis on probing the relationship with advisors in more detail than in the past.

**What is the perceived impact of investing with an advisor?**

Through a series of preliminary questions, the study segmented respondents into categories based on whether or not they invest, and, when they do, whether or not they have an advisor.

The study explored the relationship of investors and advisors through a series of new descriptive questions. The report compares Canadians who invest with advisors to other groups to measure how the perceptions and knowledge of Canadians with advisors differ from the perceptions and knowledge of other groups.

**What is the current state of client-advisor relationships?**

This study asks Canadians with advisors what they Know, Feel, and Do in their client-advisor relationships. For example, do they think they understand the fees they pay and do they ask their advisors about compensation? As it turns out, many Canadians do not.

**Other findings**

The BCSC’s previous research has often focused on investment fraud, including its social impacts and what makes people vulnerable. Fraud is always a key concern when it comes to investor protection. While this study shifts the focus to Smarter Investing, we take a brief look at the current state of investment fraud in Canada.

This study also introduces a new lens for understanding investing behaviour: Personality. We identify five main personality types in the sample based on the Big 5 personality traits and show that your personality matters when it comes to how you invest.
This survey tested what investors know, feel, and do

We know from previous research that what investors know, feel, and do is important. Here are some of the ways we measured these concepts in this study.

<table>
<thead>
<tr>
<th>Know</th>
<th>Feel</th>
<th>Do</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client-Advisor Relationship</strong></td>
<td><strong>Client-Advisor Relationship</strong></td>
<td><strong>Client-Advisor Behaviour</strong></td>
</tr>
<tr>
<td>- Know how your advisor is paid</td>
<td>- Attitude towards role of advisor</td>
<td>- Advisor background check</td>
</tr>
<tr>
<td>- Know how much you are paying your advisor</td>
<td>- Reasons for not discussing compensation</td>
<td>- Discuss compensation</td>
</tr>
<tr>
<td>- Understand statements from your advisor</td>
<td>- Reasons for not reading statements</td>
<td>- Reading statements</td>
</tr>
<tr>
<td>- Know your role in the client-advisor relationship</td>
<td><strong>Attitude Towards Advisor</strong></td>
<td><strong>Good Investing Behaviour (generally)</strong></td>
</tr>
<tr>
<td>- Know whether advisors can buy/sell with discretion</td>
<td>- Trust</td>
<td>- Conduct independent research</td>
</tr>
<tr>
<td>- Know if advisors need to be registered</td>
<td>- Comfort asking questions</td>
<td>- Consult an advisor</td>
</tr>
<tr>
<td>- Know that investing with an advisor does not provide “insurance” against losses</td>
<td>- Satisfaction with communication</td>
<td>- Refer to financial plan</td>
</tr>
</tbody>
</table>

**Good Investing Behaviour (generally)**
- Consult a third party
- Wait before investing
Methodology and Approach
The National Smart Investing Study 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 2,407 Canadians aged 35+. This included an oversample of 1,002 residents in BC.

- The online survey was conducted using INNOVATIVE’s national research panel, Canada 20/20™, between August 4 and 12, 2015, in both English and French.

- The Canada 20/20 Panel is recruited from a wide variety of sources to reflect the age, gender, region, and language characteristics of the country as a whole. Each survey is administered to a series of randomly selected samples from the panel 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 region using the latest available Statistics Canada Census data to reflect the actual demographic composition of Canadians 35+.

- The online sample was also weighted by the results of a June 2015 national telephone survey of 1,000 Canadians, which provided the incidence rates for particular investment behaviours.

- The final data is weighted to a representative sample of 1,219 at the national level, while the BC oversample is weighted to a representative sample of 1,000. Probability samples of this size would have an estimated margin of error of +/-2.8 percentage points for the national sample and +/-3.1 percentage points for the BC sample, 19 times out of 20. The estimated margin of error will be larger within each sub-grouping of the sample.

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.
Study Objectives

The *Smarter Investor Study* had the following core objectives:

- Understanding what Canadians who have investment advisors know, feel, and do in their client-advisor relationships
- Assessing good investment behaviours and knowledge about investment advisors among all Canadians, whether or not they currently work with an advisor
- Measuring four key components of *Smarter Investing*, how they differ by whether or not an investor works with an advisor, and how differences in *Smarter Investing* between Canadians with advisors can be explained by what they know, feel, do, and what they say their advisors do

*This report focuses on the results from the oversample of 1,000 BC residents, taking a close look at their investing behaviours, and their relationships with investment advisors.*

*Smarter Investing* is about being empowered and capable when it comes to your investments. In this study it is measured in four aspects: understanding your investments, feeling confident that your investments are suitable for you, knowing your investment goals, and feeling confident making investment decisions. Together these form our *Smarter Investor Index* which will be used throughout the study to understand the impact that certain behaviours, attitudes, and knowledge have on investing.

To understand the client-advisor relationship in particular, we look at what Canadians who work with investment advisors know, feel, and do in their client-advisor relationship. We also look at what they say their advisors do. These four aspects of the relationship each provide a unique lens through which we can understand how the client-advisor relationship relates to *Smarter Investing.*
Regional Segmentation (BC sample)

**BC Respondents**
Weighted n = 1,000
Unweighted n = 1,002

**Lower Mainland/ Fraser Valley Regions:**

- **Van/Rich/NS**
  - Weighted n = 191
  - Unweighted n = 202

- **North East LM Suburbs**
  - Weighted n = 127
  - Unweighted n = 130

- **South of Fraser/FV**
  - Weighted n = 215
  - Unweighted n = 204

**Sample Distribution of BC Residents 35+**

- **Interior/North**
  - 25%

- **Van/Richmond/ North Shore**
  - 19%

- **North East LM Suburbs**
  - 13%

- **Vancouver Island**
  - 22%

- **South of Fraser/FV**
Demographic Segmentation

Age-Gender

- Male: 47%
- Female: 53%

Work Status

- Self-employed: 13%
- Full-time work: 27%
- Part-time work: 10%
- Unemployed: 8%
- Student: 1%
- Retired: 34%
- Homemaker: 7%

Household Income

- <$20k: 12%
- $20<40k: 20%
- $40<60k: 17%
- $60<80k: 12%
- $80<100k: 11%
- $100k+: 14%

Home Ownership

- Rent: 34%
- Own: 64%

Neither not shown
Demographic Segmentation

Marital Status

- Not married: 39%
- Married or common law: 61%

Financial Management

Are you responsible for your household's financial management?

- Yes, manage finances: 55%
- Yes, share responsibility: 39%
- No: 5%
- Don't know: 1%
Report Highlights
Investors in Vancouver and its closest suburbs invest more than those elsewhere in the province

We grouped British Columbians into 5 regions of comparable population size, along important geographical boundaries.

The greater number of investors are found in the Lower Mainland, with 54% in Vancouver, Richmond, and the North Shore investing, and 51% in the North East suburbs (including Burnaby, New Westminster, the Tri-Cities, Pitt Meadows, and Maple Ridge).

<table>
<thead>
<tr>
<th>Region</th>
<th>Investors in BC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver/Richmond/North Shore</td>
<td>54%</td>
</tr>
<tr>
<td>North East LM Suburbs</td>
<td>51%</td>
</tr>
<tr>
<td>South of Fraser/Fraser Valley</td>
<td>37%</td>
</tr>
<tr>
<td>Vancouver Island</td>
<td>43%</td>
</tr>
<tr>
<td>Interior/North</td>
<td>35%</td>
</tr>
</tbody>
</table>

Investors with Advisors in BC

The same regions are also the most likely to have people who invest and do so through an advisor. About 1-in-3 British Columbians in Vancouver, Richmond, and the North Shore or the North East suburbs of the Lower Mainland work with an investment advisor.

On the other hand, just 1-in-5 (22%) of those in the Interior and the North are working with an investment advisor.
British Columbians know they have responsibilities, but don’t always act on them

British Columbians agree they have responsibilities in Client-Advisor relationships

Asked about 8 key aspects of their relationship with an advisor, between 49% and 79% acknowledged that each is their own responsibility. Asking questions until you fully understand was the top response (79%), while conducting your own research was the lowest (49%).

However, just because we think we are responsible for something doesn’t mean we do it

Compared to 49% who said it is their responsibility, only 22% of investors with advisors always/often conduct their own research.

While 58% said they’re responsible for knowing what their advisor is paid, only 40% have asked about it more than once.

74% acknowledged they’re responsible for reading their account document, but just 62% always read their statements.

The role of trust helps to explain these gaps

90% said they have a strong level of trust in their investment advisor. Among those who don’t always ask about compensation, 74% agreed they don’t need to ask because they trust it is fair and reasonable. Of those who don’t always read their statement, 62% agreed trust in their advisor’s management is a key reason. When it comes to understanding their investments, 1-in-3 (36%) agreed that they do not need to fully understand an investment’s risks and benefits as long as their advisor does.

% of BC respondents with an investment advisor who believe this action is their responsibility*

- Asking questions until I fully understand: 79%
- Regularly reviewing portfolio holdings: 77%
- Understanding risks/returns of recommended investments: 74%
- Reviewing account documents provided by advisor: 74%
- Keeping advisor informed of changes to my situation: 72%
- Reading literature provided by advisor: 65%
- Understanding what I am paying my advisor: 58%
- Conducting my own research: 49%

*See full report for exact wording of question and each responsibility
Client-advisor relationships in BC

On the one hand, respondents outside the Lower Mainland and Fraser Valley are more likely to be diligent in their client-advisor relationships

Respondents outside the Lower Mainland and Fraser Valley are 5 points more likely to say they checked into the background of their advisor than those in the Lower Mainland/FV. They are also more likely to have discussed the compensation their advisor receives more than just once (44% compared to 37%).

On the other hand, respondents outside the Lower Mainland/FV are more likely to defer their responsibilities to a trusted advisor

Respondents outside Lower Mainland/Fraser Valley are more likely to agree that they do not need to understand all their investments’ risks and benefits as long as their advisor knows all of the details (40% agreement versus 32% agreement in Lower Mainland/Fraser Valley).

A large majority of respondents agreed that they hold certain responsibilities when working with their advisor. However, on 6 of the 8 responsibilities we asked about, respondents from the ‘Rest of BC’ were up to 7 percentage points less likely to agree that they hold these responsibilities than those from Lower Mainland and Fraser Valley.
Vancouver and suburbs north of the Fraser are less likely to do the right things when considering an investment

British Columbians in Vancouver and suburbs north of the Fraser are consistently doing the right things less often than those from the rest of the province.

Looking at who those said they “always” take each of these important steps before deciding on a new investment opportunity, Vancouver/Richmond/North Shore respondents are least likely to ask advisors questions about investment suitability, while North East LM suburbs respondents are least likely to refer to their financial plan. Across the board, respondents from the Lower Mainland north of the Fraser are less likely to answer “always” to things they would do when considering an investment than respondents from other regions in BC.

For example, 11-14% of respondents from these two regions always ask their advisor questions about an investment’s risks/benefits, compared to 18-20% everywhere else in the province. Similarly, in these north of the Fraser Lower Mainland communities, 7-9% always do some independent research, compared to 14-20% elsewhere. The region that most consistently takes each of these steps is Vancouver Island.
Outcomes
Understanding Investments: majority (55%) of respondents understand investments; highest among DIY investors

Do you agree or disagree with the following statements?

I understand all of my current investments and what risks and benefits they entail

[asked of all respondents]

BC Respondents

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Neither agree nor disagree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Not applicable</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>36%</td>
<td>35%</td>
<td>13%</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BC Segmentation (those who say “Agree”)

Investor Segmentation

- No Investments: 40%
- DIY Investor: 81%
- Advisor Investor: 72%

Region

- Van/Richmond/North Shore: 58%
- North East LM Suburbs: 57%
- South of Fraser/FV: 54%
- Vancouver Island: 56%
- Interior/North: 51%

Age - Gender

- M 35-54: 55%
- M 55+: 67%
- F 35-54: 41%
- F 55+: 61%
Do you agree or disagree with the following statements?

*I am confident that my current investments are well matched to my risk tolerance*

[asked of all respondents]

**BC Respondents**

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Neither agree nor disagree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Not applicable</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>28%</td>
<td>16%</td>
<td>4%</td>
<td>4%</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>25%</td>
<td>32%</td>
<td>14%</td>
<td>4%</td>
<td>4%</td>
<td>18%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**BC Segmentation**

(those who say “Agree”)

**Region**
- Van/Richmond/North Shore: 57%
- North East LM Suburbs: 52%
- South of Fraser/FV: 51%
- Vancouver Island: 50%
- Interior/North: 52%

**Investor Segmentation**
- No Investments: 33%
- DIY Investor: 81%
- Advisor Investor: 77%

**Age - Gender**
- M 35-54: 47%
- M 55+: 60%
- F 35-54: 42%
- F 55+: 62%
Investment Goal Awareness: over 2-in-5 (43%) know investment goals and believe they are on track to meet them

Do you agree or disagree with the following statements?

I know what my investment goals are and I am on track to meet them

[asked of all respondents]

BC Respondents

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Neither agree nor disagree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Not applicable</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC 18%</td>
<td>BC 19%</td>
<td>BC 19%</td>
<td>BC 9%</td>
<td>BC 10%</td>
<td>BC 15%</td>
<td>BC 13%</td>
</tr>
<tr>
<td>National 19%</td>
<td>National 26%</td>
<td>National 18%</td>
<td>National 8%</td>
<td>National 8%</td>
<td>National 13%</td>
<td>National 5%</td>
</tr>
</tbody>
</table>

BC Segmentation (those who say “Agree”)

Region

- Van/Richmond/North Shore: 47%
- North East LM Suburbs: 42%
- South of Fraser/FV: 44%
- Vancouver Island: 42%
- Interior/North: 40%

Investor Segmentation

- No Investments: 27%
- DIY Investor: 65%
- Advisor Investor: 64%

Age - Gender

- M 35-54: 37%
- M 55+: 50%
- F 35-54: 35%
- F 55+: 51%
Investment Decision Confidence: majority (55%) confident making investment decisions; highest among DIY investors

How confident are you when it comes to making investment decisions? [asked of all respondents]

BC Respondents

<table>
<thead>
<tr>
<th>Confidence Level</th>
<th>BC</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very confident</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Somewhat confident</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Not very confident</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Not confident at all</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Don't know</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

BC Segmentation
(those who say “Confident”)

Region
- Van/Richmond/North Shore: 58%
- North East LM Suburbs: 51%
- South of Fraser/FV: 55%
- Vancouver Island: 56%
- Vancouver Island: 56%
- Interior/North: 53%
- No Investments: 43%
- DIY Investor: 75%
- Advisor Investor: 69%

Investor Segmentation

Age - Gender
- M 35-54: 57%
- M 55+: 61%
- F 35-54: 44%
- F 55+: 60%
### BC Regional Investment Behaviour: Van/Rich/NS more likely to understand their investments and be confident

**Do you agree or disagree with the following statements?**

[asked of all respondents]

<table>
<thead>
<tr>
<th>Statement</th>
<th>Van/Richmond/North Shore</th>
<th>North East LM Suburbs</th>
<th>South of Fraser/FV</th>
<th>Vancouver Island</th>
<th>Interior/North</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand all of my current investments and what risks and benefits they entail</td>
<td>19%</td>
<td>20%</td>
<td>20%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>I am confident that my current investments are well matched to my risk tolerance</td>
<td>27%</td>
<td>21%</td>
<td>25%</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>I know what my investment goals are and I am on track to meet them</td>
<td>19%</td>
<td>13%</td>
<td>24%</td>
<td>22%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**How confident are you when it comes to making investment decisions?**

[asked of all respondents]

<table>
<thead>
<tr>
<th>Van/Richmond/North Shore</th>
<th>North East LM Suburbs</th>
<th>South of Fraser/FV</th>
<th>Vancouver Island</th>
<th>Interior/North</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very confident</td>
<td>6%</td>
<td>3%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Somewhat confident</td>
<td>42%</td>
<td>47%</td>
<td>40%</td>
<td>46%</td>
</tr>
<tr>
<td>Not very confident</td>
<td>17%</td>
<td>30%</td>
<td>25%</td>
<td>21%</td>
</tr>
<tr>
<td>Not confident at all</td>
<td>11%</td>
<td>12%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>Don't know</td>
<td>7%</td>
<td>9%</td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Client-Advisor Relationship
Advisor Segmentation

27% of British Columbians 35+ invest through an advisor.

No Investments: those who say they do not invest with an advisor, and also that they have no investments in general.

DIY Investors: “do-it-yourself” investors say they do not invest with an advisor, but do say that they have investments.

Invest with an Advisor: Those who say that they invest with an investment advisor.

We also asked those who do not currently work with an advisor whether they ever had in the past. About a quarter (24%) had worked with one in the past, 75% never, with 2% saying they didn’t know.
Advisor Regional Segmentation: More respondents in South of Fraser/FV, Island, & Interior/North don’t have investments

### BC Respondents

- **Vancouver/Richmond/North Shore**
  - No Investments: 46%
  - DIY Investors: 21%
  - Invest with an Advisor: 33%

- **North East LM Suburbs**
  - No Investments: 49%
  - DIY Investors: 19%
  - Invest with an Advisor: 32%

- **South of Fraser/FV**
  - No Investments: 63%
  - DIY Investors: 13%
  - Invest with an Advisor: 24%

- **Vancouver Island**
  - No Investments: 57%
  - DIY Investors: 14%
  - Invest with an Advisor: 29%

- **Interior/North**
  - No Investments: 65%
  - DIY Investors: 13%
  - Invest with an Advisor: 22%
Advisor Background: the majority (55%) of respondents have not checked the background of their investment advisor.

Have you ever checked into the background of your investment advisor in any way? [asked only of those who currently or usually work with an advisor]

- Yes: 42% (BC), 46% (National)
- No: 55% (BC), 53% (National)

Note: Don’t know not shown

BC Segmentation (those who say “Yes”)

- Region:
  - Lower Mainland/FV: 40%
  - Rest of BC: 45%

- Age - Gender:
  - M 35-54: 48%
  - M 55+: 47%
  - F 35-54: 30%
  - F 55+: 43%
Advisor Background Check: majority (55%) who checked into their advisor’s background did so by checking registration.

In which of the following ways did you check the background of your investment advisor? Check all that apply.
[asked only of those who have checked into their advisor’s background]

- Interviewed them to ask about their experience and background: 60% BC, 57% National
- Checked if they were registered: 55% BC, 53% National
- Searched their name on the Internet: 35% BC, 31% National
- Asked for the opinion of a 3rd party such as an accountant or a lawyer: 34% BC, 32% National
- Checked their disciplinary history: 29% BC, 25% National
- Referral from relative/friend: 5% BC, 10% National
- Advisor is employee of a bank/financial institution: 6% BC, 5% National
- Trusted/long-term advisor: 1% BC, 0% National
- Other: 6% BC, 4% National

BC Segmentation (those who say “Checked if they were registered”)

Region
- Lower Mainland/FV: 53%
- Rest of BC: 57%

Age - Gender
- M 35-54: 67%
- M 55+: 56%
- F 35-54: 49%
- F 55+: 49%
Discussing Compensation: 1-in-4 (26%) reported that they have never discussed compensation with their advisor

How often do you have discussions with your investment advisor about how they are compensated for investments that they buy or sell on your behalf?
[asked only of those who currently or usually work with an advisor]
Discuss Compensation by Region: ‘Rest of BC’ respondents report slightly higher levels of discussions about compensation

How often do you have discussions with your investment advisor about how they are compensated for investments that they buy or sell on your behalf?
[asked only of those who currently or usually work with an advisor]

- Every time I buy/sell an investment through them:
  - Lower Mainland/FV: 5%
  - Rest of BC: 6%

- Usually when buying/selling investment through them:
  - Lower Mainland/FV: 4%
  - Rest of BC: 6%

- Periodically, as needed:
  - Lower Mainland/FV: 29%
  - Rest of BC: 31%

- Once:
  - Lower Mainland/FV: 31%
  - Rest of BC: 27%

- Never:
  - Lower Mainland/FV: 27%
  - Rest of BC: 23%

- Don't know:
  - Lower Mainland/FV: 5%
  - Rest of BC: 6%
Trust is the main reason that respondents don’t ask about compensation more often

Below are some reasons people give for not asking their advisor about their compensation. For each please indicate if you personally agree or disagree. [asked only of those with an advisor who don’t discuss compensation every time they make an investment]

The less often investors discuss compensation, the more they agree that trust plays a role: Overall, 74% agree trust is a factor.

I don’t need to ask my advisor about their compensation more often because I trust that it is fair and reasonable

<table>
<thead>
<tr>
<th></th>
<th>BC</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

I would ask my advisor about their compensation more often if I had a better understanding of how investment fees and commissions worked

<table>
<thead>
<tr>
<th></th>
<th>BC</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>28%</td>
<td>30%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

It would be rude to ask my advisor about their compensation more often than I already do

<table>
<thead>
<tr>
<th></th>
<th>BC</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>27%</td>
<td>29%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>43%</td>
<td>46%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3%</td>
<td>5%</td>
</tr>
</tbody>
</table>

If I asked my advisor about their compensation more often than I do, I think I would get worse service from them

<table>
<thead>
<tr>
<th></th>
<th>BC</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>47%</td>
<td>50%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>
### Trust in advisor main reason not to ask about fees, regardless of region

Below are some reasons people give for not asking their advisor about their compensation. For each please indicate if you personally agree or disagree.

[asked only of those with an advisor who don’t discuss compensation every time they make an investment]

#### The less often investors discuss compensation, the more they agree with that trust plays a role: Overall, 74% agree trust is a factor.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Lower Mainland/FV</th>
<th>Rest of BC</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t need to ask my advisor about their compensation more often because I trust that it is fair and reasonable</td>
<td><img src="image1" alt="Graph" /></td>
<td><img src="image2" alt="Graph" /></td>
</tr>
<tr>
<td>I would ask my advisor about their compensation more often if I had a better understanding of how investment fees and commissions worked</td>
<td><img src="image3" alt="Graph" /></td>
<td><img src="image4" alt="Graph" /></td>
</tr>
<tr>
<td>It would be rude to ask my advisor about their compensation more often than I already do</td>
<td><img src="image5" alt="Graph" /></td>
<td><img src="image6" alt="Graph" /></td>
</tr>
<tr>
<td>If I asked my advisor about their compensation more often than I do, I think I would get worse service from them</td>
<td><img src="image7" alt="Graph" /></td>
<td><img src="image8" alt="Graph" /></td>
</tr>
</tbody>
</table>
Advisor Compensation Discussion: Majority of respondents (60%) have no need to ask about their advisor’s compensation

Other than those above, is there any other reason that you do not ask your advisor about their compensation more often? “Yes”
[asked only of those who currently or usually work with an advisor]

- Fully aware/no need to ask: 52%
- Trust advisor: 15%
- Don't ask/don't understand: 12%
- Advisors paid through bank/financial institution: 5%
- Lack of time/interest: 5%
- Advisors need to be compensated: 5%
- Other: 9%
- Don't know: 6%

Note: None not shown.
Payment Methods: almost 1-in-4 say they are not sure how their advisor is paid, as high as 3-in-10 among women

Is your investment advisor being paid by any of the following methods? Check all that apply. [asked only of those who currently or usually work with an advisor]

- I am not sure how my advisor is paid
- Commission based on the products they sell
- Flat fee based on the assets in your account
- Salary
- Flat fee based on an hourly rate
- Percentage of profits
- No charge
- Other

BC Segmentation (those who say “Not sure”)

Region
- Lower Mainland/FV: 22%
- Rest of BC: 25%

Age - Gender
- M 35-54: 7%
- M 55+: 21%
- F 35-54: 31%
- F 55+: 29%
Half of British Columbians (51%) with advisors know exactly how much they paid their advisors in the last 12 months.

Do you agree or disagree with the following statement: *I know exactly how much I have paid my investment advisor in the past 12 months.*
[asked only of those who currently or usually work with an advisor]

**BC Segmentation**
(those who say “Agree”)

**Region**
- Lower Mainland/FV: 51%
- Rest of BC: 50%

**Age - Gender**
- M 35-54: 64%
- M 55+: 53%
- F 35-54: 46%
- F 55+: 46%
As far as you know, does your investment advisor provide you periodic statements about your investments and their performance? [asked only of those who currently or usually work with an advisor]

**BC**
- Yes: 96%
- No/DK: 4%

**BC Segmentation** (those who say “Yes”)
- Lower Mainland/FV: 93%
- Rest of BC: 100%

**Age - Gender**
- M 35-54: 100%
- M 55+: 97%
- F 35-54: 88%
- F 55+: 98%

**National**
- Yes, both electronic and mail: 37%
- Yes, statements in the mail: 42%
- Yes, electronic statements: 17%
- No: 1%
- Don’t know: 96%
- No/DK: 4%
**Investment Statements:** just over 3-in-5 report always reading their statements

When you receive these statements, how often do you read them? This includes reading the whole thing or only looking at certain parts of them. [asked only of those who receive a statement]

- **Always:** 62% (BC), 61% (National)
- **Often:** 17% (BC), 17% (National)
- **Sometimes:** 15% (BC), 15% (National)
- **Rarely:** 5% (BC), 6% (National)

When you read your statements, which of the following best describes how you read them? [asked only of those who receive a statement]

- **I always read the entire statement and look at all of the information provided:** 37% (BC), 34% (National)
- **Usually I just look for some key information but sometimes I read the entire statement:** 47% (BC), 50% (National)
- **I almost always look for only a few key pieces of information:** 15% (BC), 16% (National)

**Note:** Never/Don’t know not shown

**Note:** Don’t know not shown
Investment Statements: currently, just over 1-in-5 (23%) say their statements show the fees and commissions they pay

What information is included in these statements? Please select all that apply [asked of those who receive statements]

- The current balance of your investment account: 84% (BC) 88% (National)
- A list of the investments in your account and what each is worth: 80% (BC) 86% (National)
- Records of deposits and withdrawals from your investment account since the last statement: 79% (BC) 78% (National)
- The overall rate of return on your investments over the past year or less: 64% (BC) 65% (National)
- The rate of return for each investment in your account over the past year or less: 45% (BC) 40% (National)
- The overall rate of return on your investments over a time period longer than a year: 41% (BC) 40% (National)
- The rate of return for each investment in your account over a time period longer than a year: 34% (BC) 32% (National)
- The total fees and commissions your advisor earned from your account since the last statement: 23% (BC) 23% (National)
- The fees and commissions that your advisor earned for each investment in your account since the last statement: 10% (BC) 12% (National)

Other: 4% (BC) 3% (National)
DK: 5% (BC) 2% (National)
Trust inhibits most British Columbians from reading their statements; ease of understanding also a big barrier

Below are some reasons people give for not reading statements from their investment advisors. For each please indicate if you personally agree or disagree.

[asked of those who don’t always read their statements]

- I don’t need to read my investment statements very often because I trust that my advisor is taking care of my money

- I would read my investment statements more often if they were easier to understand

- I would read my investment statements more often if they included more useful information

- I don’t like to read my investment statements because I am afraid to see if I have lost money

BC National

11% 14% 17% 16% 8% 10% 4% 3%

Strongly agree Somewhat agree Somewhat disagree Strongly disagree Don't know
Respondents from ‘Rest of BC’ slightly more likely to agree trust prevents them from reading their statement

Below are some reasons people give for not reading statements from their investment advisors. For each please indicate if you personally agree or disagree. [asked of those who don’t always read their statements]

1. I don’t need to read my investment statements very often because I trust that my advisor is taking care of my money

   - **Lower Mainland/FV**: 10% Strongly agree, 51% Somewhat agree, 22% Somewhat disagree, 15% Strongly disagree, 2% Don't know
   - **Rest of BC**: 12% Strongly agree, 52% Somewhat agree, 20% Somewhat disagree, 15% Strongly disagree, 1% Don't know

2. I would read my investment statements more often if they were easier to understand

   - **Lower Mainland/FV**: 19% Strongly agree, 39% Somewhat agree, 23% Somewhat disagree, 13% Strongly disagree, 6% Don't know
   - **Rest of BC**: 13% Strongly agree, 48% Somewhat agree, 28% Somewhat disagree, 10% Strongly disagree, 1% Don't know

3. I would read my investment statements more often if they included more useful information

   - **Lower Mainland/FV**: 8% Strongly agree, 41% Somewhat agree, 28% Somewhat disagree, 17% Strongly disagree, 6% Don't know
   - **Rest of BC**: 7% Strongly agree, 42% Somewhat agree, 34% Somewhat disagree, 10% Strongly disagree, 8% Don't know

4. I don’t like to read my investment statements because I am afraid to see if I have lost money

   - **Lower Mainland/FV**: 3% Strongly agree, 16% Somewhat agree, 42% Somewhat disagree, 37% Strongly disagree, 2% Don't know
   - **Rest of BC**: 6% Strongly agree, 19% Somewhat agree, 36% Somewhat disagree, 37% Strongly disagree, 2% Don't know
Other than the reasons above, is there any other reason that you do not read statements from your investment advisor more often? “Yes” [asked of those who don’t always read their statements]

- Lack of interest/too boring/partner deals with it: 21%
- Lack of time: 19%
- Only need key info/just ask advisor about it: 34%
- Trust advisor/hired professional: 11%
- Difficult to understand: 8%
- Investments stable/very little change: 5%
- Follow portfolio online/newsletter: 5%
- Avoid distraction/emotional reactions: 8%
- Other: 1%

Note: None not shown.
1 in 3 agree that they do not need to understand risks so long as their advisor does

Do you agree or disagree with the following statement: *I do not need to understand all of the risks and benefits of my investments as long as my advisor knows all of the details.*

[asked only of those who currently or usually work with an advisor]

**Note:** Don’t know not shown

**Agree**
- BC: 36%
- National: 34%

**Disagree**
- BC: 46%
- National: 50%

**BC Segmentation**
(those who say “Agree”)

- Lower Mainland/FV: 32%
- Rest of BC: 40%

**Region**

**Age - Gender**

- M 35-54: 47%
- M 55+: 38%
- F 35-54: 29%
- F 55+: 31%
Almost 7-in-10 respondents agree their advisor made their own role and responsibilities clear

Do you agree or disagree with the following statement: *My investment advisor has made it clear to me what my role and responsibilities are when it comes to my investments with them.*

[asked only of those who currently or usually work with an advisor]

**Agree**
- BC: 69%
- National: 71%

**Disagree**
- BC: 10%
- National: 8%

**Note:** Don’t know not shown

**BC Segmentation**
(those who say “Agree”)

- Lower Mainland/FV: 68%
- Rest of BC: 71%

**Age - Gender**

- M 35-54: 75%
- M 55+: 71%
- F 35-54: 66%
- F 55+: 67%
Over 7-in-10 respondents with an advisor agree they are encouraged to stay involved

Do you agree or disagree with the following statement: *My investment advisor helps and encourages me to stay involved with my investments.*

[asked only of those who currently or usually work with an advisor]

**Agree**
- BC: 73%
- National: 73%

**Disagree**
- BC: 7%
- National: 6%

**Note:** Don’t know not shown
Advisor attitudes by region: respondents from both regions show relatively similar attitudes about advisors

Do you agree or disagree with the following statement:
[asked only of those who currently or usually work with an advisor]

I do not need to understand all of the risks and benefits of my investments as long as my advisor knows all of the details.

My investment advisor has made it clear to me what my role and responsibilities are when it comes to my investments with them.

My investment advisor helps and encourages me to stay involved with my investments.

Note: Don’t know not shown
Client Responsibilities: asking questions and reviewing portfolio holdings more likely to be seen as their responsibility

As a client, which of the following things do you believe are either wholly or partially your responsibility when working with an advisor? Select all that apply.
[asked only of those who currently or usually work with an advisor]

- Asking questions about my investments until I fully understand them
- Reviewing my portfolio holdings and the performance of my investments on a regular basis
- Understanding the risk and return of every investment my advisor recommends
- Reviewing all documents about my account provided by my advisor
- Keeping my advisor informed of changes to my financial situation
- Carefully reading any literature provided by my investment advisor
- Understanding what I am paying my advisor
- Doing my own research on new investments that my advisor recommends
- Don't know
- None of the above

Note: Those who say “All of the above” (20%) are counted as selecting each possible response
Client Responsibilities: asking questions and keeping advisor informed more likely to be seen as responsibility of LM/FV

As a client, which of the following things do you believe are either wholly or partially your responsibility when working with an advisor? Select all that apply.
[asked only of those who currently or usually work with an advisor]

- Asking questions about my investments until I fully understand them
- Reviewing my portfolio holdings and the performance of my investments on a regular basis
- Keeping my advisor informed of changes to my financial situation
- Understanding the risk and return of every investment my advisor recommends
- Reviewing all documents about my account provided by my advisor
- Carefully reading any literature provided by my investment advisor
- Understanding what I am paying my advisor
- Doing my own research on new investments that my advisor recommends

Note: Those who say “All of the above” (18%-23%) are counted as selecting each possible response
Effect of Responsibilities: belief in responsibilities matters, but does not guarantee the right behaviour

Each of these charts compares respondents answers to questions asking if they believe they are responsible for a particular aspect of the client-advisor relationship with a separate question measuring a related behaviour. For full details for each question and response code wording, please see the corresponding slide.

Frequency of conducting independent research BY belief they are responsible for doing own research on investments

<table>
<thead>
<tr>
<th>Yes</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Never</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>11%</td>
<td>11%</td>
<td>22%</td>
<td>31%</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td>No</td>
<td>8%</td>
<td>18%</td>
<td>20%</td>
<td>31%</td>
<td>36%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Frequency of discussing advisor’s compensation BY belief they are responsible for understanding what they pay their advisor

<table>
<thead>
<tr>
<th>Yes</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Never</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>8%</td>
<td>8%</td>
<td>38%</td>
<td>29%</td>
<td>19%</td>
<td>2%</td>
</tr>
<tr>
<td>No</td>
<td>4%</td>
<td>3%</td>
<td>18%</td>
<td>30%</td>
<td>35%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Frequency of asking advisor about investments’ suitability BY belief they are responsible for understanding investment risks and returns

<table>
<thead>
<tr>
<th>Yes</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Never</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td>12%</td>
<td>28%</td>
<td>30%</td>
<td>10%</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>No</td>
<td>9%</td>
<td>24%</td>
<td>36%</td>
<td>36%</td>
<td>20%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Frequency of reading statements BY belief they are responsible for reviewing all documents about their account

<table>
<thead>
<tr>
<th>Yes</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>17%</td>
<td>10%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>29%</td>
<td>21%</td>
<td>34%</td>
<td>13%</td>
<td>3%</td>
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</tbody>
</table>
Health of Relationship
Client Comfort: 88% of BC investors are comfortable bringing concerns and questions to their investment advisor.

In general, how **comfortable** do you feel bringing forth concerns and questions when speaking with your investment advisor?

[asked only of those who currently or usually work with an advisor]

**Comfortable**
- BC: 88%
- National: 91%

**Not comfortable**
- BC: 9%
- National: 6%

**BC Segmentation**
(those who say “Comfortable”)

<table>
<thead>
<tr>
<th>Region</th>
<th>BC</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Mainland/FV</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Rest of BC</td>
<td>93%</td>
<td></td>
</tr>
</tbody>
</table>

**Age - Gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>BC</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>M 35-54</td>
<td>84%</td>
<td></td>
</tr>
<tr>
<td>M 55+</td>
<td>92%</td>
<td></td>
</tr>
<tr>
<td>F 35-54</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>F 55+</td>
<td>92%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Don’t know not shown
**Client Trust:** over 2-in-5 (43%) of BC respondents have a very strong level of trust in their investment advisor.

In general, how would you describe the level of trust you have in your investment advisor?

*Asked only of those who currently or usually work with an advisor*

- **Very strong**
  - BC: 43%
  - National: 49%

- **Somewhat strong**
  - BC: 47%
  - National: 47%

- **Not very strong**
  - BC: 5%
  - National: 6%

- **Not strong at all**
  - BC: 1%
  - National: 1%

**Strong level of trust**

- BC: 90%
- National: 90%

**Not a strong level of trust**

- BC: 6%
- National: 6%

**BC Segmentation**

*those who say “Strong”*

**Region**

- Lower Mainland/FV: 91%
- Rest of BC: 89%

**Age - Gender**

- M 35-54: 89%
- M 55+: 90%
- F 35-54: 86%
- F 55+: 93%

**Note:** Don’t know not shown
Advisor Communication: more than half (52%) are very satisfied with their investment advisor communications

How satisfied are you with the level of communication you have with your investment advisor? 
[asked only of those who currently or usually work with an advisor]

Satisfied
BC: 91%
National: 91%

Not satisfied
BC: 6%
National: 8%

BC Segmentation (those who say “Satisfied”)

Region
- Lower Mainland/FV: 91%
- Rest of BC: 92%

Age - Gender
- M 35-54: 91%
- M 55+: 94%
- F 35-54: 82%
- F 55+: 95%
All British Columbians:
Investment Behavior
Among those who say each behaviour is applicable to them, nearly 1 in 2 say they never consult a 3rd party.

How often do you take the following steps to ensure that an investment you’ve been offered is suitable for you and your risk profile? [asked of all respondents]

- **Ask your investment advisor questions about the investment’s suitability for your risk tolerance and portfolio mix**
  - **BC**
    - Always: 17%
    - Often: 22%
    - Sometimes: 29%
    - Rarely: 16%
    - Never: 12%
    - Don't know: 4%
  - **National**
    - Always: 19%
    - Often: 20%
    - Sometimes: 28%
    - Rarely: 17%
    - Never: 12%
    - Don't know: 4%

- **Wait a day or more before deciding to invest**
  - **BC**
    - Always: 13%
    - Often: 23%
    - Sometimes: 30%
    - Rarely: 15%
    - Never: 14%
    - Don't know: 5%
  - **National**
    - Always: 15%
    - Often: 23%
    - Sometimes: 30%
    - Rarely: 16%
    - Never: 13%
    - Don't know: 3%

- **Refer to your financial plan**
  - **BC**
    - Always: 14%
    - Often: 21%
    - Sometimes: 30%
    - Rarely: 19%
    - Never: 11%
    - Don't know: 5%
  - **National**
    - Always: 15%
    - Often: 22%
    - Sometimes: 33%
    - Rarely: 16%
    - Never: 10%
    - Don't know: 4%

- **Conduct independent research**
  - **BC**
    - Always: 14%
    - Often: 16%
    - Sometimes: 28%
    - Rarely: 20%
    - Never: 18%
    - Don't know: 3%
  - **National**
    - Always: 15%
    - Often: 16%
    - Sometimes: 27%
    - Rarely: 21%
    - Never: 17%
    - Don't know: 3%

- **Consult with third parties such as an accountant or lawyer not related to the investment**
  - **BC**
    - Always: 5%
    - Often: 8%
    - Sometimes: 14%
    - Rarely: 24%
    - Never: 45%
    - Don't know: 4%
  - **National**
    - Always: 3%
    - Often: 6%
    - Sometimes: 18%
    - Rarely: 24%
    - Never: 46%
    - Don't know: 3%

*Note: Respondents could also indicate that each behaviour was “Not applicable to me,” in which case their answers were excluded from the results.*
Advisor vs. DIY Investor Behaviour: DIY investors are more likely to wait before deciding to invest

How often do you take the following steps to ensure that an investment you’ve been offered is suitable for you and your risk profile? [asked of all respondents]

- Ask your investment advisor questions about the investment’s suitability for your risk tolerance and portfolio mix
- Refer to your financial plan
- Wait a day or more before deciding to invest
- Conduct independent research
- Consult with third parties such as an accountant or lawyer not related to the investment

Note: Respondents could also indicate that each behaviour was “Not applicable to me,” in which case their answers were excluded from the results.
## Regional Investment Behaviour: Van/Rich/NS least likely to ask advisors; NE LM Suburbs least likely to refer to financial plan

**How often do you take the following steps to ensure that an investment you’ve been offered is suitable for you and your risk profile?**

[asked of all respondents]

<table>
<thead>
<tr>
<th>Step</th>
<th>Van/Richmond/North Shore</th>
<th>North East LM Suburbs</th>
<th>South of Fraser/FV</th>
<th>Vancouver Island</th>
<th>Interior/North</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ask your investment advisor questions about the investment’s suitability for your risk tolerance and portfolio mix</strong></td>
<td>14%</td>
<td>17%</td>
<td>39%</td>
<td>16%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Refer to your financial plan</strong></td>
<td>8%</td>
<td>24%</td>
<td>34%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Wait a day or more before deciding to invest</strong></td>
<td>9%</td>
<td>23%</td>
<td>31%</td>
<td>18%</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Conduct independent research</strong></td>
<td>7%</td>
<td>22%</td>
<td>28%</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Consult with third parties such as an accountant or lawyer not related to the investment</strong></td>
<td>2%</td>
<td>12%</td>
<td>19%</td>
<td>18%</td>
<td>45%</td>
</tr>
</tbody>
</table>

- **Always**
- **Often**
- **Sometimes**
- **Rarely**
- **Never**
- **Don't know**

**Note:** Respondents could also indicate that each behaviour was “Not applicable to me,” in which case their answers were excluded from the results.
All British Columbians: Advisor Knowledge
Only about 1 in 2 BC respondents know the correct answers to important questions about working with an advisor

For each of the following statements, please indicate if you think the statement is definitely true, probably true, probably false, or definitely false:
[asked of all respondents]

Investment advisors can only buy and sell investments for me if they are registered by a provincial securities regulator

<table>
<thead>
<tr>
<th></th>
<th>Definitely true</th>
<th>Probably true</th>
<th>Probably false</th>
<th>Definitely false</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>22%</td>
<td>29%</td>
<td>7%</td>
<td>4%</td>
<td>39%</td>
</tr>
<tr>
<td>National</td>
<td>25%</td>
<td>28%</td>
<td>7%</td>
<td>4%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Once I have explained my investment goals to an advisor, I can leave it up to them to buy and sell investments on my behalf to meet these goals*

<table>
<thead>
<tr>
<th></th>
<th>Definitely true</th>
<th>Probably true</th>
<th>Probably false</th>
<th>Definitely false</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>8%</td>
<td>32%</td>
<td>22%</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>National</td>
<td>9%</td>
<td>32%</td>
<td>17%</td>
<td>25%</td>
<td>17%</td>
</tr>
</tbody>
</table>

If an investment advisor recommends an investment to me but the market goes down, I have insurance to cover my losses

<table>
<thead>
<tr>
<th></th>
<th>Definitely true</th>
<th>Probably true</th>
<th>Probably false</th>
<th>Definitely false</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>3%</td>
<td>9%</td>
<td>18%</td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>National</td>
<td>4%</td>
<td>10%</td>
<td>16%</td>
<td>38%</td>
<td>32%</td>
</tr>
</tbody>
</table>

*Note: Results for the second question exclude respondents who say they work with Portfolio Managers, as the correct answer is generally “true” for this group
**BC Investors:** advisor investors more likely to know the correct response to question about provincial securities regulation

For each of the following statements, please indicate if you think the statement is definitely true, probably true, probably false, or definitely false. [asked of all respondents]

**Investment advisors can only buy and sell investments for me if they are registered by a provincial securities regulator**

- **Advisor Investor:**
  - Definitely true: 36%
  - Probably true: 37%
  - Probably false: 8%
  - Definitely false: 19%
  - Don't know: 1%

- **DIY Investor:**
  - Definitely true: 27%
  - Probably true: 32%
  - Probably false: 7%
  - Definitely false: 8%
  - Don't know: 26%

- **Non Investor:**
  - Definitely true: 14%
  - Probably true: 24%
  - Probably false: 6%
  - Definitely false: 4%
  - Don't know: 53%

**Once I have explained my investment goals to an advisor, I can leave it up to them to buy and sell investments on my behalf to meet these goals***

- **Advisor Investor:**
  - Definitely true: 12%
  - Probably true: 39%
  - Probably false: 25%
  - Definitely false: 19%
  - Don't know: 6%

- **DIY Investor:**
  - Definitely true: 11%
  - Probably true: 39%
  - Probably false: 15%
  - Definitely false: 26%
  - Don't know: 9%

- **Non Investor:**
  - Definitely true: 4%
  - Probably true: 24%
  - Probably false: 22%
  - Definitely false: 23%
  - Don't know: 26%

**If an investment advisor recommends an investment to me but the market goes down, I have insurance to cover my losses**

- **Advisor Investor:**
  - Definitely true: 4%
  - Probably true: 13%
  - Probably false: 26%
  - Definitely false: 42%
  - Don't know: 15%

- **DIY Investor:**
  - Definitely true: 1%
  - Probably true: 8%
  - Probably false: 24%
  - Definitely false: 52%
  - Don't know: 15%

- **Non Investor:**
  - Definitely true: 3%
  - Probably true: 7%
  - Probably false: 13%
  - Definitely false: 23%
  - Don't know: 54%

*Note: Results for the second question exclude respondents who say they work with Portfolio Managers, as the correct answer is generally “true” for this group.*
BC Regions: Interior/North less likely to know the correct answers to questions about working with advisors

For each of the following statements, please indicate if you think the statement is definitely true, probably true, probably false, or definitely false.
[asked of all respondents]

1. Investment advisors can only buy and sell investments for me if they are registered by a provincial securities regulator

2. Once I have explained my investment goals to an advisor, I can leave it up to them to buy and sell investments on my behalf to meet these goals*

3. If an investment advisor recommends an investment to me but the market goes down, I have insurance to cover my losses

*Note: Results for the second question exclude respondents who say they work with Portfolio Managers, as the correct answer is generally “true” for this group
Understanding Investment Fraud
BC respondents better informed on all fraud warning signs

From what you have read, seen, or heard, which of the following do you think are indicators of a possible fraudulent investment?

- Guaranteed high returns with little or no risk: 80% (BC), 77% (National)
- Moving money outside the country to avoid tax: 75% (BC), 69% (National)
- A strong push to act now: 74% (BC), 68% (National)
- Offers insider information: 73% (BC), 67% (National)
- Makes an offer that is available to only a select few: 73% (BC), 67% (National)
- Encourages you to invest because friends or family have already done so: 64% (BC), 59% (National)
Fraud Victims: advisor investors and DIY investors more likely to report being victims

In fact, all of the above are red flags that may indicate an attempted fraud. To remind you, these are [warnings signs listed]. As a reminder, your responses to this survey are completely confidential. Like all the questions you’ve answered, the following questions will be used only for classification purposes. Based on what you have read so far and what you already know, do you think you have ever invested money in a fraudulent investment?

[asked of all respondents]
The median amount invested was $5,000-$10,000, but 1 in 5 invested more than $25,000.

How much money did you invest in this investment fraud?
[asked only of those who have invested in a fraudulent investment]

Median: $5,000-$10,000
The median size of fraud was fraud between five and ten thousand dollars.

21% invested more than $25,000 in the fraud.
Personality:
What role do personality traits play in investing?
The Big 5 personality traits represent a significant stream of research in the psychology community over a set of five personality traits that jointly measure most of what is distinct about individual personalities. The scale that we used to measure the Big 5 for this study is the Ten-Item Personality Index or TIPI.*

Each of the five traits is measured as the average response to two of the items. Each trait is made up of one item where agreement places the respondent higher on that trait and one item where disagreement does so (reversed).

<table>
<thead>
<tr>
<th>Trait</th>
<th>TIPI Items</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extroversion</td>
<td>Extroverted, enthusiastic</td>
<td>People who are warm, assertive, active, excited, and positive</td>
</tr>
<tr>
<td></td>
<td>Reserved, quiet (reversed)</td>
<td></td>
</tr>
<tr>
<td>Agreeableness</td>
<td>Sympathetic, warm</td>
<td>People who are trusting, altruistic, compliant, modest, and straightforward</td>
</tr>
<tr>
<td></td>
<td>Critical, quarrelsome (reversed)</td>
<td></td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>Dependable, self-disciplined</td>
<td>People who are competent, dutiful, disciplined, deliberate, and orderly</td>
</tr>
<tr>
<td></td>
<td>Disorganized, careless (reversed)</td>
<td></td>
</tr>
<tr>
<td>Emotional Stability</td>
<td>Calm, emotionally stable</td>
<td>People who are stable, not anxious, calm, in control</td>
</tr>
<tr>
<td></td>
<td>Anxious, easily upset (reversed)</td>
<td></td>
</tr>
<tr>
<td>Openness to experience</td>
<td>Open to new experiences, complex</td>
<td>People who are curious, cultural, intellectual</td>
</tr>
<tr>
<td></td>
<td>Conventional, uncreative (reversed)</td>
<td></td>
</tr>
</tbody>
</table>


We grouped British Columbians into five personality types. The study shows that each personality type exhibits a different approach to investing and working with an advisor.

Diligent people are characterized by high scores on all traits except extroversion – they are like confident investors but are introverted.

Reserved people are characterized in particular by being introverted and not open to experience.

Impulsive peoples’ personalities are defined by their high agreeableness but lower scores on emotional stability and conscientiousness.

Tumultuous people are slightly above average on extroversion and below average on agreeableness, conscientiousness, and emotional stability.

Confident peoples’ personalities are characterized by giving themselves high scores on all 5 personality traits.
What are the personality traits of each group?

This chart shows the average percentile score on each trait among each of the groups.

The 50th percentile is the median score. Scores above 50 mean British Columbians in that group score higher than are typical on that personality trait.

- Extroversion
- Agreeableness
- Conscientiousness
- Emotional Stability
- Openness to experience

<table>
<thead>
<tr>
<th>Trait</th>
<th>Confident</th>
<th>Diligent</th>
<th>Reserved</th>
<th>Impulsive</th>
<th>Tumultuous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confident</td>
<td>84</td>
<td>79</td>
<td>77</td>
<td>67</td>
<td>59</td>
</tr>
<tr>
<td>Diligent</td>
<td>62</td>
<td>75</td>
<td>64</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>Reserved</td>
<td>33</td>
<td>40</td>
<td>23</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>Impulsive</td>
<td>29</td>
<td>45</td>
<td>59</td>
<td>36</td>
<td>28</td>
</tr>
<tr>
<td>Tumultuous</td>
<td>22</td>
<td>22</td>
<td>42</td>
<td>22</td>
<td>42</td>
</tr>
</tbody>
</table>
### Personality Type by Regions: Van/Richmond/North Shore has much less diligent investors than Interior/North

#### Regional segmentation:

<table>
<thead>
<tr>
<th>Region</th>
<th>Confident</th>
<th>Diligent</th>
<th>Reserved</th>
<th>Impulsive</th>
<th>Tumultuous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Van/Richmond/North Shore</td>
<td>20%</td>
<td>14%</td>
<td>16%</td>
<td>19%</td>
<td>30%</td>
</tr>
<tr>
<td>North East LM Suburbs</td>
<td>25%</td>
<td>15%</td>
<td>14%</td>
<td>17%</td>
<td>29%</td>
</tr>
<tr>
<td>South of Fraser/FV</td>
<td>22%</td>
<td>20%</td>
<td>20%</td>
<td>15%</td>
<td>24%</td>
</tr>
<tr>
<td>Vancouver Island</td>
<td>22%</td>
<td>22%</td>
<td>15%</td>
<td>17%</td>
<td>24%</td>
</tr>
<tr>
<td>Interior/North</td>
<td>19%</td>
<td>23%</td>
<td>13%</td>
<td>19%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Legend:
- Confident
- Diligent
- Reserved
- Impulsive
- Tumultuous
Reserved most likely to invest; confident and reserved are more likely to work with advisors

Advisor segmentation:

- Confident: 52% Confident, 14% DIY Investor, 34% Invest with advisor
- Diligent: 56% Confident, 16% DIY Investor, 27% Invest with advisor
- Reserved: 46% Confident, 21% DIY Investor, 33% Invest with advisor
- Impulsive: 68% Confident, 14% DIY Investor, 18% Invest with advisor
- Tumultuous: 60% Confident, 14% DIY Investor, 25% Invest with advisor

Legend:
- No investments
- DIY Investor
- Invest with advisor
Impulsive least likely to wait, conduct research, or ask questions; tumultuous don’t wait or refer to financial plans

How often do you take the following steps to ensure that an investment you’ve been offered is suitable for you and your risk profile?
[asked of all respondents]

Ask your investment advisor questions about the investment’s suitability for your risk tolerance and portfolio mix

Refer to your financial plan

Wait a day or more before deciding to invest

Conduct independent research

Consult a third party, such as an accountant or lawyer not related to the investment

Note: Those who say the behaviours are not applicable to them are not shown
Diligent people more likely to report always reading statements, but less likely to report having asked about compensation

Key behaviour and knowledge in the client-advisor relationship:
Tumultuous people are not able to recognize warning signs but are more likely to report being victims of fraud.

Who is able to recognize warning signs of fraud?

To what extent did each personality type report having invested in a fraud?

Although tumultuous are the least likely to invest in the first place, they are the most likely to report having invested in a fraud.
Innovative Research Group Inc. is a national public opinion research and strategy firm with offices in Toronto and Vancouver.

We provide critical information needed to assess and overcome public affairs and corporate communications challenges, identify and evaluate potential solutions, and monitor outcomes.
Appendix:
Note on Cluster Methodology
Cluster methodology

The use of cluster analysis to group respondents by patterns of personality traits is part of the “person-centered” approach to personality (Sava and Popa, 2011). As Sava and Popa note, most of this work originates from Block and Block’s (1980) three cluster approach and subsequent studies have found personality typologies to have as much or more explanatory power than multivariate analysis using individual traits. This makes the approach especially useful given the added parsimony it provides and the fact that results are straightforward to present and interpret.

The cluster centers here were arrived at using k-means clusters and are based on the prototypes identified in the literature by Sava and Popa and, in particular, the cluster centres identified in their own research. However, we also observed some differences in this sample of Canadians aged 35 or above compared to other results discussed in the literature. The relationship between the prototypes described in Sava and Popa and our own results are presented below.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Closest prototypes</th>
<th>Characterized by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confident</td>
<td>Resilient</td>
<td>High scores on all 5 traits</td>
</tr>
<tr>
<td>Diligent</td>
<td>Resilient (but introverted)</td>
<td>High scores on all traits except for extroversion</td>
</tr>
<tr>
<td>Reserved</td>
<td>N/A</td>
<td>Low scores on extroversion and openness to experience</td>
</tr>
<tr>
<td>Impulsive</td>
<td>Strain</td>
<td>High scores on agreeableness and low scores on emotional stability and conscientiousness</td>
</tr>
<tr>
<td>Tumultuous</td>
<td>Under-controlled</td>
<td>Low scores on agreeableness, emotional stability, and conscientiousness</td>
</tr>
</tbody>
</table>