



**TELEPHONE SURVEY OF
RETAIL INVESTORS –
ACCOUNT REPORTING PRACTICES**

OMNIBUS FINAL REPORT

Prepared for the
Canadian Securities Administrators (CSA)

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I. BACKGROUND

- The omnibus survey was completed during the period of November 8 – 13, 2011. Data collection was conducted by Research House in Toronto. An omnibus survey is a quantitative research method where data on a variety of subjects is collected during the same interview.
- The findings presented in this report are based on a telephone survey conducted among a national random sample of 1,000 adults over the age of 18. Some 450 of these respondents were investors (i.e., owners of stocks or mutual funds) eligible to answer the CSA questions. Respondents are evenly split by gender. The sample has been weighted to be representative of the Canadian population by region.
- The margin of error for the total sample is $\pm 3\%$ some 19 times out of 20. The margin of error for the investor sample is $\pm 5\%$ some 19 times out of 20.

II. DEMOGRAPHICS OF SECURITIES OWNERSHIP

- Less than half of the sample (43%) own stocks and/or mutual funds overall.
 - Ownership is lowest in Quebec (27%) and runs at roughly 50% in BC, AB and ON.
 - Mutual fund ownership is especially low in QC. In most other ways, ownership of either stocks or mutual funds roughly follows the provincial patterns for securities ownership.
 - Correspondingly, ownership of securities is higher among Anglophone (48%) than among Francophone (30%).
- Ownership of securities is higher among men than women by a small amount (46% vs. 41%). The difference is entirely due to ownership of stock, since ownership of mutual funds is nearly identical.
- More education corresponds to more securities ownership, and university educated respondents are almost twice as likely to own stocks and mutual funds as those less educated.
 - Between those that have finished high school and those with a college degree there is only a slight difference (2 – 3%) of owning either type of securities.
- As people age, buying stock and mutual funds increases.
 - From age 18 to age 50+ this increase is three-fold.
 - Between the ages 18-29 and 30-49 purchasing stocks and mutual funds doubles.
 - Those most likely to have stocks and mutual funds are age 50+ (53%).
 - Childless households also own more of these securities when compared to household with children (51% vs. 37%)
- Above \$80k family income, securities ownership is just over 60%. Ownership drops to about 4 out of 10 respondents in the \$40-79k family income bracket and continues to drop at lower incomes.
- Of those who own securities, one-third solely own mutual funds, about 2 out of 10 just own stocks (19%) and the nearly half that remain own both mutual funds and stock.

III. CLIENT NAME VERSUS NOMINEE NAME

- Survey responses suggest that investors do not really know how their investments are held. One-third of investors interviewed believe they hold all securities in client name and 18% believe they hold them in nominee name alone. Some 12% hold them in a mix of client and nominee name. The remainder indicated they do not know how their securities are held.
 - Among investors who only own stock, 46% believe they hold their securities in client name, while 21% of those who own both mutual funds and stock believe they hold their securities in a mix of client and nominee name.
- One-third of the sample **do not** know how their securities are held.
 - Almost half of those who only own mutual funds do not know how their securities are held
 - Even with family income over \$100k, one-third **do not** know how their securities are held.
 - Those with less education are considerably less knowledgeable about how their securities are held.
 - Despite lower securities ownership in QC, investors show greater awareness of how their securities are held.
- Among the two-thirds of investors who report that they know how their securities are held, two-thirds report that the method of holding their securities was their choice at least some of the time. The vast bulk of this group indicates it was their choice all of the time, especially among those who only own mutual funds. Only 2 out of 10 say the choice was not theirs at any time. Another 1 out of 10 simply does not know but this rises to 2 out of 10 for those who only own mutual funds. There is no apparent demographic relationship that helps explain the answers.

IV. ACCOUNT STATEMENT INFORMATION

- The vast majority of investors (73%) get both account balance and transaction information. Just over 1 out of 10 gets account balance information alone (14%) and only 5% report that they just get transaction information. A very small percentage (2%) indicated that they do not get either account balance or transaction information and only 6% do not know what information is on their account statement. There are no significant differences by type of securities owned (i.e., mutual funds versus stocks).
- Among the few who only get transaction information, some 9 out of 10 think it is important or very important to receive account balance information on account statements, especially those who only own stocks. For the remaining 1 out of 10 investors, those who don't know what they get or those getting no information, there is no real sense of what information they should be getting.

V. SOURCE OF ACCOUNT STATEMENTS

- Three-quarters of investors (73%) receive account statements from the company of the advisor used to buy/sell mutual funds. Just over one-third (36%) get statements from the mutual fund company. These numbers include the 2 out of 10 that get statements from both sources. About 1 out of 10 doesn't know who sends their statements.
- For the 20% who get an account statement from both their advisor and the mutual fund company, some 6 out of 10 would like to keep it that way. Some 2 out of 10 would like to get the information from their advisor's company only, while 1 out of 10 prefers one account statement and is indifferent about the source. Only 4% prefer the mutual fund company as their sole source.
- Looking solely at those who get information from both their advisor and the fund company, more than three-quarters of those who only own mutual funds would like to keep getting information from both. For those who own both mutual funds and stocks, half would like to keep also getting information from the mutual fund company and their dealer/advisor and, for one-quarter, the advisor is preferred as the sole source.