

Know Your ETF Investor

As an advisor, you know you need to understand your clients and prospects to deliver solid advice, good service and great products. CETFA knows this too. So CETFA worked with Credo Consulting to identify key attributes of ETF investors.

Core User



18 to 24

25 to 34

35 to 44

45 to 54

55 to 64

65+



Who They Are

Overall, ETF investors are much more financially literate than other investors: they scrutinize their investments and value transparency. Typically, they are male and have sole financial responsibility.

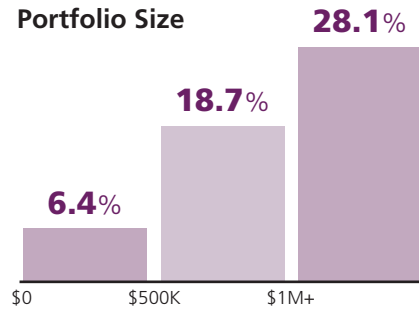
Investments and retirement are important considerations for ETF investors; they also value charitable giving and vacation property. Low MERs are the top cited appeal of ETFs. ETF investors are more prone to leave an advisor if they do not feel they're getting what they need.



Represent **7.3%** of all investors

Finances

Portfolio Size



Numbers may not equal 100%. Many respondents did not answer this question, especially those 55+.

Male **74%**



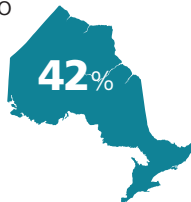
Female **26%**



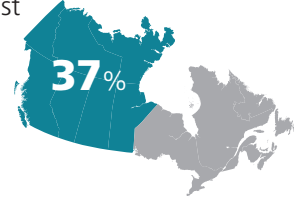
Typically: In accumulation phase: **35-44**
Older: **65+**

Location

Ontario



West



Sole financial responsibility: men = **75%**



Much more financially literate and confident; in testing, ETF investors score **79%** vs. **29%**



Much more likely to get advice: **28%** vs. **19%** out of all others



Marital Status is Meaningful

Advised investors who own ETFs are 1.7x more likely to be married: **61%** ETF ownership among married vs. **47%** for all others: divorced/separated, widowed, common law, single.



How They Think/Behave

- Accept financial risk (vs. **64%** non-ETF)
- Like taking financial risk (vs. **53%** non-ETF)
- Scrutinize investments more closely
- Maximize tax-advantaged vehicles
- Conduct own research to validate advice (vs. **81%** non-ETF)
- Monitor FA service fees (vs. **90%** non-ETF)
- Tech-savvy: More likely to interact with FA online
- Expect more advice model flexibility
- More prone to switch FAs if not getting what they want (**54%** vs. **36%** non-ETF)

Please Turn Over



ETFs: Men & Women

Consideration	Men	Women
Use because FA recommends - agree + strongly agree	63%	45%
Appeal: If FA feels appropriate for client's needs - moderately + very appealing	78%	66%
Appeal: Performance - very appealing	36%	47%
Appeal: Low MER - very appealing	58%	46%
Offer as much opportunity to diversify as MF - agree	46%	36%



When it Comes to ETF Investors

More Important	Less Important
Transparency	Taxes
Investments	Retirement
Charitable giving	Education
Vacation property	Vehicles
Their financial needs and interests over loyalty to FA	Child care
	A wedding

Compared with Non-ETF Investors

Besides enjoying higher financial well-being, ETF investors also rate themselves more highly on:

- Health & physical fitness**
- Leisure & recreation**
- Intellectual engagement**
- Purposeful pursuits**

About the Data

Credo Consulting and Transcontinental (TC) have surveyed a representative panel of 1,000 Canadian investors monthly since 2015. The Financial Comfort Zone (FCZ) study has captured data from 36K+ investors, including 2K+ who own ETFs. It analyses key attributes of ETF investors and non-investors.

All data generated by Credo Consulting and TC and valid as of March 2019. © 2019. All contents copyright Canadian ETF Association.



Top 10 ETF Likes

- 64%: Low MERs
- 58%: Relatively low acquisition cost
- 53%: Diversification in simple product
- 49%: Easy to work with
- 47%: Very liquid
- 44%: Trade like stock
- 40%: Track closely to index they follow
- 40%: Easy to understand
- 40%: Dividends reinvest automatically
- 39%: Deliver performance



Target Marketing Potential

Young Canadians (18-34): Limited assets, not retirement-focused, but 25–34 segment expresses strong future use interest.

Older/Retired: A “sweet spot” depending on financial goals time horizon and risk tolerance.

Accumulation Phase (35-54): High potential: long tail of marketing dividends.



ETF Investors: Financial Expectations

There's a strong correlation between advised investors who own ETFs and financial expectations being met. The relationship is not causal but it is positive.

When assessing themselves:

- 3.00x:** “I am well ahead of where I expected to be financially.”
- 2.17x:** “I am ahead of where I expected to be financially.”

About CETFA

The Canadian ETF Association (CETFA) is the national voice of Canada's ETF industry, representing 97% of the \$160B+ invested in Canadian-listed ETFs. CETFA works with its members and regulators to adopt best practices and standards and works to educate Canadians on how best to use ETFs.

www.cetfa.ca | info@cetfa.ca | 647-256-6637

