

FROM TRUST TO LOYALTY: WHAT INVESTORS WANT

February 2016



EXECUTIVE SUMMARY AND OVERVIEW

- ✓ For the second time, the CFA Institute has worked with Edelman to investigate trust within the investment community. Surveying retail investors and institutional investors around the world, we examined how much they trust different branches of finance. This year, we expanded our global reach to include France, Germany, China, Singapore and India.
 - ✓ We see that investors' trust in the financial services industry to do what is right has generally increased since 2013, but in key markets where trust was high in 2013 (Canada and Hong Kong), trust levels have slipped slightly.
- ✓ For the first time, CFA Institute looked deeper at what investors want from their investment advisers and what actions will help investment advisers build loyalty with investors.
 - ✓ Among retail investors, we see demand for higher levels of transparency than ever before. By transparency they mean clear forthright communication: regular, clear communications about fees; upfront conversations about conflicts of interest; and easy to understand investment reports.
 - ✓ Institutional investors highly value ethical standards. Also high on institutional investor agendas are fee transparency, data security and performance.

AUDIENCE AND METHODOLOGY

We conducted a global quantitative survey among 3,312 retail investors in 10 countries (US, Canada, UK, France, Germany, Australia, China, Hong Kong, Singapore and India) and 502 institutional investors in 6 countries (US, Canada, UK, Australia, Hong Kong and Singapore). Data was collected from October 19th-November 11th, 2015.

Who?



- **Retail Investors** – 25+ years old and have investible assets of at least \$100,000
 - **Institutional Investors** – 25+ years old and responsible for institution's investible assets of \$10 million or more
- **N=3312 Retail Investors** – 502 US, 501 Canada, 500 UK, 251 France, 251 Germany, 500 Australia, 100 China, 331 Hong Kong, 125 Singapore, 251 India
 - **N=502 Institutional Investors** – 172 US, 49 Canada, 173 UK, 41 Australia, 23 Hong Kong, 44 Singapore

How many?



How?



15-minute online survey

When?



Data collection occurred October 19th – November 11th, 2015

Note: Margin of Error for Total Retail Investors: ± 1.7%; Margin of Error for Total Institutional Investors: ± 4.5%

KEY INSIGHTS

1 Trust Goes Beyond Performance

Globally, trust levels for the financial services industry are converging, possibly reflecting greater interconnectivity in global markets in the financial sector. Since the CFA Institute and Edelman last conducted the Investor Trust Survey in 2013, investors' trust in the financial services industry to do what is right has generally increased.

2 Retail Investors Loyal to Current Firms

A majority of retail investors (51%) would recommend their current firms—but the strength of their convictions are weak. Investors have little tolerance for mistakes. Underperformance, fee increases, a data or security breach or poor communication or responsiveness could signal the end of a client relationship.

3 Transparency Key to Retail Retention

Investors don't want to be caught off guard by unforeseen developments and are demanding higher levels of transparency than ever before. Retail investors are also looking for human support more than brand or technology. But change is coming as younger investors are more likely to want the latest technology.

3B: Looking at differences across markets

4 Institutional Investors Trust Capital Markets

Nearly 80% believe they have a fair opportunity in the market, but only 4 in 10 would recommend their current firms. The biggest reason that institutional investors would switch partners? Underperformance.

5 Institutional Investors Demand Ethics, Returns

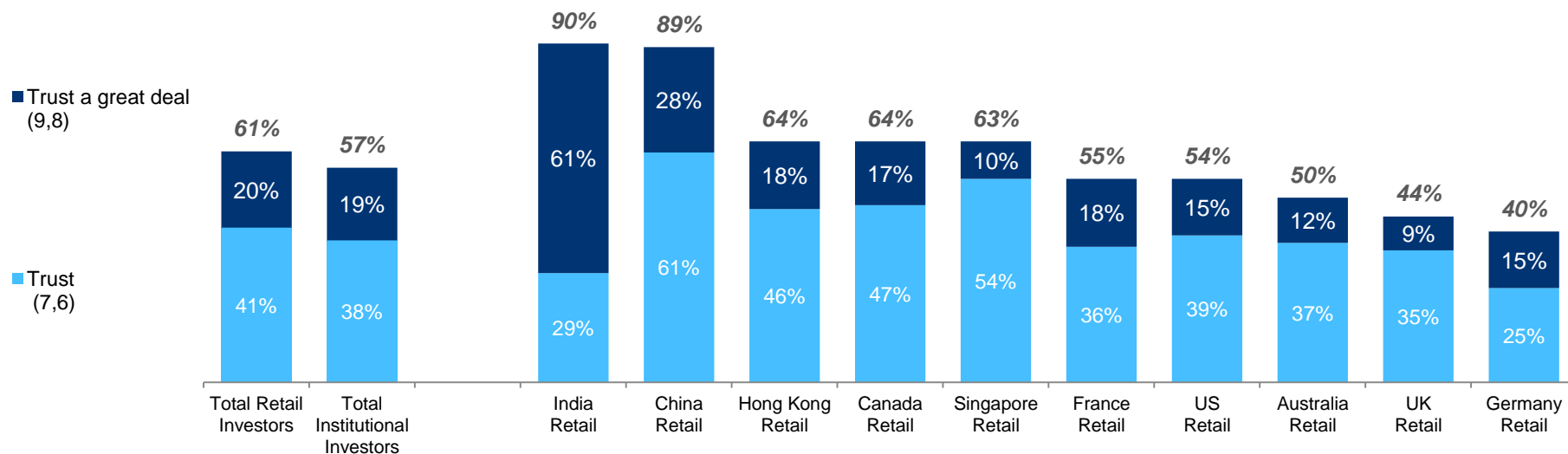
Institutional investors are laser focused on obtaining the highest possible returns for their risk tolerance. This is an area where investment managers are falling short of investors' expectations. Investors are also seeking strong demonstrations of ethics, including more than adherence to mandatory codes of conduct.

1. TRUST GOES BEYOND PERFORMANCE

TODAY, INVESTORS IN THE MAJORITY OF COUNTRIES ARE CONSIDERED “TRUSTING” TOWARD THE FINANCIAL SERVICES INDUSTRY

- “Trusting” is defined as greater than 50% reporting trust levels at 6 or above on a 9-point scale
- Only the UK and Germany are “non-trusting”

How much do you trust businesses in the financial services industry to do what is right?
 [Total Respondents; % “trust” (9,8,7,6)]



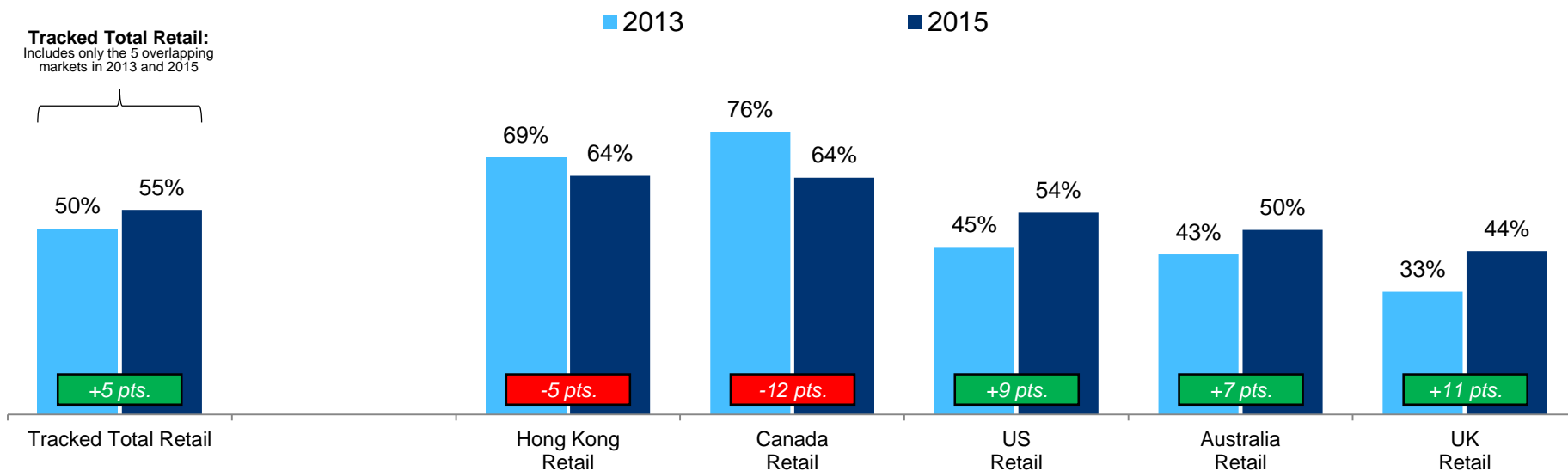
Base: Total Respondents – Total Retail (n=3312), Total Institutional (n=502), US Retail (n=502), Canada Retail (n=501), UK Retail (n=500), France Retail (n=251), Germany Retail (n=251), Australia Retail (n=500), China Retail (n=100), Hong Kong Retail (n=331), Singapore Retail (n=125), India Retail (n=251)

QT1: Please indicate how much you trust businesses in each of the following industries to do what is right? Please use a 9-point scale where 1 means that you “do not trust them at all” and 9 means that you “trust them a great deal.” Please select one response for each. [9-POINT SCALE WHERE 1 MEANS “DO NOT TRUST THEM AT ALL” AND 9 MEANS “TRUST THEM A GREAT DEAL”]

FOCUSING ON MARKETS SURVEYED IN BOTH WAVES, FROM 2013 TO 2015, RETAIL INVESTORS' TRUST IN THE FINANCIAL SERVICES INDUSTRY HAS INCREASED IN THE US, UK AND AUSTRALIA

- It has decreased in Canada and slightly in Hong Kong

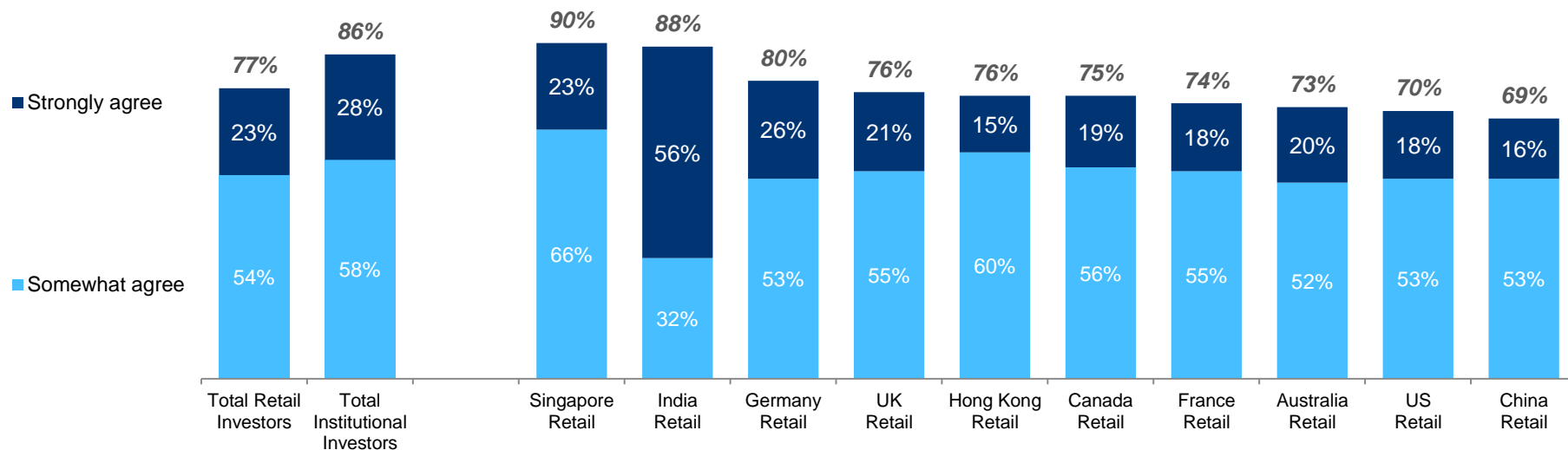
How much do you trust businesses in the financial services industry to do what is right?
 [Retail Investors; % "trust" (9,8,7,6)]



Base: Total Retail Investors – Total Retail (n=3312), US Retail (n=502), Canada Retail (n=501), UK Retail (n=500), France Retail (n=251), Germany Retail (n=251), Australia Retail (n=500), China Retail (n=100), Hong Kong Retail (n=331), Singapore Retail (n=125), India Retail (n=251)
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ACROSS COUNTRIES, RETAIL AND INSTITUTIONAL INVESTORS AGREE THAT THEY HAVE AN OPPORTUNITY TO PROFIT IN CAPITAL MARKETS

To what extent do you agree or disagree with the following statement:
"I have fair opportunity to profit by investing in capital markets"
 [Total Respondents; % "strongly/somewhat agree"]



Base: Total Respondents – Total Retail (n=3312), Total Institutional (n=502), US Retail (n=502), Canada Retail (n=501), UK Retail (n=500), France Retail (n=251), Germany Retail (n=251), Australia Retail (n=500), China Retail (n=100), Hong Kong Retail (n=331), Singapore Retail (n=125), India Retail (n=251)

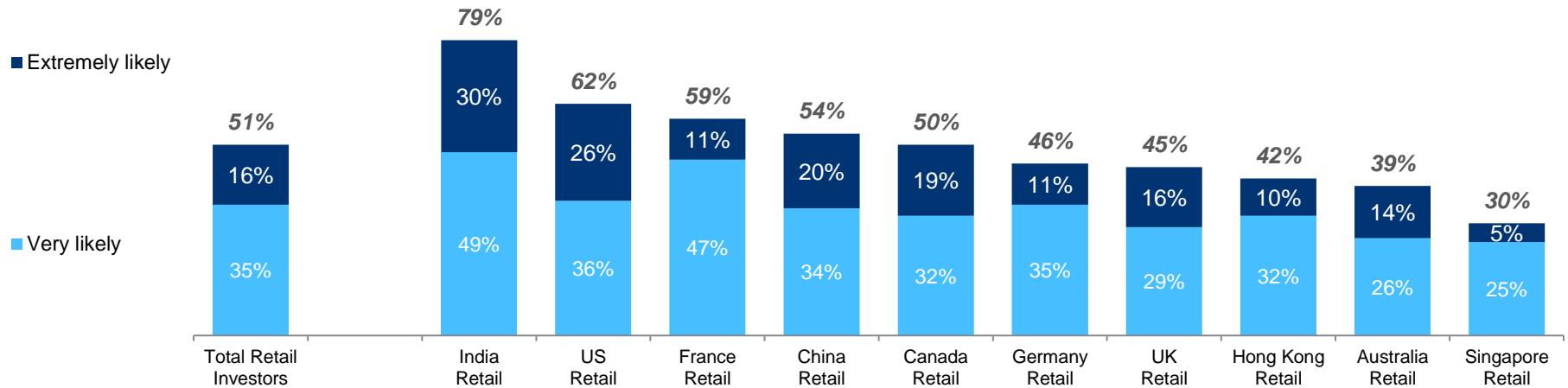
Q27: As you may know, capital markets are financial markets for the buying and selling of long-term debt or equity securities. To what extent do you agree or disagree with the following statement? "I have fair opportunity to profit by investing in capital markets." [STRONGLY AGREE, SOMEWHAT AGREE, SOMEWHAT DISAGREE, STRONGLY DISAGREE, DON'T KNOW]

2. RETAIL INVESTORS' LOYAL TO CURRENT FIRMS

OVERALL, HALF OF RETAIL INVESTORS WOULD RECOMMEND THEIR CURRENT FIRM

- The conviction of sentiment is soft (i.e., low percentages of people say “extremely” likely)

How likely are you to recommend an Investment Firm you work with to others?
[Retail Investors; % “extremely/very likely”]



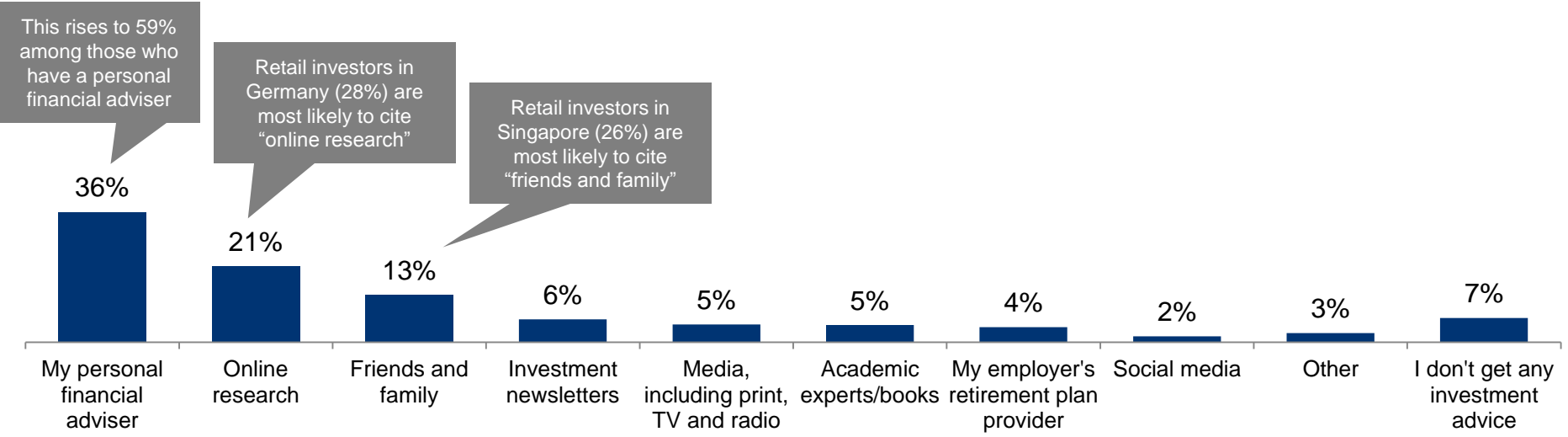
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Q40: How likely are you to recommend an Investment Firm you work with to others? Select one. [EXTREMELY LIKELY, VERY LIKELY, SOMEWHAT LIKELY, NOT VERY LIKELY, NOT AT ALL LIKELY]

WHO DO RETAIL INVESTORS TRUST FOR INFORMATION?

- Globally, retail investors are most likely to cite a personal financial adviser as their most trusted source for investment advice; online research is also a key source

Who do you trust most to give you investment advice?
[Retail Investors]

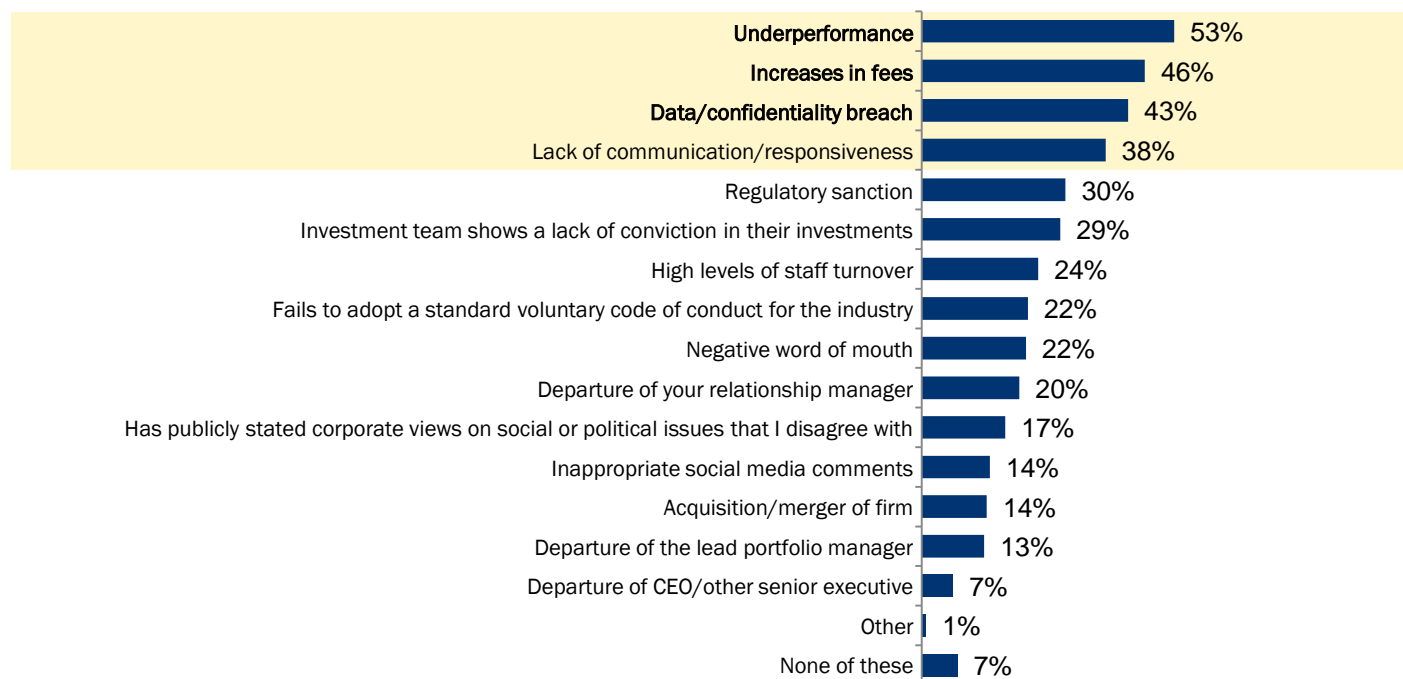


Base: Total Retail Investors (n=3312)
Q26: Who do you trust most to give you investment advice? Select one

RETAIL INVESTORS ARE MOST LIKELY TO LEAVE AN INVESTMENT FIRM DUE TO UNDERPERFORMANCE—FOLLOWED BY INCREASED FEES AND DATA/CONFIDENTIALITY BREACHES

- While underperformance is the strongest driver, other elements that ladder up to the relationship are close behind

What would make you consider leaving your current Investment Firm that you work with?
[Retail Investors]



With this in mind, it is important to understand what really matters to retail investors

Base: Total Retail Investors (n=3312)

Q48: Would any of the following make you consider leaving your current Investment Firm that you work with? Select all that apply

3. TRANSPARENCY IS KEY TO RETAIL INVESTOR RETENTION

WHAT MATTERS TO RETAIL INVESTORS?

- 5 of 11 “essential” attributes relate to transparency and open communication
- Performance standards and data security are also highly rated

*How important are the following attributes when it comes to working with an Investment Firm?
[Retail Investors; % “important” (9,8,7)]*

Top-Tier Attributes (70%+ rate important)

Fully discloses fees and other costs	80%
Has reliable security measures to protect my data	79%
Clearly explains all fees and costs before they are charged	79%
Generates returns similar to or better than other firms (in comparable products)	73%
Protects my portfolio from losses	73%
Generates returns similar to or better than a target benchmark	73%
Is forthright about disclosing and managing conflicts of interest	72%
Provides investment reports that are easy for me to understand	72%
Charges fees that reflect the value I get from the relationship	71%
Has never had regulatory or compliance violations	71%
Helps me understand why my portfolio is positioned the way it is	70%

Base: Total Retail Investors – Total Retail (n=3312)

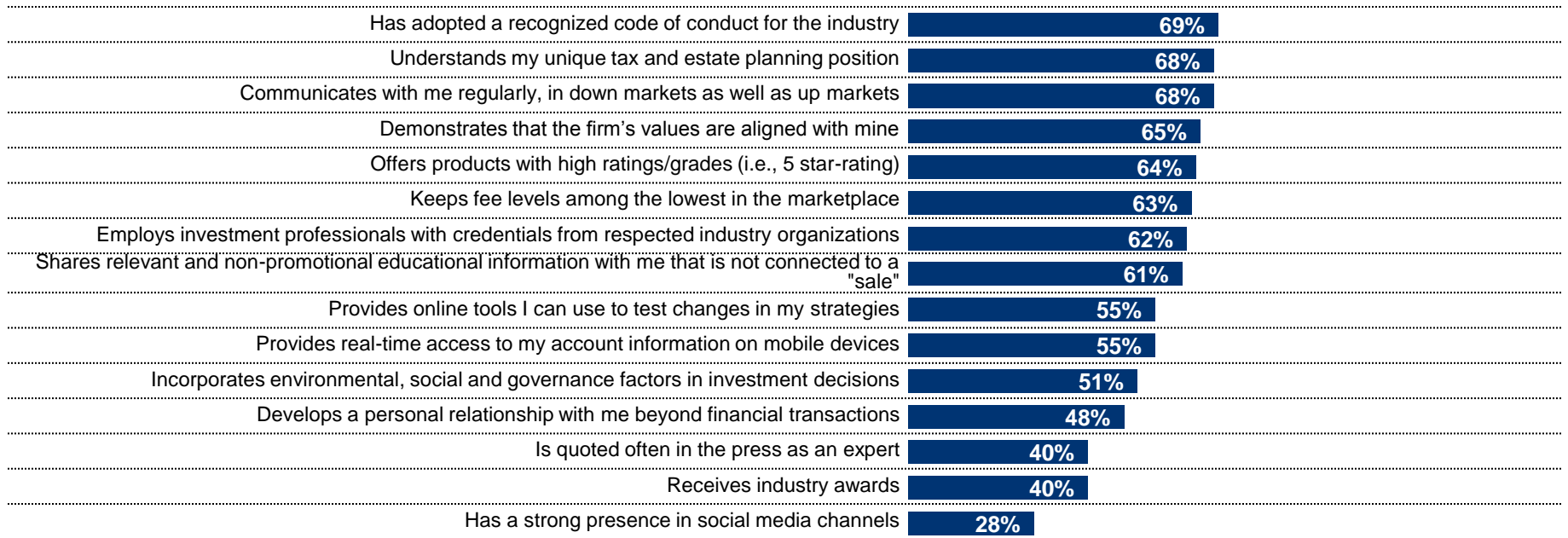
Q29: Below are a number of statements that could describe an Investment Firm. In thinking about your investment needs, how important is it to you that an Investment Firm do the following? Use a 9-point scale where 1 means that the statement is “not at all important” and 9 means it is “most important” for an Investment Firm to do. [9-POINT SCALE WHERE 1 MEANS “NOT AT ALL IMPORTANT” AND 9 MEANS “MOST IMPORTANT”]

WHAT MATTERS TO RETAIL INVESTORS?

- The chart below shows attributes that retail investors say are relatively less important
- Social media, industry awards and being quoted in the press fall toward the bottom

How important are the following attributes when it comes to working with an Investment Firm?
[Retail Investors; % "important" (9,8,7)]

Second-Tier Attributes (< 70% rate important)



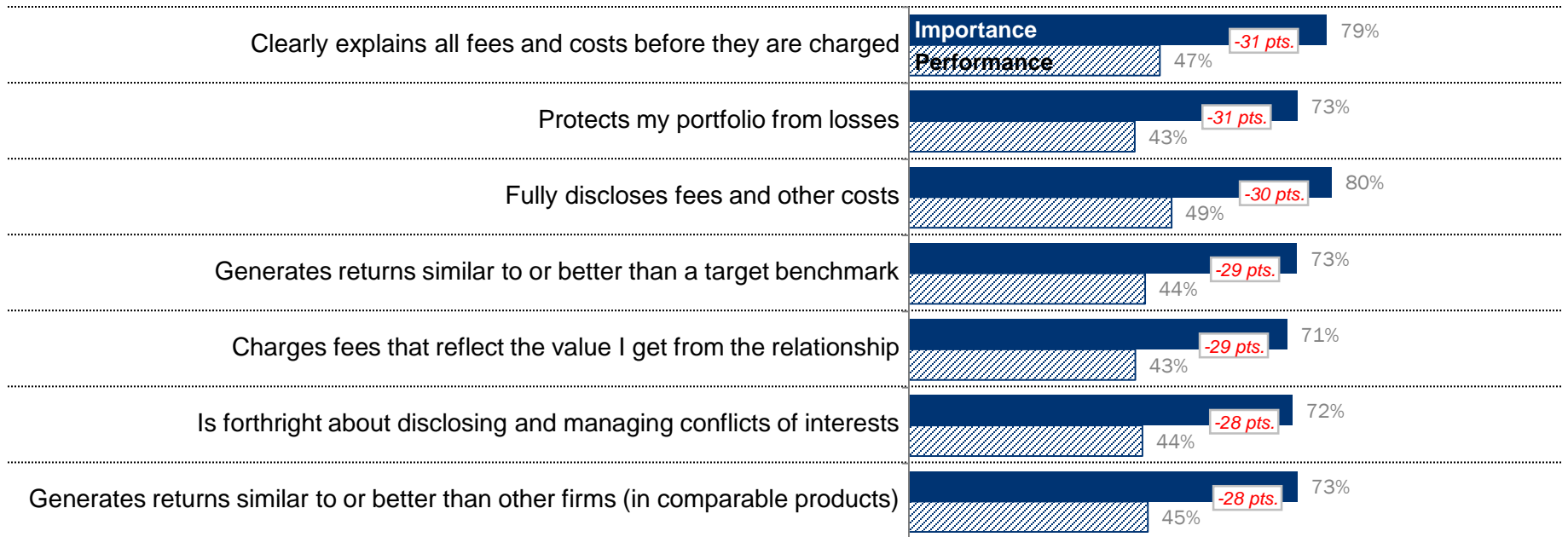
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ON MANY OF THE MOST IMPORTANT ATTRIBUTES, RETAIL INVESTORS INDICATE THAT THERE IS A GAP BETWEEN WHAT IS IMPORTANT TO THEM AND HOW WELL INVESTMENT FIRMS ARE DELIVERING

How important are attributes in the following categories vs. how well are investment firms delivering on these attributes?
 [Retail Investors; Showing category avg.; % "important" (9,8,7) vs. % "investment firms are delivering" (9,8,7)]

Largest Gaps (attributes with at least 25% pt. gap)



Base: Total Retail Investors (n=3312)

Q29: Below are a number of statements that could describe an Investment Firm. In thinking about your investment needs, how important is it to you that an Investment Firm do the following? Use a 9-point scale where 1 means that the statement is "not at all important" and 9 means it is "most important" for an Investment Firm to do. [9-POINT SCALE WHERE 1 MEANS "NOT AT ALL IMPORTANT" AND 9 MEANS "MOST IMPORTANT"]

Q36a: Looking at the same list of statements you evaluated earlier, how well do you think Investment Firms, in general, are delivering on each of the following statements today? Use a 9-point scale where 1 means that Investment Firms "do not deliver on it at all" and 9 means Investment Firms "strongly deliver on it." [9-POINT SCALE WHERE 1 MEANS "DO NOT DELIVER ON IT AT ALL" AND 9 MEANS "STRONGLY DELIVER ON IT"]

APPROACH TO PRIORITIZING BENEFITS

In order to further prioritize benefits, we looked at the importance of each benefit vs. whether investors would pay more for that benefit.

This analysis was used to determine...

What is expected – i.e., say is important, but would not pay more

What is truly valued – i.e., say is important and would pay more

What is differentiating– i.e., say is less important, but would still pay more

The analysis looks at the relative importance and willingness to pay more based on whether attributes fall above or below the average of each range.

HOW CAN INVESTMENT MANAGERS RESPOND? THEY CAN DELIVER ON THE EXPECTED QUALITIES, IDENTIFY AREAS OF VALUE AND SELECT DIFFERENTIATING QUALITIES

Analysis of Investor-Reported Importance of Benefits vs. Willingness to Pay More [Retail Investors]

Expected
(Important but not willing to pay more)

- Is forthright about disclosing and managing conflicts of interest
- Charges fees that reflect the value I get from the relationship
- Has never had regulatory or compliance violations

While **ethics** are important, retail investors would not be willing to pay more for strong ethical practices.

Valued
(Important and willing to pay more)

- Fully discloses fees and other costs
- Has reliable security measures to protect my data
- Clearly explains all fees and costs before they are charged
- Generates returns similar to or better than other firms
- Protects my portfolio from losses
- Generates returns similar to or better than a target benchmark
- Provides investment reports that are easy for me to understand

The most important benefits retail investors would be willing to pay more for relate mainly to **performance, transparency on fees, and security.**

Differentiating
(Less important but willing to pay more)

- Understands my unique tax and estate planning position
- Communicates with me regularly, in down markets as well as up markets
- Employs investment professionals with credentials from respected industry organizations

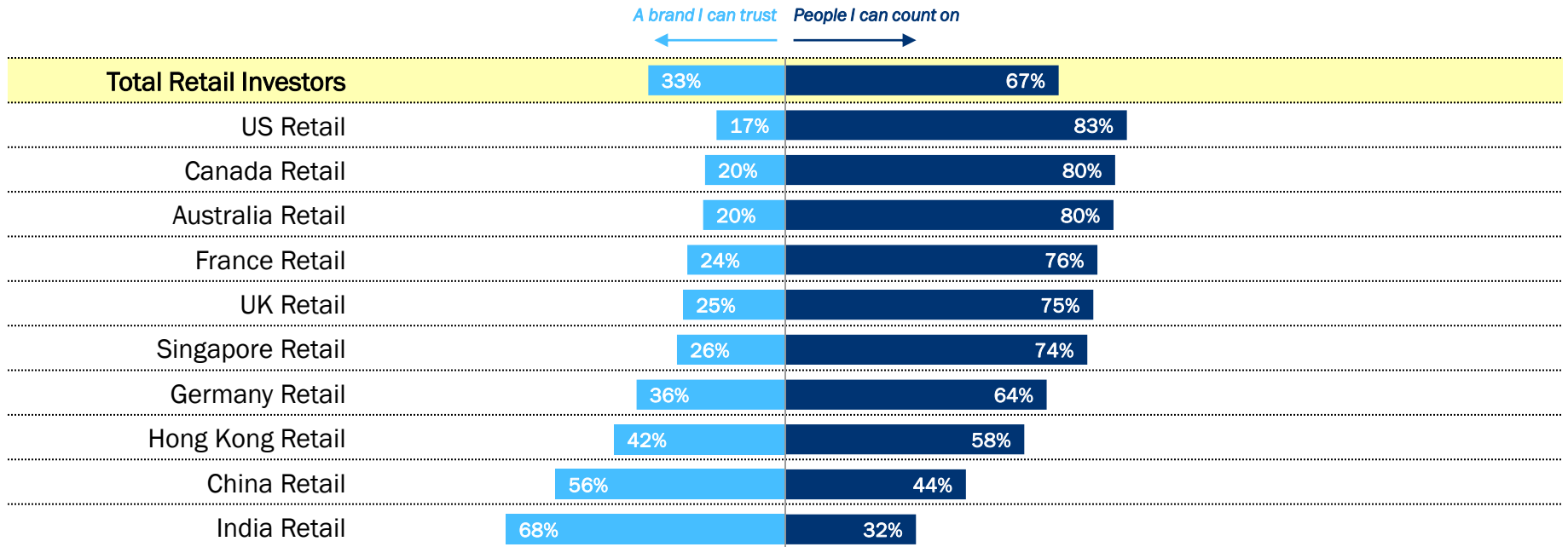
Although not most important, retail investors value and would pay more for **personalization, client service, and investment professionals with credentials.**

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 Q31a: Please select which of the following statements you would be willing to pay more for. Please select all that apply.
 Categories defined based on quadrant analysis of individual questions. Quadrants defined by the top one-third of attributes.

BY A 2-TO-1 MARGIN, RETAIL INVESTORS SAY THAT PEOPLE ARE MORE IMPORTANT THAN BRAND

- China and India are exceptions where brand is viewed as more important than people

*Which of the following is more important to you when partnering with an Investment Firm?
[Retail Investors]*



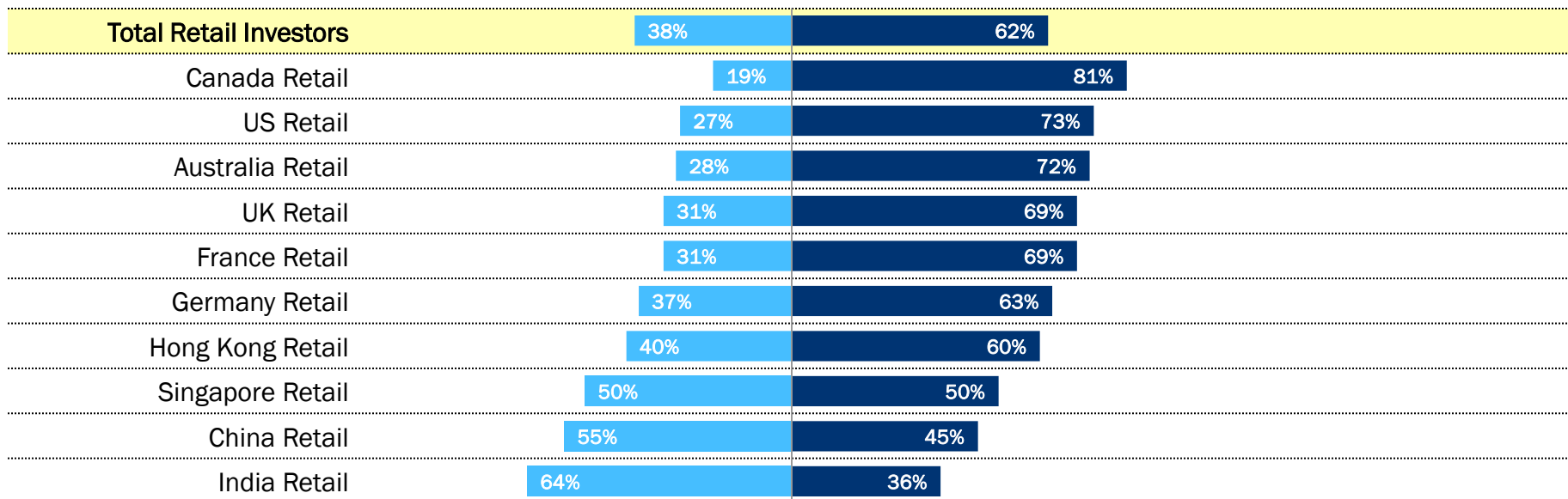
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Q34: When thinking about an Investment Firm to partner with, which of the following is more important to you? Select one.

IN 3 YEARS' TIME, RETAIL INVESTORS SAY THAT HAVING A REAL PERSON TO HELP GUIDE THEM WILL STILL BE MORE IMPORTANT THAN HAVING THE LATEST TECHNOLOGY AND TOOLS

In 3 years' time, which of the following do you think will be more important to you?
 [Retail Investors]

Having access to the latest technology platforms and tools to execute my investment strategy ←
 → Having a person to help navigate what is best for me and execute on my investment strategy



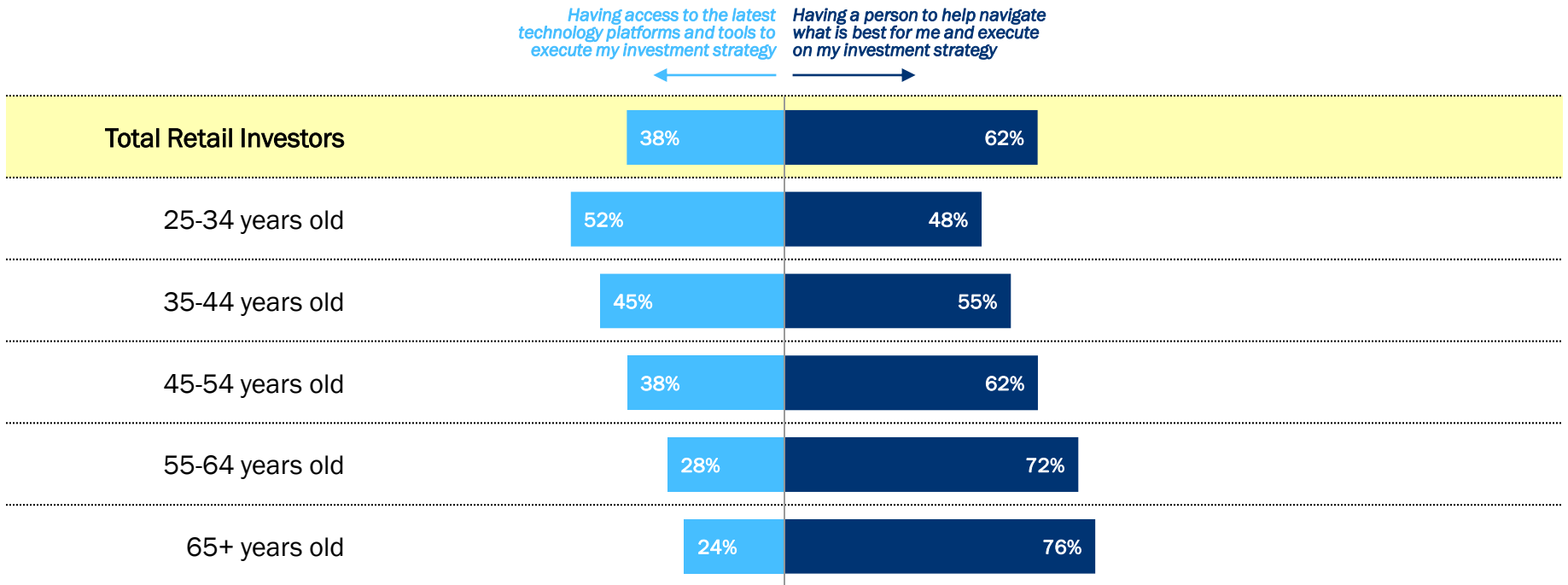
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Q35: In 3 years' time, which of the following do you think will be more important to you? Select one.

HOWEVER, CHANGE IS COMING, AS YOUNGER RETAIL INVESTORS ARE MOST LIKELY TO BE INTERESTED IN HAVING THE LATEST TECHNOLOGY AND TOOLS

- Still, nearly half would still prefer to have a person to help guide them

In 3 years' time, which of the following do you think will be more important to you?
 [Retail Investors]



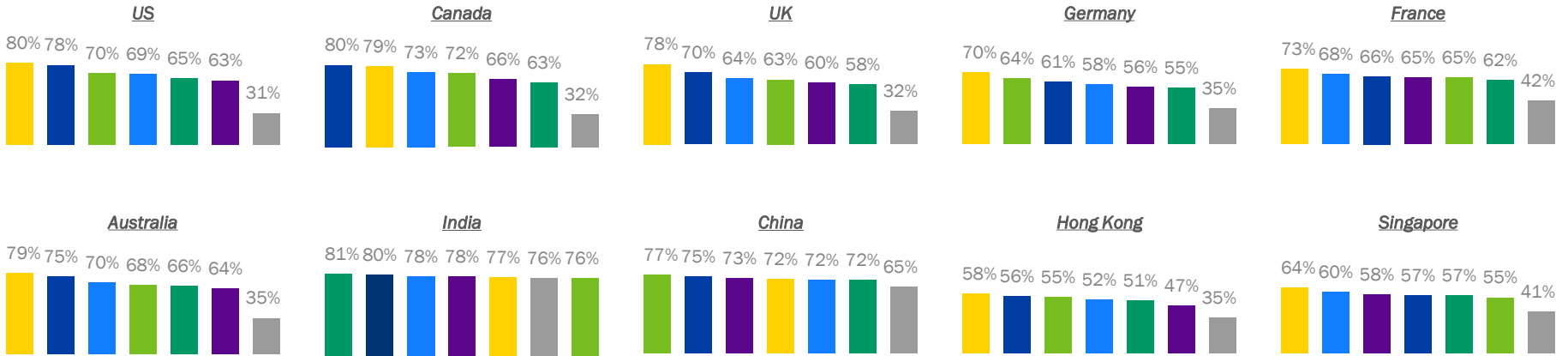
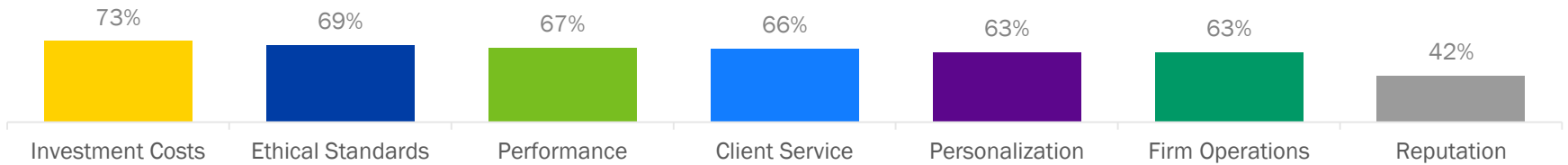
Base: Total Retail Investors – Total Retail (n=3312), Retail 25-34 years (n=459), Retail 35-44 years (n=634), Retail 45-54 years (n=735), Retail 55-64 years (n=864), Retail 65+ years (n=620)
 Q35: In 3 years' time, which of the following do you think will be more important to you? Select one.

LOOKING ACROSS MARKETS, THERE ARE GENERALLY CONSISTENCIES ON WHAT IS IMPORTANT TO RETAIL INVESTORS

How important are attributes in the following categories when it comes to working with an Investment Firm? – **Category Average**

[Retail Investors; Showing category avg; % “important” (9,8,7)]
 (Note: these are based on analysis of the same attributes on slides 14-15)

Global



Base: Total Retail Investors – Total Retail (n=3312), US Retail (n=502), Canada Retail (n=501), UK Retail (n=500), France Retail (n=251), Germany Retail (n=251), Australia Retail (n=500), China Retail (n=100), Hong Kong Retail (n=331), Singapore Retail (n=125), India Retail (n=251)

Q29: Below are a number of statements that could describe an Investment Firm. In thinking about your investment needs, how important is it to you that an Investment Firm do the following? Use a 9-point scale where 1 means that the statement is “not at all important” and 9 means it is “most important” for an Investment Firm to do. [9-POINT SCALE WHERE 1 MEANS “NOT AT ALL IMPORTANT” AND 9 MEANS “MOST IMPORTANT”]

INCLUDED BELOW ARE SOME HIGHLIGHTS OF DIFFERENCES BY MARKET WHEN IT COMES TO WHAT RETAIL INVESTORS DESCRIBE AS IMPORTANT

- **US:** Ethical standards are rated more important in the US (78%) vs. globally (69%).
- **Canada:** Ethical standards are rated more important in Canada (80%) vs. globally (69%).
- **Australia:** Ethical standards are rated more important in Australia (75%) vs. globally (69%).
- **Germany:** Retail investors in Germany are similar to investors globally when it comes to attribute importance.
- **France:** Retail investors in France are similar to investors globally when it comes to attribute importance.
- **UK:** Retail investors in the UK are similar to investors globally when it comes to attribute importance.
- **India:** Benefits around firm operations are most important in India (81% in India vs. 63% globally). In fact, retail investors in India tend to rate all benefits—including external benefits that may indicate reputation—higher in importance.
- **China:** Performance-related benefits are most important in China (77% in China vs. 67% globally). In fact, retail investors in China tend to rate all benefits—including external benefits that may indicate reputation—higher in importance.
- **Hong Kong:** Retail investors in Hong Kong tend to rate all benefits lower in importance, although benefits relating to investment cost continue to be most important.
- **Singapore:** Retail investors in Singapore tend to rate all benefits lower in importance, although benefits relating to investment cost continue to be most important.

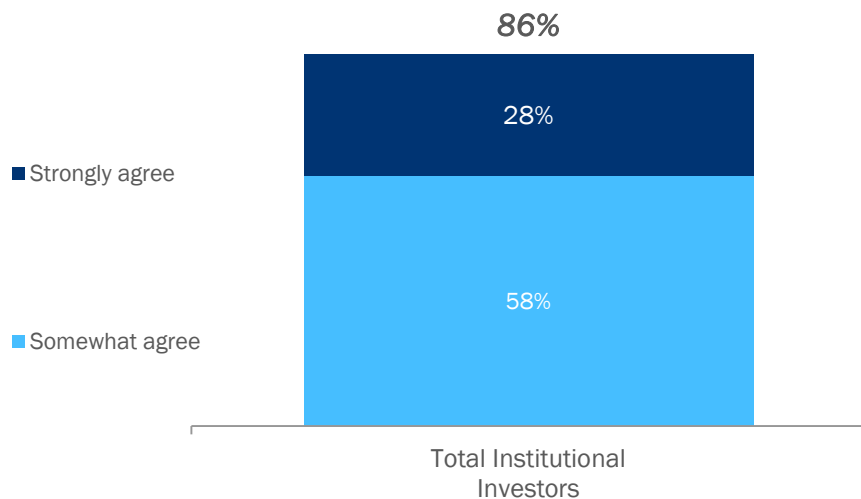
Ethics are particularly important in the US, Canada and Australia

All benefits tend to be rated lower on importance in Hong Kong and Singapore

4. INSTITUTIONAL INVESTORS TRUST CAPITAL MARKETS

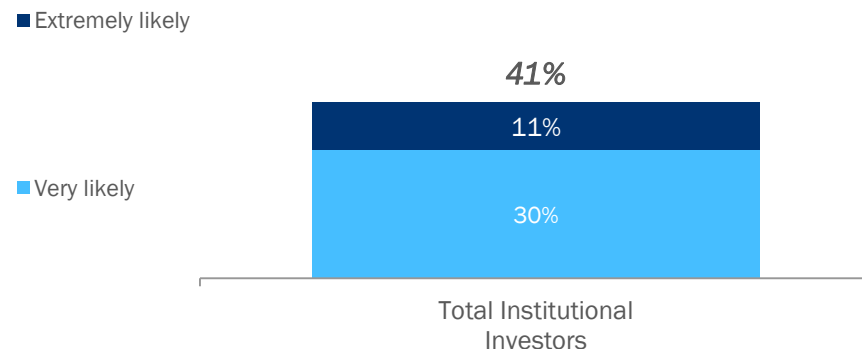
INSTITUTIONAL INVESTORS BELIEVE CAPITAL MARKETS ARE FAIR, BUT ONLY 4 IN 10 WOULD RECOMMEND THEIR CURRENT INVESTMENT PARTNERS

To what extent do you agree or disagree with the following statement:
"I have fair opportunity to profit by investing in capital markets"
[Institutional Investors; % "strongly/somewhat agree"]



Base: Total Institutional Investors (n=502)
Q27: As you may know, capital markets are financial markets for the buying and selling of long-term debt or equity securities. To what extent do you agree or disagree with the following statement? "I have fair opportunity to profit by investing in capital markets." [STRONGLY AGREE, SOMEWHAT AGREE, SOMEWHAT DISAGREE, STRONGLY DISAGREE, DON'T KNOW]

How likely are you to recommend an Investment Firm you work with to others?
[Institutional Investors; % "extremely/very likely"]

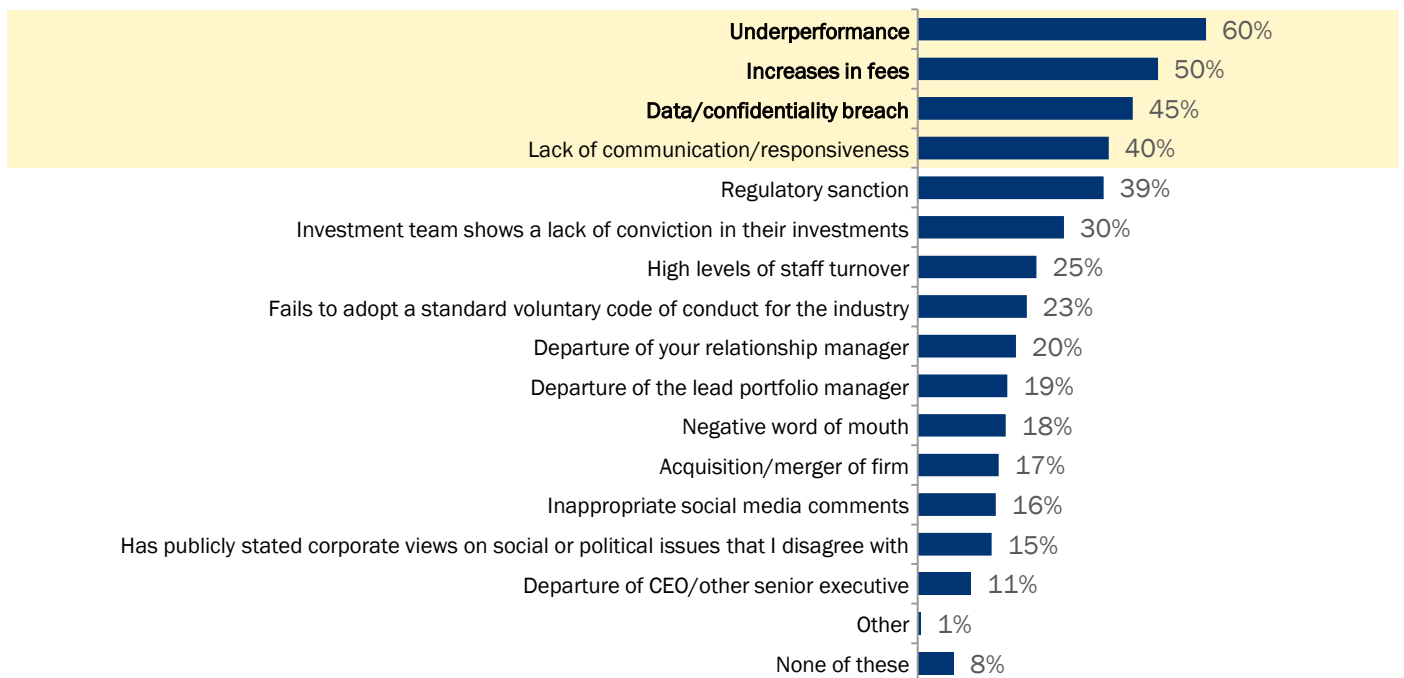


Base: Total Institutional Investors (n=502)
Q40: How likely are you to recommend an Investment Firm you work with to others? Select one. [EXTREMELY LIKELY, VERY LIKELY, SOMEWHAT LIKELY, NOT VERY LIKELY, NOT AT ALL LIKELY]

INSTITUTIONAL INVESTORS ARE MOST LIKELY TO LEAVE AN INVESTMENT FIRM DUE TO UNDERPERFORMANCE—FOLLOWED BY INCREASED FEES AND DATA/CONFIDENTIALITY BREACHES

- This suggests that investment firms must maintain a balance on delivering on performance as well as trust

What would make you consider leaving your current Investment Firm that you work with?
[Institutional Investors]



With this in mind, it is important to understand what really matters to institutional investors

Base: Total Institutional Investors (n=502)
Q48: Would any of the following make you consider leaving your current Investment Firm that you work with? Select all that apply

5. INSTITUTIONAL INVESTORS DEMAND ETHICS AND RETURNS

WHAT MATTERS TO INSTITUTIONAL INVESTORS?

- Institutional investors want their investment firm to be held to a high ethical standard, while also being transparent about fees and protecting their data
- Compared to retail investors, institutional investors emphasize ethical practices as being important

How important are the following attributes when it comes to working with an Investment Firm?
[Institutional Investors; % "important" (9,8,7)]

Top-Tier Attributes (60%+ rate important)

Acts in an ethical manner in all our interactions	72%
Fully discloses fees and other costs	72%
Has reliable security measures to protect my data	71%
Generates returns similar to or better than a target benchmark	70%
Has adopted a recognized code of conduct for the industry	68%
Has never had regulatory or compliance violations	68%
Sets fee arrangements so my financial interests and the firm's are aligned	67%
Generates returns similar to or better than other firms (in comparable products)	66%
Takes time to understand my organization's priorities, liability structure, and political dynamics with different stakeholders	65%
Emphasizes its commitment to ethical behavior in communications to me and the market	64%
Acts as a partner in problem solving; goes beyond a specific mandate to lend insight on our investment concerns	62%

- Among top tier attributes, nearly half are linked to demonstrated ethics.
- Of note, fee disclosure is more important than fee alignment.

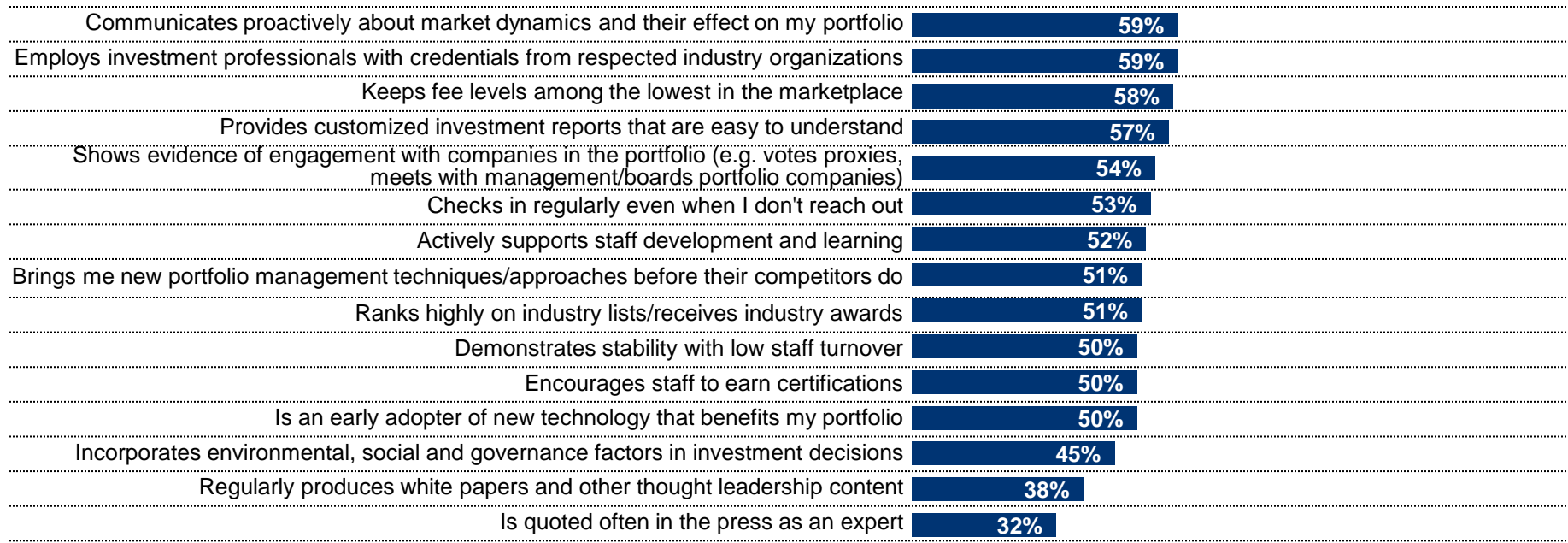
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WHAT MATTERS TO INSTITUTIONAL INVESTORS?

- The chart below shows attributes that institutional investors say are relatively less important
- Incorporation of environmental, social and governance factors into decisions, thought leadership, and being quoted in the press fall toward the bottom

How important are the following attributes when it comes to working with an Investment Firm?
[Institutional Investors; % "important" (9,8,7)]

Second-Tier Attributes (< 60% rate important)

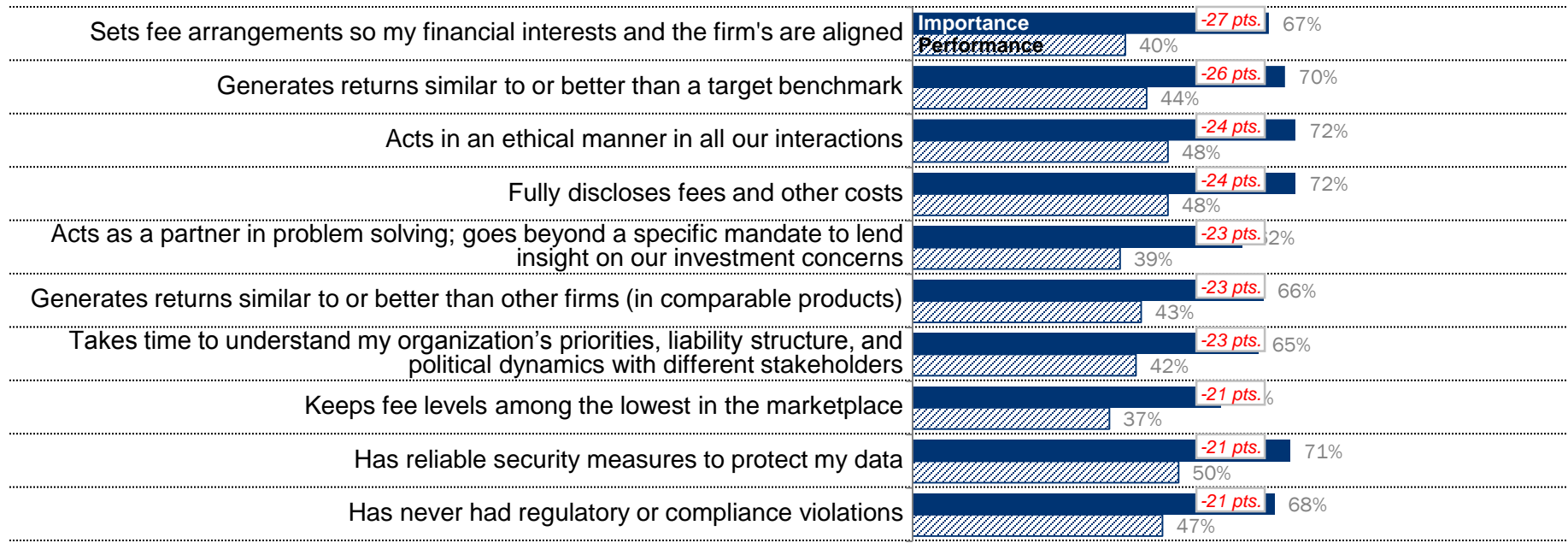


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ON MANY OF THE MOST IMPORTANT ATTRIBUTES, INSTITUTIONAL INVESTORS INDICATE THAT THERE IS A GAP BETWEEN WHAT IS IMPORTANT TO THEM AND HOW WELL INVESTMENT FIRMS ARE DELIVERING

How important are attributes in the following categories vs. how well are investment firms delivering on these attributes?
[Institutional Investors; Showing category avg.; % "important" (9,8,7) vs. % "investment firms are delivering" (9,8,7)]

Largest Gaps (attributes with at least 20% pt. gap)



Base: Total Institutional Investors (n=502)
 Q30: Below are a number of statements that could describe an Investment Firm. In thinking about your investment needs, how important is it to you that an Investment Firm do the following? Use a 9-point scale where 1 means that the statement is "not at all important" and 9 means it is "most important" for an Investment Firm to do. [9-POINT SCALE WHERE 1 MEANS "NOT AT ALL IMPORTANT" AND 9 MEANS "MOST IMPORTANT"]
 Q36b: Looking at the same list of statements you evaluated earlier, how well do you think Investment Firms, in general, are delivering on each of the following statements today? Use a 9-point scale where 1 means that Investment Firms "do not deliver on it at all" and 9 means Investment Firms "strongly deliver on it." [9-POINT SCALE WHERE 1 MEANS "DO NOT DELIVER ON IT AT ALL" AND 9 MEANS "STRONGLY DELIVER ON IT"]

APPROACH TO PRIORITIZING BENEFITS

In order to further prioritize benefits, we looked at the importance of each benefit vs. whether investors would pay more for that benefit.

This analysis was used to determine...

What is expected – i.e., say is important, but would not pay more

What is truly valued – i.e., say is important and would pay more

What is differentiating– i.e., say is less important, but would still pay more

The analysis looks at the relative importance and willingness to pay more based on whether attributes fall above or below the average of each range.

HOW CAN INVESTMENT MANAGERS RESPOND? THEY CAN DELIVER ON THE EXPECTED QUALITIES, IDENTIFY AREAS OF VALUE AND SELECT DIFFERENTIATING QUALITIES

Analysis of Investor-Reported Importance of Benefits vs. Willingness to Pay More [Institutional Investors]

Expected
*(Important but not willing to pay more)
Bottom Right Quadrant*

- Has adopted a recognized code of conduct for the industry
- Has never had regulatory or compliance violations
- Sets fee arrangements so my financial interests and the firm's are aligned
- Emphasizes its commitment to ethical behavior in communications to me and the market

While **ethics** are important, institutional investors would not be willing to pay more for this.

Valued
*(Important and willing to pay more)
Upper Right Quadrant*

- Acts in an ethical manner in all our interactions
- Fully discloses fees and other costs
- Has reliable security measures to protect my data
- Generates returns similar to or better than a target benchmark
- Generates returns similar to or better than other firms (in comparable products)
- Takes time to understand my organization's priorities, liability structure, and political dynamics with different stakeholders

The most important benefits institutional investors would be willing to pay more for relate mainly to **performance, transparency on fees, and security.**

Differentiating
*(Less important but willing to pay more)
Upper Left Quadrant*

- Acts as a partner in problem solving; goes beyond a specific mandate to lend insight on our investment concerns
- Communicates proactively about market dynamics and their effect on my portfolio
- Employs investment professionals with credentials from respected industry organizations

Although not most important, institutional investors value and would pay more for **personalization, client service, and qualified investment professionals.**

Base: Total Institutional Investors (n=502)

Q30: Below are a number of statements that could describe an Investment Firm. In thinking about your investment needs, how important is it to you that an Investment Firm do the following? Use a 9-point scale where 1 means that the statement is "not at all important" and 9 means it is "most important" for an Investment Firm to do. [9-POINT SCALE WHERE 1 MEANS "NOT AT ALL IMPORTANT" AND 9 MEANS "MOST IMPORTANT"]

Q31b: Please select which of the following statements you would be willing to pay more for. Please select all that apply.

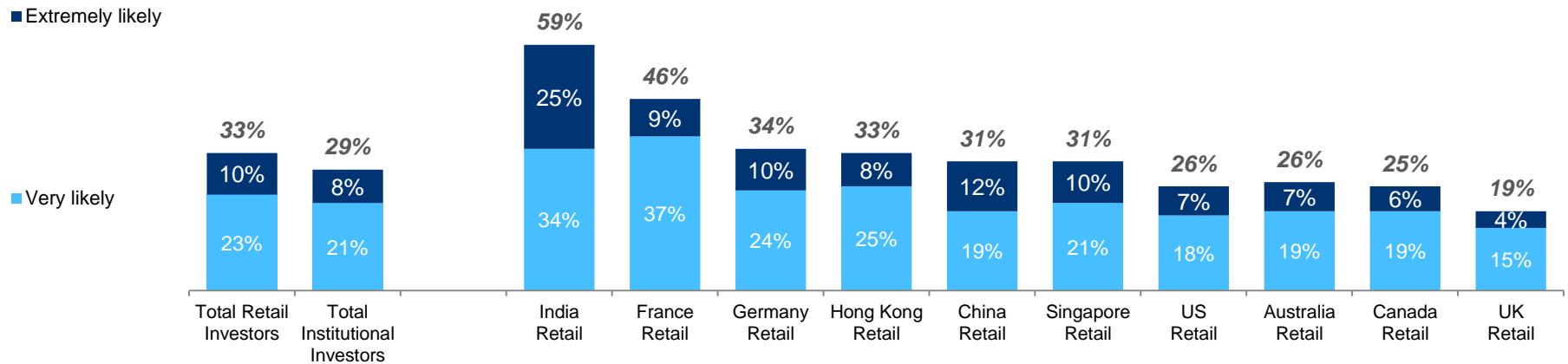
Categories defined based on quadrant analysis of individual questions. Quadrants defined by the top one-third of attributes.

APPENDIX: INVESTOR PREDICTIONS

ABOUT A THIRD OF INVESTORS FEEL THAT ANOTHER FINANCIAL CRISIS IS LIKELY WITHIN THE NEXT 3 YEARS

- Investors in France and India, in particular, say that a financial crisis is likely

How likely it is that there will be another financial crisis within the next 3 years?
 [Total Respondents; % “extremely/very likely”]



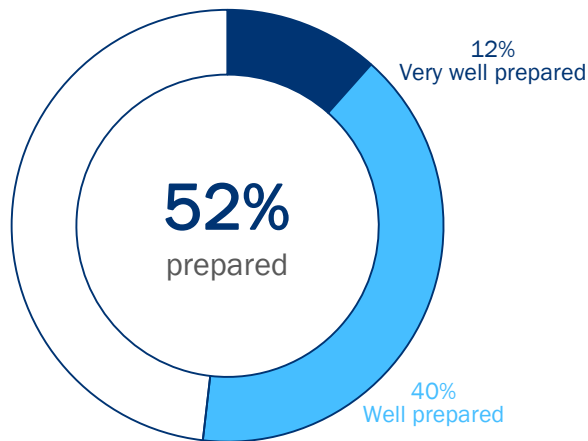
Base: Total Retail Investors – Total Retail (n=3312), US Retail (n=502), Canada Retail (n=501), UK Retail (n=500), France Retail (n=251), Germany Retail (n=251), Australia Retail (n=500), China Retail (n=100), Hong Kong Retail (n=331), Singapore Retail (n=125), India Retail (n=251)

Q50: How likely do you think it is that there will be another financial crisis within the next 3 years? Select one. [EXTREMELY LIKELY, VERY LIKELY, SOMEWHAT LIKELY, NOT VERY LIKELY, NOT AT ALL LIKELY]

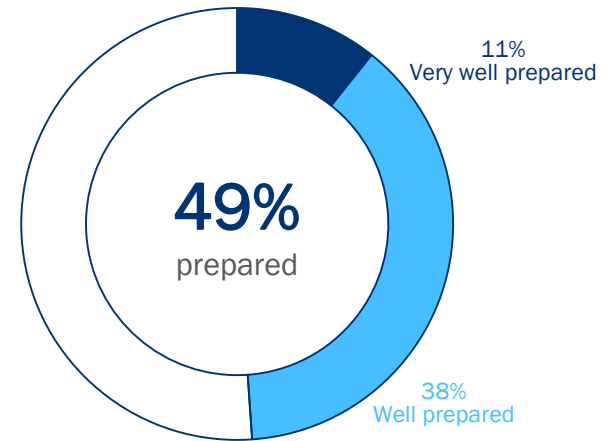
HOWEVER, INVESTORS ARE SPLIT ON WHETHER OR NOT THEIR INVESTMENT FIRMS ARE PREPARED TO MANAGE THEIR PORTFOLIO THROUGH A FINANCIAL CRISIS

How prepared do you think your investment firm(s) are to manage your portfolio through a financial crisis?
[Total Respondents]

Total Retail Investors



Total Institutional Investors



Base: Total Respondents – Total Retail (n=3312), Total Institutional (n=502)

Q53: To what extent do you think the Investment Firm(s) you have invested with will be prepared to manage your portfolio through a financial crisis? Select one. [VERY WELL PREPARED, WELL PREPARED, SOMEWHAT PREPARED, NOT WELL PREPARED, NOT AT ALL PREPARED]

APPENDIX: ADDITIONAL METHODOLOGY DETAIL

SAMPLE COMPOSITION: TRACKING 2015 VS. 2013

	2013	2015
<i>Total Retail Investors</i>	<i>N=1604</i>	<i>N=3312</i>
US Retail	N=503	N=502
Canada Retail	N=50	N=501
UK Retail	N=500	N=500
France Retail	N/A	N=251
Germany Retail	N/A	N=251
Australia Retail	N=51	N=500
China Retail	N/A	N=100
Hong Kong Retail	N=500	N=331
Singapore Retail	N/A	N=125
India Retail	N/A	N=251
<i>Total Institutional Investors</i>	<i>N=500</i>	<i>N=502</i>
US Institutional	N=184	N=172
Canada Institutional	N=32	N=49
UK Institutional	N=85	N=173
Australia Institutional	N=37	N=41
Hong Kong Institutional	N=162	N=23
Singapore Institutional	N/A	N=44

In our analysis of retail investors we look at the data at a “Global” level, and by each retail market. Institutional investors are analyzed at a “Global” level.

Due to changes in sample composition in 2015 vs. 2013, we are not able to track results among Total Retail Investors and Total Institutional Investors.

However, when possible, results for Retail Investors are tracked by country.

ABOUT THIS SURVEY

The survey was commissioned by CFA and conducted online by Edelman Berland, an independent market research firm, between October 19th and November 11th, 2015. The survey included a total of 3,312 retail investors in 10 countries—each of whom have investible assets of at least \$100 thousand—and a total of 502 institutional investors in 6 countries—each of whom are responsible for their institution's investible assets of at least \$10 million. The margin of error is $\pm 1.7\%$ among total retail investors and $\pm 4.5\%$ among total institutional investors.