

For Immediate Release

October 16, 2012

Canadian securities regulators release 2012 Investor Index

Calgary – The Canadian Securities Administrators (CSA) today released the [*2012 CSA Investor Index*](#), the third survey on investment knowledge, investor behaviour and incidence of investment fraud among Canadians. The previous two surveys were conducted in 2006 and 2009.

Key findings this year show that almost 30 per cent of Canadians surveyed believe they have been approached with an investment fraud at some point in their life. Over half agreed they were just as likely to be a victim of investment fraud as anyone else. However, just 29 per cent of those who believe they have been approached with a fraudulent investment said they reported the most recent occurrence to the authorities.

“Our research shows that Canadians continue to be approached with fraudulent investments and aren’t reporting it,” says Bill Rice, Chair of the CSA. “As securities regulators, enforcement is always a top priority for us, and to help us investigate investment fraud, we need to hear from those who have been affected. We encourage investors to report suspected fraudulent investments and to protect themselves by recognizing the warning signs of fraud.”

The *Investor Index* also shows that the overall investment knowledge of Canadians is low, with 40 per cent of Canadians failing a general investment knowledge test. According to the findings, 57 per cent of Canadians say they are confident when it comes to making investment decisions. Yet most Canadians have unrealistic expectations of market returns. When asked what they think the annual rate of return on the average investment portfolio is today, only 12 per cent of Canadians gave a realistic estimate, while 29 per cent provided an unrealistic estimate and 59 per cent explicitly chose not to hazard a guess.

“Understanding key investment concepts, such as the relationship between risk and return, can help investors make suitable investment decisions,” explains Rice. “The CSA provides unbiased tools and resources to help investors learn more about investing and how to protect themselves from fraud.”

New to the *Investor Index* this year was a series of questions to determine the use of blogs and other social media tools as a source of investment information. The findings confirm that social media is emerging as an investment tool, with over one-third of Canadians saying they have used at least one social media platform as a source of information about investing. However, traditional channels still dominate: the most common source of information about investing is finance professionals, and face-to-face meetings were deemed to be the most reliable source when making investment decisions.

Other survey findings show that:

- At the time the survey was conducted, investors were more optimistic about achieving their investment targets in the next five years (52 per cent) than in the next 12 months (39 per cent). Just over half believed they would be able to maintain or increase their level of current income in the coming 12 months.
- Nearly half of Canadians (49 per cent) say they have a financial advisor, up from 46 per cent in 2009 and 42 per cent in 2006. However, 60 per cent of those with a financial advisor have not ever completed any form of background check on their advisor.
- Thirty-one per cent of Canadians say they have a formal written financial plan, up from 25 per cent in 2009. Although more Canadians have a financial plan, they are reviewing it less frequently (78 per cent say they reviewed their plan in the past 12 months, down from 83 per cent in 2009).

The *2012 CSA Investor Index* is a mixed methodology study combining a telephone study with an in-depth online study. Innovative Research Group interviewed 6,911 Canadian adults online between May 17 and 31, 2012. The online sample was weighted by age, gender, and province and territory using 2011 Statistics Canada Census data to reflect the actual demographic composition of the population. In addition, Innovative interviewed 2,006 Canadian adults via telephone in May 2012 to verify distributions from the online survey on key weighting variables, including incidence rates for particular investment behaviours.

A probability sample of this size would have an estimated margin of error of +/-1.4 percentage points, 19 times out of 20. The estimated margin of error would be larger within each sub-grouping of the sample.

The *2012 CSA Investor Index* Executive Summary and full Report are available online in both English and French on the CSA website at: www.securities-administrators.ca.

The CSA, the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets. Its mandate is to provide investors with protection from unfair or fraudulent practices through regulation of the securities industry. Part of this protection is educating investors about the risk, responsibilities and rewards of investing.

For more information:

Carolyn Shaw-Rimmington
Ontario Securities Commission
416-593-2361

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

Tanya Wiltshire
Nova Scotia Securities Commission
902-424-8586

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

Helena Hrubesova
Office of Yukon Superintendent
of Securities
867-667-5466

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

Mark Dickey
Alberta Securities Commission
403-297-4481

Richard Gilhooley
British Columbia Securities
Commission
604-899-6713

Wendy Connors-Beckett
New Brunswick Securities Commission
506-643-7745

Dean Murrison
Saskatchewan Financial Services
Commission
306-787-5879

Doug Connolly
Financial Services Regulation Div.
Newfoundland and Labrador
709-729-2594

Louis Arki
Nunavut Securities Office
867-975-6587