

Affluent/Mass Affluent Investing and Banking - Canada - November 2016

Report Price: £3277.28 | \$3995.00 | €3641.38

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“Financial advisors serving the affluent must not only develop a wider range of skills but also understand their attitudinal differences such as those related to risk perception and charitable giving.”

– **Sanjay Sharma, Senior Financial Services Analyst**

This report looks at the following areas:

- **Around one in four millionaires uses a bank affiliated brokerage for investments**
- **More than half of the affluent feel they require more than a million dollars for retirement**
- **Around one in ten millionaires has invested in hedge funds**
- **Affluent may have a different perception of risk**

In recent years, there has been tremendous growth in the number of affluent Canadians and a corresponding growth in opportunity for financial institutions. Consequently, there has been a greater effort in the industry to create more effective and profitable approaches to meet the needs of this client base.

Over the past few decades, financial products and markets have grown in sophistication. At the same time, individuals looking at retirement are becoming more reliant on their own investments to supplement government and corporate pension plan benefits. In addition, the need for effective planning in specialized areas (such as ownership of foreign property, insurance solutions, alternative investments, leveraged investing, small business ownership, charitable giving, trusts, etc) is increasing. As a result, many affluent investors now look for guidance from experienced and competent advisors.

This Report covers consumer attitudes and behaviour related to affluent investors, with an oversampling of affluent investors and an increased focus on those with over \$100,000 in investments. It explores product ownership, wealth distribution, type of investment firms used for wealth management, attitudes related to financial advice and investing and the topics of retirement and estate planning.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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BMO targets high-net-worth seniors in new wealth management program
New bank opens targeting Chinese Canadians
CIBC offers a digital advice channel
Bank of Montreal robo-advisor offers its ETFs
Wealthsimple reaches \$500 million in assets

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Industry Developments

Wealth Management Services

TD and Scotiabank streamline services to high net-worth investors

BMO targets high-net-worth seniors in new wealth management program

New bank opens targeting Chinese Canadians

National Bank opens a private banking wing in Vancouver

Robo-advisors

CIBC offers a digital advice channel

Bank of Montreal starts robo-advisor offering its ETFs

Wealthsimple reaches \$500 million in assets

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Some 6% of Canadians have more than a million in investments

More than half of Canadians have their investments with a bank

Men are more proactive with regard to financial planning activities

Majority of investors favour a conservative approach while the affluent may have a different risk perception

Green or ethical issues are not particularly important to most investors

More than half of the affluent feel they require above a million dollars for retirement

Affluence and Product Ownership

Some 6% of Canadians have more than a million in investments...

Figure 8: Breakdown of affluence (investments excluding pensions), September 2016

...and 15% have a net worth of more than a million

Figure 9: Breakdown of net worth (including real estate and pensions), September 2016

More than half of consumers have a TFSA and/or an RRSP...

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...while a third of millionaires own ETFs and around a quarter own investment property

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Green or ethical issues are not particularly important to most investors

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