

PRESS RELEASE

Canadians Show Strong Loyalty and Satisfaction to Financial Advisors, But Younger Investors Less Certain: Vanguard Study

TORONTO (OCTOBER 15, 2024) — A new Vanguard Canada “Value of Advice” survey reveals that while financial advisors in Canada enjoy high levels of client satisfaction and loyalty, younger investors are increasingly opting to manage their assets through online brokerages.

Among Canadian investors, 44% feel their advisor provides high value, and 74% believe their financial advisor is worth every dollar they pay. Additionally, 71% say they plan to remain with their current advisor, with that figure rising to 80% among those aged 55 and over.

However, the level of trust financial advisors enjoy is changing with a cohort of younger investors. Among those aged 18-34, 40% use online platforms for investment management, while only 38% rely on financial advisors. By contrast, 70% of those over the age of 55 use a financial advisor, with only 17% turning to online platforms.

“It’s clear that Canadian investors highly value financial advisors and the guidance they provide. However, there is a tale of two investors split by age in terms of the duration, method and frequency of financial advice they receive,” said Mario Cianfarani, Head of Sales and Distribution, Vanguard Investments Canada Inc. “This presents both a challenge and opportunity for financial advisors to provide more holistic wealth management services and relationship-oriented advice to younger investors.”

While younger investors are more inclined to go digital with investing, they also show a significant level of hesitation. Among younger investors, 35% report not fully trusting their financial advisor. When asked whether they can manage their own investments, many admitted to lacking the time (47%), knowledge (39%), or confidence (42%) to do so effectively.

The study highlighted that financial advisors remain the preferred source of advice for most Canadians, regardless of age. In fact, 89% of investors report that their go-to source for financial information and advice is their financial advisor or bank. Moreover, human advisors are perceived to deliver better

investment returns, with 44% of respondents believing that human advisors generate higher returns, compared to only 9% who hold the same view of robo-advisors.

The data revealed that frequent communication with clients is shown to make a significant difference in client satisfaction and optimism. Among those who communicate with their advisor monthly or more, 46% feel optimistic about their financial future, compared to just 18% of those who communicate only once a year. Additionally, 40% of those who have a financial plan created by an advisor express a high level of optimism about their financial future, compared to only 22% of those without a formal plan.

“As the investment landscape evolves, financial advisors will need to focus on building trust, maintaining regular communication, and emphasizing the value they provide in an increasingly digital world. Doing so will enable them to serve both traditional and younger investors more effectively,” Cianfarani added.

About Vanguard

Canadians own CAD \$110 billion in Vanguard assets, including Canadian and U.S.-domiciled ETFs and Canadian mutual funds. Vanguard Investments Canada Inc. manages CAD \$80 billion in assets (as of July 31, 2024) with 37 Canadian ETFs and six mutual funds currently available. The Vanguard Group, Inc. is one of the world's largest investment management companies and a leading provider of company-sponsored retirement plan services. Vanguard manages USD \$9.5 trillion (CAD \$13 trillion) in global assets, including over USD \$2.8 trillion (CAD \$3.9 trillion) in global ETF assets (as of June 30, 2024). Vanguard has offices in the United States, Canada, Mexico, Europe and Australia. The firm offers 423 funds, including ETFs, to its more than 50 million investors worldwide.

Vanguard operates under a unique operating structure. Unlike firms that are publicly held or owned by a small group of individuals, The Vanguard Group, Inc. is owned by Vanguard's U.S.-domiciled funds and ETFs. Those funds, in turn, are owned by Vanguard clients. This unique mutual structure aligns Vanguard interests with those of its investors and drives the culture, philosophy, and policies throughout the Vanguard organization worldwide. As a result, Canadian investors benefit from Vanguard's stability and experience, low-cost investing, and client focus. For more information, please visit vanguard.ca.

About the Vanguard-Angus Reid Survey:

These are the findings of a study/survey conducted by Vanguard from March 21st to March 28th, 2024, among a representative sample of 1307 Canadian Investors who are members of the Angus Reid Forum. The survey was conducted in English and French. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- **2.7 percentage** points, 19 times out of 20.

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