



ETFs and Investors – The Results of CETFA and CREDO Research

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Key Research Findings

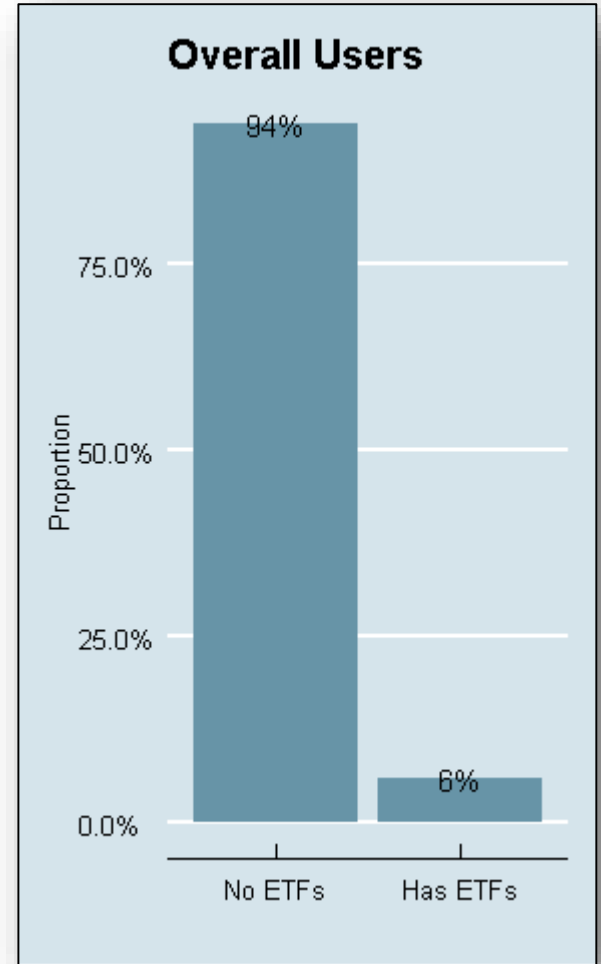
- **Market Penetration, Usage and Awareness**
- **Financial Literacy and ETFs**
- **What's going on in ETF Users' Minds... it's very different from other investors!**
- **Why Investors do (or don't) Use ETFs**

ETFs are Just Getting Started

Flows



Retail Usage



Where's the market penetration?

Overall? → 6%

< \$100k of Investable Assets → 2%

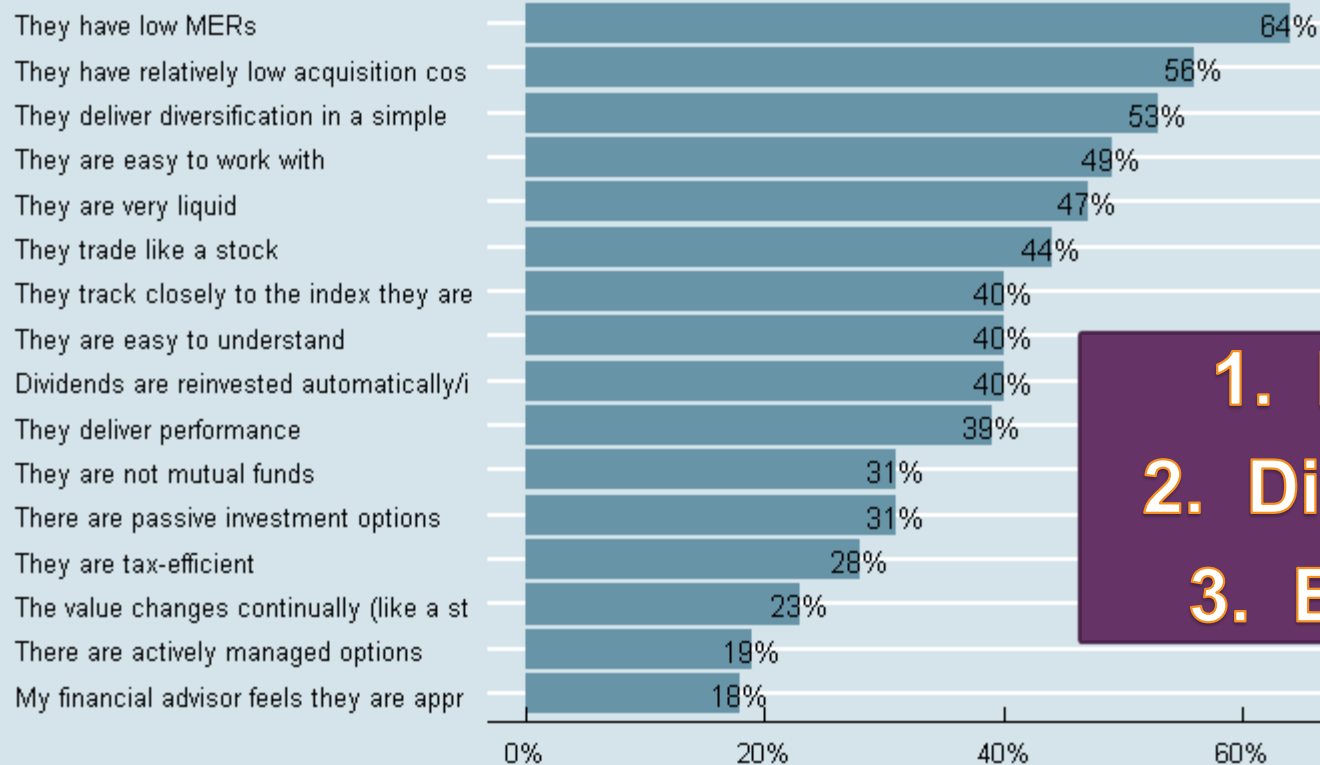
\$100k to \$250k → 9%

\$250k to \$500k → 11%

\$500k to \$1mn → 17%

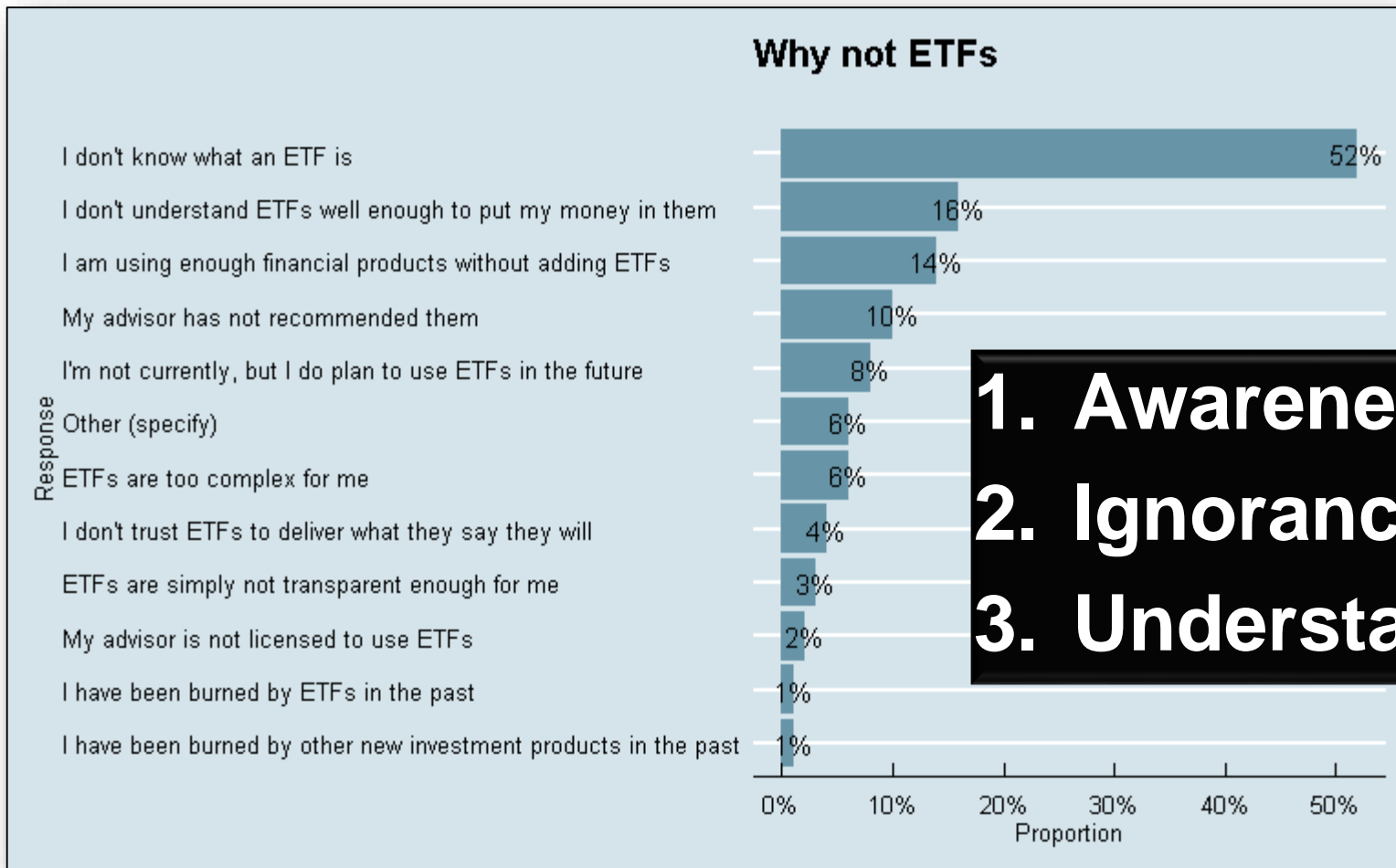
\$1mn+ → 27%

Why use ETFs?



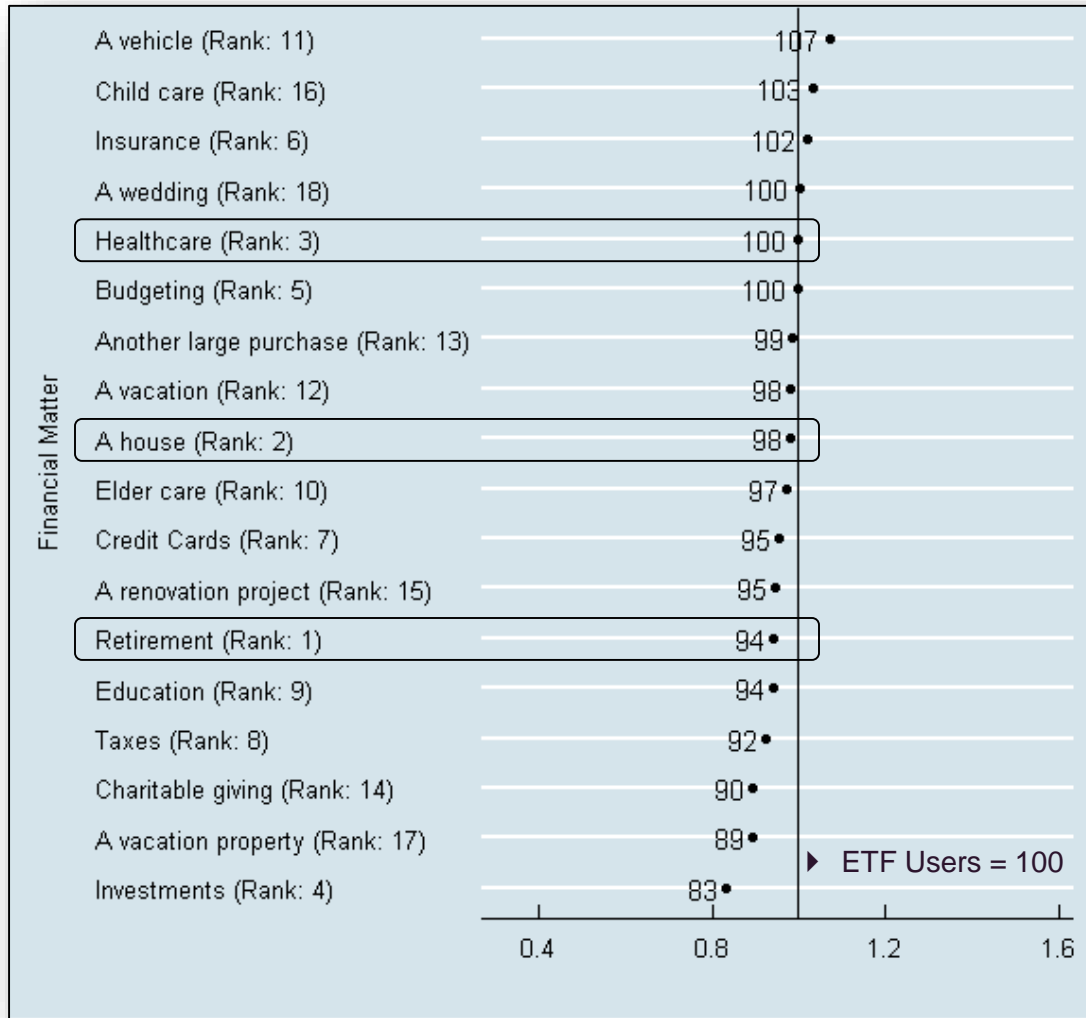
1. Low Costs
2. Diversification
3. Ease of Use

Why Investors Avoid ETFs – Barriers to Use



1. Awareness
2. Ignorance
3. Understanding

Importance of Financial Matters



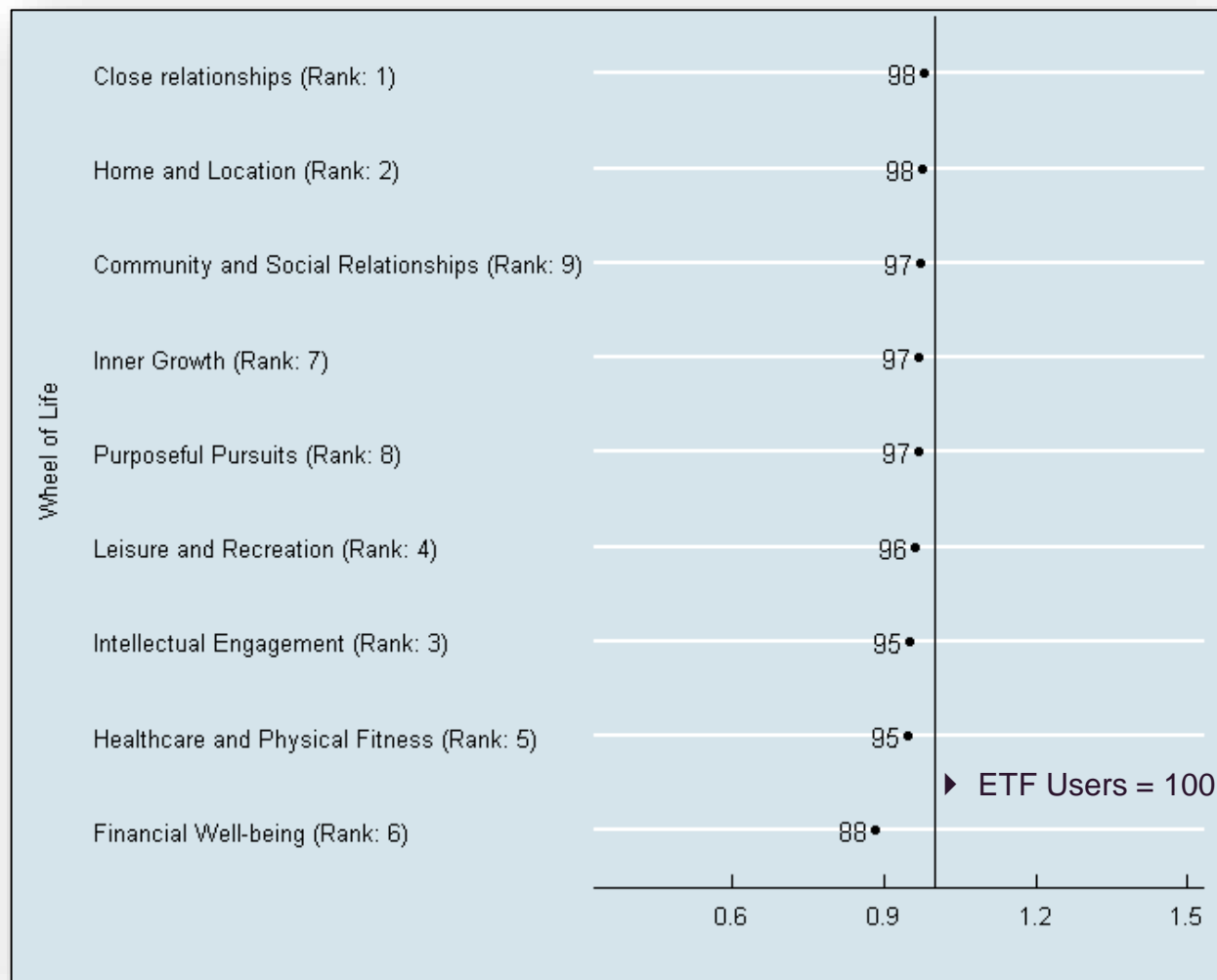
Non-users see a vehicle as a more important financial matter than ETF users.

Non-users see both retirement and investments as a less important financial matter than ETF users

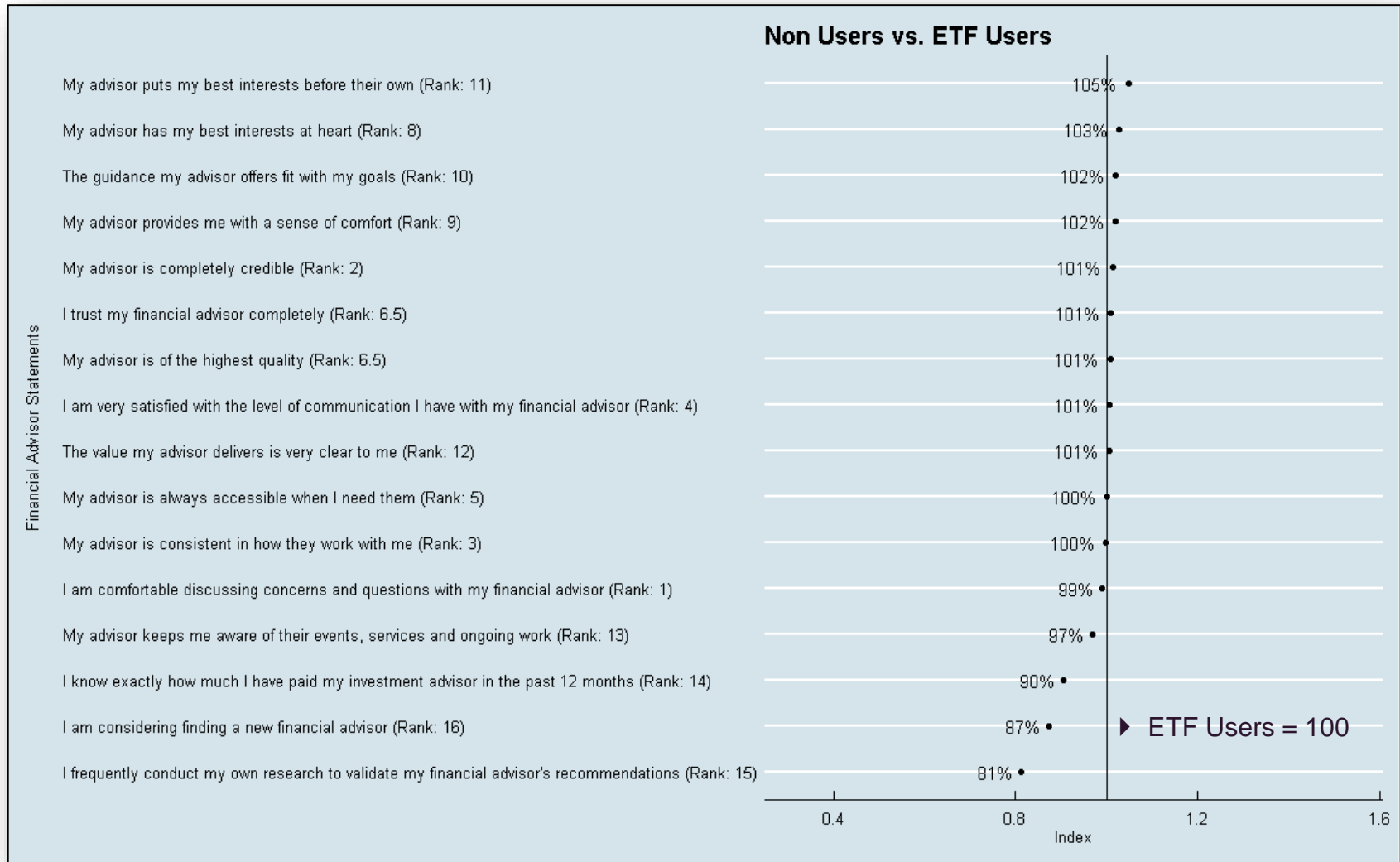
The Wheel of Life

Non-users index lower than ETF Users on every measure in the Wheel of Life

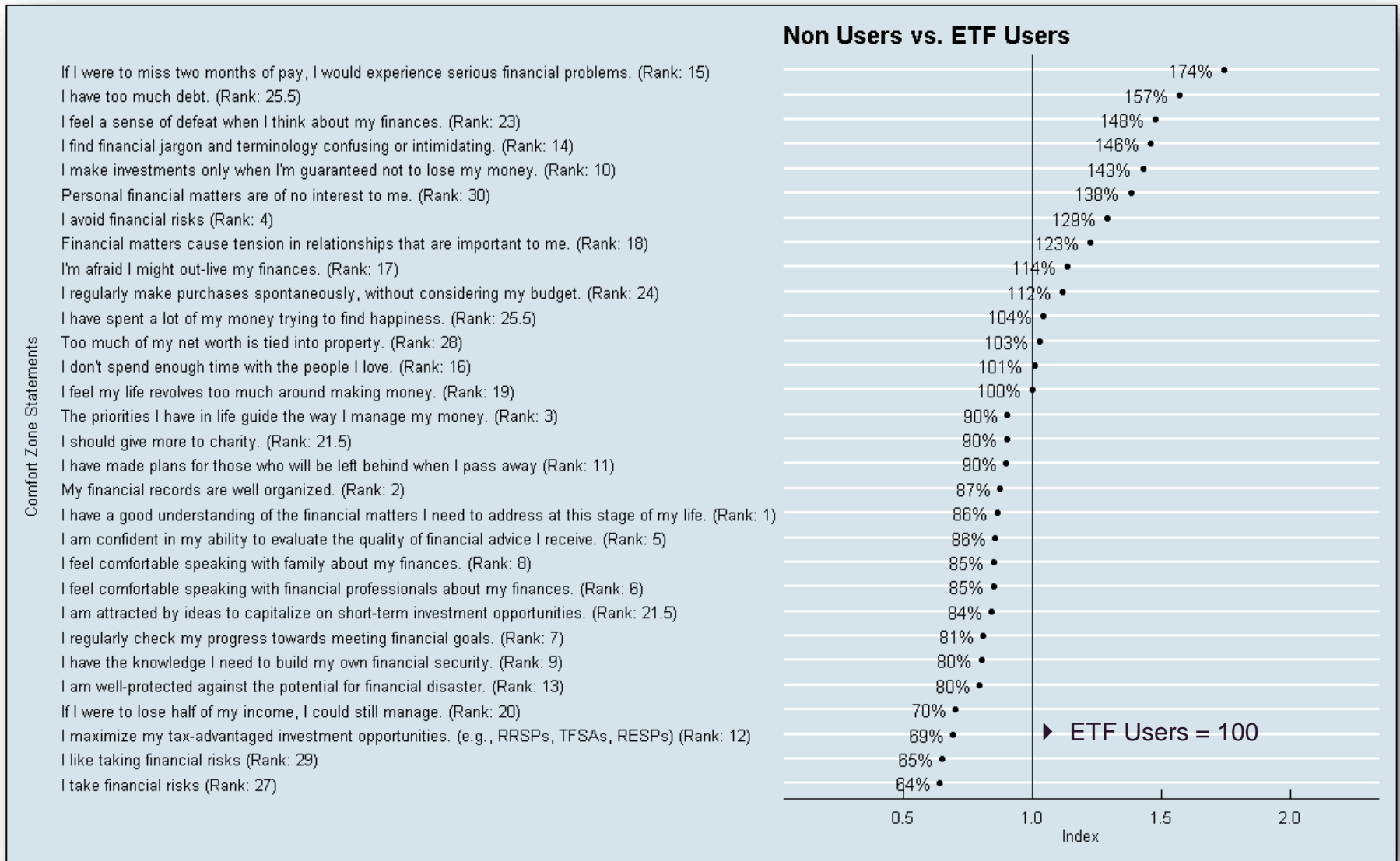
They travel a shorter distance with each turn... and have a more bumpy ride.



Investors' Assessments of Their Advisors

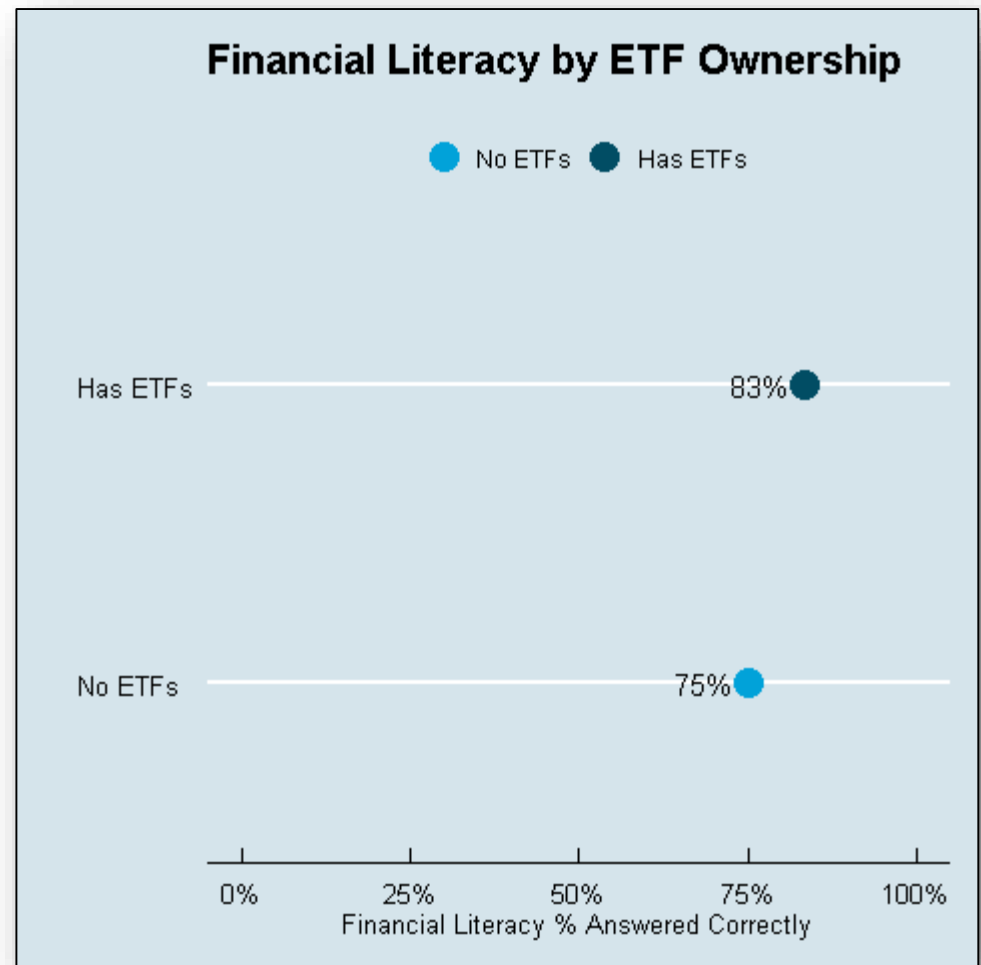


The Financial Comfort Zone psychographic framework

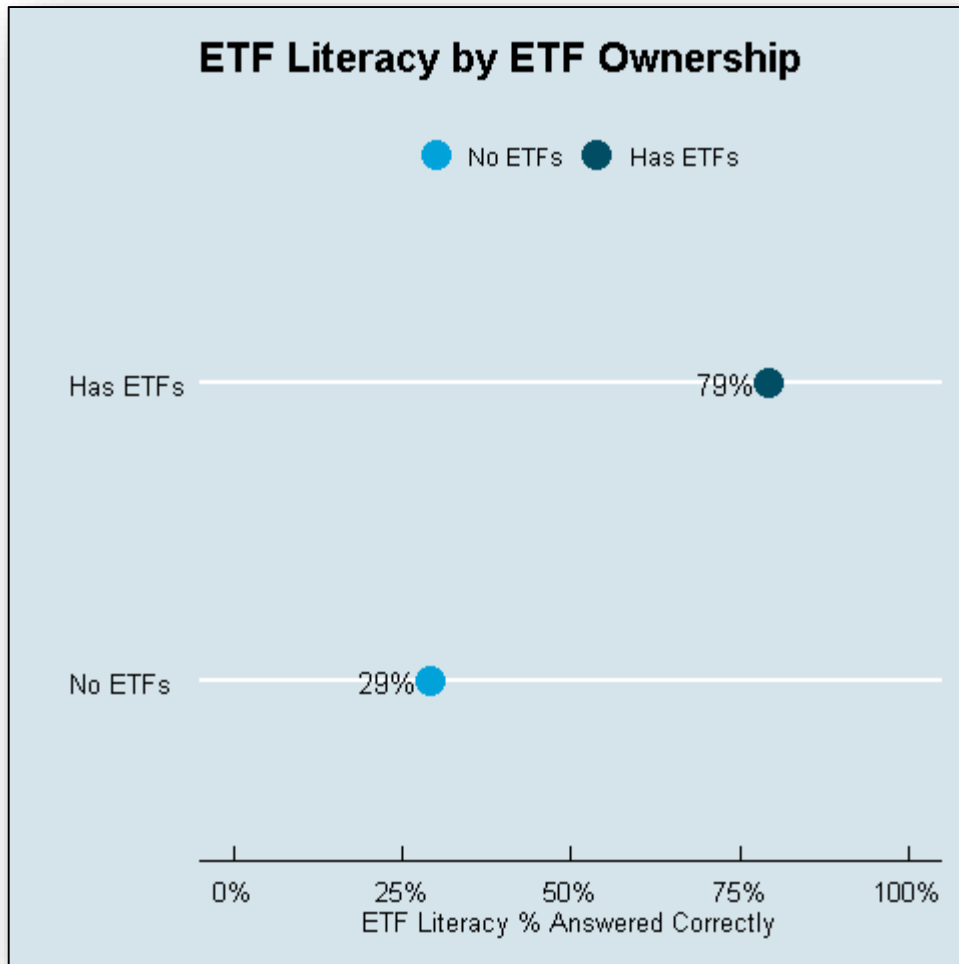


ETFs and financial literacy

**ETF users
score
significantly
higher than
non-users**



ETF-specific financial literacy



**Consider only
ETF-specific
questions**

**The difference
is massive**

Wrap up Thoughts

- 1. Investors who need them most (sub \$250k) are missing an opportunity. Ignorance is costly bliss for investors.**
- 2. The opportunity isn't going away... there's tons of runway ahead for ETFs.**
- 3. Connecting with investors is a psychographic exercise; ETF users differ from other investors.**
- 4. Beware supporting a narrative that is based on low cost alone.**

Thank you

Q & A

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