

Information and the Investor Experience

May 19, 2021

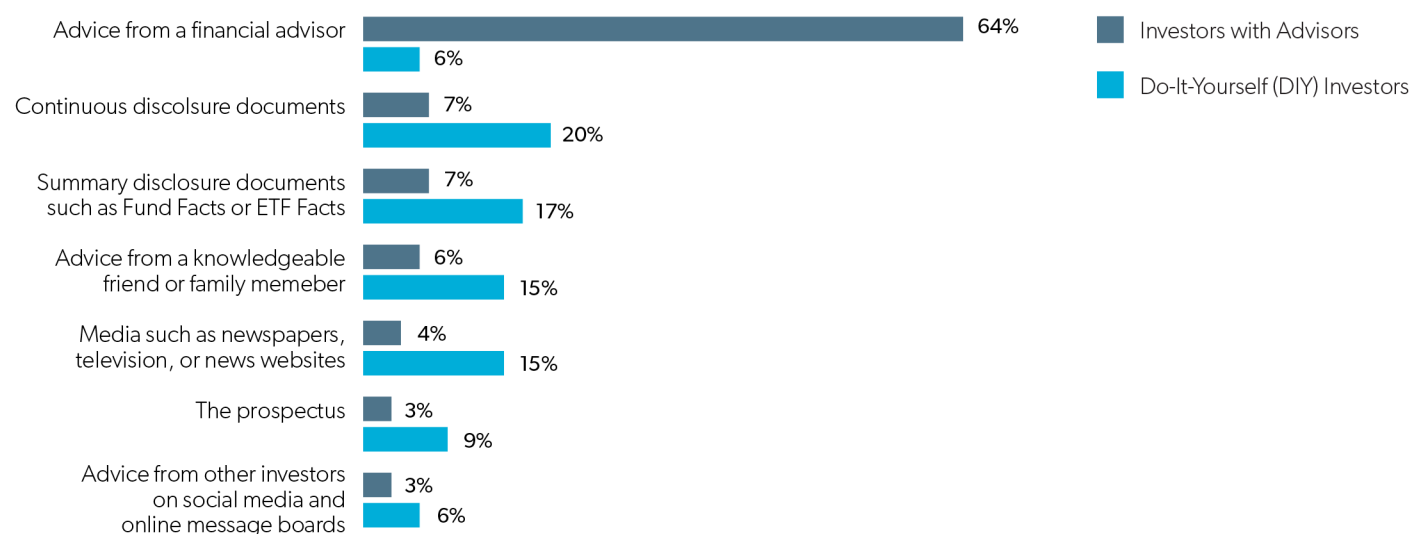
People choose investments based on their beliefs about the future. To ensure that investors have the information they need to make these judgements, securities regulators have requirements for when and how information must be disclosed. Companies and investment funds must provide certain disclosures about the stocks, bonds or funds that they offer to the public. This is to help provide investors with timely and accurate information to make informed investment decisions.

Making information available does not ensure that investors are actually using it. To gain a better understanding of how retail investors use available information, the OSC Investor Office commissioned a survey of nearly 2,000 Canadian retail investors. This study explored the types of information investors use and their challenges in understanding this information. This research supports the OSC's role in regulating the information that must be made available to the public by issuers or investment funds to support investment decisions.

Information Used When Deciding to Buy or Sell an Investment

The information that is used by investors is significantly affected by the way in which they invest. Those that invest with the help of an advisor rely greatly on their advisor's recommendations. These investors also use disclosure documents, but not to the extent of do-it-yourself (DIY) investors. Although DIY investors are more likely to use disclosure documents, they are also more likely to rely on media and advice from family or friends to inform their beliefs about investment opportunities. DIY investors report using both formal disclosure documents and informal sources of information when making investment decisions.

CHART 1: Information Ranked as Most Important by Investors



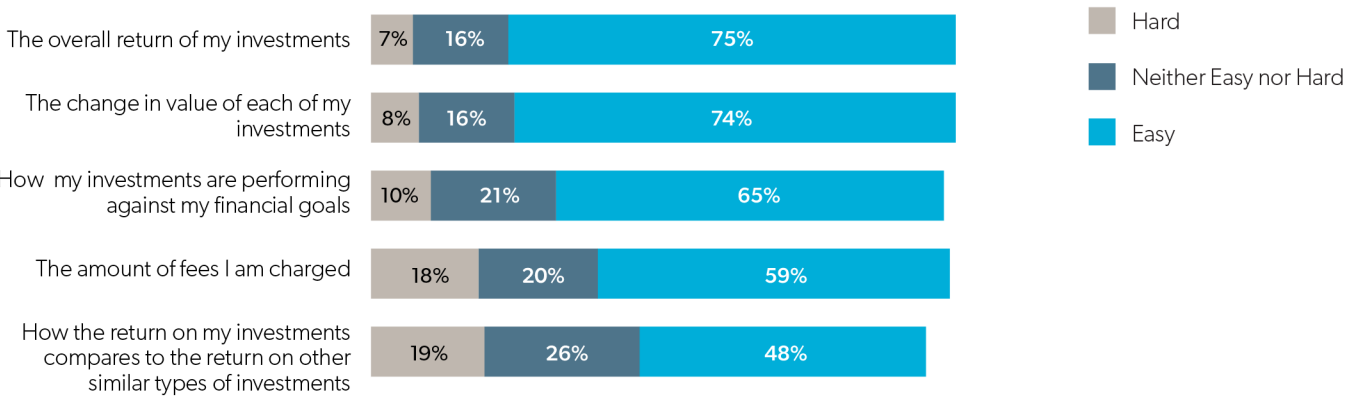


Understanding Their Investments

Nearly all investors believe it is important to monitor various aspects of their investments and the majority of investors find it easy to find information about their investments. Three-quarters of investors find it easy to find information on the overall return of the investments and the change in value of each of the investments. About two-thirds of investors believe it is easy to find information about how their investments are performing against their financial goals.

However, some information is harder for investors to find. Relatively fewer investors report it is easy to find information such as the amount of fees charged (59%) or how the return on their investments compares to the return on other similar types of investments (48%).

CHART 2: Ease of Finding Information About Investments



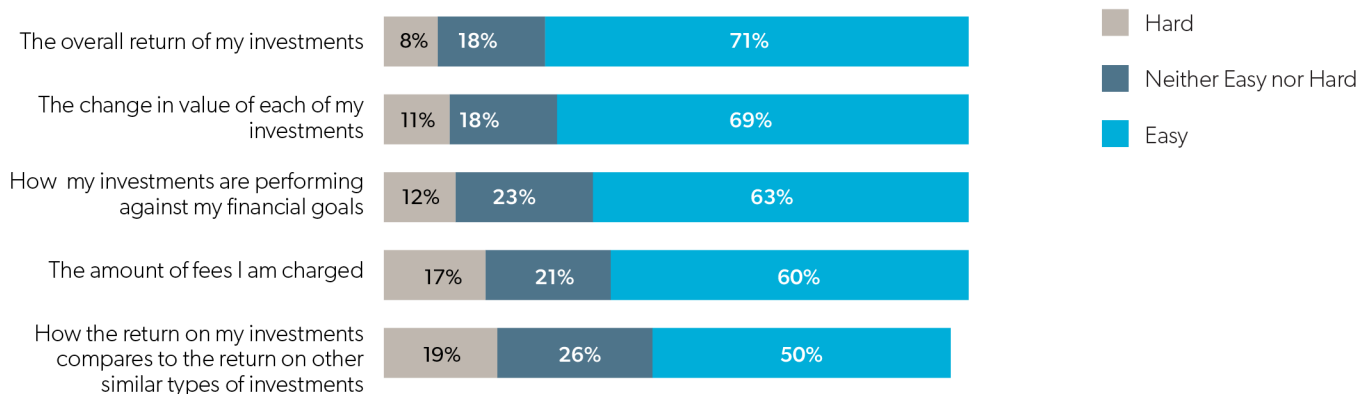
Challenges to Understanding Their Investments

Having access to information and being able to find it easily is an important step, but this information is only useful to investors if they can understand it and act on it. Understanding the various aspects of their investments is critical to investors making good investment decisions.

The majority of investors say understanding many aspects of their investments is easy. Investors have the most difficulty with the amount of fees they are charged (17% say this is hard) and how the return on their investments compares to the return on other similar types of investments (19% say this is hard).



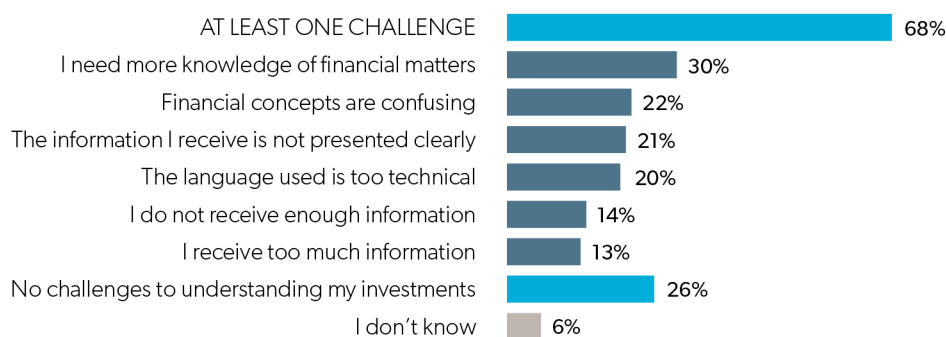
CHART 3: Level of Difficulty in Understanding Various Aspects of Investments



Seven-in-ten investors have at least one challenge to understanding their investments. These challenges can result from *how* information is presented or *how much* information investors receive. 21% of investors think that the information they receive is not being presented clearly and 20% believe too much technical language is used. Finding the right balance of information to provide is complicated because 13% believe they receive too much and 14% would like to receive more.

Other challenges emerge because investors lack sufficient financial literacy. 30% of investors say they need more knowledge of financial matters and 22% find the financial concepts are confusing. Working to present information more clearly, using plain language and improving investor financial literacy may help reduce these challenges.

CHART 4: Challenges to Understanding Investments



About the Research: The OSC Investor Office engaged Leger Marketing Inc. to conduct a survey to help us understand the investor experience during COVID-19. The survey was conducted online among a representative sample of 1,942 Canadians, 18 years of age or older, between March 30 and April 11, 2020. The sample has been weighted by age, gender and region using the latest Statistics Canada census data to reflect the actual demographic composition of the adult population 18 years or older residing in Canada. The full results of this survey and all OSC Investor Office research is available [here](#).

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