



Report: MFDA Wealth Management Footprint

October 26, 2020



MFDA Wealth Management Footprint

This report highlights results stemming from a broader client research project undertaken by the MFDA. As part of the project, the MFDA requested detailed data from its Members on their clients in order to gain deeper insights into the characteristics and needs of those clients.

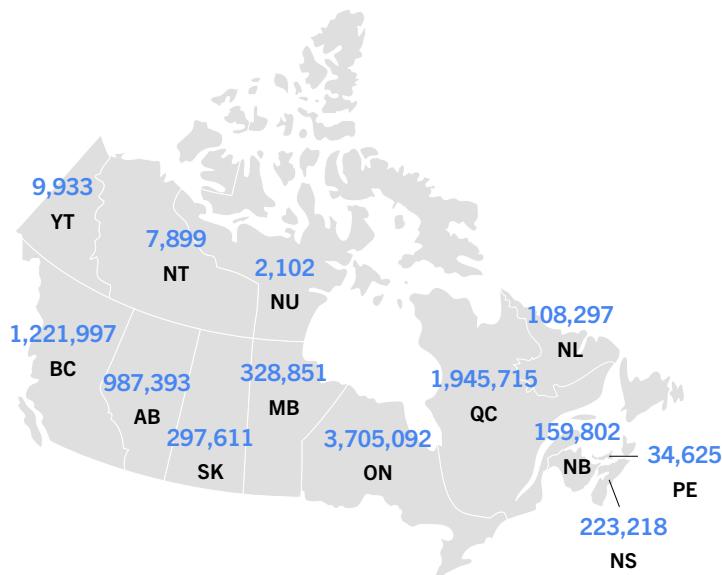
This snapshot of the report's findings showcases the MFDA's wealth management footprint – a footprint that illustrates the important role of MFDA Members in the Canadian economy.

MFDA MEMBERS PLAY A CRUCIAL ROLE IN THE CANADIAN ECONOMY

MFDA Members provide services to more households in Canada than any other category of securities registrant – more than 9 million households. Most of these households are mass market investors defined as having \$100,000 or less in financial wealth.

The data collected reveals that the average financial wealth of MFDA Member client households is \$75,000, that 86% of client accounts are registered (vs. non-registered) and that 78% of client portfolios are balanced or more conservative. From these results it can be generally inferred that most MFDA Member clients are typically middle- and working-class Canadians, are investing for their retirement and are conservative with their investments.

OVER 9 MILLION MFDA HOUSEHOLDS ACROSS CANADA



A substantial portion of Canadians need access to affordable investment advice

Canada has a significant wealth gap. This means a minority of households account for most of the financial wealth in the country.

- *The large majority (79%) of households in Canada are mass market investors. However, they hold only 4% of the \$4.4 trillion in financial wealth in the country.*
- *Conversely, affluent households represent only 10% of all households but own 86% of the \$4.4 trillion of the total financial wealth.*
- *Mid-market households (those between mass market investors and affluent Canadians) represent 11% of households and own 10% of the financial wealth.*

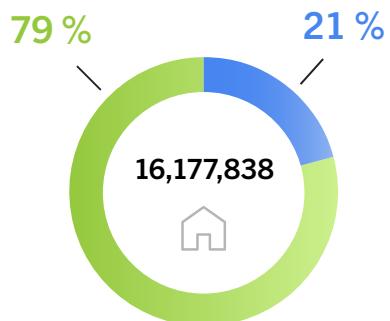
The wealth gap highlights the need for accessible financial services for all households, particularly mass market investors.

THE WEALTH GAP IN CANADA

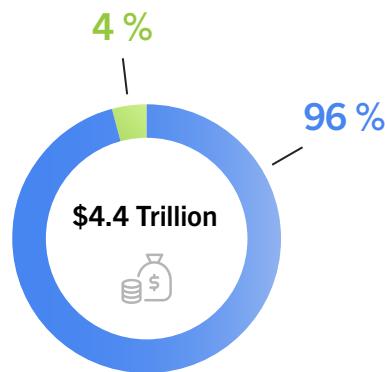
 <\$100K in Financial Wealth

 >\$100K in Financial Wealth

Canadian Households



Total Canadian Household Financial Wealth



* Data from Investor Investor Economics Household Balance Sheet Report – Canada, 2019. All numbers are approximate.

MFDA Members are an integral group that provide services to mass market households

Mass market households are the largest investor cohort in Canada.

- Of the over 9 million households in the MFDA Members' client base, 81% are mass market investors – totaling 7.4 million households.
- While mass market clients represent only 4% of the total financial wealth in the country, they account for more than a quarter (26%) of MFDA household financial wealth.

Mass Market Households' Share – Canada



of \$4.4 Trillion – Total Household Wealth in Canada

Mass Market Households' Share – MFDA

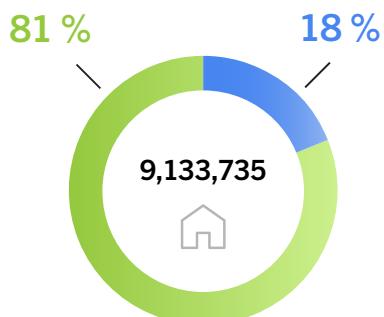


of \$685.1 Billion – Total Household Wealth Among MFDA Clients

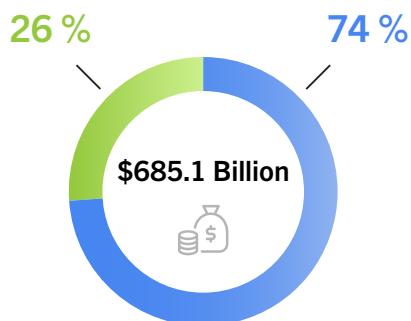
MFDA CLIENT HOUSEHOLD BASE

- <\$100K in Financial Wealth
- >\$100K in Financial Wealth

MFDA Households Served



Total MFDA Household Financial Wealth



* Includes clients outside of Canada.

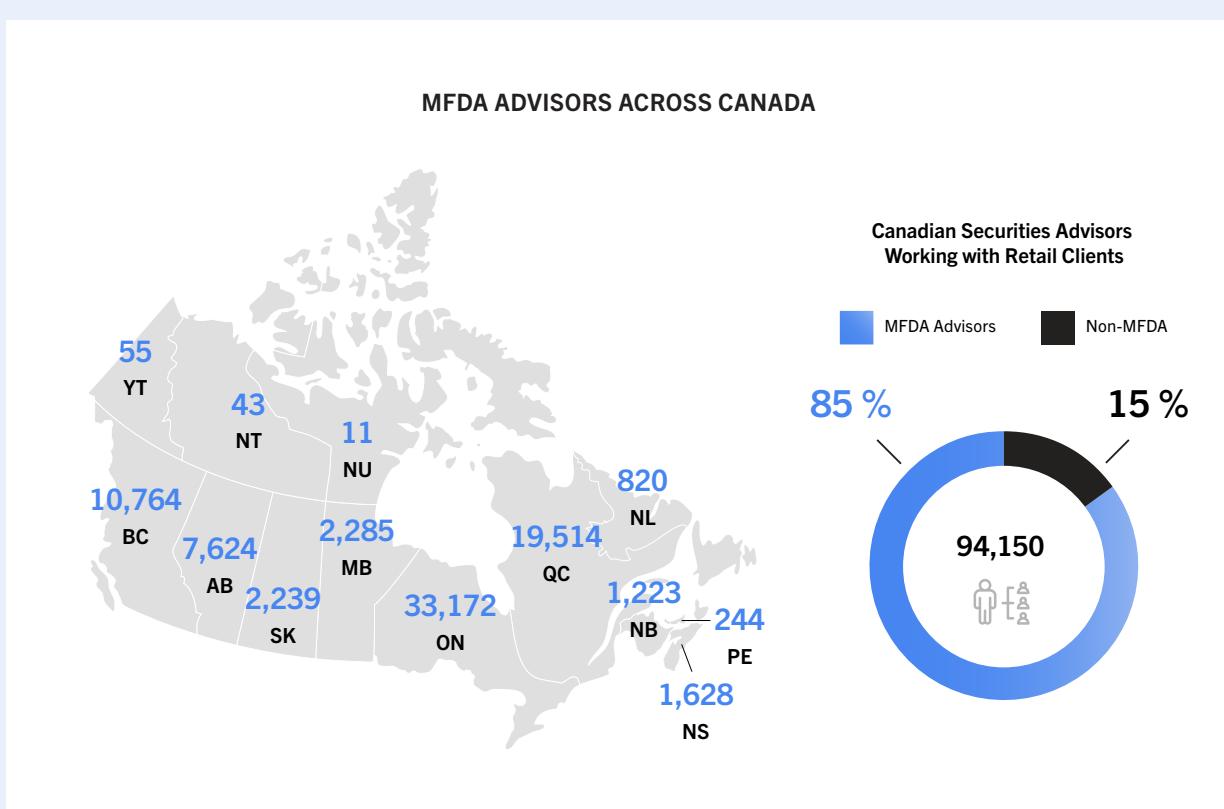
The concentration of wealth belonging to mass market households within the MFDA channel demonstrates the important role and value of MFDA Members in providing advice and services to these investors who are by far the largest segment of the Canadian investor population.

MFDA MEMBERS

MFDA Members reach more Canadians through a vast network of advisors

There are 79,622 MFDA advisors across the country to serve investors, which is the largest proportion of securities advisors that work with retail clients in Canada.¹

More broadly there are 94,150 of these securities advisors in Canada – MFDA advisors make up 85% of them.²



¹ As at January 2, 2019.

² Based on MFDA Advisor Data & Investor Economics Household Balance Sheet Report – Canada, 2019. All numbers are approximate.

MFDA Members are crucial in helping Canadians meet their investment goals

Investors with any level of financial wealth need both advisory services and investment products.

When looking at mass market investors, they require advice and products that are both economically accessible and appropriate for their financial needs.

In today's securities industry, mutual fund dealers provide the most accessible advisory services and investments to retail investors.

Other registrants in the securities industry have minimum account thresholds – a sizable base dollar amount that must be met before being able to open an account – which often makes them inaccessible to mass market households and many mid-market households. Since most MFDA Members do not have minimum account size requirements they are able to offer access to personal advice and services for millions of middle- and working-class investors all across Canada.

In addition, MFDA Members are affiliated with banks, insurance companies and fund companies – through these relationships they are able to provide a wide variety of financial services to the clients they serve.