

CANADIAN CLIENTS INCREASE THEIR RISK APPETITE AS INVESTMENT GOALS ARE HAMPERED BY VOLATILE MARKETS, SAYS NEW STUDY

- Almost all (96%) of wealth managers and financial advisors in Canada say their clients' investment goals and objectives have been adversely affected by recent market volatility
- Seven in 10 (70%) say the risk profile of their clients' investments has increased in the past 12 months and three quarters (74%) predict clients will further increase their risk profile in the next 12 months
- Almost all (94%) think that the industry is effective at monitoring clients' investment goals, objectives and risk profiles as required by 'Know Your Client' regulations

Clients of wealth managers, portfolio managers, financial advisors and financial planners in Canada have already increased their risk appetite or will do so in the next 12 months as their investment goals and objectives have been adversely affected by recent volatile markets, according to new global research* from Ortec Finance, the leading global provider of risk and return management solutions for professional investors.

The study among Canadian wealth managers and financial advisors whose organizations collectively manage approximately \$370 billion, found almost all (96% of survey respondents) of their clients have had their investment goals and objectives adversely affected by recent market volatility. One fifth (20%) say this has caused their clients up to a six-month delay in realizing their investment goals, increasing to 56% who say this has caused a delay of between six and nine months. Under a fifth (18%) say this has caused a delay of between nine and 12 months and 2% estimate it to be between 12 and 18 months.

This adverse impact on clients' investment goals and delays on realizing them comes despite 96% of wealth managers and financial advisors viewing their clients' investment goals as realistic. 18% say they are very realistic.

The study by Ortec Finance, carried out among 50 wealth managers, financial advisors and planners in Canada, reveals that 70% say that the risk profile of their clients' investments has increased in the past 12 months – with 2% saying it's increased dramatically. Possibly in a bid to get their investment goals and objectives back on track, around three quarters (74%) predict clients will further increase the risk profile of their investments in the next 12 months – with 14% saying it will increase dramatically.

Wealth managers and financial advisors regularly track and assess clients' financial goals and objectives to ensure they are on track to be achieved, and 78% say the systems they use to do this are effective and 22% say they are average. Over four in 10 (44%) say they conduct a major review of a client's overall financial goals and objectives every year and 50% say they do this every 12 to 18 months. Just 6% say this happens every 18 to 24 months. A review of whether their investment goals are on track to be achieved happens more frequently, with over six in ten (62%) saying they do this at least once a month. Just over a third (36%) do this every six months and just 2% do this every year.

Almost all (94%) of wealth managers and financial advisors say the Know Your Customer requirements and regulations in their country helps them to monitor and assess risk in the portfolios they manage – with 28% saying these regulations are very good at ensuring this. Overall, 98% of wealth managers and financial advisors think that the industry is effective at continually monitoring clients' investment goals, objectives and risk profiles. Of these, 26% think they are very effective.

Ronald Janssen, Managing Director Goals-Based Planning at Ortec Finance said: “Recent volatile markets have had a significant negative impact on the clients of Canadian wealth managers and financial advisors, with the vast majority of clients experiencing significant delays to realizing their investment goals – of up to a year or more. For these clients it is important to be supported how to get back on track again with the right investment strategy.

“It's positive to see the regularity with which most Canadian wealth managers and financial advisors track and review their client's investment goals but a significant proportion of them feel the systems they use aren't as good as they could be. Investment reviews and tracking goals is vitally important but can take up a significant amount of time so investing in the best, scalable technology is essential, to enable advisors to effectively manage more clients and deliver more value.”

For banks and wealth managers seeking to scale Goals-Based Investing, Ortec Finance is the proven industry leader in simplifying the complexity of investment decision-making resulting in superior client engagement. Find out more:

www.ortecfinance.com/en/insights/product/opal

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Notes to editors:

*Independent research company PureProfile interviewed 50 wealth managers and financial advisors located in Canada, whose organizations collectively manage around \$370 billion worth of assets for clients. The survey was conducted during June 2023.

For more information, contact:

Phil Anderson, Perception A.

phil@perceptiona.com / +44 7767 491 519

About Ortec Finance

Ortec Finance is the leading provider of technology and solutions for risk and return management. It is Ortec Finance's purpose to enable people to manage the complexity of investment decisions.

This is accomplished via the delivery of leading technologies and solutions for investment decision-making to financial institutions around the world. Ortec Finance's strength lies in an effective combination of advanced models, innovative technology, and in-depth market knowledge. This combination of skills and expertise supports investment professionals in achieving a better risk-return ratio and thus better results.

Headquartered in Rotterdam, The Netherlands, Ortec Finance has offices in Amsterdam, London, Toronto, Zurich, Melbourne, and New York. Ortec Finance helps 600+ clients manage their \$15 trillion assets under management. www.ortecfinance.com