

Canadian Financial Advisors See U.S. Markets as More Bullish than Canadian Counterpart in Next Fiscal Year

Slowdown in Chinese Economy (57%), Breakup of Eurozone (43%), and Sovereign Debt Crisis (39%) Seen As Biggest Threats to Canadian Economy

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Canadian Financial Advisors See U.S. Markets (77%) as More Bullish than Canadian Counterparts (62%) in Next Fiscal Year

Slowdown in Chinese Economy (57%), Breakup of Eurozone (43%), and Sovereign Debt Crisis (39%) Seen As Biggest Global Threats to Canadian Economy

Toronto, ON – According to a new poll of 475 Canadian financial advisors conducted by Ipsos Reid on behalf of Sun Life Financial, advisors are more optimistic of U.S. capital markets than any other major global markets, including those in Canada, over the next fiscal year. Nearly eight in ten (77%) Canadian financial advisors see U.S. markets like the Dow Jones Industrial Average and the S&P 500 Index as ‘bullish’ (16% very/62% somewhat). Only one in ten (10%) saw U.S. markets as ‘bearish’ (3% very, 7% somewhat) in the next year. In comparison, only six in ten (60%) saw Canadian markets like the S&P/TSX Composite Index as ‘bullish’ (5% very/55% somewhat), while one in ten (12%) saw Canadian markets as ‘bearish’ (1% very/10% somewhat) over the next year. More financial advisors were likely to have neutral opinions on Canadian market performance (27%) in the next year than U.S. markets (11%).

Canadian financial advisors are predicting a variety of different global economic factors that could potentially threaten the Canadian economy over the next year. When asked to identify their top three perceived threats among a list of fourteen options, nearly six in ten (57%) believe that a significant slowdown in the Chinese economy is the top threat to Canadian economic performance in the next year. With increasingly tumultuous negotiations

occurring in the region, over four in ten (43%) believe the potential breakup of the Eurozone posing an economic threat, while the sovereign debt crisis situation (39%) rounds out the top three threats financial advisors see for the Canadian economy.

Other potential threats include weak consumer spending (36%), oil prices (35%), inflation (22%), high unemployment (20%), U.S. political elections (17%), political instability in the Middle East (17%), housing (1%), a weak U.S. economy (1%), declines in revenue/spending (1%), poor government decisions/leadership (< 1%), and fear mongering (< 1%)

Advisors aren't just worried about global threats, as many domestic issues can be seen as potential threats to the Canadian economy. More than seven in ten (71%) financial advisors believe Canada's overnight interest rate will higher in a year from now compared to its current position, while nearly three in ten (27%) think it will remain the same as it is now. Another seven in ten (69%) believe that Canada's Consumer Price Index (CPI) will rise either one or two percent over the next 12 months.

In terms of their clients, Canadian financial advisors see them as more risk-adverse and pessimistic. Nearly half (48%) of advisors believe their clients are more risk adverse (20% drastically/28% slightly) since 2008. Only one in ten (14%) said clients were less risk adverse, while nearly four in ten (38%) said there was no change in their clients' attitude towards risk. Almost four in ten (37%) believed their clients were 'bearish' (11% very/26% somewhat) towards the current state of capital markets, compared to just over two in ten (23%) who said their clients seemed 'bullish (4% very/20% somewhat). Over three in ten (33%) had a neutral opinion on their clients' outlook towards the current state of capital markets.

With such a pessimistic outlook for the Canadian economy over the next year, financial advisors hear many worries that clients have regarding their investments. When provided a list of seven worries and prompted to choose the top three they heard most from clients

regarding their investments, fear of losing capital (62%) was the most cited worry of Canadian investors to their financial advisors, followed closely by the fear that their investment performance won't be enough to achieve their lifestyle goals (61%). Other major concerns advisors hear relate to investors' retirement plans. Six in ten (60%) say that the money they have saved and invested won't be enough for them to retire on. Another six in ten (59%) fear that if markets will crash again, they won't have enough to make up for any losses before retirement.

These are some of the findings from an Ipsos Reid survey conducted between April 23 and May 4, 2012 on behalf of Sun Life Financial. A sample of 475 Canadian financial advisors was interviewed online. The survey participants represent a cross-section of the Canadian financial services industry including affiliated and independent financial advisors. More than two-thirds (70%) of the survey respondents are members of the Mutual Fund Dealer's Association (MFDA) and a third (35%) are members of the Investment Industry Regulatory Organization of Canada (IIROC). A survey with an unweighted probability sample of this size and a 100 per cent response rate would have an estimated margin of error of +/- 3.9 percentage points, 19 times out of 20, of what the results would have been had the entire population of Canadian financial advisors been interviewed. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error. Percentages reported are rounded to the nearest whole number.

For more information on this news release, please contact:

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