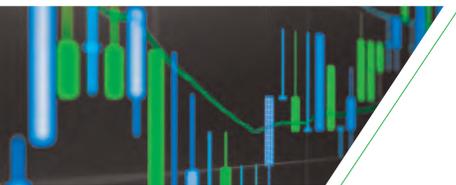




FINANCIAL ADVISORS INDEX

Helping you gauge investor sentiment and align your practice



Providing a unique window into investor sentiment, the **Advocis Financial Advisors Index (FAI)** has grown to become an essential measure of consumer confidence and a valuable tool for your practice.

As the only index of its kind that focuses on the opinions of financial advisors through their interaction with clients, the FAI brings you a true pulse of investor sentiment. It aggregates the results of two monthly surveys that are reported to its member network on a regular basis. Participating advisors complete a monthly short-form survey that asks whether clients are optimistic about the future and where the economy is going. They also weigh in on a long-form survey that uncovers perceptions of economic threats, where Canadians are putting their money and attitudes toward risk.

Insights that benefit you and the industry at large

Launched in April 2013, the FAI has accumulated a rich supply of data and now provides a number of important insights that can benefit not only financial advisors, but the larger Canadian wealth management industry.

For instance, the FAI can be a powerful leading indicator of market volatility. Specifically, optimism and investor confidence grow as volatility drops, and as supplementary markets, market news and political factors stabilize. The opposite is also true. The FAI demonstrates that as investor confidence falls, overall volatility grows.

Valuable applications for your practice

Given the insights and valuable applications it can provide for your practice, there's a tremendous opportunity for you to leverage the FAI and contribute to its ongoing growth. Here are the key ways that you can use the FAI to improve your interactions with your clients and validate the value and expertise that you bring.

1 / Directing your communication efforts amid volatility

You can use the FAI to anticipate periods of volatility and focus your communication efforts accordingly. For example, if the FAI reflects a sense of pessimism among investors, you can ramp up your efforts to encourage disciplined investment practices with your clients (i.e., not buying or selling at the wrong times or withdrawing early from long-term accounts), which is critical during periods of volatility.

2 / Shifting your product strategies as perceptions change

The FAI provides a month-to-month measure of return expectations for Canadian equities and bonds, and the appetite for investors to take on more, less or balanced risk. By gauging the risk/return perceptions gleaned from the FAI, you can proactively evaluate your own product and asset allocation strategies to better align your business with overall investor sentiment.

3 / Reinforcing best practices based on risk factors

Along with providing an overall measure of investor sentiment, the FAI also ranks advisors' views of the 'Top 5 Critical Threats' to their clients' financial well-being. Gauging these rankings from month to month can help direct your efforts to reinforce certain best practices. For example, if 'Negative News' (i.e., the impact of news on investor behaviour) moves up in rank, you may want to emphasize the importance of not reacting to certain headlines, staying invested and avoiding the follies of trying to time the market.

Your participation is crucial

The FAI strives to be on par with other high-profile indices. Building on its success will depend heavily on the ongoing participation of thought leaders such as yourself. To become a regular contributor, please:

1. Visit the FAI homepage at **Advocis.ca/financial-advisors-index**
2. Click **PARTICIPATE NOW**
3. Sign-up using your **Advocis username** and **password**



If you would like to learn more about the FAI, please visit:
Advocis.ca/financial-advisors-index/index.html