



TOWARD GREATER TRUST

HOW FEES, DISCLOSURES AND PROFESSIONALISM CAN CREATE TRUSTING RELATIONSHIPS WITH RETAIL CLIENTS

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EARNING INVESTORS' TRUST

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EARNING INVESTOR'S TRUST - 4TH EDITION OF THE TRUST SURVEY

In this 2020 edition, we examine how trust in the industry has evolved, while the essential characteristics of trust endure.

We explore two specific types of trust relationships in the investment industry – institutional investors engaged as clients of asset managers, and retail investors engaged as clients of investment firms.



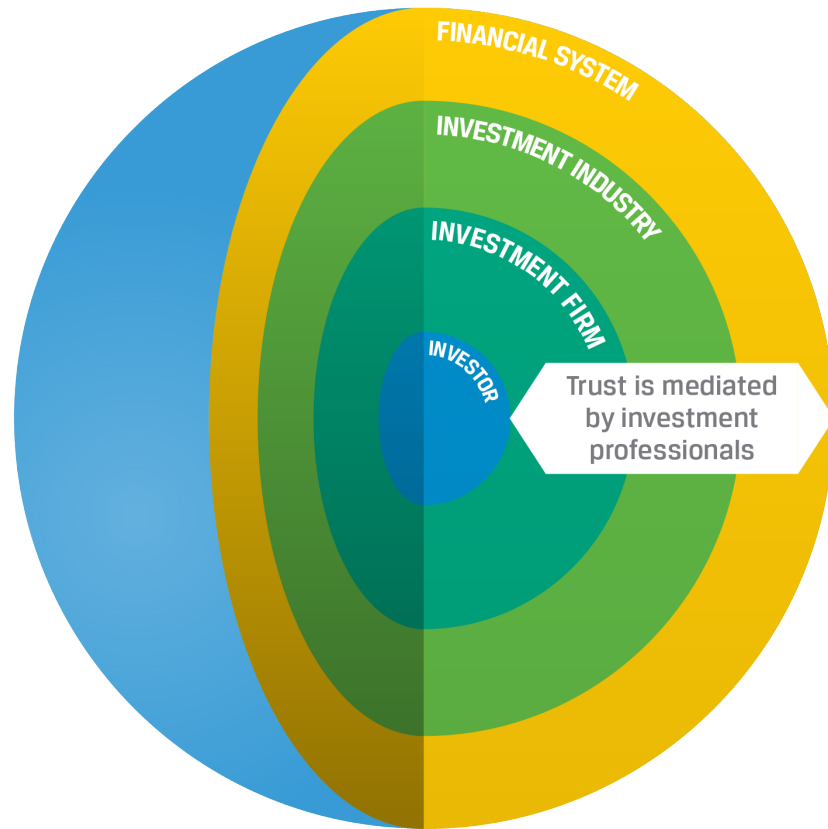
EARNING INVESTORS' TRUST



What does it take for someone to put their capital at risk and entrust their funds to someone else to manage?



KEY THEMES



I. TRUST IN THE SYSTEM:
INFORMATION IS ESSENTIAL



II. TRUST IN THE INDUSTRY:
INNOVATION AND TECHNOLOGY AS TRUST ENHANCERS



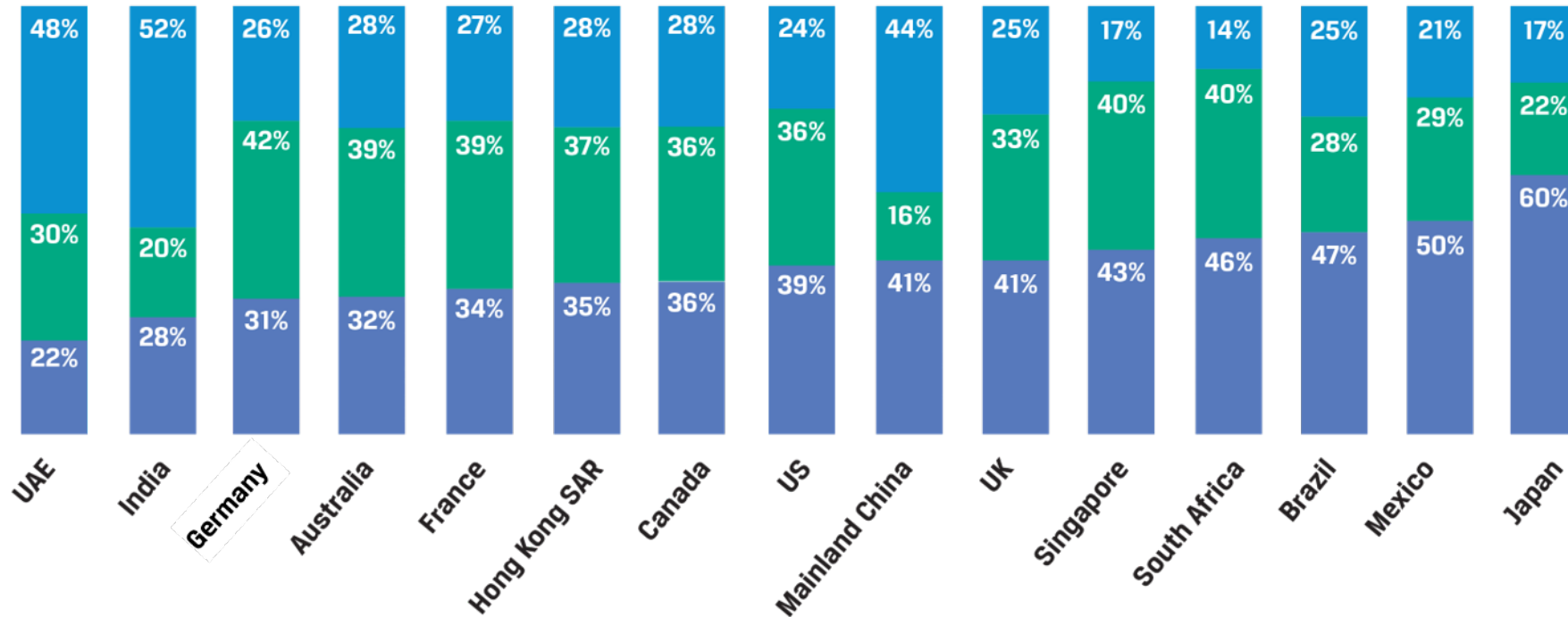
III. TRUST IN THE INVESTMENT FIRM:
THE DESIRE FOR INFLUENCE AND CONTROL



IV. THE TRUST EQUATION:
CREDIBILITY AND PROFESSIONALISM

TRUST: GRANTED OR EARNED?

Willingness to trust, by market



I assume they are trustworthy unless they prove otherwise



Once they demonstrate they can be trusted, I will give them the benefit of the doubt going forward



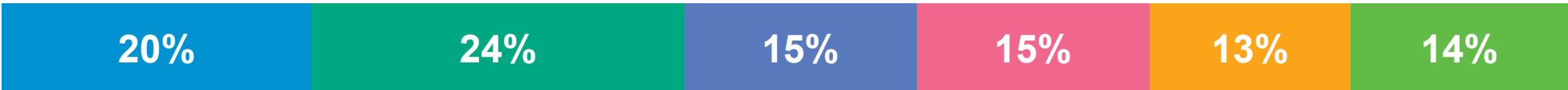
My trust must be constantly earned and maintained over time

TRUST IS THE #1 FACTOR IN MANGER SELECTION FOR RETAIL INVESTORS

Retail Investors



Institutional Investors

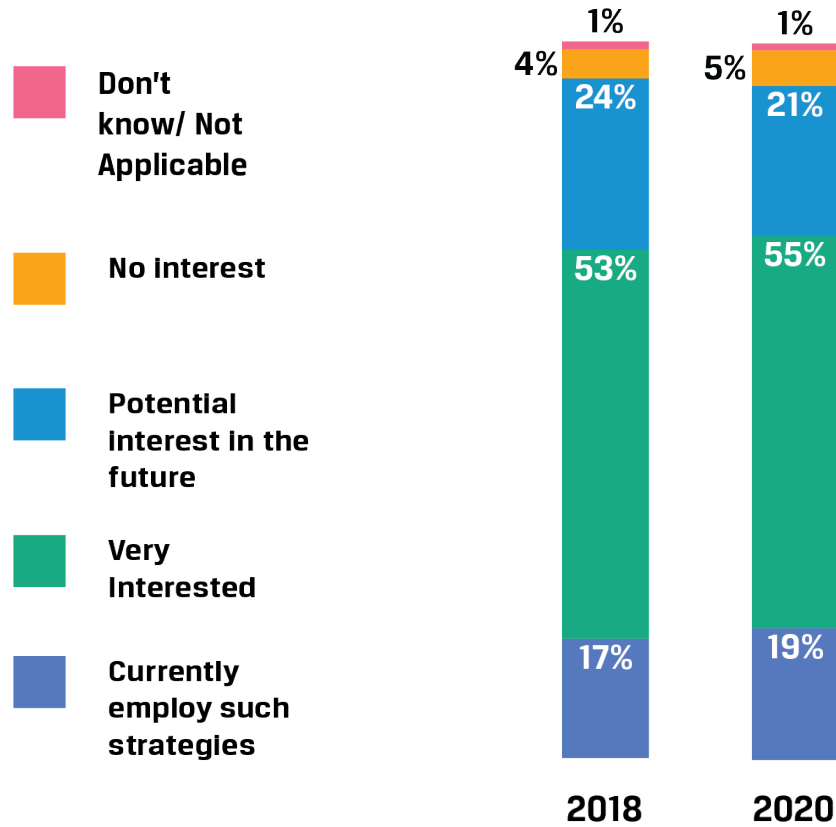


MOST IMPORTANT ATTRIBUTE WHEN HIRING AN ASSET MANAGER

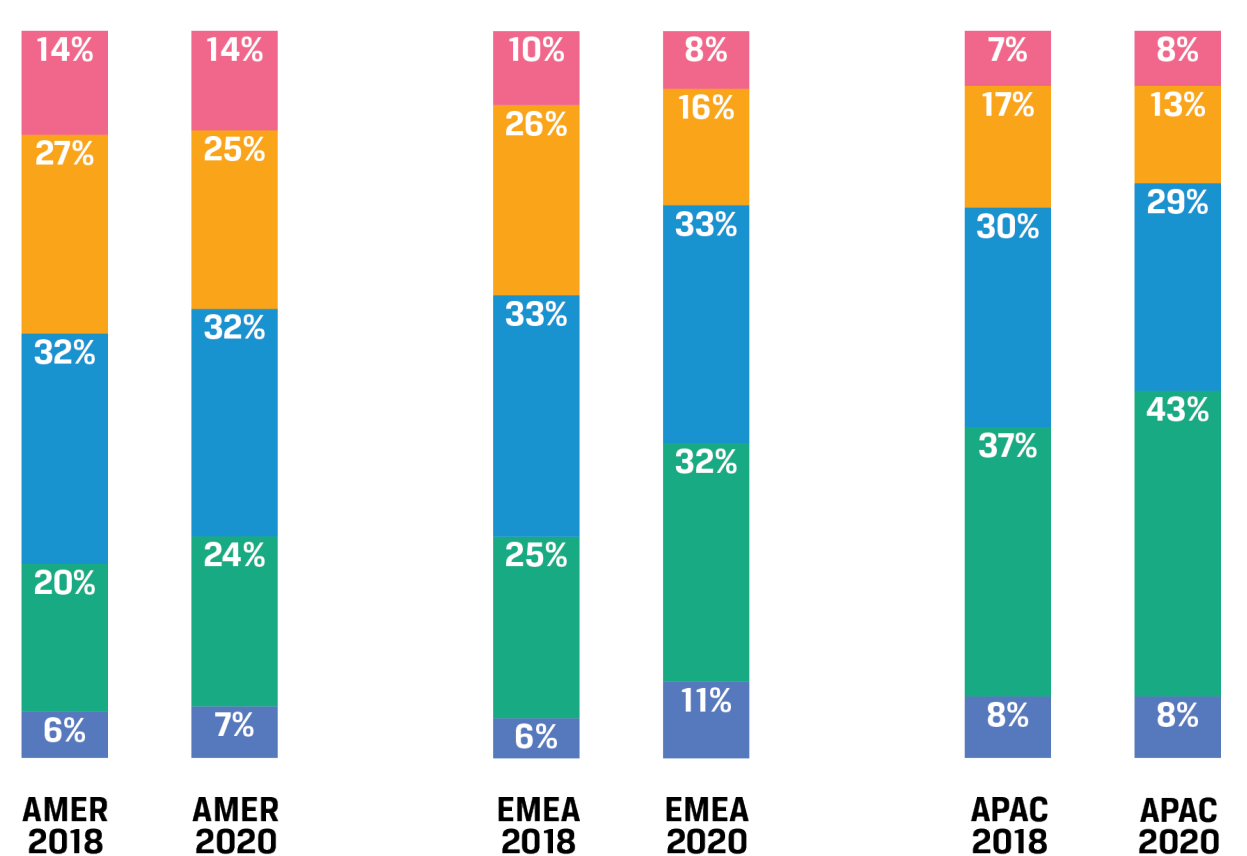
- Trusted to act in my best interest
- Ability to achieve high returns
- Commitment to ethical conduct
- Amount/structure of fees
- Recommended by someone I trust
- Compliance with industry best practices

INTEREST GROWING IN ESG

Institutional investor interest in ESG

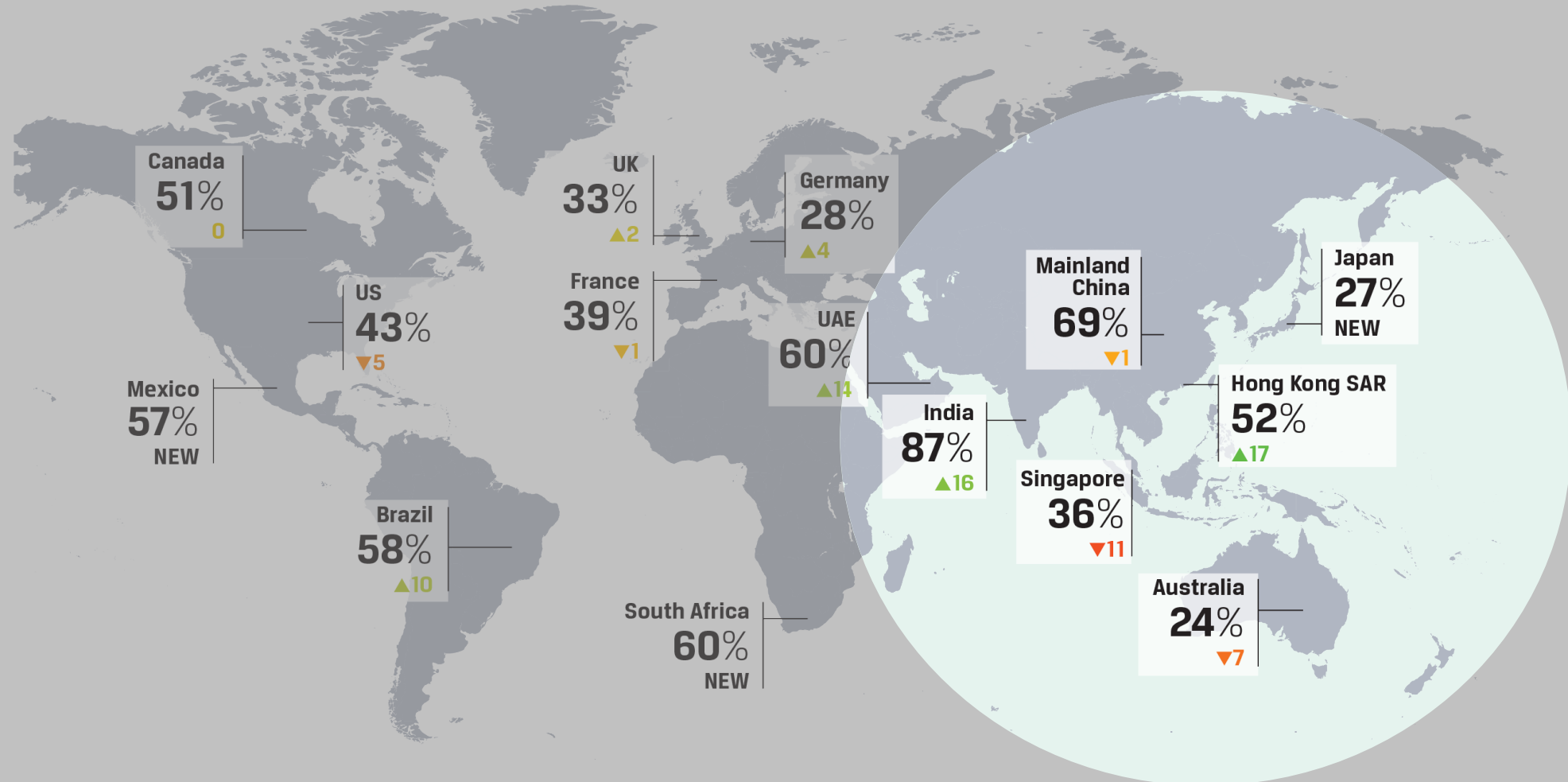


Retail investor interest in ESG



RETAIL INVESTOR TRUST LEVELS VARY SIGNIFICANTLY BY MARKET

RETAIL INVESTOR TRUST IN FINANCIAL SERVICES (BY MARKET)



Note: Color numbers represent the percentage point change from 2018 to 2020

CFA INSTITUTE TRUST EQUATION



READ THE FULL REPORT



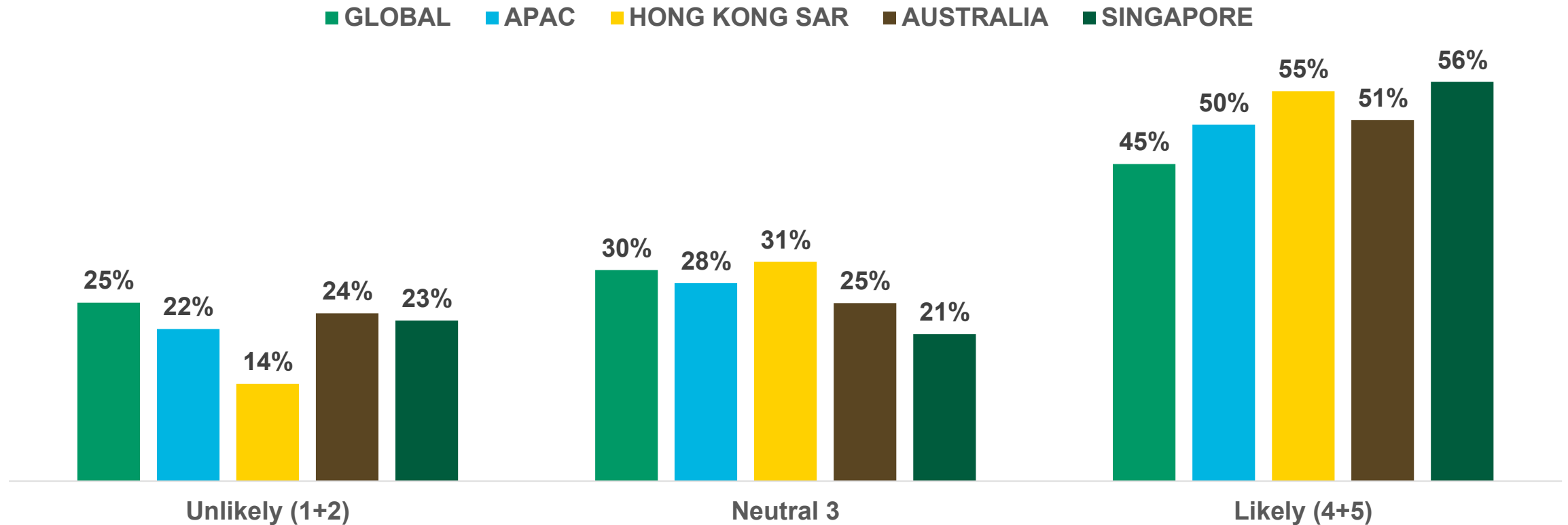
Download Report Here



<https://cfainst.is/2C8Pxz0>

IS THE CORONAVIRUS ROCKING THE FOUNDATIONS OF CAPITAL MARKETS

How likely is the risk that financial hardships in the financial industry will result in unethical actions on the part of the investment management industry?



Scale: Very unlikely 1, Somewhat unlikely 2, Neutral 3, Likely 4 and Very likely 5 and don't know
Note: Excludes "Don't know"



THANK YOU

