

Asset Management Market Study: Consumer Research

Technical Report

August 2016



1 Introduction

This technical report gives a description of the methodology employed for the primary consumer research study commissioned by the FCA as part of the Asset Management Market Study (AMMS), and undertaken by NMG Consulting between February and May 2016. The research was directed by Jane Craig, Partner at NMG, and supported by Celia Callus, Associate Director and Claire Stubbings, Research Manager.

2 Objectives

The key research objectives of the research were to understand:

- Investors' decision-making process when investing in funds
- The fund/product features investors take into account when making an investment
- Investors' perceptions of what constitutes value for money
- Investors' awareness of charges
- The reasons for which investors review their investments and how they monitor the appropriateness of their investments over time
- The triggers for investors to move their money to a different investment manager and/or fund, and whether there are significant barriers to switching

3 Overview of methodology

The study used a two-phase approach. The first phase consisted of 40 qualitative in-depth one-hour interviews carried out in March 2016. The second phase consisted of a 2500-respondent quantitative survey, conducted online in April 2016.

4 Population of interest

The population of interest for this study comprises consumers who are direct retail investors in fund-based products.¹ This is defined as *retail investors that make their own fund-based investments*, and excludes investors who exclusively use advisers to make fund investments on their behalf. Direct retail investors may have received advice about their investments earlier in the process and subsequently carry out the actual transaction themselves. Direct retail investors may also include those who use financial advisers for some investments but invest directly for others.

All participants to the study had to hold at least one fund or fund-based product to qualify. Anyone with solely stocks and shares investments was excluded.

The quantitative sample was selected to be representative of the population of interest on: age, region, gender, level of investable assets and social grade.

5 Qualitative phase

An initial wave of qualitative research was undertaken to understand the investor journey and the investor's decision-making process when a new fund-based investment is set up or when investors switch funds or products. This was to provide further insight into the monitoring of funds and to

¹ Fund-based products include funds and fund portfolios.

explore switching and non-switching behaviour. The qualitative stage also provided insight to help inform the design of the quantitative questionnaire.

5.1 Sample source

A target of 40 participants for the qualitative phase was set. In total, 44 participants were recruited by recruitment specialists, Leftfield. These investors were sourced on a free-find basis² using a detailed recruitment screener to ensure they matched the profiles sought.

5.2 Recruitment process

Participants were recruited to meet a number of interlocking quotas (see Figure 1 Sample breakdown by life stage and investable assets) on a free-find basis.

The team of recruiters worked under the supervision of Sarah Lawrie. Leftfield has specific experience of financial services research and of recruitment on a free-find basis. NMG gave a detailed recruitment briefing on the 16th of February 2016. Recruitment began on the 17th of February 2016 and continued until the 17th of March 2016.

Once a potential participant had been contacted, the recruiter completed a screening interview. The aim of the screening was principally to ensure that the consumer met the profile requirements.

Where investors were willing to take part in the research and were eligible, an appointment for the interview in the participant's home was set. This was later confirmed in writing (via email or post). Investors were offered incentives of £60 in cash to take part in the research.

5.3 Sample profile

Participants were screened along the following criteria:

- **Investing behaviour:** All were direct retail investors (see definition in section 4, above), of which:
 - 20 were to have purchased an investment directly in the last 12 months
 - 10 were to be holders of an investment bought directly three years ago or more, with no switching of funds, products or providers
 - 10 were to have switched funds, products or providers without advice in the last 12 months
- **Investment experience:** A mix of new investors and longer term investors
- **Decision-makers:** All were sole or joint financial decision makers for their household
- **Life stage:** A mix of:
 - Young singles/couples/families
 - Older families
 - Empty nesters³
 - Retirees

² 'Free-find' recruitment is where participants for a research study are recruited from the general population using a variety of techniques rather than from database lists

³ A parent whose children have grown up and left home

- **Investable assets:** A spread across four wealth ranges:
 - £5,000 - £29,999
 - £30,000 - £99,999
 - £100,000 - £249,999
 - £250,000+
- **Financial sophistication:** Interviewees self-reported to be one of three attitudinal types based on their confidence and comfort with investing.⁴
- **Regional spread:** A broad geographical spread across the sample with in-depth interviews in the North of England, South of England, the Midlands and Scotland.

Figure 1 Sample breakdown by lifestage and investable assets

| Lifestage | Investable assets | | | |
|------------------------------------|-------------------|-------------------|---------------------|-----------|
| | £5k- £29,999 | £30,000 - £99,999 | £100,000 - £249,999 | £250,000+ |
| Young Singles / Couples / Families | 3 | 1 | 0 | 0 |
| Older Families | 3 | 2 | 3 | 2 |
| Empty Nesters | 2 | 4 | 4 | 4 |
| Retired | 2 | 3 | 3 | 4 |
| Total | 10 | 10 | 10 | 10 |

5.4 Fieldwork

A total of 44 one-hour in-depth interviews were conducted using semi-structured interview guides (see Appendices 7.1 and 7.2). While the original sample size was designed to be 40, four participants were replaced as it was found, on closer examination during the interviews, that they did not meet our recruitment criteria (For example, one had received advice at the point of transaction; another only held shares within their ISA, rather than funds).

All research was conducted by one of a small team of senior qualitative NMG researchers who are familiar with the UK retail investor market and the relevant regulatory frameworks.

Participants were asked to have any documentation relating to their investment to hand during the interview. This was quite frequently their last statement or their fund or product brochure.

⁴ These attitudinal types were: a) feels confident and comfortable with investing; b) does not have a lot of experience in investing but is reasonably confident; and c) feels investing is important but feels a little out of their comfort zone

To facilitate a more accurate assessment of the participants' unprompted attitudes towards investing, they were asked to complete a pre-task before the interview. This asked them to give:

- A brief overview of their financial holdings
- Their attitudes towards investing
- Their thoughts on what constitutes value for money when investing in funds.

5.5 Analysis

The analysis was carried out by working from interview transcripts and notes to identify common themes in line with the research questions (thematic analysis). The interviewers then discussed and identified dominant themes and the relevant details to support the emerging framework.

The analysis combined various qualitative methods including, analysis based on the evidence of what people said, together with interpretation of the underlying meaning and context. The approach combined the assessment of the frequency of particular responses with a more detailed analysis of individual situations and underlying motivations. The analysis also used a grounded theory approach, which uses a process of building understanding of issues and themes from every stage of the research i.e., from recruitment to the fieldwork itself. The grounded theory approach was used to develop hypotheses and compare findings from sub-groups, together with observation and exploration of the language and stories used by the participants.

Using subgroup analysis, NMG examined whether responses varied according to a number of different variables; such as, age, gender, region, financial engagement and comfort with investing. Each participant's level of financial engagement and comfort with investing were determined by the interviewer after each session. This was based on an assessment of the participant's knowledge and behaviour around investing that emerged during the interview.

Having identified the importance of financial engagement and comfort with investing in relation to a number of attitudes towards and behaviours when investing, NMG re-coded each of the participants⁵ based on this marker and analysed behaviours and attitudes for each type.

6 Quantitative Phase

6.1 Sample source

The sample was sourced from consumer online panel provider Research Now. Research Now has the largest online panel in the industry with 700,000 opted-in⁶ panel members in the UK. Panellists are recruited through a range of methods and sources, ensuring a diverse and representative panel. Research Now regularly monitors and refreshes its panel, to ensure its members provide reliable, quality data when completing surveys.

⁵ An example of recoding would be a participant who self-identified as highly confident and comfortable with investing. During the interview, their knowledge base, general level of interest in financial products, the nature of their investment and their attitude to investing was explored. At this point it became apparent that they did not have a detailed knowledge of the industry and would not be comfortable with investments that involved any level of complexity. In this case the participant would be recoded as moderate or low engagement and comfort.

⁶ Having been invited to become part of the panel, respondents must actively accept the invitation and also complete a short classification form in order to become a member.

6.2 Sample definition

The target sample for the quantitative phase was defined as UK residents aged 18+ who:

- Are financial decision-makers within their household
- Hold £10,000+ in investable assets
- Have invested in one or more of the following products (referred to later as ‘qualifying products’) without transacting via a financial adviser⁷:
 - Stocks & Shares ISA (which invests into funds, not just direct shares)
 - Junior Stocks & Shares ISA (which invests into funds, not just direct shares)
 - Individual personal pension (which invests into funds, not just direct shares)
 - SIPP (which invests into funds, not just direct shares)
 - Income drawdown (which invests into funds, not just direct shares)
 - Investment funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)

The investable asset threshold was increased from £5,000 in the qualitative stage to £10,000 in the quantitative phase in order to match AMMS data to NMG’s existing data set which was used to set quotas for representativeness.

6.3 Quotas and weighting

To ensure the reliability of the data, it was important that the sample collected was representative of the population of interest, as defined above. NMG was able to source the likely profile of this group of investors using data on a similar group of investors NMG surveyed online in January 2016 as part of its “Direct to Consumer Investor Survey” (D2C Survey). This survey was a large-scale (n=5,000) survey of direct investors (i.e. investors who hold any non-cash based investment which they took out directly) and was representative in terms of key demographics of direct investors. Within this group NMG was able to identify a sample which was closer to the direct retail investor required for this project.

The profile of investors in the “D2C Survey” sample and the profile of the population of interest in the AMMS survey were similar, except that:

1. NMG’s “D2C Survey” may be missing a small proportion of investors who have purchased one of the following two products without transacting via a Financial Adviser and who do not have any of the other qualifying products as described in Section 6.2:
 - Income drawdown (which is invested into funds, not just direct shares)
 - Junior Stocks and Shares ISA (which is invested into funds, not just direct shares)

NMG believes that the differences in the sample are minimal as the investors using these two products are only a small subgroup of the population of interest. This is because, based on NMG’s “D2C Survey”, which is representative of the investor population:

- Less than 1% of all investors (those with £10,000+ in investable assets) have income drawdown but do not hold any of the other qualifying products. The majority of

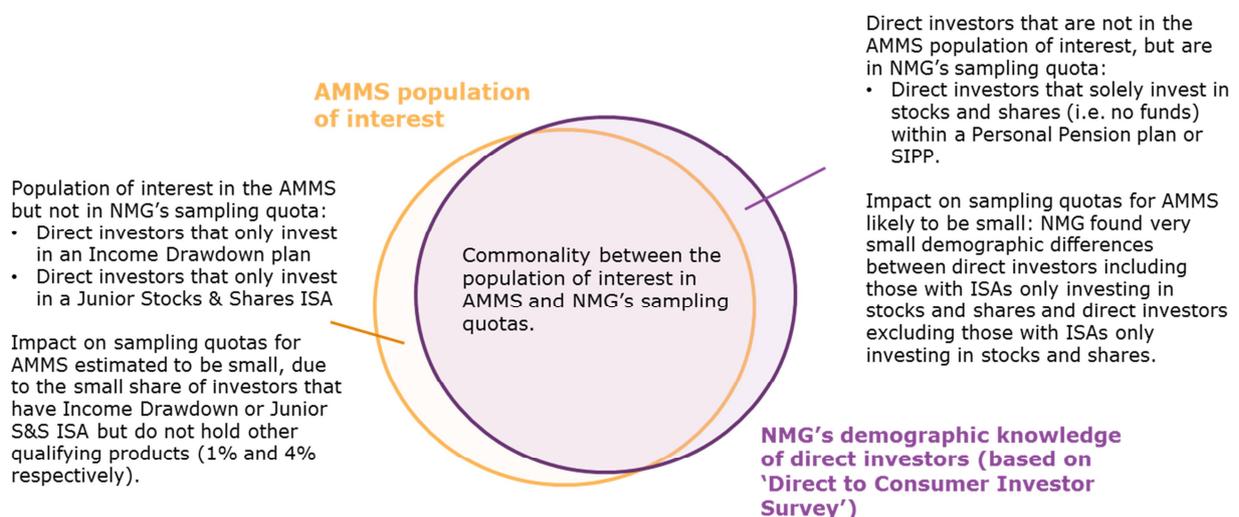
⁷ Those who sought advice during the process but went on to complete the transaction themselves were included within the sample.

income drawdown will have been taken out via an adviser, due to the complexity of the product, so only a small proportion of the 1% would be relevant.

- Less than 4% of all investors (those with £10,000+ in investable assets) have junior savings but do not hold any other qualifying products. Not all of these will be specifically Junior Stocks and Shares ISAs though (Child Trust Funds and Children's saving plans are also included in the figure), and not all will be investing into funds only.
2. A small proportion of the sample included in NMG's "D2C Survey" may have invested in a personal pension or SIPP comprised exclusively of shares rather than funds. These investors are outside of the population of interest for the AMMS survey. It was not possible to strip out personal pension and SIPP 'stocks and shares only' investors from the "D2C Survey" sample. Therefore the weighting for the AMMS survey was based on a sample including some personal pension and SIPP 'stocks and shares only' investors.

NMG estimated the potential impact of basing the AMMS sample weighting on the "D2C Survey" sample; including this group of 'stocks and shares only' investors. To do so, NMG looked at the demographic profile of the group of direct investors including ISA holders who invest in stocks and shares only and compared the demographics of this group to the demographics of direct investors excluding ISA holders who invest in stocks and shares only. Comparing the profile of the resulting samples suggests that there are no significant differences in their profile in terms of age, gender, region, social grade or level of investable assets. NMG may therefore expect that further removing 'stocks and shares only' investors in personal pensions or SIPPs from the pool of direct investors (having already removed direct ISA investors in 'stocks and shares' only) would have no significant impact on the demographic profile of the investors of interest. Moreover, given the nature of personal pension or SIPP products, we can expect that a relatively small proportion of these investors would hold 'stocks and shares only' investments. Therefore, including 'stocks and shares only' personal pension or SIPP holders in the sample profile is expected to have a limited impact on the demographic profile of the population of interest.

The figure below illustrates the differences between the population of interest in the AMMS survey and NMG's demographic knowledge of direct investors based on the "D2C Survey". NMG's demographic knowledge of direct investors was used to provide demographic quotas in the sampling for the population of interest in the AMMS.



As previously explained, NMG’s “D2C Survey” provided the profile of the population of interest and allowed quotas to be set by age, gender, region, total investable assets and social grade, to ensure a representative sample was achieved in the AMMS. NMG conducted a nationally representative survey of 1000 respondents to identify the demographic profile of investors that satisfied their “D2C Survey” requirements. Based on this survey of 1000 respondents, NMG determined that 59% of the population has over £10,000 of investable assets; 42% of which are direct investors. NMG therefore used the demographic profile of these 25% (i.e. 42% of 59%) of respondents to set the demographic quotas and weighting for the “D2C Survey”.

Also based on the “D2C Survey”, NMG knew that 38% of respondents held fund-based products and therefore matched the definition of direct investors for the AMMS. Consequently, NMG used the demographic profile of these 38% to determine the demographic profile of investors in the AMMS. The target proportions for the quotas are shown below.

| Demographic | | Target proportion |
|-------------------------|--------------------------|-------------------|
| Age | 18 – 34 | 23% |
| | 35 – 44 | 19% |
| | 45 – 54 | 16% |
| | 55 – 64 | 20% |
| | 65+ | 22% |
| Gender | Male | 68% |
| | Female | 32% |
| Social Grade | A | 22% |
| | B | 40% |
| | C1 | 21% |
| | C2 | 8% |
| | D | 4% |
| | E | 6% |
| Region | North East | 4% |
| | North West | 12% |
| | Yorkshire and Humberside | 7% |
| | East Midlands | 7% |
| | West Midlands | 7% |
| | East of England | 7% |
| | London | 20% |
| | South East | 16% |
| | South West | 7% |
| | Wales | 4% |
| | Scotland | 6% |
| | Northern Ireland | 2% |
| Total investable assets | £10,000 - £29,999 | 24% |
| | £30,000 - £99,999 | 37% |
| | £100,000 - £249,999 | 17% |
| | £250,000+ | 22% |

Due to the high number of quota cells and large sample size it was not practical to hit each quota target precisely and therefore the data was weighted back to the target proportions using sample balancing with non-interlocking cells. A sample balancing algorithm was used to calculate weights to apply to each respondent so that the resulting profile of the overall sample matched the target profile as shown in the table above.

6.4 Statistical robustness

The sample represents a population of around 4.5 million. For this population, the margin of error at 95% confidence level on a sample size of 2,500 is 2.0%. The error margin is greatest for proportions which are around 50% and decreases to, for example +/-1.2% for proportions around 10% or 90%.

6.5 Questionnaire design

A collaborative approach to questionnaire design was employed with both NMG and FCA working to develop the survey structure and content. The results from the qualitative phase were considered and used to both prioritise content in the quantitative survey and create the pre-defined answer options. The draft questionnaire was also sent to the Investment Association for comments, which were acted upon to the extent necessary. The final questionnaire can be found in Appendix 7.3.

6.6 Pilot

Before launching the survey in full, a pilot phase was carried out to test the questionnaire in the following ways:

- Ensure the time required to complete the questionnaire was in line with expectations
- Check that there were no points where respondents were dropping out of the survey (choosing not to continue), due to particular questions
- Check that questions were not receiving a high proportion of non-response ('Don't know' / 'Prefer not to state') answers
- Check that the response rate and screen out rate were in line with expectations (i.e. the proportion of people choosing to take part and the proportion being screened because they do not qualify as direct fund investors)
- Confirm that subgroups within the sample will be of sufficient size. For example, the proportion, and therefore number, of respondents who have switched funds and will answer the questions about switching.
- Review the responses collected in 'Other (please specify)' and add additional options to the list of predefined answer options, where necessary

An initial sample of 100 responses was gathered with a broadly representative spread of the required respondent profile. The data were reviewed by both NMG and FCA in detail and adjustments were made to the questionnaire where necessary before re-opening the main fieldwork to collect 2,500 new responses. The responses from the pilot were excluded from the final analysis.

6.7 Fieldwork

The main fieldwork for the research was undertaken between the 15th and the 28th of April 2016. The online survey was built and hosted in house by NMG Consulting. The survey was branded NMG Consulting but respondents were informed that the research was being conducted for the FCA.

NMG Consulting monitored the progress and quota fulfilment, and collected the data. All contact with respondents (invitations, reminders, incentive provision) was undertaken by Research Now.

6.8 Incentives

Respondents were incentivised to take part via Research Now's existing points system, with which all panel members would be familiar. Points are awarded based on the length of the survey, promoting quality responses and considered opinions. Accumulated points can be spent with a range of companies including M&S, Argos, Amazon, frequent flyer schemes and hotel chains, although many panellists choose to donate their incentives to charity.

7 Appendix

7.1 Discussion guide: Buyers

FCA ASSET MANAGEMENT MARKET STUDY CONSUMER DISCUSSION GUIDE – BUYERS FINAL: 02.03.16

1. INTRODUCTION AND BACKGROUND (3 MINS)

- Researcher introduction, explanation of research and explanation of project for the Financial Conduct Authority (the UK's financial regulator) in which we are talking to people about buying investment products.
- Explain that NMG is an independent research organisation. We will not disclose the details of consumers we are speaking to. The research is completely anonymous. We will pass on opinions expressed only in summary from groups of consumers and will not reveal individual identities or pass on responses linked to individual participants.
- Explain that the conversation is being recorded for the researcher only and purely for analysis purposes.
- Explain viewing by client, if applicable
- Check that participant has received, and completed, the pre-task and has brought in any literature/materials relating to their investment (leaflets, key facts etc.)
- Explain the course of the interview – it will start off with a little bit about themselves and a very brief discussion of the types of investments they hold. Then we will focus on what they did within their investment portfolio over the last 12 months to understand their 'journey' - what they did and how they feel about the experience.

2. CONSUMER PROFILES (10 MINS)

INTERVIEWER: PLEASE KEEP THIS BRIEF AND FOCUS ON FUND BASED PRODUCTS EARLY ON IN THE SECTION

- Could you tell me a little bit about yourself in terms of whether you are working or retired, what you do or did for a living, your family situation etc.
- Using Page 1 in the homework pack, could you talk me through the types of investment and pension products you hold?
SAY: For the purposes of this interview we are interested in your experience with investing in funds. **ASK TO VIEW THE PARTICIPANT'S DOCUMENTS, IDENTIFY THE FUND-BASED PRODUCT/S AND MAKE NOTE OF THE FUND NAMES TO ENABLE US TO CHECK WHETHER ACTIVE OR PASSIVE. THESE WILL BE LISTED IN THE PARTICIPANT'S DOCUMENTS**
- Thinking of the investments and pension products that you have listed here, which of these have you purchased in the last 12 months? And which was your most recent purchase?
- What expectations or goals do you have for your portfolio of investments? *Probe to determine investment terms and objectives*
- Now, using Page 2 in the homework pack, talk me through your overall approach and attitudes to investing.
 - How do you feel about investing? How would you describe your level of experience, your level of confidence? What is this based on?
 - Has this changed at all in recent years?
 - How would you describe your attitude towards risk? And ability to tolerate losses?
 - Do you worry at all about volatility of the market – i.e. the ups and downs of investing? What impact does this have on the types of investments you make? How much you invest?

3. CUSTOMER PURCHASE JOURNEY (30 MINS)

This is an assisted exercise. If we draw the timeline for the participant and ask the participant to populate this, we will capture key stages, decision points or milestones spontaneously and can then then work back to interrogate the events, motivations and consequences in detail.

THIS EXERCISE IS BEST DONE SITTING AT A TABLE WITH A LARGE PAD TO BE USED FOR SKETCHING THE TIMELINE.

NOTE TO INTERVIEWER: IF PARTICIPANT HAS PURCHASED MORE THAN ONE PRODUCT IN PAST 12 MONTHS, ASK THEM TO IDENTIFY WHICH THEY CONSIDER TO BE THE MOST SIGNIFICANT PURCHASE AND USE THIS AS THE FOCUS FOR THE REST OF THIS SECTION

NOTE TO INTERVIEWER: NOTE ANY SHORT CUTS IN THE PROCESS / BEHAVIOURAL BIASES THAT IMPACT JOURNEY AND DECISIONS MADE

3.1 *Initial triggers and motivations*

Thinking back to the most significant investment you made in the last 12 months...

- **SAY:** We are interested in understanding in detail, the different things you did to get to the investment you have today. **CONFIRM THE PRODUCT BEING DISCUSSED AND WHERE AND WHEN IT WAS BOUGHT. NOTE MENTION OF PRODUCT WRAPPER VS FUNDS**
- **DRAW AN X ON THE LEFT-HAND SIDE OF THE PAGE.** This represents the first time that you thought of looking for a new investment...
- Tell me what was happening here?
Probe:
 - *About the life event / trigger that established the need*
 - *Source of money*
 - *What else was happening in your life / lives of those close to you at the same time*
 - *What do you think 'planted the seed'....? E.g. something that was happening before this point, seeing something (online, TV, specialist press, general press etc., friends and family?)*
- What was your goal for this investment?
- Why did you decide to invest in to a fund based investment? (*spontaneous – see natural response to benefits of investing in to collectives*)
- What other things did you consider for the money before deciding to invest? (*E.g. paying off secured debts/unsecured debts, leaving an adequate emergency fund, holding in cash or other options*) ... *and why did you decide to make this investment in the end*
- What were your expectations when you set up this investment? *Probe for expectations on rate of return, time horizon, volatility, service, liquidity – and whether the latter was a consideration*
- **MODERATOR TO DRAW A Y ON THE RIGHT HAND SIDE OF THE PAGE.** This represents the point at which you actually had your new investment in place. When was this?
- How long did the whole process take?
- **SAY:** Let's talk about what happened in between....

3.2 *Research Stage*

- How did you go about identifying an investment that was right for you (*focus on process rather than criteria*)?
- *Allow for spontaneous response then probe for:*
 - What research was carried out
 - Which sources were used and reasons why

NOTE TO INTERVIEWER: AT THIS POINT IT SHOULD BECOME CLEAR WHAT THE PARTICIPANT WAS FOCUSING ON FIRST I.E. WHETHER IT WAS THE PLATFORM, THE PRODUCT, THE FUND, THE STRATEGY ETC, AND IN WHAT ORDER OF PRIORITY. TAKE NOTE OF THIS FOR USE IN THE NEXT SECTION.

- Did you find the information you needed?
- Were there any gaps? What were these and where would you have expected to find the missing information?
- Determine whether participant had used information online: If yes ask: Which online platforms or websites did you use to carry out your research? Did these meet your requirements? What worked well/less well?

3.3 Choice sets

- Let's move on to the next stage, as you carried out your research, what started to stand out?
- What products did you consider when looking for a suitable investment (note mentions such as cash or Stocks and Shares ISA, passive or active fund, Exchange Traded Fund, fixed term savings account...)
- What were you considering as you went along? *Allow spontaneous reactions and collect what was being retained – this may vary in terms of product type, individual product, product feature, fund manager or brand* (**moderator think about the hierarchy of potential choices and at what level the participant is focusing their selection on i.e. product or fund**)
 - Determine selection criteria
 - Probe to determine relative importance of product features vs past performance vs fund strategy vs platform recommendations etc
 - Interviewer note functional drivers (e.g. fund charge) vs emotional drivers (brand familiarity)
 - **(Note: FCA is expecting a wide range of criteria here such as the asset class (e.g. equities, bonds), the geographical focus, fees, reputation of manager and firm, access, past performance, recommendation... prompt for as full a response as possible – KEY QUESTION AREA**
- Did you take into account the riskiness of different funds and, if so, what aspects of risk did you consider? How did you determine that it matched your own preferred risk levels? *Probe how they assessed the risk profile – is this at product or fund level? If funds not mentioned prompt how much they looked at the risk profile of individual funds*
- How important was the investment horizon i.e. the length of time you should keep your money invested? How long was your personal investment horizon?
- How important was the investment objective of the fund / product (e.g. growth or income)?
- Was the ability to buy and sell easily (*liquidity*) a consideration?
 - Was it clear that this could change over time? *Probe to understand whether they were aware that their money could become unavailable e.g. under a fund suspension?*
 - Did the timing of when you could sell if you wanted come in to your decision making at all?
- How much was past performance of your current fund vs alternative funds a consideration? [Extent of choice]
- We are interested in the range of choices you felt you had when you were deciding how to invest your money. Did you feel there were enough products to choose from? Did you feel you compared enough products to be comfortable that you'd considered all the relevant options?
- Did you consider both active and passive (tracker) products when choosing a product? How did you choose which type of fund to invest in? What kinds of factors were different between these funds that helped you make your choice? [The choice process]
- We would like to understand more about how you decided which fund to invest in. How easy was it to compare your options at this stage?
- How did you nail down your final choice?

- What literature did you refer to on the product / funds you were considering, or the one you finally chose? *NB: Focus on what was useful in relation to their decision making process and whether anything was missing.*
Ask participant to share any examples they may have brought along, or refer to website. Use this question only to understand how these contributed to the decision making process
 - How helpful did you find these?
 - What worked well/less well?
 - Did the information contained here meet your expectations?
 - Were there any gaps?
- *If not spontaneously mentioned: Did you use Key Investor Information Documents to understand the underlying funds? **NB: Please use this question to determine how these feed into the decision making/comparability process.***
- *Show examples provided and briefly explore whether participant had and would use these as part of their research journey. What stands out as being useful? What would they focus on when trying to decide whether or not to invest? **NB: We are interested in how investors use this information to make decisions and draw comparisons***

3.4 Benchmarking

- *Can refer to benchmark on KIID. Do you ever look at a fund's benchmark to see how well it has performed?*
- *How would you determine that the fund had performed well compared to a benchmark?*
- *Do you use any websites or information sources to compare the performance of your funds to other funds that you could buy? If so, which ones*
- *What would you do if a fund underperforms along a given benchmark? **Probe fully and use example to prompt the discussion. Refer to KIID***

4 Charges (5 MINS)

- *What are the fees and charges that you have paid and are currently paying on this investment? **Probe to determine participant awareness of set-up vs ongoing charges, fund vs platform charges etc without referring to materials – allow for unprompted response first***
- *Do you know what you're paying for when paying an ongoing charges figure?*
- *Do you know how this varies to an annual management charge for a fund?*
- *Are you aware of any other charges that you may be liable to pay in future? **Probe for transaction and exit fees***
- *Do you compare the cost of setting up and maintaining your investment to that which you would incur with other products or with constructing your own portfolio? E.g. fixed term deposit accounts? **(Probe to see whether the participant weights relative charges and rewards of investments vs other options)** Do you think about the impact of charges on your investments over time?*
- *Do you use platforms? If so, thinking about platforms in particular, can you explain the charges you incur when investing through a platform? Do you know what fees you pay for using the platform and the fees you incur for investing in your fund?*
- *Do you have an idea of what you are paying in total? **And what this is for i.e. the services you are paying for?***
- *How well does the material you use(d) when setting up your investment support your understanding of the costs involved (look at specific examples together – what is clear, what is not clear)*
- *If not covered earlier, how easy was it to compare costs and charges when you were looking at your different options and choices for where to invest ?*

5 MONITORING (2 MINS)

- Do you monitor your investments over time? How/How often?
- How often do you look at the value of your fund?
- What factors do you specifically monitor? Have these ever changed from the ones you used to pick your investment in the first place? If yes, could you explain further?

6 VALUE FOR MONEY (5 MINS)

- Do you ever think about whether or not you get value for money from what you are buying for your investments (*it may help to prompt the participant to compare costs in investments and what they get for those costs vs costs of running their bank account, costs of running their mobile phone....*)?
- When thinking of investing, what does value for money mean to you in this context? *Allow for full response. Refer to homework pack if necessary.*
- What drives your opinion on whether or not you are receiving value for money? *Prompt only if necessary e.g. access to investments otherwise unobtainable, charges, performance, service provision (moderator note key points being made)*
- What is the relative importance of these in terms of their impact on Value for Money? *Task – order the list of VfM drivers in to order of importance*
- What does the individual fund manager add to the value you are getting (i.e. the person in charge of the fund)?
- How important are fees and charges on your perception of Value for Money?

7 SUGGESTIONS FOR IMPROVEMENT AND WRAP UP (5 MINS)

- *Unless already established or if further verification is needed around VFM ask* Thinking of your recent experience of setting up an investment, what would have made the process easier for you?
- Specifically on how easy or difficult it was to compare your options – and the various costs – what would help you do this in the future?
- What would you do differently on your next purchase? Why?
- Please think of one thing that would make a difference.

THANK AND CLOSE

MODERATOR TO COLLECT HOMEWORK

PLEASE ENSURE WE HAVE ALL OF THESE LABELLED BY PARTICIPANT NUMBER

7.2 Discussion guide: Switchers and Non-Switchers

1. INTRODUCTION AND BACKGROUND (3 MINS)

- Researcher introduction, explanation of research and explanation of project for the Financial Conduct Authority (the UK's financial regulator) in which we are talking to people about buying investment products.
- Explain that NMG is an independent research organisation. We will not disclose the details of consumers we are speaking to. The research is completely anonymous. We will pass on opinions expressed only in summary from groups of consumers and will not reveal individual identities or pass on responses linked to individual participants.
- Explain that the conversation is being recorded for the researcher only and purely for analysis purposes.
- Explain viewing by client, if applicable
- Check that participant has received, and completed, the pre-task and has brought in any literature/materials relating to their investment (leaflets, key facts etc.)
- Explain the course of the interview – it will start off with a little bit about themselves and a very brief discussion of the types of investments they hold. Then we will focus on what they did within their investment portfolio over the last 12 months to understand their 'journey' - what they did and how they feel about the experience.

2. CONSUMER PROFILES (7 MINS)

INTERVIEWER: PLEASE KEEP THIS BRIEF AND FOCUS ON FUND BASED PRODUCTS EARLY ON IN THE SECTION

- Could you tell me a little bit about yourself in terms of whether you are working or retired, what you do or did for a living, your family situation etc.
- Using Page 1 in the homework pack, could you talk me through the types of investment and pension products you hold?
- SAY: For the purposes of this interview we are interested in your experience with investing in funds. **ASK TO VIEW THE PARTICIPANT'S DOCUMENTS, IDENTIFY THE FUND-BASED PRODUCT/S AND MAKE NOTE OF THE FUND NAMES TO ENABLE US TO CHECK WHETHER ACTIVE OR PASSIVE. THESE WILL BE LISTED IN THE PARTICIPANT'S DOCUMENTS**
- Thinking of the investments and pension products that you have listed here, which was the product(s) you were thinking about when we interviewed you to take part in the research? ***(moderator confirm long term non switcher vs recent switcher)***
- What expectations or goals do you have for your portfolio of investments? *Probe to determine investment term and objective*
- Now, using Page 2 in the homework pack, talk me through your overall approach and attitudes to investing.
 - How do you feel about investing? How would you describe your level of experience, your level of confidence? What is this based on?
 - Has this changed at all in recent years?
 - How would you describe your attitude towards risk? And ability to tolerate losses?
 - Do you worry at all about volatility of the market – i.e. the ups and downs of investing? What impact does this have on the types of investments you make? How much you invest?

3. ONGOING MONITORING AND ASSESSMENT (7 MINS)

- How do you monitor your investments? Which information sources do you recall using to monitor your investments? *e.g. fund 's annual report, online platform, fund comparison websites, financial press etc*
- How often do you monitor your investment? How often do you look at the value of your fund?
- What usually prompts you to review your investments? *Probe for most frequent triggers or exceptional ones*
- Do you ever consider checking your investments in reaction to external factors? *Prompt for news articles about specific sectors, changes in Bank of England base rate, the financial crisis? If yes, could you describe a recent example of this?*
- What factors do you specifically monitor? Have these ever changed from the ones you used to pick your investment in the first place? If yes, could you explain further?
- How do you decide whether an investment is still suitable for you? What criteria do you use to determine this?
- How easy or challenging would you say it is to assess your investments on an ongoing basis?
- Is there anything that you find makes the review and ongoing management of your investment easier or more difficult?
- What could be done to make it easier for you to monitor your investments more efficiently?
 - *If respondent does not monitor investments ask why? What would change that?*

4. SWITCHING (30 MINS SWITCHERS / 20 MIN NON SWITCHERS)

- Have you switched any of your investments in the past year – either at product, provider or fund level? (*moderator note: we are NOT talking about switching actual investment platform*)

IF YES, GO TO SWITCHERS – SECTION 4.1, IF NO GO TO NON-SWITCHERS – SECTION 4.3

a. Switchers

ASK PARTICIPANT TO FOCUS ON THE MOST SIGNIFICANT SWITCH (ALLOW PARTICIPANT TO DETERMINE THE DEFINITION OF 'SIGNIFICANT'. WE ARE LOOKING FOR THE DECISION THAT WAS LIKELY TO HAVE/OR HAS HAD THE GREATESTS IMPACT)

- Can you talk me through the process?
- What was the trigger to assess your investment?
- How did you evaluate your investment? And what were the key reasons to make a change? *Probe to determine what they looked at – fund performance, returns, charges, fund ratings, platform recommended lists, other (note full range of price and non-price factors)*
- What research was carried out (when assessing your investment)?
- Which sources were used and reasons why?
- Did you find the information you needed?
- Were there any gaps? What were these and where would you have expected to find the missing information?
- Determine whether participant had used information online: If yes ask: Which online platforms or websites did you use to carry out your research? Did these meet your requirements? What worked well/less well?

4.2 Choice sets

[Product features that triggered a switch]

- Let's move on to the next stage. Thinking back to the time you switched your investments, when you considered alternatives to invest in, as you carried out your research what started to stand out?
- What were you considering as you went along? *Allow spontaneous reactions and collect what was being retained – this may vary in terms of product type, individual product, product feature, fund manager or brand (moderator think about the hierarchy of potential choices and at what level the participant is focusing their selection on i.e. product or fund)*
 - Determine selection criteria
 - Probe to determine relative importance of product features vs past performance vs fund strategy vs platform recommendations etc. Interviewer note functional drivers (e.g. fund charge) vs emotional drivers (brand familiarity)

(Note: FCA is expecting a wide range of criteria here such as the asset class (e.g. equities, bonds), the geographical focus, fees, reputation of manager and firm, access, past performance, recommendation... prompt for as full a response as possible – KEY QUESTION AREA

- Did you take into account the riskiness of different funds and, if so, what aspects of risk did you consider? How did you determine that it matched your own preferred risk levels? *Probe how they assessed the risk profile – is this at product or fund level? If funds not mentioned prompt how much they looked at the risk profile of individual funds*
- How important was the investment horizon i.e. the length of time you should keep your money invested? How long was your personal investment horizon?
- How important was the investment objective of the fund / product (e.g. growth or income)?
- Was the ability to buy and sell easily (*liquidity*) a consideration?
 - Was it clear that this could change over time? *Probe to understand whether they were aware that their money could become unavailable e.g. under a fund suspension?*
 - Did the timing of when you could sell if you wanted come in to your decision making at all?
- How much was past performance of your current fund vs alternative funds a consideration?

[Extent of choice]

- We are interested in the range of choices you felt you had when you were deciding whether or not to switch. Did you feel there were enough products to choose from? Did you have any difficulty making a decision? Did you feel you compared enough products to be comfortable that you'd considered all the relevant options?
- Did you consider both active and passive (tracker) products when choosing a product? How did you choose which type of fund to invest in? What kinds of factors were different between these funds that helped you make your choice?

[The choice process]

- We would like to understand more about how you made your choice to switch investment.
- How easy was it to compare your options at this stage?
- How did you nail down your final choice?
- What literature did you refer to on the product / funds you were considering, or the one you finally chose? *NB: Focus on what was useful in relation to their decision making process and whether anything was missing.*

Ask participant to share any examples they may have brought along, or refer to website

- How helpful did you find these?
- What worked well/less well?
- Did the information contained here meet your expectations?
- Were there any gaps?

- *If not spontaneously mentioned: Did you use Key Investor Information Documents to understand the underlying funds? Probe fully*
- *Show two examples provided and briefly explore whether participant had and would use these as part of their research journey. What stands out as being useful? What would they focus on when trying to decide whether or not to invest? NB: We are interested in how investors use this information to make decisions and draw comparisons*

GO TO BENCHMARKING QUESTIONS – SECTION 4.4

4.3 Non Switchers

- Thinking back to when you made your original investment decisions, we would like to understand more about the reasons why you chose your particular fund.
- What were you considering as you went along? *Allow spontaneous reactions and collect what was being retained – this may vary in terms of product type, individual product, product feature, fund manager or brand (moderator think about the hierarchy of potential choices and at what level the participant is focusing their selection on i.e. product or fund)*
 - *Determine selection criteria*
 - *Probe to determine relative importance of product features vs past performance vs fund strategy vs platform recommendations etc. Interviewer note functional drivers (e.g. fund charge) vs emotional drivers (brand familiarity)*

(Note: FCA is expecting a wide range of criteria here such as the asset class (e.g. equities, bonds), the geographical focus, fees, reputation of manager and firm, access, past performance, recommendation... prompt for as full a response as possible – KEY QUESTION AREA
- Did you take into account the riskiness of different funds and, if so, what aspects of risk did you consider? How did you determine that it matched your own preferred risk levels? *Probe how they assessed the risk profile – is this at product or fund level? If funds not mentioned prompt how much they looked at the risk profile of individual funds*
- How important was the investment horizon i.e. the length of time you should keep your money invested? How long was your personal investment horizon?
- How important was the investment objective of the fund / product (e.g. growth or income)?
- Was the ability to buy and sell easily (*liquidity*) a consideration?
 - Was it clear that this could change over time? *Probe to understand whether they were aware that their money could become unavailable e.g. under a fund suspension?*
 - Did the timing of when you could sell if you wanted come in to your decision making at all?
- How much was past performance of your current fund vs alternative funds a consideration?
[Extent of choice]
- We are interested in the range of choices you felt you had when you were deciding whether or not to switch. Did you feel there were enough products to choose from? Did you have any difficulty making a decision? Did you feel you compared enough products to be comfortable that you'd considered all the relevant options?
- Did you consider both active and passive (tracker) products when choosing a product? How did you choose which type of fund to invest in? What kinds of factors were different between these funds that helped you make your choice?
- *Have you ever considered switching? If not, why not?*
- If so, why did you decide to stick with your current investment? *Probe fully.*
- How easy was it for you to assess your product / fund and determine whether moving your investments was the right thing to do or not?
- What would make you switch in future? Think about homework task Q2e. What other factors would trigger a switch? *Unprompted.*

If necessary, prompt with some of the following:

- *Alternative funds offer better charges/past performance*
- *Interest rates go up making other investments more attractive*
- *The 'liquidity' of your fund changes which means it will take longer to redeem your investments than you originally thought*

4.4 Benchmarking

(For those that have been looking at the KIIDs can refer to benchmark on KIID. For non-switchers, ask if aware of benchmarks)

- Do you ever look at a fund's benchmark to see how well it has performed?
- How would you determine that the fund had performed well compared to a benchmark?
- Do you use any websites or information sources to compare the performance of your funds to other funds that you could buy? If so, which ones
- What would you do if a fund underperforms along a given benchmark? *Probe fully and use example to prompt the discussion. Refer to KIID*

5. CHARGES (5 MINS)

- What are the fees and charges that you have paid and are currently paying on this investment? *Probe to determine participant awareness of set-up vs ongoing charges, fund vs platform charges etc without referring to materials – allow for unprompted response first*
- Do you know what you're paying for when paying an ongoing charges figure?
- Do you know how this varies to an annual management charge for a fund?
- Are you aware of any other charges that you may be liable to pay in future? *Probe for transaction and exit fees*
- Do you compare the cost of setting up and maintaining your investment to that which you would incur with other products or with constructing your own portfolio? E.g. fixed term deposit accounts? *(Probe to see whether the participant weights relative charges and rewards of investments vs other options)* Do you think about the impact of charges on your investments over time?
- Do you use platforms? If so, thinking about platforms in particular, can you explain the charges you incur when investing through a platform? Do you know what fees you pay for using the platform and the fees you incur for investing in your fund?
- Do you have an idea of what you are paying in total? **And what this is for i.e. the services you are paying for?**
- *(Only if have a recent investment / active switcher)* How well does the material you use(d) when setting up your investment support your understanding of the costs involved (look at specific examples together – what is clear, what is not clear)
- If not covered earlier, how easy was it to compare costs and charges when you were looking at your different options and choices for where to invest / switch to?

6. VALUE FOR MONEY (5 MINS)

- Do you ever think about whether or not you get value for money from what you are buying for your investments *(it may help to prompt the participant to compare costs in investments and what they get for those costs vs costs of running their bank account, costs of running their mobile phone....)?*
- When thinking of investing, what does value for money mean to you in this context? *Allow for full response. Make sure to refer to homework pack if necessary.*
- What does the individual fund manager add to the value you are getting (i.e. the person in charge of the fund)?

- What drives your opinion on whether or not you are receiving value for money? *Prompt only if necessary e.g. access to investments otherwise unobtainable, charges, performance, service provision (moderator note key points being made)*
- What is the relative importance of these in terms of their impact on Value for Money? *Task – order the list of VfM drivers in to order of importance*
- How important are fees and charges on your perception of Value for Money?

7. SUGGESTIONS FOR IMPROVEMENT AND WRAP UP (2 MINS)

- *Unless already established or if further verification is needed around VFM ask: Thinking of your recent experiences of monitoring/switching an investment, what would have made the process easier for you?*

THANK AND CLOSE

MODERATOR TO COLLECT HOMEWORK

PLEASE ENSURE WE HAVE ALL OF THESE LABELLED BY PARTICIPANT NUMBER

7.3 Quantitative Questionnaire

**CONTROLLED DISTRIBUTION
ASSET MANAGEMENT MARKET STUDY: CONSUMER RESEARCH
QUANTITATIVE QUESTIONNAIRE - FINAL**

Sample: Financial decision makers, UK, age 18+ with £10k+ investable assets and must be investing into funds (not through fully advised channel)

Quotas: Age, region, gender, total assets, social grade

NB Some questions appear as 'blank' in this document due to the iterative process of questionnaire design. This will not have affected the flow of the questionnaire as respondents do not see the question numbers or the blank questions.

Survey welcome page – Thank you for agreeing to take part in this survey about investments. It is being conducted by NMG Consulting for the financial services regulator, the Financial Conduct Authority (FCA), and is part of a review they are undertaking of the investment market. The survey findings will be used only by the FCA.

The survey should take around 15 minutes to complete.

NMG is a member of the Market Research Society (MRS) Company Partner Scheme, and so adheres to the MRS Code of Conduct. Therefore, we can guarantee that any information you are asked to provide will remain totally confidential and will be used for these research purposes only.

SECTION 1 - SCREENING

Intro: The first few questions gather some basic information about you and your investments, to confirm you are eligible for the survey.

Q1

What is your age?

RECORD ACTUAL AND CODE TO BANDS

CLOSE IF UNDER 18

CODE IN BANDS AS FOLLOWS:

18-24

25-29

30-34

35-39

40-44

45-49

50-54

55-59

60-64

65-69

70+

Q2

What region do you live in?

1) North East

2) North West

3) Yorkshire and Humberside

4) East Midlands

5) West Midlands

6) East of England

7) London

8) South East

9) South West

10) Wales

11) Scotland

12) Northern Ireland

13) Channel Islands

14) Non UK (please specify)

CLOSE IF NON UK OR CHANNEL ISLANDS

Q3

Are you responsible for making financial decisions in your household, either solely or jointly with a spouse / partner?

- 1) Yes, solely
- 2) Yes, jointly
- 3) No – CLOSE

Q3a – social grade

Please indicate to which occupational group the **Chief Income Earner** in your household belongs, or which group fits best.

This could be you: the Chief Income Earner is the person in your household with the largest income.

If the Chief Income Earner is retired and has an occupational pension please answer for their most recent occupation. If the Chief Income Earner is not in paid employment but has been out of work for less than 6 months, please answer for their most recent occupation.

| | | |
|--|----|-----------|
| Semi or unskilled manual work (e.g. Manual workers, all apprentices to be skilled trades, Caretaker, Park keeper, non-HGV driver, shop assistant) | 1 | D |
| Skilled manual worker (e.g. Skilled Bricklayer, Carpenter, Plumber, Painter, Bus/ Ambulance Driver, HGV driver, AA patrolman, pub/bar worker, etc) | 2 | C2 |
| Supervisory or clerical/ junior managerial/ professional/ administrative (e.g. Office worker, Student Doctor, Foreman with 25+ employees, salesperson, etc) | 3 | C1 |
| Intermediate managerial/ professional/ administrative (e.g. Newly qualified (under 3 years) doctor, Solicitor, Board director small organisation, middle manager in large organisation, principle officer in civil service/local government) | 4 | B |
| Higher managerial/ professional/ administrative (e.g. Established doctor, Solicitor, Board Director in a large organisation (200+ employees, top level civil servant/public service employee)) | 5 | A |
| Student | 6 | C1 |
| Casual worker – not in permanent employment | 7 | E |
| Housewife/ Homemaker | 8 | E |
| Retired and living on state pension | 9 | E |
| Unemployed or not working due to long-term sickness | 10 | E |
| Full-time carer of other household member | 11 | E |
| Not working due to disability | 12 | E |

DUMMY QUESTION – CODE TO SOCIAL GRADE FROM Q3A

Q4

Are you...?

- 1) Male
- 2) Female

Q5

Which of the following investment products, if any, do you hold?

Please read each one carefully and select all that apply.

- 1) Stocks & Shares ISA. This is not a cash ISA
- 2) Junior Stocks & Shares ISA on behalf of a child. This is not a Junior cash ISA
- 3) Occupational workplace pension scheme. This is a pension arranged via your employer, including a Defined Contribution pension
- 4) Self-Invested Personal Pension. This is also called a SIPP
- 5) An Individual Personal Pension. This is not a pension scheme connected with your employer
- 6) An income drawdown plan. This is a policy through which your pension money is invested in a range of funds
- 7) Investment funds (e.g. Unit Trusts, OEICS, Investment Trusts, exchanged traded funds - ETFs) which are not in an ISA or pension and where the investments are managed by a fund manager, rather than you picking assets such as shares and bonds.
- 8) Cash based investments. This could include a Cash ISA or an NS&I account
- 9) Stocks and shares not within an ISA
- 10) None of these CLOSE

CLOSE IF ONLY PRODUCTS HELD ARE CASH, STOCKS AND SHARES OR COMPANY PENSION AT Q5 – THESE ARE JUST INCLUDED TO HELP THE RESPONDENT ANSWER CORRECTLY

Q6

Which of the following bands do your total investable assets fall into?

By investable assets we mean savings and investments (e.g. bonds, cash, ISAs, funds such as Unit Trusts/OEICs) that you have, including any personal pensions where you or your adviser decide which funds to invest in. You should exclude your home, second property or buy-to-let property and any pension arranged via your employer. [s]

- 1) Under £10,000 – CLOSE
- 2) £10,000 - £29,999
- 3) £30,000 - £49,999
- 4) £50,000 - £74,999
- 5) £75,000 - £99,999
- 6) £100,000 - £149,999
- 7) £150,000 - £199,999
- 8) £200,000 - £249,999
- 9) £250,000 - £349,999
- 10) £350,000 - £499,999
- 11) £500,000 - £999,999
- 12) £1 million or more
- 13) Would rather not state – CLOSE

DUMMY QUESTION TO SHOW Q6 ASSETS IN SEGMENT BANDS – QUOTA [s]

Asset segments for quota

£10,000 - £29,999
£30,000 - £99,999
£100,000 - £249,999
£250,000+

ASK IF SS ISA OR JUNIOR SS ISA HELD AT Q5**Q7**

Within your Stocks & Shares ISA(s) do you ...

- 1) Make your own direct investments. This involves picking your own stocks and shares such as Royal Mail, or picking your own government bonds
- 2) Invest in Funds (e.g. Unit Trusts, OEICs, ETFs, Investment Trusts). This involves a fund manager picking, monitoring and/or managing the underlying investments (e.g. company shares) for you so you don't choose them directly
- 3) Both of the above
- 4) Don't know

IF DON'T KNOW (CODE 4) OR 'DIRECT SHARES ONLY' (CODE 1) HERE THEY WILL NEED TO QUALIFY THROUGH ANOTHER FUND BASED PRODUCT. IF THEY DON'T HAVE ANOTHER PRODUCT, THANK & CLOSE.

ASK IF SIPP OR PERSONAL PENSION HELD AT Q5**Q8**

Within your Personal Pension(s) do you ...

- 1) Make your own direct investments. This involves picking your own stocks and shares such as Royal Mail, or picking your own government bonds
- 2) Invest in Funds (e.g. Unit Trusts, OEICs, ETFs, Investment Trusts). This involves a fund manager picking, monitoring and/or managing the underlying investments (e.g. company shares) for you so you don't choose them directly
- 3) Both of the above
- 4) Don't know

IF DON'T KNOW (CODE 4) OR 'DIRECT SHARES ONLY' (CODE 1) HERE THEY WILL NEED TO QUALIFY THROUGH ANOTHER FUND BASED PRODUCT. IF THEY DON'T HAVE ANOTHER PRODUCT, THANK & CLOSE.

ASK IF DRAWDOWN HELD AT Q5**Q9**

Within your income drawdown plan do you ...

- 1) Make your own direct investments. This involves picking your own stocks and shares such as Royal Mail, or picking your own government bonds
- 2) Invest in Funds (e.g. Unit Trusts, OEICs, ETFs, Investment Trusts). This involves a fund manager picking, monitoring and/or managing the underlying investments (e.g. company shares) for you so you don't choose them directly
- 3) Both of the above
- 4) Don't know

IF DON'T KNOW (CODE 4) OR 'DIRECT SHARES ONLY' (CODE 1) HERE THEY WILL NEED TO QUALIFY THROUGH ANOTHER FUND BASED PRODUCT. IF THEY DON'T HAVE ANOTHER PRODUCT, THANK & CLOSE.

DUMMY QUESTION**D9 Fund products held**

Stocks & shares ISA (including Junior ISAs) (MUST BE INVESTING IN FUNDS OR BOTH at Q7)

Personal Pension (MUST BE INVESTING IN FUNDS OR BOTH at Q8)

Income Drawdown plan (MUST BE INVESTING IN FUNDS OR BOTH at Q9)

Investment Funds (e.g. Unit Trusts, OEICs, Investment Trusts, ETFs) (Q5)

TO CONTINUE THEY MUST HOLD ONE OR MORE OF THESE

Q10

We'd like to focus just on the investments you have which invest into funds (rather than cash or direct stocks and shares).

Thinking about when you last took out each of these investments, to what extent was a professional financial adviser involved in the **final purchase/set up of your investment?**

By 'professional financial adviser' we mean a qualified individual who gave you a specific recommendation after due consideration of your personal circumstances and objectives.

You are likely to have been charged for their advice.

If you have more than one of each product and they were arranged in different ways, you can select more than one option in the row.

ROWS – SHOW PRODUCTS HELD AT D9

Stocks & Shares ISA

Personal Pension

Income Drawdown plan

Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)

COLUMNS (ALLOW MORE THAN ONE SELECTION IN EACH ROW)

- 1) I arranged the investment myself without any input from a professional financial adviser at any stage
- 2) I spoke to a professional financial adviser but then decided to arrange the investment myself
- 3) A professional financial adviser arranged this investment for me
- 4) Can't remember

SCREEN OUT IF ALL PRODUCTS WERE ADVISED (OR CAN'T REMEMBER), I.E. IF CODES 3 OR 4

DUMMY QUESTION – SHOW PRODUCTS CODED 1 OR 2 AT Q10

D10 Direct fund products held

Stocks & shares ISA

Personal Pension

Income Drawdown plan

Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)

SECTION 2 – FURTHER DETAIL ON HOLDINGS

(No intro to this section – it will follow on directly from Q10 in terms of respondent experience. We have just split these out as they are no longer screening questions)

Q11

Thinking about the investments you have which invest into funds (rather than cash or direct stocks and shares) and that you **arranged yourself**, please estimate the total value across all of these.

Please think about your INSERT FROM D10: Stocks & Shares ISA, Personal pension, Income Drawdown plan, Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs) which you arranged yourself.

- 1) Less than £5,000
- 2) £5,000 - £9,999
- 3) £10,000 - £29,999
- 4) £30,000 - £49,999
- 5) £50,000 - £74,999
- 6) £75,000 - £99,999
- 7) £100,000 - £149,999
- 8) £150,000 - £199,999
- 9) £200,000 - £249,999
- 10) £250,000 - £349,999
- 11) £350,000 - £499,999
- 12) £500,000 - £999,999
- 13) £1 million or more
- 14) Don't know
- 15) Would rather not state

Q12

Funds can be managed “actively” or “passively”. A passive fund manager seeks to track the performance of an index or a market (e.g. the FTSE in the UK), while an active fund manager has greater freedom to select individual stocks and shares, and/or invest across different asset classes (e.g. bonds, property). How familiar are you with the terms “active” and “passive”?

- 1) Very familiar
- 2) Quite familiar
- 3) Not very familiar
- 4) Not at all familiar
- 5) Don't know

ASK ALL

Q13

Do you know whether your investments are in active funds, passive funds or a combination of the two?

- 1) Active
- 2) Passive
- 3) I have investments in a mix of active and passive funds
- 4) Neither
- 5) Don't know / unsure

ASK IF MORE THAN ONE PRODUCT ARRANGED DIRECT AT Q10 (CODES 1 OR 2), OTHERWISE PREFILL THIS QUESTION WITH THE SINGLE PRODUCT

Q14

Which of these products that invest in funds and that you arranged yourself did you take out most recently?

SHOW PRODUCTS ARRANGED DIRECT AT Q10

- 1) Stocks & shares ISA
- 2) Personal Pension
- 3) Income Drawdown plan
- 4) Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)

Q15

When did you take out the [INSERT PRODUCT FROM Q14] which you set up yourself?

- 1) Within the last 12 months
- 2) 1-2 years ago
- 3) 2-3 years ago
- 4) 3-5 years ago
- 5) More than 5 years ago
- 6) Don't know/ can't remember

ASK IF CODE 2 AT Q10 FOR THE PRODUCT SELECTED AT Q14

Q16

You mentioned that when you took out your [INSERT PRODUCT FROM Q14] you spoke to a professional financial adviser. What type of firm did this adviser work in?

- 1) A bank or building society (e.g. HSBC, Halifax, Nationwide)
- 2) A life and pensions company (e.g. Legal & General, Prudential, Aviva)
- 3) A financial advice company
- 4) A wealth management company
- 5) Other (please specify)
- 6) Don't know/ can't remember

ASK ALL

Q17

Thinking about when you took out your [INSERT MOST RECENT DIRECT PRODUCT (Q14)], which of the following best describes the type of company or channel you invested with or invested through **originally**?

- 1) Bank or Building Society (e.g. HSBC, Halifax, Nationwide) offering funds from one or more providers
- 2) A life and pensions company (e.g. Legal & General, Prudential, Aviva)
- 3) An online investment website / platform / fund supermarket (e.g. Hargreaves Lansdown, Fidelity) **offering funds from a range of different providers**
- 4) Directly with the fund provider over the phone or via their website **offering their own funds only** (e.g. Blackrock, Artemis)
- 5) Don't know/ can't remember

DUMMY QUESTION

D17

a bank/building society
 a life and pensions company
 an online platform
 the fund provider directly

SECTION 3 – CUSTOMER JOURNEY

Intro:

We'd now like to focus on your [INSERT MOST RECENT DIRECT PRODUCT (Q14)] which you set up yourself and which invests into funds (rather than cash or direct stocks and shares). We'd like to look in more detail at how and why you chose this particular product.

Q18

CHANGE WORDING AS FOLLOWS:

[IF CODE 1-4 AT Q17] You mentioned that you arranged your [INSERT MOST RECENT DIRECT PRODUCT (Q14)] with or through [INSERT COMPANY TYPE FROM D17]. Which of the following factors, if any, had any influence on your choice of **investment channel**?

[IF CODE 5 AT Q17] Which of the following factors, if any, had any influence on your choice of **investment channel** when you arranged your [INSERT MOST RECENT DIRECT PRODUCT (Q14)]?

Please select all that apply, even if they were only a little influential.

ROTATE ORDER

- 1) Existing relationship with the provider (e.g. if you bank with them or have other investments with them)
- 2) Reputation of the provider (e.g. the size of the company, their track record)
- 3) Convenience (e.g. branch/ website access)
- 4) The range of products and services they offered (e.g. range of different ISAs or pension options)
- 5) Their charges
- 6) How easy their website was to use
- 7) Recommendation from a friend/family/colleague
- 8) Recommendation by a professional financial adviser
- 9) Advertising by the investment provider/ website
- 10) General internet search (e.g. Google)
- 11) A newspaper / financial magazine article or website
- 12) They were the provider of the fund range I was interested in
- 13) They were the provider of the specific fund I was interested in
- 14) Quality/availability of support
- 15) Other (please specify)
- 16) None
- 17) Can't remember/ don't know

ASK UNLESS NONE, CAN'T REMEMBER/DK AT Q18

Q19

Please rate these factors in terms of how influential they were to your choice of investment channel at the time.

SHOW FACTORS CHOSEN ABOVE

SCALE

- 1) Extremely influential
- 2) Very influential
- 3) Quite influential
- 4) Only a little influential
- 5) Can't remember/ don't know

ASK IF Q14 NOT FUNDS (i.e. if not code 4)

Q19a

When you chose to invest in your [INSERT MOST RECENT DIRECT PRODUCT (Q14)], did you select the ready-made portfolio of funds offered by your provider or did you choose the individual fund(s) yourself?

A ready-made portfolio is a selection of funds chosen by the provider of your ISA or pension product based on the amount of risk you are willing to take. You do not choose the funds that make up the portfolio.

- 1) I chose a ready-made portfolio of funds
- 2) I chose the individual fund(s) myself
- 3) Can't remember/don't know

ASK IF CODE 1 AT Q19a

Q20

Did you look at the range of funds available to you?

- 1) I did **not** look at the funds in the ready-made portfolio
- 2) I looked at the funds in the ready-made portfolio
- 3) Can't remember/don't know

ASK IF CODE 2 AT Q19a OR CODE 2 AT Q20 OR CODE 4 AT Q14

Q20b

How many funds did you compare before making your most recent investment?

- 1) None, I invested in the first fund I found
- 2) 2-5
- 3) 6-10
- 4) 11-20
- 5) More than 20
- 6) Can't remember/don't know

ASK IF Q20b codes 2-5

Q20c

Still thinking about your [INSERT MOST RECENT DIRECT PRODUCT (Q14)], please select the phrase which best describes how you compared funds:

- 1) I only looked at the fund(s) available through the [INSERT CHANNEL FROM Q17] that I used when I took out my most recent product
- 2) I looked at different funds on different investment channels/websites
- 3) Can't remember/don't know

ASK IF CODE 2 AT Q19a OR CODE 2 AT Q20 OR CODE 4 AT Q14

Q21

Which of the following information sources, if any, did you consult when deciding which **fund(s)** to invest in?

Please try to think about all of the places you looked for information, even if they weren't particularly useful.

ROTATE ORDER

- 1) The Key Investor Information Document (KIID). This is a two page document that provides key information about the fund
- 2) The fund factsheet / other brochure relating to the fund. These are longer documents which explain the fund's objective and risks in more detail
- 3) Investment website, platform or fund supermarket. These websites offer funds from a range of different providers
- 4) Morningstar
- 5) Fund ratings / comparison website (other than Morningstar)
- 6) 'Best buy' or recommended list. This is a list of the top funds to invest in, usually provided on an investment website (e.g. The 'Wealth 150' by Hargreaves Lansdown, or Morningstar ratings)
- 7) Provider's own website
- 8) A newspaper / financial magazine
- 9) Friends and family
- 10) A financial adviser from a bank/ building society
- 11) A financial adviser who does not work for a bank/ building society
- 12) Employer
- 13) General internet search (e.g. Google)
- 14) Other (please specify)
- 15) None
- 16) Can't remember/ don't know

ASK UNLESS NONE/CAN'T REMEMBER AT Q21

Q22

How useful did you find each of these information sources?

SHOW SOURCES SELECTED ABOVE

SCALE

- 1) Very useful
- 2) Quite useful
- 3) Not particularly useful
- 4) Not at all useful
- 5) Can't remember/ don't know

Q23 BLANK

Q24 BLANK

ASK ALL

Q24A

Did you look at any of the charges when you made your investment?

- 1) Yes
- 2) No
- 3) Don't know/ can't remember

ASK IF CODE 1 AT Q24A

Q25

Which charges did you look at when you made your investment? Please select all that apply

ROTATE ORDER of 1-8

- 1) Your ISA provider's product charges [only show if code 1 at Q14]
- 2) Your pension provider's product charges [only show if codes 2 or 3 at Q14]
- 3) Your platform provider's charges [only show if code 3 at Q17]
- 4) Your ongoing fund charges
- 5) Your investment fund's entry charges
- 6) Your investment fund's exit charges
- 7) Other charges (please specify)
- 8) Can't remember the detail

ASK IF CODE 4 AT Q25

Q26a

You mentioned you looked at your ongoing fund charges. Which of the following did you look at?

Please select all that apply.

- 1) The Annual Management Charge (AMC)
- 2) The Ongoing Charges Figure (OCF)
- 3) Your investment fund's total expense ratio [only show if invested more than 5 years ago – code 5 at Q15]
- 4) Can't remember the detail

Q27 BLANK

ASK IF CODE 2 AT Q19a OR CODE 2 AT Q20 OR CODE 4 AT Q14

Q28

Which of the following factors, if any, were influential to any extent in your choice of the **funds** in your investment?

Please select all that apply.

ROTATE ORDER

- 1) What the fund would be investing in (e.g. the assets, sectors, geography, size of company)
- 2) The charges
- 3) The reputation of the individual in charge of the fund
- 4) The reputation of the firm managing the fund
- 5) How quickly you can withdraw/redeem the money from your investment
- 6) Ability to monitor and access your investment online
- 7) Past performance of the fund
- 8) Inclusion in a platform's top funds list / best buy list (e.g. The 'Wealth 150' by Hargreaves Lansdown, or Morningstar ratings)
- 9) Rating by a third party such as Morningstar
- 10) The fund's risk rating (a score from 1-7 indicating the level of risk)
- 11) Any other risks associated with the fund (e.g. currency risk - where the fund value may vary according to the local currency value)
- 12) The fund's objective (for example, to beat a market benchmark)
- 13) The fund's name
- 14) The terms and conditions associated with the fund
- 15) The fund's benchmark (this is a measure against which the performance of a fund is compared)
- 16) The likely return of the fund
- 17) The popularity or size of the fund
- 18) Opportunity to invest in a new fund during the initial offer period
- 19) Funds invested ethically (e.g. not investing in tobacco, defence)
- 20) Other (please specify)
- 21) None
- 22) Can't remember/ don't know

ASK UNLESS NONE/ CAN'T REMEMBER/DK AT Q28

Q29

Please rate these factors in terms of how influential they were to your choice of funds at the time.

SHOW FACTORS CHOSEN ABOVE

SCALE

- 1) Extremely influential
- 2) Very influential
- 3) Quite influential
- 4) Only a little influential
- 5) Can't remember/ don't know

ASK ALL

Q30

CHANGE WORDING AS FOLLOWS:

[IF CODE 4 AT Q14] Do you pay fund charges on your [INSERT MOST RECENT DIRECT PRODUCT (Q14)]?

[IF CODES 1 TO 3 AT Q14] Do you pay fund charges on your [INSERT MOST RECENT DIRECT PRODUCT (Q14)]? These are charges related to your fund(s), not charges related to your product.

- 1) Yes
- 2) No
- 3) Not sure

ASK IF YES AT Q30

Q31

Which of the following fund charges do you pay for investing your money in your [INSERT MOST RECENT DIRECT PRODUCT (Q14)]?

Please select all that apply.

ROTATE ORDER 1-3

- 1) Ongoing charges (Annual Management Charge – AMC / Ongoing Charges Figure - OCF)
- 2) Other fund costs and charges not included in the ongoing charge
- 3) Platform charges [ONLY SHOW IF CONSUMER HAS SET UP MOST RECENT INVESTMENT THROUGH A PLATFORM)
- 4) I know I pay charges, but I don't know the detail

ASK ALL

Q31a

How long do you expect to keep your money invested in your [INSERT MOST RECENT DIRECT PRODUCT (Q14)]?

- 1) About to redeem my investments or switch them to another fund manager
- 2) 1 year
- 3) 2-4 years
- 5) 5-10 years
- 6) More than 10 years
- 7) Don't know

ASK ALL

Q31b

Please imagine a scenario where you have £10,000 to invest, and the fund you are looking to invest in has two fee structures which you can choose from. Would you prefer to be charged an annual fee of:

- a) 1.5% of your investment
- b) £100
- c) I don't have a preference between these
- d) Don't know

SECTION 4 – MONITORING YOUR INVESTMENTS

Intro:

[If only one investment at D10]: This next section is about how (if at all) you monitor your investments. Please think about, your [INSERT FROM D10: Stocks & Shares ISA, Personal pension, Income Drawdown plan, Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)] which you arranged yourself.

[If more than one investment at D10]: This next section is about how (if at all) you monitor your investments. Please think about all of your fund investments here – not just the most recent one you set up. So, your [INSERT FROM D10: Stocks & Shares ISA, Personal pension, Income Drawdown plan, Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)] which you arranged yourself.

ASK ALL

Q33

How often, if at all, do you look at the value of any of your investments?

- 1) At least once a week
- 2) Once a month
- 3) Once a quarter
- 4) Once every six months
- 5) Once a year
- 6) Less than once a year
- 7) Following a significant lifestyle change / event
- 8) Never

ASK ALL

Q32

And apart from looking at the value of your investments, how often, if at all, do you review your investments? This could include reading any documentation you have received about your investments, looking at particular features of the investment, or looking at how your investments have performed.

- 1) At least once a week
- 2) Once a month
- 3) Once a quarter
- 4) Once every six months
- 5) Once a year
- 6) Less than once a year
- 7) Following a significant lifestyle change / event
- 8) Never

ASK UNLESS NEVER AT Q32

Q34

Which sources of information, if any, do you recall having reviewed in relation to your existing fund investments? Please exclude any which you looked at **only** when you were setting up/choosing the investment initially.

Please select all that apply.

ROTATE ORDER

- 1) Key investor information document (KIID). This is a two page document which provides key information about the fund
- 2) The fund factsheet / other brochure relating to the fund. These are longer documents which explain the fund's objective and risks in more detail
- 3) Annual report / Annual statement
- 4) News related to your fund or fund manager in the press
- 5) Information on web-based fund monitoring tools
- 6) Other (please specify)
- 7) None
- 8) Can't remember/ don't know

ASK UNLESS NONE/CAN'T REMEMBER AT Q34

Q35

Please rate each of these in terms of how important they are in helping you review your existing fund investments.

PRESENT THE ITEMS SELECTED AT Q34

SCALE

- 1) Very important
- 2) Important
- 3) Slightly important
- 4) Not important
- 5) Don't know

ASK UNLESS NEVER AT Q32**Q36**

CHANGE WORDING AS FOLLOWS:

[IF CODE 4 OR 5 AT Q17] What factors, if any, do you consider when assessing your fund(s)?

[IF CODE 1-3 AT Q17] What factors, if any, do you consider when assessing your fund(s)?
Please note that we are not asking about how you assess the [INSERT CHANNEL FROM Q17]
that you used or your product provider.

Please select all that apply.

ROTATE ORDER

- 1) Return on your investment
- 2) Quality of support staff that work for the fund management company
- 3) Quality of website / online services provided
- 4) Overall charges and fees
- 5) How stable the fund performance has been (i.e. avoiding large ups and downs)
- 6) Managing the fund / product according to its objective
- 7) Knowledge and skills of the fund manager
- 8) Performance of the fund over the last year
- 9) Performance of the fund over the last 3 years or longer
- 10) Ongoing fees charged by the fund manager
- 11) Other charges paid for out of the fund (other than ongoing charges) [always needs to come after code 10]
- 12) Platform charges [only show if code 3 at Q17]
- 13) Fund value
- 14) Other (please specify)
- 15) None of these, as my product provider assesses funds on my behalf
- 16) None, I don't consider any factors
- 17) Can't remember/ don't know

ASK UNLESS NONE/CAN'T REMEMBER AT Q36**Q37**

Please rate each of these in terms of how important the factor is when you make an assessment of your fund.

PRESENT THE ITEMS SELECTED AT Q36

SCALE

- 1) Extremely important
- 2) Very important
- 3) Quite important
- 4) Only a little important
- 5) Don't know

Q38 BLANK

SECTION 5 – SWITCHING FUNDS

Intro:

This next section is about moving or switching your money from one **fund** to another **fund**.

ASK ALL**Q39**

Have you ever switched your money from one **fund** to another **fund**?

- 1) Yes
- 2) No
- 3) Don't know/ can't remember

IF YES at Q39**Q40**

When you switched your money from one fund to another, did you make the switch yourself (i.e. without going through a financial adviser)?

- 1) Yes
- 2) No
- 3) Don't know/ can't remember

IF YES at Q40**Q41**

When was the last time that you switched your money from one fund to another?

- 1) Within the last 12 months
- 2) 1-2 years ago
- 3) 2-3 years ago
- 4) 3-5 years ago
- 5) More than 5 years ago
- 6) Don't know/ can't remember

IF YES at q40**Q42**

What prompted you to switch from one fund to another?

Please select all that apply.

ROTATE ORDER

- 1) Poor investment performance
- 2) Poor service of the company managing the fund
- 3) Advice from your adviser
- 4) Recommendation by a friend
- 5) Fund was removed from a 'best buy' or recommended list (e.g. removed from 'Wealth 150' by Hargreaves Lansdown, or Morningstar rating changed)
- 6) Tip from a magazine / newspaper / website
- 7) Moved in order to follow a particular fund manager
- 8) Found a similar fund that was cheaper
- 9) Found a fund which was performing better
- 10) A new fund came on to the market
- 11) Needed to diversify (e.g. realised too heavily invested in a single sector/asset class)
- 12) Needed to change investment strategy
- 13) Other (please specify)
- 14) Don't know/ can't remember

ASK UNLESS CAN'T REMEMBER/DK AT Q42

Q43

Please rate these factors in terms of how influential they were to your choice to switch at the time.

SHOW FACTORS CHOSEN AT Q42

SCALE

- 1) Extremely influential
- 2) Very influential
- 3) Quite influential
- 4) Only a little influential
- 5) Can't remember/ don't know

IF NO AT Q39

Q44

Have you ever seriously considered switching your money from one fund to another and then decided not to? By considering we mean that you have seriously looked around for alternatives.

- 1) Yes, I considered it but decided not to
- 2) No, and I don't think switching is possible
- 3) No, but I know I could switch
- 4) Don't know/ can't remember

IF YES AT Q44

Q45

Why did you not switch your money from one fund to another?

Please select all that apply.

ROTATE ORDER

- 1) Performance of my fund improved
- 2) The fund manager changed its strategy and I was satisfied with this change
- 3) Alternative funds were not available on my preferred investment platform
- 4) It was too expensive to switch
- 5) I'd incur a tax charge
- 6) I couldn't find the time
- 7) I couldn't find a good alternative
- 8) I realised I was investing for the long term
- 9) I didn't want to withdraw the funds after a loss
- 10) The process seemed too hard
- 11) I simply didn't get round to it
- 12) Other (please specify)
- 13) Don't know/ can't remember

ASK UNLESS CAN'T REMEMBER/DK AT Q45

Q46

Please rate these factors in terms of how influential they were to your choice not to switch at the time.

SHOW FACTORS CHOSEN AT Q45

SCALE

- 1) Extremely influential
- 2) Very influential
- 3) Quite influential
- 4) Only a little influential
- 5) Can't remember/ don't know

SECTION 6 - LIQUIDITY

Intro:

[If only one investment at D10]: These next few questions are about withdrawing money from your fund based investments. Please think about your [INSERT FROM D10: Stocks & Shares ISA, Personal pension, Income Drawdown plan, Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)] which you arranged yourself.

[If more than one investment at D10]: These next few questions are about withdrawing money from your fund based investments. Please think about all of your investments which are fund based, not just your most recent investment. So, your [INSERT FROM D10: Stocks & Shares ISA, Personal pension, Income Drawdown plan, Funds (e.g. Unit Trusts, OEICS, Investment Trusts, ETFs)] which you arranged yourself.

ASK ALL

Q47

If you decided to redeem shares from your fund based investments to access cash, how soon would you expect to be able to redeem those units? Redeeming units/shares means the fund manager repurchases them from you, sometimes with a charge.

- 1) The next day
- 2) The next week
- 3) Within a fortnight
- 4) Within a month
- 5) Within 3 months
- 6) More than 3 months' time
- 7) Don't know

ASK ALL

Q48

In the table below, Fund A, Fund B and Fund C all have the same risk profile. The only difference between them is the details shown in the table.

| | Exit charge (amount you pay to redeem your investment) | How soon you can redeem your investment |
|--------|---|--|
| Fund A | 1.5% of your investment value | The next day after giving notice |
| Fund B | 1.3% of your investment value | One week after you give notice |
| Fund C | 1% of your investment value | One month after you give notice |

Which one of the funds would you prefer to invest in?

- 1) Fund A
- 2) Fund B
- 3) Fund C
- 4) Don't know

ASK ALL

Q49

Thinking about your own investments into funds, are you aware of any circumstances when it might not be possible for you to be able to redeem your fund investments and access your money (e.g. your manager prevents you from doing so)?

- 1) Yes
- 2) No
- 3) Don't know

ASK IF YES AT Q49

Q50

Which of the following actions might fund managers be permitted to take to deter or prevent you from withdrawing your money within your expected timeframe? Please select all that apply.

ROTATE ORDER

- 1) Apply redemption fees
- 2) Stop redemptions for a certain period of time
- 3) Suspend the fund (i.e. investing in and redeeming from the fund is stopped for a period of time).
- 4) Only offer you 75% of the value of your holdings
- 5) Other (please specify)
- 6) None of these
- 7) Don't know

ASK IF YES AT Q49

Q51

Which of the following circumstances might affect your ability to withdraw your money from the fund? Please select all that apply.

ROTATE ORDER

- 1) If the stock market is unexpectedly closed or dealing is suspended or restricted
- 2) During a political, economic, military or other emergency
- 3) If the technology involved in valuing the fund fails
- 4) If an unusually large number of other redemption requests has been received
- 5) If market conditions make the timely sale of your assets difficult
- 6) If the market drops by 5%
- 7) If the fund manager changes
- 8) If the fund management firm merges
- 9) Other (please specify)
- 10) None of these
- 11) Don't know

SECTION 7 - BENCHMARKING

Intro:

This next question looks at fund benchmarking. A fund's benchmark is a measure against which the performance of a fund is compared.

Q52 BLANK

THE SYSTEM WILL SPLIT THE SAMPLE INTO 3 AT RANDOM AND EACH GROUP WILL BE SHOWN ONE OF SCENARIO A B OR C BELOW.

ASK ALL

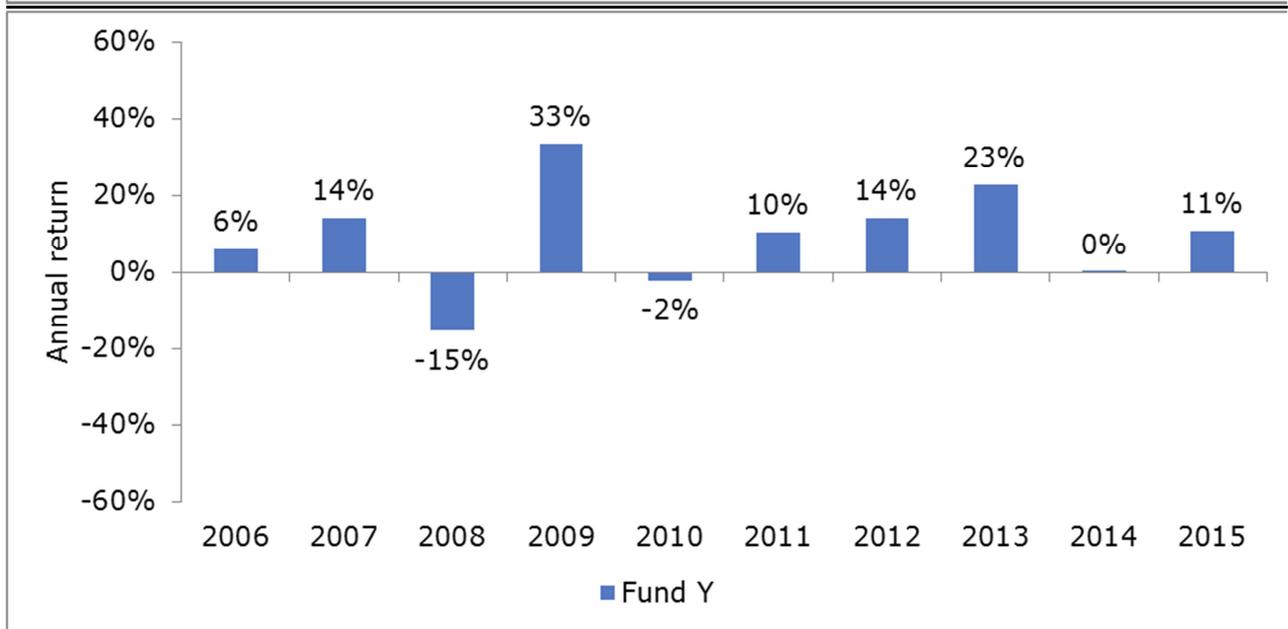
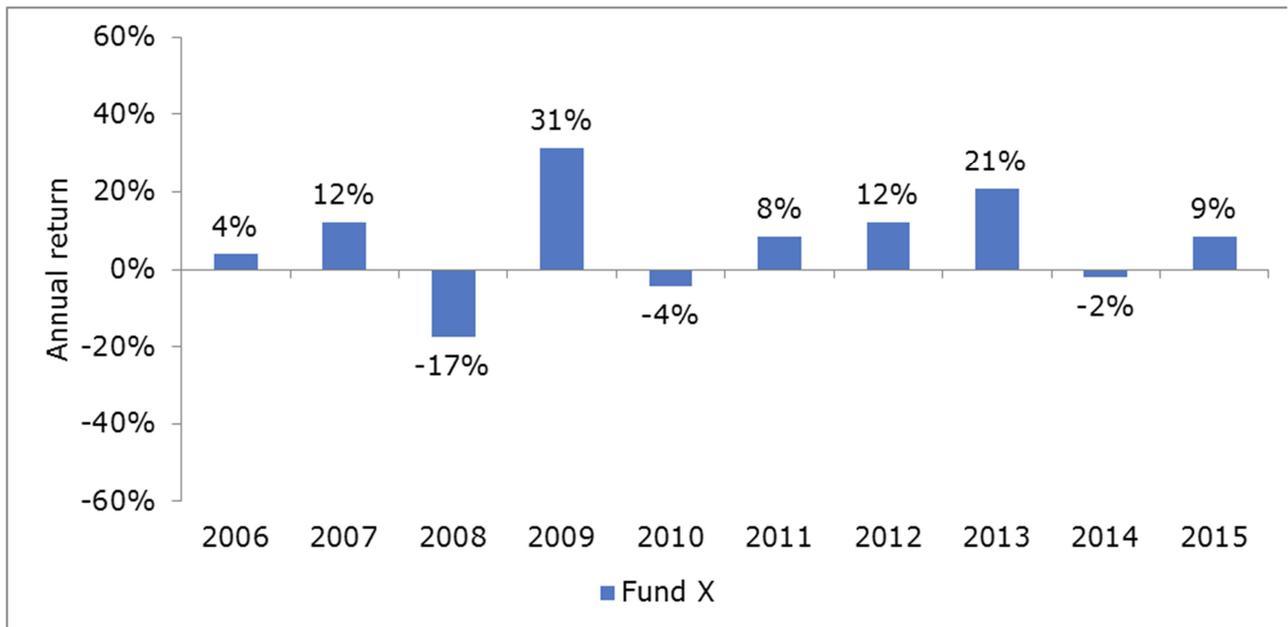
Q53

Please imagine you have £5,000 which you can invest into either 'Fund X' or 'Fund Y'. Both funds carry the same risk rating and fee structure and the performance information below is shown net of any charges.

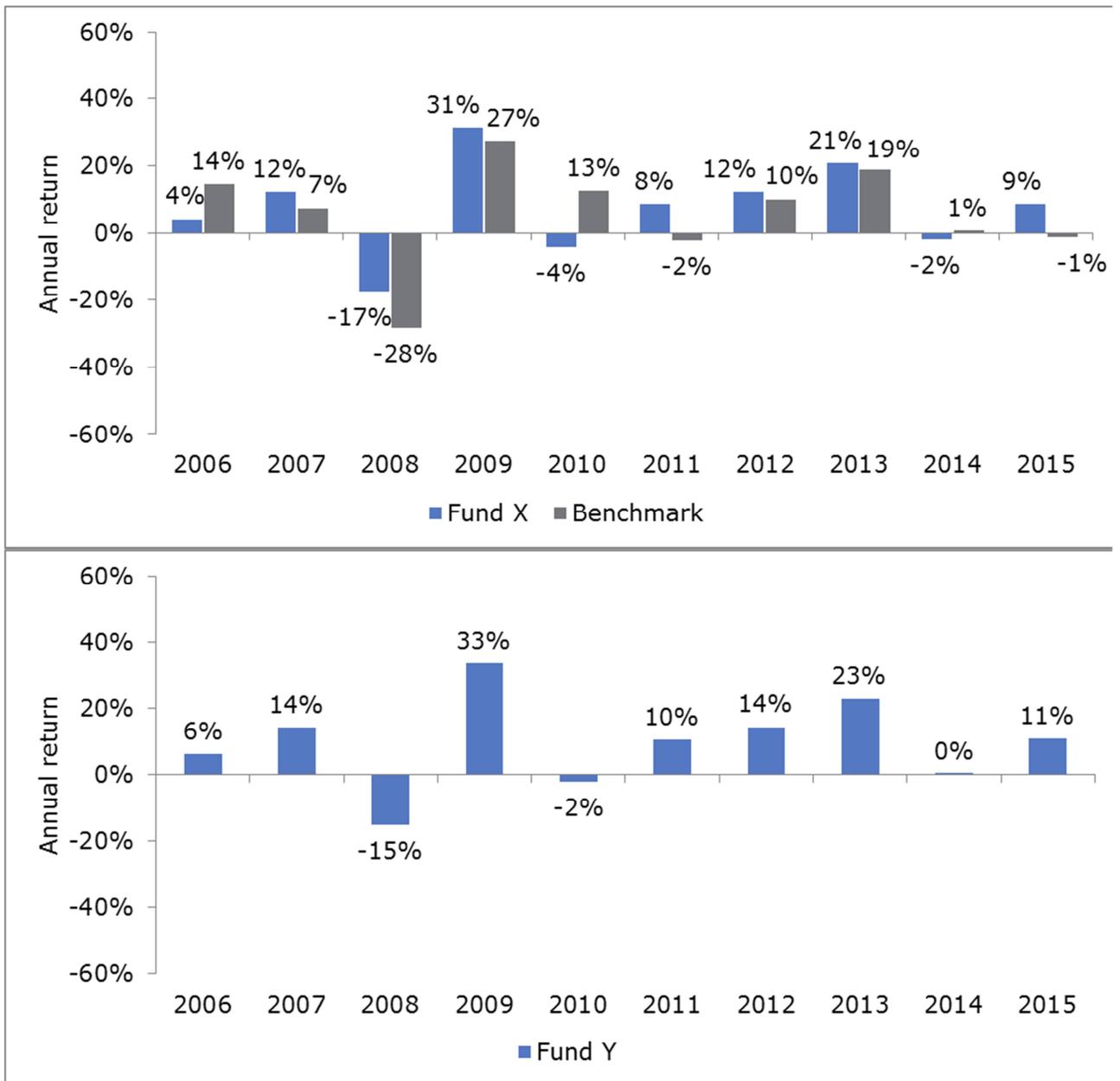
Based on the past performance information below, which fund would you choose to invest in?

- 1) Fund X
- 2) Fund Y
- 3) Don't know

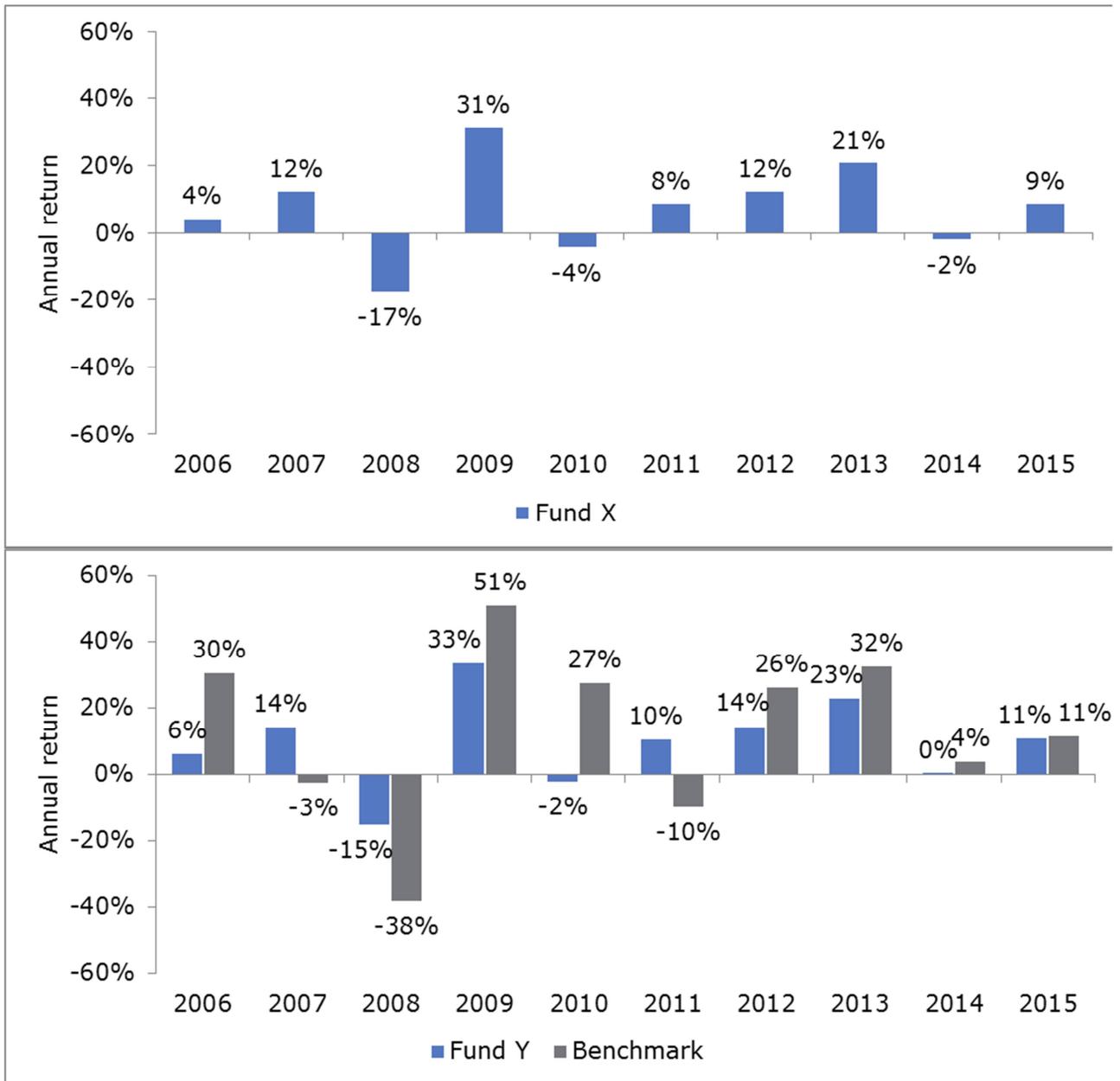
Scenario A – [Control group: no framing effect]



Scenario B – [test group: overperformance relative to benchmark]



Scenario C – [test group: underperformance relative to benchmark]



SECTION 8 - CLASSIFICATION

Intro: Finally, we'd just like to ask you a few questions to help with our analysis. Please remember all the answers you provide are confidential.

Q54

Please select how strongly you agree or disagree with each of these statements about your attitudes to investing.

ROTATE

It is a good time to be investing

I am pleased with the performance of my investments over the last 12 months

I am just as able as any adviser to complete the relevant research and make the most appropriate investment decisions

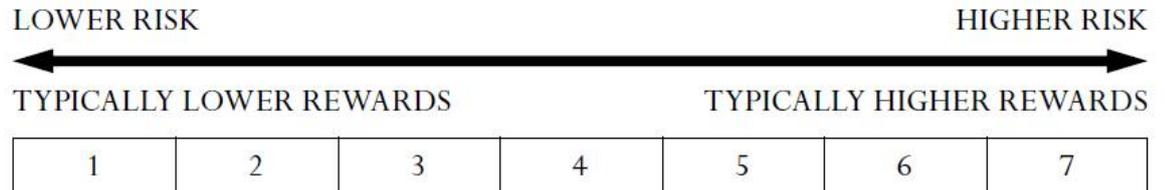
I feel out of my comfort zone when making investment decisions

- 1) Agree strongly
- 2) Agree slightly
- 3) Neither
- 4) Disagree slightly
- 5) Disagree strongly

Q55

Using the following scale, how would you rate your appetite for taking risk with your investments?

SHOW IMAGE:



- 1 – Lower risk, typically lower rewards
- 2
- 3
- 4
- 5
- 6
- 7 – Higher risk, typically higher rewards
- Don't know

Q56 BLANK

Q57

What is your working status?

- 1) Self employed
- 2) Working full time (30+ hours per week)
- 3) Working part time (8-29 hours per week)
- 4) Working part time (under 8 hours per week)
- 5) Unemployed and seeking work
- 6) Semi-retired (i.e. you are drawing some income from money you have accumulated during your working life but also working part time in some earning capacity)
- 7) Retired (i.e. you are drawing an income from the money you have accumulated during your working life and not carrying out paid work)
- 8) Not in paid work due to other reason

Q58

In which of the following income bands, would you place your total, gross annual **household** income?

Please remember all the answers you provide are confidential.

- 1) Under £10,000
- 2) £10,000 - £14,999
- 3) £15,000 - £19,999
- 4) £20,000 - £29,999
- 5) £30,000 - £39,999
- 6) £40,000 - £49,999
- 7) £50,000 - £74,999
- 8) £75,000 - £99,999
- 9) £100,000 - £149,999
- 10) £150,000 or more
- 11) Would rather not state

END OF SURVEY – Thank and close