



## Rational creatures, or are we wired for optimism?

Record highs in the stock market? Political developments south of the border? Pipeline approvals at home? Or maybe it's because both Alberta NHL teams made it to the playoffs. Whatever the reason, Albertans are more optimistic in regards to investing today than they were three months ago.

And while this sentiment is true for those living in Alberta's two largest cities, respondents living in Calgary reported having the most positive outlook as reported in regards to employment opportunity, the Alberta economy, oil prices, and the stock market. All of this despite the fact that more Albertans report feeling an impact from the downturn in oil prices. In this volume of Investor Beat, we dig in and try to understand this apparent dichotomy, providing an at-a-glance view of the trends that matter most.

We should note that the feel-good vibes weren't felt in regards to cost of living or the real estate market. It is good to note that Alberta housing prices haven't experienced the same wild ride as the price of oil or the jobs and salaries that were affected by the fall in oil prices. Being aware of our perceptions and sentiment can play a role in how successful we are in investing.

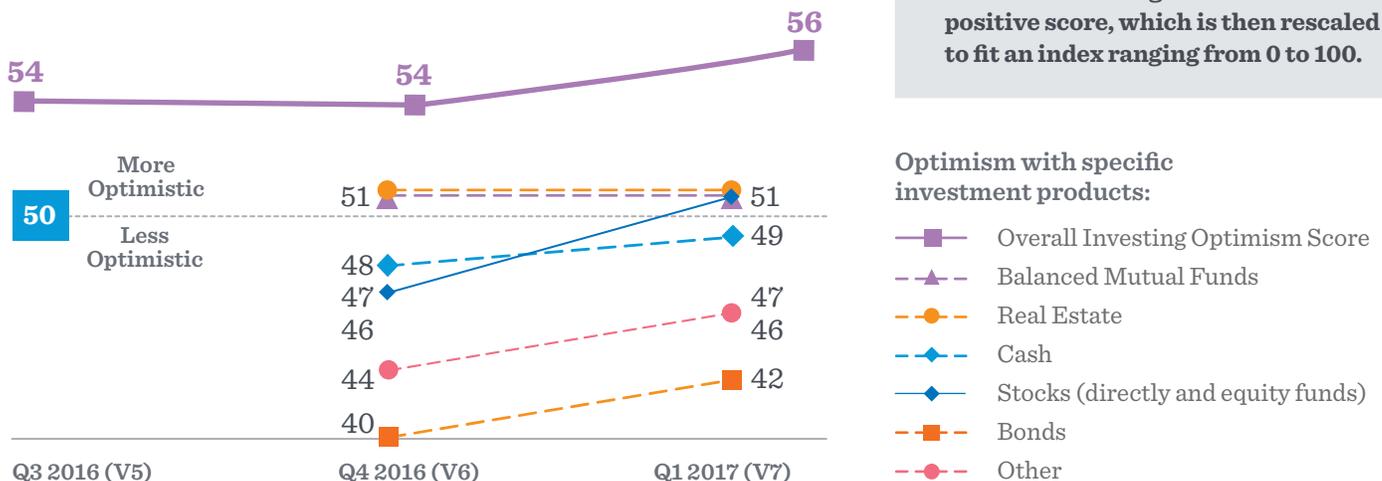
Regardless, optimistic sentiment may be hard wired into our physiology. As we introduce the Investor Beat Optimism index in this seventh volume of Investor Beat, we cannot emphasize strongly enough that emotional investing—good or bad—can be detrimental to the overall success of your financial health. Always invest with goals in mind, a well documented plan and a disciplined investment approach.

We also conduct regular pulse checks to understand how familiar Albertans are with the fees they pay on their saving and investment products. An understanding of how investments fees are charged will help you better determine the value of what you're getting. Seeking out professional advice helps you on your financial journey and can be invaluable.

## The Investor Beat Optimism Index

Investment optimism has risen two points in Alberta over the past three months, with 'stocks' experiencing the greatest gain at four points. This is likely due to recent positive gains in the markets. Men and those with investible assets over \$500k continue to be the more optimistic about investing. Albertans in Edmonton and Calgary are also more likely to feel it is a good time to invest than those in smaller communities.

**The Investor Beat Optimism Index** is based on a representative sample of Albertans who rate their optimism towards investing, different investment products and economic factors. The ratings are based on a net positive score, which is then rescaled to fit an index ranging from 0 to 100.

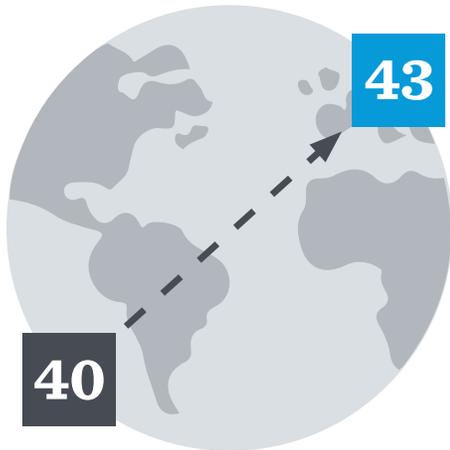


# The Economy: An Albertan perspective

Among those surveyed, optimism from a global economic perspective remains highest.

Although perception towards the global and Canadian economies is more optimistic, Albertans are beginning to improve how they see their own provincial economy. Optimism towards the Alberta economy rose four points, a reflection on the stability we've seen from oil prices which are holding around \$50.

\$50



**Global Economies Optimism Index score**

■ Q1 2017 ■ Q4 2016



Men, and Edmonton residents, are more positive in regards to Alberta's economy than other Albertans.



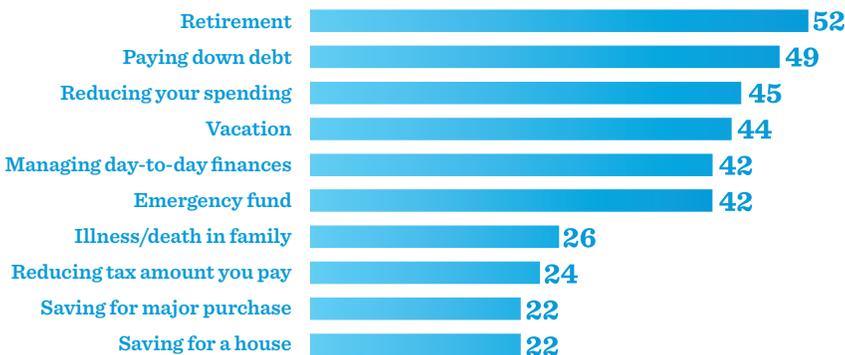
Boomers are less optimistic on real estate, interest rates, and the Canadian dollar than younger respondents.



Albertans with \$25K or less in investible assets, and women, have the least positive outlook for both the cost of living and job prospects.

## Albertans continue to tighten belts, focus on goals

**% of Albertans Prioritizing Different Financial Goals**



More Albertans claim that saving for retirement is their top financial goal from the same time last year (52% vs 46%). There has also been a significant rise in the number of Albertans prioritizing their vacation savings and reducing their spending compared to this time last year. The goal of debt repayment has also increased since January of this year.

Compared to this time last year, significantly more Albertans feel financially unprepared for an emergency (59% vs 52%) and saving for their family vacation (47% vs 36%).

59%

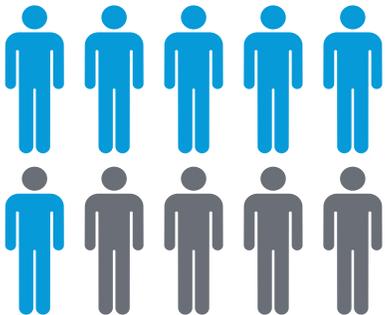
Albertans are behind on building an emergency fund.

47%

Albertans are behind behind on saving for a vacation.

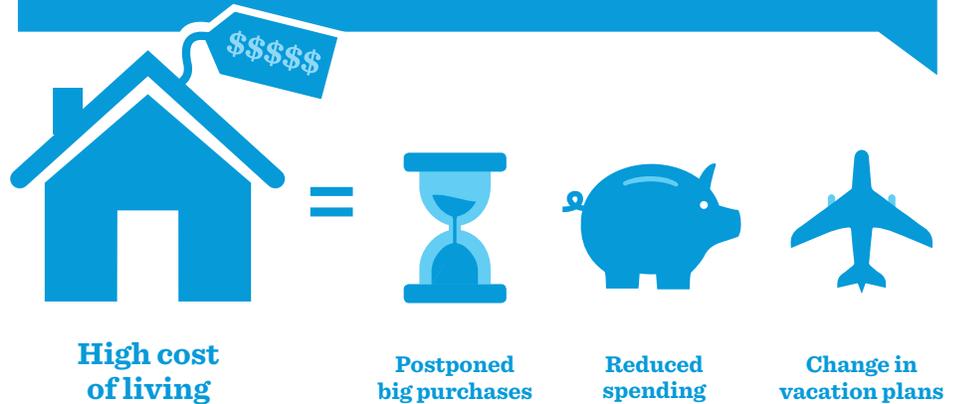
## As oil prices stay low, the number of Albertans impacted increases

### Albertans impacted by the drop in oil prices:



● Close to six-in-ten Albertans responded that they've been personally impacted by low oil prices. This is an increase since this time last year (58% vs 48%). Calgary residents, and those under 55 years of age, were the most likely to report feeling the pinch.

Despite the price of oil holding steady in recent weeks and fewer people citing a decline in the value of their investments, Albertans are still feeling the effects of an overall decline in oil prices. High cost of living continues to be the way people feel most impacted, and because of this, more Albertans plan to reduce their everyday spending and/or change their vacation plans.



# 19%

are looking for work outside of Alberta.

Compared to last quarter, more Albertans have started to look for work (19% vs 14%) outside of the province with Millennials, Gen-Xers and men the most likely to do so. More Albertans have also taken out a loan or increased an existing line of credit compared to last year.

## Investment fees and Albertans

Fewer than half of investors in Alberta claim they pay fees for their investments. Of those who claim to pay fees, just under a quarter feel they're very familiar with what they pay. Of those who are very familiar, 39 per cent believe their fees have a big or very big impact on their return.

# 46%

of investors in Alberta are aware they pay fees.

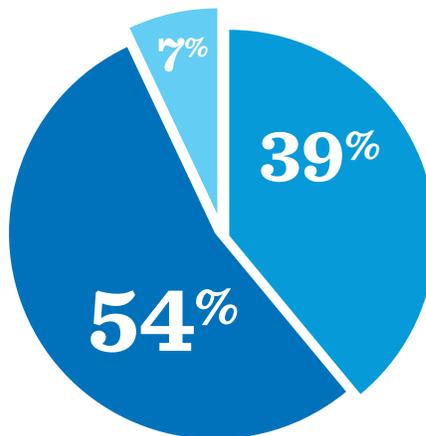
# 39%

of those familiar with their fees believe fees have a big impact on their returns.

## ADVICE

The Client Relationship Model – Phase 2 (CRM2) aims at enhancing performance reporting to investors, and increasing transparency and clarity on investment fees collected. A financial advisor can provide more information on CRM2, investment fees and performance.

61 percent of investors in Alberta are not aware of the intent or significance of CRM2. As CRM2 is rolled out, we find that only 36 percent of those who understand they pay fees on their investments have had their fee structure explained to them in the past 12 months.



## Awareness of CRM 2

-  Never heard
-  Have heard
-  Unsure

**When it comes to investing, fees matter. High investment fees can hinder your ability to achieve your financial goals, but investing in the lowest fee option doesn't necessarily equate to greater savings or value. A financial advisor can help you determine a personalized investment solution that makes dollars and sense.**

## ADVICE

## And finally, a word on income taxes

The most common way of completing tax returns is the DIY approach, either online or using good old-fashioned paper and pencil. Compared to last year, more Albertans believe their tax rates will rise (27% vs 22%), citing more income earned and changes to income tax bracket. Conversely, of those who claim their rates will be lower, significantly more cite a reduction in income compared to last year (80% vs 65%).

While awareness of how different investments are taxed remained steady year-over-year, about 1 in 5 Albertans feel very strongly, a significant increase from this time last year, that taxation impacts how they select their saving and investment products.

**96%** of Albertans are aware that their taxes are based on income.

**44%** of Albertans are familiar with how investments are taxed.

## ADVICE

**Don't let the tax tail wag the dog. Your investment strategy comes first. Don't base your investment decisions solely on tax considerations. Develop your investment strategy, then incorporate ways to mitigate taxes. Ensure you utilize the benefits of tax advantaged accounts such as RRSPs and TFSAs to maximize your investment returns.**

For more information on this report or the next ATB Investor Beat edition, please write us at [investorbeat@atb.com](mailto:investorbeat@atb.com). You can also visit [atb.com/investorbeat](http://atb.com/investorbeat) to be included on the mailing list.

### About ATB Investor Services

ATB Investor Services is the wealth management arm of ATB Financial. Our goal is to sort through the clutter and make investing easier to understand so our clients can focus on the things that really matter in life.

To learn more about ways our investing philosophy is helping Albertans, please contact **Chris Turchansky**, President of ATB Investor Services at [christurchansky@atb.com](mailto:christurchansky@atb.com)



### Who did we talk to?

Ipsos ([www.ipsos-na.com](http://www.ipsos-na.com)) is the third largest market research company in the global industry providing a full range of market research services. In North America, Ipsos has more than 2,100 research professionals and support staff located in 33 offices, with eight offices in Canada.

These findings are from an online survey conducted from January 3-14, 2017 using Ipsos' i-Say panel. The 1004 respondents are representative of Albertans 18 years of age and older based on age, gender and region. Using a Bayesian credibility interval the survey is considered accurate to within +/- 3.5 percentage points had all adults in Alberta been polled.

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