



ATB Investor Beat

The pulse of Alberta Investors



Protect your piggy bank - invest in financial literacy

If something sounds too good to be true, it likely is. Investment fraud isn't something many think of protecting themselves against; and yet, over 50 per cent of Investor Beat respondents said they've been approached by some form of investment fraud. To ensure your money remains safely invested, it's important that people are aware of the warning signs. The combination of positivity to invest and worry about meeting financial goals could leave Albertans more vulnerable to investment fraud.

The Alberta Securities Commission (the "ASC") reports that Ponzi schemes are the most commonly encountered investment fraud. On a positive note, the ASC reports that 45% of Albertans would report a suspected fraudulent investment to the police, and a rise in the number of Albertans are willing to report an investment fraud to the ASC (13% vs. 9% in 2017).

While there is no foolproof way to protect against investment fraud, staying educated is the best action you can take to stay ahead of the ever-evolving types of investment fraud.

The good news is, you don't need to do this on your own. The ASC is committed to educating investors to help prevent investor fraud and a registered ATB Wealth advisor can help provide further protection of your investments. To help support investors, the ASC has created a website called [Checkfirst](#) to help educate investors by recognizing investor fraud schemes.

If something sounds too good to be true, it likely is. Paying attention to the source of who is contacting you, questioning the information being provided, asking why they are contacting you in the first place, and not reacting to alarmist messages are all steps to guard against investor fraud.

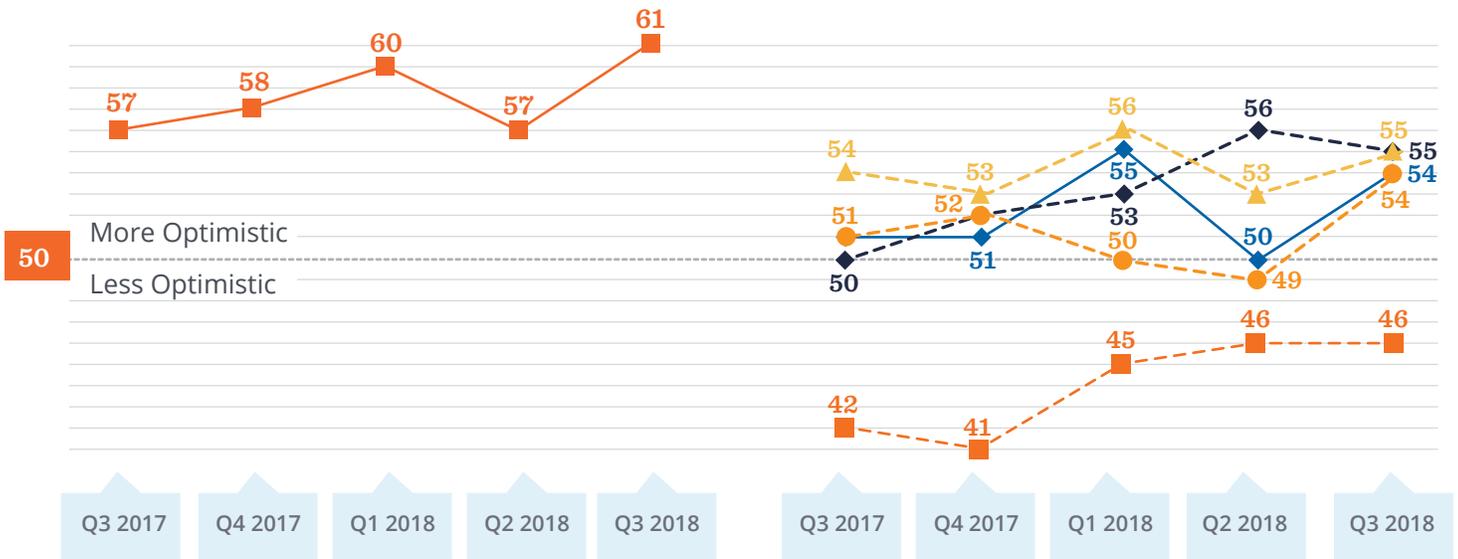
Not only can ATB Wealth educate you on the signs of fraud, but we can reduce your financial worries with a sound financial plan. Investment fraud can happen to anyone, regardless of age or net worth. Protect yourself, and know that you have someone you can trust to look out for your best interests.



A stylized, handwritten signature in black ink.

Chris Turchansky
President
ATB Wealth

The Investor Beat Optimism Index



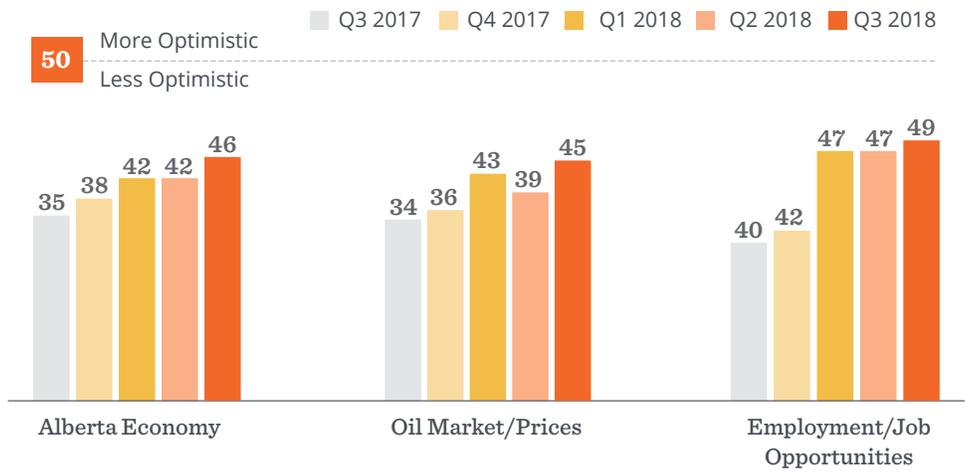
The **Investor Beat Optimism Index** is based on a representative sample of Albertans who rate their optimism towards investing, different investment products and economic factors. The ratings are based on a net positive score, which is then rescaled to fit an index ranging from 0 to 100.

- ▲--- Balanced Mutual Funds
- Real Estate
- ◆--- Cash
- ◆--- Stocks (directly and equity funds)
- Bonds

With markets stabilizing, investors' optimism has recovered from the previous dip last quarter. The overall Investing Optimism score increased four points this quarter, compared to the previous year and last quarter's results. Of Albertans who feel positive about investing today, almost half say it's always a good time to invest to help reach financial goals. Investing in real estate, the stock market, and mutual funds were key drivers of the positive overall Optimism rating this wave.

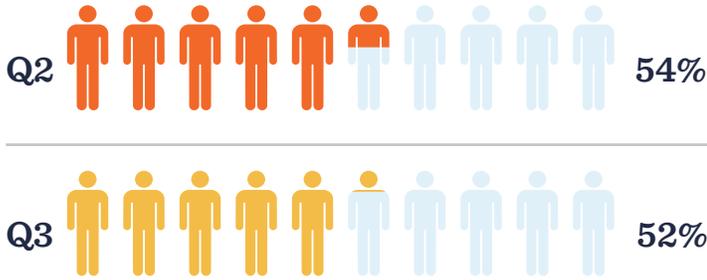
The economy according to Albertans

Stabilizing oil prices in the high \$60 per barrel range, also raised optimism for the oil market to its highest point (45 points), with significant gains compared to last quarter (39 in Q2'18) and a year ago (34 in Q3'17). It also likely contributed to the continued growing optimism of the Alberta economy (42 in Q2'18 vs. 46 in Q3'18) and job opportunities compared to the previous quarter (47 in Q2'18 vs. 49 in Q3'18). On the contrary, perception of interest rates is trending down and is significantly lower than the same time last year (47 in Q3'17 vs. 43 in Q3'18).



Is the drop in oil prices still impacting Albertans?

Change in those impacted decreased from 54% in Q2 2018 to 52% in Q3 2018.



Changes Albertans Have Made:

Stopping regular contributions



Millennials
Age 18-34



Gen-Xers
Age 35-54



Boomers
Age 55+

Further evidence of the optimism for the oil market and continued Alberta economic recovery is the downward trend in the number of Albertans impacted by oil prices (52 per cent in Q3'18 vs. 54 per cent in Q2'18 vs. 59 per cent in Q1'18). Of those impacted by oil prices, 27 per cent will stop making regular contributions to their savings or investments and more Gen-Xers are delaying regular contributions versus the other two age cohorts, likely due to expenses such as raising a family and purchasing a home that are typical of this generation.

Financial goals

Top savings goals:



Saving for retirement



Paying down debt



Saving for vacation



Managing day-to-day finances



Building up an emergency fund

Saving & expenses:



Fear they won't have enough money saved for retirement



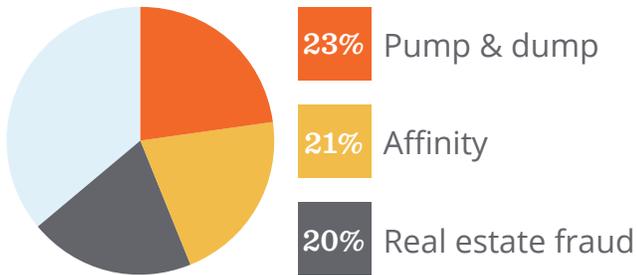
Anxious to make ends meet every month

Albertans' top financial goals remain unchanged this quarter, with retirement taking the top spot once again. Yet, 45 per cent who are saving for retirement feel behind on their retirement savings with 51 per cent of Albertans feeling afraid they won't have enough money saved for retirement. Additionally, 37 per cent of Albertans are anxious about making ends meet every month, highlighting the ongoing struggle to balance competing financial goals.

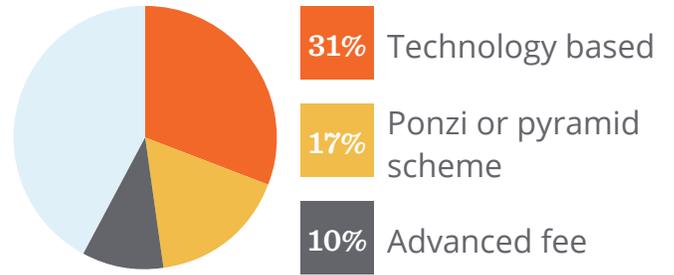
Investor fraud

Types of fraud encountered:

Those who experienced investor fraud:



Those approached by investor fraud:



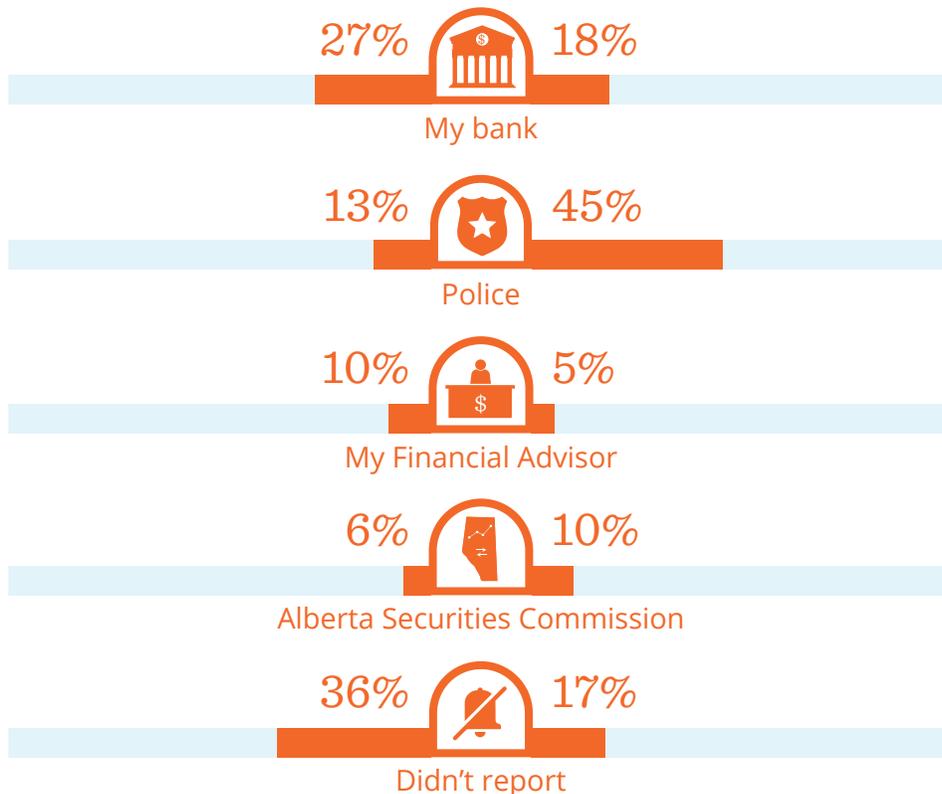
Source: Muzyka, K (2018, Aug 23). Albertans out \$1.5M to scams so far in 2018, more than all of last year, data shows. www.cbc.ca

Reporting fraud:

Just over 1-in-10 Albertans have personally experienced investment fraud with 27 per cent reporting it to their bank and over one-third not reporting the fraud activity at all. Although losses due to fraud vary, nearly one-in-ten lost over \$100,000. Of the remaining Albertans who haven't experienced it, over 4-in-10 have been approached with some form of investment fraud. In comparison, for those who have not experienced investment fraud, nearly half claim they would proactively report it to the police if they were approached with it, while just under 2-in-10 claim they would report it to the bank.

Those who experienced investor fraud reported to:

If approached by investor fraud, would report to:



Correctly identified potential investment fraud scenarios

74%

Email from your bank asking to verify your account

70%

An opportunity claiming large, guaranteed returns in a short time

53%

An unregistered financial advisor

46%

Acquaintance with a low-price stock opportunity but had no proof

When it comes to correctly identifying potential investment fraud, Albertans had the highest awareness around generic bank emails asking for personal information (74 per cent), and opportunities with guaranteed large returns in a short period of time (70 per cent). However, just over half of Albertans recognized a financial advisor that was not registered with the provincial regulator as a potential sign of fraud.

Financial advisors' role in investment fraud

Advisors can play a role in helping protect clients from investor fraud by registering with the provincial regulator, Alberta Securities Council, and helping educate their clients on potential fraud scenarios. However, less than half of respondents who have an advisor said they checked their advisor's registration with a provincial securities regulator before or after handing over their business, and over one-third stating they do not know how to check their advisor's registration. Amongst Albertans who have an assigned a financial advisor, only one-third of their advisors have spoken to them about investment fraud, while half have not.

Checked Financial Advisor's Registration?



- 38% Yes, I checked prior
- 10% No, but I checked after
- 17% No, I've never checked but know how to
- 35% No, I don't know how to check the registration

Advisor talked to client about investor fraud



- 33% Yes
- 51% No
- 16% I don't recall

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

About ATB Wealth

ATB Wealth 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

Who did we talk to?

Ipsos (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 July 31 to August 14, 2018, using Ipsos' i-Say panel. The 1,001 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.