

PRESS RELEASE

CANADIAN WEALTH MANAGEMENT IS ON A GROWTH PATH BUT MORE TECH INVESTMENT IS NEEDED, ACCORDING TO NEW REPORT

- **New study among Canadian wealth managers and financial advisers reveals client growth is expected to continue over the next three years, due to impact of technology and growing mass affluent population**
- **Nearly all (96%) Canadian wealth managers and financial advisors say clients are increasing their ESG focus but 90% say there must be more investment in technology to help improve understanding of ESG and climate risk factors**

The number of clients personally serviced by Canadian wealth managers, portfolio managers, financial advisors and financial planners has grown significantly during the past five years and will only continue to grow during the next three years due to the impact of technology and a growing population of mass affluent, according to new research* from Ortec Finance, the leading global provider of risk and return management solutions for professional investors.

The full Canadian research findings can be read in Ortec Finance's report, entitled 'How technology is driving growth in the wealth management sector'.

The study among wealth managers and financial advisors based in Canada, whose organizations collectively manage around \$370 billion, found over nine in ten (92%) have seen an increase in the number of clients they've personally serviced during the past five years. Of these, 14% say there has been a significant increase.

This increase isn't set to slow down. More than half (54%) of Canadian wealth managers and advisors anticipate further client growth of 20% or more over the next three years. Nearly half (46%) anticipate the number of clients they look after will grow by up to 20% over the next three years and 8% say the number of clients will grow by between 30% and 50%.

A major cause of this anticipated client growth is advancements in technology. More than three quarters (78%) said significant investment in technology means they can service more clients more effectively. Two fifths (40%) said investing in technology has improved their value proposition, which is leading to growth for the company and 38% said that technology advancements mean they are empowered to provide a more client-centric approach to more clients, more effectively than ever before.

However, two thirds (66%) believe client growth is due to a growing population of mass affluent and high-net-worth individuals in Canada, who want to use financial advisors and portfolio managers to assist in the management of their assets.

Attention to ESG factors to intensify over the next 24 months

Environmental, social and governance (ESG) issues are at the forefront of investors' considerations when looking at their portfolios, according to 96% of Canadian wealth managers, portfolio managers, financial advisors and financial planners who have seen slight (74% of survey respondents) or dramatic (22%) increases in clients scrutinizing their sustainability investment credentials.

Attention to ESG factors will intensify over the next 24 months with 82% of respondents expecting slight increases in client focus and 8% predicting dramatic increases. When looking at climate change specifically, a third (34%) of Canadian wealth managers and financial advisors say they have experienced a dramatic increase in client focus, while 62% have seen a slight increase.

While respondents express high levels of confidence in the existing systems and tools, they use to review the ESG and climate risks of the funds and stocks that make up their clients' portfolios, nine in 10 of those surveyed (90%) agree the wealth management/portfolio management industry needs to invest heavily in new technology to help improve their understanding.

Volatility has changed investment goals and risk is back

Clients of wealth managers, portfolio managers, financial advisors and financial planners in Canada have already increased their risk appetite or will do so in the next 12 months as their investment goals and objectives have been adversely affected by recent volatile markets, the research found.

Almost all (96%) say their clients have had their investment goals and objectives adversely affected by recent market volatility. One fifth (20%) say this has caused their clients up to a six-month delay in realizing their investment goals, increasing to 56% who say this has caused a delay of between six and nine months. Under a fifth (18%) say this has caused a delay of between nine and 12 months and 2% estimate it to be between 12 and 18 months.

Wealth managers and financial advisors regularly track and assess clients' financial goals and objectives to ensure they are on track, and 78% say the systems they use to do this are effective and 22% say they are average.

Ronald Janssen, Managing Director Goals-Based Planning at Ortec Finance said:

“Canadian wealth managers and financial advisors are expecting the strong growth in the number of clients achieved over the past five years to be sustained into the future. While this is extremely encouraging for the industry, it also brings new challenges in terms of having the right skills, experience and technology in place to provide more clients with the best possible service.

“Investing in appropriate, scalable technology is vitally important to ensure that advisors can effectively manage more clients in line with regulations and deliver more value by using a Goals-Based Investing approach – and ultimately benefit from the expected future rise in the number of clients looking to use their services.”

For banks and wealth managers seeking to scale Goals-Based Investing, Ortec Finance is the proven industry leader in simplifying the complexity of investment decision-making resulting in superior client engagement. Find out more:

<https://www.ortecfinance.com/en/insights/product/opal>

-Ends-

Notes to editors:

*Independent research company PureProfile interviewed 50 wealth managers and financial advisors located in Canada, whose organizations collectively manage around \$370 billion worth of assets for clients. The survey was conducted during June 2023.

For more information, contact:

Phil Anderson, Perception A.

phil@perceptiona.com / +44 7767 491 519

About Ortec Finance

Ortec Finance is the leading provider of technology and solutions for risk and return management. It is Ortec Finance's purpose to enable people to manage the complexity of investment decisions.

This is accomplished via the delivery of leading technologies and solutions for investment decision-making to financial institutions around the world. Ortec Finance's strength lies in an effective combination of advanced models, innovative technology, and in-depth market knowledge. This combination of skills and expertise supports investment professionals in achieving a better risk-return ratio and thus better results.

Headquartered in Rotterdam, The Netherlands, Ortec Finance has offices in Amsterdam, London, Toronto, Zurich, Melbourne, and New York. Ortec Finance helps 600+ clients manage their \$15 trillion assets under management. www.ortecfinance.com