Earning Investors' Trust: Focus on Hong Kong SAR

Information Is Essential
Trust in the financial system is stable, although investors remain cautious.

<table>
<thead>
<tr>
<th>TRUST IN THE FINANCIAL SERVICES INDUSTRY</th>
<th>Hong Kong SAR</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>52%</td>
<td>46%</td>
</tr>
<tr>
<td>2018</td>
<td>35%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Innovation and Tech Enhance Trust
Trust in the industry is driven by technological innovation, as well as the human touch that advisers provide.

<table>
<thead>
<tr>
<th>IMPORTANCE OF ACCESS TO TECH VS ADVISER</th>
<th>Hong Kong SAR</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>56%</td>
<td>50%</td>
</tr>
<tr>
<td>2018</td>
<td>57%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Investors Want Greater Influence and Control
Performance, personalization, and social impact are high priorities for investors.

<table>
<thead>
<tr>
<th>CONSIDERATIONS TO LEAVE AN ADVISER</th>
<th>Hong Kong SAR</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underperformance</td>
<td>55%</td>
<td>42%</td>
</tr>
<tr>
<td>Fees are too high</td>
<td>55%</td>
<td>38%</td>
</tr>
<tr>
<td>Lack of communication</td>
<td>41%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Investors Would Consider the Use of AI to Select Investments

<table>
<thead>
<tr>
<th>INVESTORS WOULD CONSIDER THE USE OF AI TO SELECT INVESTMENTS</th>
<th>Hong Kong SAR</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>30%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Have Interest in Personalized Investment Products

<table>
<thead>
<tr>
<th>HAVE INTEREST IN PERSONALIZED INVESTMENT PRODUCTS</th>
<th>Hong Kong SAR (2020)</th>
<th>Hong Kong SAR (2018)</th>
<th>Global (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>85%</td>
<td>84%</td>
<td>77%</td>
</tr>
</tbody>
</table>

Believe Their Investment Firms Are Well Prepared to Manage Their Portfolio through a Crisis

<table>
<thead>
<tr>
<th>BELIEVE THEIR INVESTMENT FIRMS ARE WELL PREPARED TO MANAGE THEIR PORTFOLIO THROUGH A CRISIS</th>
<th>Hong Kong SAR (2020)</th>
<th>Hong Kong SAR (2018)</th>
<th>Global (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>21%</td>
<td>25%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Trust Investment Advice from Humans Over Robo-Advisers

<table>
<thead>
<tr>
<th>TRUST INVESTMENT ADVICE FROM HUMANS OVER ROBO-ADVISERS</th>
<th>Hong Kong SAR</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>59%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Reason to Invest in ESG

<table>
<thead>
<tr>
<th>REASON TO INVEST IN ESG</th>
<th>Hong Kong SAR</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Express personal values/invest in making a positive impact</td>
<td>52%</td>
<td>47%</td>
</tr>
<tr>
<td>Expect ESG investing to result in higher risk-adjusted returns</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>Both</td>
<td>23%</td>
<td>29%</td>
</tr>
</tbody>
</table>
Credibility and Professionalism
How Investment Professionals and Firms Can Take Action

CREDIBILITY
1. Maintain strong brand identity and follow through on brand promises
   - Preferences when hiring an investment firm
     - People that can be counted on
     - A trusted brand
   - Hong Kong SAR
     - 2020: 55%
     - 2018: 43%
   - Global
     - 2020: 49%
     - 2018: 54%

2. Employ professionals with credentials from respected industry organizations
   - Satisfied with the level of credentialing in the industry
     - Hong Kong SAR: 48%
     - Global: 50%

3. Stay focused on building a long-term track record to demonstrate competence and deliver value
   - Important that adviser generates returns similar to or better than a target benchmark
     - Hong Kong SAR: 67%
     - Global: 77%

4. Adopt a code of conduct to reinforce your firm’s commitment to ethics
   - Trust adviser more if they comply with a voluntary code of conduct
     - Hong Kong SAR: 77%
     - Global: 84%

PROFESSIONALISM
5. Improve transparency and clarity regarding fees and conflicts of interest
   - Level of adviser transparency
     - Very transparent
     - Transparent
     - Not transparent
   - Conflicts of interest
     - Hong Kong SAR
       - 2020: 23%
       - 2018: 52%
     - Global
       - 2020: 46%
       - 2018: 43%
   - Fees
     - Hong Kong SAR
       - 2020: 28%
       - 2018: 63%
     - Global
       - 2020: 50%
       - 2018: 42%

6. Use clear language to demonstrate that client interests come first
   - Investors in Hong Kong SAR want investment reports
     - With more detail
     - With more customization
     - Hong Kong SAR: 59%
     - Global: 45%

7. Showcase your ongoing professional development to improve investment knowledge
   - Believe continuing education leads to better portfolio management
     - Hong Kong SAR: 91%
     - Global: 66%

8. Demonstrate your dedication to the values that clients hold dear
   - Adviser always puts clients’ interests first
     - Hong Kong SAR: 5%
     - Global: 35%

ABOUT THE SURVEY
In 2019, CFA Institute and Greenwich Associates conducted a global survey of 3,525 retail investors and 921 institutional investors, including 100 retail investors and 25 institutional investors from Hong Kong SAR. Retail investors were 25 years or older with investible assets of at least US$100,000. Institutional investors included individuals responsible for investment decisions with at least US$50 million assets under management, from public and private pension funds, endowments and foundations, insurance companies, and sovereign wealth funds. For more information, visit trust.cfainstitute.org

When considering the public’s trust level in financial professionals now as compared to three years ago, 53% of investors in Hong Kong SAR believe it has improved, while 47% believe that it is worse.