

Advisors embrace Fund Facts: survey

The disclosure documents are being used for client education and advisor research

By Fiona Collie | November 08, 2012

Advisors using the new Fund Facts disclosure documents are already seeing many benefits for their businesses and clients, according to a recent survey.

Between September and October 2012, InvestorPOS conducted a survey of roughly 200 advisors across Canada. Of those participants, almost all felt that Fund Facts documents offered better disclosure and that, unlike a prospectus, clients are likely to read the documents.

This response comes as no surprise to Anthony Boright, president of InvestorPOS, who sees a general industry acceptance of Fund Facts as a superior document to the traditional prospectus. "Everyone has recognized — industry, regulators, certainly consumers — that the 20, 30, 40 page prospectus document," said Boright, "wasn't really serving anyone if the intent was disclosure." The clearer language, use of visuals and shorter length, he said, makes Fund Facts a better communication tool.

According to the survey results, advisors are finding all kinds of uses for Fund Facts documents. Since the document is much easier for clients to digest and understand, 69% of advisors surveyed believe Fund Facts are "important" or "very important" for educating clients about products. A little more than one-third (38%) of respondents said they use the documents for their own research, while 46% use the forms either to educate clients before a meeting or as follow-up to a meeting. Four per cent of advisors said they were using the Fund Facts documents as marketing tools.

Fund Facts documents, which are easily stored and mailed electronically or in printed form, are also simplifying business processes for advisors. When it comes to sending clients information, 93% of survey respondents felt that Fund Facts documents are easy to distribute.

The different uses for Fund Facts and the ease of storing and sending the documents present an opportunity for advisors, said Boright. "There is a chance to look at the communication with investors differently," he said. "It's a new document, it's almost a fresh start." Specifically, Boright sees this new document as a chance to significantly reduce postage related costs and paper.