

# GLOBAL MARKET SENTIMENT SURVEY 2014

DETAILED SURVEY RESULTS

December 2013



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### FULL RESULTS

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3. MEMBERS CALL FOR GLOBAL OVERSIGHT AND LOCAL ENFORCEMENT
4. LACK OF ETHICAL CULTURE IN FINANCIAL FIRMS ERODING INVESTOR TRUST

## ABOUT THIS STUDY

## EXECUTIVE SUMMARY

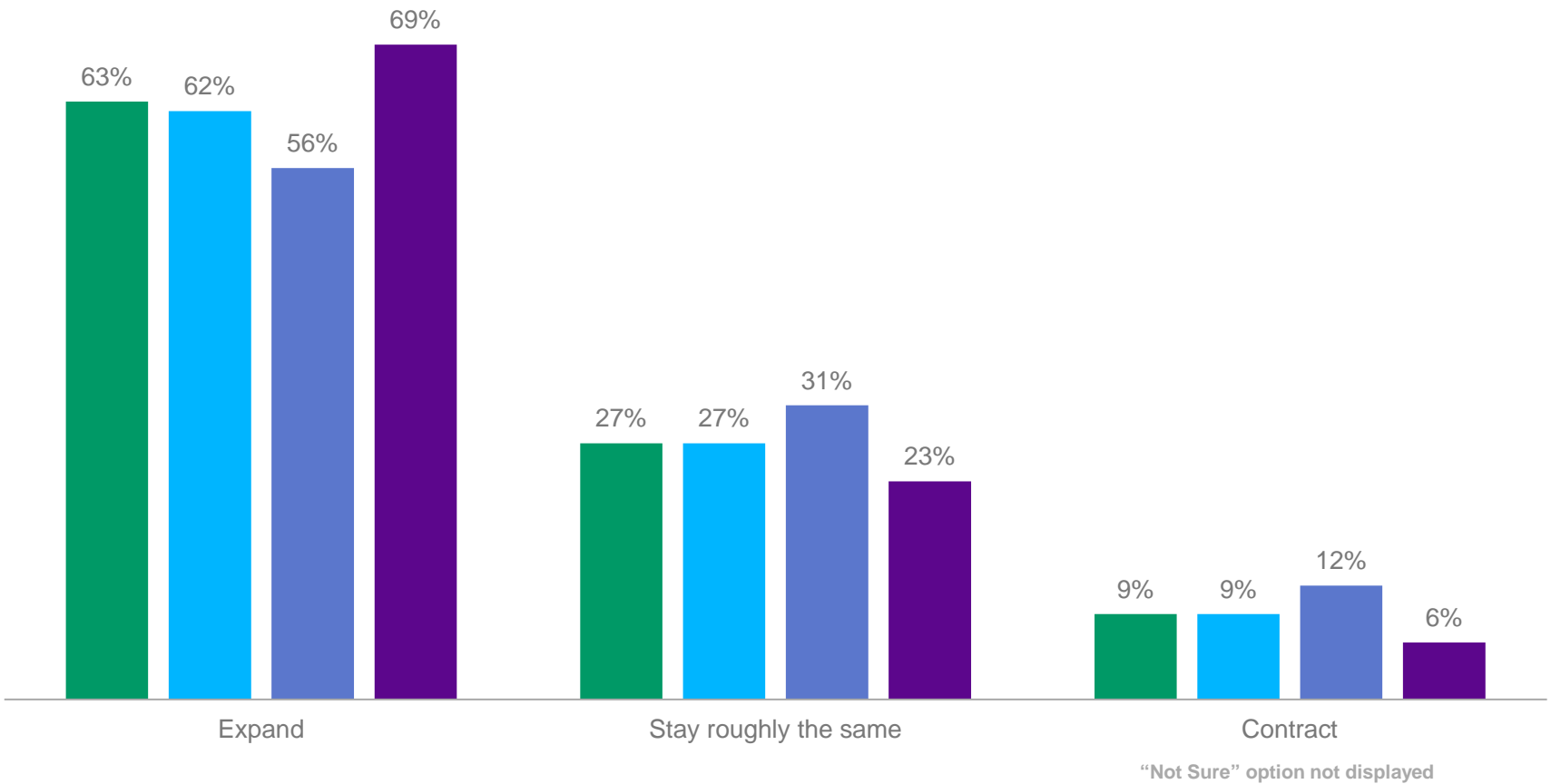
CFA Institute members report greater optimism over economic prospects for the coming year, with an especially dramatic turn in sentiment from European members compared to last year. But these same investment professionals do not express confidence that the integrity of capital markets is improving. As markets rebound, CFA Institute is working to ensure that attention does not shift away from meaningful reforms that might restore investor trust and strengthen the financial system's ability to resist shocks in the future.

# INVESTMENT PROFESSIONALS INCREASINGLY CONFIDENT GLOBAL AND LOCAL ECONOMIES WILL GROW IN 2014

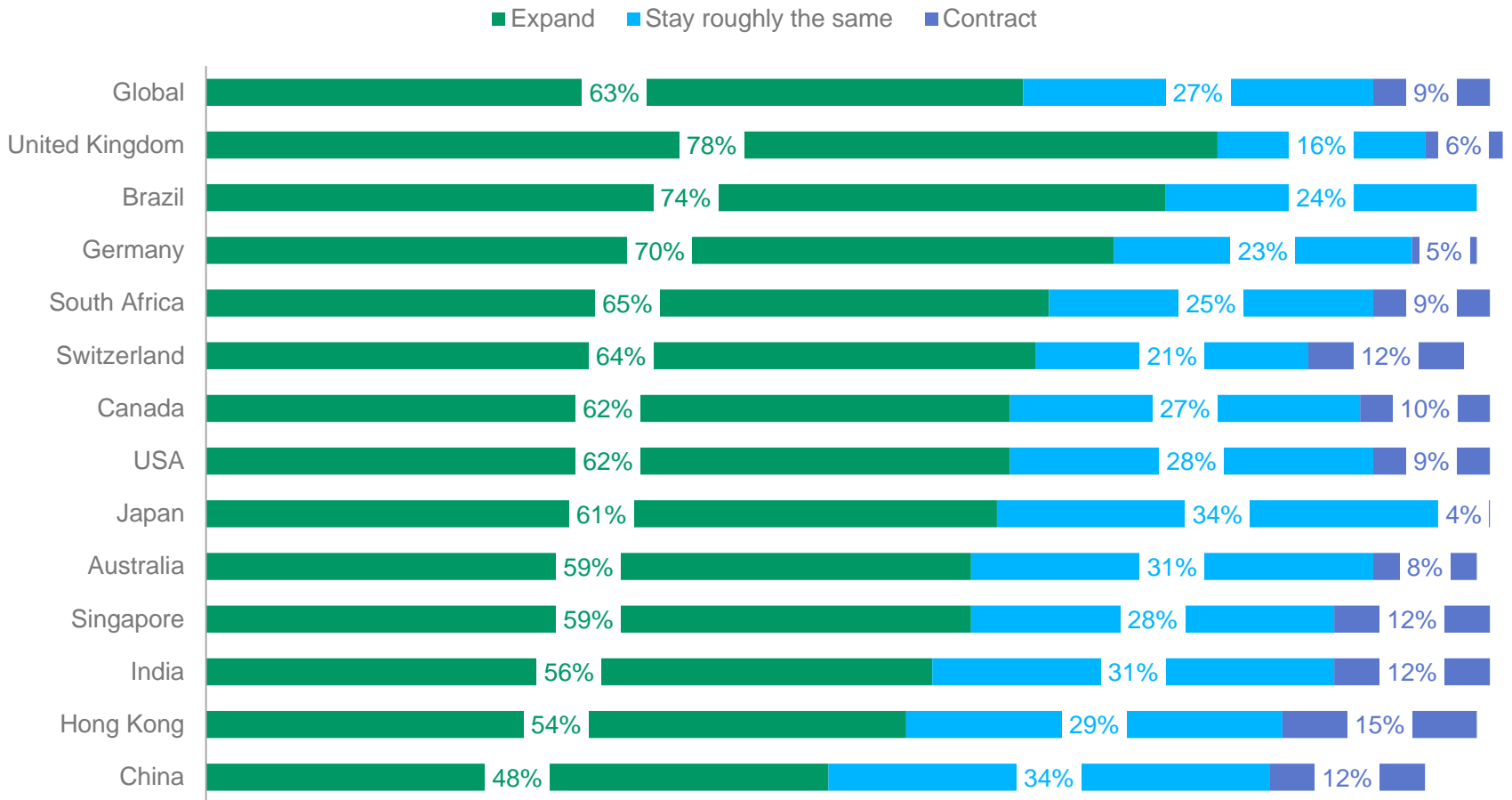
*Economic turnaround in Europe is reflected in greater optimism about the worldwide economy, tempered by concerns over political instability.*

# IN 2014, DO YOU EXPECT THE *GLOBAL* ECONOMY TO:

■ Global ■ AMER ■ APAC ■ EMEA



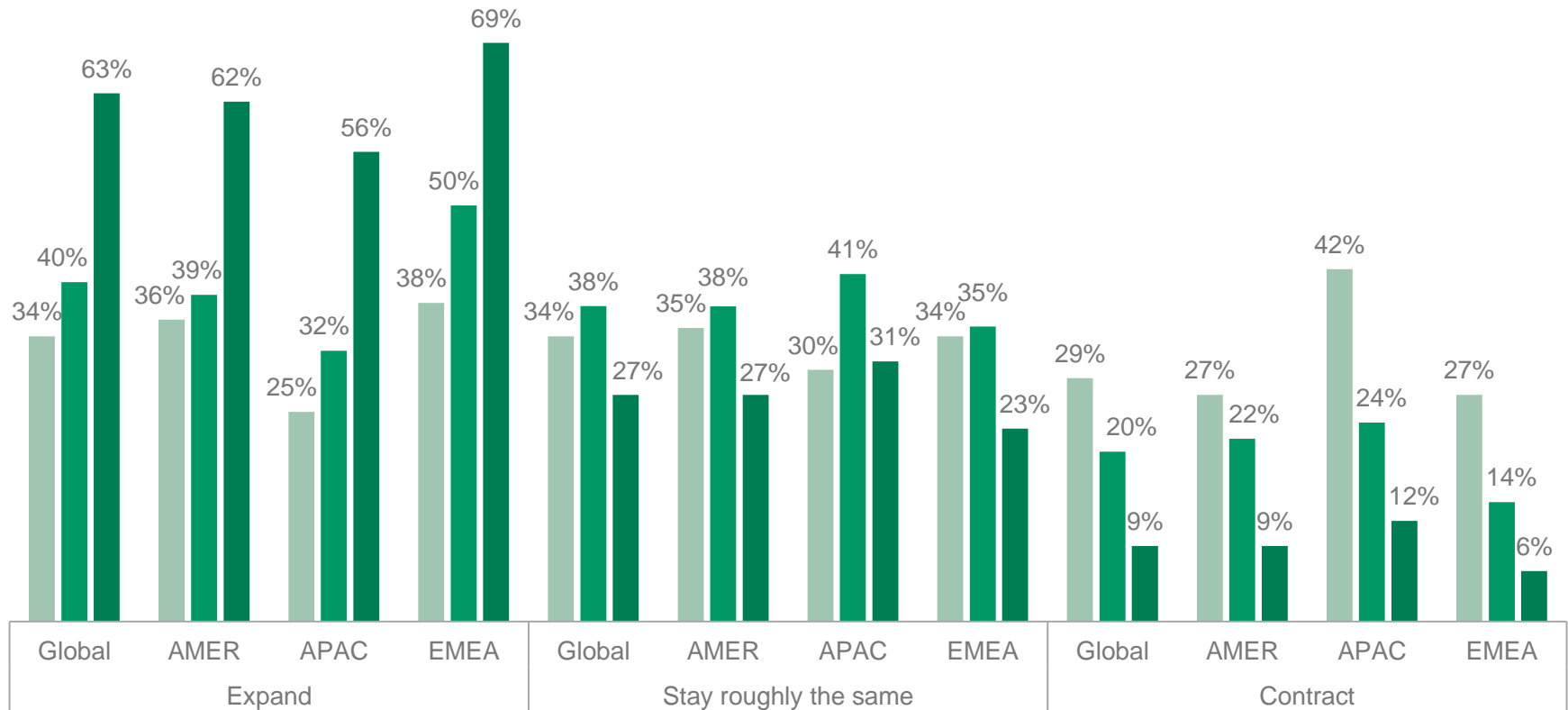
# IN 2014, DO YOU EXPECT THE *GLOBAL* ECONOMY TO:



“Not Sure” option not displayed

# IN 2014, DO YOU EXPECT THE *GLOBAL* ECONOMY TO:

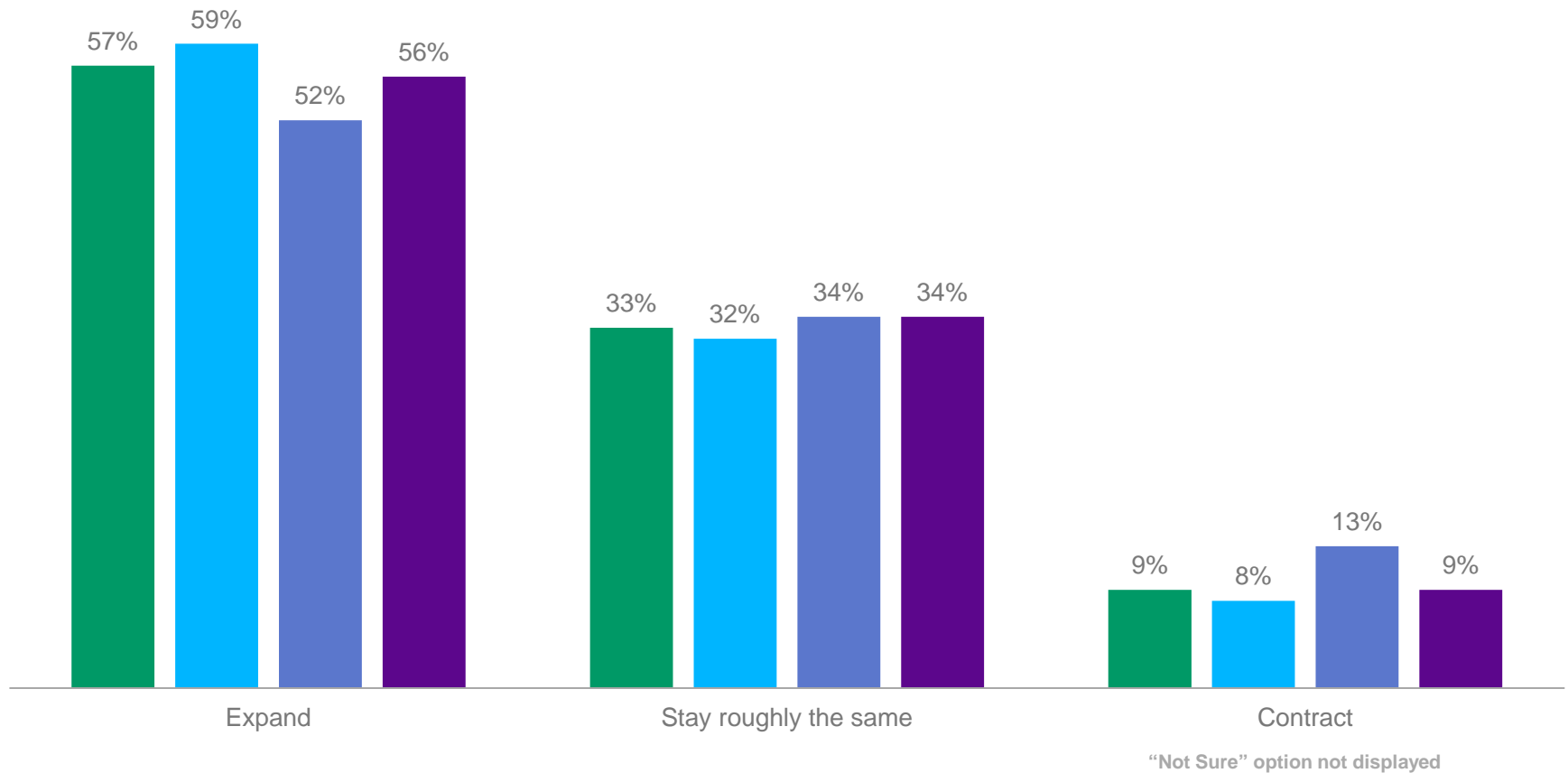
■ 2012 ■ 2013 ■ 2014



"Not Sure" option not displayed

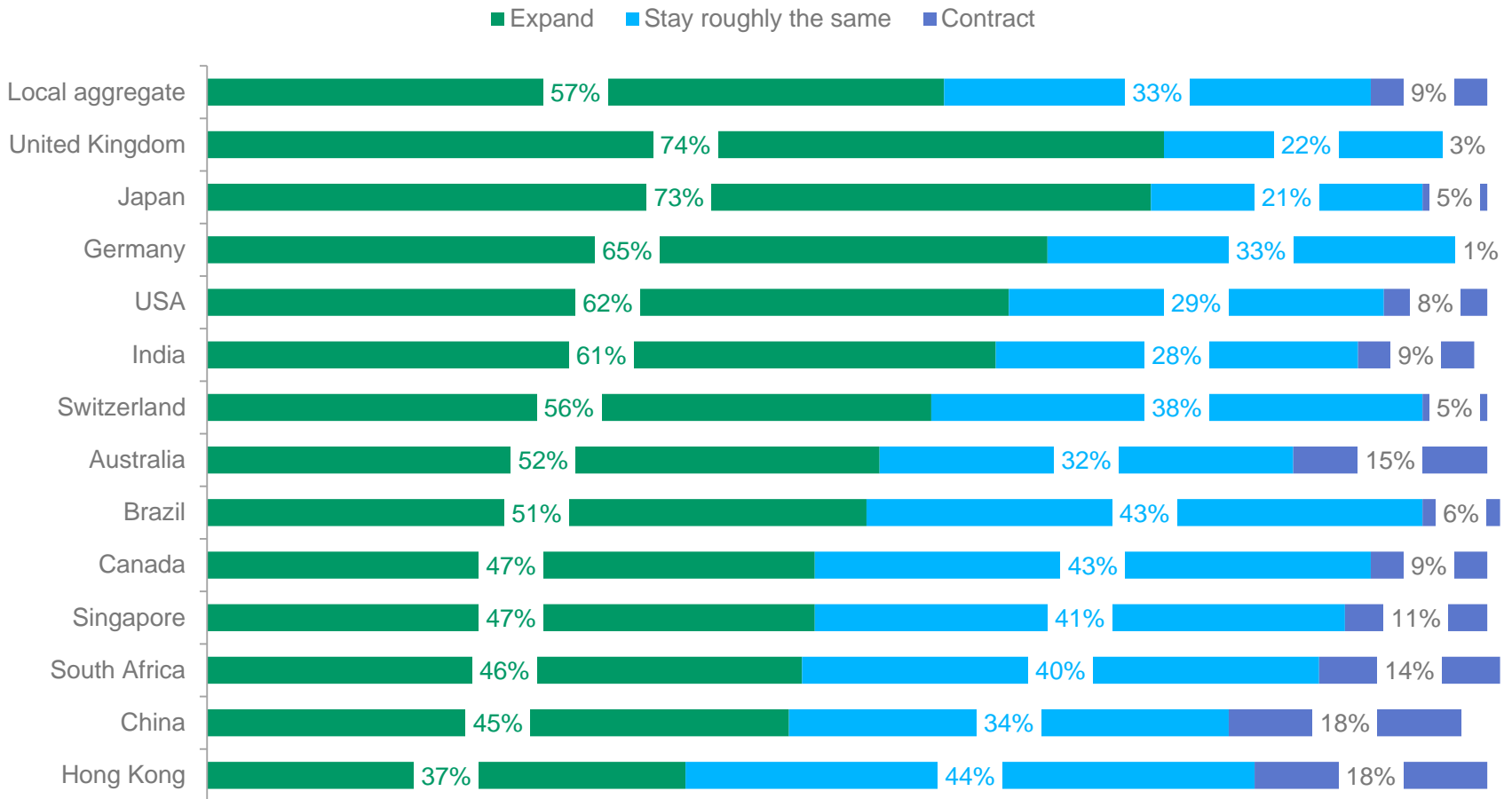
# IN 2014, DO YOU EXPECT YOUR *LOCAL* ECONOMY TO:

■ Local aggregate ■ AMER ■ APAC ■ EMEA



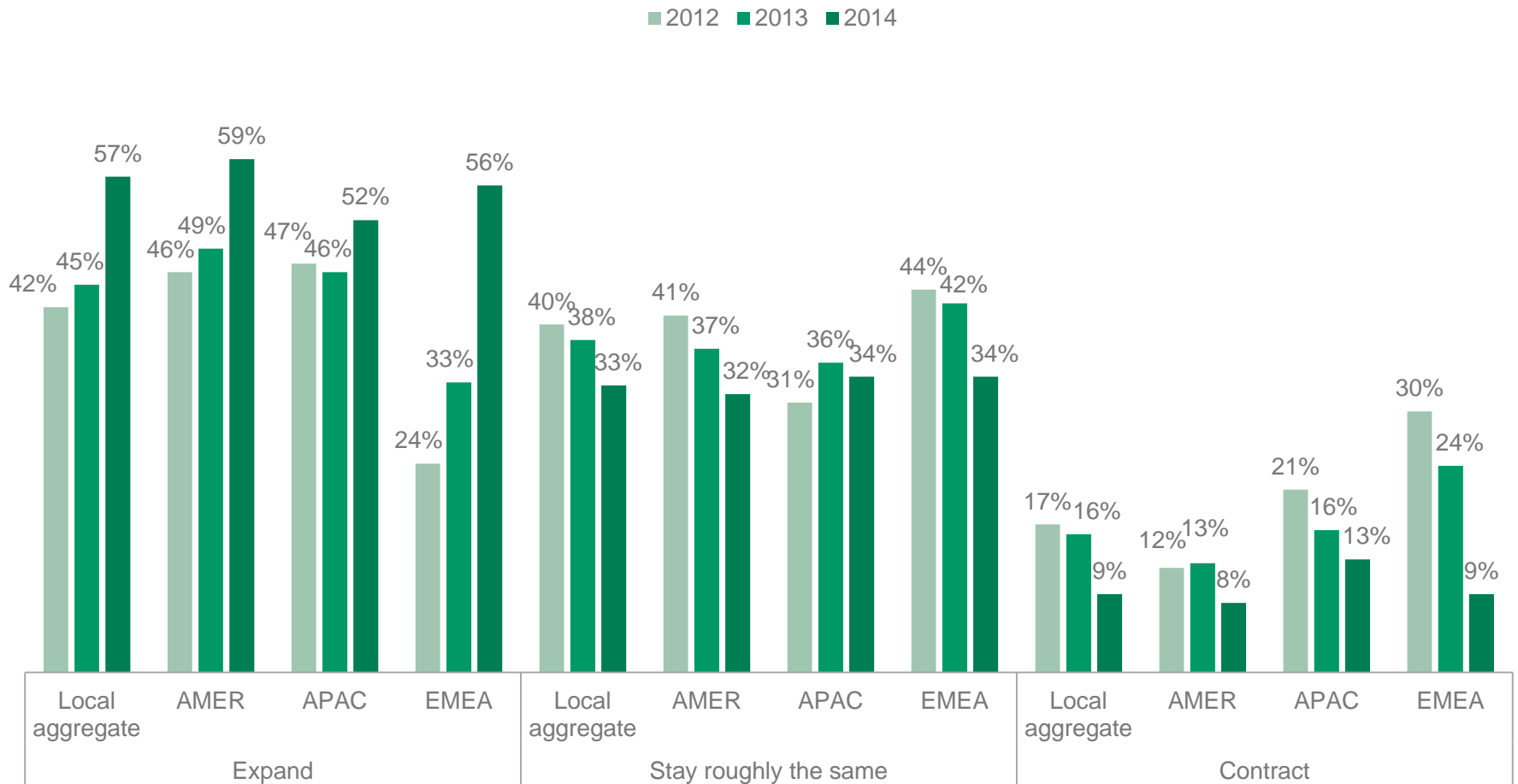


# IN 2014, DO YOU EXPECT YOUR LOCAL ECONOMY TO:



“Not Sure” option not displayed

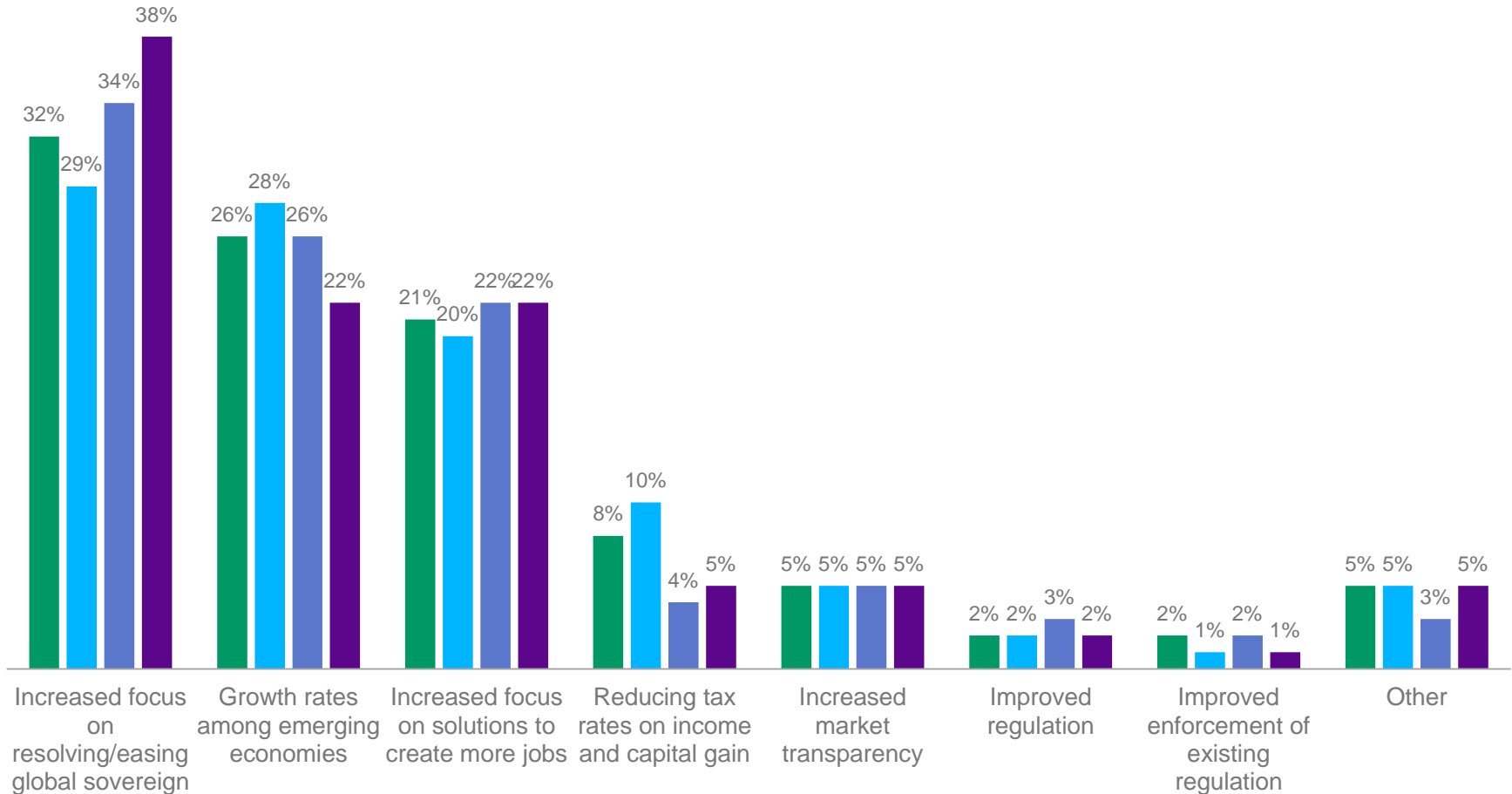
# IN 2014, DO YOU EXPECT YOUR LOCAL ECONOMY TO:



"Not Sure" option not displayed

# WHAT DO YOU SEE AS HAVING THE BIGGEST POSITIVE IMPACT ON GLOBAL CAPITAL MARKETS IN 2014?\*

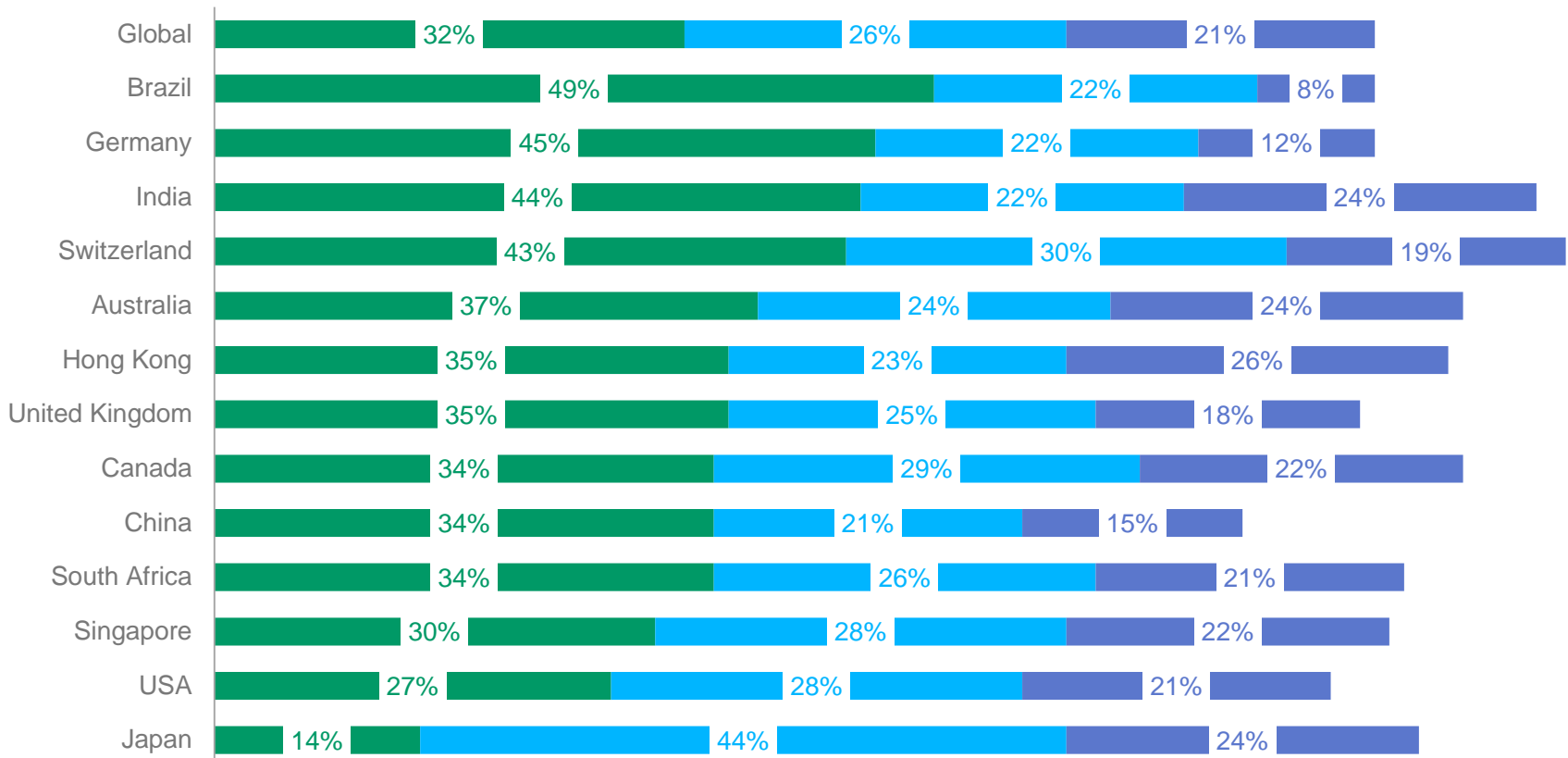
■ Global ■ AMER ■ APAC ■ EMEA



\*"No opinion" option excluded from results.

# WHAT DO YOU SEE AS HAVING THE BIGGEST POSITIVE IMPACT ON GLOBAL CAPITAL MARKETS IN 2014?\*

- Increased focus on resolving/easing global sovereign debt challenges
- Growth rates among emerging economies
- Increased focus on solutions to create more jobs

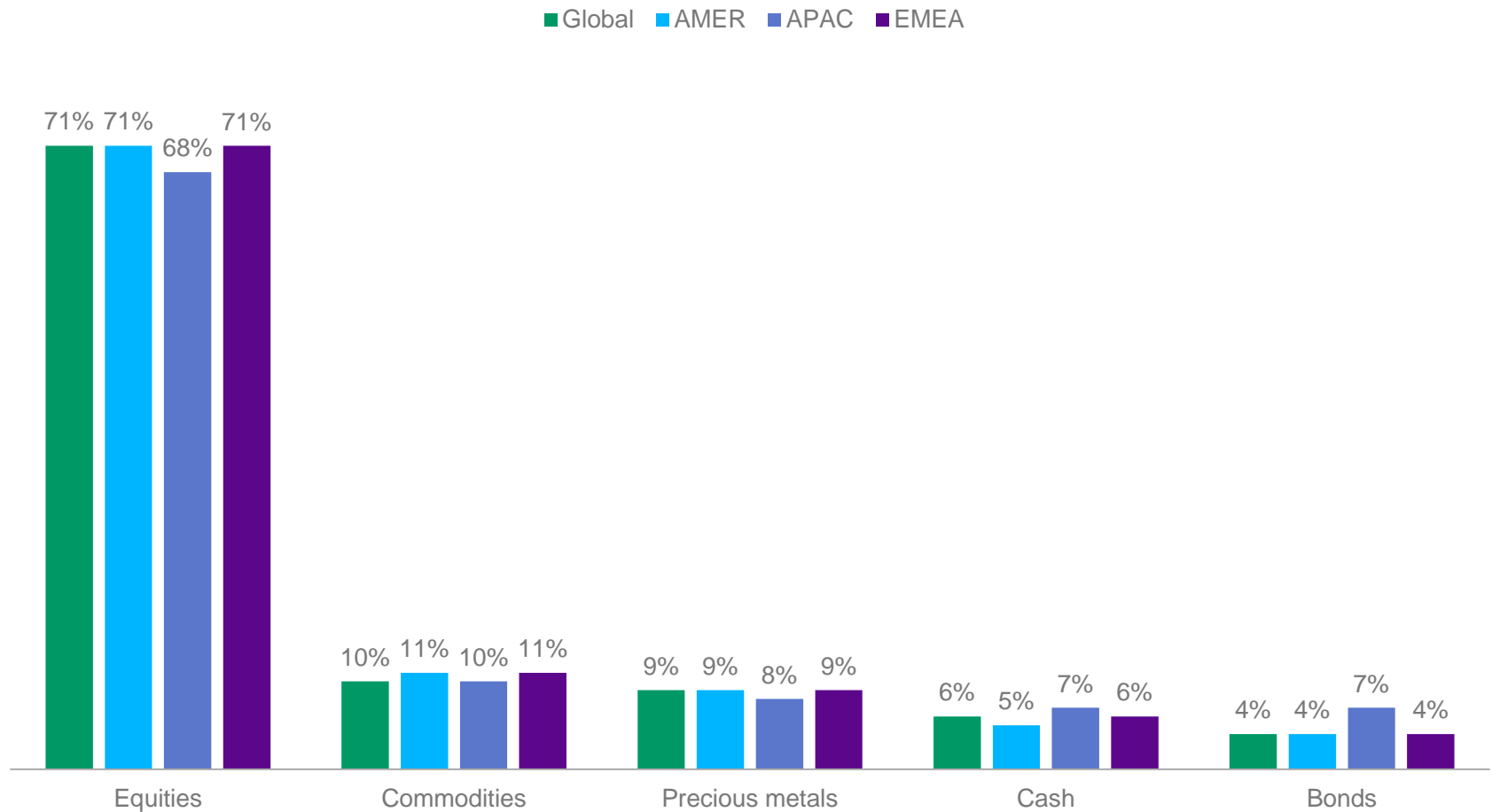


\*Displaying top three positive impacts on global capital markets.

"No opinion" option excluded from results.

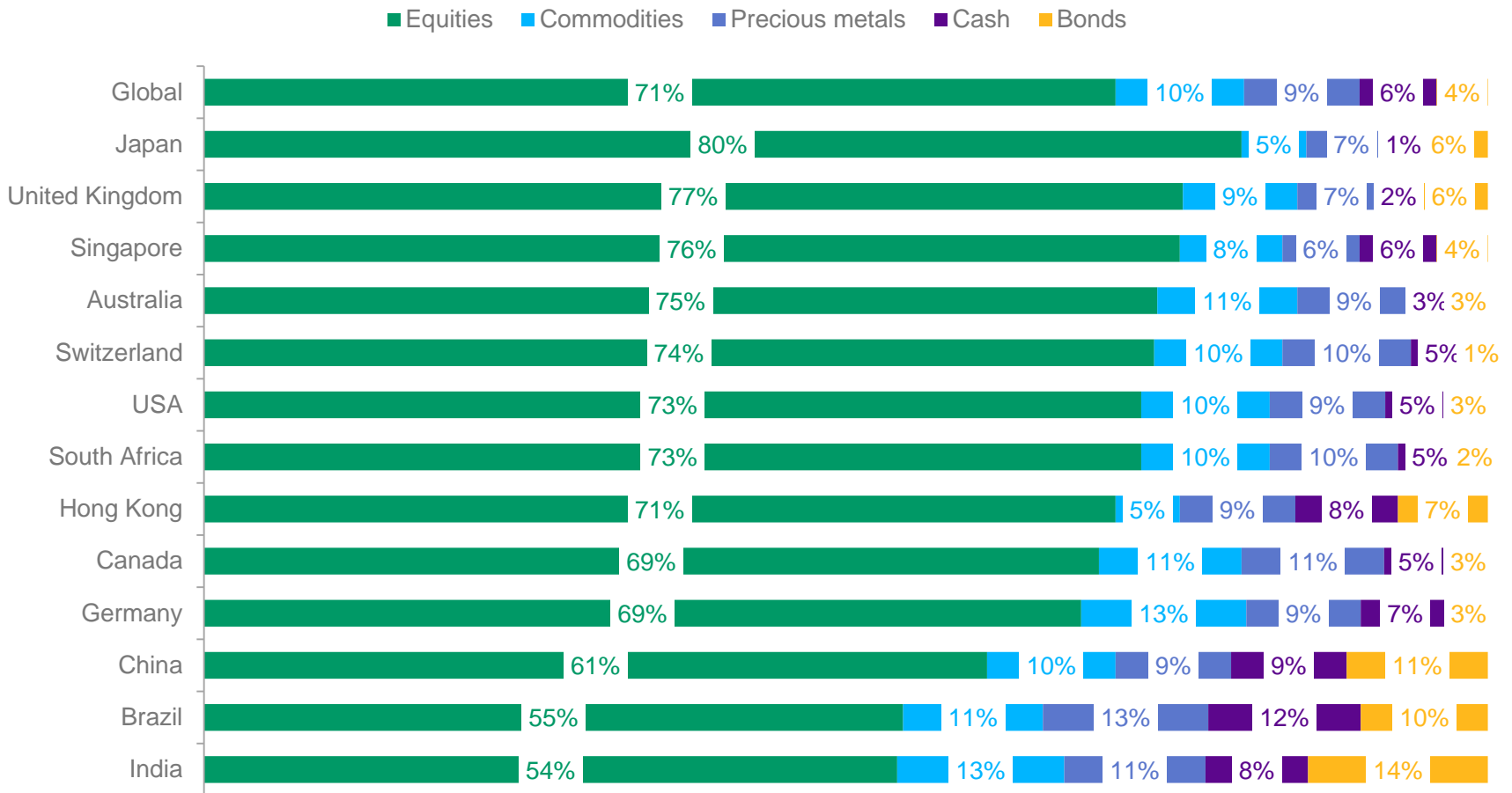
**EQUITIES EXPECTED  
TO PROVIDE THE HIGHEST RETURN  
AMONG ASSEST CLASSES IN 2014**

# RANK THE FOLLOWING ASSET CLASSES IN ORDER OF EXPECTED TOTAL RETURN IN THE GLOBAL MARKETS IN 2014\*



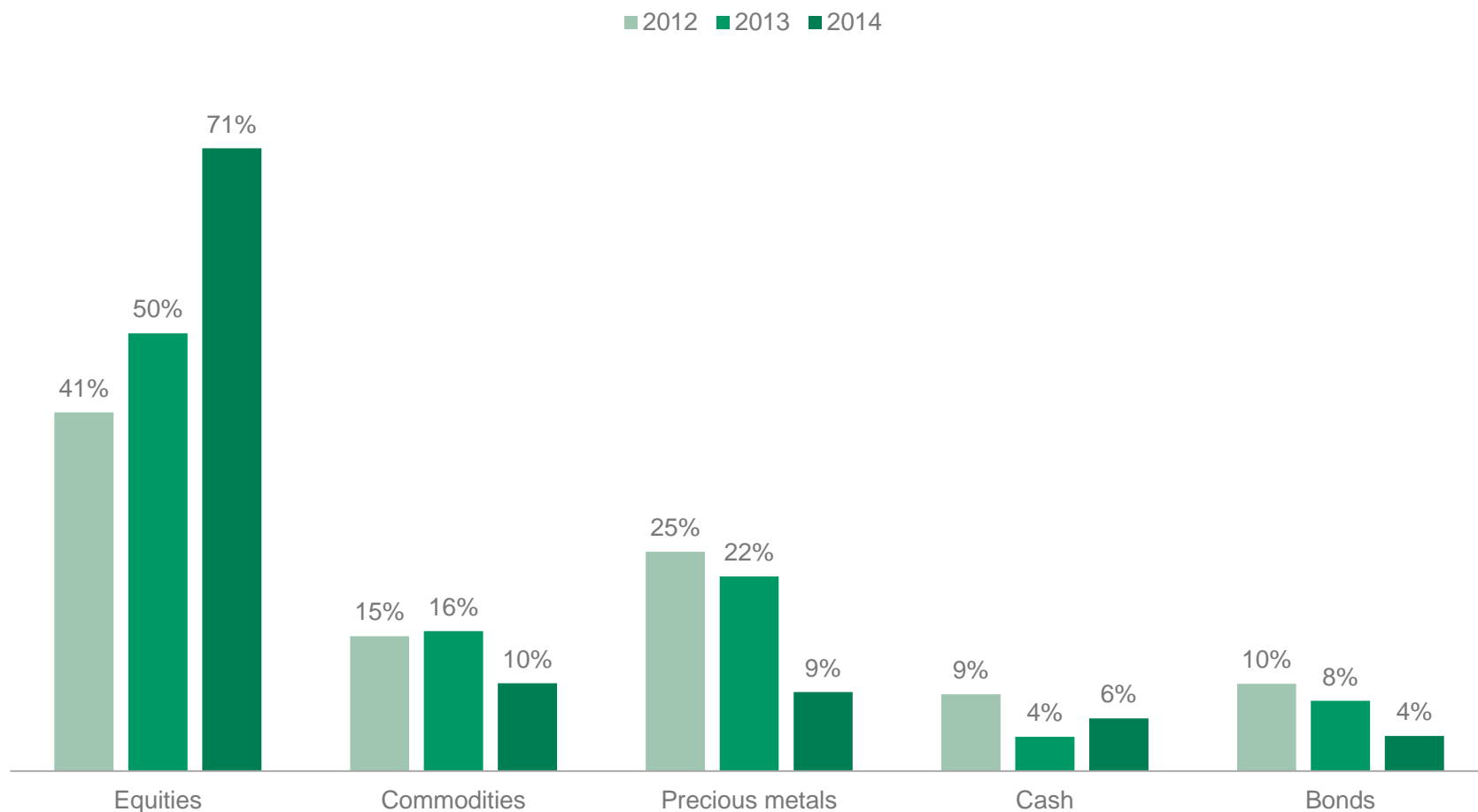
\*Chart displaying proportion of members ranking the asset class as likely to have the highest expected return.

# RANK THE FOLLOWING ASSET CLASSES IN ORDER OF EXPECTED TOTAL RETURN IN THE GLOBAL MARKETS IN 2014\*



\*Chart displaying proportion of members ranking the asset class as likely to have the highest expected return.

# RANK THE FOLLOWING ASSET CLASSES IN ORDER OF EXPECTED TOTAL RETURN IN THE GLOBAL MARKETS IN 2014\*

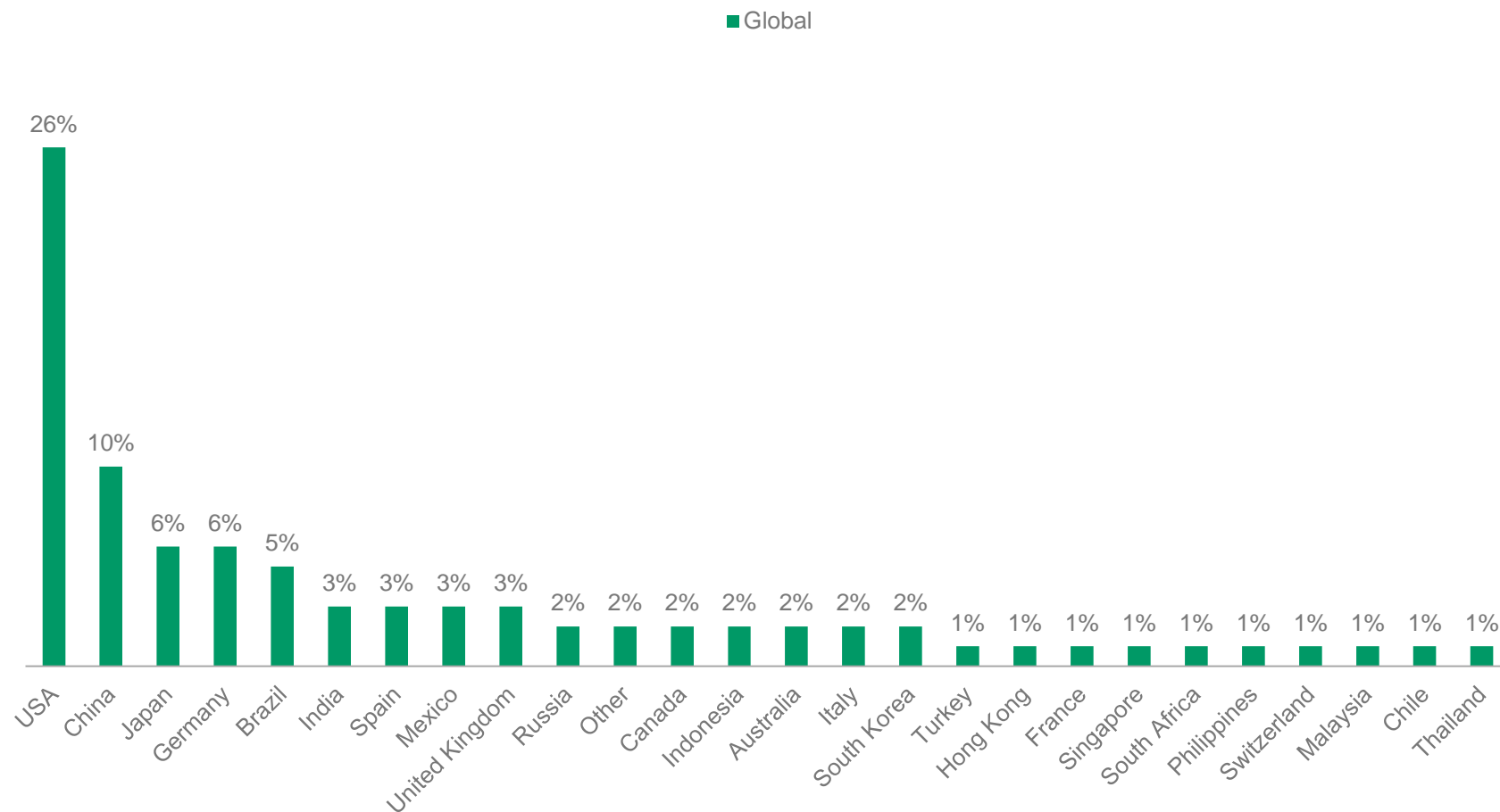


\*Chart displaying proportion of members ranking the asset class as likely to have the highest expected return.



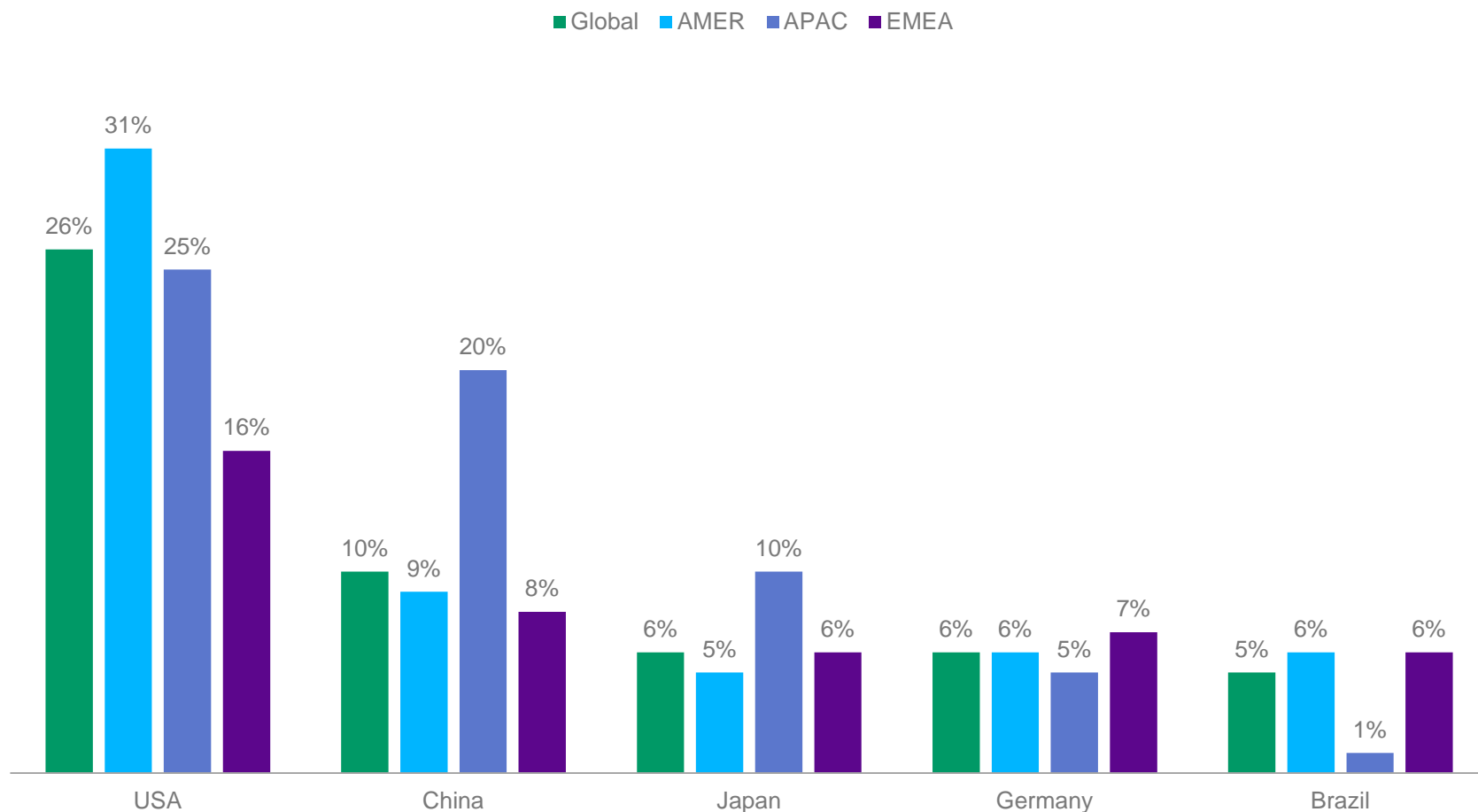
# UNITED STATES AND CHINA CONTINUE TO PROVIDE THE BEST INVESTMENT OPPORTUNITIES

# WHICH EQUITY MARKET DO YOU THINK WILL PROVIDE THE BEST INVESTMENT OPPORTUNITY IN 2014?\*



\*Chart shows proportion of members picking the market as the best investment opportunity

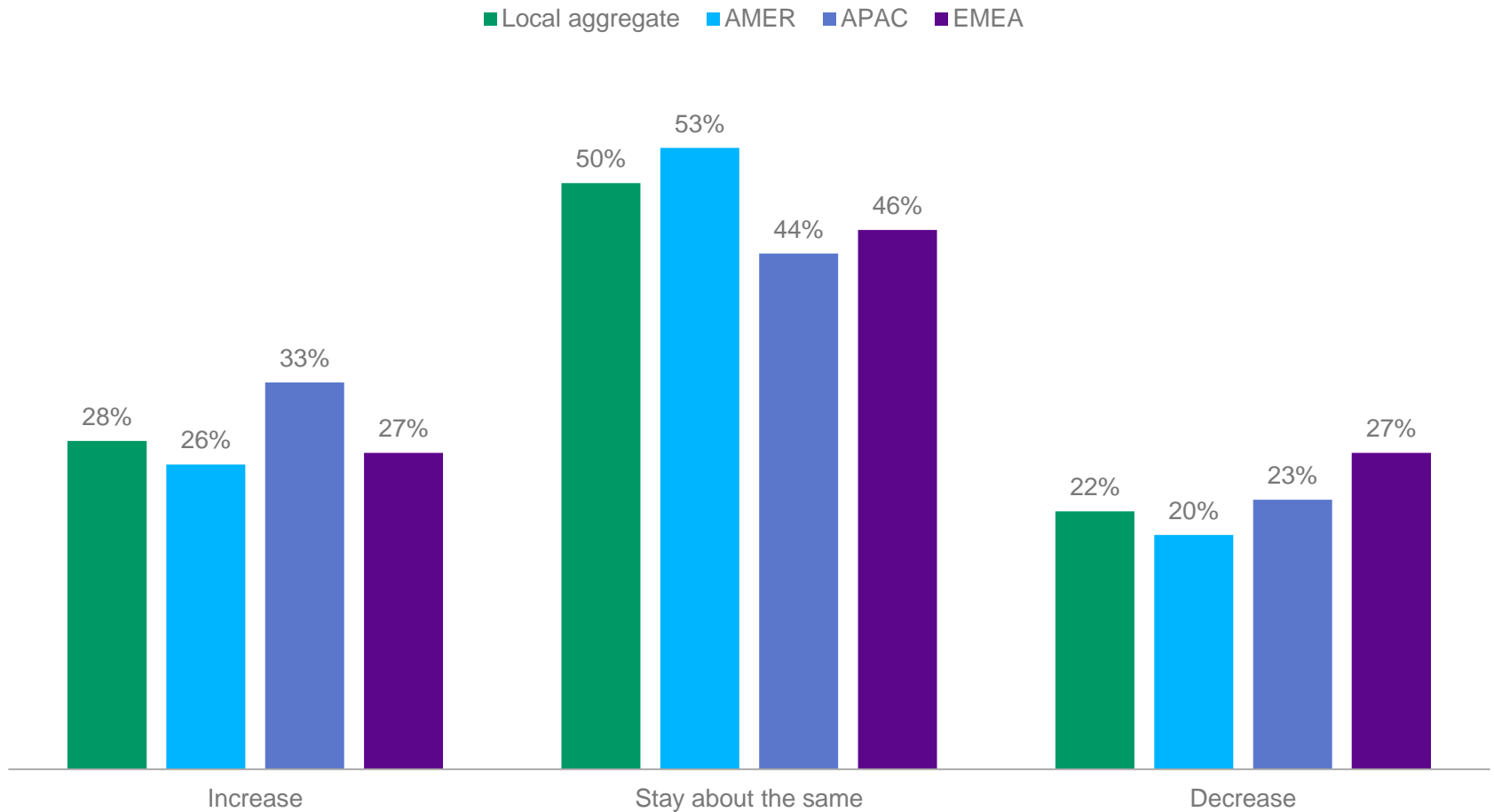
# WHICH EQUITY MARKET DO YOU THINK WILL PROVIDE THE BEST INVESTMENT OPPORTUNITY IN 2014?\*



\*Chart shows proportion of members picking the market as the best investment opportunity (top 5 displayed)

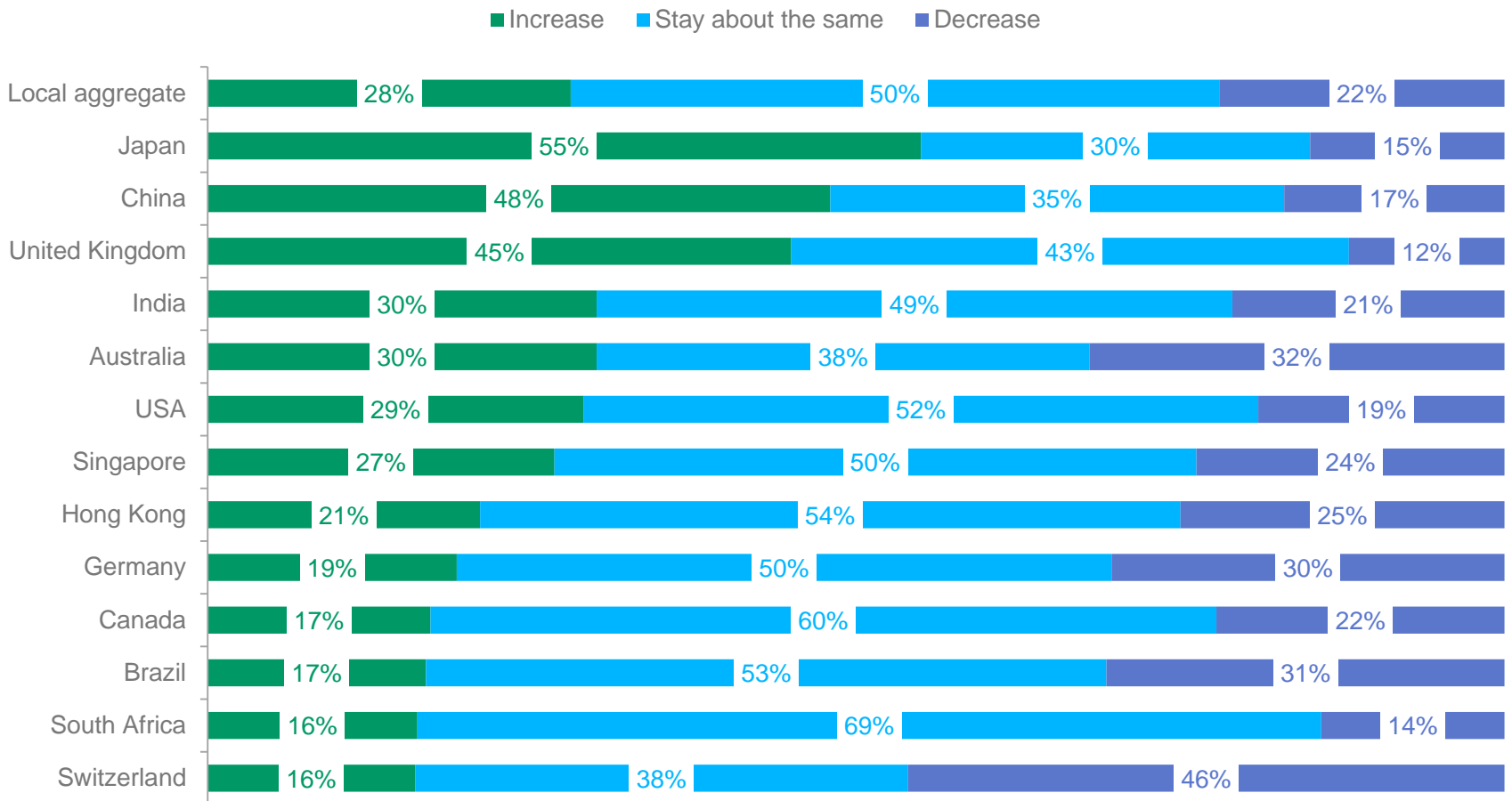
# INVESTMENT SERVICES JOB MARKET OUTLOOK

# IN 2014, DO YOU EXPECT EMPLOYMENT OPPORTUNITIES FOR INVESTMENT PROFESSIONALS IN YOUR LOCAL MARKET TO INCREASE, DECREASE, OR STAY ABOUT THE SAME?



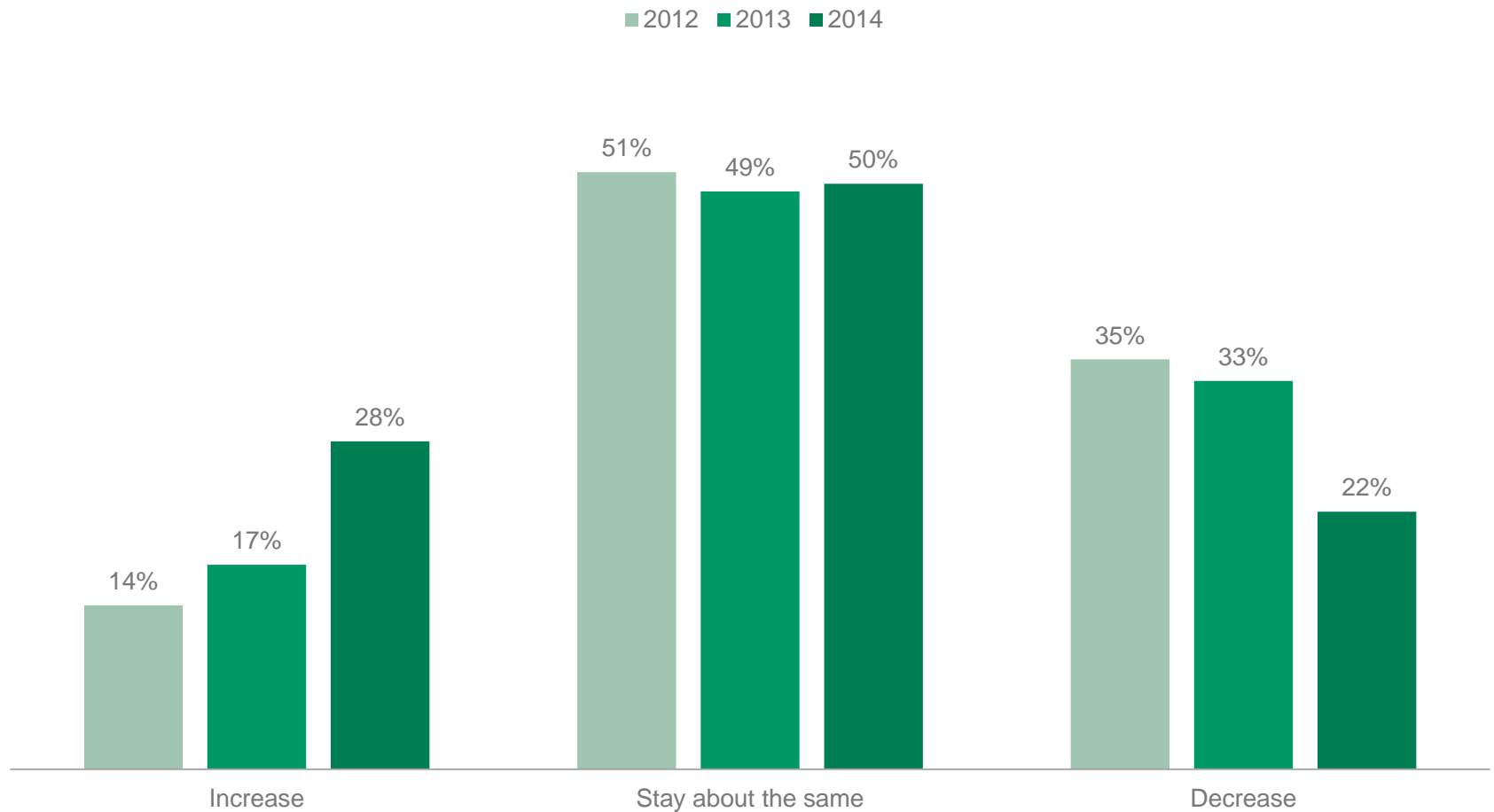
“Not Sure” option excluded

# IN 2014, DO YOU EXPECT EMPLOYMENT OPPORTUNITIES FOR INVESTMENT PROFESSIONALS IN YOUR LOCAL MARKET TO INCREASE, DECREASE, OR STAY ABOUT THE SAME?



"Not Sure" option excluded

# IN 2014, DO YOU EXPECT EMPLOYMENT OPPORTUNITIES FOR INVESTMENT PROFESSIONALS IN YOUR LOCAL MARKET TO INCREASE, DECREASE, OR STAY ABOUT THE SAME?



"Not Sure" option excluded

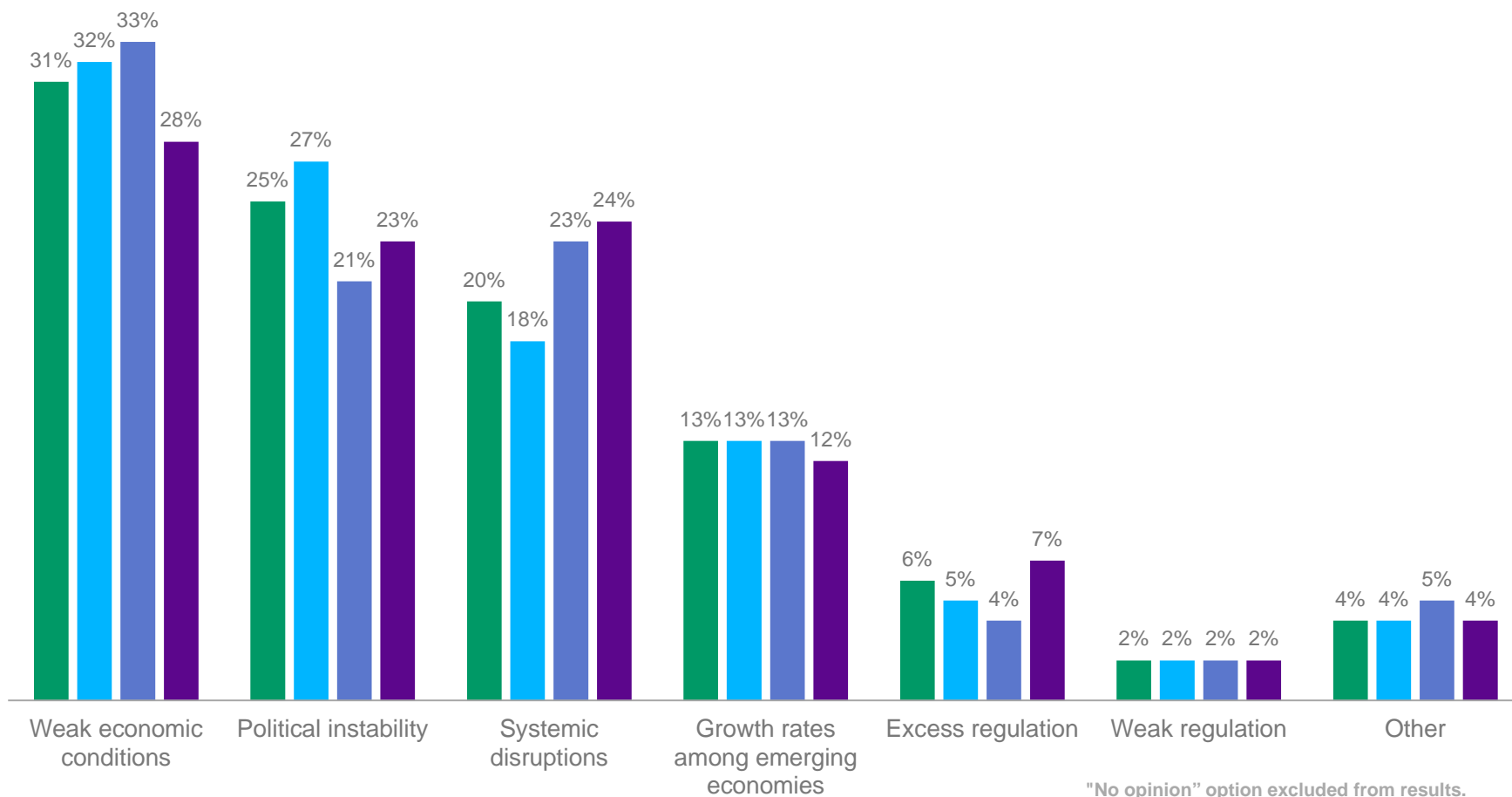
# POLITICAL INSTABILITY AND THE END OF QUANTITATIVE EASING BRING UNCERTAINTY TO LOCAL MARKETS

*Investment professionals in some major markets point towards political instability and unrest in the Middle East to impact local performance.*

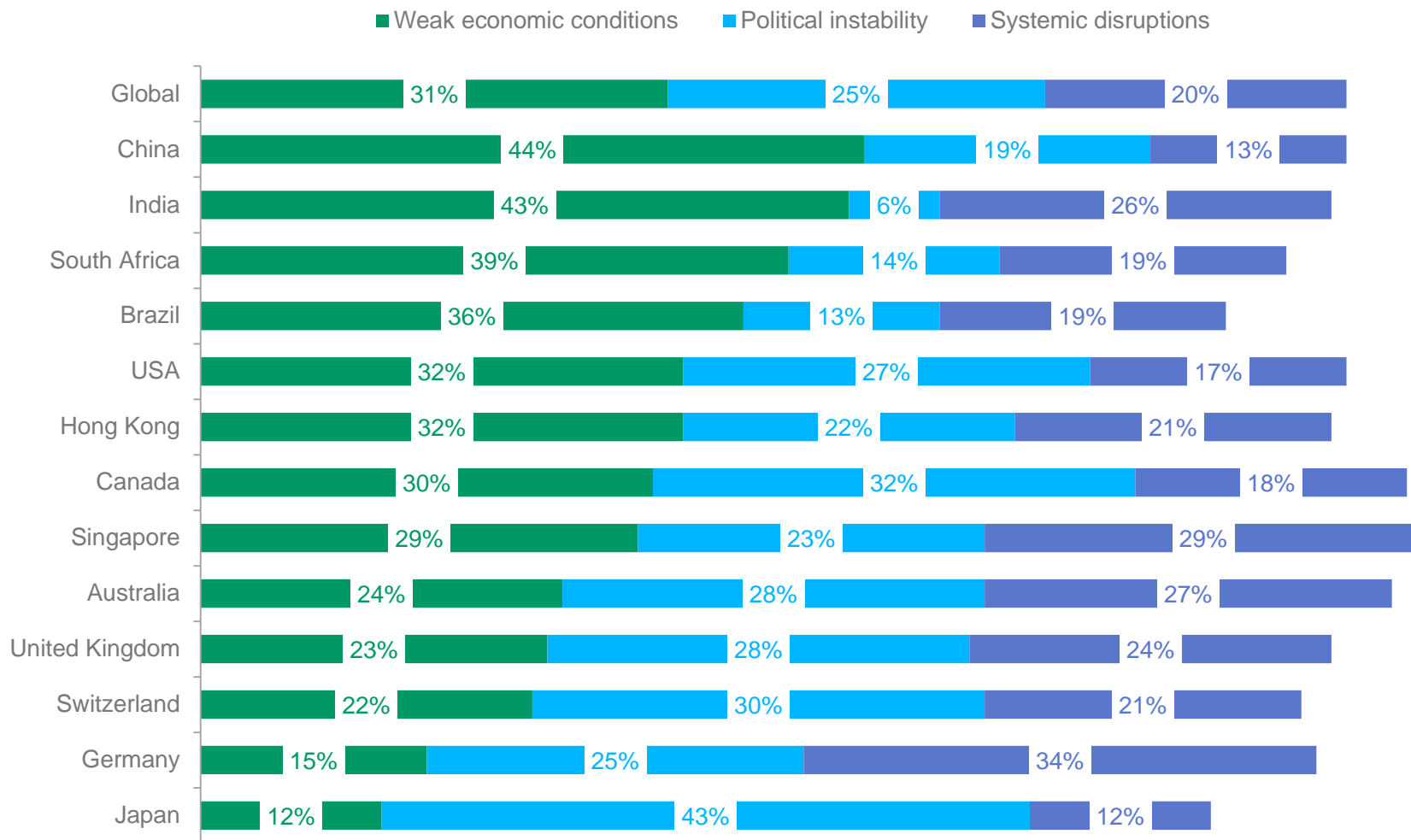


# WHAT DO YOU SEE AS THE BIGGEST RISK TO GLOBAL CAPITAL MARKETS IN 2014?

■ Global ■ AMER ■ APAC ■ EMEA



# WHAT DO YOU SEE AS THE BIGGEST RISK TO GLOBAL CAPITAL MARKETS IN 2014?\*

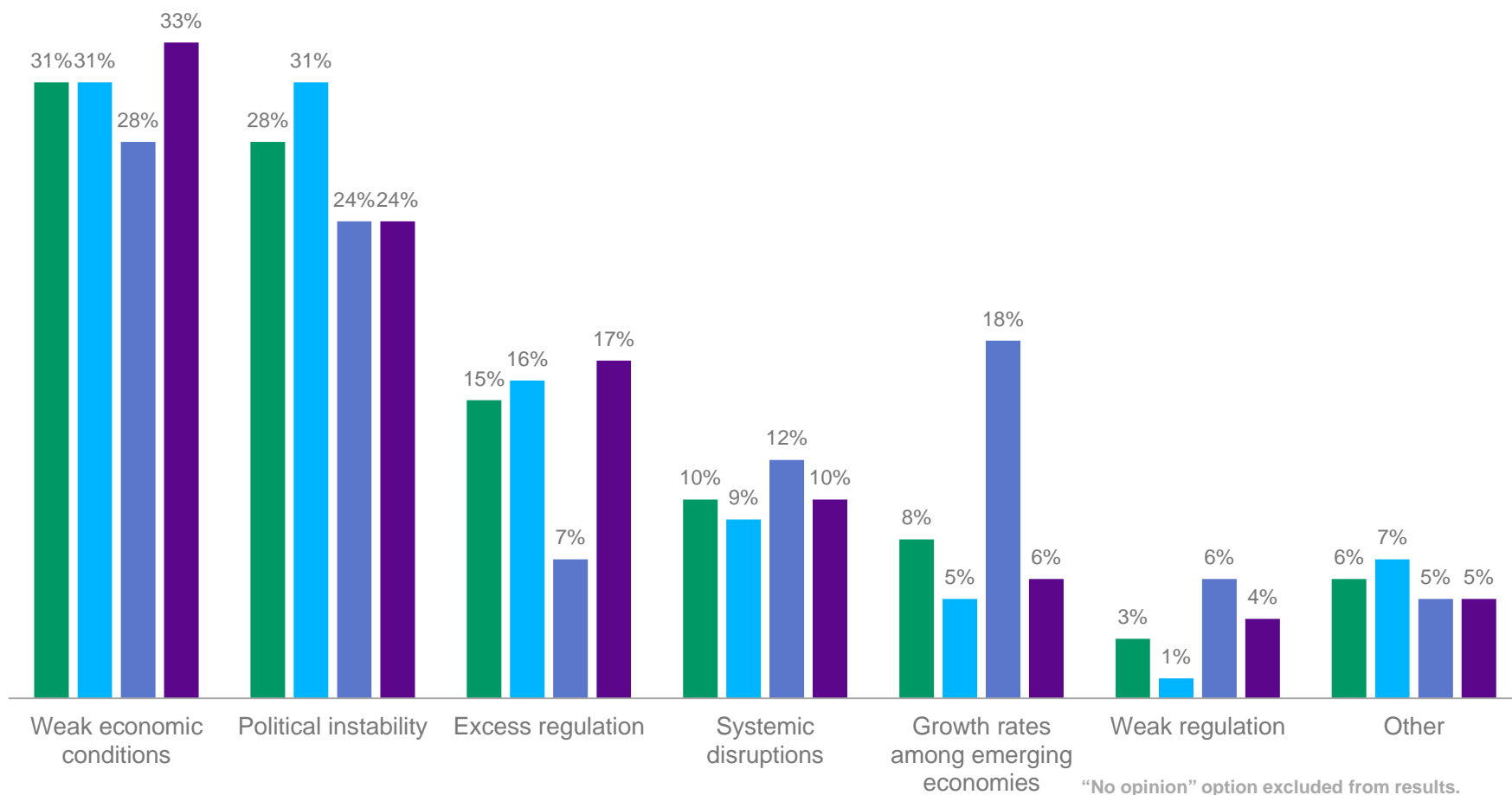


\*Displaying top three risks to global markets.

"No opinion" option excluded from results.

# WHAT DO YOU SEE AS THE BIGGEST RISK TO YOUR LOCAL MARKET IN 2014?

Local aggregate AMER APAC EMEA



# WHAT DO YOU SEE AS THE BIGGEST RISK TO YOUR LOCAL MARKET IN 2014?\*

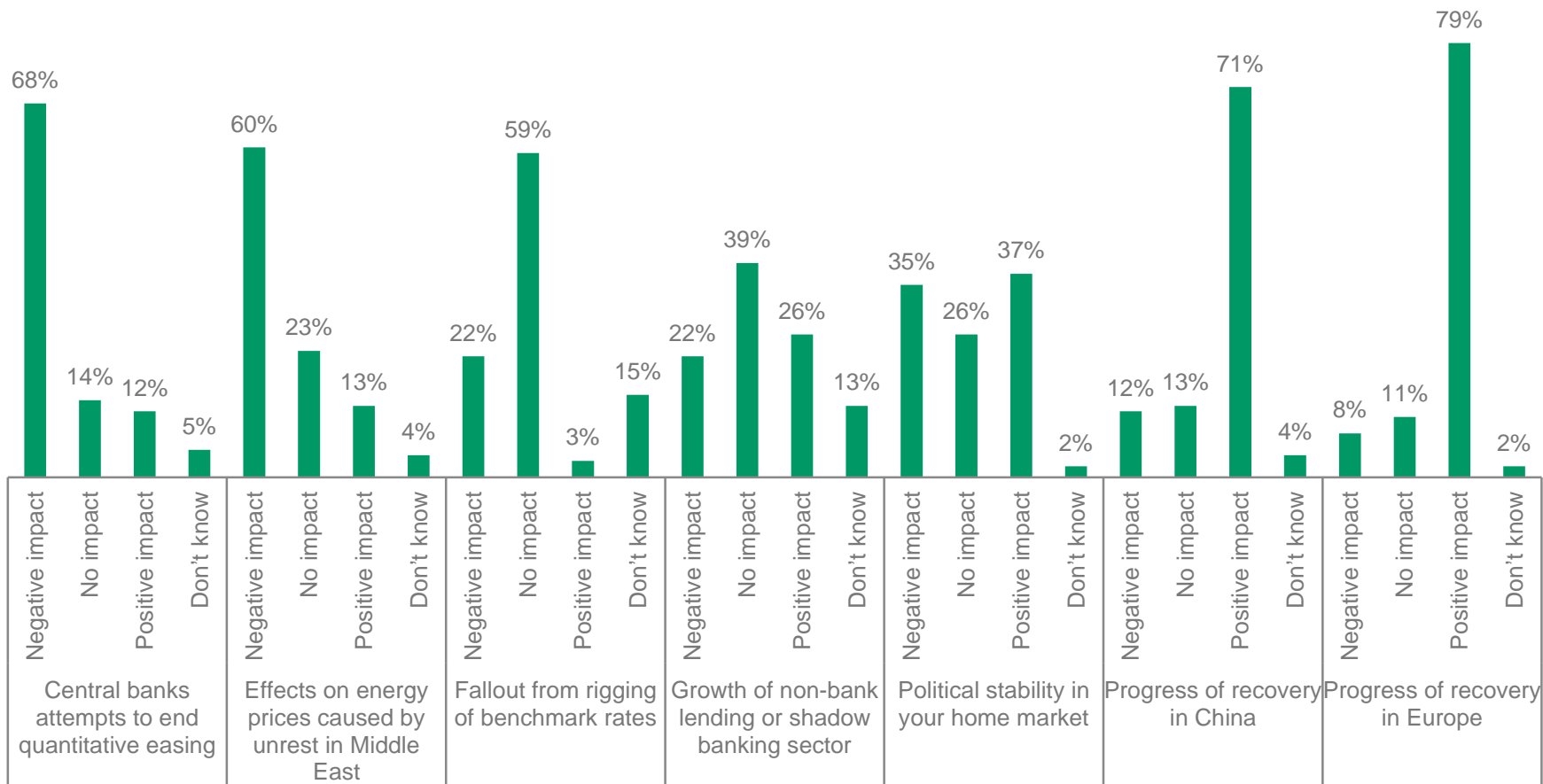


\*Displaying top three risks to local markets.

"No opinion" option excluded from results.

# WHAT IMPACT, IF ANY, WILL THE FOLLOWING HAVE ON YOUR LOCAL MARKET IN 2014:

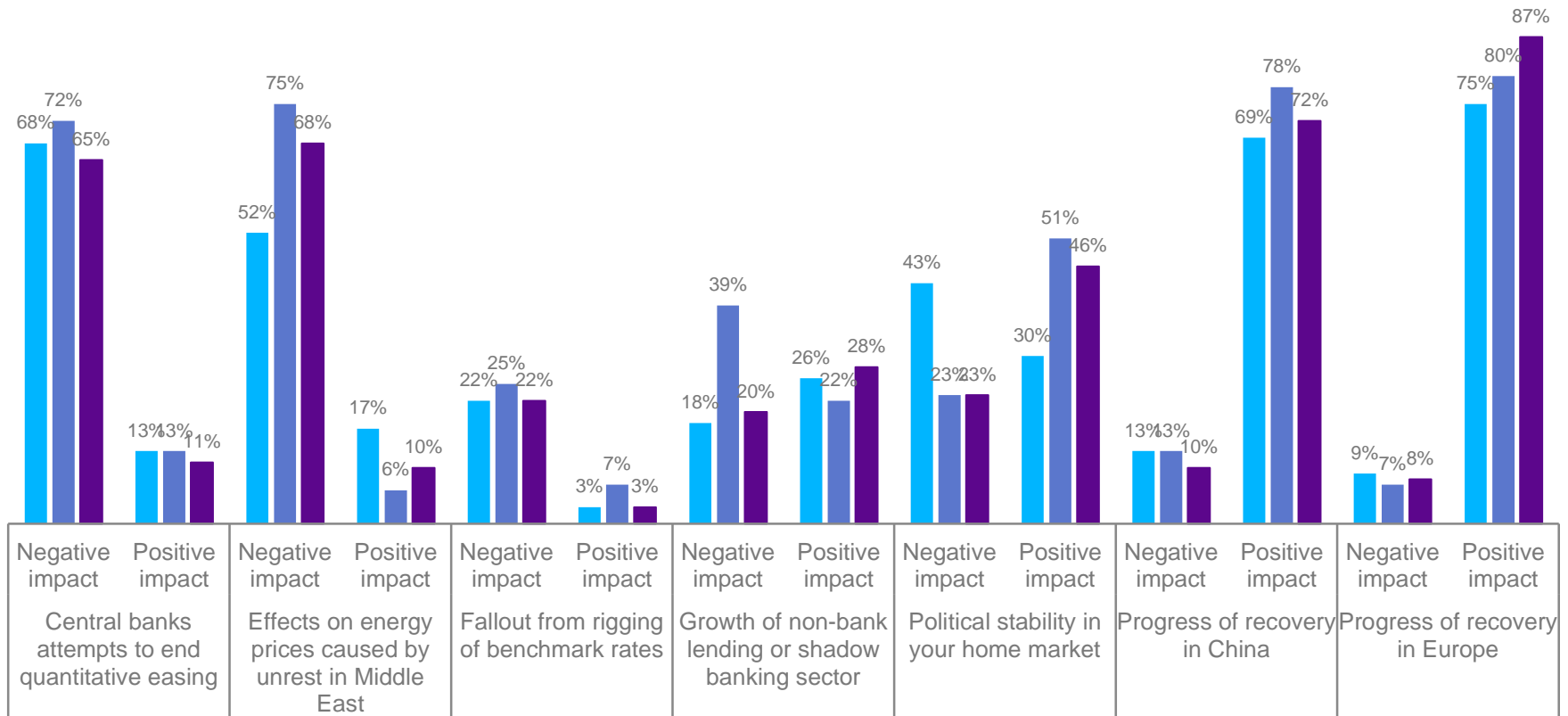
Scale: Negative impact, No impact, Positive impact and Don't know



# WHAT IMPACT, IF ANY, WILL THE FOLLOWING HAVE ON YOUR LOCAL MARKET IN 2014:

Scale: Negative impact, No impact, Positive impact and Don't know

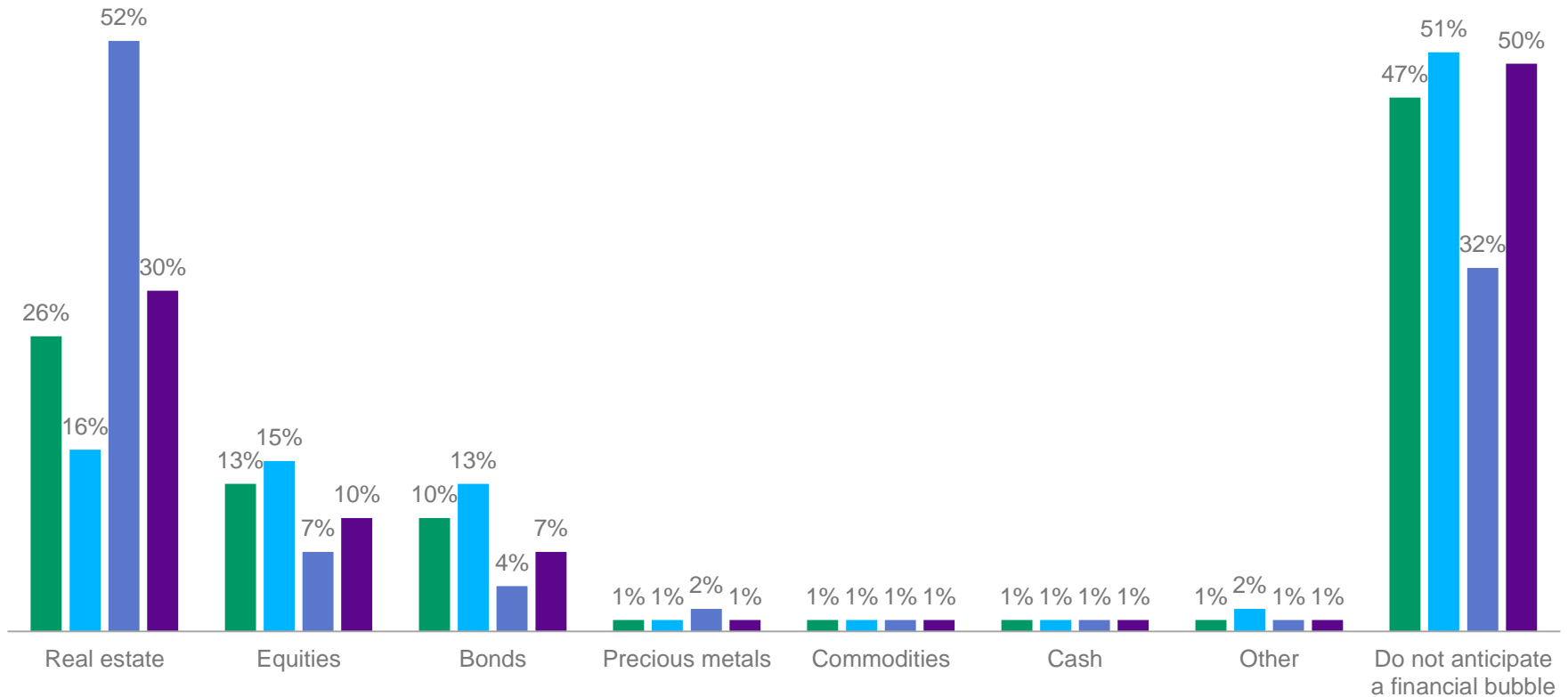
■ AMER ■ APAC ■ EMEA



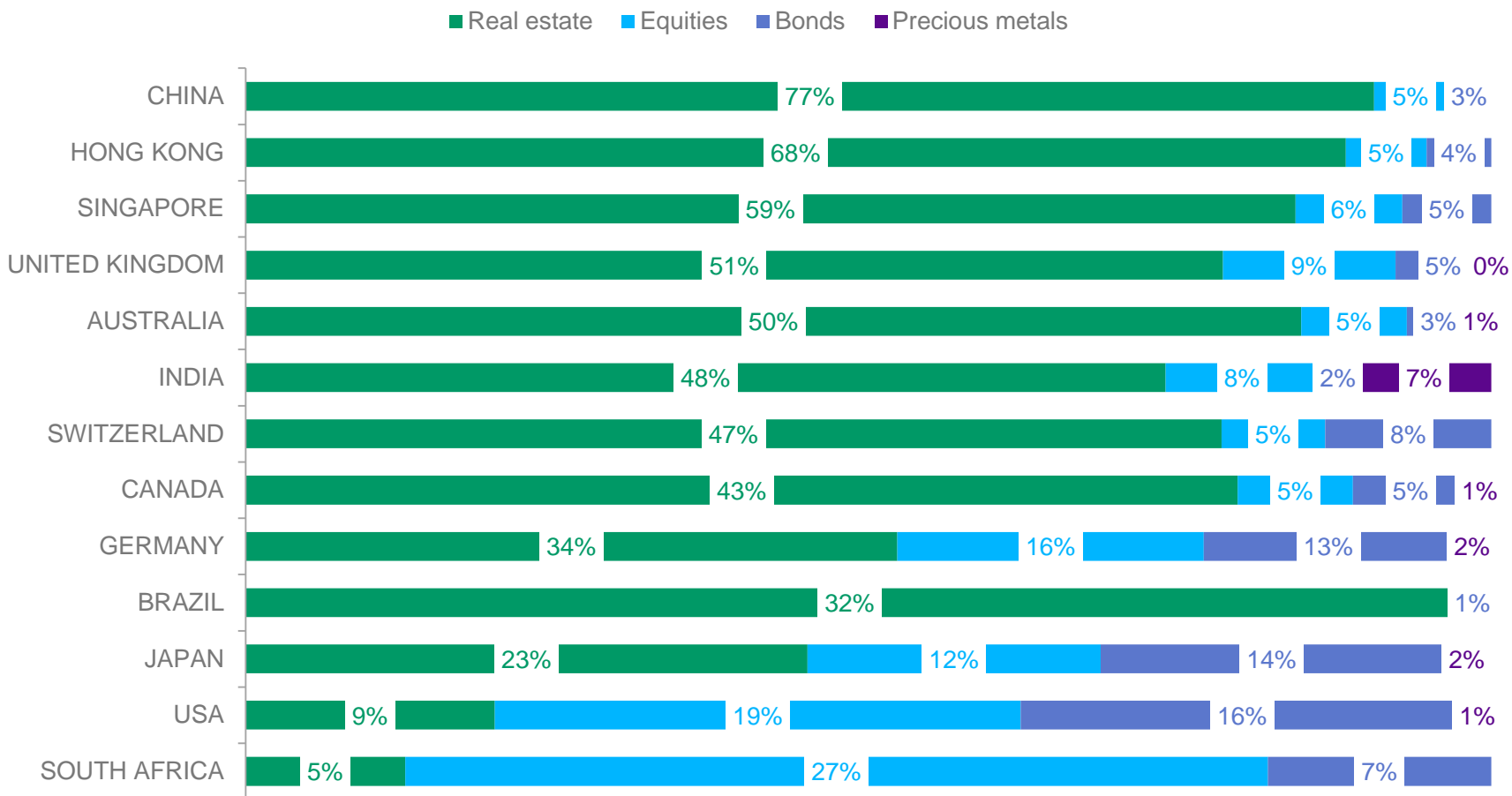
"No impact" and "Don't know" option not displayed

# IN THE COMING 12 MONTHS, DO YOU ANTICIPATE A FINANCIAL BUBBLE IN YOUR LOCAL MARKET AND IF SO, WITHIN WHICH ASSET CLASS?

Local aggregate AMER APAC EMEA



# IN THE COMING 12 MONTHS, DO YOU ANTICIPATE A FINANCIAL BUBBLE IN YOUR LOCAL MARKET AND IF SO, WITHIN WHICH ASSET CLASS?



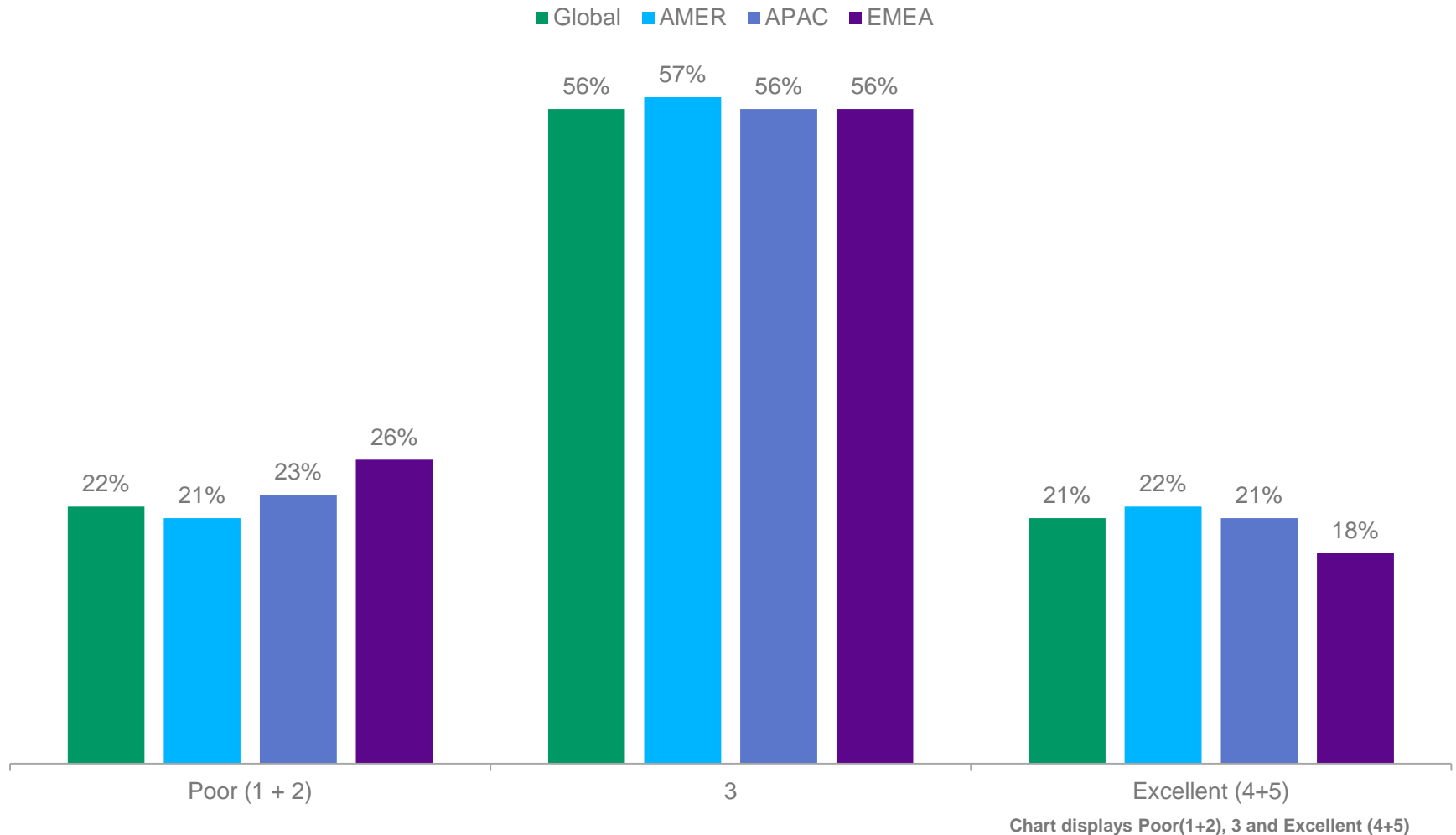
\*Displaying top four response options (excluding proportion selecting no financial bubble)



# MEMBERS CALL FOR GLOBAL OVERSIGHT AND LOCAL ENFORCEMENT

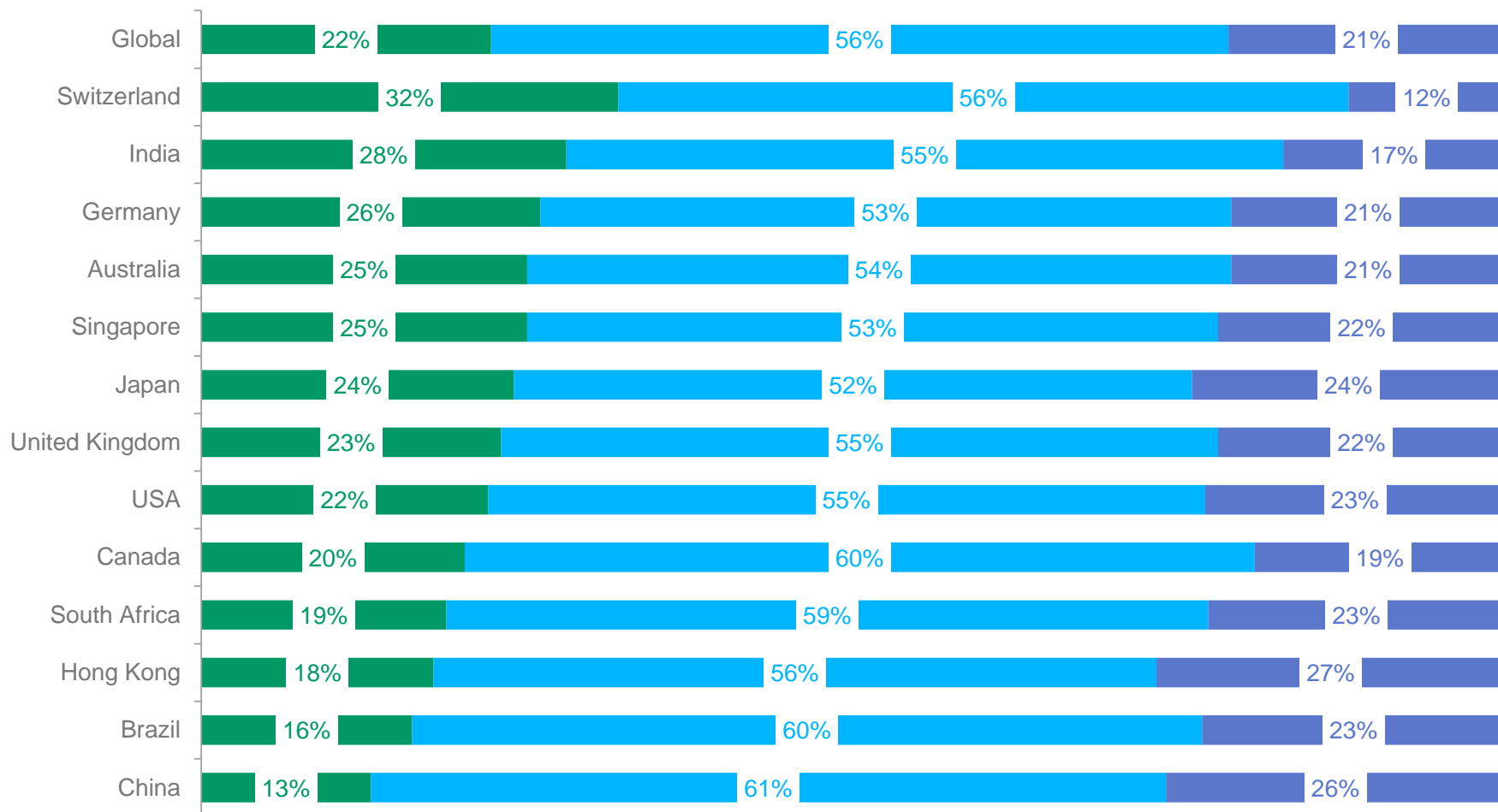
*Globally, members cite improved regulation and oversight of global systemic risks as the most important action needed in 2014 to build investor trust and market integrity. At the local level members say better enforcement of existing laws and stronger corporate governance standards are the steps needed to improve market integrity.*

# HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS IN 2013? *Scale: Poor (1) to Excellent (5)*



# HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS IN 2013? *Scale: Poor (1) to Excellent (5)*

■ Poor (1 + 2) ■ 3 ■ Excellent (4+5)



# HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS IN 2013? *Scale: Poor (1) to Excellent (5)*

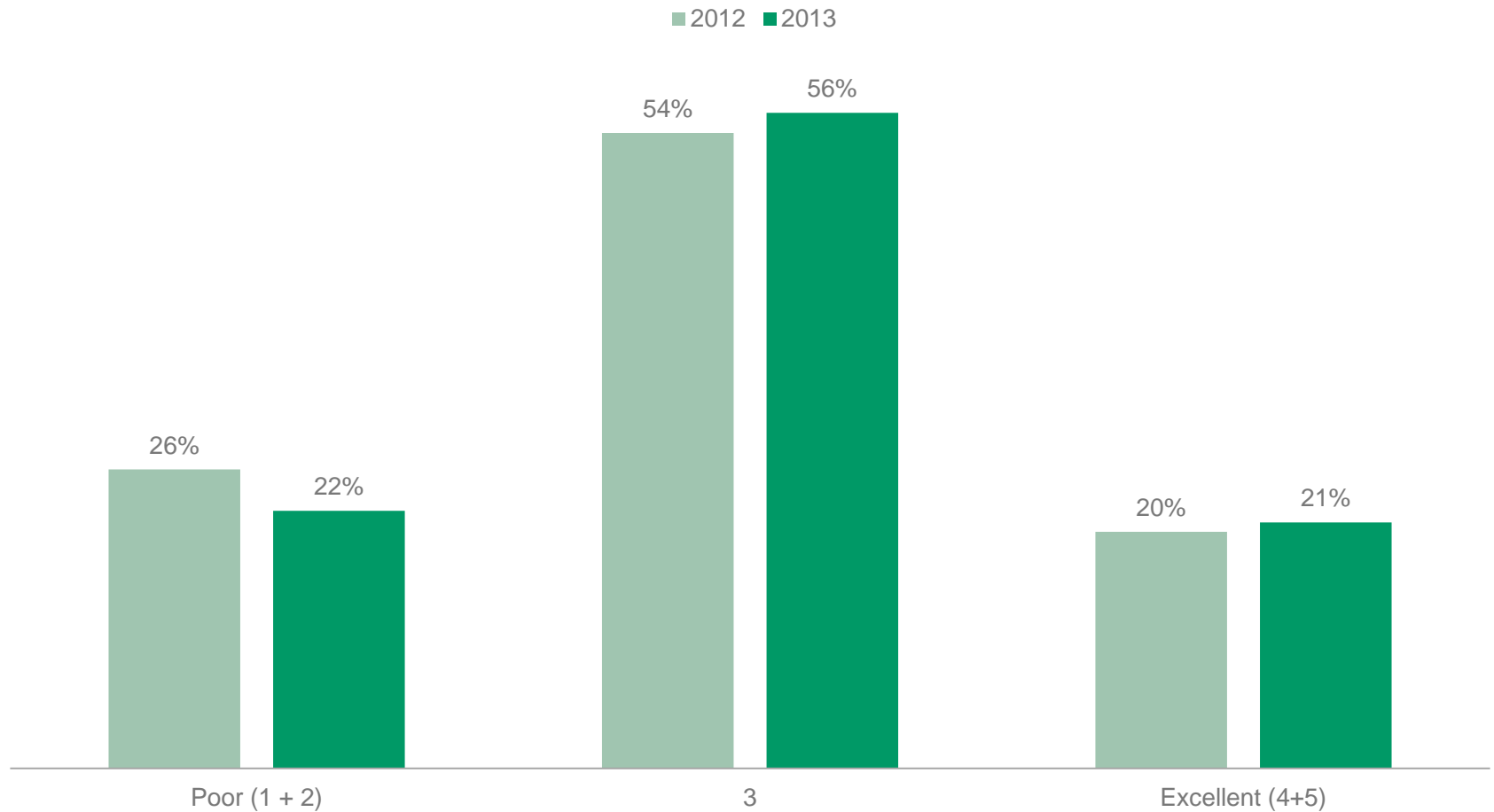
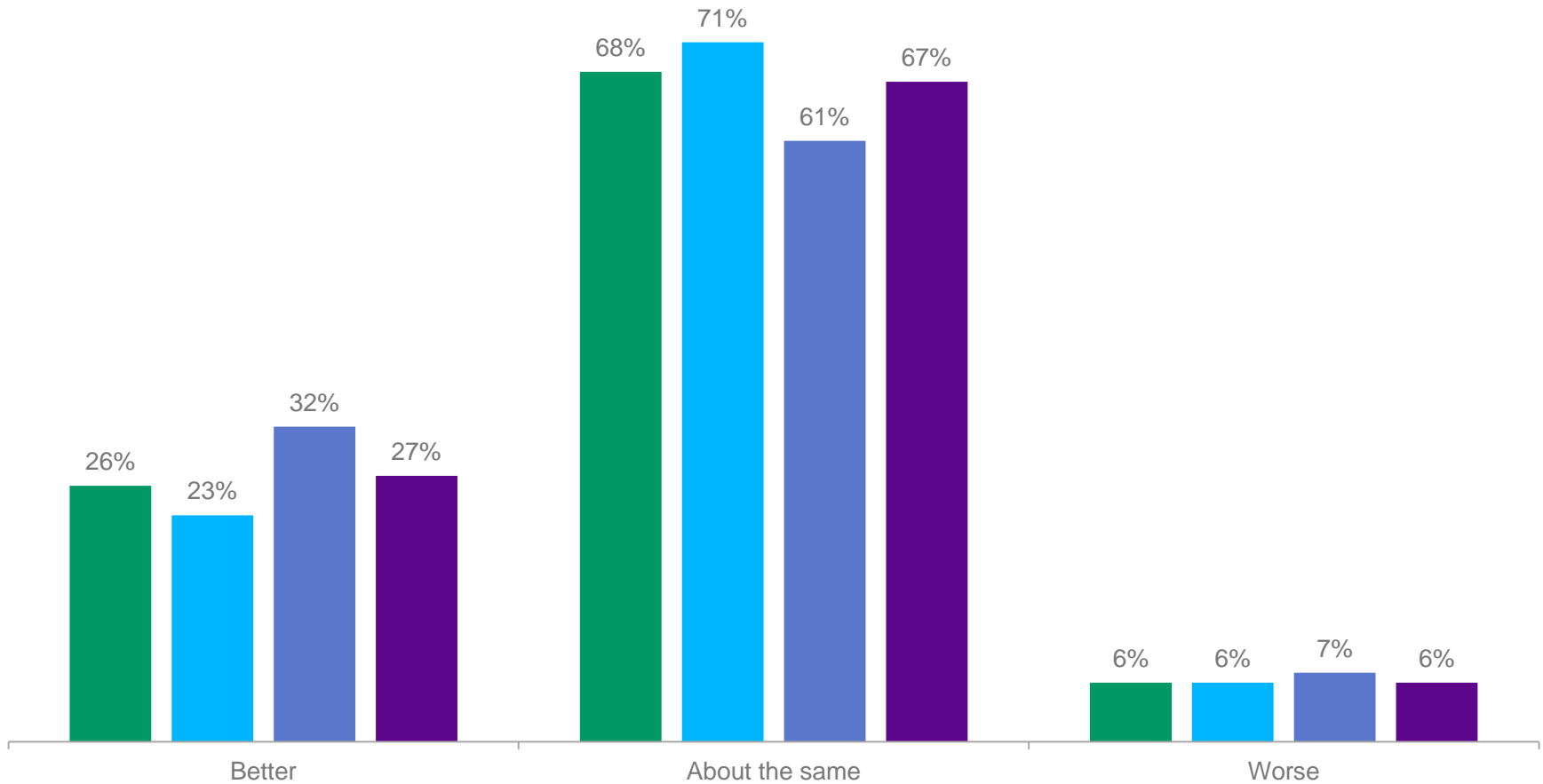


Chart displays Poor(1+2), 3 and Excellent (4+5)

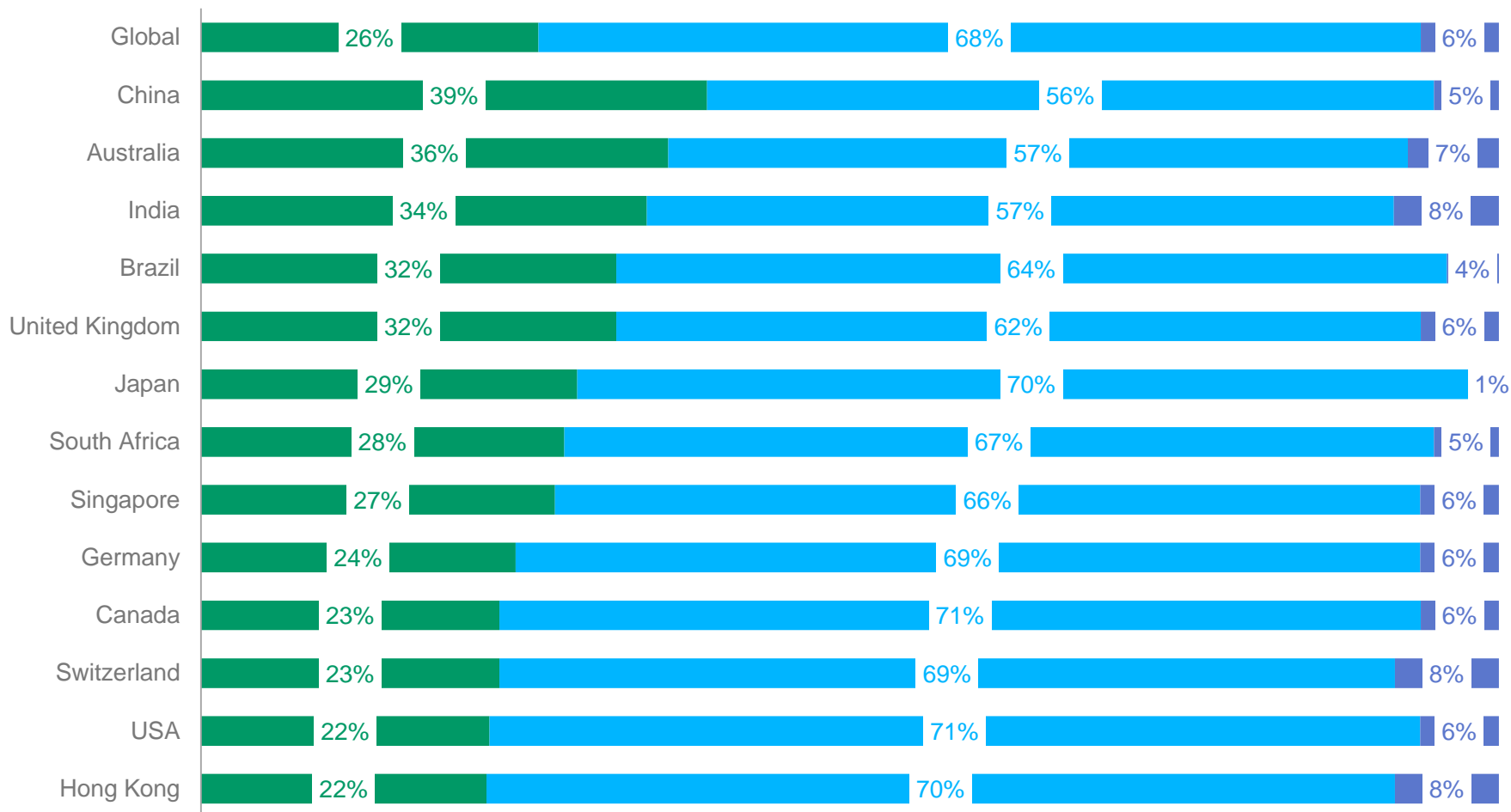
# DO YOU THINK THE INTEGRITY OF *GLOBAL* CAPITAL MARKETS IN 2014 WILL BE BETTER OR WORSE THAN IN 2013?

■ Global ■ AMER ■ APAC ■ EMEA

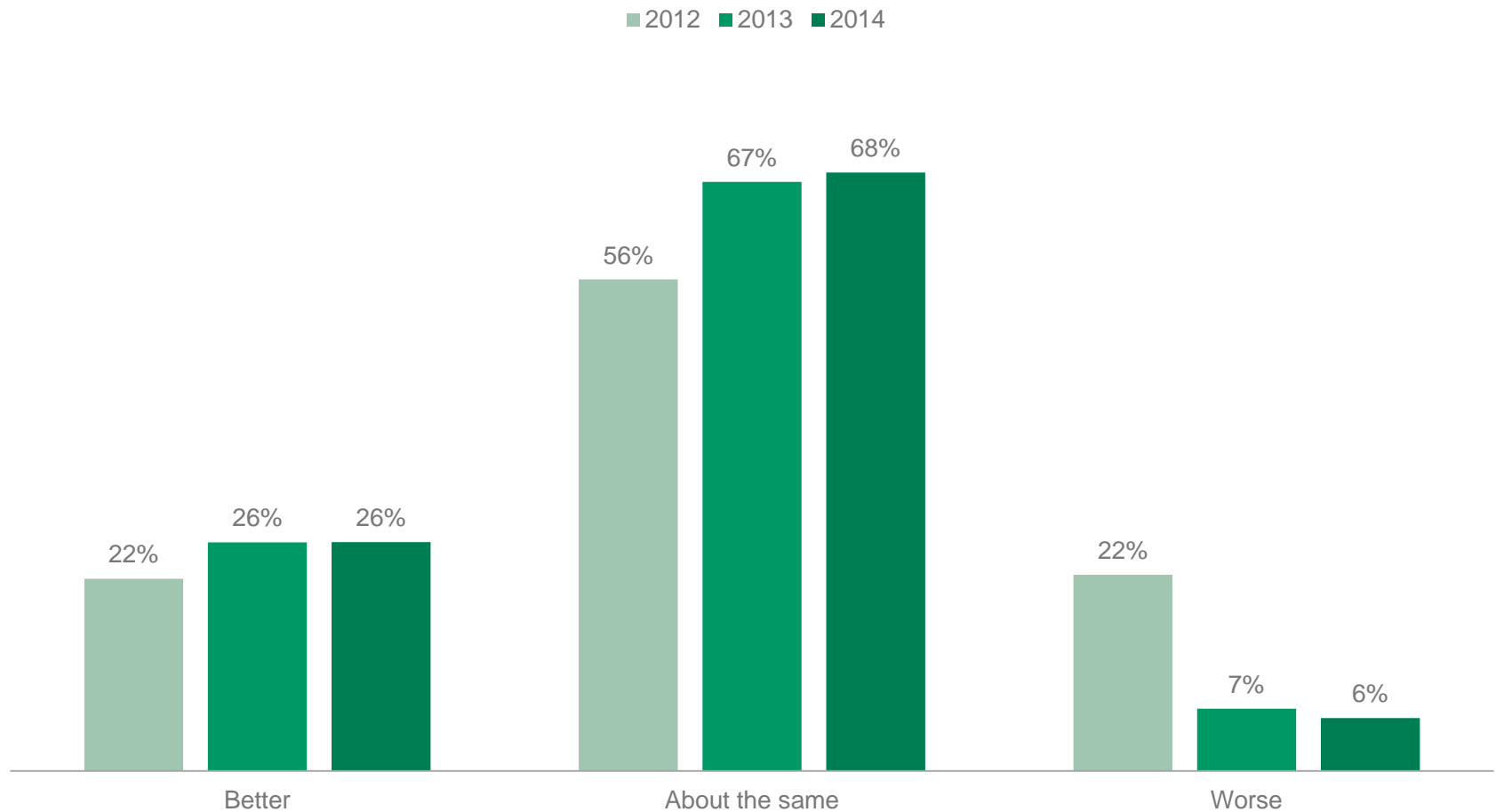


# DO YOU THINK THE INTEGRITY OF *GLOBAL* CAPITAL MARKETS IN 2014 WILL BE BETTER OR WORSE THAN IN 2013?

■ Better ■ About the same ■ Worse



# DO YOU THINK THE INTEGRITY OF *GLOBAL* CAPITAL MARKETS IN (UPCOMING YEAR\*) WILL BE BETTER OR WORSE THAN IN (CURRENT YEAR\*\*)?

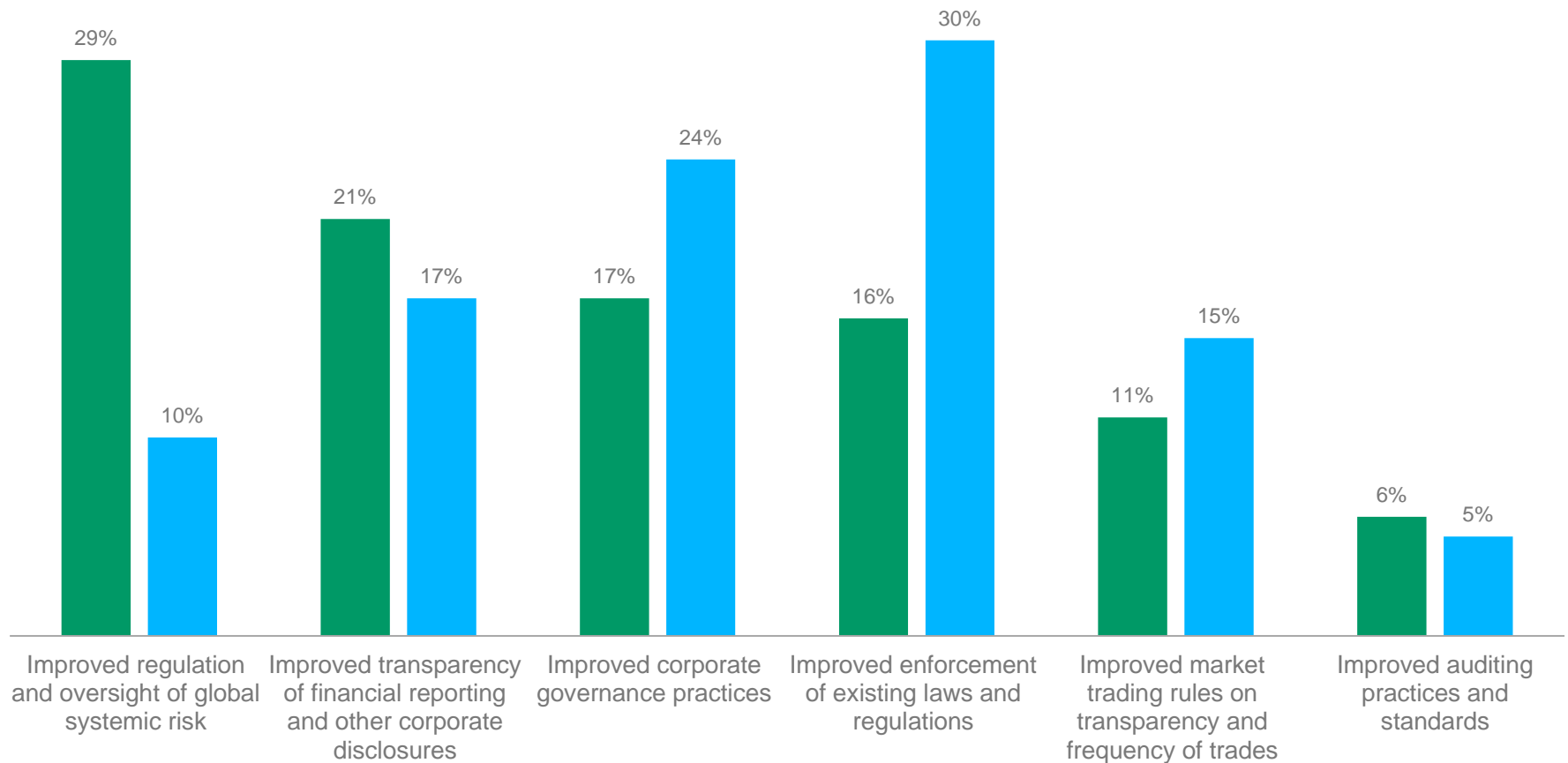


\*Upcoming year displayed the future year (e.g. 2014)

\*\*Current year displayed the present year (e.g. 2013)

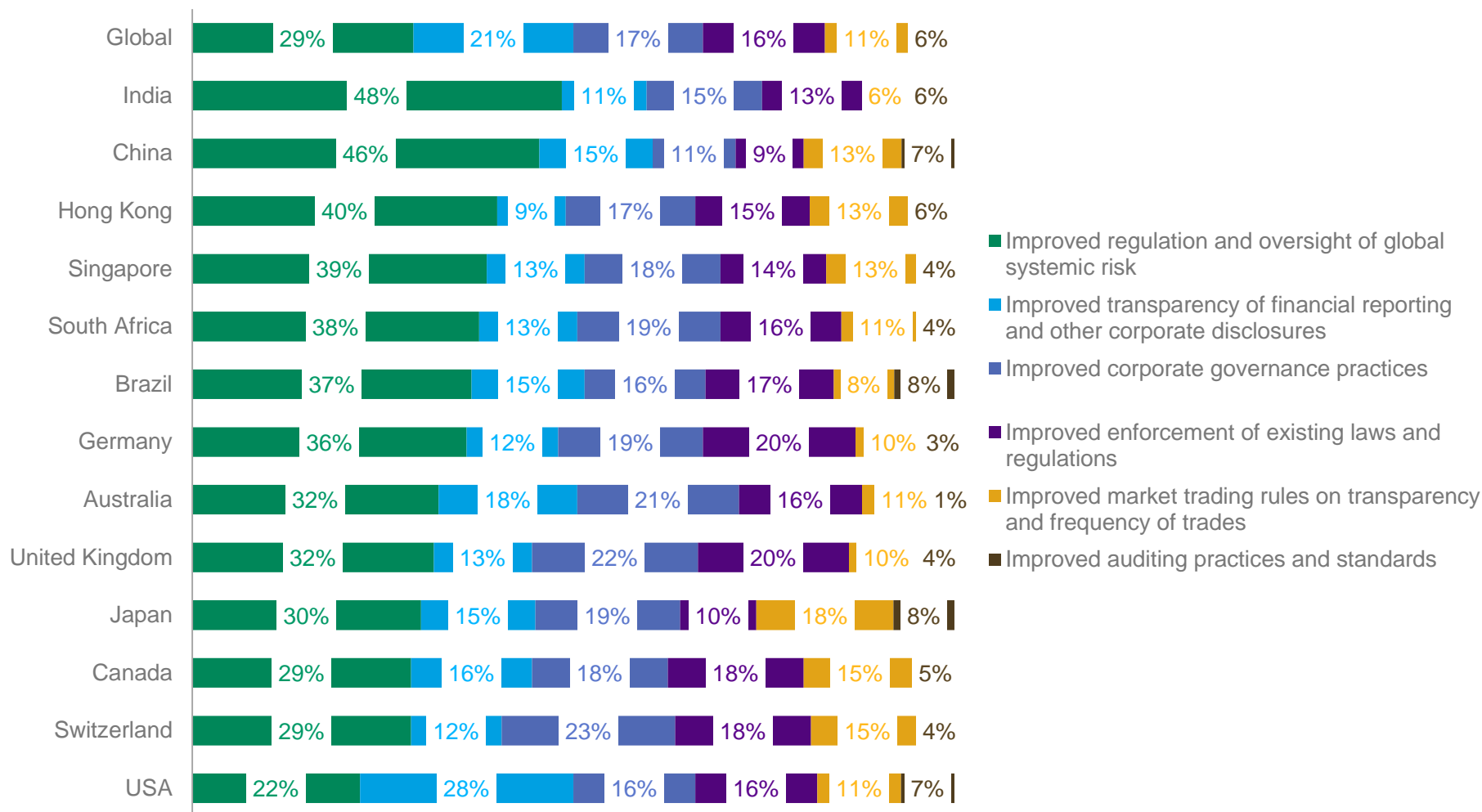
# WHICH ONE OF THE FOLLOWING REGULATORY OR INDUSTRY ACTIONS IS MOST NEEDED IN THE COMING YEAR (2014) TO HELP IMPROVE INVESTOR TRUST AND MARKET INTEGRITY?

■ GLOBALLY ■ IN LOCAL MARKET

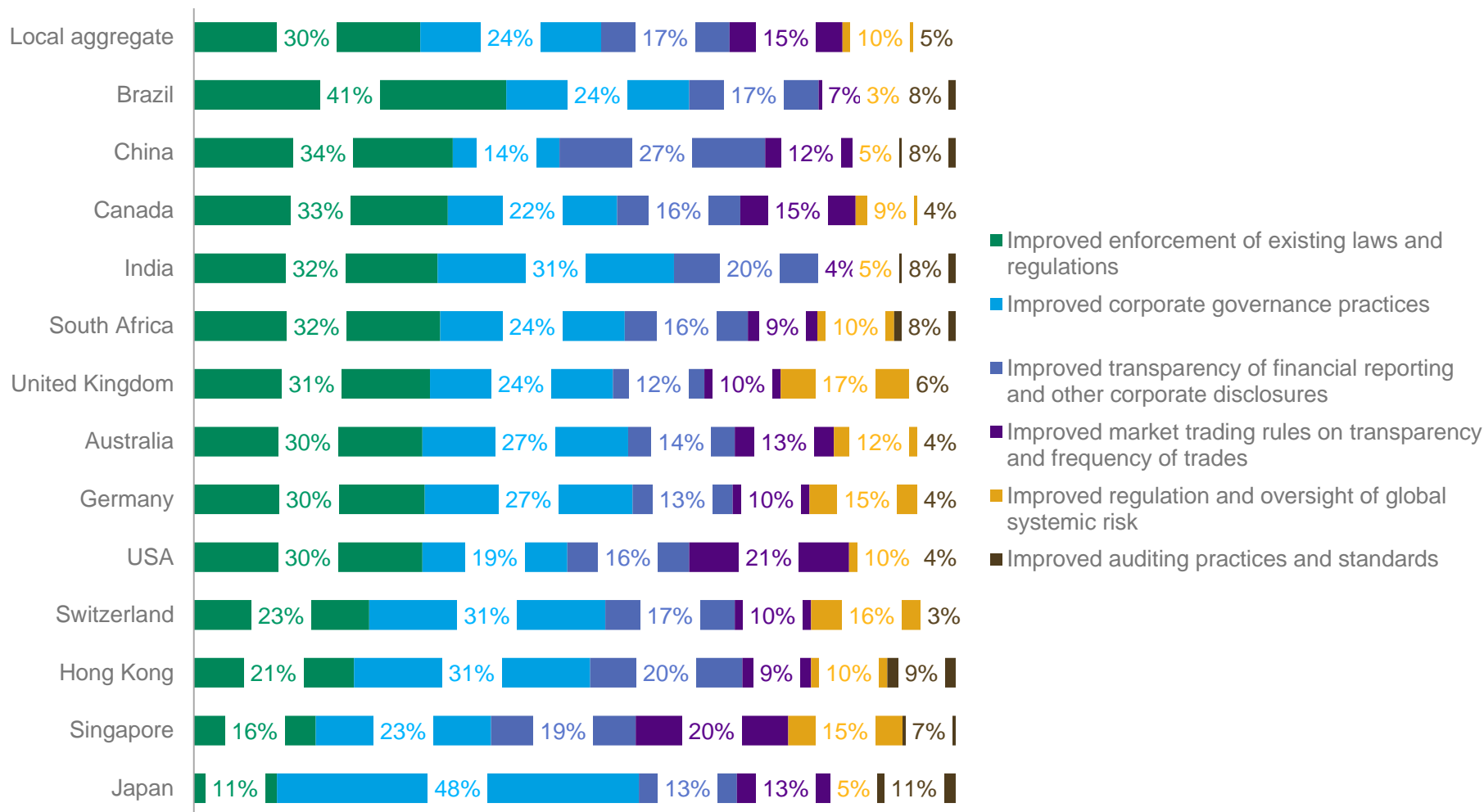




# WHICH ONE OF THE FOLLOWING REGULATORY OR INDUSTRY ACTIONS IS MOST NEEDED *GLOBALLY* IN THE COMING YEAR (2014) TO HELP IMPROVE INVESTOR TRUST AND MARKET INTEGRITY?



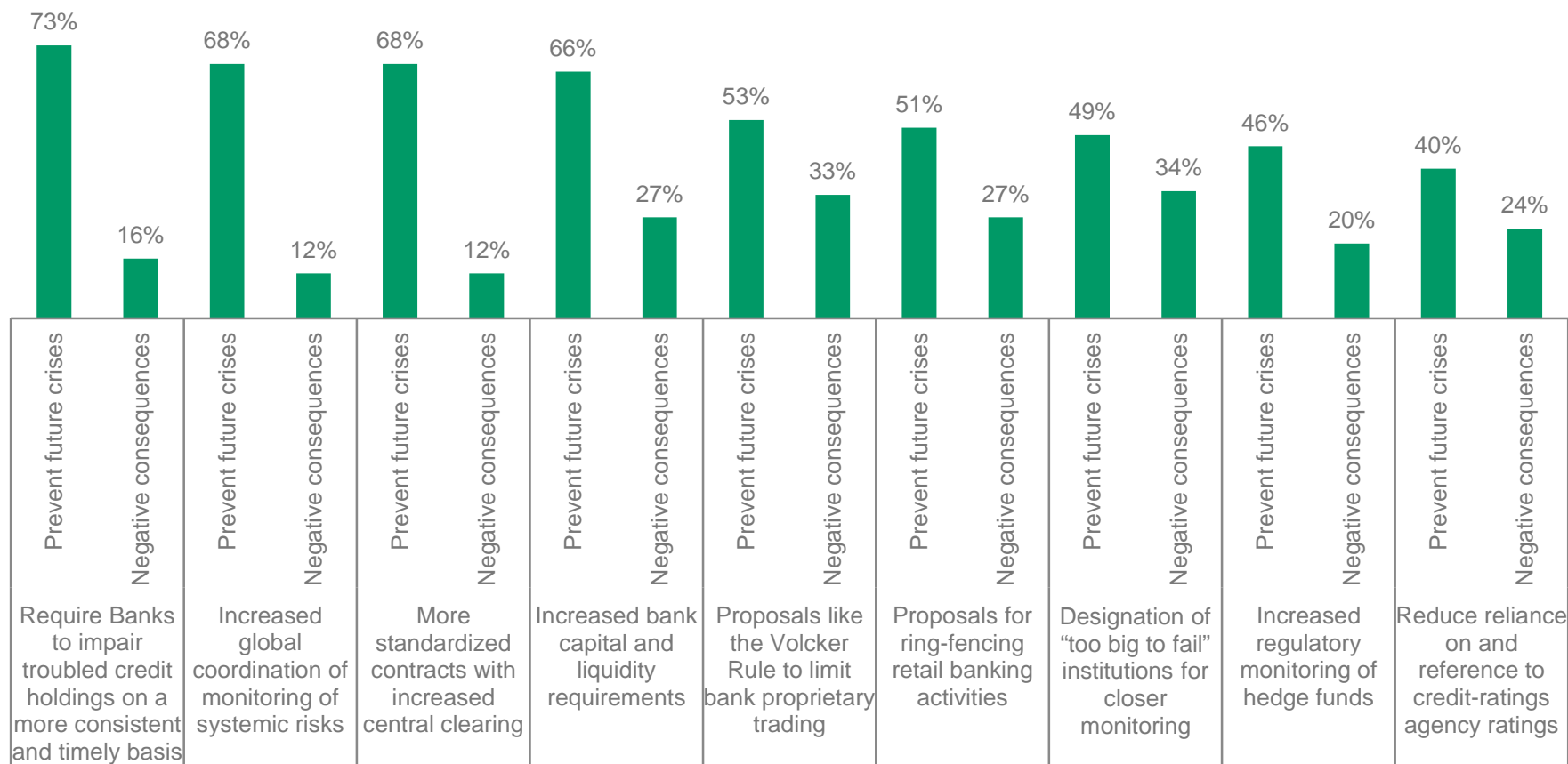
# WHICH ONE OF THE FOLLOWING REGULATORY OR INDUSTRY ACTIONS IS MOST NEEDED IN YOUR LOCAL MARKET FOR THE COMING YEAR (2014) TO HELP IMPROVE INVESTOR TRUST AND MARKET INTEGRITY?



# IN YOUR OPINION, IS EACH OF THE FOLLOWING REGULATORY REFORMS MORE LIKELY TO:

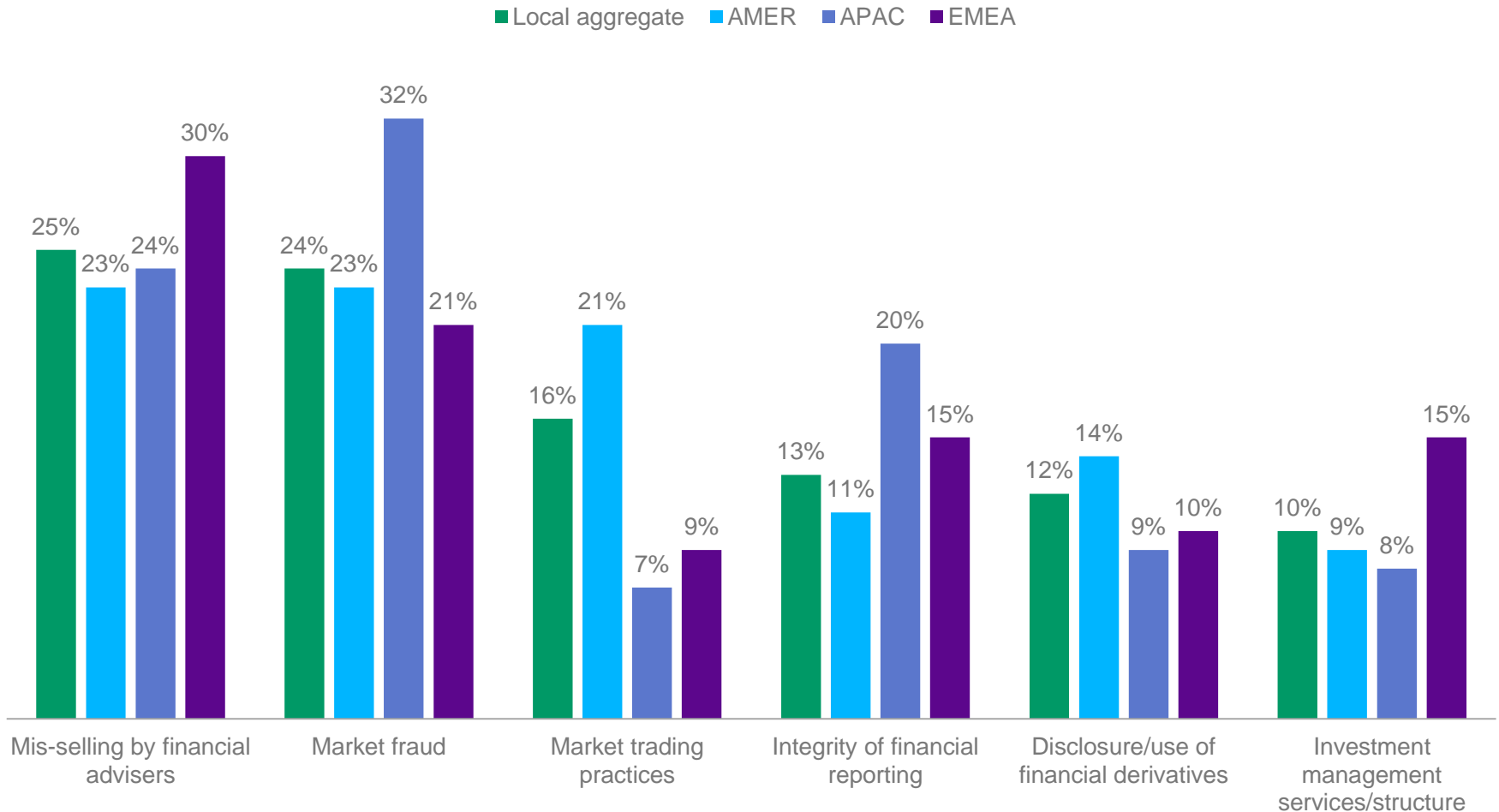
Scale: Have no impact, Prevent future financial crises, Result in unintended negative consequences and No opinion

■ Global



"Have no Impact" option not displayed  
"No opinion" option excluded

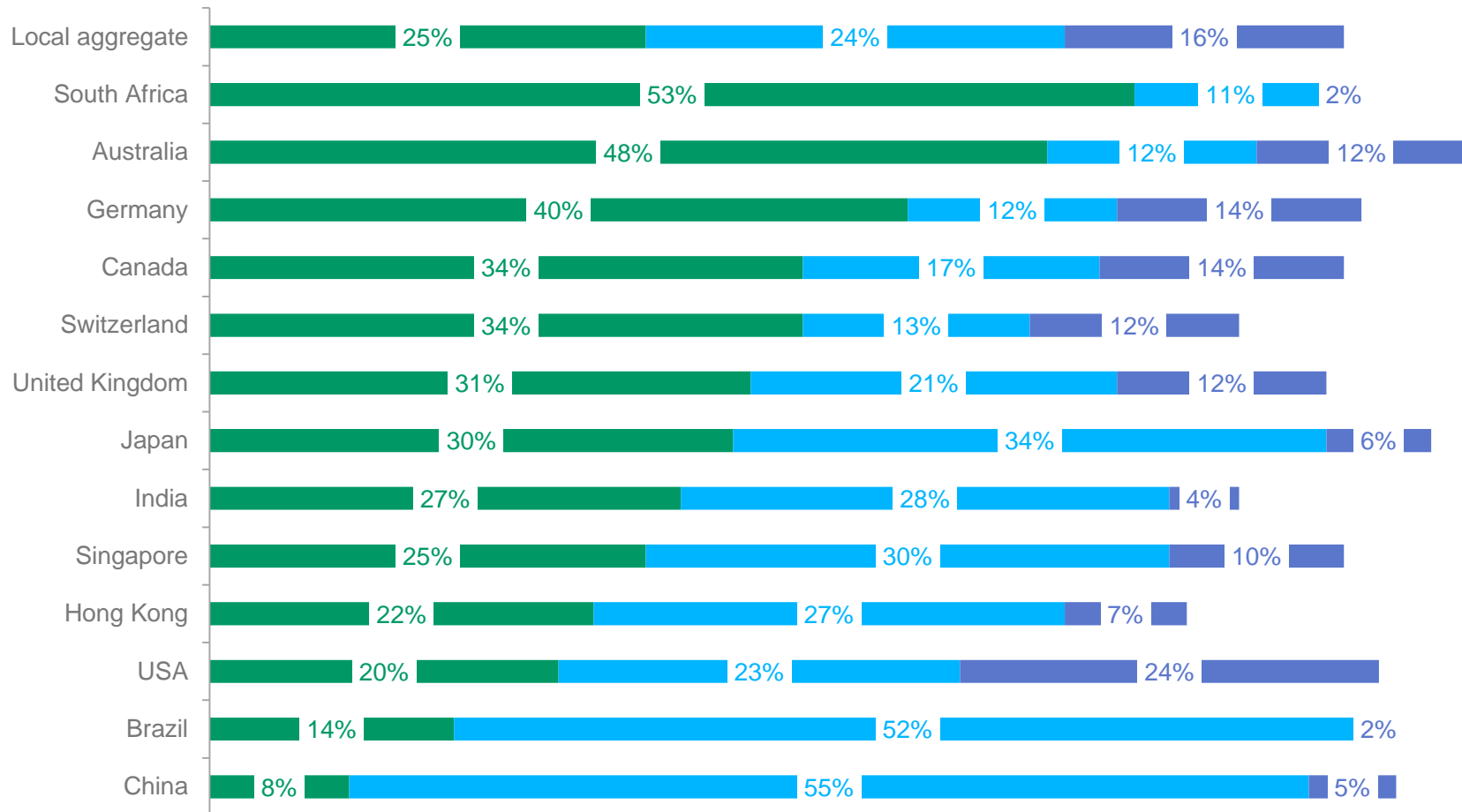
# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING YOUR LOCAL MARKET IN THE COMING YEAR (2014) IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*



\*Chart displaying proportion of members ranking the ethical issue as the most serious facing their local market.

# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING YOUR LOCAL MARKET IN THE COMING YEAR (2014) IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*

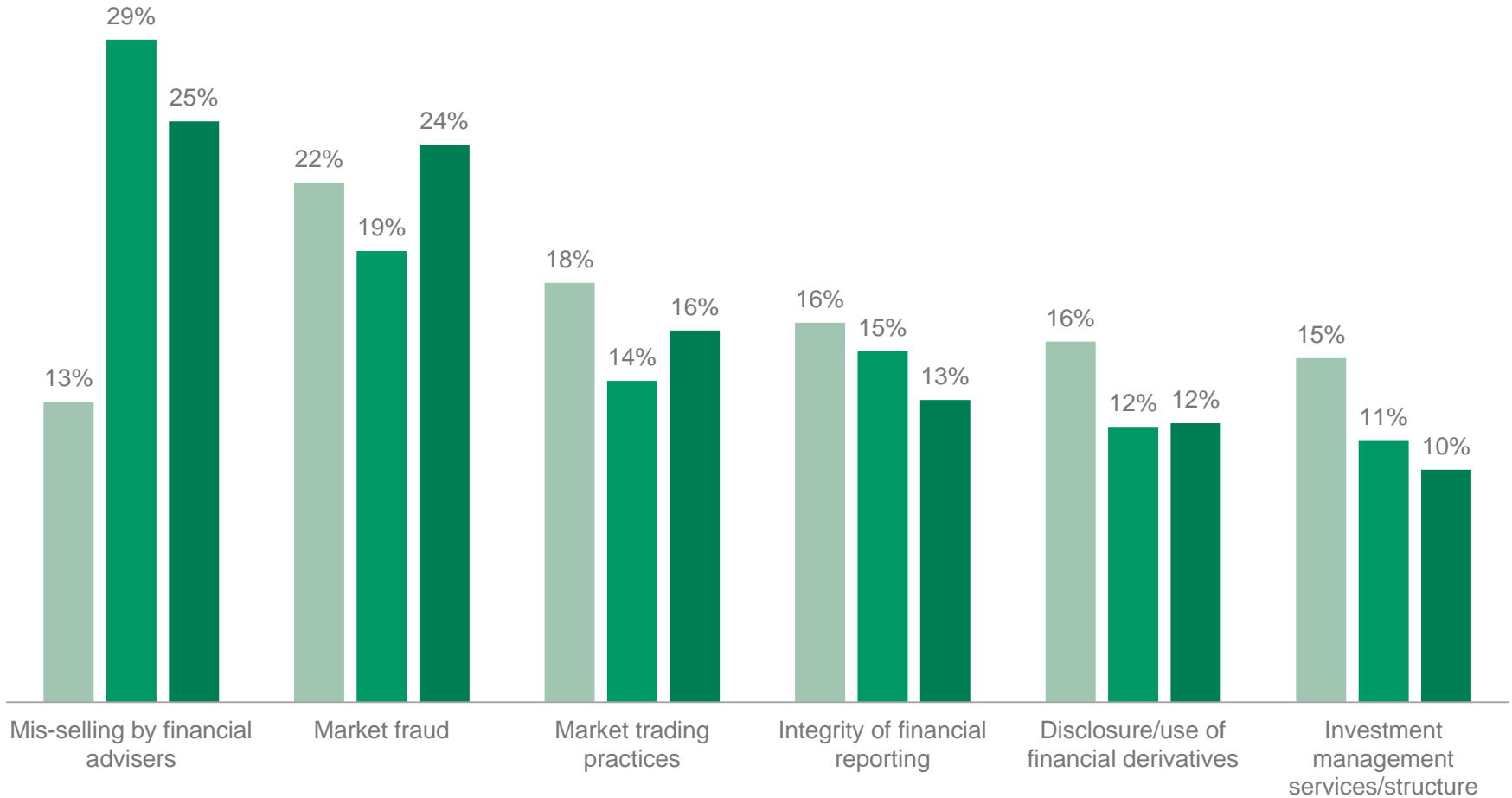
■ Mis-selling by financial advisers ■ Market fraud ■ Market trading practices



\*Chart displaying the top three ethical issues facing local market (based on global rankings)

# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING YOUR LOCAL MARKET IN THE COMING YEAR IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*

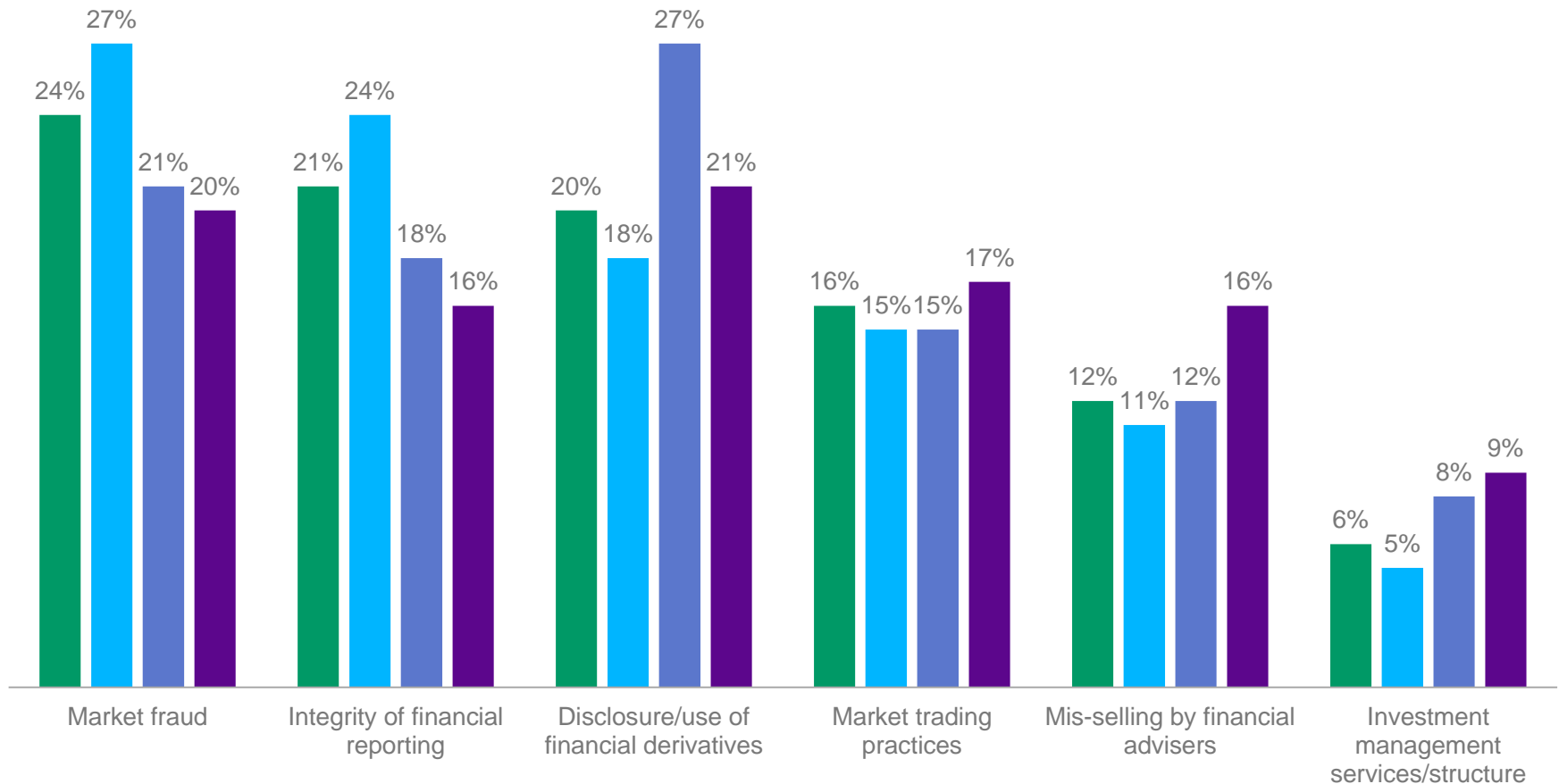
■ 2012 ■ 2013 ■ 2014



\*Chart displaying proportion of members ranking the ethical issue as the most serious facing their local market.

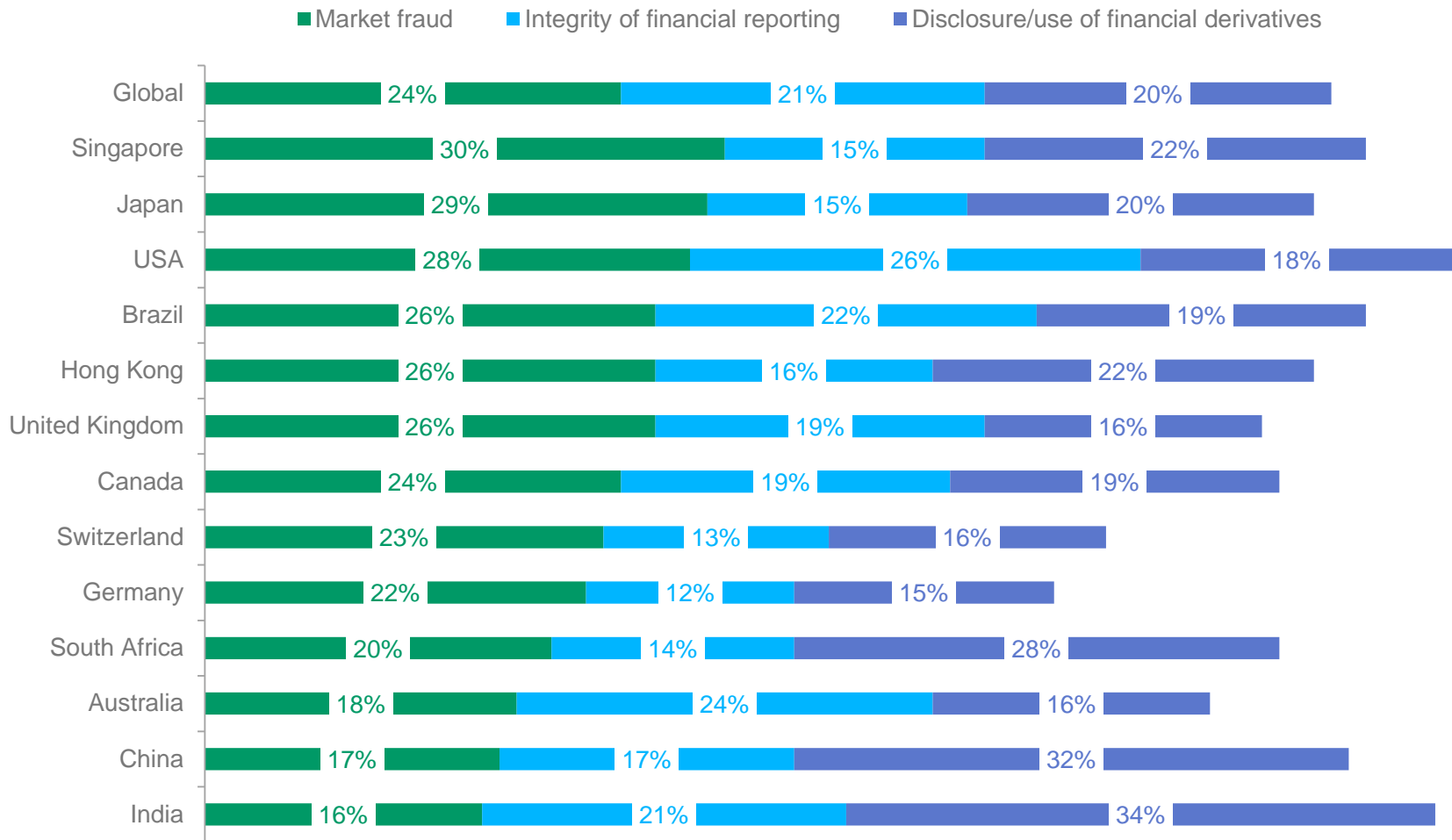
# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING GLOBAL MARKETS IN THE COMING YEAR (2014) IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*

■ Global ■ AMER ■ APAC ■ EMEA



\*Chart displaying proportion of members ranking the ethical issue as the most serious facing global markets.

# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING GLOBAL MARKETS IN THE COMING YEAR (2014) IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*

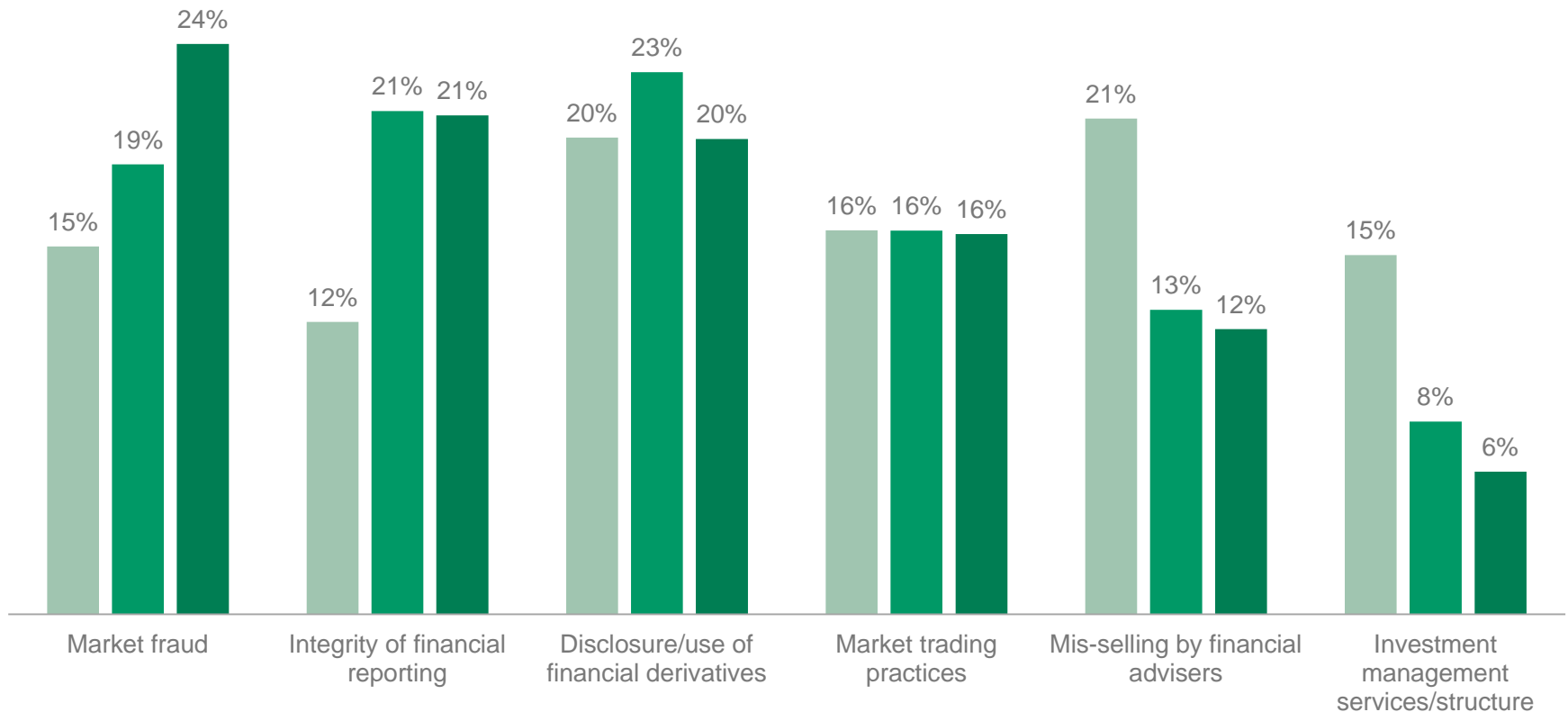


\*Chart displaying the top three ethical issues facing global markets (based on global rankings)



# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING GLOBAL MARKETS IN THE COMING YEAR IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*

2012 2013 2014



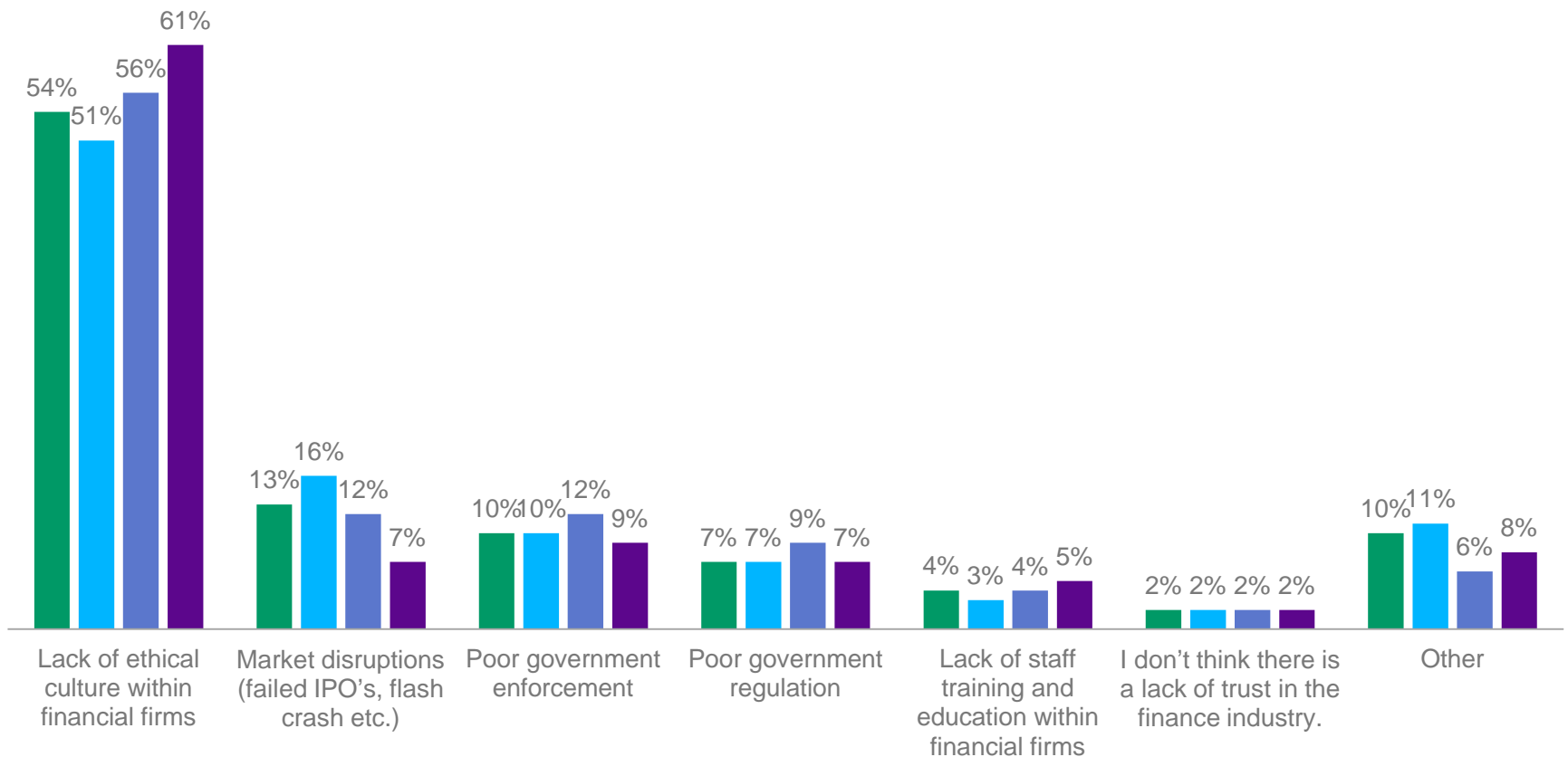
\*Chart displaying proportion of members ranking the ethical issue as the most serious facing global markets.

# LACK OF ETHICAL CULTURE IN FINANCIAL FIRMS ERODING INVESTOR TRUST

*To rebuild the confidence of investors in the financial sector, ethical conduct cannot simply be legislated or taken for granted; it must be fostered and encouraged by an ethical culture at the firm-level.*

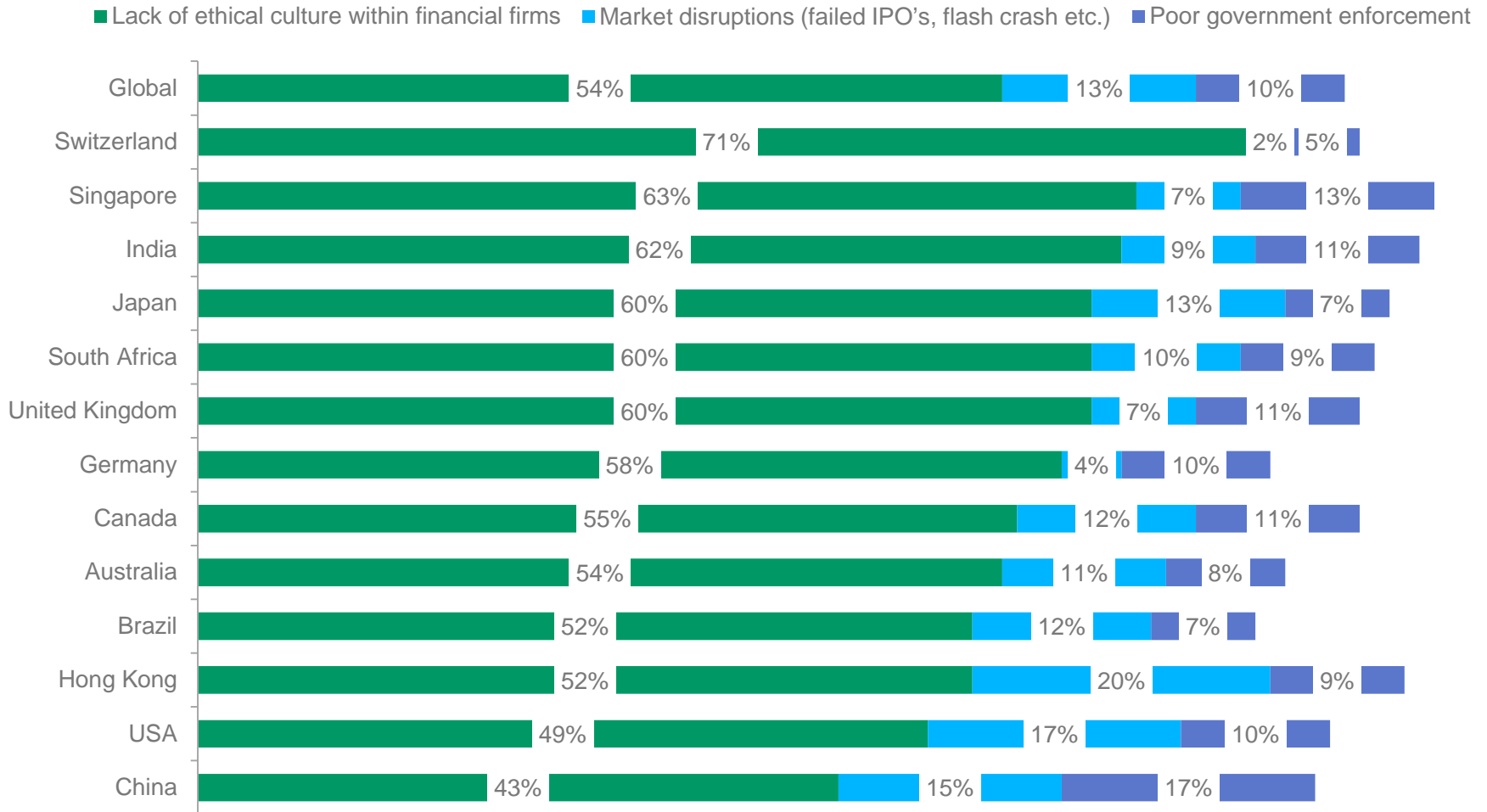
# WHICH FACTOR DO YOU THINK HAS CONTRIBUTED THE MOST TO THE CURRENT LACK OF TRUST IN THE FINANCE INDUSTRY?

■ Global ■ AMER ■ APAC ■ EMEA



"No opinion" option excluded from results.

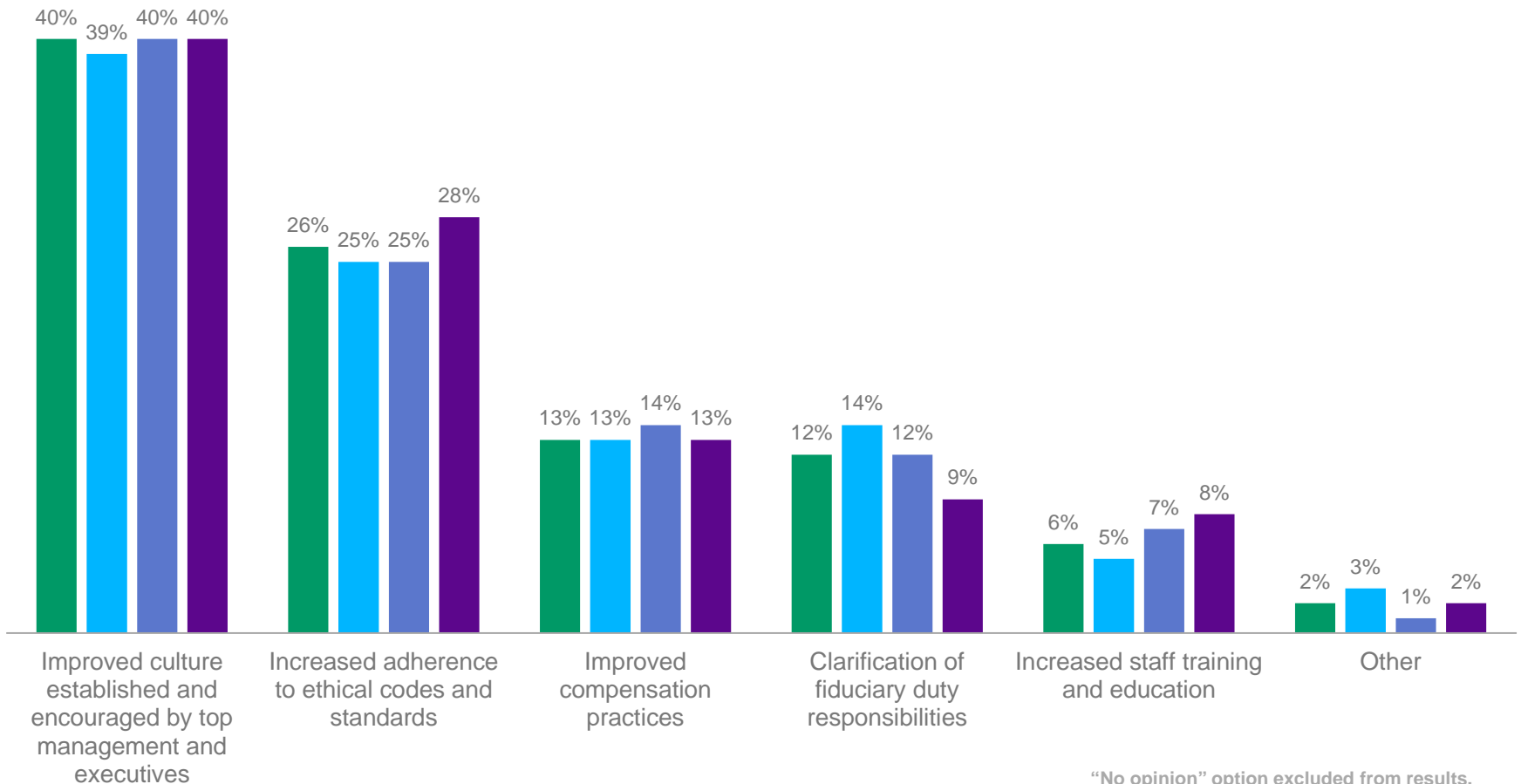
# WHICH FACTOR DO YOU THINK HAS CONTRIBUTED THE MOST TO THE CURRENT LACK OF TRUST IN THE FINANCE INDUSTRY?\*



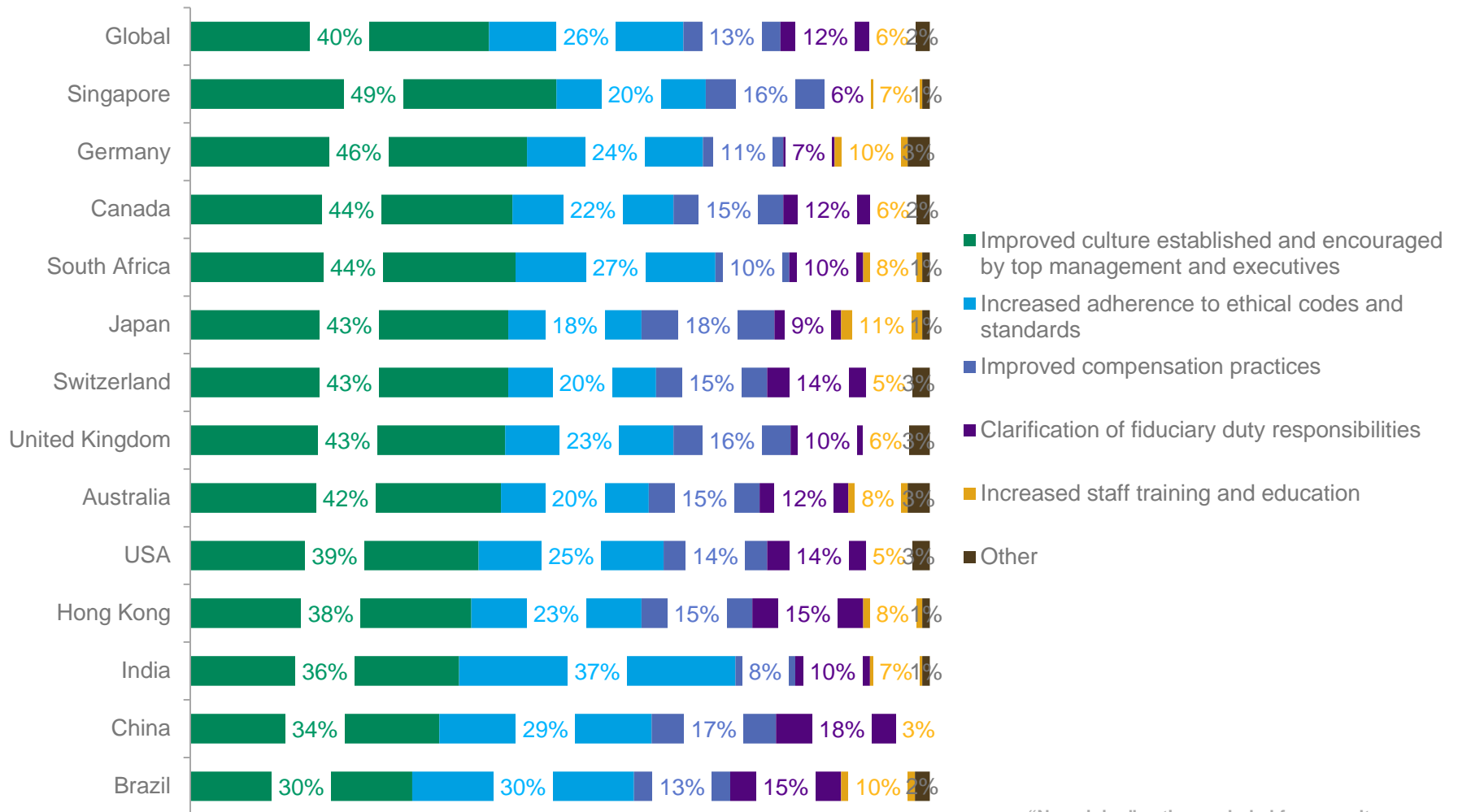
\*Displaying top three factors contributing to the current lack of trust in the finance industry.

# WHICH ONE OF THE FOLLOWING FIRM LEVEL ACTIONS IS MOST NEEDED IN THE COMING YEAR TO HELP IMPROVE INVESTOR TRUST AND CONFIDENCE?

■ Global ■ AMER ■ APAC ■ EMEA



# WHICH ONE OF THE FOLLOWING FIRM LEVEL ACTIONS IS MOST NEEDED IN THE COMING YEAR TO HELP IMPROVE INVESTOR TRUST AND CONFIDENCE?



“No opinion” option excluded from results.

# ABOUT THIS STUDY

## ABOUT THIS SURVEY

The CFA Institute Global Market Sentiment Survey was created to seek input from CFA Institute members and gather feedback on market sentiment, performance, and market integrity issues, and to further our mission of promoting ethical and trustworthy investment markets.

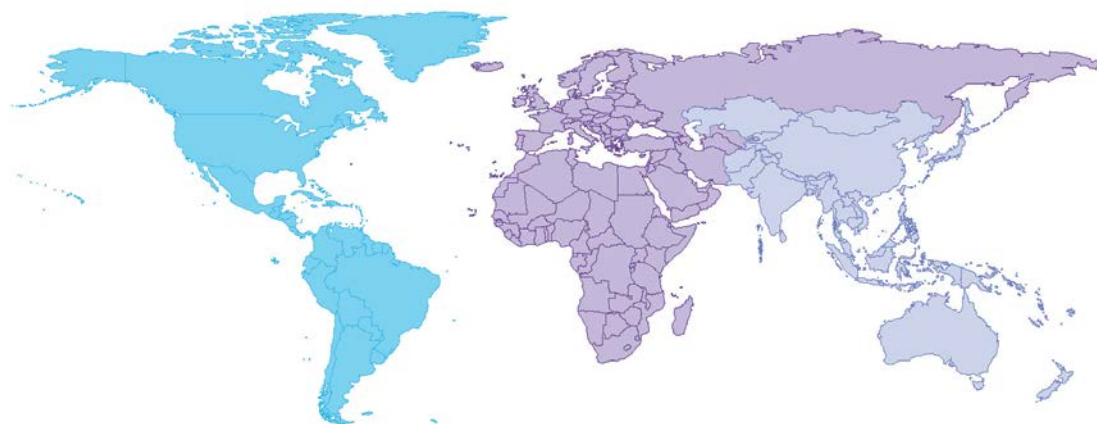
## METHODOLOGY

An online survey was conducted from 2 to 17 October 2013. All CFA Institute members globally (119,817) were invited to participate in the survey; 6,561 responded, for an overall response rate of 5.5% and a margin of error of  $\pm 1.8\%$ . In addition to analysis and reporting at the global and regional level, 13 market-specific reports are also included.

*Note: Total percentage of some charts in this report may not add up to 100% due to rounding*



# RESPONDENT PROFILE



59%  
AMER

24%  
EMEA

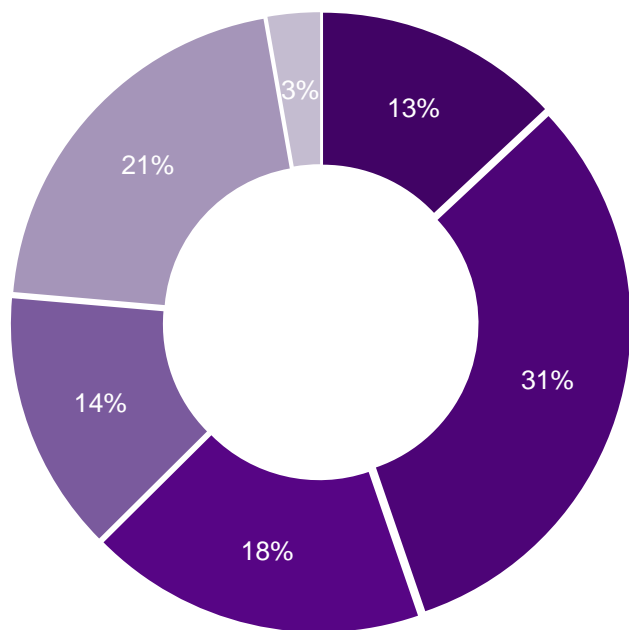
17%  
APAC

TOP MARKETS	# OF RESPONDENTS
USA	2,906
CANADA	738
UNITED KINGDOM	302
HONG KONG	185
SWITZERLAND	172
GERMANY	167
CHINA	162
INDIA	162
AUSTRALIA	159
SINGAPORE	137
SOUTH AFRICA	105
BRAZIL	95
JAPAN	87

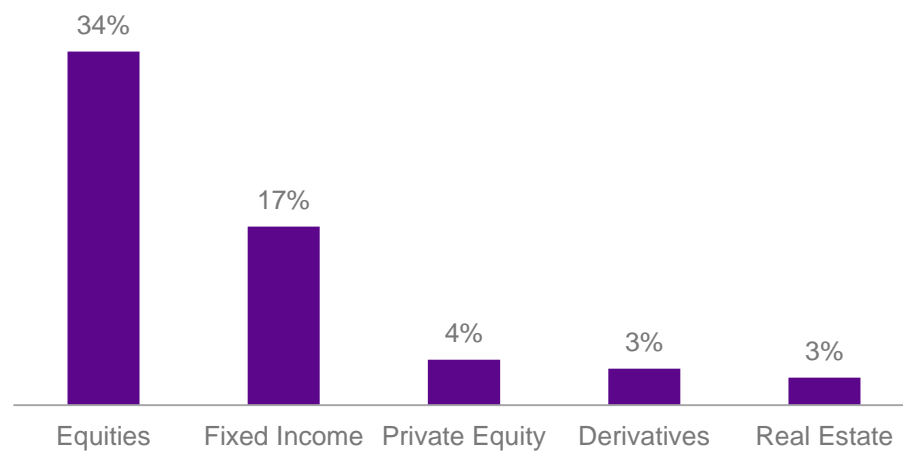
# RESPONDENT PROFILE

## Years In Industry

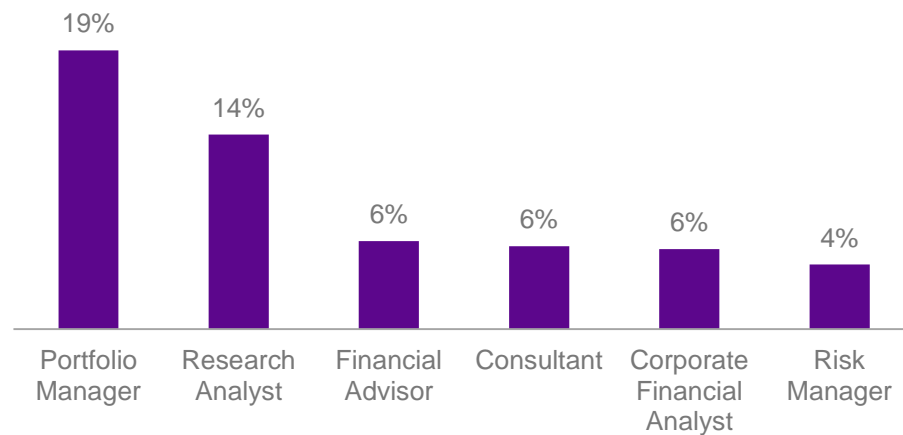
■ ≤ 5 years    
 ■ 6 to 10 years    
 ■ 11 to 15 years  
■ 16 to 20 years    
 ■ >20 years    
 ■ Not Applicable



## Primary Investment Practice (Top 5)



## Job Function (Top 6)



## ABOUT CFA INSTITUTE

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 119,000 members in 140 countries and territories, including 112,000 CFA charterholders, and 137 member societies. For more information, visit [www.cfainstitute.org](http://www.cfainstitute.org).

### QUESTIONS?

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Analyst, Market Intelligence

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### LEARN MORE ABOUT THIS STUDY

#### ON OUR WEBSITE AT:

[www.cfainstitute.org/gmss](http://www.cfainstitute.org/gmss)