GLOBAL MARKET SENTIMENT SURVEY 2014
DETAILED SURVEY RESULTS
December 2013
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## 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:

- Expand
  - Global: 63%
  - AMER: 62%
  - APAC: 56%
  - EMEA: 69%

- Stay roughly the same
  - Global: 69%
  - AMER: 27%
  - APAC: 27%
  - EMEA: 31%

- Contract
  - Global: 9%
  - AMER: 9%
  - APAC: 12%
  - EMEA: 6%

“Not Sure” option not displayed
IN 2014, DO YOU EXPECT THE GLOBAL ECONOMY TO:

- Expand
- Stay roughly the same
- Contract

<table>
<thead>
<tr>
<th>Country</th>
<th>Expand</th>
<th>Stay roughly the same</th>
<th>Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>63%</td>
<td>27%</td>
<td>9%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>78%</td>
<td>16%</td>
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<td>Brazil</td>
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<td>24%</td>
<td>5%</td>
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<tr>
<td>Germany</td>
<td>70%</td>
<td>23%</td>
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<td>South Africa</td>
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<td>12%</td>
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<td>Hong Kong</td>
<td>54%</td>
<td>29%</td>
<td>15%</td>
</tr>
<tr>
<td>China</td>
<td>48%</td>
<td>34%</td>
<td>12%</td>
</tr>
</tbody>
</table>

“Not Sure” option not displayed
IN 2014, DO YOU EXPECT THE GLOBAL ECONOMY TO:

- Expand
- Stay roughly the same
- Contract

Global AMER APAC EMEA Global AMER APAC EMEA Global AMER APAC EMEA

2012 2013 2014

- Global: Expand 63% 62% 69%
- AMER: Expand 34% 36% 34%
- APAC: Expand 36% 39% 56%
- EMEA: Expand 50% 38% 38%
- Global: Stay roughly the same 34% 38% 34%
- AMER: Stay roughly the same 38% 38% 41%
- APAC: Stay roughly the same 35% 30% 31%
- EMEA: Stay roughly the same 35% 34% 34%
- Global: Contract 40% 27% 29%
- AMER: Contract 20% 22% 27%
- APAC: Contract 9% 9% 9%
- EMEA: Contract 6% 12% 14%

“Not Sure” option not displayed
IN 2014, DO YOU EXPECT YOUR LOCAL ECONOMY TO:

- Expand: 57% Local aggregate, 59% AMER, 52% APAC, 56% EMEA
- Stay roughly the same: 33% Local aggregate, 32% AMER, 34% APAC, 34% EMEA

“Not Sure” option not displayed
IN 2014, DO YOU EXPECT YOUR LOCAL ECONOMY TO:

- **Expand**
- **Stay roughly the same**
- **Contract**

### Local aggregate
- Expand: 57%
- Stay roughly the same: 33%
- Contract: 9%

### United Kingdom
- Expand: 74%
- Stay roughly the same: 22%
- Contract: 3%

### Japan
- Expand: 73%
- Stay roughly the same: 21%
- Contract: 5%

### Germany
- Expand: 65%
- Stay roughly the same: 33%
- Contract: 1%

### USA
- Expand: 62%
- Stay roughly the same: 29%
- Contract: 8%

### India
- Expand: 61%
- Stay roughly the same: 28%
- Contract: 9%

### Switzerland
- Expand: 56%
- Stay roughly the same: 38%
- Contract: 5%

### Australia
- Expand: 52%
- Stay roughly the same: 32%
- Contract: 15%

### Brazil
- Expand: 51%
- Stay roughly the same: 43%
- Contract: 6%

### Canada
- Expand: 47%
- Stay roughly the same: 43%
- Contract: 9%

### Singapore
- Expand: 47%
- Stay roughly the same: 41%
- Contract: 11%

### South Africa
- Expand: 46%
- Stay roughly the same: 40%
- Contract: 14%

### China
- Expand: 45%
- Stay roughly the same: 34%
- Contract: 18%

### Hong Kong
- Expand: 37%
- Stay roughly the same: 44%
- Contract: 18%
IN 2014, DO YOU EXPECT YOUR LOCAL ECONOMY TO:

- Expand
- Stay roughly the same
- Contract

**Local aggregate**
- 2012: 42%
- 2013: 45%
- 2014: 57%

**AMER**
- 2012: 46%
- 2013: 49%
- 2014: 59%

**APAC**
- 2012: 46%
- 2013: 47%
- 2014: 52%

**EMEA**
- 2012: 33%
- 2013: 38%
- 2014: 56%

**Local aggregate**
- 2012: 40%
- 2013: 38%
- 2014: 36%

**AMER**
- 2012: 33%
- 2013: 33%
- 2014: 32%

**APAC**
- 2012: 37%
- 2013: 37%
- 2014: 31%

**EMEA**
- 2012: 34%
- 2013: 34%
- 2014: 34%

**Local aggregate**
- 2012: 17%
- 2013: 16%
- 2014: 13%

**AMER**
- 2012: 9%
- 2013: 12%
- 2014: 13%

**APAC**
- 2012: 8%
- 2013: 13%
- 2014: 16%

**EMEA**
- 2012: 9%
- 2013: 21%
- 2014: 24%

*“Not Sure” option not displayed*
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 (38% Global, 32% AMER, 29% APAC, 26% EMEA)
- Growth rates among emerging economies (34% Global, 26% AMER, 22% APAC, 22% EMEA)
- Increased solutions to create more jobs (26% Global, 21% AMER, 20% APAC, 22% EMEA)
- Reducing rates on capital income gains (4% Global, 5% AMER, 5% APAC, 5% EMEA)
- Increased market transparency (8% Global, 6% AMER, 5% APAC, 5% EMEA)
- Improved regulation (5% Global, 5% AMER, 5% APAC, 5% EMEA)
- Improved enforcement of existing regulation (5% Global, 5% AMER, 5% APAC, 5% EMEA)
- Other (3% Global, 5% AMER, 3% APAC, 5% 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 ASSET 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.

*Equities 71% 50% 41%
*Commodities 15% 16% 10%
*Precious metals 25% 22% 9%
*Cash 9% 4% 6%
*Bonds 10% 8% 4%
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?*

According to the chart, China is the top choice with 31% of members picking it as the best investment opportunity, followed by the USA with 25%, and then Japan with 20%. The remaining countries listed are Germany, Brazil, APAC, AMER, and EMEA, with various proportions of responses.

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

- **Local aggregate**: 28% Increase, 50% Stay about the same, 22% Decrease
- **Japan**: 55% Increase, 30% Stay about the same, 15% Decrease
- **China**: 48% Increase, 35% Stay about the same, 17% Decrease
- **United Kingdom**: 45% Increase, 43% Stay about the same, 12% Decrease
- **India**: 30% Increase, 49% Stay about the same, 21% Decrease
- **Australia**: 30% Increase, 38% Stay about the same, 32% Decrease
- **USA**: 29% Increase, 52% Stay about the same, 19% Decrease
- **Singapore**: 27% Increase, 50% Stay about the same, 24% Decrease
- **Hong Kong**: 21% Increase, 54% Stay about the same, 25% Decrease
- **Germany**: 19% Increase, 50% Stay about the same, 30% Decrease
- **Canada**: 17% Increase, 60% Stay about the same, 22% Decrease
- **Brazil**: 17% Increase, 53% Stay about the same, 31% Decrease
- **South Africa**: 16% Increase, 69% Stay about the same, 14% Decrease
- **Switzerland**: 16% Increase, 38% Stay about the same, 46% Decrease

“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?

- **Increase**: 14% in 2012, 17% in 2013, 28% in 2014
- **Stay about the same**: 51% in 2012, 49% in 2013, 50% in 2014
- **Decrease**: 35% in 2012, 33% in 2013, 22% in 2014

“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?

- Weak economic conditions: 33% (Global), 32% (AMER), 31% (APAC), 28% (EMEA)
- Political instability: 27% (Global), 25% (AMER)
- Systemic disruptions: 23% (Global), 21% (AMER)
- Growth rates among emerging economies: 13% (Global), 13% (AMER), 13% (APAC), 12% (EMEA)
- Excess regulation: 7% (Global), 6% (AMER), 5% (APAC), 4% (EMEA)
- Weak regulation: 4% (Global), 2% (AMER), 2% (APAC), 2% (EMEA)
- Other: 4% (Global), 4% (AMER), 5% (APAC), 4% (EMEA)

"No opinion" option excluded from results.
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?

- Weak economic conditions: 31% (Local aggregate), 33% (AMER), 31% (APAC), 28% (EMEA)
- Political instability: 28% (Local aggregate), 28% (AMER), 24% (APAC), 24% (EMEA)
- Excess regulation: 15% (Local aggregate), 16% (AMER), 7% (APAC), 17% (EMEA)
- Systemic disruptions: 10% (Local aggregate), 9% (AMER), 12% (APAC), 10% (EMEA)
- Growth rates among emerging economies: 8% (Local aggregate), 5% (AMER), 6% (APAC), 18% (EMEA)
- Weak regulation: 3% (Local aggregate), 1% (AMER), 6% (APAC), 4% (EMEA)
- Other: 6% (Local aggregate), 7% (AMER), 5% (APAC), 5% (EMEA)

“No opinion” option excluded from results.
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

- Central banks attempts to end quantitative easing: 68% Negative impact, 14% No impact, 12% Positive impact, 5% Don’t know
- Effects on energy prices caused by unrest in Middle East: 60% Negative impact, 23% No impact, 13% Positive impact, 4% Don’t know
- Fallout from rigging of benchmark rates: 59% Negative impact, 22% No impact, 13% Positive impact, 15% Don’t know
- Growth of non-bank lending or shadow banking sector: 22% Negative impact, 39% No impact, 26% Positive impact, 13% Don’t know
- Political stability in your home market: 35% Negative impact, 37% No impact, 26% Positive impact, 13% Don’t know
- Progress of recovery in China: 71% Negative impact, 12% No impact, 13% Positive impact, 2% Don’t know
- Progress of recovery in Europe: 79% Negative impact, 4% No impact, 8% Positive impact, 11% Don’t know

CFA Institute
Global Market Sentiment Survey 2014
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*

<table>
<thead>
<tr>
<th>Impact Description</th>
<th>AMER</th>
<th>APAC</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central banks attempts to end quantitative easing</td>
<td>68%</td>
<td>65%</td>
<td>13%</td>
</tr>
<tr>
<td>Effects on energy prices caused by unrest in Middle East</td>
<td>52%</td>
<td>38%</td>
<td>17%</td>
</tr>
<tr>
<td>Fallout from rigging of benchmark rates</td>
<td>75%</td>
<td>38%</td>
<td>22%</td>
</tr>
<tr>
<td>Growth of non-bank lending or shadow banking sector</td>
<td>52%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Political stability in your home market</td>
<td>75%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Progress of recovery in China</td>
<td>68%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Progress of recovery in Europe</td>
<td>52%</td>
<td>75%</td>
<td>8%</td>
</tr>
</tbody>
</table>

“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?

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Local aggregate</th>
<th>AMER</th>
<th>APAC</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate</td>
<td>52%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>26%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>26%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious metals</td>
<td>26%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>26%</td>
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</tr>
<tr>
<td>Cash</td>
<td>26%</td>
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<td></td>
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<tr>
<td>Other</td>
<td>26%</td>
<td></td>
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<tr>
<td>Do not anticipate a financial bubble</td>
<td>50%</td>
<td>51%</td>
<td>32%</td>
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</tbody>
</table>
IN THE COMING 12 MONTHS, DO YOU ANTICIPATE A FINANCIAL BUBBLE IN YOUR LOCAL MARKET AND IF SO, WITHIN WHICH ASSET CLASS?

<table>
<thead>
<tr>
<th>Local aggregate</th>
<th>Brazil</th>
<th>South Africa</th>
<th>USA</th>
<th>Japan</th>
<th>Canada</th>
<th>Australia</th>
<th>Switzerland</th>
<th>Germany</th>
<th>India</th>
<th>United Kingdom</th>
<th>Singapore</th>
<th>Hong Kong</th>
<th>China</th>
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</tr>
<tr>
<td><strong>Real estate</strong></td>
<td>26%</td>
<td>59%</td>
<td>52%</td>
<td>45%</td>
<td>43%</td>
<td>38%</td>
<td>38%</td>
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<td>28%</td>
<td>23%</td>
<td>14%</td>
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<tr>
<td><strong>Equities</strong></td>
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<td><strong>Bonds</strong></td>
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<tr>
<td><strong>Precious metals</strong></td>
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</tbody>
</table>

*Displaying top four response options
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)

Chart displays Poor(1+2), 3 and Excellent (4+5)
HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS IN 2013? *Scale: Poor (1) to Excellent (5)*

- **Global**
  - Poor (1 + 2): 22%
  - Excellent (4+5): 56%
  - Poor (1 + 2): 21%

- **Switzerland**
  - Poor (1 + 2): 32%
  - Excellent (4+5): 56%
  - Poor (1 + 2): 12%

- **India**
  - Poor (1 + 2): 28%
  - Excellent (4+5): 55%
  - Poor (1 + 2): 17%

- **Germany**
  - Poor (1 + 2): 26%
  - Excellent (4+5): 53%
  - Poor (1 + 2): 21%

- **Australia**
  - Poor (1 + 2): 25%
  - Excellent (4+5): 54%
  - Poor (1 + 2): 21%

- **Singapore**
  - Poor (1 + 2): 25%
  - Excellent (4+5): 53%
  - Poor (1 + 2): 22%

- **Japan**
  - Poor (1 + 2): 24%
  - Excellent (4+5): 52%
  - Poor (1 + 2): 24%

- **United Kingdom**
  - Poor (1 + 2): 23%
  - Excellent (4+5): 55%
  - Poor (1 + 2): 22%

- **USA**
  - Poor (1 + 2): 22%
  - Excellent (4+5): 55%
  - Poor (1 + 2): 23%

- **Canada**
  - Poor (1 + 2): 20%
  - Excellent (4+5): 60%
  - Poor (1 + 2): 19%

- **South Africa**
  - Poor (1 + 2): 19%
  - Excellent (4+5): 59%
  - Poor (1 + 2): 23%

- **Hong Kong**
  - Poor (1 + 2): 18%
  - Excellent (4+5): 56%
  - Poor (1 + 2): 27%

- **Brazil**
  - Poor (1 + 2): 16%
  - Excellent (4+5): 60%
  - Poor (1 + 2): 23%

- **China**
  - Poor (1 + 2): 13%
  - Excellent (4+5): 61%
  - Poor (1 + 2): 26%
HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS IN 2013? *Scale: Poor (1) to Excellent (5)*

- Poor (1 + 2): 26% (2012) vs. 22% (2013)
- Excellent (4+5): 20% (2012) vs. 21% (2013)

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

- **Global**: 26% Better, 68% About the same, 6% Worse
- **China**: 39% Better, 56% About the same, 5% Worse
- **Australia**: 36% Better, 57% About the same, 7% Worse
- **India**: 34% Better, 57% About the same, 8% Worse
- **Brazil**: 32% Better, 64% About the same, 4% Worse
- **United Kingdom**: 32% Better, 62% About the same, 6% Worse
- **Japan**: 29% Better, 70% About the same, 1% Worse
- **South Africa**: 28% Better, 67% About the same, 5% Worse
- **Singapore**: 27% Better, 66% About the same, 6% Worse
- **Germany**: 24% Better, 69% About the same, 6% Worse
- **Canada**: 23% Better, 71% About the same, 6% Worse
- **Switzerland**: 23% Better, 69% About the same, 8% Worse
- **USA**: 22% Better, 71% About the same, 6% Worse
- **Hong Kong**: 22% Better, 70% About the same, 8% 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?

- Improved regulation and oversight of global systemic risk: 29% globally, 10% in local market
- Improved transparency of financial reporting and other corporate disclosures: 21% globally, 17% in local market
- Improved corporate governance practices: 17% globally, 17% in local market
- Improved enforcement of existing laws and regulations: 16% globally, 15% in local market
- Improved market trading rules on transparency and frequency of trades: 11% globally, 15% in local market
- Improved auditing practices and standards: 6% globally, 5% 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?

- Improved regulation and oversight of global systemic risk
- Improved transparency of financial reporting and other corporate disclosures
- Improved corporate governance practices
- Improved enforcement of existing laws and regulations
- Improved market trading rules on transparency and frequency of trades
- Improved auditing practices and standards
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?

<table>
<thead>
<tr>
<th>Local aggregate</th>
<th>30%</th>
<th>24%</th>
<th>17%</th>
<th>15%</th>
<th>10%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>41%</td>
<td>24%</td>
<td>17%</td>
<td>7%</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>China</td>
<td>34%</td>
<td>14%</td>
<td>27%</td>
<td>12%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Canada</td>
<td>33%</td>
<td>22%</td>
<td>16%</td>
<td>15%</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>India</td>
<td>32%</td>
<td>31%</td>
<td>20%</td>
<td>4%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>South Africa</td>
<td>32%</td>
<td>24%</td>
<td>16%</td>
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<td>8%</td>
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<tr>
<td>United Kingdom</td>
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<td>24%</td>
<td>12%</td>
<td>10%</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>Australia</td>
<td>30%</td>
<td>27%</td>
<td>14%</td>
<td>13%</td>
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</tr>
<tr>
<td>Germany</td>
<td>30%</td>
<td>27%</td>
<td>13%</td>
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<td>15%</td>
<td>4%</td>
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<tr>
<td>USA</td>
<td>30%</td>
<td>19%</td>
<td>16%</td>
<td>21%</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>23%</td>
<td>31%</td>
<td>17%</td>
<td>10%</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>21%</td>
<td>31%</td>
<td>20%</td>
<td>9%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Singapore</td>
<td>16%</td>
<td>23%</td>
<td>19%</td>
<td>20%</td>
<td>15%</td>
<td>7%</td>
</tr>
<tr>
<td>Japan</td>
<td>11%</td>
<td>48%</td>
<td>13%</td>
<td>13%</td>
<td>5%</td>
<td>11%</td>
</tr>
</tbody>
</table>

- Improved enforcement of existing laws and regulations
- Improved corporate governance practices
- Improved transparency of financial reporting and other corporate disclosures
- Improved market trading rules on transparency and frequency of trades
- Improved regulation and oversight of global systemic risk
- Improved auditing practices and standards
IN YOUR OPINION, IS EACH OF THE FOLLOWING REGULATORY REFORMS MORE LIKELY TO:

*Prevent future crises*

*Negative consequences*

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

- Require Banks to impair troubled credit holdings on a more consistent and timely basis
- Increase global coordination of systemic risks
- More standardized contracts with increased central clearing
- Increased bank capital and liquidity requirements
- Proposals like the Volcker Rule to limit bank proprietary trading
- Proposals for ring-fencing retail banking activities
- Designation of “too big to fail” institutions for closer monitoring
- Increased regulatory monitoring of hedge funds
- Reduce reliance on and reference to credit-ratings agency ratings

"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*

*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*

1. Mis-selling by financial advisers
   - 2012: 13%
   - 2013: 14%
   - 2014: 16%

2. Market fraud
   - 2012: 29%
   - 2013: 22%
   - 2014: 24%

3. Market trading practices
   - 2012: 18%
   - 2013: 16%
   - 2014: 16%

4. Integrity of financial reporting
   - 2012: 16%
   - 2013: 15%
   - 2014: 13%

5. Disclosure/use of financial derivatives
   - 2012: 16%
   - 2013: 12%
   - 2014: 12%

6. Investment management services/structure
   - 2012: 15%
   - 2013: 11%
   - 2014: 10%

*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*

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

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

- Market fraud
- Integrity of financial reporting
- Disclosure/use of financial derivatives
- Market trading practices
- Mis-selling by financial advisers
- Investment management services/structure

GLOBAL

AMER

APAC

EMEA

CFA Institute

Global Market Sentiment Survey 2014

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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*

*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?

“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.

“No opinion” option excluded from results.
 WHICH ONE OF THE FOLLOWING FIRM LEVEL ACTIONS IS MOST NEEDED IN THE COMING YEAR TO HELP IMPROVE INVESTOR TRUST AND CONFIDENCE?

<table>
<thead>
<tr>
<th>Action</th>
<th>Global</th>
<th>AMER</th>
<th>APAC</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved culture established and encouraged by top management and executives</td>
<td>40%</td>
<td>39%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Increased adherence to ethical codes and standards</td>
<td>26%</td>
<td>25%</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>Improved compensation practices</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Clarification of fiduciary duty responsibilities</td>
<td>12%</td>
<td>14%</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Increased staff training and education</td>
<td>6%</td>
<td>5%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

"No opinion" option excluded from results.
**WHICH ONE OF THE FOLLOWING FIRM LEVEL ACTIONS IS MOST NEEDED IN THE COMING YEAR TO HELP IMPROVE INVESTOR TRUST AND CONFIDENCE?**

<table>
<thead>
<tr>
<th>Region</th>
<th>Improved culture established and encouraged by top management and executives</th>
<th>Increased adherence to ethical codes and standards</th>
<th>Improved compensation practices</th>
<th>Clarification of fiduciary duty responsibilities</th>
<th>Increased staff training and education</th>
<th>Other</th>
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<td>16%</td>
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<tr>
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<tr>
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<td>15%</td>
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<tr>
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<tr>
<td>Brazil</td>
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<td>13%</td>
<td>15%</td>
<td>10%</td>
<td>3%</td>
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</tbody>
</table>

“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 ±1.8%. In addition to analysis and reporting at the global and regional level, 13 market-specific reports are also included.
RESPONDENT PROFILE

59% AMER
17% EMEA
24% APAC

TOP MARKETS

<table>
<thead>
<tr>
<th>MARKET</th>
<th># OF RESPONDENTS</th>
</tr>
</thead>
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</tr>
<tr>
<td>CANADA</td>
<td>738</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>302</td>
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<tr>
<td>HONG KONG</td>
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<tr>
<td>SWITZERLAND</td>
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<td>GERMANY</td>
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<td>CHINA</td>
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<tr>
<td>INDIA</td>
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<td>AUSTRALIA</td>
<td>159</td>
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<td>SINGAPORE</td>
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<tr>
<td>SOUTH AFRICA</td>
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<tr>
<td>BRAZIL</td>
<td>95</td>
</tr>
<tr>
<td>JAPAN</td>
<td>87</td>
</tr>
</tbody>
</table>
RESPONDENT PROFILE

**Years In Industry**
- ≤ 5 years: 21%
- 6 to 10 years: 34%
- 11 to 15 years: 13%
- 16 to 20 years: 14%
- >20 years: 3%
- Not Applicable: 3%

**Primary Investment Practice (Top 5)**
- Equities: 34%
- Fixed Income: 17%
- Private Equity: 4%
- Derivatives: 3%
- Real Estate: 3%

**Job Function (Top 6)**
- Portfolio Manager: 19%
- Research Analyst: 14%
- Financial Advisor: 6%
- Consultant: 6%
- Corporate Financial Analyst: 6%
- Risk Manager: 4%
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.

QUESTIONS?

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www.cfainstitute.org/gmss