

# GLOBAL MARKET SENTIMENT SURVEY 2015

DETAILED SURVEY RESULTS

December 2014



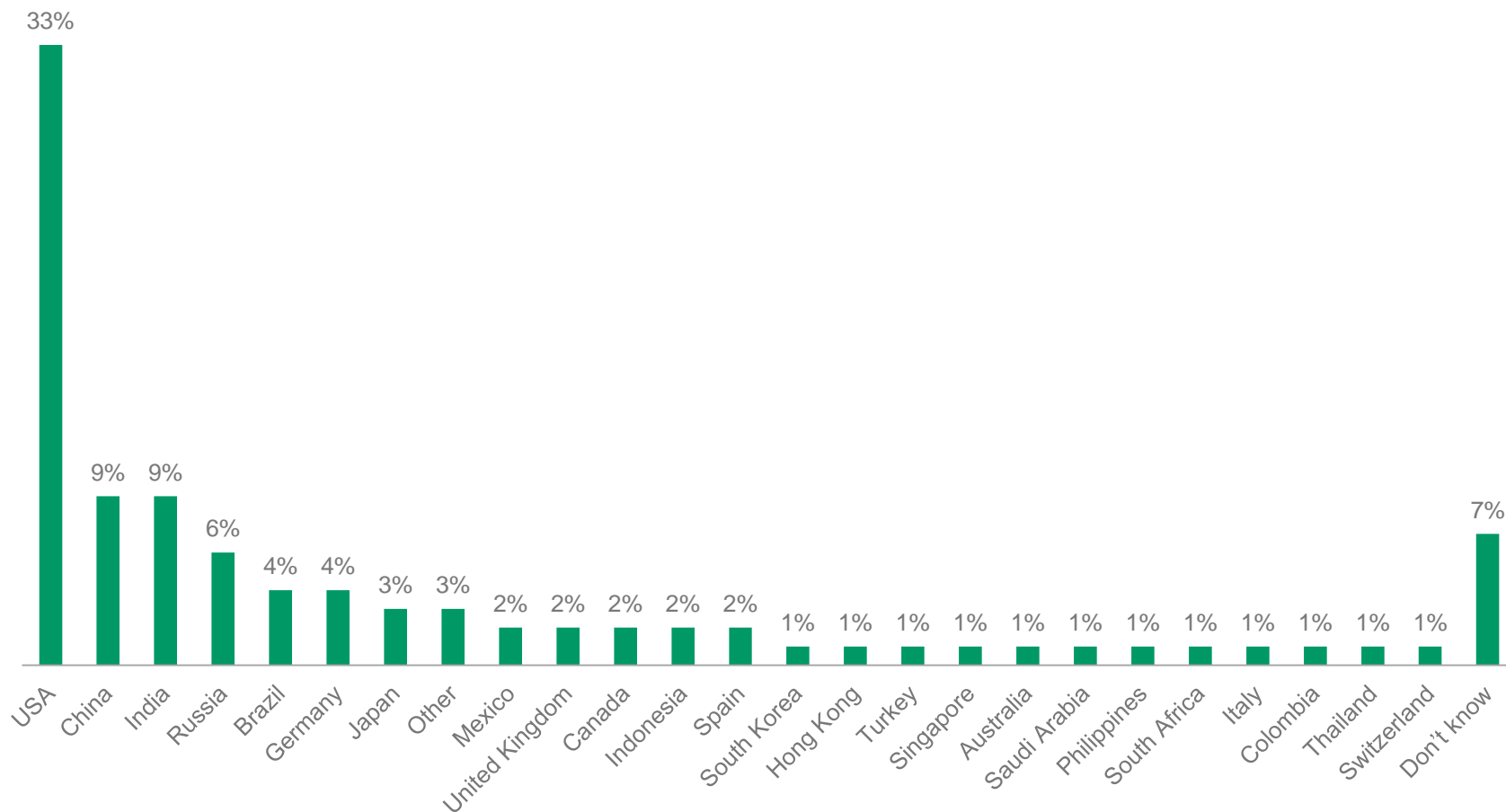
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# MARKET PREDICTIONS

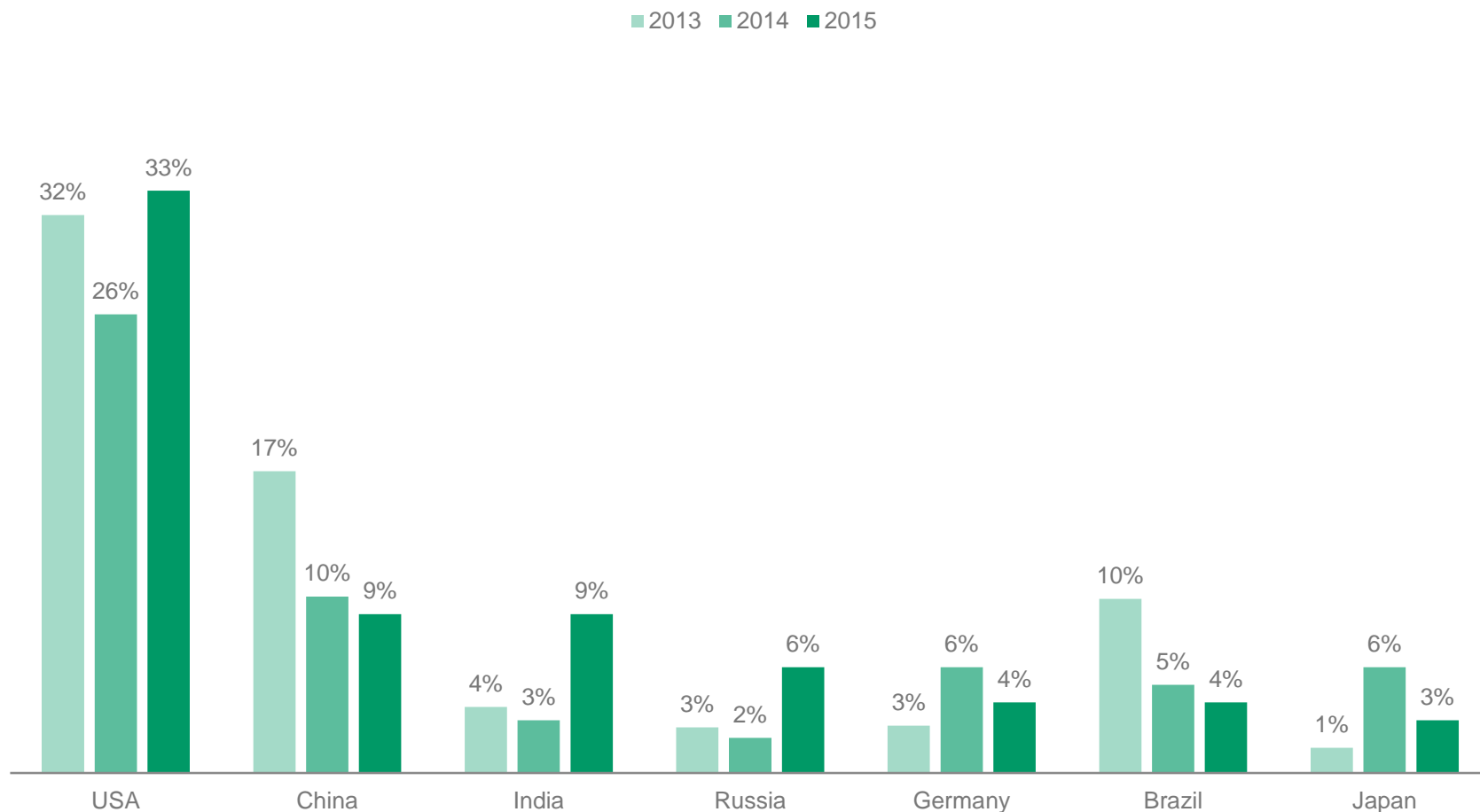
*United States and China continue to be considered the best investment opportunities.*

# WHICH EQUITY MARKET DO YOU THINK WILL PROVIDE THE BEST INVESTMENT OPPORTUNITY IN 2015?\*



\*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?\*



\*Chart shows proportion of members picking the market as the best investment opportunity (top 6 markets displayed)

# WHERE DO YOU EXPECT EACH OF THE FOLLOWING INDICES TO BE AT THE CLOSE OF BUSINESS 31 DECEMBER 2015?\*

	30 Sept 2014 (Actual close)	31 Dec 2015* (Predicted close)	% Change
<b>Euro Stoxx 50 (SX5E)</b>	3,226	3,283	1.9%
<b>S&amp;P 500 (SPX)</b>	1,972	2,066	4.8%
<b>Nikkei 225 (NKY)</b>	16,174	16,428	1.6%
<b>US Treasury 30-year yield (%)</b>	3.21%	3.46%	0.25%
<b>Crude Oil Brent (\$US/bbl)</b>	95	91	-3.9%
<b>Comex Gold (\$US/t oz)</b>	1,212	1,216	0.4%

Note: Question was asked of all members globally

\*31 December 2015 values are the average of predicted responses globally

# WHERE DO YOU EXPECT EACH OF THE FOLLOWING INDICES TO BE AT THE CLOSE OF BUSINESS 31 DECEMBER 2015?\*

	30 Sept 2014 (Actual close)	31 Dec 2015* (Predicted close)	% Change
Toronto stock exchange (TSX)	14,961	15,191	1.5%
Bovespa (IBOV)	54,116	55,478	2.5%
FTSE 100 (UKX)	6,623	6,729	1.6%
CAC 40 (CAC)	4,416	4,371	-1.0%
DAX (DAX)	9,474	9,693	2.3%
Swiss Market (SMI)	8,835	8,901	0.7%
Micex (INDEXCF)	1,411	1,376	-2.5%
JSE Africa All-Share (JALSh)	49,336	50,829	3.0%
ASX 200 (AS51)	5,293	5,311	0.3%
Shanghai Comp (SHCMOP)	2,364	2,608	10.3%
Hang Seng (HSI)	22,933	23,937	4.4%
Nifty (NIFTY)	7,965	8,890	11.6%
STI Straits Times (FSSTI)	3,277	3,262	-0.4%

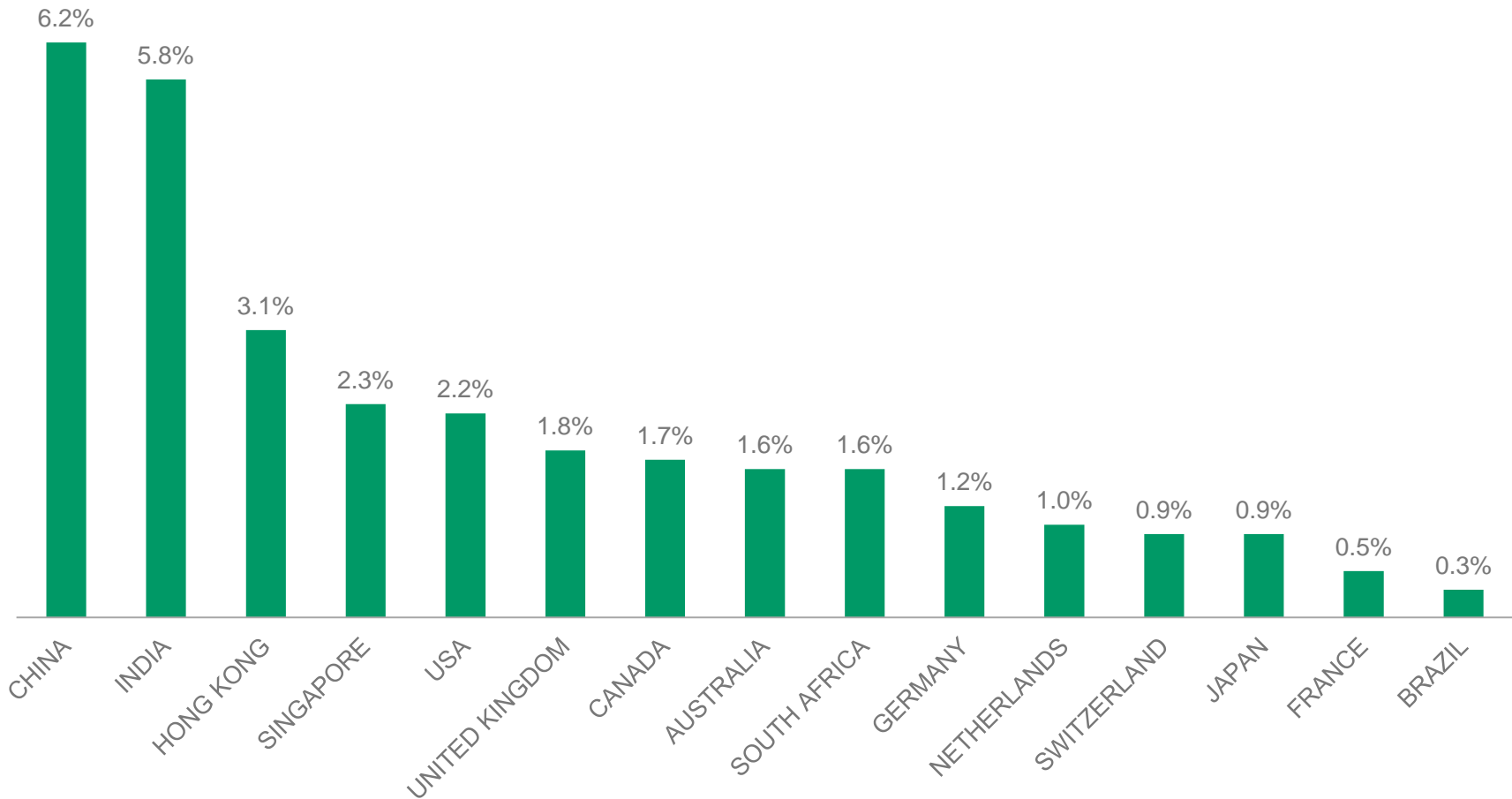
Note: Members in each market were shown only the index relevant to their local market  
\*31 December 2015 values are the average of predicted responses

# ECONOMIC OUTLOOK

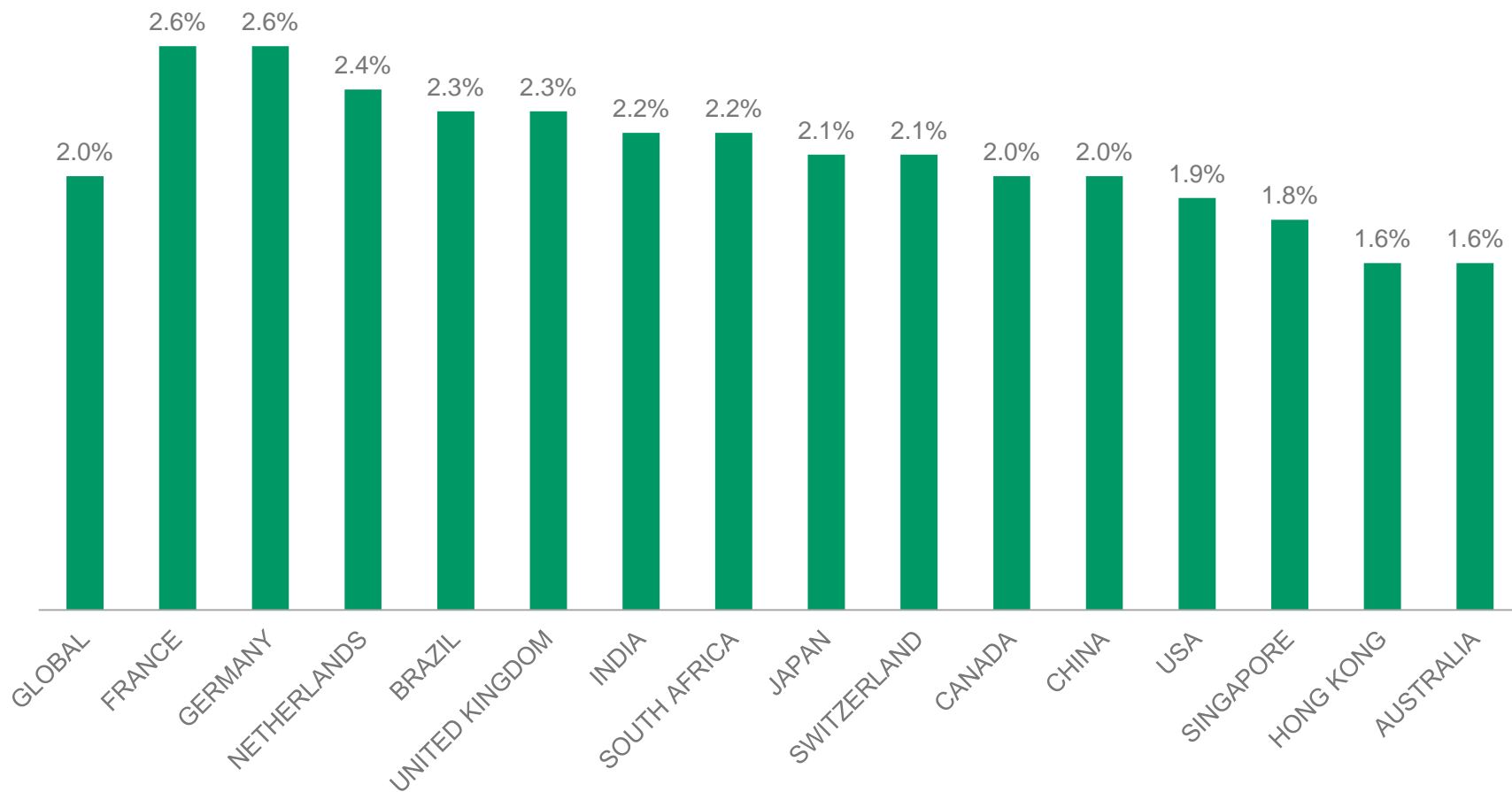
*Investment professionals surveyed are cautious about prospects for global economic growth in 2015.*



# IN 2015, BY HOW MUCH DO YOU EXPECT YOUR COUNTRY'S ECONOMY (GDP) TO CONTRACT OR GROW?



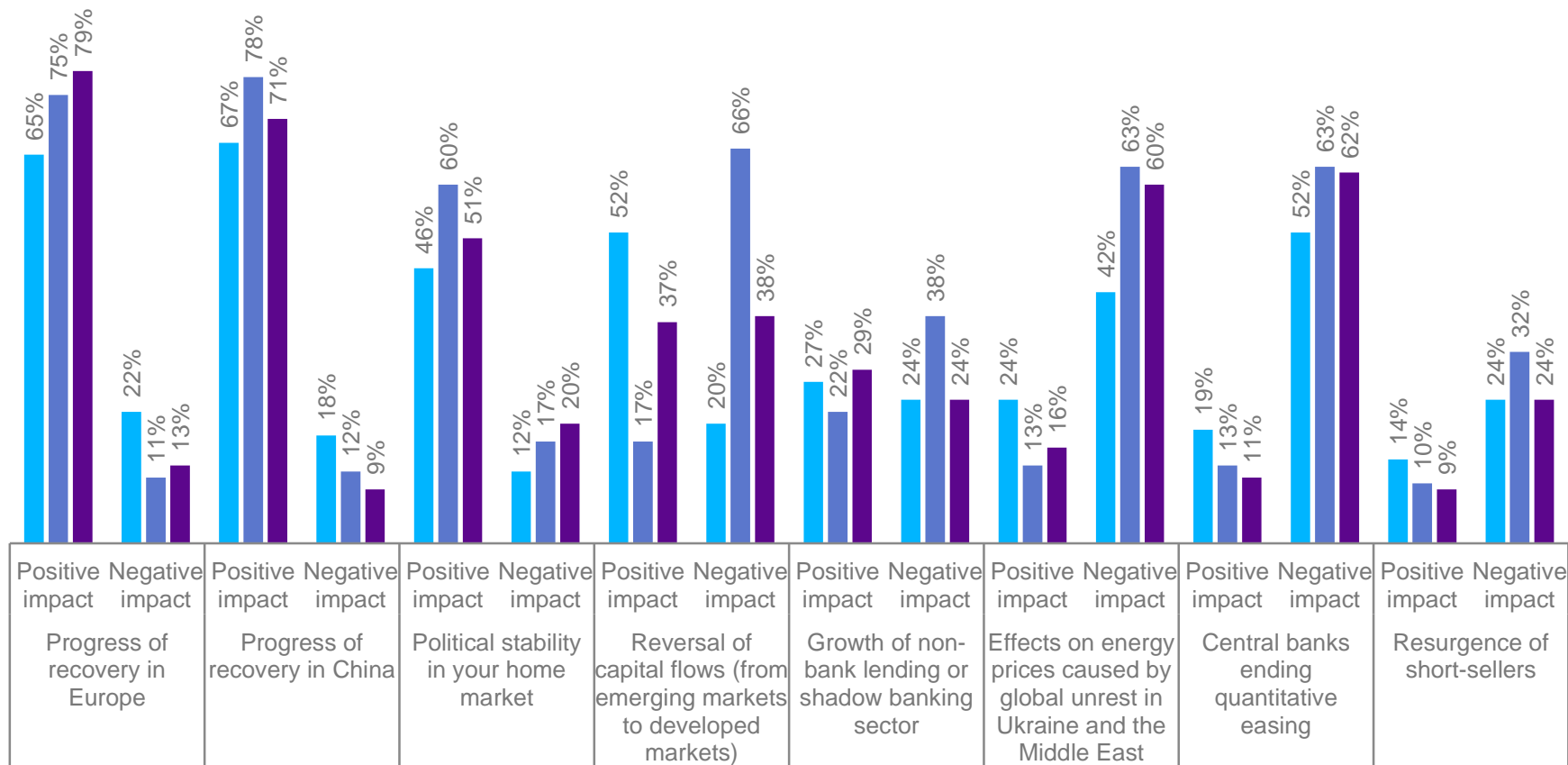
# IN 2015, BY HOW MUCH DO YOU EXPECT THE GLOBAL ECONOMY (GDP) TO CONTRACT OR GROW?



# WHAT IMPACT, IF ANY, WILL THE FOLLOWING HAVE ON YOUR LOCAL MARKET IN 2015:

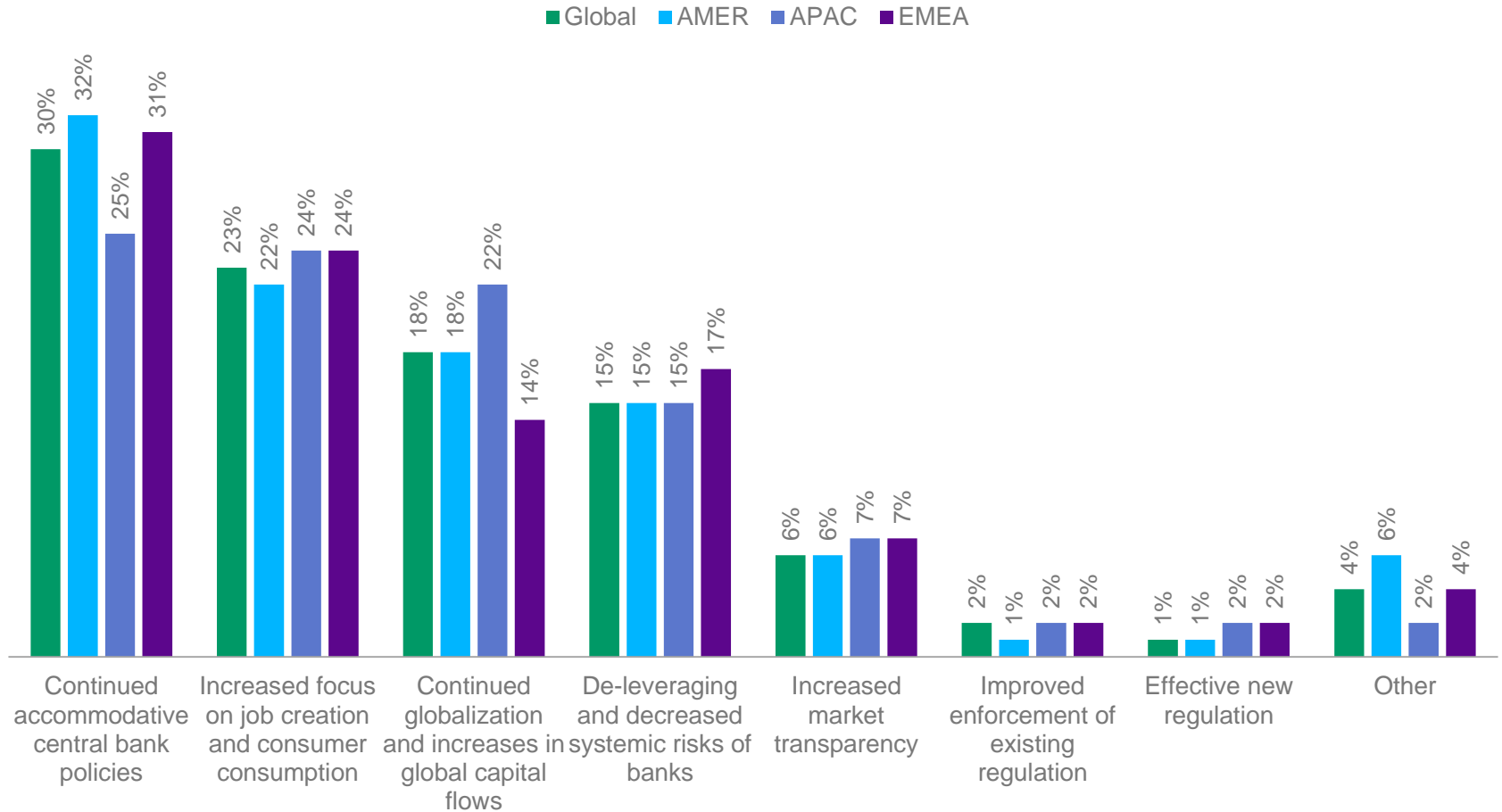
Scale: Negative impact, No impact, Positive impact and Don't know

■ AMER ■ APAC ■ EMEA



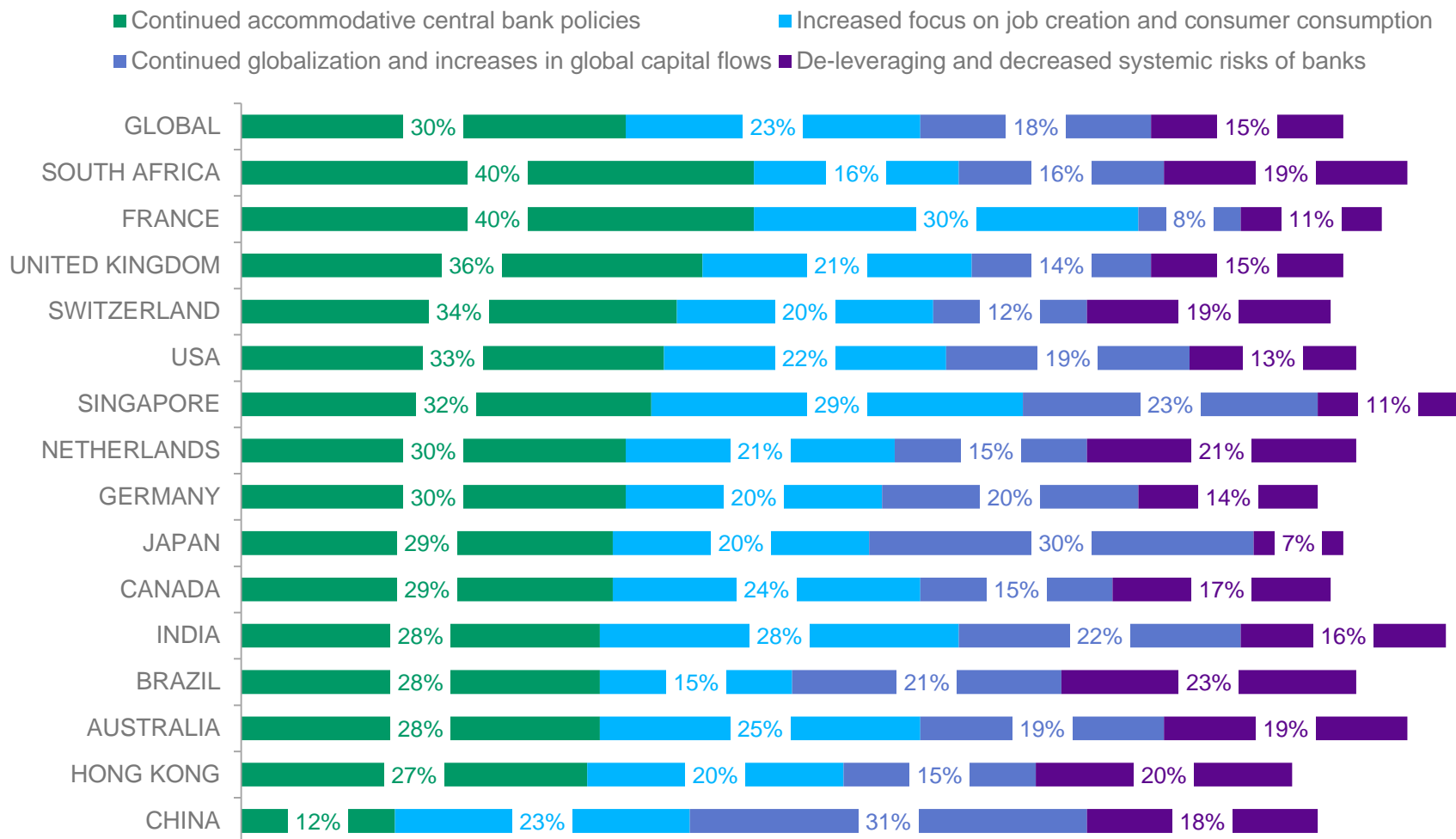
"No impact" and "Don't know" option not displayed

# WHAT DO YOU SEE AS HAVING THE BIGGEST POSITIVE IMPACT ON *GLOBAL* CAPITAL MARKETS IN 2015?



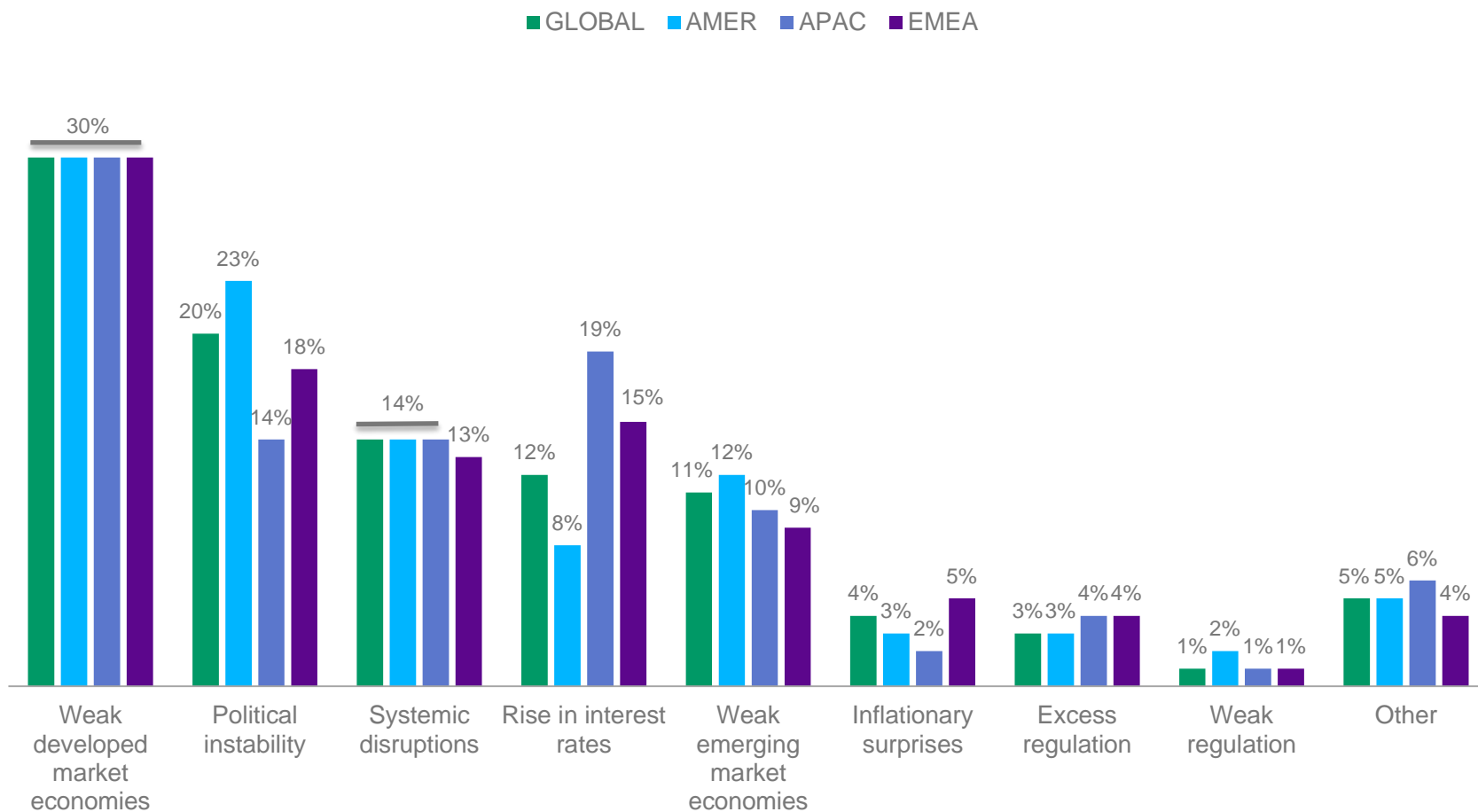
“No opinion” option excluded from results.

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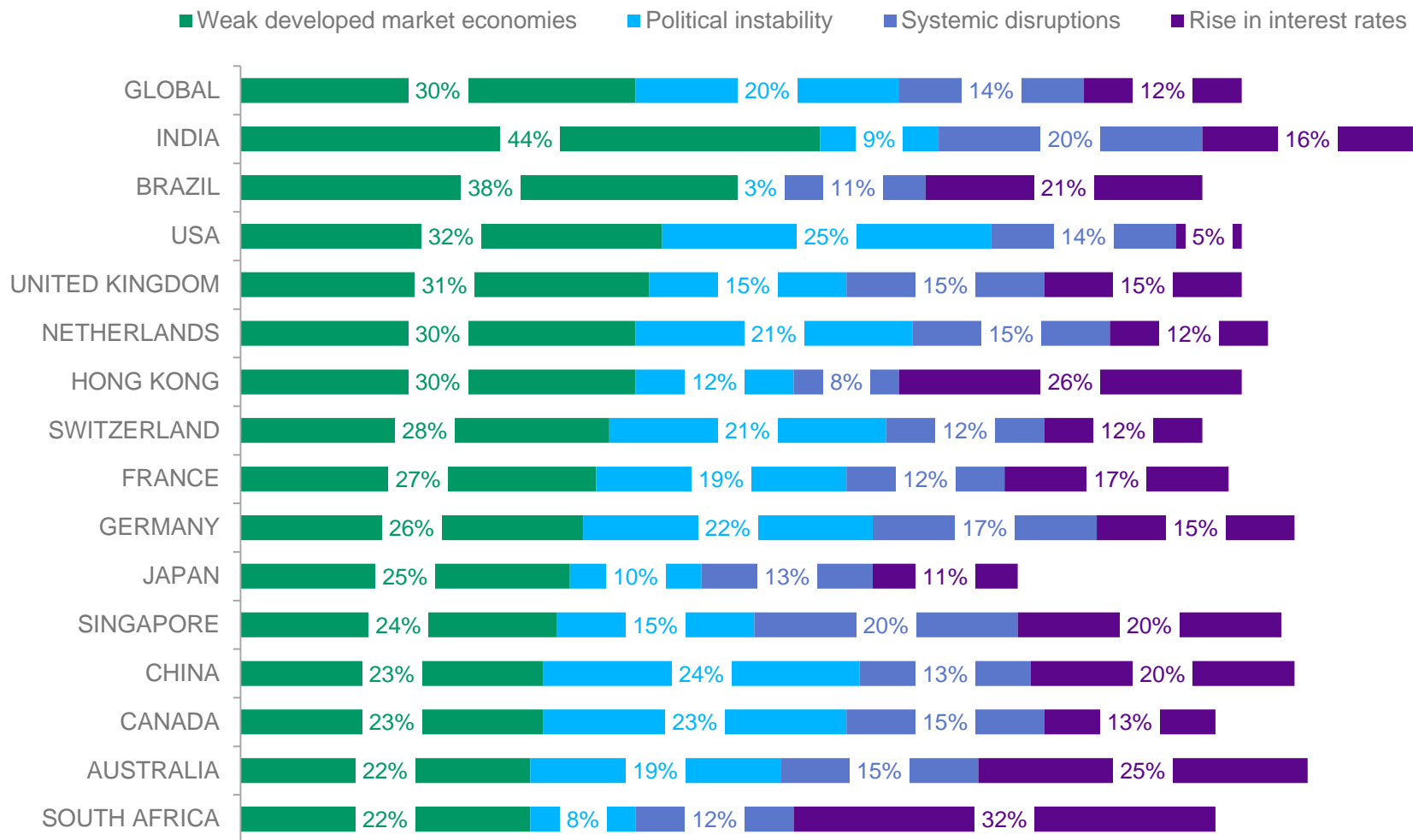
"No opinion" option excluded from results.  
\*Displaying top four response options globally

# WHAT DO YOU SEE AS THE BIGGEST RISK TO GLOBAL CAPITAL MARKETS IN 2015?



“No opinion” option excluded from results.

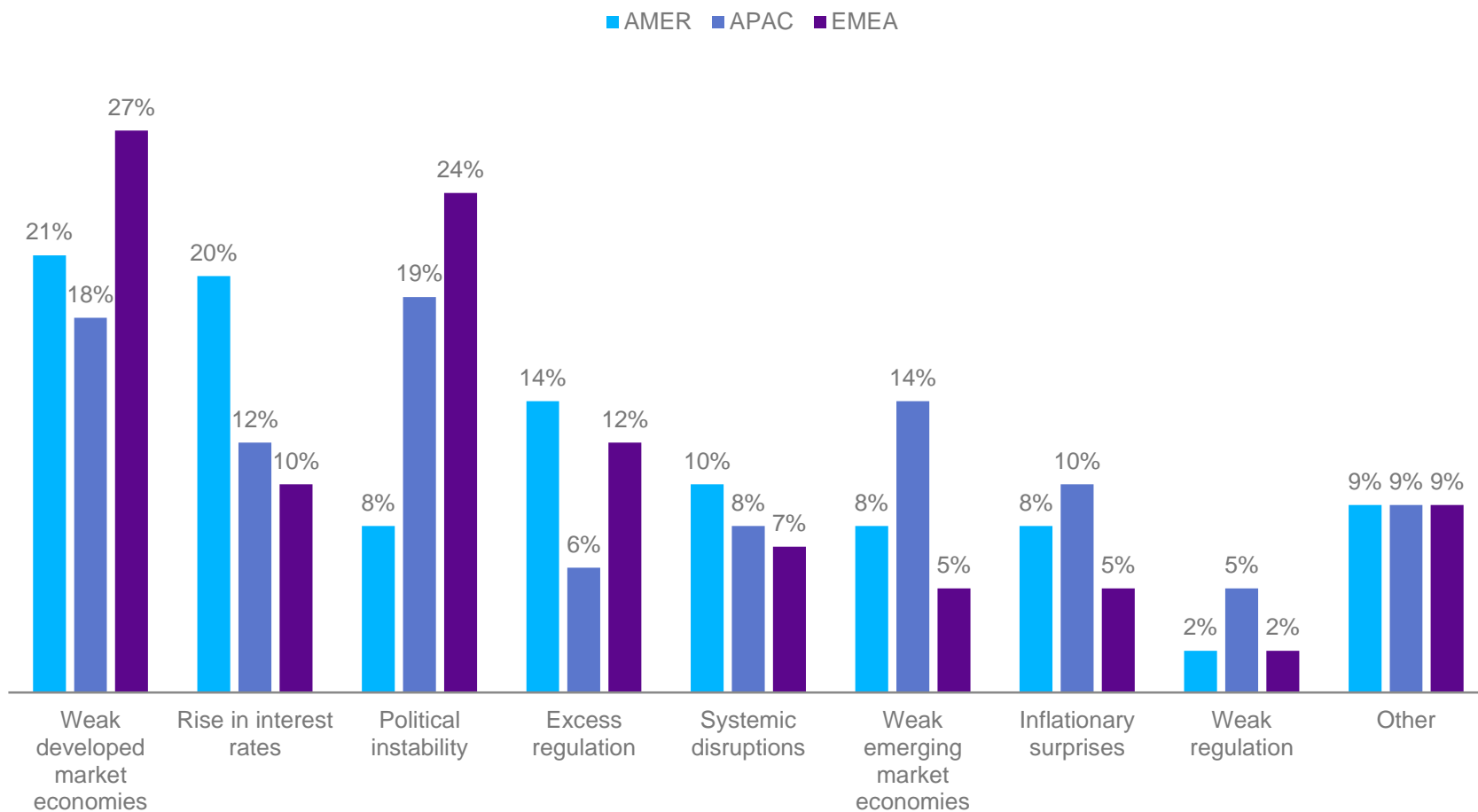
# WHAT DO YOU SEE AS THE BIGGEST RISK TO GLOBAL CAPITAL MARKETS IN 2015?\*



\*Displaying top four risks to global markets.

"No opinion" option excluded from results.

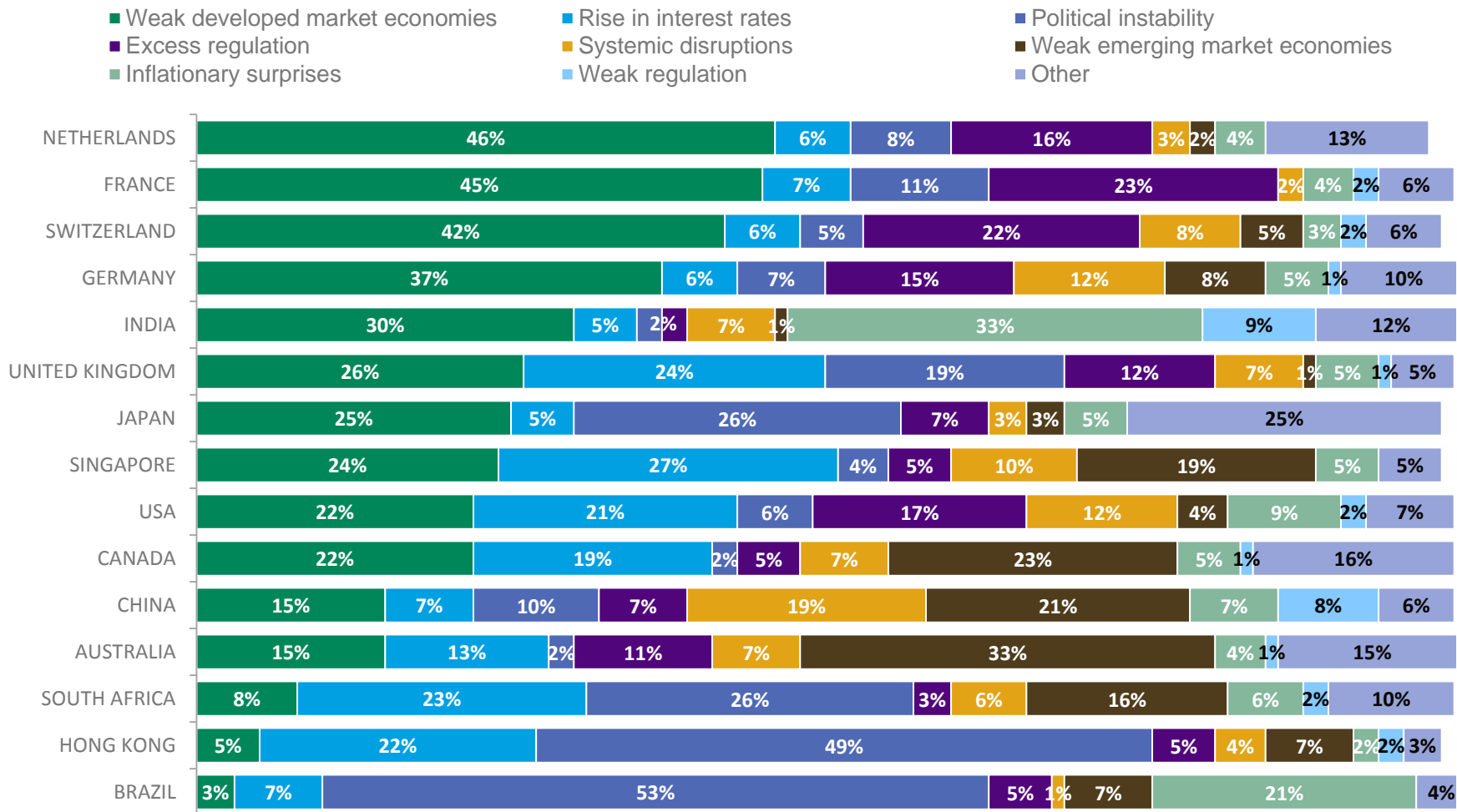
# WHAT DO YOU SEE AS THE BIGGEST RISK TO YOUR LOCAL MARKET IN 2015?\*



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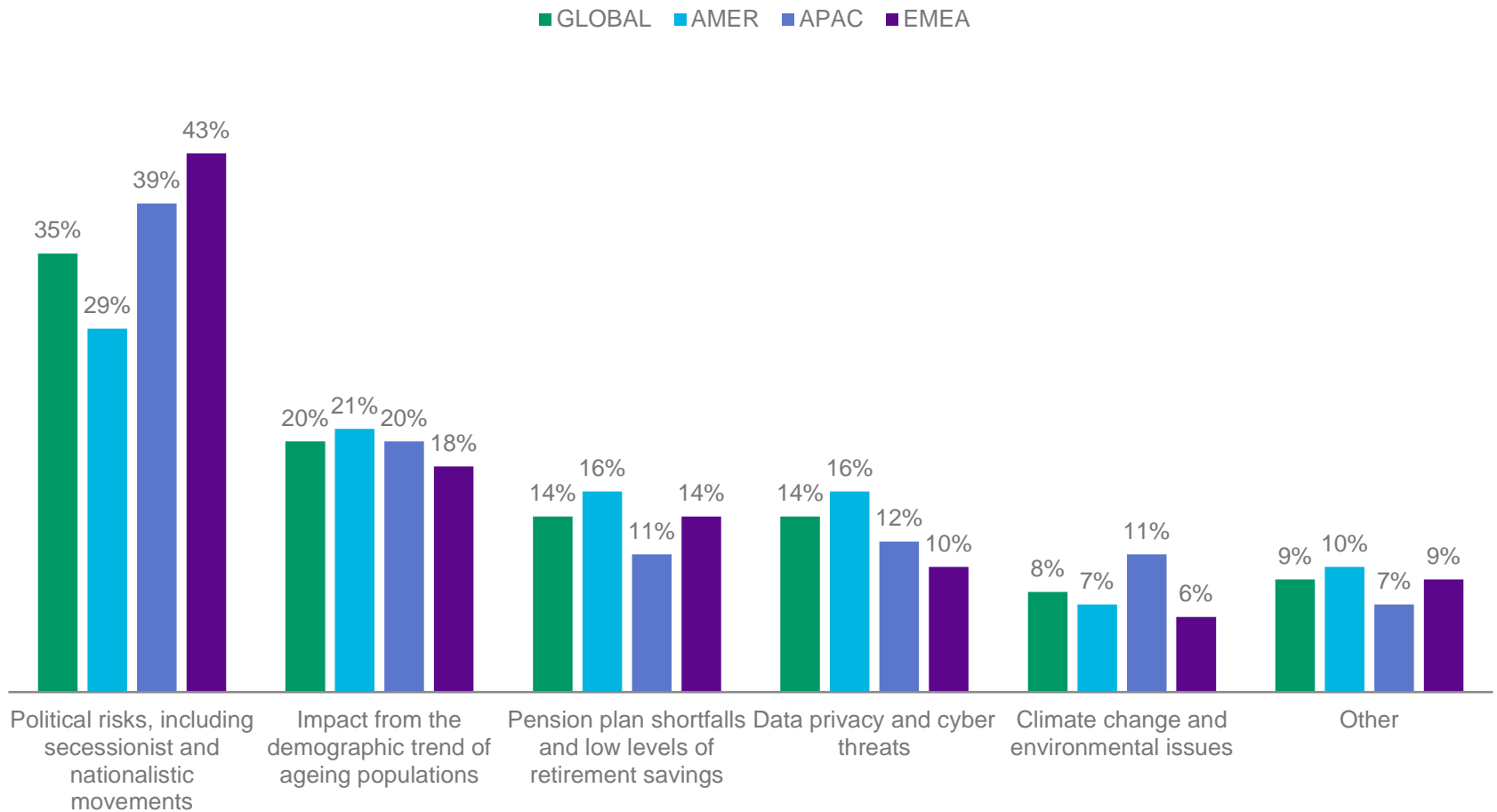


# WHAT DO YOU SEE AS THE BIGGEST RISK TO YOUR LOCAL MARKET IN 2015?\*



\*No opinion" option excluded from results.  
\*Totals may not add to 100% due to rounding.

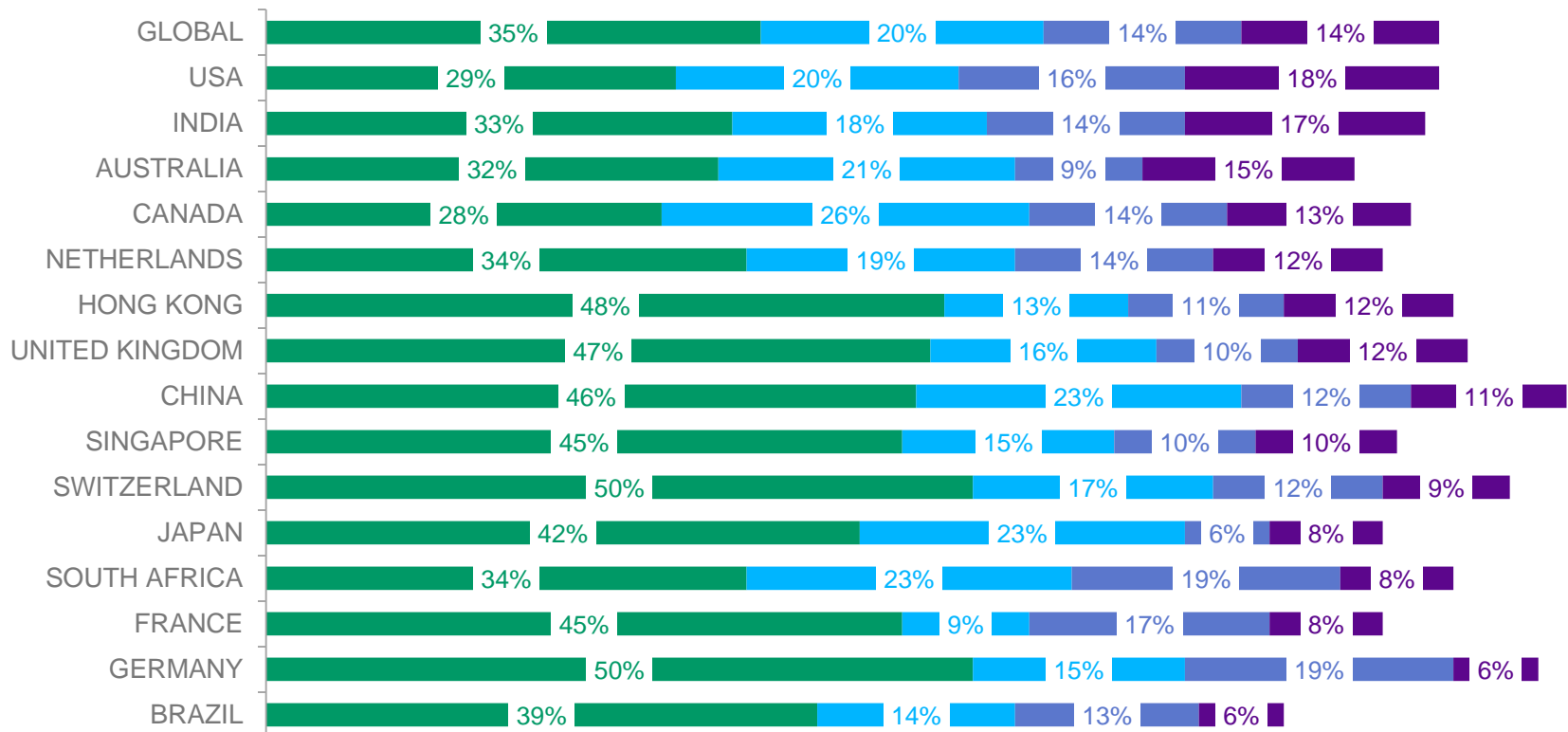
# OVER THE NEXT FIVE YEARS, WHAT IS THE MOST UNDERESTIMATED RISK THAT COULD NEGATIVELY IMPACT GLOBAL CAPITAL MARKETS?



“No opinion” option excluded from results.

# OVER THE NEXT FIVE YEARS, WHAT IS THE MOST UNDERESTIMATED RISK THAT COULD NEGATIVELY IMPACT GLOBAL CAPITAL MARKETS?\*

- Political risks, including secessionist and nationalistic movements
- Impact from the demographic trend of ageing populations
- Pension plan shortfalls and low levels of retirement savings
- Data privacy and cyber threats

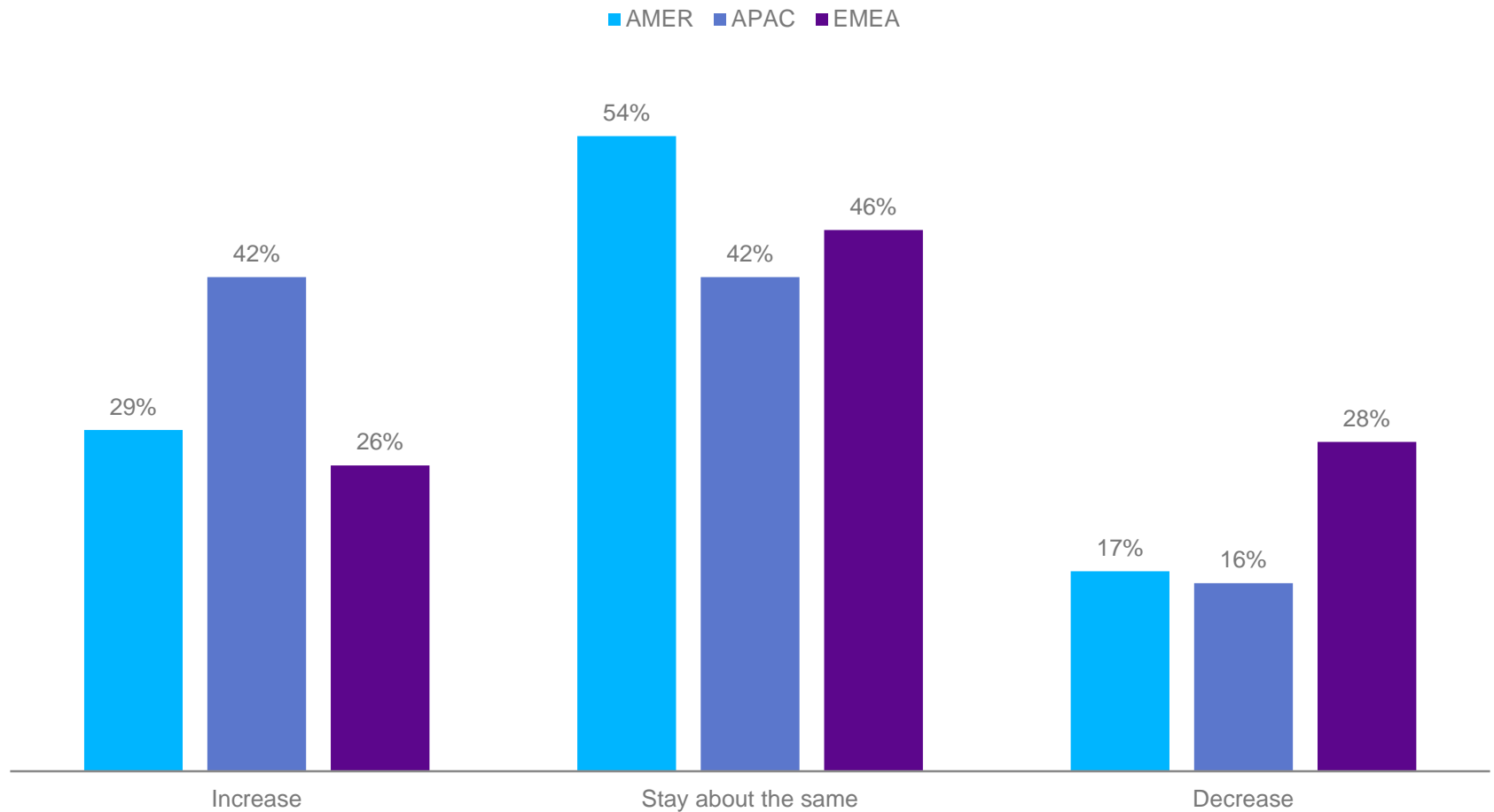


"No opinion" option excluded from results.  
 \*Displaying top four risks to global markets.

# EMPLOYMENT PROSPECTS

*Opportunities for investment professionals in India and China brighten.*

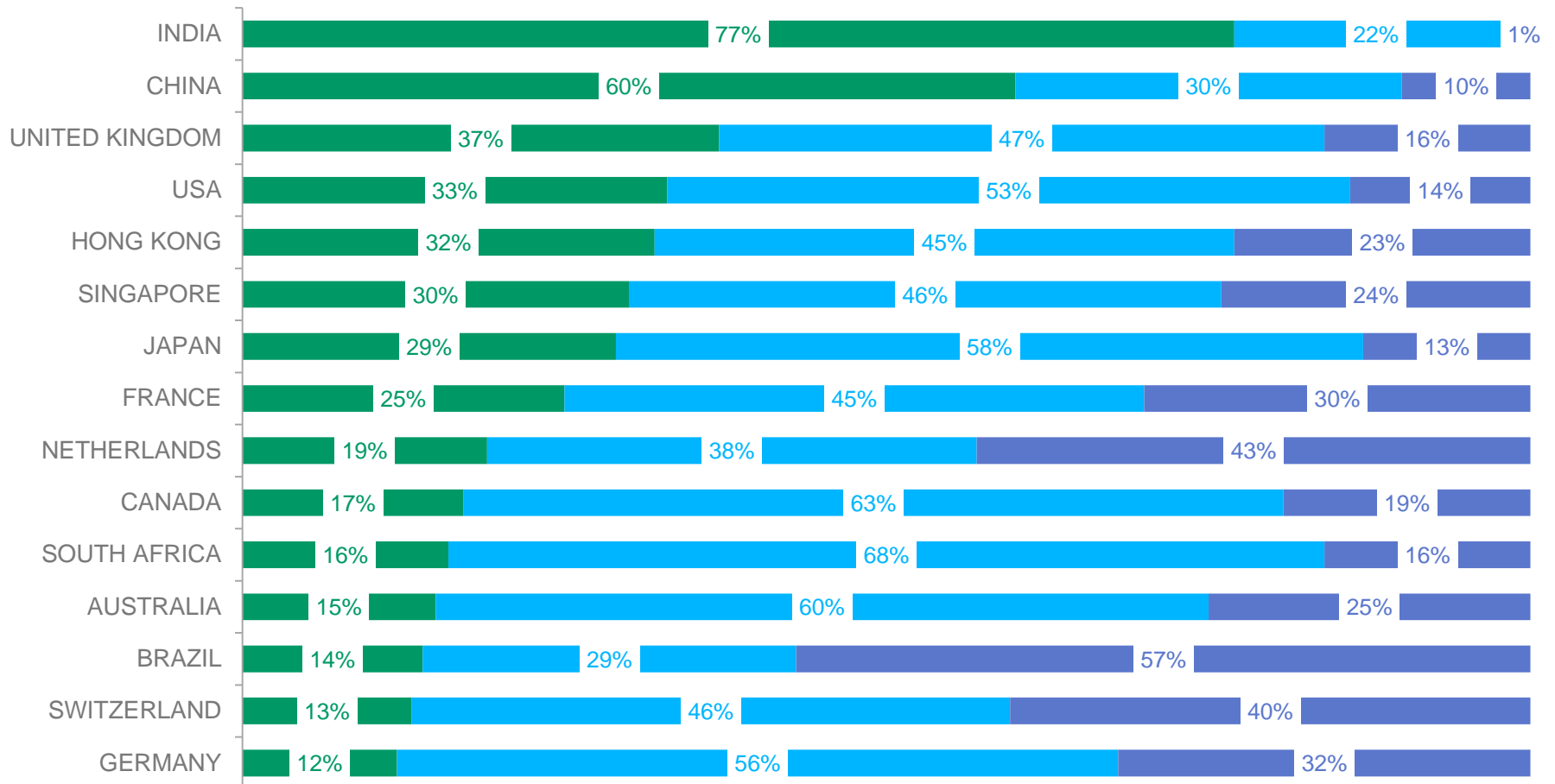
# IN 2015, DO YOU EXPECT EMPLOYMENT OPPORTUNITIES FOR INVESTMENT PROFESSIONALS IN YOUR LOCAL MARKET TO INCREASE, DECREASE, OR STAY ABOUT THE SAME?



“Not Sure” option excluded

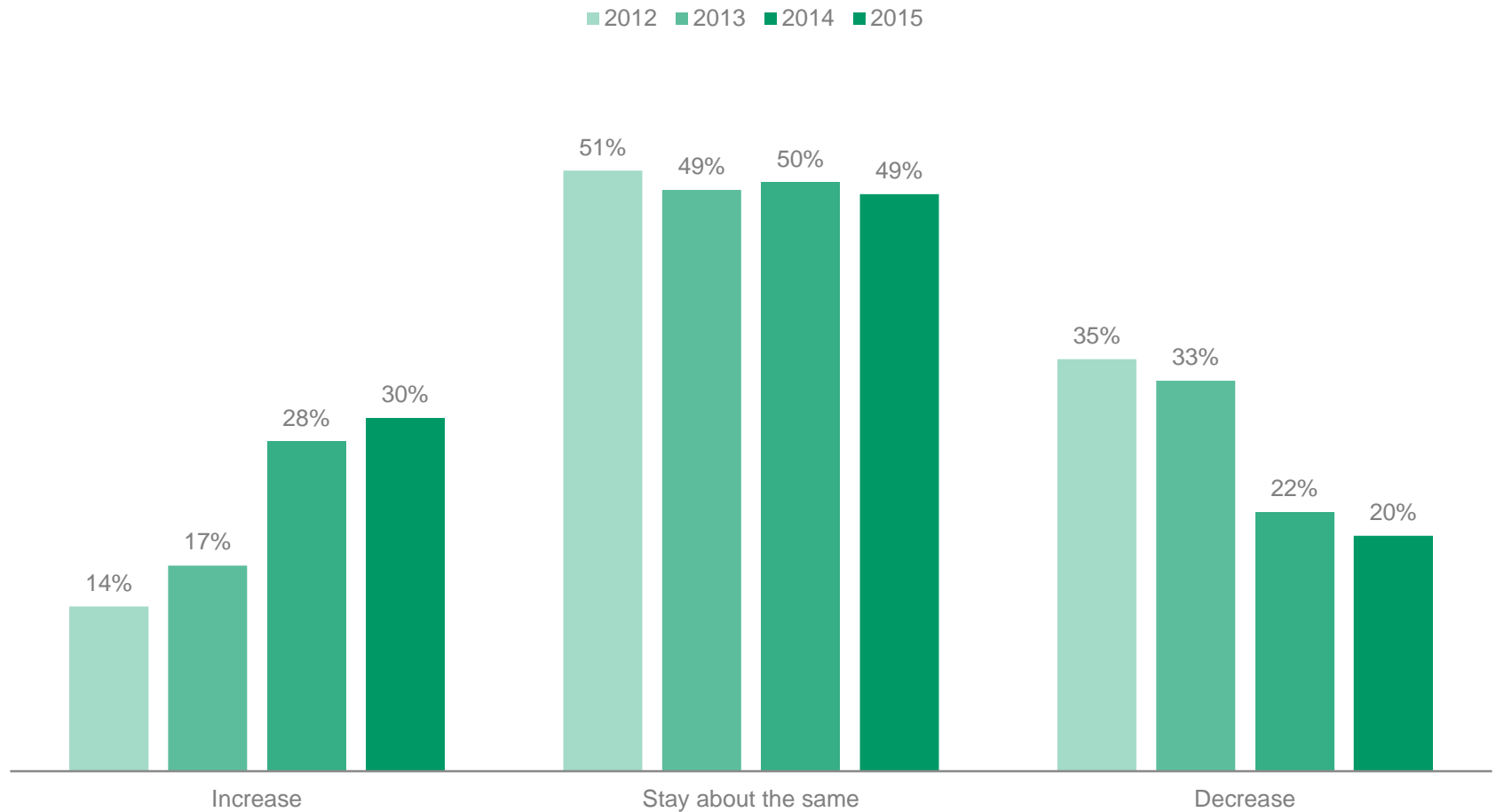
# IN 2015, DO YOU EXPECT EMPLOYMENT OPPORTUNITIES FOR INVESTMENT PROFESSIONALS IN YOUR LOCAL MARKET TO INCREASE, DECREASE, OR STAY ABOUT THE SAME?

■ Increase ■ Stay about the same ■ Decrease



"Not Sure" option excluded

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



“Not Sure” option excluded

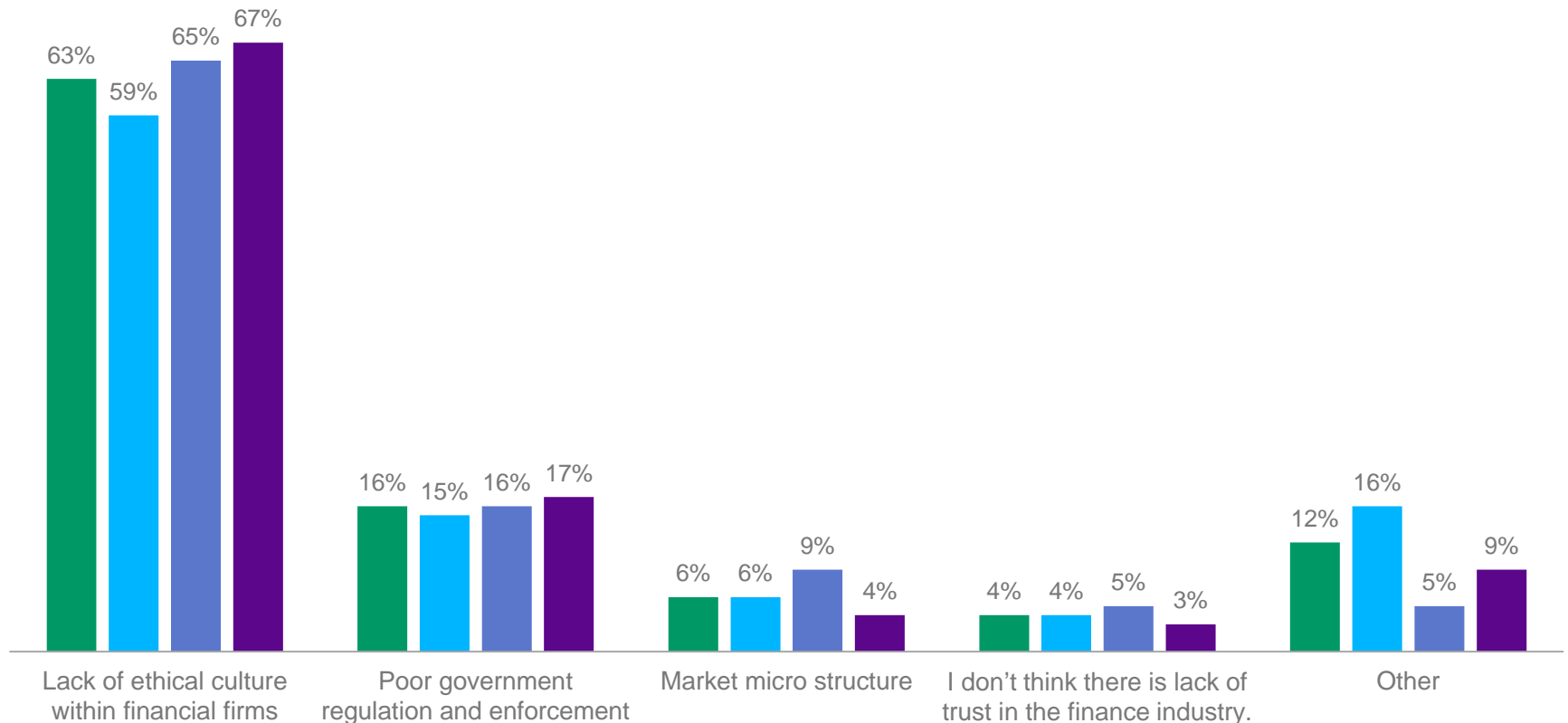
# TRUST IN PRACTITIONERS

*The single most important firm-level action needed to bolster investor trust is to improve alignment of investment management incentives with investor objectives.*



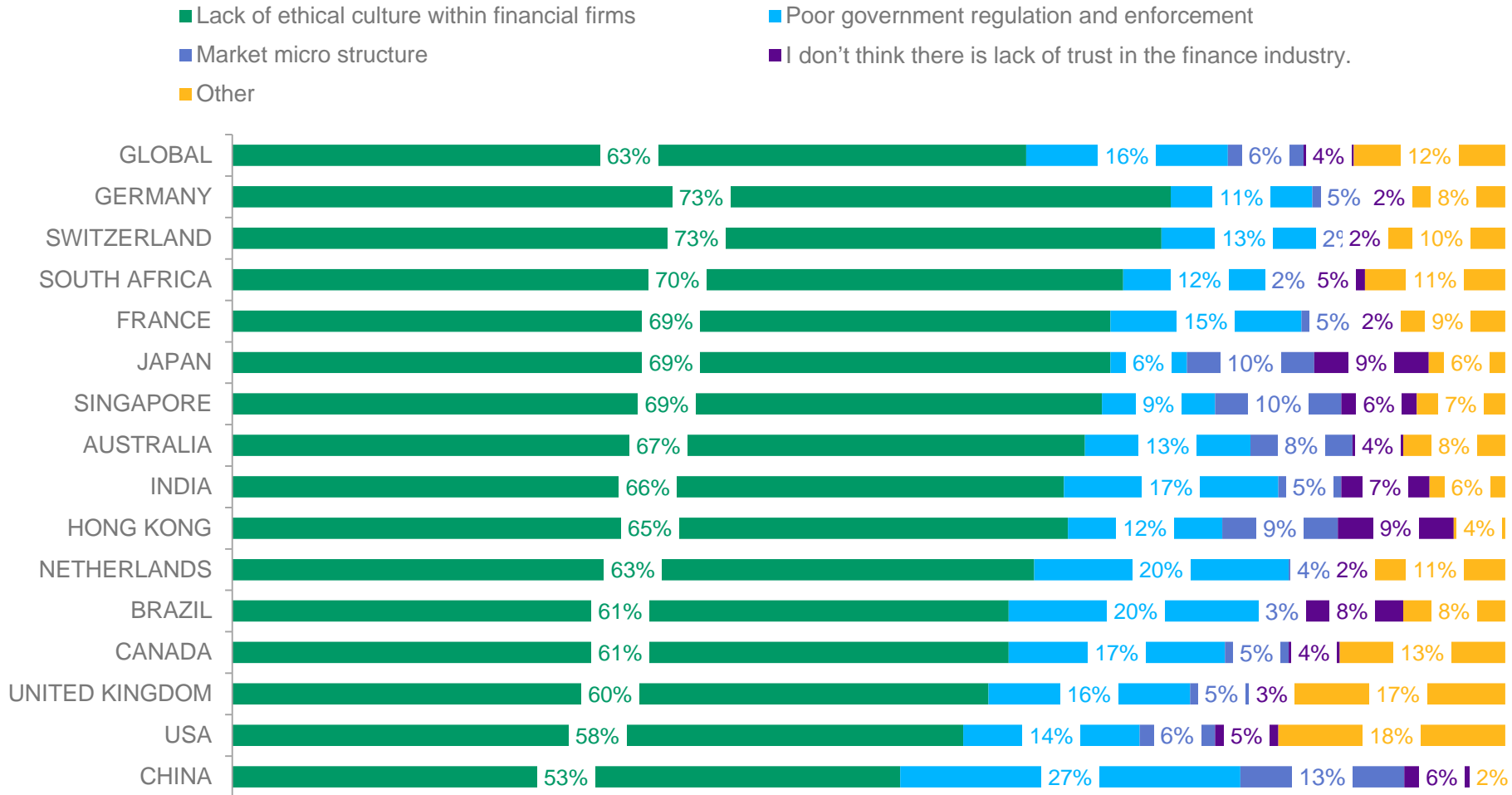
# WHICH FACTOR DO YOU THINK HAS CONTRIBUTED THE MOST TO THE CURRENT LACK OF TRUST IN THE FINANCE INDUSTRY?

■ GLOBAL ■ AMER ■ APAC ■ EMEA



"No opinion" option excluded from results.

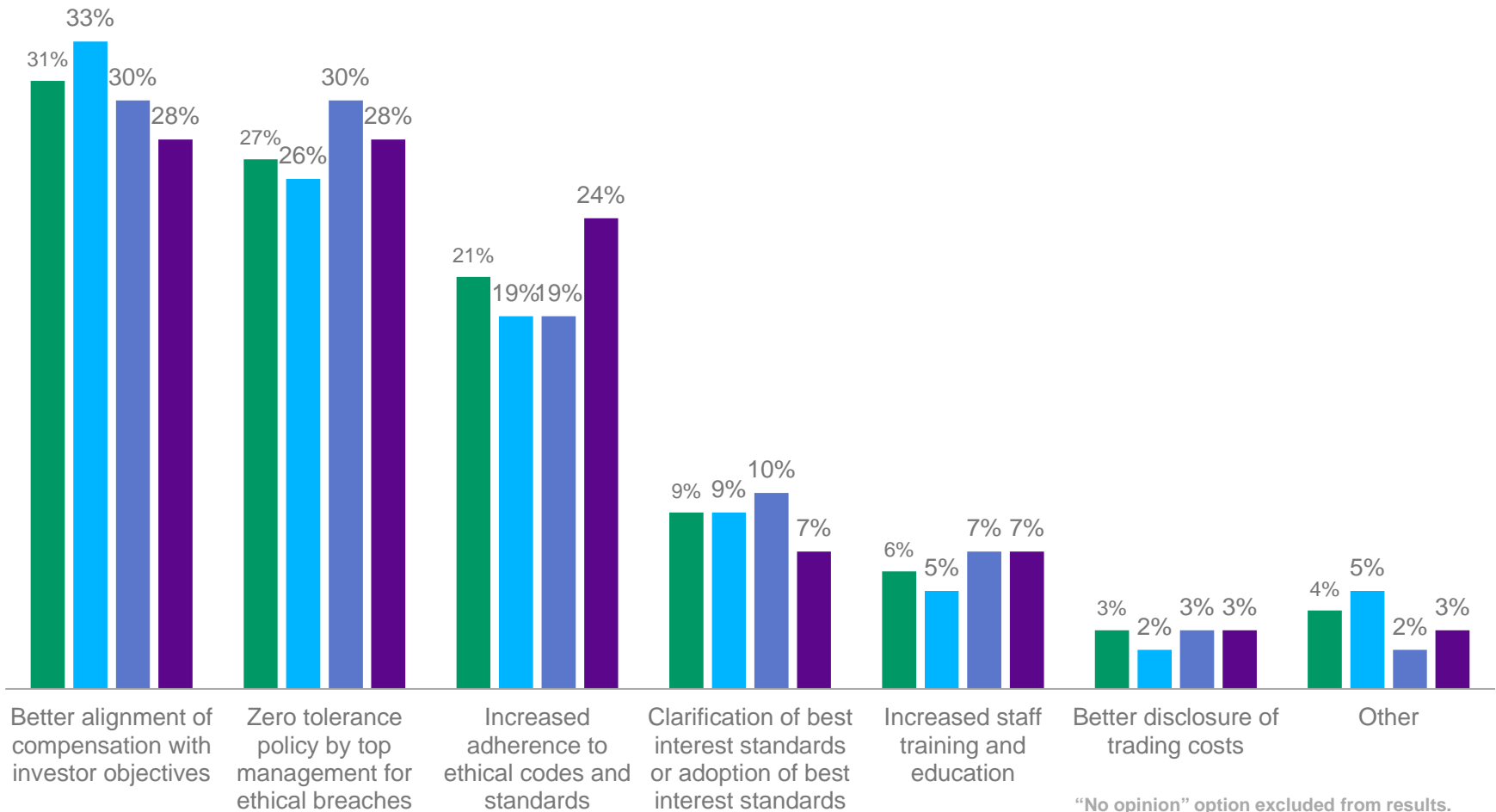
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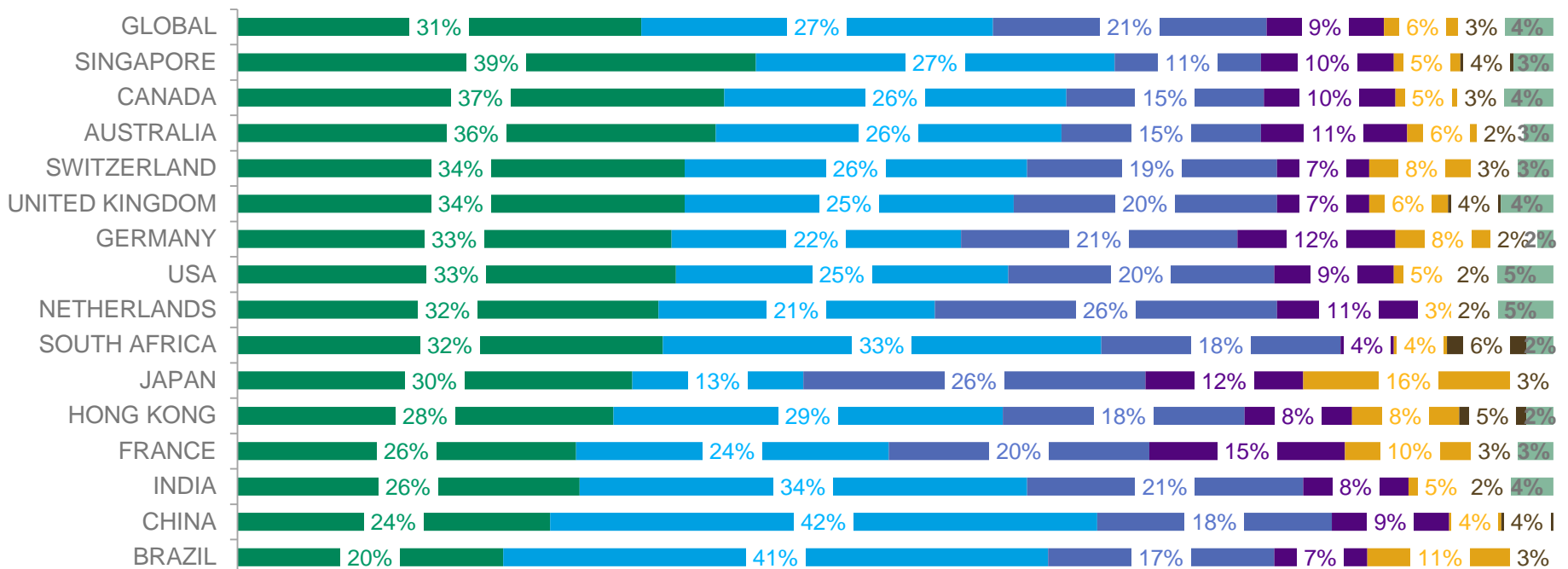
# WHICH ONE OF THE FOLLOWING FIRM LEVEL ACTIONS IS MOST NEEDED IN THE COMING YEAR TO HELP IMPROVE INVESTOR TRUST AND CONFIDENCE?

■ 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?

- Better alignment of compensation with investor objectives
- Zero tolerance policy by top management for ethical breaches
- Increased adherence to ethical codes and standards
- Clarification of best interest standards or adoption of best interest standards
- Increased staff training and education
- Better disclosure of trading costs
- Other



"No opinion" option excluded from results.

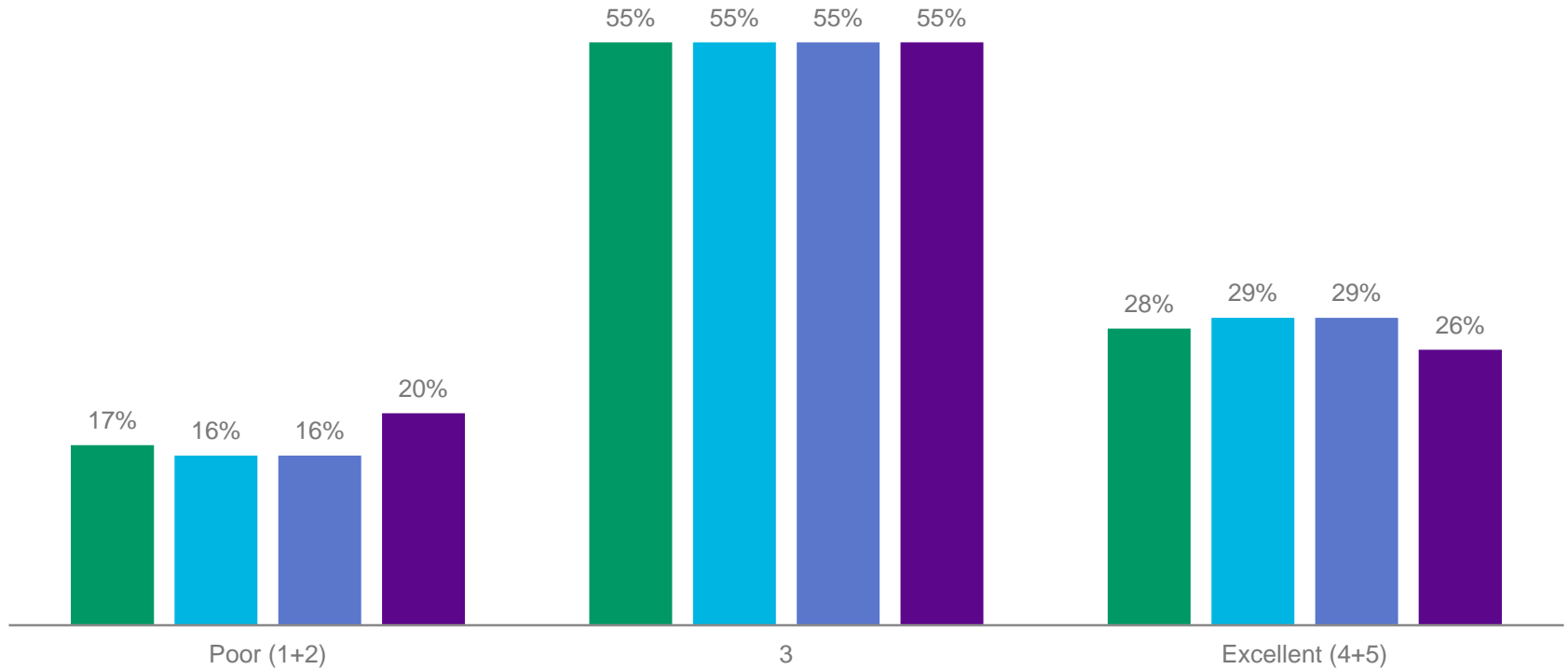
# MARKET INTEGRITY

*Market fraud and integrity of financial reporting generally rank as the most serious concerns for global markets.*

# HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS IN 2014?

Scale: Poor (1) to Excellent (5)

■ GLOBAL ■ AMER ■ APAC ■ EMEA



# HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS IN 2014? *Scale: Poor (1) to Excellent (5)*

■ Poor (1 and 2) ■ 3 ■ Excellent (4 and 5)

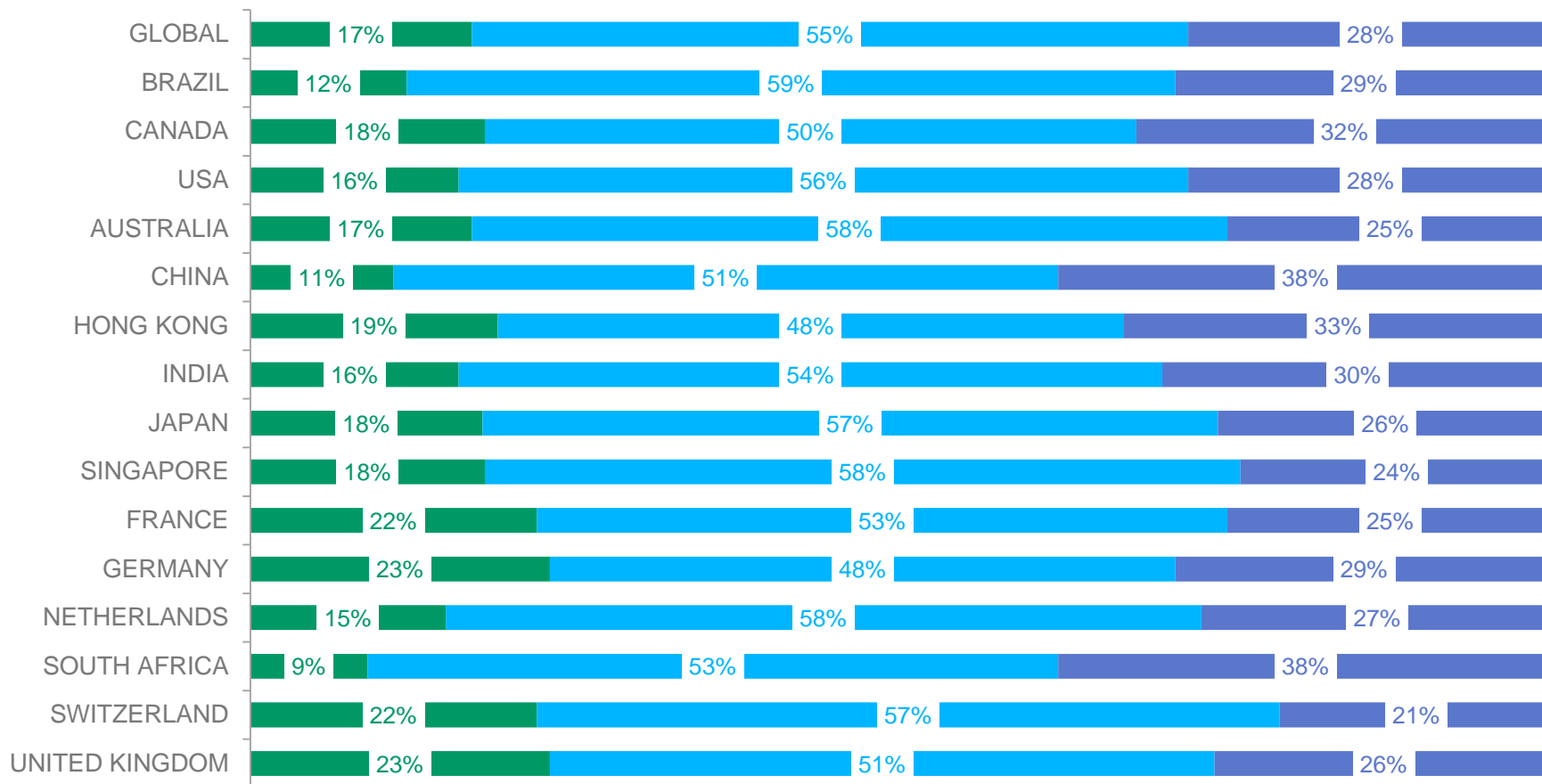
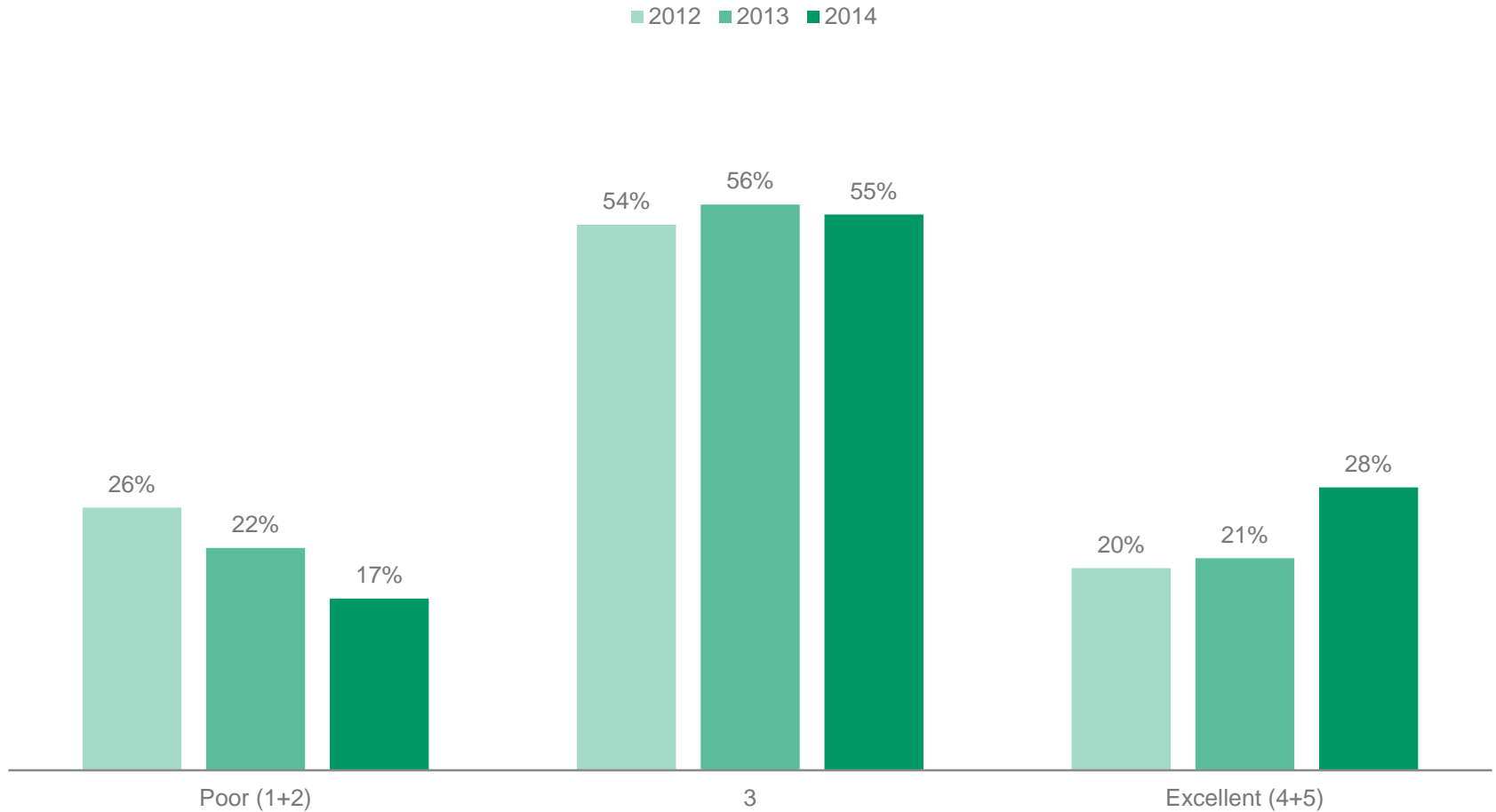


Chart displays Poor(1+2), 3 and Excellent (4+5)

# HOW WOULD YOU RATE THE LEVEL OF INTEGRITY OF GLOBAL CAPITAL MARKETS?

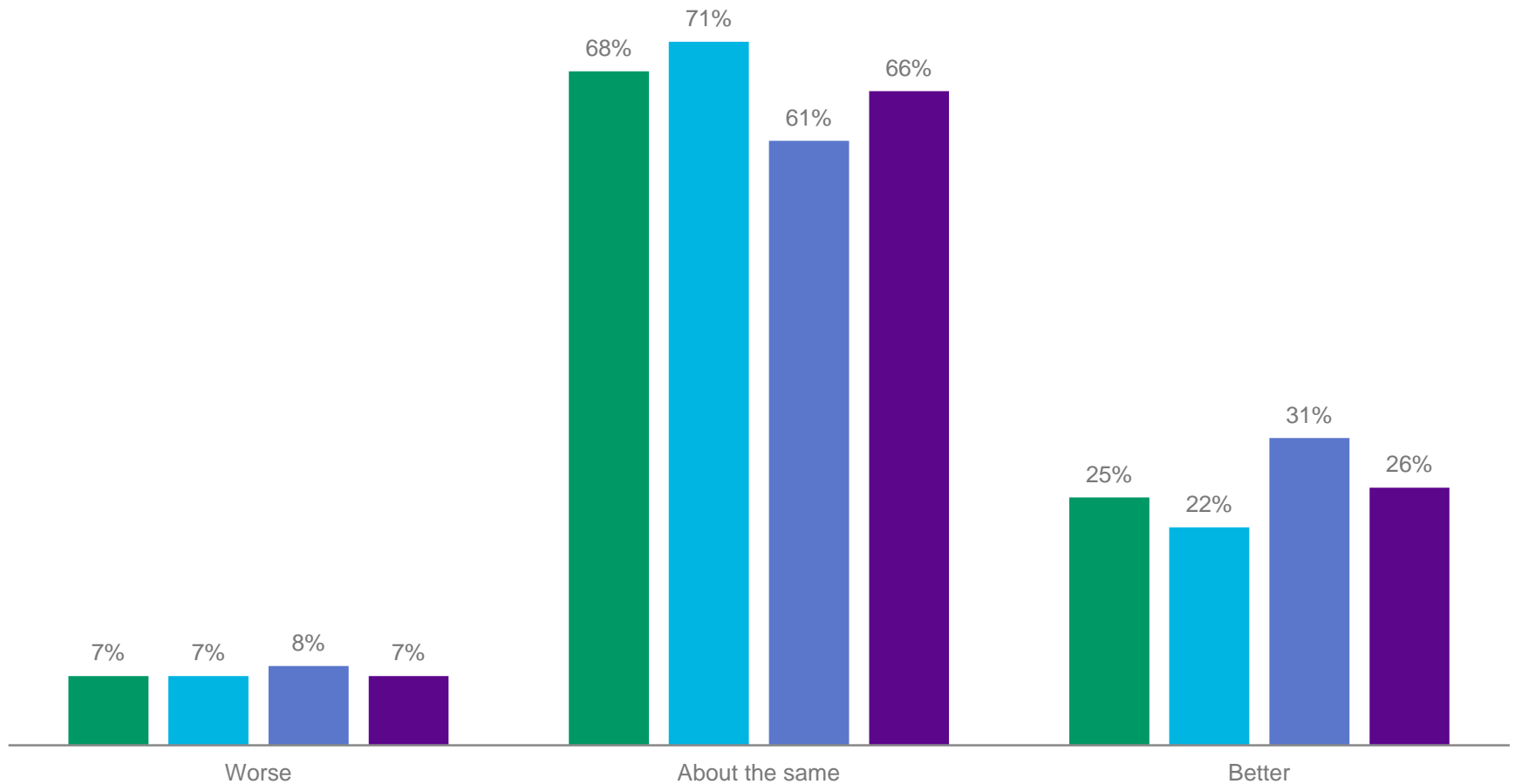
Scale: Poor (1) to Excellent (5)





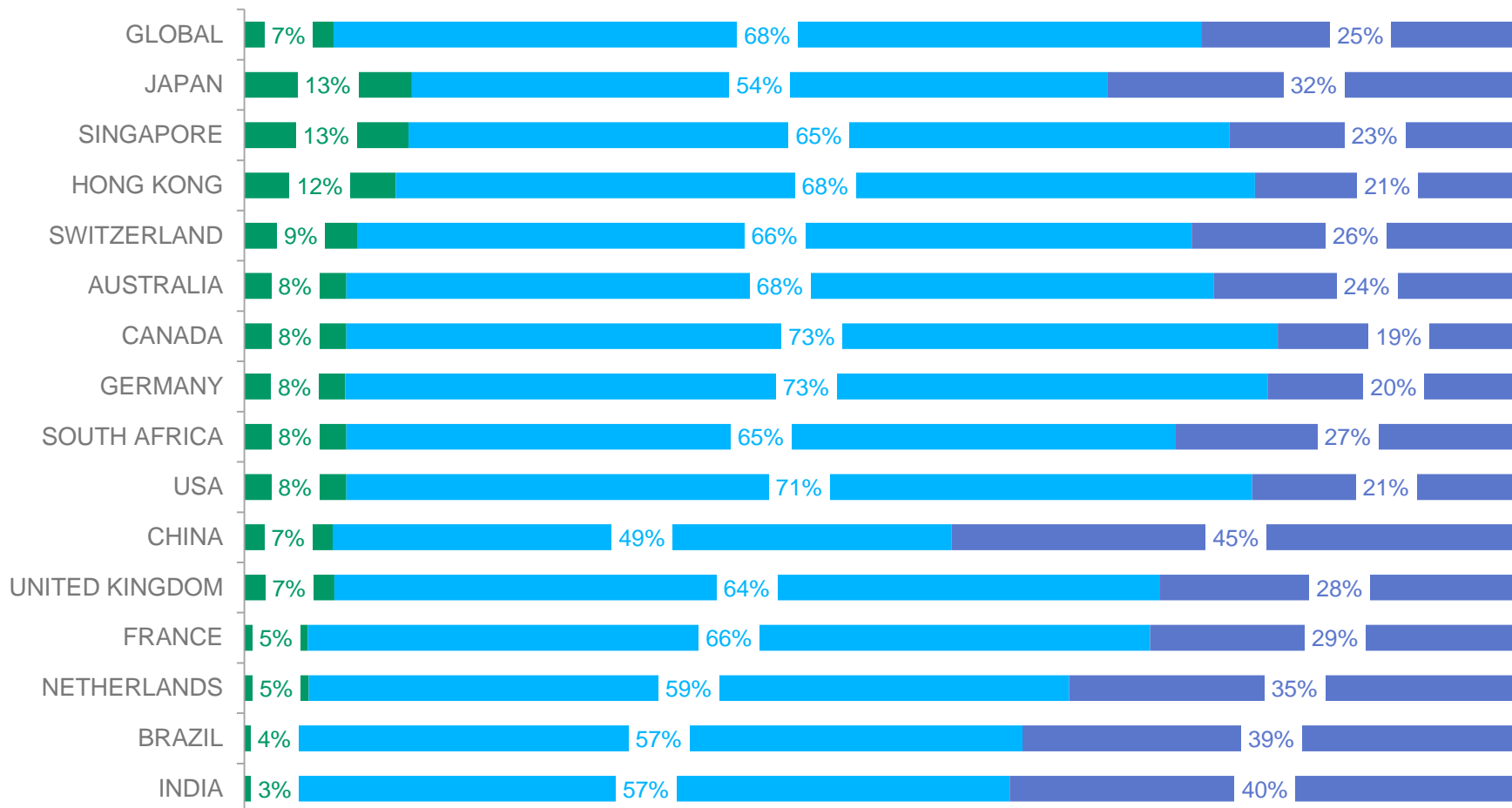
# DO YOU THINK THE INTEGRITY OF *GLOBAL* CAPITAL MARKETS IN 2015 WILL BE BETTER OR WORSE THAN IN 2014?

■ GLOBAL ■ AMER ■ APAC ■ EMEA

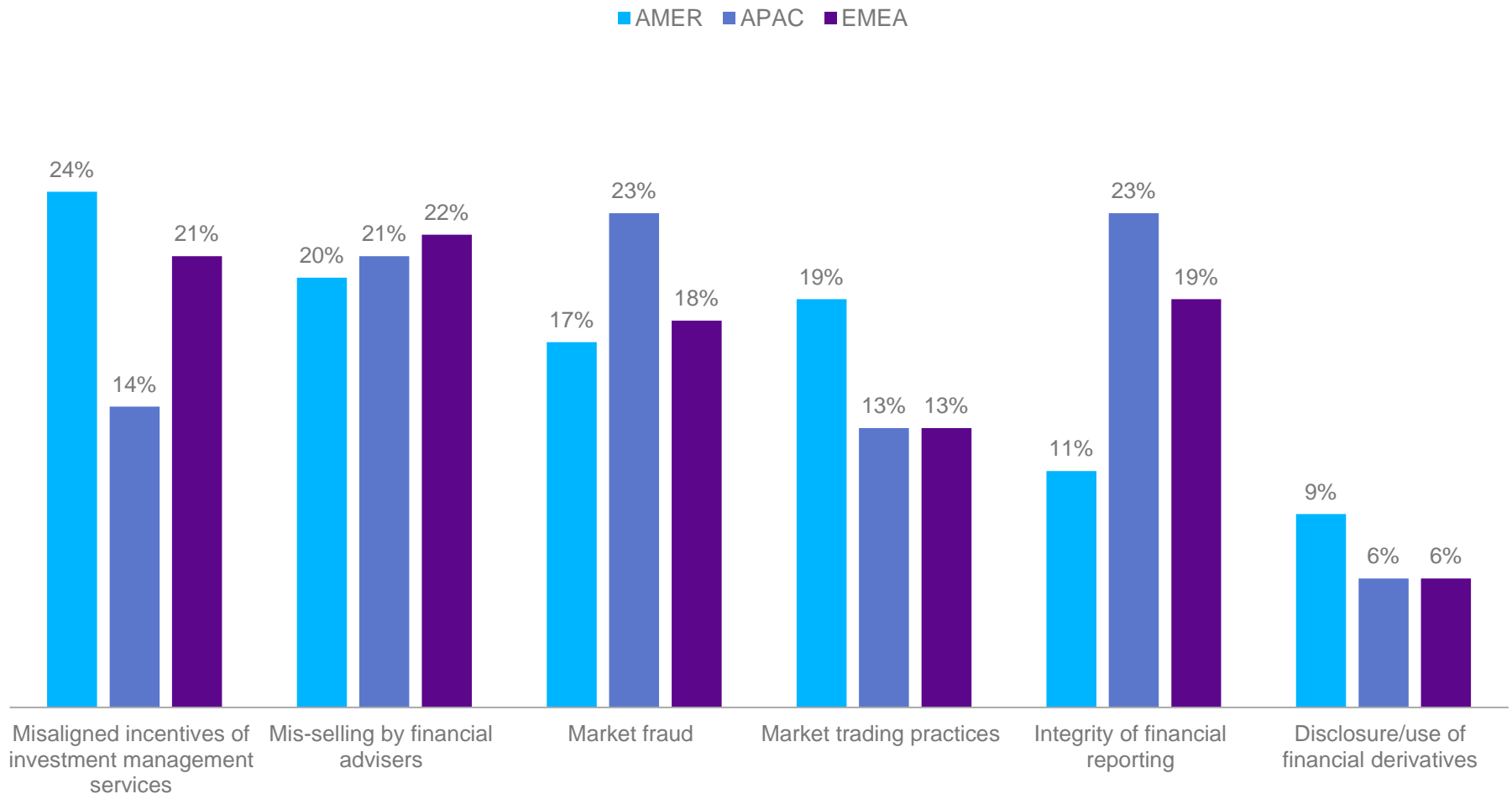


# DO YOU THINK THE INTEGRITY OF *GLOBAL* CAPITAL MARKETS IN 2015 WILL BE BETTER OR WORSE THAN IN 2014?

■ Worse ■ About the same ■ Better

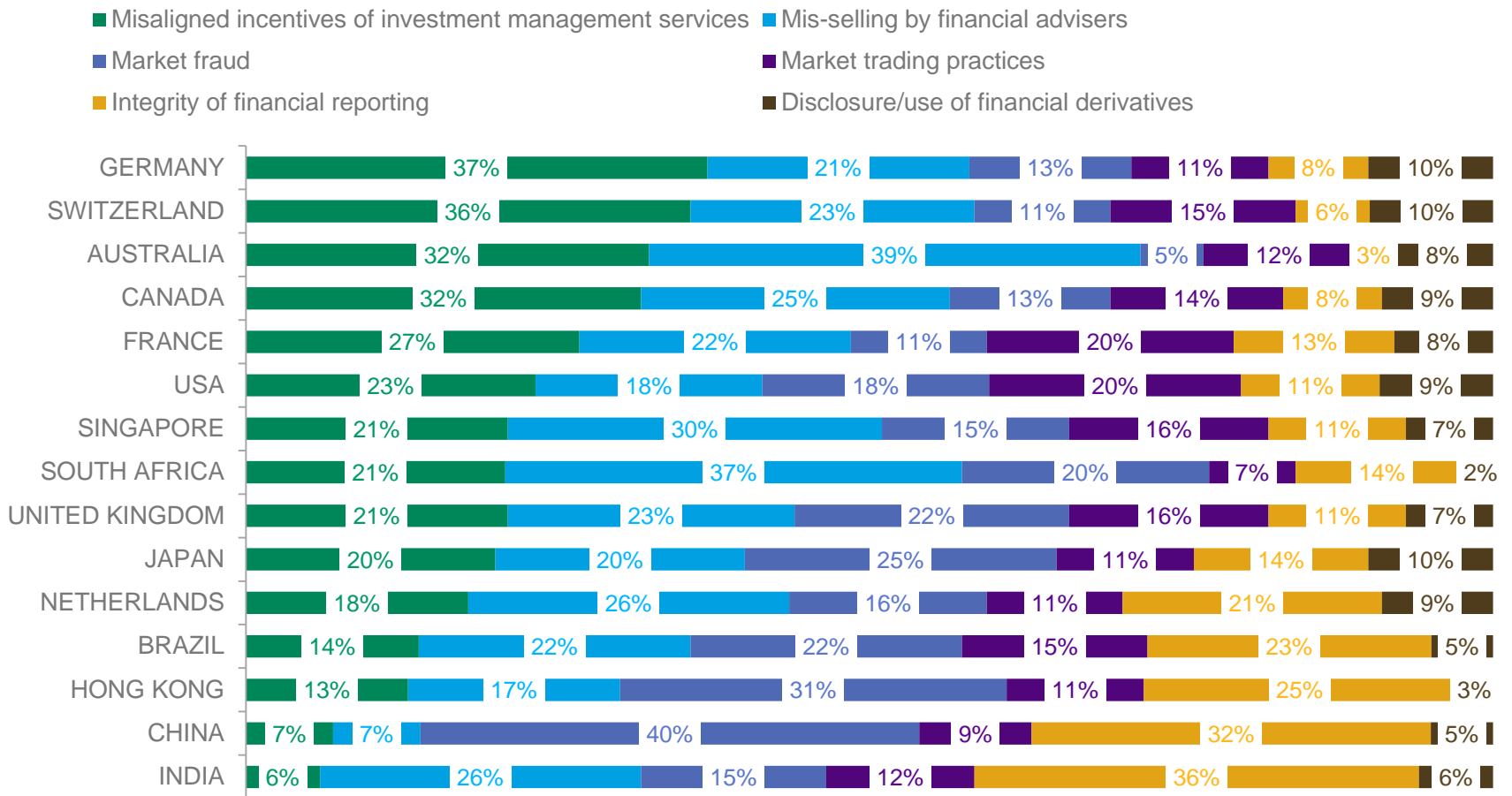


# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING YOUR LOCAL MARKET IN THE COMING YEAR (2015) IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*



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

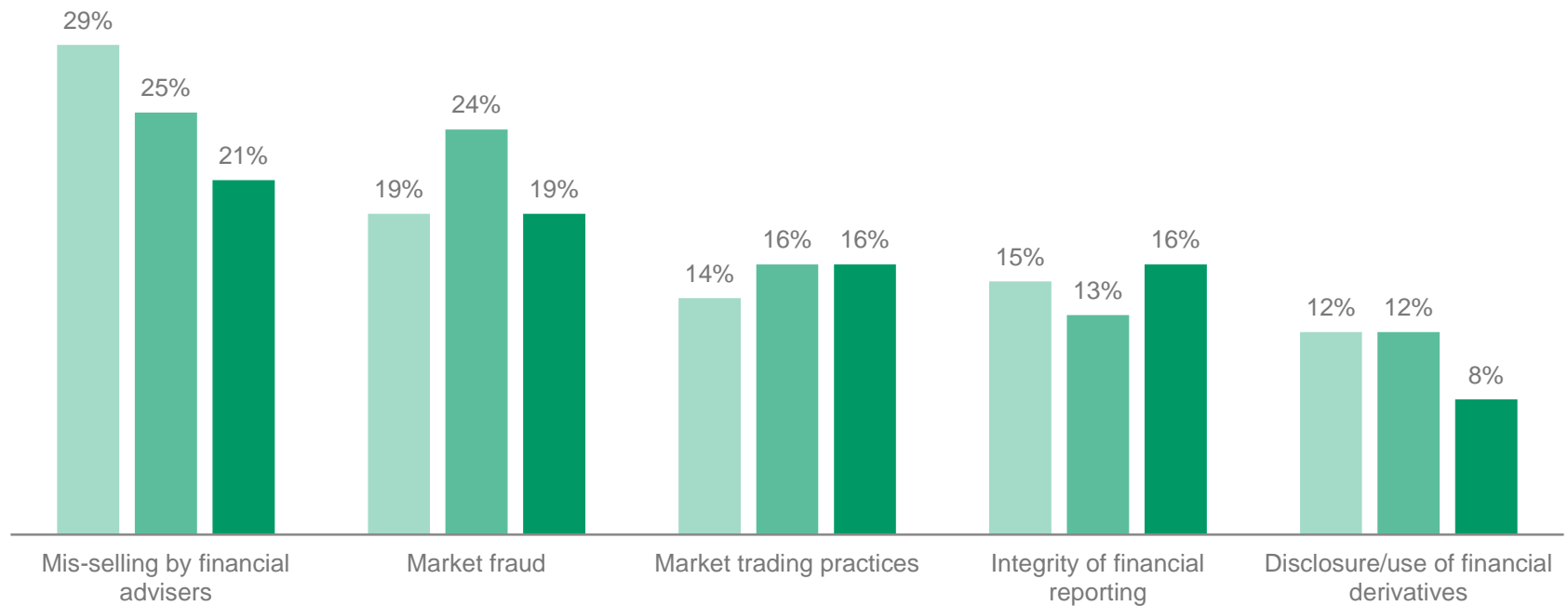
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# PLEASE RANK THE FOLLOWING ETHICAL ISSUES FACING YOUR LOCAL MARKET IN THE COMING YEAR IN ORDER OF THE MOST SERIOUS TO THE LEAST SERIOUS\*

■ 2013 ■ 2014 ■ 2015



\*Chart displaying proportion of members ranking the ethical issue as the most serious facing local markets  
Note: Response options displayed are limited to those with relevant trending data.

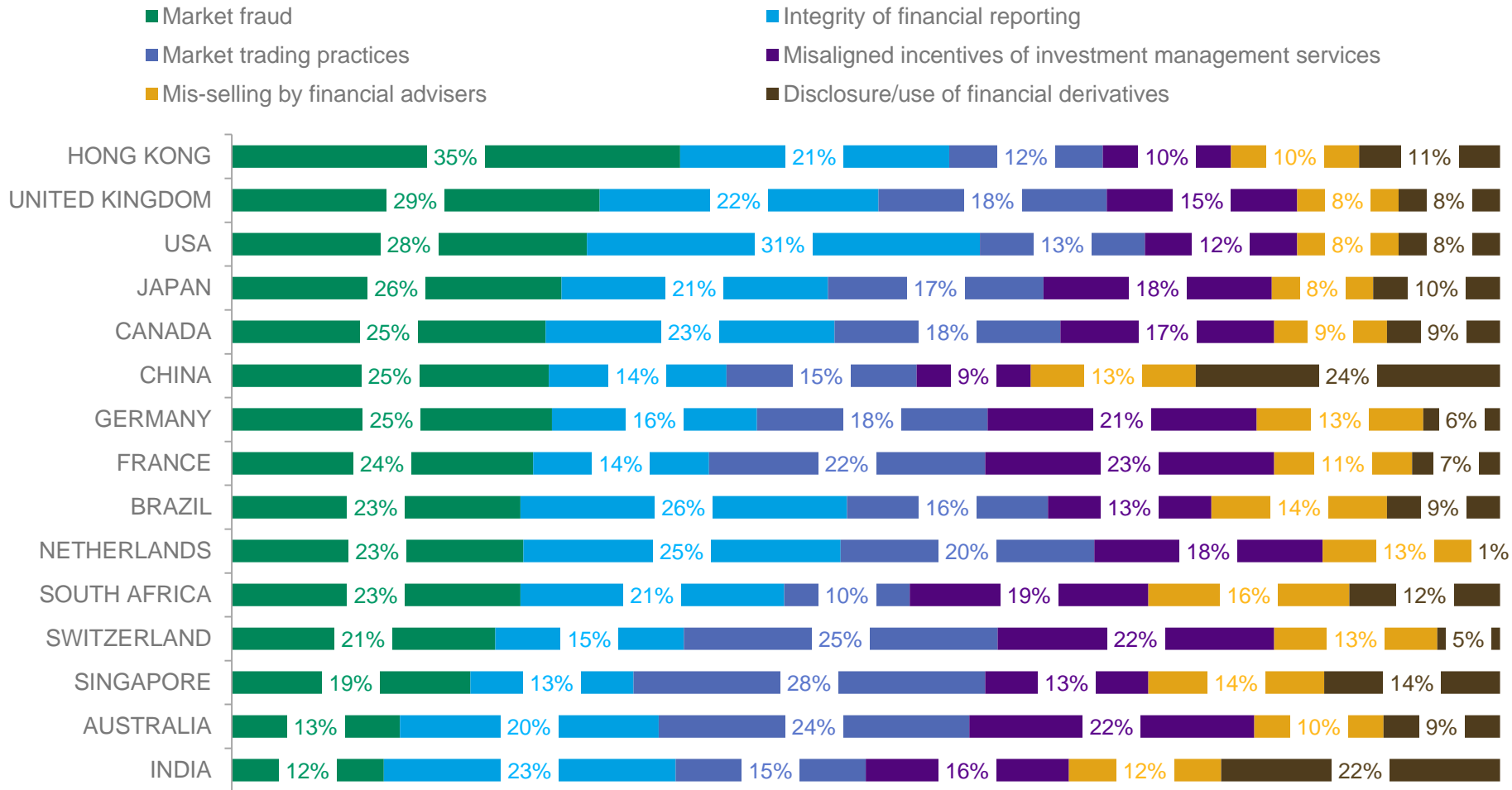
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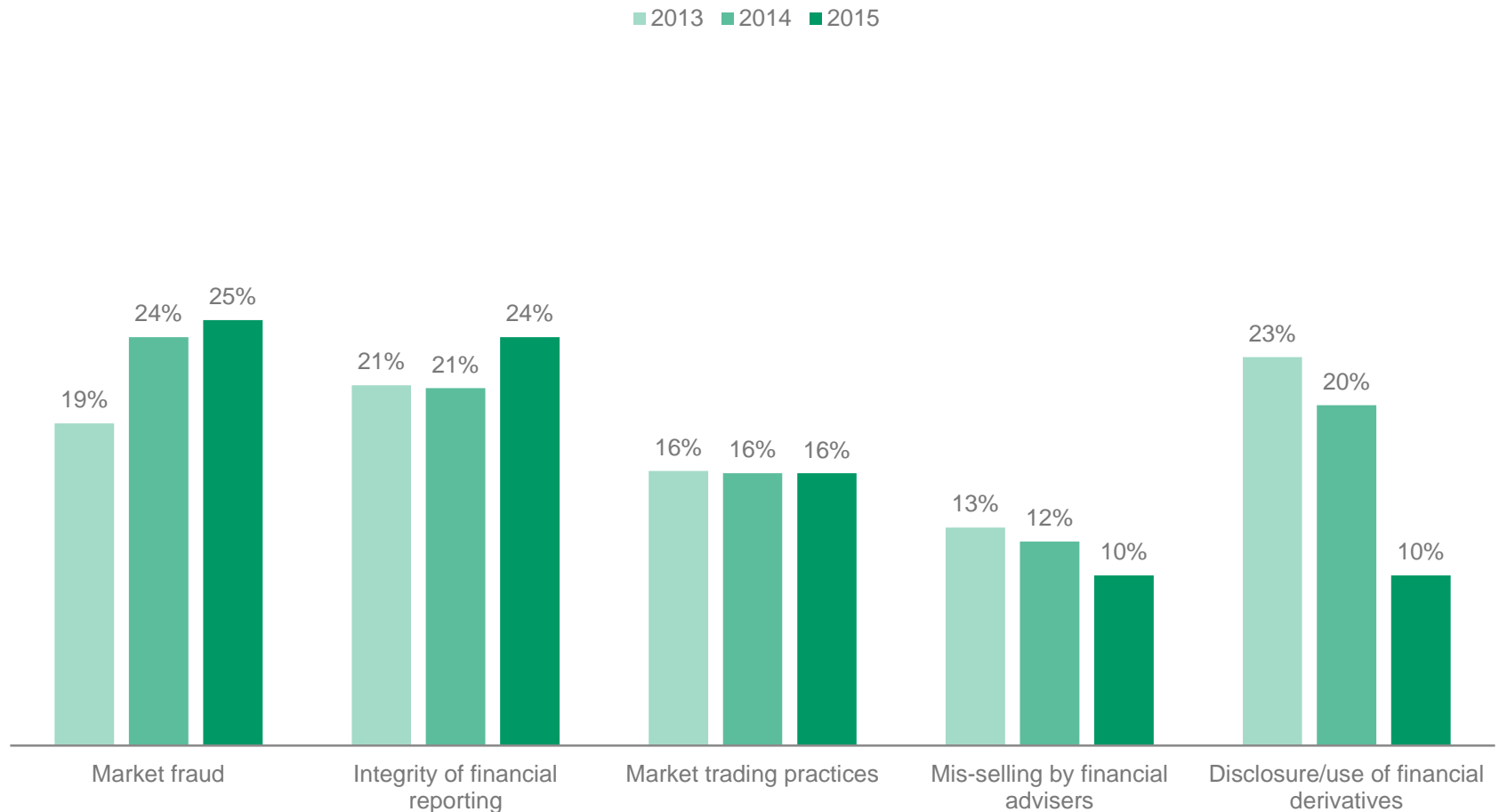
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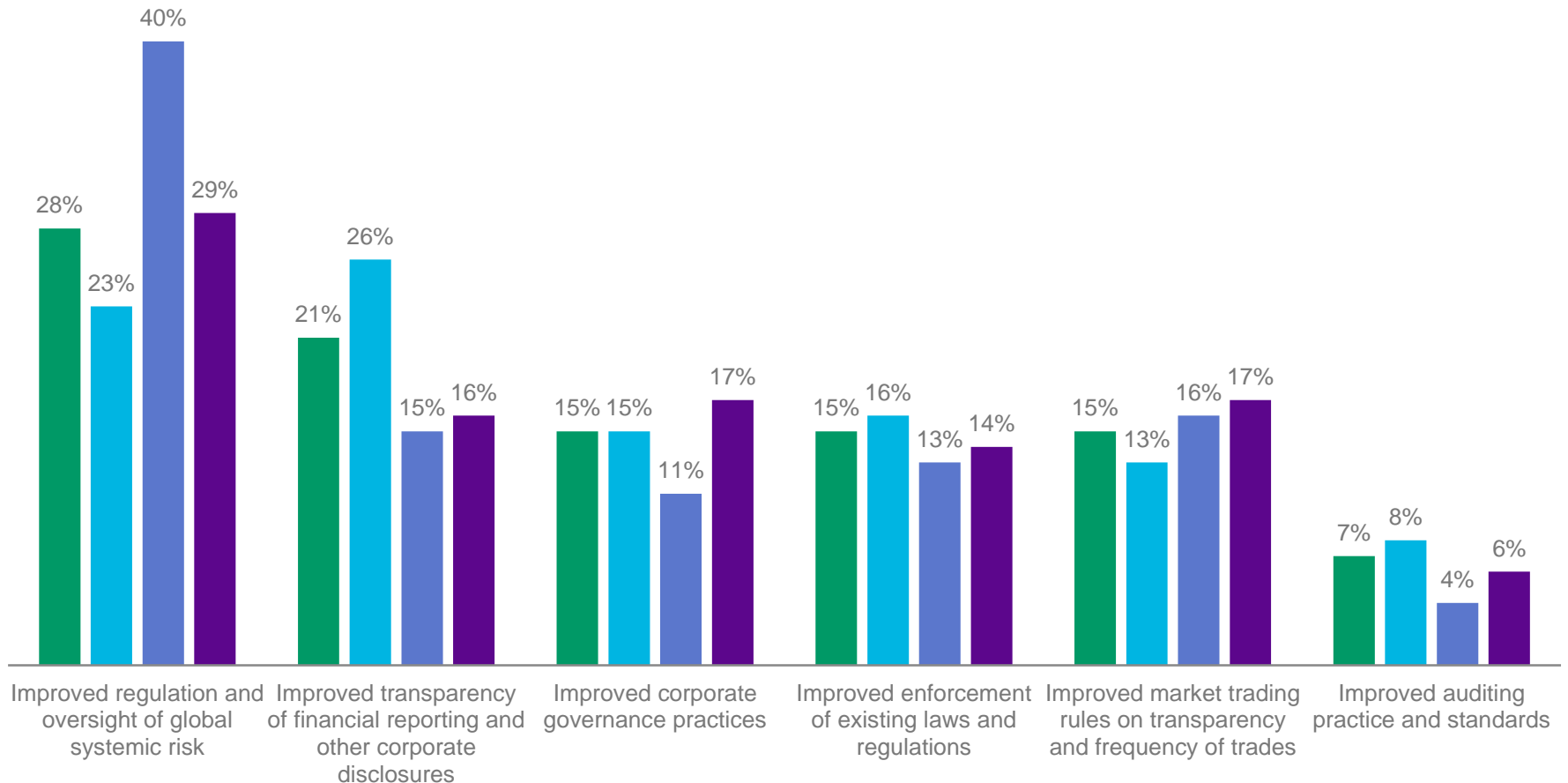


# MARKET STRUCTURE

*Globally Effective Risk Oversight Wanted.*

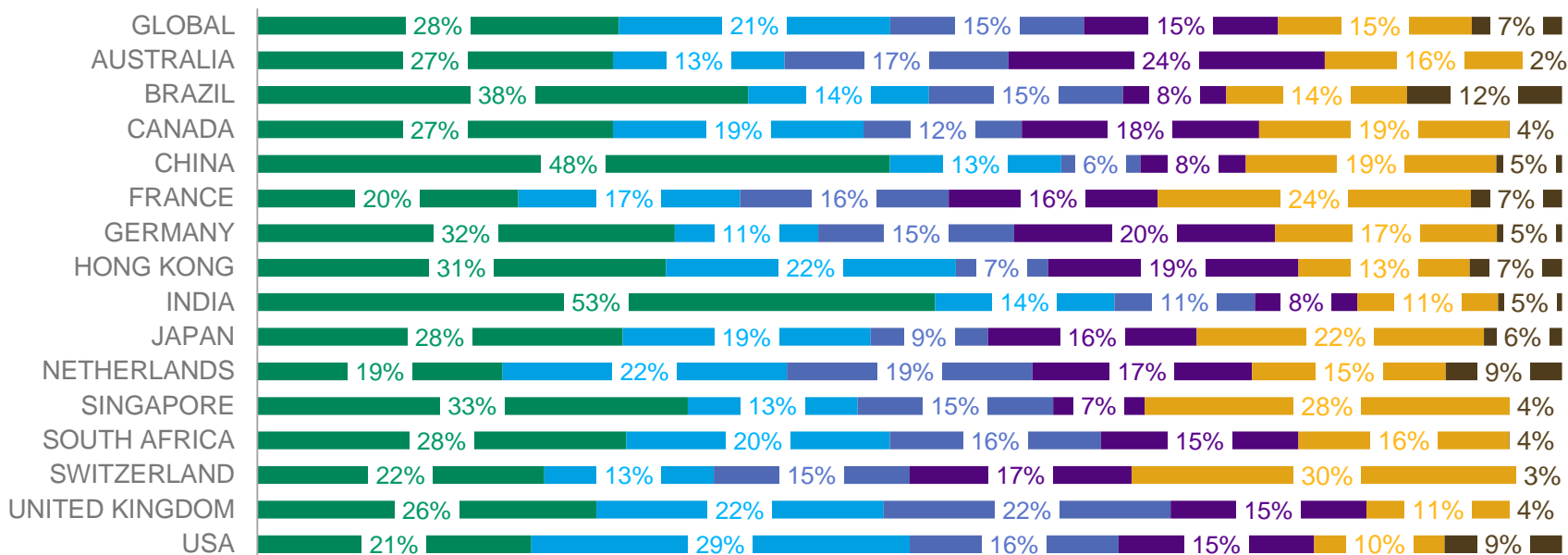
# WHICH ONE OF THE FOLLOWING REGULATORY OR INDUSTRY ACTIONS IS MOST NEEDED GLOBALLY IN THE COMING YEAR (2015) TO HELP IMPROVE INVESTOR TRUST AND MARKET INTEGRITY?

■ GLOBAL ■ AMER ■ APAC ■ EMEA



# WHICH ONE OF THE FOLLOWING REGULATORY OR INDUSTRY ACTIONS IS MOST NEEDED *GLOBALLY* IN THE COMING YEAR (2015) TO HELP IMPROVE INVESTOR TRUST AND MARKET INTEGRITY?\*

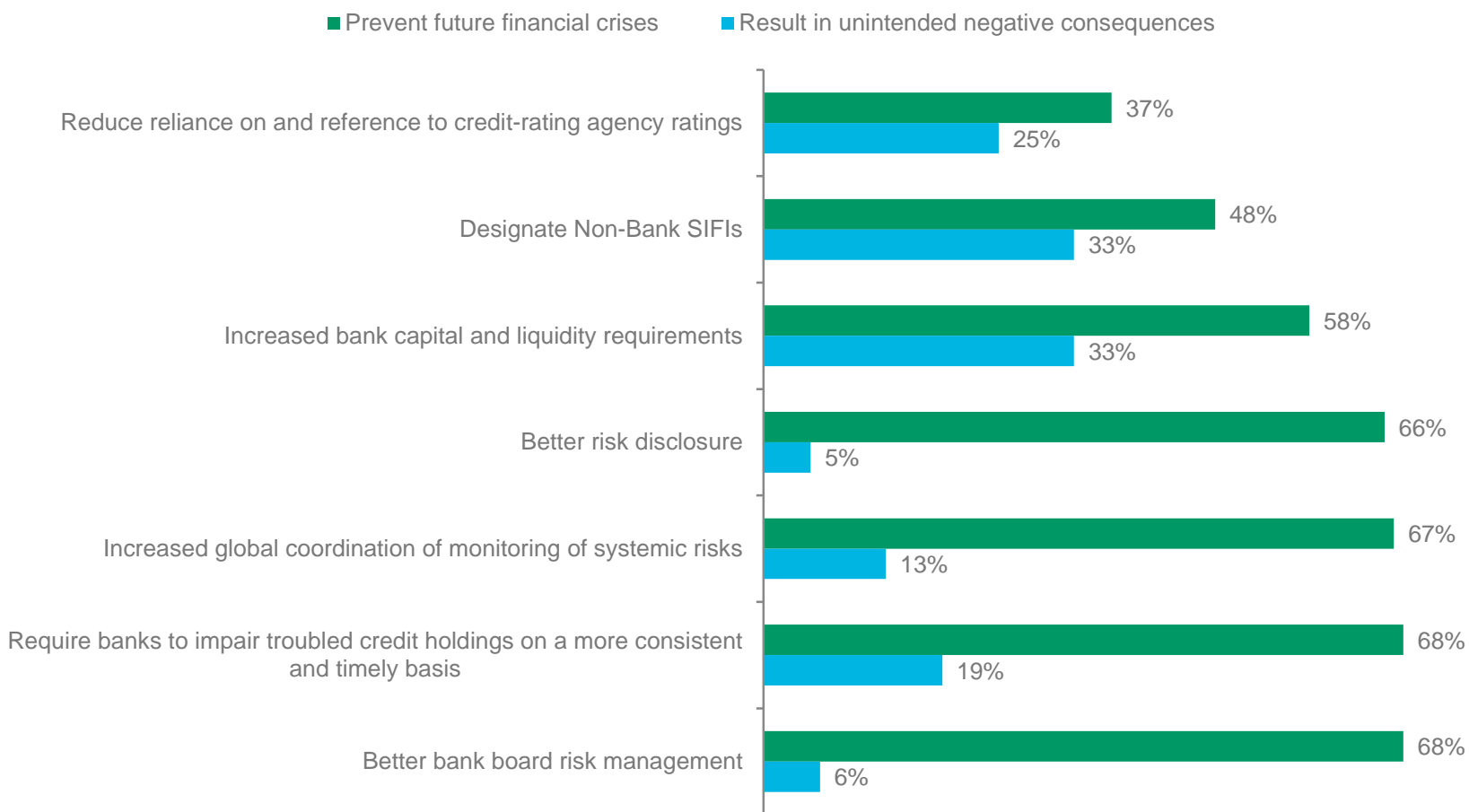
- Improved regulation and oversight of global systemic risk
- Improved transparency of financial reporting and other corporate disclosures
- Improved corporate governance practices
- Improved enforcement of existing laws and regulations
- Improved market trading rules on transparency and frequency of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



\*Chart displaying proportion of members ranking the industry action most needed.

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

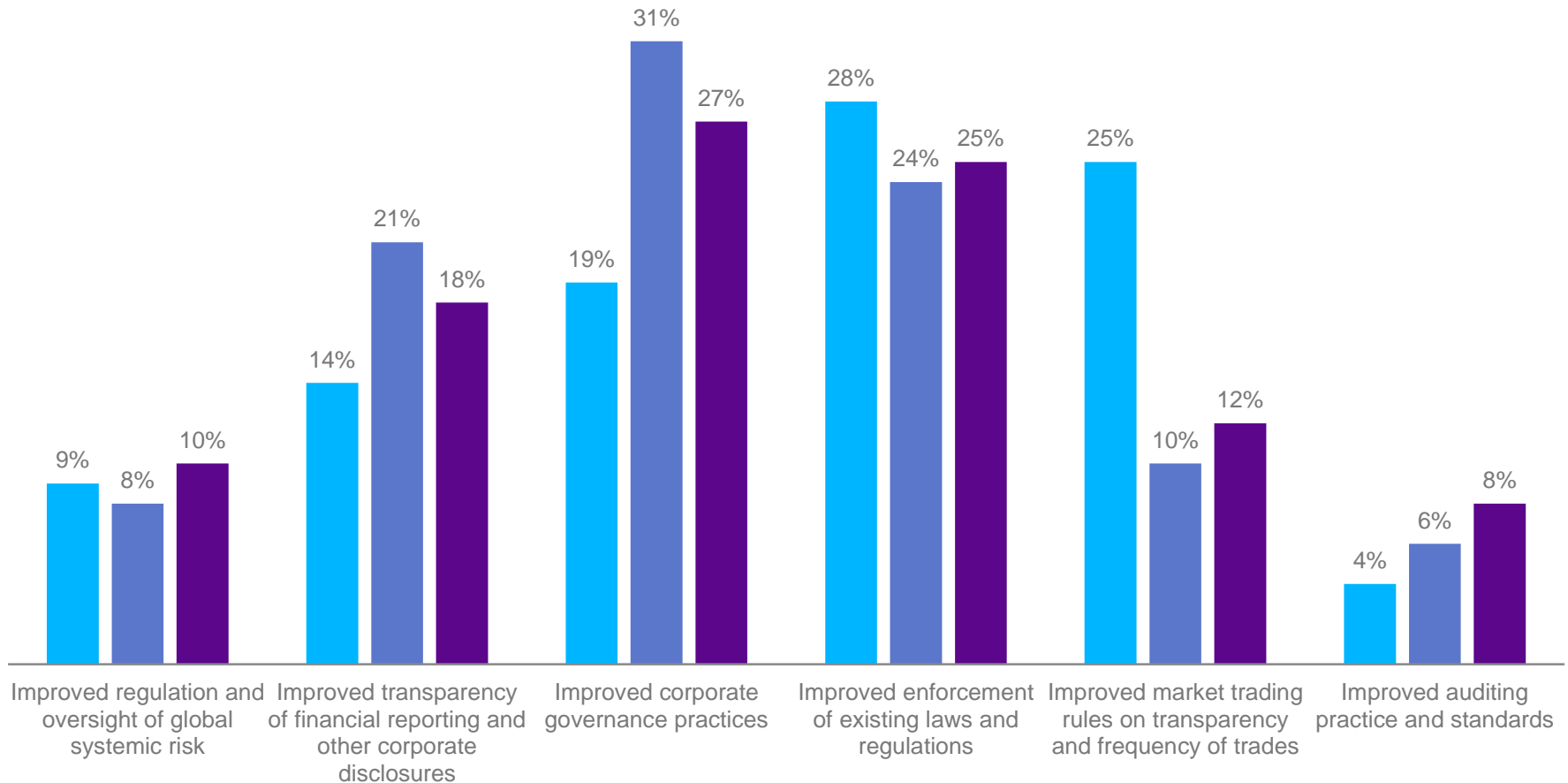
Scale: *Have no impact, Prevent future financial crises, Result in unintended negative consequences, and No opinion*



“Have no Impact” option not displayed  
“No opinion” option excluded

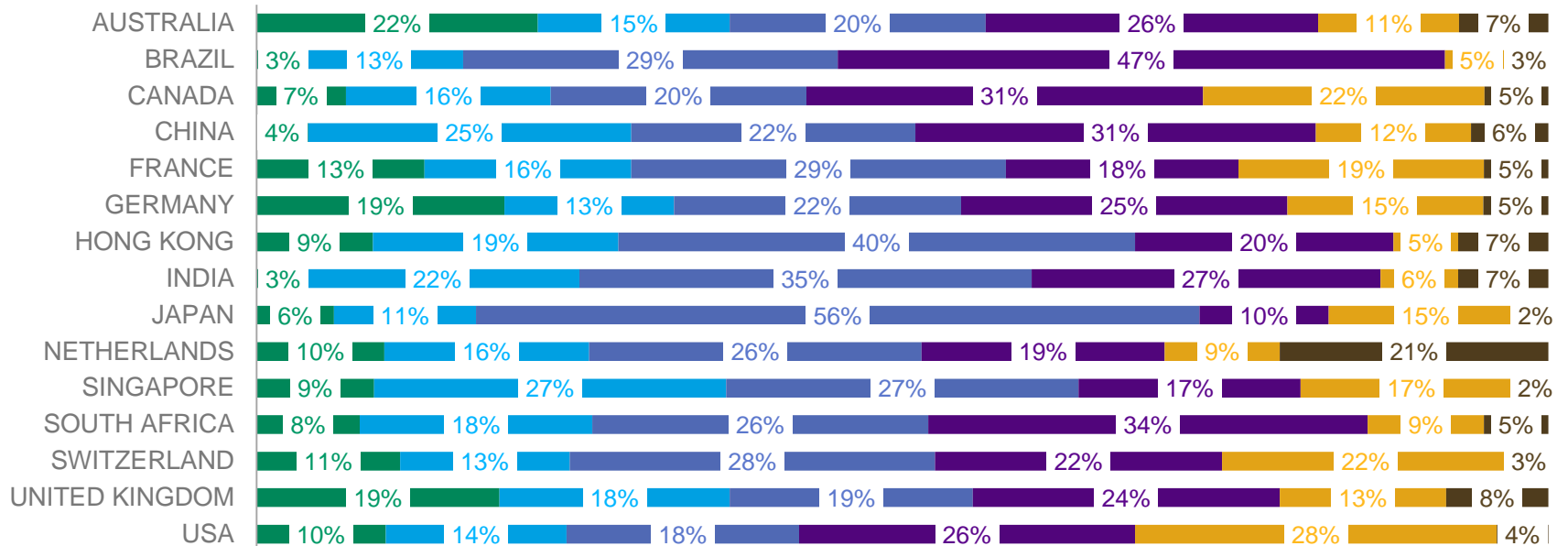
# WHICH ONE OF THE FOLLOWING REGULATORY OR INDUSTRY ACTIONS IS MOST NEEDED IN YOUR LOCAL MARKET FOR THE COMING YEAR (2015) TO HELP IMPROVE INVESTOR TRUST AND MARKET INTEGRITY?

■ AMER ■ APAC ■ EMEA



# WHICH ONE OF THE FOLLOWING REGULATORY OR INDUSTRY ACTIONS IS MOST NEEDED IN YOUR LOCAL MARKET FOR THE COMING YEAR (2015) 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 practice and standards



# 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.

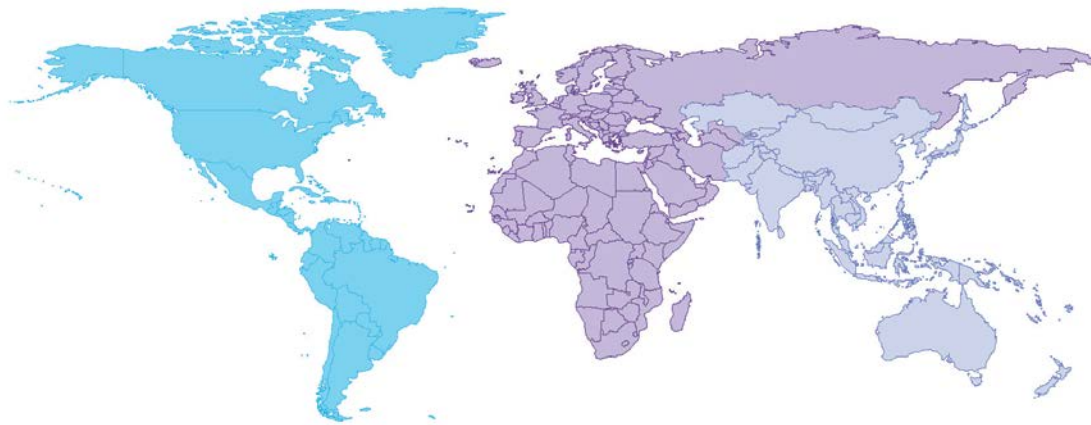
## METHODOLOGY

An online survey was conducted from 14 to 28 October 2014. All CFA Institute members globally were invited to participate in the survey; 5,259 responded, for an overall response rate of 4% and a margin of error of  $\pm 1.3\%$ .

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



# RESPONDENT PROFILE



**52%**  
**AMERICAS**  
**(AMER)**

**30%**  
**EUROPE,**  
**MIDDLE**  
**EAST &**  
**AFRICA**  
**(EMEA)**

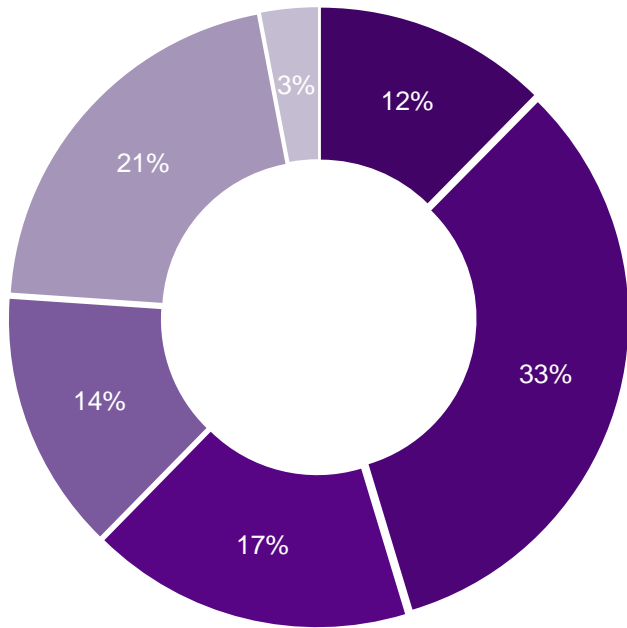
**18%**  
**ASIA PACIFIC**  
**(APAC)**

TOP MARKETS	# OF RESPONDENTS
USA	1,956
CANADA	572
UNITED KINGDOM	264
CHINA	144
INDIA	143
GERMANY	139
SWITZERLAND	138
SOUTH AFRICA	131
FRANCE	123
HONG KONG	111
AUSTRALIA	108
NETHERLANDS	102
SINGAPORE	102
JAPAN	94
BRAZIL	79

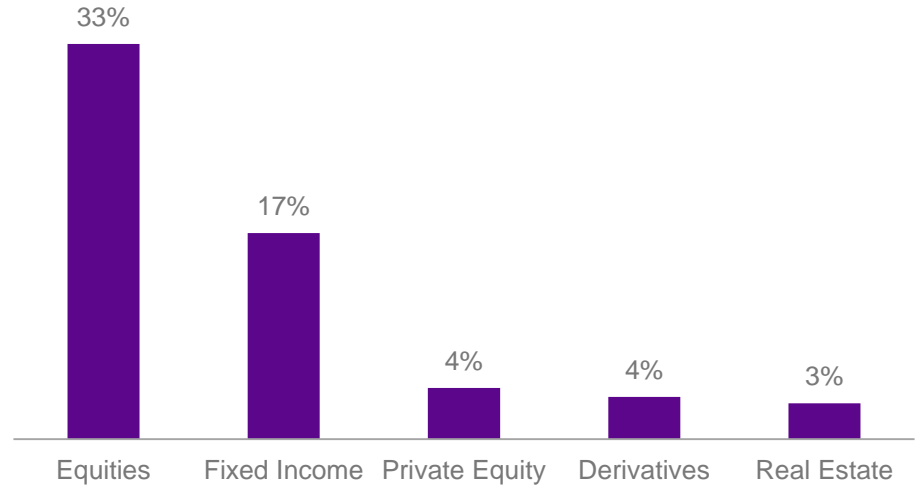
# RESPONDENT PROFILE

## Years In Industry

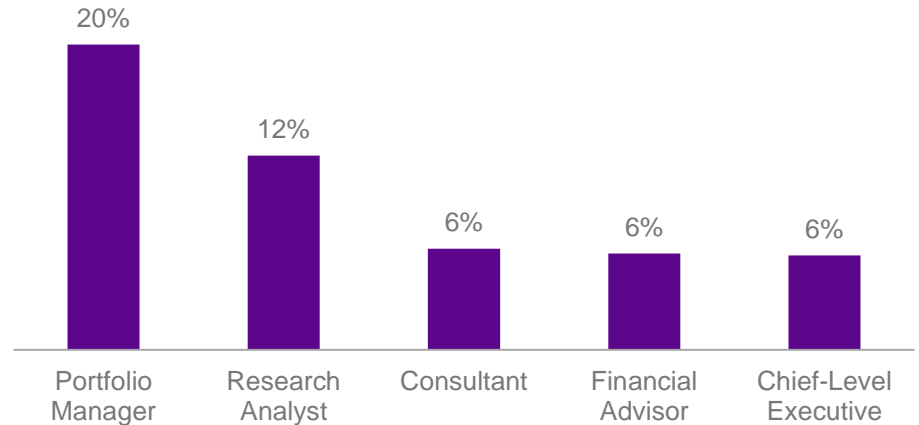
- ≤ 5 years
- 6 to 10 years
- 11 to 15 years
- 16 to 20 years
- > 20 years
- Not Applicable



## Primary Investment Practice (Top 5)



## Job Function (Top 5)



## 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 members in 140 countries and territories, including 110,000 CFA® charterholders, and 140 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)