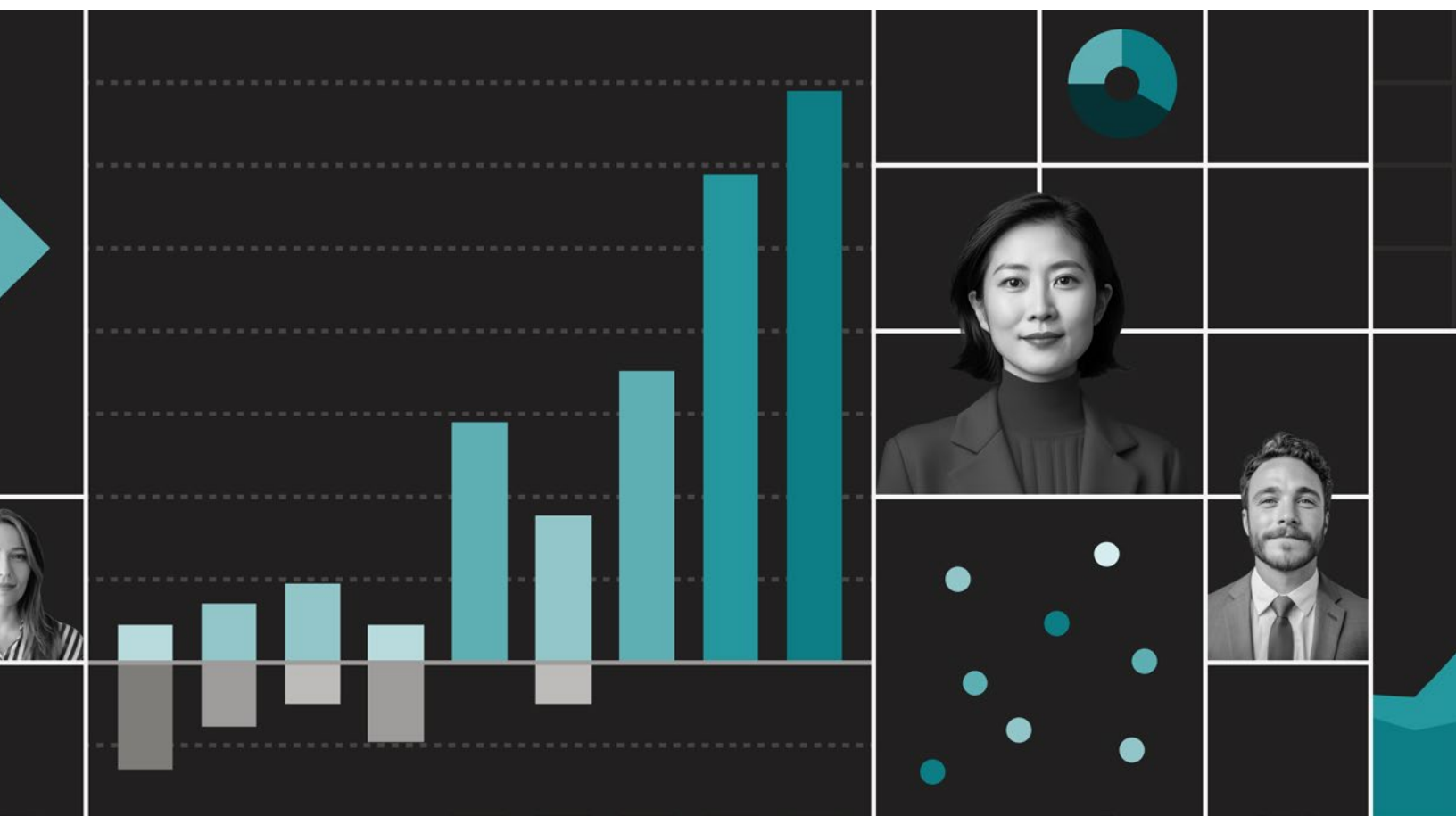


# How Can Advisors Turn Complexity into Clarity?

Four actionable tips to build client confidence, shaped by investor sentiment insights from our latest survey across Canada.



# Table of Contents

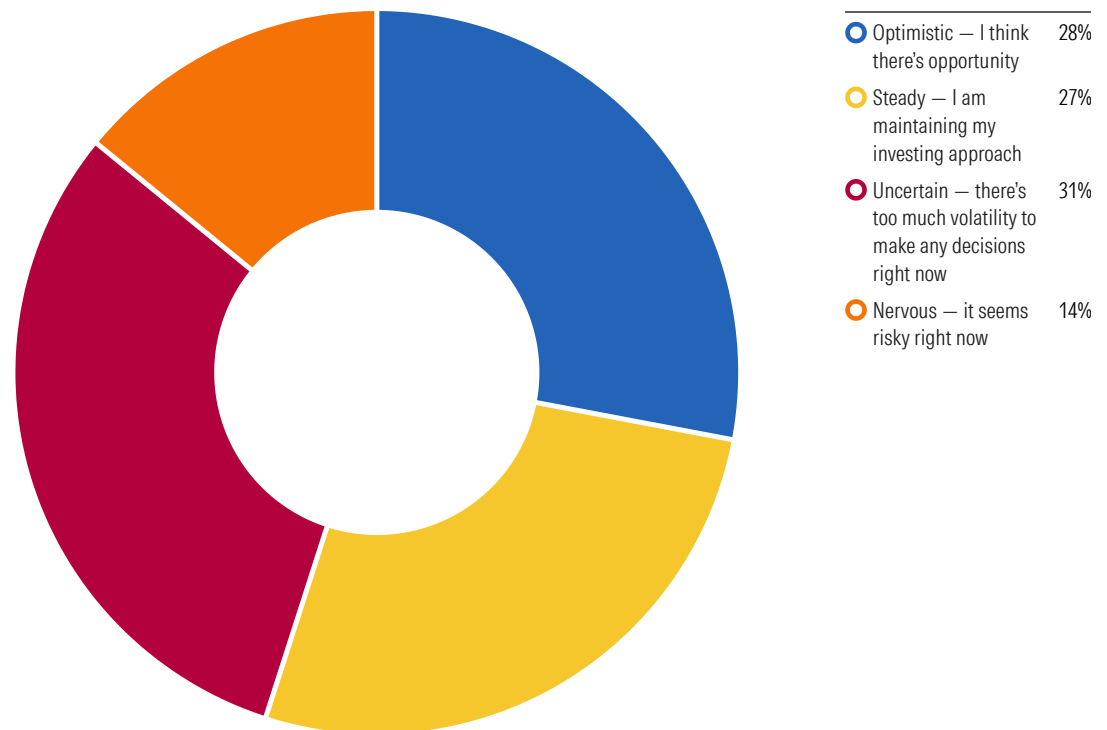
- ▶ [Executive Summary](#)
- ▶ [Methodology Overview](#)
- ▶ [Deliver Emotional Value to Shape Investor Sentiment](#)
- ▶ [Address Knowledge Gaps in Private Markets](#)
- ▶ [Emphasize Human Judgment as AI Adoption Grows](#)
- ▶ [Focus on Long-Term Investing](#)
- ▶ [Key Takeaways](#)
- ▶ [Ready to Deliver Better Guidance?](#)

## Executive Summary

Today's Canadian investors face a complex financial landscape shaped by information overload and market volatility. Nearly half (45%) of participants reported feeling uncertain or nervous about the current market—that is, they think there's too much volatility to make any decisions or it seems risky right now.

Advisors play a critical role in cutting through this noise and providing support. But first, they must understand evolving investor expectations and what truly matters to clients.

### Canadian Investors' Feelings About the Market



Source: Morningstar. Data as of 2026.

In our *Morningstar Investor Perspectives: Retail Investor* survey, we see that it's no longer enough to simply offer financial advice—advisors must also meet their clients' emotional needs. This expectation is rising as innovations like private markets and artificial intelligence continue to redefine the industry, leading investors to seek clarity on how these developments may impact their long-term plans. Together, the conditions create a valuable opportunity for advisors to deliver transparent guidance that keeps investors focused on their goals.

By filtering out distractions and reinforcing client trust, advisors can empower investors to stay on track and make better decisions. Explore four actionable tips to help today's investors move forward with confidence.

## Methodology Overview

The *Morningstar Investor Perspectives: Retail Investor* survey provides unique insights on the wide-ranging attitudes, behaviours, and preferences of investors. Our findings were based on a total of 1,262 online responses collected across Canada between March 3 and March 30, 2026.

Participants were recruited from a nationwide panel with strong representation across age, gender, ethnicity, household income, employment status, and investable assets. The large and diverse sample allowed us to gather information from different subgroups and deepen our analysis and insights.

### Deliver Emotional Value to Shape Investor Sentiment

An evolving housing market and trade environment is creating a complex backdrop for Canadian investors. Yet as mentioned above, less than half (45%) of participants reported feeling uncertain or nervous about the market, making Canada the least worried region out of those surveyed—Australia, Canada, the UK, and the US.

Still, investors are most concerned about:

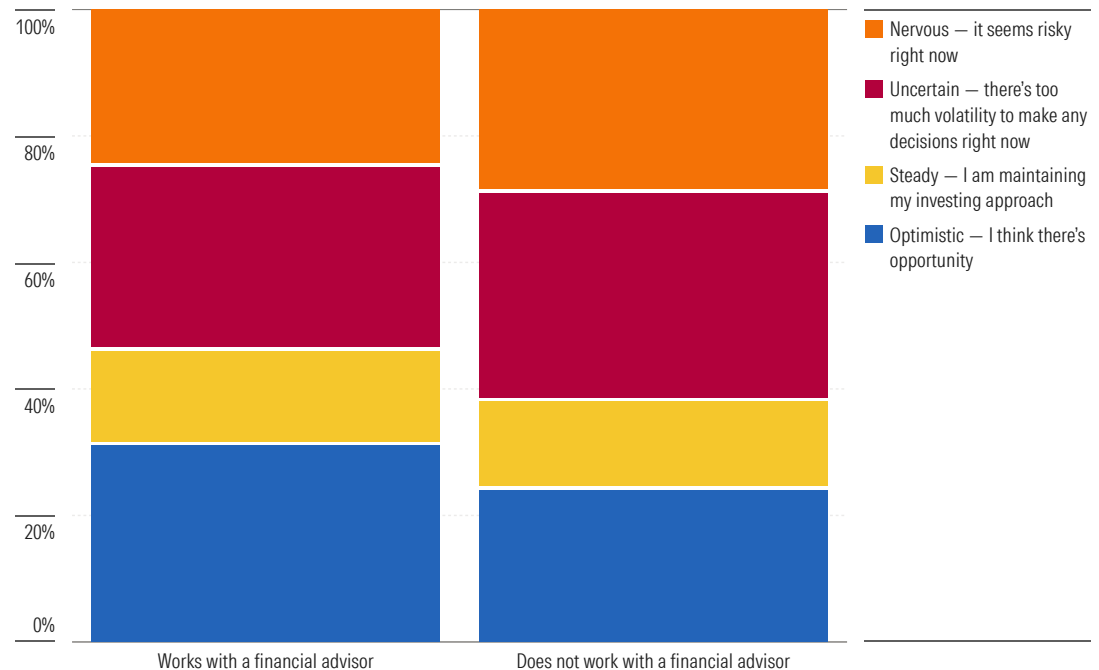
- ▶ Inflation (38%)
- ▶ Economic slowdown/recession (36%)
- ▶ Geopolitical tensions (32%)

Inflation stands out as the top economic concern across all surveyed regions with 75% of Canadian investors saying they're extremely or somewhat concerned. This strong concern may be driving additional concerns around housing affordability (60%) along with the ability to retire comfortably (60%).

As with US investors, tariffs/trade policy (31%) also emerged in the top five concerns for Canadians. This likely reflects the region's close trade ties to cross-border policy shifts in the US.

Advisors can also positively impact investor sentiment: Our survey finds those who work with an advisor feel more optimistic and steady about the market than those who don't (46% compared with 38%). In other words, financial advisors can provide value by offering support, both emotionally and financially, and reassurance that investors may lack on their own.

How Canadian Investors Feel About the Market With vs. Without an Advisor



Source: Morningstar. Data as of 2026.

This is further supported by how participants inform their investment strategies. Over one-third (37%) turn to financial advisors as a source to inform their investment strategy. Other top sources include friends and family (39%) and internet searches or other online websites (31%). Generative AI is being applied by 17% of investors.

Participants not only view financial advisors as a top information source but also the most valuable (89%). Still, a gap between usage and perceived value is evident: Canadian investors rate an accountant or tax advisor (82%) and podcasts and/or webinars (69%) among the most valuable sources of financial information, despite using them less

frequently. The finding suggests that while informal sources may be convenient, investors still place greater weight on human judgment and expertise.

Even with valuable sources available, investors continue to face challenges in making investment decisions.

Key investment decision obstacles include:

- ▶ Fear of making a mistake or losing money (36%)
- ▶ Market volatility (31%)
- ▶ Lack of confidence in my own investment knowledge (23%)

Twenty-one percent ranked difficulty knowing which information or sources to trust in their top five challenges. At the same time, more than half of investors (53%) said they're confident in their ability to separate clear or accurate investment information from confusing or misleading information.

This pattern emphasizes a significant distinction between trust and confidence.

Even though some investors struggle to identify credible information—pointing to a trust gap—others feel certain in their judgment despite rising complexity, signaling a confidence issue. With AI-powered investing content continuing to expand, this challenge is likely to intensify.

89%

Percentage of Canadian investors who work with advisors and consider them a valuable source for informing their investment strategy.

For advisors, confident investors tend to be the more challenging audience. Those who acknowledge uncertainty generally welcome guidance, while confident clients may be more resistant to having their views challenged.

The opportunity lies in reframing conversations away from whether information is “right” and toward how it's evaluated. Shifting the focus to the decision-making process rather than the outcome is where advisors can offer genuine support that extends beyond the portfolio.

To better manage client emotions and concerns, advisors can start by:

- ▶ Providing behavioural coaching that helps investors stay grounded
- ▶ Maintaining proactive and frequent communication
- ▶ Adding clear context around investment decisions

### **Address Knowledge Gaps in Private Markets**

Canadian investors are increasingly participating in private markets, particularly through target-date funds—a core feature of workplace retirement plans in the region. By the end of 2025, Canadian target-date assets with private market exposure had risen to more than CAD 159 billion—a 22% increase from the previous year.

The expanding role of private investments in retirement portfolios highlights an opportunity for advisors to provide guidance on where and how this exposure potentially fits into clients' broader goals.

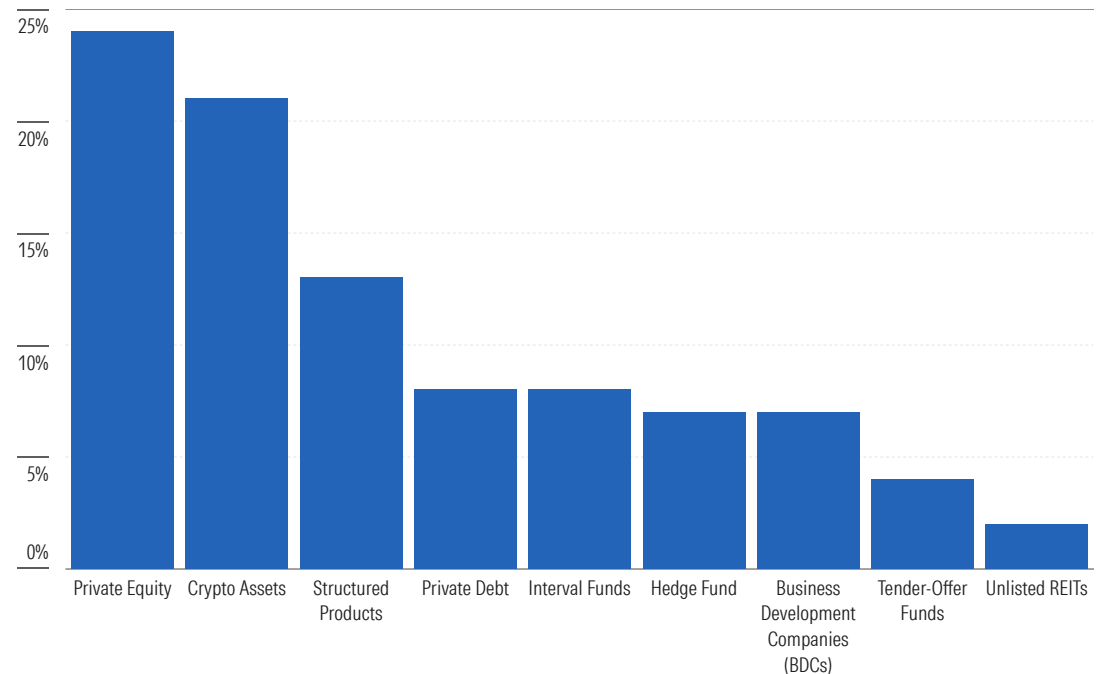
Despite rising awareness and attracting more investment, less than one-fifth (19%) of Canadian investors understand or have a general idea of how private markets work. This is slightly behind US investors (24%), who have the highest level of understanding among the surveyed regions.

# 47%

Percentage of Canadian investors who don't invest in alternatives at all.

While most Canadian investors don't invest in alternatives, our survey finds that interest among those that do may not only be accelerating but shifting to different types of alternatives. Investor participation in alternatives is concentrated in two main areas: private equity (24%) and cryptocurrency (21%). Structured products is the only other alternative to eclipse single digits at 13%. These are the same three investment types most held by UK investors, though ranked differently, indicating shared interest but different priorities by region.

Alternative Investments Owned by Canadian Investors



Source: Morningstar. Data as of 2026.

Together, these trends suggest that investors aren't opting out of alternatives but are becoming more selective as they assess what investments are the best fit for their situation. They're also managing possible concerns around risk, liquidity, and transparency.

This behaviour is further underscored by a potential mismatch in time horizons: While our framework recommends holding alternatives for at least 10 years, most Canadian participants (53%) cited between zero and three years as the maximum investment time where they feel comfortable.

Investable asset levels matter as well. Specifically, 21% of participants with less than CAD 100K in investable assets are comfortable holding investments 5 or more years, while that same time frame is acceptable for 39% of those with CAD 500K or more.

Beyond private markets and alternatives on the whole, Canadian investors are also investing in mutual funds (49% in 2024), high-interest savings accounts (36% in 2024), and individual stocks (35% in 2024).

In short, Canadian investors still value familiar structures, but they show openness to higher-risk assets—highlighting why it's crucial for advisors to support clients in balancing new innovations with portfolio goals.

Advisors can improve investors' understanding of alternatives by:

- ▶ Offering thorough education around private markets
- ▶ Setting realistic expectations for investment performance
- ▶ Tailoring asset allocations to align with clients' goals and risk tolerance

### **Emphasize Human Judgment as AI Adoption Grows**

While AI is becoming more integrated into the industry, Canadian investors are divided on their level of trust in the tool.

Their trust levels were fairly evenly split across low (31%), medium (34%), and high (35%)—giving Canadians the lowest share of high-trust investors compared with other surveyed regions. Among low-trust Canadian participants, nearly half (48%) cited general skepticism, reluctance, and personalization barriers as the aspects that they most often consider when evaluating whether to trust an AI tool.

Top factors that high-trust investors prioritize to determine their trust in an AI tool include:

- ▶ Demonstrable evidence and social proof (39%)
- ▶ Reliability, performance, and limits (23%)
- ▶ Practical utility and usability (14%)

Perhaps reflecting this mixed trust profile, only 3% of participants rely on AI for most investment decisions. Yet more than one-third (34%) are open to its potential benefits despite not currently using the tool, emphasizing a broader pattern seen across surveyed regions where advisors should pay closest attention.

What advisors may be missing is that skepticism isn't the only barrier to AI adoption—uncertainty around how to apply AI in practice is also a leading concern. Even millennials, who reported the highest trust in AI (42%), use it primarily as a supporting tool (39%), which signals that the issue is guidance rather than belief.

That's where advisors play a critical role—not by pushing AI adoption, but by modelling responsible, human-guided use. Until then, investors' confidence is likely to remain theoretical rather than actionable.

35%

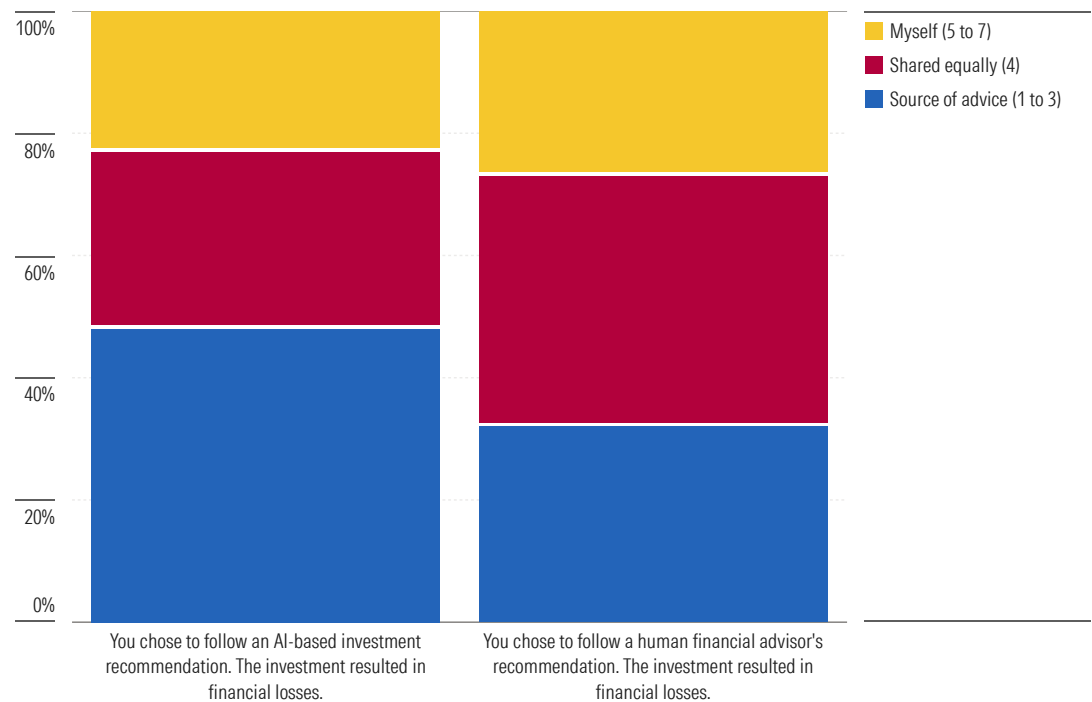
Percentage of Canadian investors who highly trust AI to help make decisions.

Canadian investors are also more likely to blame AI when an AI-based investment recommendation results in financial losses. Unlike other surveyed regions, nearly half (48%) place responsibility on the tool rather than on themselves or sharing it equally. Their response may reflect the way Canadian investors currently view AI—as a tool rather than an authority—combined with their relatively lower trust and limited reliance on the tool altogether.

Yet when results go wrong following a human financial advisor's recommendation, 41% of participants believe responsibility is shared equally. This highlights that human judgment still carries more trust and credibility than AI.

By leaning into human strengths like empathy and context-setting, advisors can support their position as a trusted resource. This view contrasts with Australian investors, who are more likely to see responsibility as shared equally despite whether the recommendation comes from the AI (52%) or advisor (68%), indicating a regional difference in overall accountability is perceived.

### Where Canadian Investors Believe Responsibility Lies for AI vs. Advisor Recommendations



Source: Morningstar. Data as of 2026.

To help close investors' AI trust-usage gap, advisors can take actions such as:

- ▶ Translating AI insights into clear, contextual guidance
- ▶ Grounding decisions in human judgment and accountability
- ▶ Acknowledging AI limitations while meeting investors' expectations for human interaction

### Focus on Long-Term Investing

With constant distractions coming from seemingly every direction, Canadian investors may struggle to stay focused—making long-term planning and investing feel even more distant and unattainable.

Despite these challenges, three-quarters (76%) of investors see long-term investing as appealing due to long-term growth potential (22%), financial security, stability, and inflation hedging (18%), and wealth accumulation (12%).

In other words, many investors are interested in long-term investing but might have trouble staying confident in sustaining it over time.

Those who find long-term investing challenging most often point to factors like:

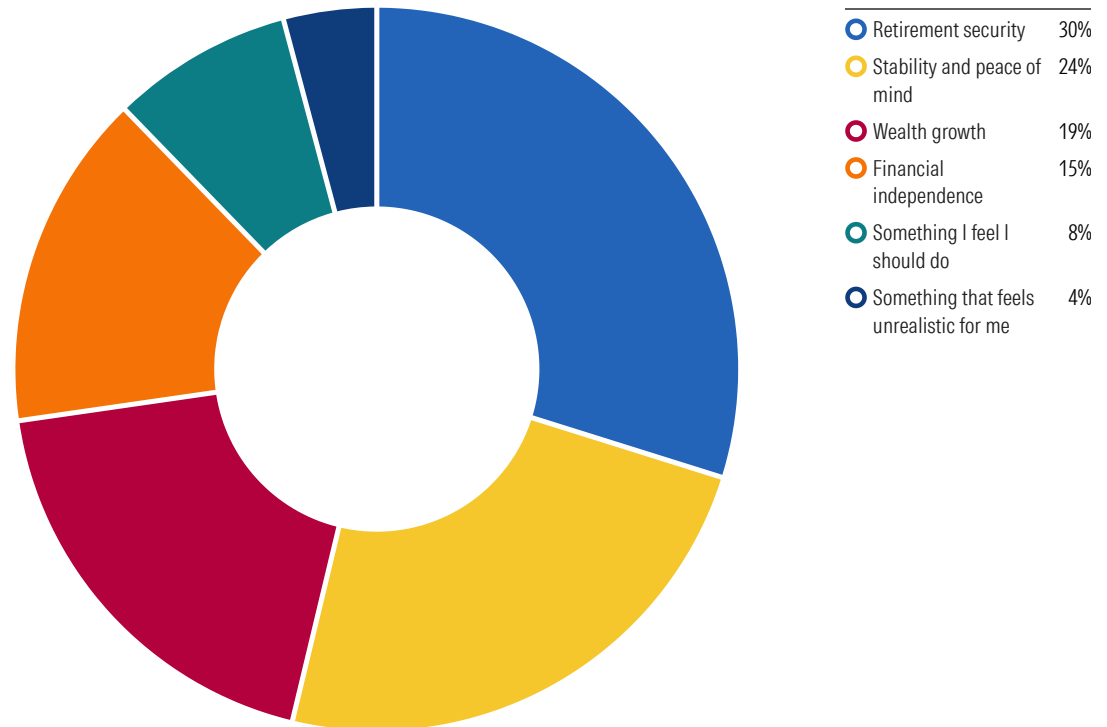
- ▶ Limited disposable income (22%)
- ▶ Uncertainty about future returns and outcome (16%)

Yet 28% reported that a more stable financial situation would increase their long-term investing commitment. This is the top driver across all surveyed regions, underscoring that investors' personal financial stability and broader market sentiment are major considerations in long-term decision-making.

Canadian participants also note the value of tools in maintaining focus, specifically naming goal-tracking dashboards (39%) as the most helpful approach. By incorporating practical tools into the advice process, advisors can make progress more visible and keep clients better engaged.

Definitions of long-term investing vary for Canadian investors as well. The most common are retirement security (30%) followed by stability and peace of mind (24%), and wealth growth (19%). The range of definitions shows how investors think about long-term investing through their own financial context, giving advisors more guidance to align expectations and deepen client relationships.

#### What Long-Term Investing Means to Canadian Investors



Source: Morningstar. Data as of 2026.

Generational and investable-asset differences further influence participants' views: Although Generation Z thinks of long-term investing as wealth growth (27%), millennials most often say the term means stability and peace of mind (28%). Generation X and baby boomers align on it being around retirement security (40% and 48%).

Yet participants with the highest and lowest investable assets tend to associate long-term investing with retirement security (40% and 26%). These findings highlight a shared perception across the wealth spectrum that long-term investing is foundational to retirement security, despite potentially different motivations and financial starting points.

Even so, more than half (58%) of investors overall agree that long-term investing success is mostly within their control. This sense of accountability is consistent across age groups, as more than half of each generation agrees. But unlike other surveyed regions where millennials typically lead this belief, Canadian boomers show the strongest agreement (64%)—likely reflecting more years of investing experience and greater confidence.

# 58%

Percentage of Canadian investors who agree that long-term investing success is mostly within their control.

Beliefs around control may also depend on investable asset levels. Although more than half of all participants across asset levels agree that long-term investing is within their control, confidence is notably higher among investors with greater assets. Seventy percent of this group agreed, compared with 54% of those with lower investable assets, suggesting that perceived control increases with financial flexibility.

Advisors may encourage long-term investing through approaches like:

- ▶ Anchoring discussions in investing fundamentals rather than short-term trends
- ▶ Connecting long-term plans with success metrics for tracking progress
- ▶ Managing investor concerns to keep clients invested over time

### **Key Takeaways**

- ▶ Investor sentiment: Canadian investors who work with an advisor are more likely to feel optimistic and steady about the market than those without one (46% compared with 38%).
- ▶ Private markets: As attention to private markets grows, understanding among investors is still low—roughly one-fifth (19%) say they understand how they work and less than one third (29%) currently own private credit and/or private equity.
- ▶ AI influence: AI is seen as a tool rather than an authority. When AI-based recommendations go wrong, participants tend to blame the tool (48%), while advisor-led losses are seen as shared responsibility (41%).

### **Ready to Deliver Better Guidance?**

Financial advisors can make a meaningful impact at every stage of an individual's investing journey. From offering tailored solutions to meeting emotional needs, advisors are uniquely positioned to bring real transparency and value as financial choices and markets evolve.

This impact extends even beyond today's investors to those who are considering getting started in investing. According to our research, 18% of Canadian non-investors say they're likely to begin investing in the next three years.

What would boost their confidence to take action? Participants responded that clear explanations of different investment options (39%) and guidance on how to assess risk tolerance (23%) would be most helpful.

Advisors can make the path more accessible for non-investors by:

- ▶ Simplifying investment decisions and clearly outlining next steps
- ▶ Identifying clients' risk tolerance to tailor strategies accordingly
- ▶ Addressing emotional concerns and proactively communicating

To stand out from the competition and provide reliable solutions, it's more important than ever for advisors to translate uncertainty into practical insights.

Explore behavioural finance insights to better understand the psychology behind clients' investment questions and decisions, potentially leading to stronger client relationships.

Want more research insights? Access the latest strategies and priorities of peers, including how they're responding to trends, investor sentiment, and what they're focusing on to be successful in the long term.