

The Casey Research
BROKER SURVEY REPORT

INTRODUCTION

As some of you are aware, we recently conducted a random survey of our subscribers, exploring the types of brokers they use, and their satisfaction with them. This report provides a quick glance at those results and shares some thoughts that may prove useful to you in your own trading.

As you read through the results, you'll see how some of your fellow Casey subscribers invest, some of which may be different than how you go about it. Our purpose in sending you this report is to give you some basis for comparison to determine if you could potentially improve your investment experience and results.

Some surprises emerged from this survey, while other results confirmed what we suspected all along. In the sections that follow, we provide you with our conclusions, along with some actionable suggestions and a link to a new article to help you make the most of this report.

Happy reading.

Your Team at Casey Research

P.S. Thanks to those subscribers who took the time to complete the survey.

To make the most of this report, here's a quick suggestion:

Take the survey yourself. As you read through the questions, make a note of your responses. Then, honestly examine your answers to determine if you need to make any changes to how you currently invest.

SECTION 1: HOW DO SUBSCRIBERS BUY OUR STOCKS?

1. For foreign stock trades, do you use

A live, full-service broker	28	18%
An online, discount broker	107	69%
Both	19	12%
Total	154	100%

SECTION 2: ONLINE TRADERS

2. How easy is it for you to place a foreign stock trade with your online broker?

Very easy	58	46%
Somewhat easy	32	25%
No opinion either way	6	5%
Somewhat difficult	13	10%
Very difficult	2	2%
I can't place online trades for foreign stocks with my discount broker.	15	12%
Total	126	100%

3. What is it you like most about your online or discount broker? (check all that apply)

The low fees/commissions	106	85%
Ease of use	107	86%
The ability to set trades after hours	53	42%
The freedom to make my own trading decisions	89	71%
I'm unhappy with this company and am looking for another online broker	3	2%
I'm unhappy with this company and am looking for a full-service broker	1	1%
Other	15	12%

4. What, if any, is your biggest complaint or frustration about investing with your online broker? (check all that apply)

Poor execution (eg: not getting the price you want, not getting filled timely, etc.)	8	6%
Difficult to use (eg: difficulty with website, trading restrictions, etc.)	5	4%
No real-time quotes	23	18%
Poor customer service	2	2%
I can't buy foreign stocks online and have to call my order in.	24	19%
I can't buy foreign stocks on the foreign exchanges and have to buy them from online pink sheet.	39	31%
I have no big problems.	50	40%
Other	24	19%

5. How long have you been buying foreign stocks online or with a discount broker?

Less than 1 year	13	10%
1-2 years	32	26%
3-5 years	38	31%
Over 5 years	41	33%
Total	124	100%

What online companies do Casey Research subscribers currently use?

- TD Ameritrade 18%
- Charles Schwab 13%
- Scottrade 12%
- Interactive Brokers 11%
- Fidelity 10%
- E-Trade 9%
- Pennttrade 3%
- Merrill Lynch 1%
- All others 23%

Conclusions:

- The majority (71%) of online traders are satisfied with their online broker. Only 12% are unhappy.
- The two biggest reasons subscribers like online trading are the low commissions and the ease of use. A close third is the freedom to make their own decisions.
- The drawbacks for some online traders are the lack of real-time quotes or that they can't buy on the foreign exchanges and thus have to buy the pink sheet stock.
- 90% of subscribers report they've been trading online for at least one year, and a full one-third have been trading online for over 5 years. Which tells us the likes and dislikes are time-tested and true.

Actions to consider:

- If you're not buying foreign stocks online and would like to consider it, we recommend using a company that allows you to buy your stocks directly on the foreign exchanges, and one that also provides real-time quotes.
- What online firms meet this criteria and are the least expensive to boot? Only two of the above. Keep reading to find out.

SECTION 3: CLIENTS OF FULL-SERVICE BROKERS**6. How accessible would you say your full-service brokerage firm is?**

Very accessible	47	75%
Somewhat accessible	11	17%
No opinion either way	1	2%
Somewhat inaccessible	4	6%
Very inaccessible	0	0%
Total	63	100%

7. What do you like most about your full-service broker? (check all that apply)

I have a "second opinion" about the stocks I am considering, and can bounce other ideas off them.	24	44%
I receive additional recommendations for the sector.	21	38%
I can participate in private placements.	17	31%
I have someone monitoring my investments for me.	10	18%
I'm unhappy with this broker and am looking for another full-service broker.	0	0%
I'm unhappy with this broker and am looking for an online broker.	7	13%
Other	17	31%

8. What, if any, is your biggest complaint or frustration with your full-service broker? (check all that apply)

Lack of accessibility	7	12%
High fees/commissions	26	45%
Lack of follow-through	6	10%
Poor advice	2	3%
I have no real complaints about my current broker.	26	45%
Other	9	16%

9. How long have you been buying foreign stocks with your full-service broker?

Less than 1 year	6	10%
1-2 years	6	10%
2-5 years	13	22%
Over 5 years	33	57%
Total	58	100%

Conclusions:

- Those who use full-service brokers have almost no complaints about their broker's accessibility.
- Having a "second opinion" and receiving additional recommendations for the sector are the biggest reasons subscribers like having a full-service broker.
- The biggest complaint, by far, with full-service firms is the high fees and commissions.
- A majority of subscribers who use a full-service firm have been with them for over 5 years.

Actions to consider:

- Subscribers who use a full-service firm appear to have long-standing relationships with them. If this sounds appealing, you may want to consider using a full-service broker.
- There are definite do's and don'ts to seeking out a full service broker, and this is covered in the report linked below.

SECTION 4: ARE YOU BUYING ON THE BEST EXCHANGES?

We were shocked to see the answer to this question...

10. Do you buy Canadian stocks from

The U.S. pink sheet	78	53%
Directly on a Canadian exchange	87	60%
I haven't bought Canadian stocks.	2	1%

Conclusions:

- Over half of respondents are not buying our recommended stocks on the Canadian exchanges! If this includes you, we want to point out that you are taking on some additional risks than if you were buying directly on the TSX. This includes potentially higher currency costs, poor execution, poorer liquidity, and lack of real-time quotes during trading hours. We understand if you're doing this out of convenience, but in this day and age, there are other options available to you that require only a little extra effort to buy directly on the CN exchanges. What are they? See the linked report below, which also details some of the issues with pink sheet stocks and why we prefer to avoid them. If you choose to continue buying in this manner, just keep in mind you're making some tradeoffs. Also, be sure to use the pink sheets for known companies only and not the latest "hot tip," as this exchange does have more than its fair share of scams.

Actions to consider:

- It's our suggestion that you buy our recommended companies directly on the Canadian exchanges. In many instances, including some of the firms in the report mentioned below, you can diversify out of the U.S. dollar at the same time. (This does not apply to our recommended companies that trade on the NYSE, NASDAQ or AMEX, but just the pink sheet or OTC exchange.)

SECTION 5: WHO ARE YOUR FELLOW SUBSCRIBERS?

11. Approximately how many trades do you place per month?

< 1 per month	17	11%
1	13	9%
2	19	13%
3	25	17%
4 or more	77	51%
Total	151	100%

12. What is the approximate dollar value you currently have invested in Casey-recommended stocks?

< US\$10,000	24	16%
US\$10,000 and \$50,000	54	36%
US\$50,000 and \$100,000	30	20%
US\$100,000 and \$500,000	34	23%
> US\$500,000	8	5%
Total	150	100%

13. Approximately what percentage of your entire investment portfolio is comprised of Casey-recommended stocks?

< 10%	52	35%
10-20%	31	21%
20-30%	28	19%
30-50%	19	13%
> 50%	20	13%
Total	150	100%

14. How long have you been a Casey subscriber?

< 1 year	39	26%
1-2 years	69	45%
3-5 years	28	18%
6-10 years	6	4%
> 10 years	10	7%
Total	152	100%

Conclusions:

- Casey subscribers appear to be fairly active traders. We're not necessarily condoning this, but you can't sit on your hands in this industry either.
- We're glad to see that respondents are not "over-weighted" in our recommendations. For those of you who are investing over 50% of your entire investment portfolio in our recommendations, we would encourage you to re-think that strategy.

Actions to consider:

- For those of you who trade regularly, it's important that you get the lowest commissions you can, regardless of whether you're online or with a live broker. The more you buy and sell, or the more stocks you own, the more critical this point is to your bottom line. Our top selections in the article linked below will lead you to where you can expect the best commission rates and the best live brokers.
- We also want to say something to those of you who've been with us two years or less. While we have very high standards for recommending a company, this is not a get-rich quick program. Yes, we believe there will be a mania phase in the current bull market, and yes we believe we're positioning ourselves to profit both then and now, but we caution you to keep in mind that ultimate success in this bull market means you will need to stick with it to the end of the mania phase. There will definitely be winners and losers along the way, meaning it's important to buy only the very best companies – but our perspective is a long-term one, too. We don't fret the ups and downs of the market, and for you to be as equally steeled, you'll want to adopt a similar outlook. If we're right – and we believe we are, and we're putting our money where our mouth is – you'll someday be a very happy camper if you keep the big picture in mind.

WHAT ARE THE BEST OPTIONS FOR BROKERS?

We prepared an in-depth report on how to buy the kinds of stocks we recommend. It addresses all the topics in this survey including both online and full-service brokers, how to buy Canadian stocks, and more. It was researched and prepared with our U.S. subscribers in mind (although we recommend all subscribers review the valuable information in this report). It's designed to help you maximize your exposure to our recommendations. We think you'll find it an invaluable resource regardless of how long you've been with us. This is especially true for those of you who are not buying on the Canadian exchanges, are paying high commissions, or would just like to know all your options.

[Visit The ABC's of Investing in Canadian Stocks for Non-Canadians.](#)