



THE IMPORTANCE OF DATA IN WEALTH MANAGEMENT

“ Data can play a critical role in helping advisors win new business, communicate with clients and build stronger relationships. ”

THE DATA-DRIVEN ADVISOR

As digital infrastructures, technologies and consumer habits evolve, the volume of data produced has increased exponentially in recent years. According to Statista, the total amount of data in the world is expected to reach more than 180 zettabytes by 2025.¹

Data can play a critical role in helping advisors communicate with clients on their financial and investment goals, as well as provide a high level of personalized service. The financial plan has to allow for changes to the client's needs and financial developments while also making it possible for the advisor to course correct by leveraging analytics in data management.

To achieve this, advisors need access to timely market insights and full-depth analysis tools. This is where data services like TMX Datalinx®, TMX Group's information services division, can help wealth managers stay competitive in the market, win new business and build stronger client relationships.

TMX Datalinx provides real-time and historical financial market data generated by various participants in Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV), TSX Alpha Exchange (Alpha) and Montréal Exchange (MX). It's the authoritative data source for advisors working with clients that want to invest in Canadian capital markets.

¹ "Amount of data created, consumed, and stored 2010-2025," Statista, June 7, 2020. <https://www.statista.com/statistics/871513/worldwide-data-created/>

CANADIAN FINANCIAL MARKETS

Canada is an advanced skills-based economy similar to that of the United States with a relatively low rate of inflation. The economy is also broadly diversified with key strengths in the manufacturing, natural resources, financial services and technology sectors.

As a member of the G7, Canada is one of the wealthiest nations in the world with a nominal gross domestic product of CAD 1.9 trillion in 2020² and ranks second in the G20 for foreign direct investment to GDP ratio.³

Canada has traditionally been an attractive investment destination for US investors. As of 2019, the United States had a stock of USD 402.3 billion of foreign direct investment (FDI) in Canada, according to USTR.⁴ In 2020, foreign net flows into Canadian securities increased with international investors acquiring CAD 12 billion in Canadian shares.⁵

Canada's robust capital markets system offers diversification from the US and relative value trading opportunities across major markets. It consists of the following main marketplaces, which are operated by TMX Group:

Toronto Stock Exchange

TSX ranks in the top 10 largest stock exchanges in the world based on market capitalization, according to Business Insider.⁶ The total market capitalization of companies listed on TSX is CAD 3.7 trillion as of

April 30, 2021. It features some of the world's most well-known companies such as Shopify Inc., as well as exchange-traded funds (ETFs) and income trusts, providing several options for US investors.

TSX Venture Exchange

TSXV is a public venture capital marketplace for early-stage companies seeking capital to facilitate their growth. There are more than 1,600 companies listed on this exchange grouped into five main sectors (clean technology and life sciences, diversified industries, mining, energy, and technology) and representing CAD 95 billion in market capitalization. TSXV offers US retail and institutional investors a chance to invest early in ventures that have the potential to grow and graduate to TSX.

Montréal Exchange

MX is a fully electronic exchange for Canadian listed derivatives such as bond futures, index derivatives and equity options, which are tailored to meet domestic and international client's expanding needs in risk management. MX facilitates operational efficiencies and ease of access through Canadian Derivatives Clearing Corporation (CDCC), its proprietary trading and clearing infrastructure. As of May 31, 2021, the trading volume of derivative contracts on the exchange was just over 65 million while open interest contracts were 9.6 million.

95%

of the time at top-of-book for companies in the S&P/TSX 60 Index*

40%

of all equity trading on TSX and TSXV originates outside of Canada

100%

of Canadian derivative trading happens on the MX

3,200+

total number of listed issuers on TSX and TSXV

50%

of international companies listed on TSX and TSX are from the US

² Statistics Canada, March 2021. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610049101>

³ "Trade and Development Report 2020," United Nations. https://unctad.org/system/files/official-document/tdr2020_en.pdf

⁴ "Canada," 2020. US Office of the Trade Representation. <https://ustr.gov/countries-regions/americas/canada>

⁵ "The Daily," Statistics Canada, March 2021. <https://www150.statcan.gc.ca/n1/daily-quotidien/210301/dq210301a-eng.htm>

⁶ "Here are the 10 biggest stock exchanges in the world, ranked by market cap," Business Insider, June 2020.

<https://markets.businessinsider.com/news/stocks/biggest-stock-exchanges-world-ranked-market-cap-nyse-nasdaq-trading-2020-6-1029325478>

DATA TOOLS FOR ACTIONABLE INSIGHTS

The Canadian equities and derivatives marketplaces are more accessible to US investors as compared to other exchanges around the world. However, the biggest challenge for advisors can be understanding what market data is available about Canadian equities and derivatives in order to analyze performance and make recommendations to best serve their clients' financial goals.

TMX Datalinx, a subscription-based platform, can help wealth management professionals understand the unique investment opportunities offered by Canada's capital markets. It provides access to real-time intraday market data information for all three exchanges, including quotes, trade price and volume.

Investors and their advisors commonly use TMX Datalinx to:

- Identify trading and investment opportunities
- Develop algorithmic trading strategies
- Access authoritative pricing data for portfolio valuation and benchmarking
- Get essential end of day trading information for portfolio systems management

The variety of products and services available through the platform can help advisors leverage data for price discovery and to drive strategies, decisions and performance optimization.

One such product suite is the S&P/TSX Indices*, which provide investable indices for the Canadian equity markets, international global mining, and preferred share markets. These benchmarks are widely used by investors worldwide for investment analysis, performance measurement, asset allocation, hedging and more.

Another is the TMX Data Feed Cloud API Solution, which provides quick access to TSX, TSXV, and MX (futures only) data for advisors that are exploring opportunities in the Canadian capital markets. This solution offers a low-cost mechanism to help professionals evaluate market assumptions and test assumptions for different sets of models.

In addition, the TMX Datalinx Annual FactBook is a valuable research tool for financial advisors, planners and investors, featuring a comprehensive annual record of trading and corporate information in one easy to navigate electronic publication.

CONCLUSION

Wealth management is both an art and a science. It requires analyzing performance based on historical and current data sets as well as judgment, intuition and an understanding of the client's behavioral relationship with money in relation to their goals.

As data volumes increase worldwide, wealth management firms and financial advisors are looking for efficient ways to acquire actionable insights in order to track the effectiveness of their investment strategies and products. With access to real-time market information through TMX Datalinx, advisors can better support their clients' financial goals using a data-driven approach.

SEIZE THE OPPORTUNITY

START YOUR 90-DAY FREE TRIAL OF TSX, TSXV AND MX MARKET INFORMATION TODAY

Tap into rich and fulsome data provided directly by Canada's leading exchange group. Discover full-depth insights about Canadian markets, including Level 1 and Level 2 quotes



For more info:
T +1 888 873-8392

tmx.com/datalinx
datasales@tmx.com

Copyright © 2021 TSX Inc. All rights reserved. Do not copy, distribute, sell or modify this document without TSX Inc.'s prior written consent. This information is provided for information purposes only. Neither TMX Group Limited nor any of its affiliated companies guarantees the completeness of the information contained in this publication, and we are not responsible for any errors or omissions in or your use of, or reliance on, the information. This publication is not intended to provide legal, accounting, tax, investment, financial or other advice and should not be relied upon for such advice. The information provided is not an invitation to purchase securities listed on Montreal Exchange, Toronto Stock Exchange, TSX Alpha Exchange, and/or TSX Venture Exchange. TMX Group and its affiliated companies do not endorse or recommend any securities referenced in this publication. TMX, the TMX design, TMX Datalinx, The Future is Yours to See., Toronto Stock Exchange, TSX, TSX Venture Exchange, TSXV and Voir le futur. Réaliser l'avenir. are the trademarks of TSX Inc. Alpha is the trademark of Alpha Exchange Inc. and is used under license. Montreal Exchange and MX are the trademarks of Bourse de Montreal Inc. and are used under license. CDCC is the trademark of Canadian Derivatives Clearing Corporation and is used under license.

* The S&P/TSX 60 Index and the S&P/TSX Indices (the "Indices") are the products of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and TSX Inc. ("TSX"). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and TSX® is a registered trademark of TSX. SPDJI, Dow Jones, S&P, their respective affiliates and TSX do not sponsor, endorse, sell or promote any products based on the Indices and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions or interruptions of the Indices or any data related thereto.