



NEWS RELEASE

Are Investors Getting the Biggest Bang for Their Brokerage Buck?

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Fidelity Investments® Value Survey Reveals Comparison Shopping Can Have a Major Impact on Investors' Wallets
BOSTON – People have historically approached investing as an opportunity to make the most of their hard-earned money, yet a Fidelity® Value Survey reveals that while more than four in 10 U.S. investors polled (44 percent) cite low commissions and fees as the primary reason for selecting a brokerage firm, many are unaware of the nuances of how brokerage firms charge for stock and bond trades, potentially forfeiting hundreds, if not thousands, of dollars.

"Shopping for a brokerage firm should be no different than comparison shopping for the best deal on a car, TV or other big-ticket item," said Ram Subramaniam, president of Fidelity's retail brokerage business. "It's important to dig beneath the surface to understand the overall value proposition of a brokerage firm. Bond prices, for example, vary widely, so retail investors should ensure they take the time to compare pricing practices, as it can save them money and, in turn, help improve yield."

Recently Fidelity enlisted third-party analyses of its stock and bond pricing compared to industry competitors.

Bonds: Ask Questions Now For Higher Yields Later

While some brokers are becoming more transparent in the bond market, charging only a clear, upfront commission and displaying recent trades, other "markup-based brokers" still cling to the old model and include an additional markup fee¹ in the price of the bond that is not disclosed prior to the trade.

Fidelity commissioned Corporate Insight to do an independent analysis of bond pricing, and the results were eye-opening. Corporate Insight conducted real-world comparison shopping for online corporate and municipal bonds and found a significant disparity between brokers with up-front commission and those that bundled their markups or fees into their online bond prices*:

- The study found online bond prices from brokers that bundled their markups and fees into their online bond prices were on average \$13.97 per bond higher than firms such as Fidelity that charge a fully disclosed bond trading fee of \$1 per bond online².
- For an investor who purchases \$100,000 in face value of bonds annually online, that discrepancy could save \$1,397 on average each year compared to mark-up based brokers.

For more details on the potential savings, visit www.fidelity.com/go/bond.

Stocks: Are You Getting The Best Price For Your Stock Trade?

Customer-centric routing decisions can also have a big impact on savings, so investors should look for firms that execute stock trades with both speed and "price improvement," whereby brokerage firms secure a better price than what was displayed at order entry.

A recent analysis of third-party data from RegOne Solutions revealed that for 1,000 share SEC Rule 605 eligible marketable equity orders executed at Fidelity, Fidelity customers received a price improvement that averages \$10.41, while the industry averages just \$1.503. Interestingly, the Fidelity Value Survey indicated that three in four investors (76 percent) would consider changing brokerage firms to one that provides superior price improvement, but again, many are unaware of how to evaluate it.

To help with discovery, Fidelity now proactively shares price improvement statistics for each trade, and a summary view of an investor's savings for the past year.

"No matter if an investor is an experienced trader or is making their first stock trade, we recommend they look beyond commissions to determine how much savings their brokerage firm can deliver through price improvement," said Subramaniam.

Primer For How To Evaluate Brokerage Firms' Value

To help investors, Fidelity suggests they ask six key questions when evaluating a brokerage firm. When asked together, they encompass a total value evaluation to help capture the right mix of price, service, tools and investment selection:

What are the commissions and fees for stock, mutual fund, options, bond and ETF trades?

Is the firm a trusted financial brand?

What criteria are used to route my stock trades, and what level of price improvement does it provide?

Does the firm offer the selection of investments I need to achieve my investing and cash management goals?

Does it have robust education and research offerings that fit my experience level to help me be a better investor?

What options do I have for customer service (e.g. phone, chat, email, in person) and is it available when I need it?

Additionally, Fidelity Viewpoints published tips on how to choose a brokerage firm, focusing on total value, including low costs and the right services: "**How to Pick Your Brokerage Firm.**" To research Fidelity's brokerage offering and fees, visit www.fidelity.com/trading/overview, or see a **comparison table** based on price, execution and analysis benchmarks. To evaluate Fidelity's bond trading See a summary of the Value Survey findings in graphical form **here**.

About the Fidelity Brokerage Value Survey

ORC International conducted interviews with a total of 1,000 investors. To qualify, investors had to be 25 years old or older, have investable assets of at least \$10,000, trade stocks, mutual funds, ETFs, options or bonds, be the sole or primary investment decision-maker, and not delegate all decisions to an investment professional. Interviewing took place April 16 -28, 2015. Fidelity and ORC International are not affiliated.

*About the Corporate Insight Bond Pricing Study

Fidelity commissioned Corporate Insight to study bond pricing, available online, for self-directed retail investors from five brokers that offer corporate and municipal bonds. The study compared online bond prices for over 20,000 municipal and corporate inventory matches between Sept. 2nd and Oct. 6th, 2015. It compared municipal and corporate inventories offered online in quantities of at least \$10,000 face or par value. The study found on average that three competitors that bundled their markups or fees into their online bond prices were asking an average of \$13.97 more per bond. Corporate Insight determined the average cost differential by calculating the difference between the costs of matching corporate and municipal bond inventory at Fidelity vs. these markup-based firms in the study, then averaging the differences across all of the competitor firms.

About Fidelity Investments

Fidelity's goal is to make financial expertise broadly accessible and effective in helping people live the lives they want. With assets under administration of \$5.2 trillion, including managed assets of \$2.1 trillion as of Oct. 31, 2015, we focus on meeting the unique needs of a diverse set of customers: helping more than 24 million people invest their own life savings, nearly 20,000 businesses manage employee benefit programs, as well as providing nearly 10,000 advisory firms with technology solutions to invest their own clients' money. Privately held for nearly 70 years, Fidelity employs 42,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit <https://www.fidelity.com/about>.