Effects of Investment Advice on Investment Trusts: Evidence from Individual Investors Using Japanese Banks

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Abstract: This study examines the association between customers' assessments of financial guidance from advisors at Japanese regional financial institutions and their investment behavior regarding investment trusts. Using multi-year survey data from Japanese investors, we analyze how different facets of financial advice, including risk and cost explanations and information provision, are associated with investment decisions.

The results indicate that investors who provide more favorable evaluations of financial advice tend to allocate a larger share of their assets to investment trusts. This pattern is particularly evident for evaluations related to information provision. In addition, investors who purchase investment trusts through in-person channels tend to be older and to have lower financial literacy. Among these investors, higher evaluations of advice are associated with both a greater likelihood of initial investment and higher allocation levels.

Overall, the findings suggest a robust association between subjective evaluations of financial advice and portfolio allocation decisions, without implying a causal relationship.

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I. INTRODUCTION

In Japan, sales of investment trusts [2] to individual investors rose rapidly after 1998, when banks were allowed to sell them. Assets of publicly offered investment trusts increased fourfold between 2000 and 2023. As of December 31, 2023, assets under management (AUM) totaled ¥196.9 trillion (about $1.4 trillion). With Japan's aging population, investment trusts for retirement are mainly purchased by older adults. Investors aged 50 and over hold over half of all investment trust assets (Japan Securities Dealers Association, 2025).

Securities brokers and banks sell most of their investment trusts through their branch networks. In 2024, the Nippon Individual Savings Account (NISA) scheme expanded significantly, which led to a substantial increase in NISA acquisitions by various companies. Equity investment trusts were used to manage these accounts, and as a result, investment trusts purchased in NISA accounts reached ¥3.49 trillion (Investment Management Association of Japan, 2024).

Thus, investments in higher-risk assets in Japan's investment trust market are on the rise. However, the Japanese population tends to have low financial literacy (Lusardi & Mitchell, 2023). As a result, demand for financial advice, investment education, and asset-building opportunities has increased markedly. Consequently, the number of certified financial planners has grown significantly over the past 20 years.3.

Numerous studies show that investment advisors, including financial planners, influence individual investors by encouraging risk-taking and changing asset allocation. In contrast, other studies suggest that advisors' guidance has little effect on risk-taking and risk-adjusted performance (Bhattacharya et al., 2012; Hackethal et al., 2012; Kramer, 2012). Furthermore, some studies also report that advisors may put their own interests ahead of what is best for individual investors (Hackethal et al., 2012; Mullainathan et al., 2012).

Many Japanese retail investors are older and have a certain level of financial literacy. Even so, their lack of experience investing in mutual funds or equities raises questions about the practical use of investment advice. Japan is a developed country, but it has banned the sale of investment trusts at banks for almost 25 years. Therefore, there is limited evidence about this issue.

To examine the association between financial advisors and individual investors' investment behavior through investment trusts, we use survey data from the Japan Securities Dealers Association (JSDA). Specifically, we analyze how the evaluation of financial advice is associated with asset allocation behavior across different purchase channels. This study contributes to the literature by documenting the relationship between subjective evaluations of financial advice and investment behavior in Japan.

II. REVIEW OF THE LITERATURE

According to established economic and financial theories, individual investors are assumed to make rational choices based on sufficient information. Nonetheless, some investors are affected by cognitive biases, which can impede optimal portfolio selection. Consequently, most individual investors hold underdiversified portfolios (Goetzmann & Kumar, 2008) and trade more frequently (Barber & Odean, 2000; Graham et al., 2009).

Empirical studies in Japan have examined the investment behavior of individual investors in relation to risk assets (e.g., equities, bonds, investment trusts), as well as the attributes and socioeconomic, demographic, and psychological factors that influence investment decisions. These attributes include investor age

[2] In Japan, "investment trusts" are the functional equivalent of U.S. mutual funds. They are pooled investment vehicles that collect funds from multiple investors and invest them in diversified portfolios managed by professional asset managers. For Japanese individual investors, investment trusts are the most common and widely used investment products, enabling diversified investing with relatively small amounts of capital. The main institutional difference is organizational form: whereas U.S. mutual funds are typically structured as corporate-type entities with independent management, the dominant model in Japan is contract-type. In this structure, funds collected from investors are entrusted to specialized investment trust management companies for portfolio management, while trust banks hold the assets in custody. Most Japanese investment trusts (excluding ETFs) are open-end funds that can be redeemed at any time, are priced once daily at net asset value, and are distributed through securities companies and registered financial institutions (Japan Securities Research Institute, 2024).

[3] According to the Japan Association for Financial Planners (JAFP), in 1998, there were approximately 1,000 CERTIFIED FINANCIAL PLANNER™ (CFP®) certificate holders and around 18,000 Affiliated Financial Planner™ (AFP®) certificate holders. By 2024, these figures had risen to 26,103 and 159,853, respectively.

(Iwaisako, 2009), information sources (Lal et al., 2023), and homeownership (Flavin & Yamashita, 2002; Iwaisako et al., 2022). Other studies have examined the impact of behavioral economic characteristics, risk tolerance, and financial literacy on risky asset investments (Korniotis & Kumar, 2013; Lusardi & Mitchell, 2011a, 2011b, 2014; van Rooij et al., 2011; Wang & Hanna, 1997).

Studies on how advice affects individual investors' behavior have been conducted in the United States and Europe. The empirical studies suggest that household could significantly improve their portfolio efficiency with the assistance of financial advisors (Guo et al.,2024; Montmarquette & Viennot-Briot, 2015). Some findings suggest that individual investors may not select an optimal portfolio and that financial guidance from financial advisors could be a helpful supplement (Changwony et al., 2021; Finke, 2013). However, other studies indicate that such advice is not necessarily beneficial (Kramer, 2012; Hackethal et al., 2010).

Financial advice is also a credence good. Compared to consumers, experts have superior knowledge of a product's required quality. Darby and Karni (1973) first examined this concept. Trust is also crucial for credence goods and arises when customers deepen their understanding of the seller (Crosby et al., 1990; Liang et al., 2009). Trust is a primary element in relationship-building, especially in the initial stages, and represents a higher-order relational dimension (Liang et al., 2009; Van Tonder, 2015). Building trust is a key outcome of investing in the buyer-seller relationship (Gundlach et al., 1995; Liang et al., 2009).

Gaining consumer trust is crucial in the field of investment advice, where uncertainty and risk are inherent, and contracts or guarantees are often absent (Guillemette & Jurgenson, 2017; Schlenker et al., 1973). Consequently, many researchers have studied financial advice as a credence good (Bluethgen et al., 2008; Van Tonder, 2015; Finke, 2013). Many individual investors lack financial expertise and delegate their investment decisions to financial advisors (Monti et al., 2014). Clients who receive financial advice trust that their advisors have the knowledge and skills to evaluate investment marketing prospects, market trends, and financial strategies (Kulal et al., 2024). Financial advisors enhance investor integrity and trustworthiness by developing investment strategies and providing clients with accurate information on products and investment risk (Wagner, 2024).

Furthermore, financial advisors build trust by offering consultations on a range of topics, not just financial matters. According to Cruciani et al. (2021), financial advisors should distance themselves from focusing strictly on product performance to establish trust. They emphasized the importance of frequent client meetings while minimizing investment discussions. Their studies demonstrated support in all areas, not just financial matters. In other words, both professional (the advisor's ability to perform their duties) and personal (the emotional support they can provide) elements are important in the trust-building process.

Investors are more willing to take on risk when advised by professionals they trust. Guillemette and Jurgenson (2017) found that clients trust advisors with professional qualifications, such as certified financial planners (CFPs), more than those without such qualifications. This leads to differences in investor behavior.

However, investment advice from professional advisors does not always serve clients' interests. Bhattacharya et al. (2012) found that typical recipients do not achieve greater diversification. Portfolio performance improves marginally. Mullainathan et al. (2012) observed that advisors often fail to correct clients' biases and may even reinforce biases that align with their own incentives. Even when clients already hold well-diversified, low-cost portfolios, advisors frequently encourage risk-taking and recommend high-fee, actively managed funds.

Research on the effects of financial advice on clients' financial behavior has yielded considerable results, primarily in Europe and the United States. However, as previously mentioned, findings are mixed. Several studies suggest that financial advice can have positive effects on clients when certain conditions are met, such as involving professional financial advisors and fulfilling various client-side criteria (Collins, 2012; Finke, 2013; Von Gaudecker, 2014; Hii et al., 2022; Korankye et al., 2023; Pearson, 2020; Winchester & Huston, 2014; Bluethgen et al., 2008).

Those in need of financial advice have lower financial literacy or difficulty making financial decisions. However, through an empirical analysis using data from the 2009 Financial Industry Regulatory Authority (FINRA) Financial Capability Survey in the United

States, Collins (2012) demonstrated that financial advice may serve as a substitute for financial literacy. Financial advice plays a complementary role rather than replacing financial capability.

In recent years, research incorporating insights from behavioral finance to examine investment advice has increased. Hsu (2022) reported that investors who exhibit self-defense or mental accounting biases are more likely to seek financial advice. Calcagno and Monticone (2014) examined survey data from Italy and found that individuals with low financial literacy are less likely to seek professional advice. Brounen et al. (2016) used a panel of 1,253 Dutch households to examine the behavioral factors that influence households' financial saving and planning. They presented evidence on the effects of parental influence and on psychological/behavioral indicators such as numeracy, self-efficacy, locus of control, and future orientation.

Studies have also investigated the relationship between financial literacy and investment advice. Investors with high financial literacy utilize financial advisors effectively. Using Dutch household data, Von Gaudecker (2014) found that households with high financial literacy that rely on financial advisors or private networks achieve rational investment outcomes in almost all cases. Hii et al. (2022) examined individual Malaysian investors and found that investors seeking advice from financial advisors are more likely to invest in the stock market.

Conversely, numerous studies have reported negative results regarding the effectiveness of investment advisors (Calcagno & Monticone, 2014; Finke, 2013; Mullainathan et al., 2012; Kramer, 2012; Bhattacharya et al., 2012; Linnainmaa et al., 2021). Finke (2013) argued that evaluating the quality of advice requires the ability to assess relative fund performance, a skill that most consumers lack. If advisors can earn greater remuneration by recommending underperforming funds to clients, they may do so without regard for regulations or the risk of losing future business.

Using a dataset obtained from a large German bank, Hackethal et al. (2010) demonstrated that investors who rely heavily on advice tend to have higher securities trading volumes and a stronger tendency to invest in products for which salespeople have sales incentives. Additionally, Hackethal et al. (2012) analyzed customer data from a German securities firm and revealed that accounts receiving advice had lower average net returns and worse risk-return trade-offs (Sharpe ratios). Bhattacharya et al. (2012) examined similar data from a German securities firm and found that very few clients who received advice followed it. The portfolio efficiency of the average advice recipient has improved slightly.

Furthermore, Kramer (2012) found no strong evidence from data on Dutch retail investor portfolios, suggesting that advice does not lead to superior or inferior performance compared to portfolios without advice. Mullainathan et al. (2012) found that advisors employed by US banks and securities firms steered clients toward higher-fee funds, and that their advice did not correct distortions in clients' product choices.

Linnainmaa et al. (2021) examined the investment behavior of Canadian investment advisors and the effectiveness of their advice on clients. They found that investment advisors underestimated active risk and costs, engaged in frequent trading, and favored expensive, active management funds with high historical returns. Similarly, Anagol et al. (2017) derived evidence of substandard advice in India's life insurance market. Bhattacharya et al. (2024) found that female investors in Hong Kong receive poor financial advice.

Recent research has also explored how investors evaluate investment advisors and how this influences their investment behavior. Schoar and Sun (2024) conducted a randomized controlled experiment and demonstrated that investors value advice consistent with their prior knowledge more highly than conflicting advice. They also found that the more confident investors are in their financial literacy, the less weight they place on their advisors' financial advice.

Conversely, the findings suggest that financial advisors' guidance can significantly influence the investment behavior of households that rely on it, particularly those with low financial literacy or other factors. Bluethgen et al. (2008) indicated that advised clients held 24 percentage points more equity in mutual funds than self-directed clients did. Guillemette and Jurgenson (2017) investigated whether professional qualifications influence consumer behavior in investment decision-making, revealing that investment choices improve when advice comes from certified financial planners (CFPs) rather than from a securities firm, for risk-neutral or risk-seeking investors.

Inderst and Ottaviani (2012) argued that the risk of mis-selling is heightened when investment trust companies entrust new customer acquisition and product advice to the same bank. In other words, when investment trust

companies offer higher incentives, the agent bank is more likely to exaggerate the perceived value of the product or recommend unsuitable investment trust products to customers.

A large body of evidence documents a close relationship between financial literacy and household investment behavior. Individuals with higher financial literacy tend to accumulate greater financial assets, save more, and engage more actively with risky financial products (Bannier & Neubert, 2016; Feng et al., 2019; Lusardi & Mitchell, 2011a; Shimizutani & Yamada, 2020). Financial literacy is also positively associated with risk tolerance and participation in financial markets (Hermansson & Jonsson, 2020). Advanced financial literacy has a significantly larger impact on investment performance than basic literacy (Jiang et al., 2019). Risk tolerance was assessed through survey questions on risk-return trade-offs, similar to other studies (Dohmen et al., 2023; Falk et al., 2023; Hermansson & Jonsson, 2020). The time preference rate reflects the degree of "impatience" and influences asset selection decisions based on findings in behavioral economics (Hastings & Mitchell, 2020).

The interaction between financial literacy and financial advice is complex. While some studies suggest that advice may complement or partially substitute for limited financial literacy, others emphasize that advice-seeking itself is selective and depends on investors' capabilities and preferences (Hung & Yoong, 2013; Collins, 2012). These findings suggest that financial literacy and advice are jointly related to portfolio outcomes.

Investment horizon and stated investment policies are additional dimensions that shape household portfolios (Spaenjers & Spira, 2015). Prior research shows that investors with longer horizons and clearer policy orientations are more likely to engage in risk-taking and to seek professional advice (Barthel & Lei, 2021; Kramer, 2012; Lei, 2019). Investment experience also plays an important role, as longer experience is associated with greater familiarity with financial products and higher tolerance for risk (Agarwal & Mazumder, 2013; Baeckström et al., 2021).

Distribution channels further shape investors' exposure to advice. Behavioral finance studies indicate that overconfident investors are more likely to self-manage their portfolios through online platforms, whereas investors exhibiting self-protection or mental accounting biases tend to seek face-to-face advice from banks or brokerage firms (Hsu, 2022). Age is closely related to these patterns: older investors are more likely to prefer physical branches and direct interactions with advisors, partly because of technology anxiety, perceived risk, and lower digital literacy (OECD, 2019; Chotitumtara & Namahoot, 2025; Han & Ko, 2025). Trust formation through personal interaction appears particularly important in such contexts (Riffai et al., 2012).

Demographic and socioeconomic factors further condition portfolio choice. Age is associated with changes in risk tolerance over the life cycle, although accumulated investment experience may offset declining horizons (Iwaisako, 2009; Kannadhasan, 2015; Riley & Chow, 1992). Gender differences are also well documented, with women on average displaying lower risk tolerance and weaker long-term asset accumulation than men (Baeckström et al., 2021; Charness & Gneezy, 2011; Eckel & Füllbrunn, 2015). Family structure and employment status influence investment decisions through liquidity needs and human capital risk, with households with dependents and individuals facing unstable labor income generally exhibiting lower exposure to risky assets (Chaulk et al., 2003; Hallahan et al., 2003; Heaton & Lucas, 2000).

In this study, 'evaluation of financial advice' refers to investors' subjective assessments of the advice they receive, which are based on perceived trustworthiness of the advisor, the usefulness and clarity of the explanations, and overall satisfaction with the interaction. Because financial advice is a credence good, investors rely on these subjective perceptions to judge its quality.

Investors who assign higher evaluations to financial advice are more likely to interpret the recommended products as credible and reliable. This reduces perceived uncertainty and increases confidence in the investment process. Drawing on behavioral finance theories, positive evaluations may shift investors' beliefs about risk, increase perceived competence of the advisor, and lower psychological barriers to investing in mutual funds. Consequently, higher evaluations are expected to be positively associated with greater mutual fund investment.

In Japan, certified financial planners (CFPs) and independent financial planners have yet to gain widespread adoption. Consumers have yet to develop the ability to distinguish between mutual fund sales and

investment advice. However, consumers trust regional banks more than securities brokers, and presumably trust the information and investment advice provided by their sales staff, especially if they have financial planning qualifications.

While a growing literature examines financial advice, financial literacy, and household portfolio behavior, relatively little research examines how investors' evaluations of the advice they receive relate to their portfolio allocation decisions. This gap is particularly salient in Japan's bank-centered retail investment environment.

While prior research has examined financial advice, financial literacy, and household portfolio behavior, relatively little attention has been paid to how investors' own evaluations of advice relate to portfolio allocation decisions, particularly in Japan's bank-centered retail investment environment. Building on this literature and institutional context, we next develop testable hypotheses in associational terms.

III. HYPOTHESIS DEVELOPMENT

Since the 1990s, Japan has experienced prolonged low growth, alongside rapid population aging and declining birth rates, which have contributed to widespread concerns about the sustainability of the public pension system. In response, policy initiatives have promoted a shift from savings to investment, particularly following the financial liberalization of the late 1990s and the introduction of defined contribution pensions. These reforms expanded households' access to investment trusts through financial institutions, including banks and credit unions.

Despite these institutional changes, many households, especially older ones, have limited investment experience and relatively low levels of financial literacy.4. In this context, financial institutions, particularly regional banks with dense branch networks, have played a central role in distributing investment trusts. Face-to-face interactions at branches remain a dominant channel, and product explanations and advice are a common component of the sales process.[5]

Prior research suggests that trust in financial institutions and advisors is particularly salient in such environments. Given the complexity of investment products and the credence-good nature of financial advice, investors may rely heavily on their own evaluations of advisory encounters when forming portfolio allocation decisions. Accordingly, subjective assessments of advice quality may be systematically related to how investors allocate their assets, even though the direction and mechanisms of this relationship cannot be identified using observational data.

Taken together, these institutional and behavioral considerations motivate the examination of associations between investors' evaluations of financial advice and their portfolio allocations. We therefore formulate the following hypotheses in associational terms:

> Hypothesis 1. Investors who report higher evaluations of financial advice are associated with higher investment trust allocation ratios.
>
> Hypothesis 2. Higher evaluations of individual components of financial advice (investor eligibility, risk explanation, cost explanation, and information provision) are each associated with higher investment trust allocation ratios.

To examine these hypotheses, we employ survey data on Japanese individual investors and implement an empirical strategy designed to estimate associations between advice evaluations and portfolio allocations. The data, variables, and estimation approach are described in the following section.

IV. METHODOLOGY

A. Data

We use five years of survey data (2017–2021) from the Survey on the Awareness of Securities Investment by Individual Investors (Individual Investors Awareness Survey; IIAS), conducted annually by the Japan Securities Dealers Association (JSDA). The survey targets individuals aged 20 years and older who hold at least one financial asset, including stocks, investment trusts, or public bonds.

The IIAS employs age- and sex-stratified sampling to ensure national representativeness among Japanese securities holders. It collects detailed information on investors' asset holdings, trading behavior, financial capability, socioeconomic characteristics, and use of

[4] Financial education became a compulsory subject in Japanese high schools in April 2022 (Ministry of Education, Culture, Sports, Science and Technology, 2018).

[5] The bank's first hit product in mutual fund sales was a global bond investment fund, which was less risky than equity investments.

investment schemes such as NISA. Each annual wave includes approximately 5,000 respondents. Pooling the five waves yields a total sample of 24,611 observations, of which 5,025 respondents provided valid evaluations of investment advice used in this study.

B. Variables

The main dependent variables measure portfolio allocation as the ratio of (i) risky assets (stocks, corporate bonds, and investment trusts) and (ii) investment trusts to total financial assets. These variables are bounded at zero.

The key explanatory variables capture respondents' evaluations of investment advice received through offline interactions at banks or securities brokerages (Appendix A). Based on Question 19 of the IIAS, respondents were asked to evaluate how they were treated by sales staff during and after transactions. Four dimensions of advice are measured: investor eligibility, risk explanation, cost explanation, and information provision. Each item is scored on a scale from −2 to +2 (with −1 indicating "do not know"), where higher values reflect more favorable evaluations.

We construct an overall advice evaluation score by summing the four items. We code "do not know" responses as −1 to preserve sample size and ensure ordinal consistency. The results are robust to excluding these responses (checked but not shown). We define "evaluation of financial advice" based on concepts suggested by prior research and consolidate it into a single composite score. Specifically, it encompasses perceptions, such as investors' subjective evaluations of reliability, usefulness, clarity, and overall satisfaction. However, we must fully recognize that, because it encompasses so many perceptions, it may limit the precision of its interpretation. This composite measure reflects respondents' subjective assessments across multiple advisory dimensions.

We include control variables capturing financial capability, preferences, experience, transaction channels, and socioeconomic characteristics.

Financial literacy is measured using a standardized score derived from survey questions on interest rates, risk diversification, and risk–return trade-offs, following Lusardi and Mitchell (2011a, 2014). The overall score ranges from −6 to +6 (Appendix B.1).

Time preference is measured using intertemporal choice questions that generate a score from +1 to +5, with higher values indicating greater impatience (Appendix B.2). Risk tolerance is measured using survey items on willingness to accept financial risk, yielding scores from +1 to +5.

Investment horizon and policy orientation are captured using direct survey questions (Appendix C). We construct a dummy variable equal to one if respondents report any of the following strategies: long-term holding, short-term trading, or dividend-oriented investing.

Additional controls include total financial assets. [6] , annual income[7], years of investment experience[8], and indicators for primary transaction channels. Channel dummies distinguish between banks and securities firms, as well as between offline and online transactions.

Sociodemographic controls include age, gender, self-employment status, stable employment status, child status, and household size. All variable definitions are summarized in Appendix D.

C. Empirical Specification

Given the censoring of portfolio allocation ratios at zero, we estimate Tobit models. The dependent variable is regressed on advice evaluation measures and the full set of controls described above. Standard errors are clustered at the individual level.

Because Tobit coefficients represent effects on an underlying latent variable rather than direct marginal effects on observed outcomes, we focus on coefficient signs and statistical significance and report marginal associations evaluated at sample means to facilitate interpretation.

[6] Total assets were categorized into 9 classes based on their value. The corresponding class values are 50,000, 300,000, 750,000, 2,000,000, 4,000,000, 7,500,000, 20,000,000, 40,000,000, and 60,000,000 yen, respectively.

[7] Income was classified into eight categories with corresponding class values of 2,000,000, 4,000,000, 6,000,000, 8,500,000, 11,000,000, 13,500,000, and 17,500,000 yen, respectively.

[8] For the group with the most investment experience (16 years or more), the class width was set at four years, so it was adjusted to 18 years.

V. RESULTS AND DISCUSSIONS

A. Results of Descriptive Analysis

Table 1 presents the summary statistics. Fifty percent of the respondents were male, with an average age of 63 years and an annual income of approximately 5.1 million yen. The average and median total asset values were approximately 22.55 and 20 million yen, respectively.

Thirty-three percent of the respondents had stable employment, while one-third were unemployed or had non-regular employment. Half of the respondents purchased investment trusts at a financial institution counter and reported an average investment experience of approximately 11.5 years (median, 10 years). Because this survey targeted individuals with experience investing in securities, the distributions of age, total financial assets, and investment experience are likely skewed toward older and more experienced investors compared with the general Japanese population. Investment advice scores ranged from −8 to +8, with a mean (median) of 1.82 (2.00). The financial literacy score ranged from −3 to +3, with a mean (median) of 1.80 (2.00). On average, respondents answered two out of three questions correctly.

Table 2 shows that groups with a higher proportion of investments in investment trusts reported higher scores for the overall evaluation of investment advice as well as for "investor eligibility," "risk explanation," "cost explanation," and "information provision," compared with groups with a lower proportion of such investments. In descriptive terms, customers who rated investment advice more highly tended to allocate more to investment trusts, though this does not necessarily indicate a causal effect of advice on allocation.

TABLE 1

INVESTOR CHARACTERISTICS

	Average	**Median**	**Standard deviation**
Experience (years)	10.7263	10	5.5413
Age	57.9246	61	13.5812
Self-employed	0.1013	0	0.3017
Stable employment	0.4741	0	0.4993
Annual income	519.3064	400	415.4251
Total assets	1701.4459	750	1791.3086
Minor children	0.5268	1	0.4993
Male	0.6256	1	0.4840
Investment advice: Investor eligibility	0.5104	1	0.9116
Investment advice: Risk explanation	0.6527	1	0.9369
Investment advice: Cost explanation	0.5487	1	1.0234
Investment advice: Information provision	0.1112	0	1.1038
Investment advice: Overall rating	1.8230	2	3.2870
Financial literacy: Risk	0.8250	1	0.4873
Financial literacy: Diversification	0.6433	1	0.6075
Financial literacy: Interest rate	0.3112	0	0.7579
Financial literacy: Overall rating	1.7795	2	1.1588
Time preference rate	2.8497	3	1.8280
Risk tolerance	3.0154	3	1.5650
Investment policy: Long-term	0.4243	0	0.4942
Investment policy: Short-term	0.0346	0	0.1828
Investment policy: Dividends	0.1850	0	0.3883
Internet trading (investment trust)	0.3314	0	0.4707
Offline bank channels	0.1229	0	0.3283
Investment ratio of investment trusts	0.3118	0.200	0.2977
Share investment ratio	0.4306	0.375	0.3639
Risk asset investment ratio	0.4900	0.390	0.3608

TABLE 2

COMPARISON BETWEEN THE TWO GROUPS BASED ON THE INVESTMENT RATIO

Investment advice	**LOW**	**HIGH**	**ALL**	**t-stats**	**LOW**	**HIGH**	**ALL**	**t-stats**
Overall rating	1.582	2.092	1.823	-5.905***	1.629	1.980	1.823	-4.035***
Investor eligibility	0.591	0.721	0.510	-5.260***	0.477	0.538	0.510	-2.510***
Risk explanation	0.443	0.585	0.653	-5.951***	0.605	0.691	0.653	-3.469***
Cost explanation	0.500	0.603	0.549	-3.808***	0.494	0.593	0.549	-3.628***
Information provision	0.047	0.182	0.111	-4.639***	0.053	0.159	0.111	-3.641***

Financial literacy	**LOW**	**HIGH**	**ALL**	**t-stats**	**LOW**	**HIGH**	**ALL**	**t-stats**
Total score	1.759	1.845	1.779	-5.003***	1.725	1.836	1.747	-7.520***
Risk and return	0.820	0.840	0.825	-2.714***	0.819	0.832	0.819	-2.129**
Diversification	0.628	0.693	0.643	-7.333***	0.633	0.654	0.626	-2.823***
Interest rate	0.311	0.312	0.311	-0.079	0.274	0.350	0.302	-7.860***

Note. Means (SD) by low/high investment-trust share groups. Two-sided t-tests for differences in means; *** $p < 0.01$. Values for advice items are on the study's original scales. Marginal interpretations in the text are associational (not causal).

Regarding financial literacy, the higher-allocation group scored significantly higher on the overall index and on risk, return, and diversification sub-indices. For overall risk assets, the higher-allocation group also exhibited significantly higher financial literacy. Finally, customers with higher financial literacy appeared more willing to take risks than those with lower literacy, consistent with prior findings, while recognizing that these are associations.

B. *Estimation Results*

Table 3 presents the Tobit estimates. Because Tobit coefficients reflect effects on an underlying latent variable rather than on the observed investment-trust share itself, they should not be interpreted directly as marginal effects on observed outcomes. Accordingly, we focus on the sign and statistical significance of the coefficients and report marginal associations evaluated at sample means below. First, the overall rating of investment advice is positively associated with the proportion of assets held in investment trusts, and this association is statistically significant at the 1% level. Thus, higher evaluations of received advice are associated with higher investment-trust shares.

To aid interpretation, we report marginal associations evaluated at sample means. A one-unit increase in the overall advice rating is associated with an estimated 0.01 percentage-point difference in the expected investment-trust share ($p < 0.01$). Similarly, higher ratings for risk explanation and information provision are associated with 1.14 and 1.15 percentage-point differences, respectively ($p < 0.05$). These are associational quantities based on the Tobit specification.

Among the individual evaluation items, information provision and risk explanations are positively and significantly associated with the investment-trust share, whereas investor eligibility and cost explanations are not statistically significant. These patterns indicate that, among the advice attributes we measure, respondents' higher ratings of risk explanations and information provision are associated with higher investment-trust allocations. Moreover, better-rated advice corresponds to higher investment-trust shares, consistent with the associational pattern described in Hypothesis 1. This pattern aligns with prior studies (Hii et al., 2022; Collins, 2012; Von Gaudecker, 2014).

The positive relationships between seeking/evaluating advice and investment in investment trusts are consistent with the interpretation that investors who value advice more highly are also more receptive to risk and optimistic about outcomes; however, we refrain from causal claims. Historically, many Japanese investors had limited experience with investment trusts for long-term asset formation, and defined-contribution pension plans were introduced only in 2001. Even among pension investors, holdings are often concentrated in savings accounts due to limited investment experience. Within this context, higher-rated advice may coincide with portfolio compositions that feature higher shares of risk assets among some investors, but we emphasize that our

evidence is correlational. For individuals unfamiliar with long-term asset formation, financial advisors are often perceived as important information sources; higher evaluations of such guidance are associated with greater allocations to investment trusts and with more diversified, longer-horizon portfolios.

TABLE 3

ESTIMATION USING THE TOBIT MODEL (2017–2021)

Investment ratio of investment trusts	Model 1						Model 2						Model 3					
	Coef.	Std. Err.		Marginal Effect			Coef.	Std. Err.		Marginal Effect			Coef.	Std. Err.		Marginal Effect		
Years of investment experience	0.003	(0.001)	***	0.002	(0.001)	***	0.003	(0.001)	***	0.002	(0.001)	***	0.003	(0.001)	***	0.002	(0.001)	***
Age	0.002	(0.009)	***	0.011	(0.007)		0.002	(0.009)	***	0.011	(0.007)		0.002	(0.009)	***	0.011	(0.007)	
Self-employed	0.023	(0.000)		0.002	(0.000)	***	0.024	(0.000)	*	0.002	(0.000)	***	0.025	(0.000)	*	0.002	(0.000)	***
Stable employment	-0.033	(0.014)	***	0.021	(0.012)	*	-0.033	(0.014)	***	0.022	(0.012)	*	-0.032	(0.014)	***	0.021	(0.011)	*
Annual income	0.007	(0.010)		-0.029	(0.009)	***	0.006	(0.010)		-0.029	(0.009)	***	0.006	(0.010)		-0.026	(0.008)	***
Total assets	-0.163	(0.006)	***	0.006	(0.005)		-0.163	(0.006)	***	0.005	(0.005)		-0.162	(0.006)	***	0.004	(0.005)	
Minor Children	-0.005	(0.004)		-0.139	(0.004)	***	-0.006	(0.004)		-0.139	(0.004)	***	-0.005	(0.004)		-0.128	(0.003)	***
Male	0.013	(0.008)		-0.005	(0.007)		0.013	(0.008)		-0.005	(0.007)		0.013	(0.008)		-0.004	(0.006)	
Investment advice: Overall Rating							0.007	(0.004)	***	0.000	(0.003)							
Investment advice: Investor Eligibility													0.007	(0.006)		0.006	(0.004)	
Investment advice: Risk Explanation													0.015	(0.006)	**	0.011	(0.005)	**
Investment advice: Cost Explanation													-0.006	(0.005)		-0.004	(0.004)	
Investment advice: Information Provision													0.014	(0.004)	***	0.011	(0.003)	***
Financial Literacy: Overall Rating	0.000	(0.004)		0.000	(0.003)		0.000	(0.002)		0.002	(0.002)		0.000	(0.004)		0.000	(0.003)	
Time preference rate	0.002	(0.002)		0.002	(0.002)		0.002	(0.003)		0.006	(0.002)		0.002	(0.002)		0.002	(0.002)	***
Risk tolerance	0.008	(0.003)	***	0.007	(0.002)	***	0.008	(0.012)	***	0.047	(0.010)	***	0.007	(0.003)	***	0.006	(0.002)	***
Investment Policy: Long Term	0.065	(0.012)	***	0.055	(0.010)	***	0.056	(0.023)	***	0.047	(0.020)	***	0.050	(0.012)	***	0.044	(0.009)	**
Investment Policy: Short Term	0.071	(0.023)	***	0.061	(0.020)	***	0.056	(0.013)	**	0.067	(0.011)	**	0.050	(0.023)	**	0.044	(0.018)	***
Investment Policy: Dividends	0.088	(0.013)	***	0.074	(0.011)	***	0.079	(0.001)	***	0.006	(0.001)	***	0.071	(0.013)	***	0.063	(0.010)	*
Offline bank channels	-0.012	(0.008)		-0.010	(0.007)		-0.013	(0.008)	*	-0.011	(0.007)	***	-0.012	(0.008)		-0.011	(0.006)	
2018 Dummy	-0.002	(0.012)		-0.002	(0.010)		-0.007	(0.012)		-0.006	(0.010)		-0.005	(0.012)		-0.003	(0.009)	
2019 Dummy	0.007	(0.012)		0.006	(0.010)		0.003	(0.012)		0.003	(0.010)		0.004	(0.012)		0.003	(0.010)	**
2020 Dummy	0.038	(0.014)	***	0.033	(0.012)	***	0.034	(0.014)	**	0.029	(0.012)	**	0.034	(0.014)	**	0.028	(0.011)	***
2021 Dummy	0.042	(0.014)	***	0.036	(0.012)	***	0.035	(0.014)	***	0.030	(0.012)	**	0.034	(0.014)	***	0.028	(0.011)	
Const.	1.229	(0.049)	***				1.228	(0.049)	***				1.226	(0.049)	***			
Log likelihood	-1076.474						-1117.03						-1053.2561					
Number of obs.	5,025						5,025						5,025					

Note*, **, *** indicate that the result is statistically significant at the 10%, 5%, and 1% levels, respectively.

For control variables, our results are broadly consistent with previous research. Years of investment experience are positively and significantly associated with the investment-trust share across specifications. Age-related variables are generally significant, indicating a non-linear relationship between age and risk tolerance. Younger respondents tend to report higher risk tolerance, but this relationship weakens with age. As noted by Riley and Chow (1992) and Iwaisako (2009), older age does not necessarily correspond to a higher investment ratio; in Japan, the share of risk assets can be higher among older cohorts despite high savings rates overall and relatively low risky-asset participation at younger ages. The anticipation of reduced public pension benefits and the deregulation that made investment-trust purchases accessible through regional banks provide a relevant institutional context for these patterns.

Total assets are negatively and significantly associated with the investment-trust share. Thus, among investment-trust holders, wealthier households report lower portfolio shares in investment trusts. Prior work (e.g., Iwaisako, 2009) suggests that Japanese households enter risky assets after accumulating a certain wealth level, but the share of risky assets does not necessarily rise thereafter. Households with substantial assets may hold more non-securities risk assets (e.g., real estate) and face liquidity considerations (e.g., mortgages; Ito et al., 2017), which can be associated with a smaller risky-asset share. Our results are consistent with these observations.

The number of financially dependent family members is negatively associated with risk tolerance, potentially reflecting liquidity needs. The child dummy itself is insignificant, suggesting that our sample consists of investors who already hold risky assets; liquidity constraints may matter more for the participation margin than for the allocation margin.

Regarding human-capital risk, the stable-employment dummy is negatively and significantly associated with the investment-trust share, suggesting that those with unstable employment report higher shares. This pattern is consistent with the view that labor-income risk interacts with financial risk-taking (Heaton & Lucas, 2000; Irandoust, 2017). Interestingly, financial literacy is not statistically significant in our Tobit specifications, even though prior studies often document positive correlations with risk appetite (Chu et al., 2016; Henager & Cude, 2016; Hii et al., 2022).

The time-preference rate is not significant, whereas risk tolerance is generally positive and significant, in line with the literature (Grable & Lytton, 1999). The investment-policy variable is positive and significant, indicating that respondents who report following an investment policy also report higher investment-trust shares and greater risk-taking, consistent with Ameriks et al. (2003) and Lusardi & Mitchell (2008, 2011a). Descriptively, respondents who evaluate advice more positively also report a higher incidence of long-term investment policies. In Tobit/linear probability models, the evaluation of advice is positively associated with the policy indicator. We stress that these relationships are correlational.

The offline bank-channel dummy is significant and negative in Model 2. Investors acquiring investment trusts via offline bank channels may differ from online investors: the former typically interact with sales staff or advisors before investing and, on average, may have lower financial literacy; online investors often seek information independently, engage in more active trading (Barber & Odean, 2002), and utilize free advice sources (e.g., brokers' educational content, media, social networks). Some evidence suggests that such investors can achieve superior performance relative to those who rely on professional advice (Kadoya et al., 2025); our results are consistent with these differences in profiles and behaviors.

C. Robustness Checks

The four items used to evaluate advice— "investor eligibility," "risk explanation," "cost explanation," and "information provision"—may be correlated. We therefore conducted a principal component analysis (PCA) of these variables and used the resulting component scores as regressors in a Tobit model (Table 4; see Appendix D for loadings and explained variance).

The overall evaluation component (IA_PC1) and the ex-post advice component (IA_PC2) are positively and significantly associated with the investment-trust share. In Model 2, the interaction between prior advice (IA_PC3) and the bank-counter transaction dummy is negative and significant. These patterns are consistent with an association whereby higher overall evaluations and higher ratings of ex-post advice coincide with higher investment-trust shares, whereas trading through bank counters is negatively associated with the effect proxy captured by the interaction term. As a result, investors trading through securities companies (brokers), rather than banks, tend to place greater value on ex-post advice and report higher investment-trust shares.

Overall, the results indicate that higher overall evaluations of investment advice at financial institutions are associated with higher investment-trust allocations. At the same time, we do not claim causality; the findings are interpreted as correlations within the limitations of our observational design.

VI. DISCUSSION

This study documents robust associations between investors' evaluations of financial advice and their portfolio allocations to investment trusts in Japan. According to the Tobit estimates, higher overall ratings of advice, especially for risk explanations and information provision, are positively associated with larger investment trust shares. These patterns are consistent with a conceptual view in which subjective perceptions of advice quality correlate with more forward-looking investment behavior among retail investors, while recognizing that the relationships are associational rather than causal, given our observational design.

Three aspects of the results merit emphasis. First, the association is strongest for attributes associated with lower perceived uncertainty, such as risk explanations and information provision, rather than features like investor eligibility or cost explanations. This

TABLE 4

ESTIMATION USING THE TOBIT MODEL (2)

Investment ratio of investment trusts	Model1						Model2					
	Coef.	Std. Err.		Marginal Effect			Coef.	Std. Err.		Marginal Effect		
Years of investment experience	0.003	(0.001)	***	0.002	(0.001)	***	0.003	(0.001)	***	0.002	(0.001)	***
Age	0.012	(0.008)		0.010	(0.007)		0.012	(0.008)		0.010	(0.007)	
Self-employed	0.002	(0.000)	***	0.002	(0.000)	***	0.002	(0.000)	***	0.002	(0.000)	***
Stable employment	0.024	(0.013)	*	0.021	(0.011)	*	0.023	(0.013)	*	0.020	(0.011)	*
Annual income	-0.030	(0.009)	***	-0.026	(0.008)	***	-0.030	(0.009)	***	-0.026	(0.008)	***
Total assets	0.005	(0.005)		0.004	(0.005)		0.005	(0.005)		0.005	(0.005)	
Minor Children	-0.147	(0.004)	***	-0.129	(0.003)	***	-0.147	(0.004)	***	-0.129	(0.003)	***
Male	-0.005	(0.007)		-0.004	(0.006)		-0.005	(0.007)		-0.004	(0.006)	
IA_PC1	0.014	(0.002)	***	0.012	(0.002)	***	0.011	(0.003)	***	0.010	(0.002)	***
IA_PC2	0.010	(0.005)	*	0.008	(0.004)	**	0.004	(0.007)		0.003	(0.006)	
IA_PC3	0.003	(0.005)		0.003	(0.004)		0.013	(0.006)	*	0.011	(0.006)	**
IA_PC1*OCBT							0.004	(0.004)		0.004	(0.003)	
IA_PC2*OCBT							0.010	(0.010)		0.009	(0.008)	
IA_PC3*OCBT							-0.018	(0.010)	*	-0.016	(0.009)	*
Financial Literacy	0.000	(0.003)		0.000	(0.003)		0.000	(0.003)		0.000	(0.003)	
Time preference rate	0.002	(0.002)		0.002	(0.002)		0.002	(0.002)		0.002	(0.002)	
Risk tolerance	0.007	(0.002)	***	0.006	(0.002)	***	0.007	(0.002)	***	0.006	(0.002)	***
Investment Policy: Long Term	0.051	(0.011)	***	0.045	(0.009)	***	0.051	(0.011)	***	0.045	(0.009)	***
Investment Policy: Short Term	0.050	(0.021)	**	0.044	(0.018)	**	0.051	(0.021)	**	0.044	(0.018)	**
Investment Policy: Dividends	0.072	(0.011)	***	0.063	(0.010)	***	0.072	(0.011)	***	0.063	(0.010)	***
Offline bank channels	-0.012	(0.007)	*	-0.010	(0.006)	*	-0.012	(0.007)	*	-0.010	(0.006)	*
2018 Dummy	-0.004	(0.011)		-0.004	(0.009)		-0.004	(0.011)		-0.003	(0.009)	
2019 Dummy	0.003	(0.011)		0.003	(0.010)		0.004	(0.011)		0.003	(0.010)	

2020 Dummy	0.032	(0.013)	**	0.028	(0.011)	**	0.032	(0.013)	**	0.028	(0.011)	**
2021 Dummy	0.032	(0.012)	***	0.028	(0.011)	***	0.033	(0.012)	***	0.028	(0.011)	***
Const.	1.137	(0.042)	***				1.138	(0.042)	***			
Log likelihood	83.683						86.584					
Number of obs.	5,025						5,025					

Note: *, **, and ***indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

suggests that investors may place particular weight on clarity and comprehensibility when forming overall judgments of advisory encounters. Second, the negative association for the offline bank-channel dummy (in one specification) and the positive association found among more self-directed, online, or broker-oriented investors align with the idea that investor types and information environments differ across distribution channels. Third, principal component analyses indicate that components interpretable as overall evaluation and ex-post advice/clarification carry the strongest associations with investment-trust shares, highlighting the salience of what investors perceive after receiving explanations.

The Japanese context is central to interpreting these patterns. Banks are major distributors of investment trusts, but typically do not broker individual stocks; face-to-face interactions at branches, therefore, remain a common touchpoint for mass-market investors. In such settings, subjective evaluations of advice may function as practical heuristics when objective quality is difficult to assess. At the same time, prior literature notes concerns about incentives and the possibility that advice quality varies widely across providers. Our findings, which highlight what investors perceive as higher-quality advice, are therefore best viewed as evidence on perceived rather than verified quality. This distinction motivates the implications below and underscores the need for future work with performance data.

VII. IMPLICATIONS

The following implications are framed as interpretations consistent with the observed associations, rather than as established causal effects, in line with the study's observational design.

A. *Implications for Financial Institutions and Advisors*

Emphasize clarity in risk and information disclosure. Our findings indicate that higher ratings for risk explanations and information provision are associated with larger investment-trust shares. Within an associational framework, this pattern is consistent with the view that clearer, more structured, and more personalized explanations (e.g., plain-language risk narratives, visual risk summaries, standardized fact sheets) may align with stronger client engagement.

Reinforce information after advisory interactions. Components interpretable as ex-post advice or clarification show strong associations with portfolio allocations. This evidence supports the idea that follow-up communication, such as post-meeting summaries, short "what to expect" memos, or digital recaps, may be valuable to investors when they evaluate advice. However, the causal impact of such practices cannot be determined here.

Account for heterogeneity across channels and investor types. The observed contrasts between offline bank channels and more self-directed channels suggest that different advisory environments are associated with different investor profiles and evaluation patterns. These associations are consistent with tailoring advisory touchpoints to investor capability and preferences, rather than implying differential causal effectiveness across channels.

B. *Implications for Policymakers and Market Design*

Communication standards focused on comprehensibility. Given the salience of risk explanations and information provision in investors' evaluations, the results are consistent with policy approaches that place greater emphasis on readability and navigability in disclosures (e.g., layered disclosures, standardized risk labels, illustrative downside scenarios).

Support for advice-evaluation literacy. Because financial advice has credence-good characteristics from the consumer's perspective, our findings suggest that investor-education initiatives that help households assess advice encounters (e.g., question checklists, indicators of conflicts, fee-comparison tools) may be aligned with how investors form subjective evaluations, without implying improvements in outcomes per se.

Channel comparability and data infrastructure. Policies that facilitate more consistent reporting of product line-ups, fees, and historical fund metrics across distribution channels could support more informed comparisons by households and researchers, a direction that is consistent with the correlational evidence presented here.

C. Implications for Future Research

Link subjective evaluations to realized outcomes. Integrating survey responses with account-level performance (returns, volatility, drawdowns) would allow tests of whether positively evaluated advice coincides with objectively improved portfolio outcomes.

Quasi-experimental and experimental designs. Natural experiments (e.g., regulatory changes, branch closures/openings, fee-schedule shifts) or field experiments on disclosure framing could help separate perception from selection and more credibly identify mechanisms.

Heterogeneity and mechanisms. Future work could examine whether associations are stronger for first-time investors, older cohorts, or those with lower financial literacy, and whether improvements in understanding (rather than simple satisfaction) are the primary channel linking advice evaluations to portfolio choices.

VIII. LIMITATIONS

This study has several limitations that frame the scope of inference. First, the analysis relies on observational survey data without a valid instrument for advice evaluations; therefore, all reported relationships are associational and should not be interpreted as causal. In particular, the direction of the relationship between advice evaluations and portfolio allocation cannot be identified. A plausible alternative interpretation is reverse causality: investors who already allocate a larger share of their assets to investment trusts may subsequently evaluate the advice they received more positively, for example, through ex post rationalization or outcome-based reassessment. Our data do not allow us to rule out this possibility. Second, we do not observe realized performance (e.g., risk-adjusted returns) for investment-trust holdings, which limits our ability to assess whether positively evaluated advice coincides with objectively better outcomes. Third, measures of financial well-being (e.g., satisfaction with outcomes, confidence, stress) are limited; where feasible, we use proxy indicators (such as the presence of a long-term investment policy), but these proxies cannot substitute for validated scales. Fourth, channel variables capture broad distribution modes (offline bank counters, brokers, online) but cannot fully identify unobserved differences in investor preferences or self-selection into channels.

These constraints motivate a conservative interpretation of our findings and point to concrete directions for future research: (i) building data linkages to account-level records; (ii) exploiting quasi-experimental variation in advice environments; and (iii) collecting richer measures of investor well-being and advice comprehension. Within these limits, our results add evidence that higher subjective evaluations of advice are consistently associated with larger investment-trust shares in Japan's bank-centered retail landscape, enriching the literature on how perceived advice quality relates to household portfolio choices.

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APPENDIX

Questionnaire Items on Individual Investors' Evaluation of Investment Advice

Question 19. If you buy investment trusts from a bank or a securities broker, we would like to ask you about your interactions with the bank or broker (including telephone and in-person interactions with sales staff) and your interactions after purchasing the products.

For each of the items Q19 (1) through (4) in Table A.1 below, "Please select one of the following options: "applies," "more or less applies," "neither applies nor does not apply," "more or less does not apply," "does not apply," or "do not remember, do not know." (We assign a score to each of these response options, as shown in Table A.2.)

TABLE A.1

QUESTION ABOUT INDIVIDUAL INVESTORS' EVALUATION OF INVESTMENT ADVICE

Q	Items	
Q19(1)	Investment eligibility	The product suggestions were tailored to my needs.
Q19(2)	Risk explanation	The explanation of the product's risks and characteristics was easy to understand.
Q19(3)	Cost explanation	The explanation of the fees was easy to understand.
Q19(4)	Information provision	After-sales follow-up, such as providing information after a product purchase, was sufficient.

TABLE A.2

ANSWER OPTIONS FOR QUESTIONS ABOUT INDIVIDUAL INVESTORS' EVALUATION OF INVESTMENT ADVICE

Options:	**SCORE**
Applies	+2
More or less applies	+1
Neither applies nor does not apply	0
More or less does not apply	-1
Does not apply	-2
Do not remember, do not know	-1

Note: The response categories "More or less does not apply" and "Do not remember, do not know" were both coded as −1. Although these responses reflect different underlying reasons, neither represents a substantive evaluation of the investment advice. Rather, both indicate that respondents were unable or unwilling to provide a meaningful assessment of the item. Therefore, they were treated as a common category representing the absence of an evaluative judgment.

Scoring financial literacy, time preference rate, and risk tolerance

We scored responses to questions on financial literacy, time preference rates, and risk tolerance using the following questions. We used the scores as corresponding indicators.

B.1 Financial literacy

Question 8. Are the following sentences correct or incorrect? Please select the option that best aligns with your opinion. (Choose one for each)

TABLE B.1

QUESTIONS ABOUT INDIVIDUAL INVESTORS' FINANCIAL LITERACY

Question	Answer	SCORE
Risk: Investments with high returns also carry high risks.	Correct	+1
	Incorrect	-1
	Do not know	0
Diversification: Buying shares in a single company is usually a safer investment than buying a stock investment trust (a financial product that invests in multiple shares).	Correct	-1
	Incorrect	+1
	Do not know	0
Interest rates: When interest rates rise, bond prices usually Fall.	Correct	+1
	Incorrect	-1
	Do not know	0

B.2 Time preference rate

Question 9. Please choose the answer that best reflects your opinion on the following points.

TABLE B.2

QUESTIONS ABOUT INDIVIDUAL INVESTORS' TIME PREFERENCE RATE

Question	Answer	SCORE
If you have the option of receiving either 100,000 yen now or 110,000 yen in one year and are certain that you will receive the money, you would choose the former.	I agree	+5
	I disagree	+3
	Do not know	+1

B.3 Risk tolerance

Question 10. Please choose the answer that best reflects your opinion on the following points.

TABLE B.3

QUESTIONS ABOUT INDIVIDUAL INVESTORS' RISK TOLERANCE

Question	Answer	SCORE
If you invest 100,000 yen and there is a 50/50 chance of either a 20,000-yen profit or a 10,000-yen loss, you would not make that investment.	I agree	+1
	Do not know	+3
	I disagree	+5

Investment policy

We used the responses to the following questions as proxies for investment policy.

Question 4: Please tell us which of the following statements best describes your investment policy for securities. (Please choose one for each.)

TABLE C.1

QUESTIONS ABOUT INDIVIDUAL INVESTORS' INVESTMENT POLICY

	Options	**Dummy**	
1	Generally, I hold out for the long term, but if the price goes up to a certain extent, I will sell.	LongIP	Yes=1,No=0
2	I am focused on capital gains and will sell within a short time period.	ShortIP	Yes=1,No=0
3	I prioritize income (dividends, distributions, and interest) and employ a yield-based sell strategy to manage my portfolio.	DivIP	Yes=1,No=0
4	I place importance on shareholder benefits.		
5	Other investment policies		
6	We have not decided on a specific investment policy.		

D. Principal component analysis

To verify the robustness of the baseline results reported in Section V, we conducted principal component analysis (PCA) using the four survey items measuring individual investors' evaluation of investment advice. Table D.1 reports the eigenvalues, explained variance, and component loadings. Based on the loading patterns, we interpret IA_PC1 as the overall evaluation of investment advice, IA_PC2 as ex-post advice, and IA_PC3 as ex-ante advice. These component scores are used as alternative dependent variables in the robustness analysis reported in Table 4. IA_PC4 captures only residual variation and is not used in the subsequent empirical analysis.

TABLE D.1

PRINCIPAL COMPONENT ANALYSIS

Panel A					
Component	Eigenvalue	Difference	Proportion		Cumulative
Comp1	2.770	2.276	0.693		0.693
Comp2	0.494	0.029	0.124		0.816
Comp3	0.465	0.195	0.116		0.932
Comp4	0.270		0.068		1.000
Panel B: Principal components (eigenvectors)					
Component	Comp1	Comp2	Comp3	Comp4	Unexplained
Variable	IA_PC1	IA_PC2	IA_PC3	IA_PC4	
Investor eligibility	0.487	-0.260	0.788	0.274	0
Risk explanation	0.528	-0.349	-0.180	-0.753	0
Cost explanation	0.511	-0.203	-0.589	0.593	0
Information provision	0.472	0.877	0.025	-0.082	0

Note: This table reports the results of the principal component analysis (PCA) conducted on four survey items measuring individual investors' evaluation of investment advice: investor eligibility, risk explanation, cost explanation, and information provision. Panel A reports the eigenvalues and the proportion of variance explained by each principal component. Panel B reports the corresponding component loadings (eigenvectors). The first principal component (IA_PC1) loads positively across all four evaluation items and is interpreted as an overall evaluation of investment advice. IA_PC2 primarily reflects ex-post advice because it loads most heavily on information provision, whereas IA_PC3 mainly captures ex-ante advice because it loads most heavily on investor eligibility. The principal component scores are used as alternative measures of investment advice evaluation in the robustness tests reported in Table 4.