

Understanding Mutual Fund Fees



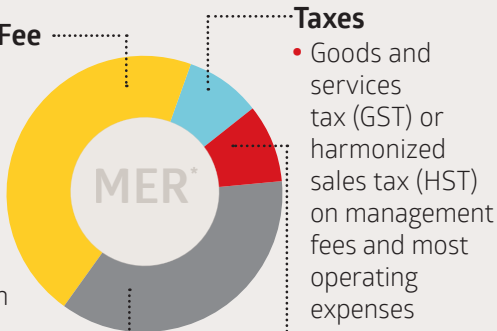
Management Expense Ratio

The MER is a calculation used to help you understand the costs associated with owning a mutual fund. The MER is the total expenses of a mutual fund (excluding commissions and other portfolio transaction costs) divided by the net asset value of the fund. It is calculated as an annual percentage.

MERs can range from less than 1% to more than 3%.

Management Fee

- Portfolio management services
- Investment research
- Fund administration



Taxes

- Goods and services tax (GST) or harmonized sales tax (HST) on management fees and most operating expenses

Trailing Commission

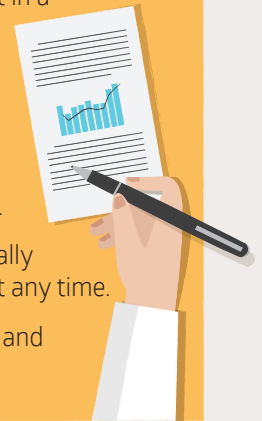
- A service fee paid to the advisors for ongoing service and advice provided to the mutual fund investor
- Up to 1% depending on the mandate

Operating Expenses

- Recordkeeping, audit and legal fees incurred in operating the fund
- Reports, prospectuses, Fund Facts, etc.

The benefits of mutual funds:

- 1. Professional portfolio management.** Access to the knowledge and skill of professional investment managers.
- 2. Diversification.** Mutual funds invest in a wide variety of securities and industries, carefully selected to complement one another to help reduce volatility.
- 3. Investment choice.** Broad range of investment options to choose from.
- 4. Easy to buy and sell.** You are generally able to redeem your investments at any time.
- 5. Record keeping.** Detailed reporting and information on your accounts.

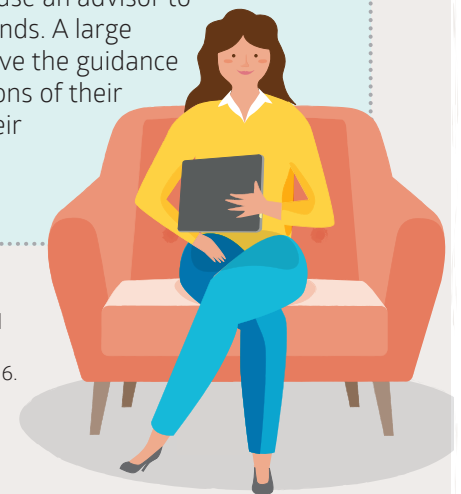


What Canadians have to say about mutual funds:**

86% of mutual fund investors express confidence in mutual funds helping them meet their financial goals, which is significantly higher than other investment vehicles.

90% of investors use an advisor to purchase mutual funds. A large number (88%) believe the guidance and recommendations of their advisor increase their investment returns.

**Canadian Investors' Perceptions of Mutual Funds and the Mutual Fund Industry, Pollara 2016.



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*For illustrative purposes only. Source: IFIC and Investor Economics: Monitoring Trends in Mutual Fund Cost of Ownership and Expense Ratios, May 2015.

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