

Making Sense of MERs

When you invest in a mutual fund, you pay a fee known as the management expense ratio or MER. In short, the MER represents the costs associated with managing and operating a mutual fund. MERs are reported annually as a percentage of a mutual fund's assets, and they are deducted before the mutual fund's return is calculated.

The MERs of different mutual funds vary according to the complexity of managing the fund. For example, the MERs of bond mutual funds, which generally have lower research and trading costs, will typically be lower than the MERs of global equity mutual funds, which typically have higher research and trading costs.

Breaking down the four segments of the MER:

1

management fee

The management fee (*includes a trailing commission earned by Advisors*) is typically the largest component of the MER. It pays for a variety of different costs, including:

- The fund company's cost of hiring portfolio managers who make investment decisions (e.g. manager research, selection, monitoring, security selection)
- Market research and analysis to support the optimization of a portfolio's design
- Compensation to the dealership that your Advisor is attached to, as well as compensation to your advisor (known as the trailing commission).

2

fixed rate administration fee

The fixed administration fee covers the costs associated with:

- An independent auditor who reviews the mutual fund's financial statements
- A custodian who holds a mutual fund's investments for safekeeping
- Producing, printing and mailing account statements, prospectuses and other important reports
- Other related fund administration costs

3

other fund costs

This typically makes up a very small portion of the overall MER and includes expenses such as:

- Interest, or borrowing costs
- Fees and expenses for an Independent Review Committee
- Other third party administrative charges

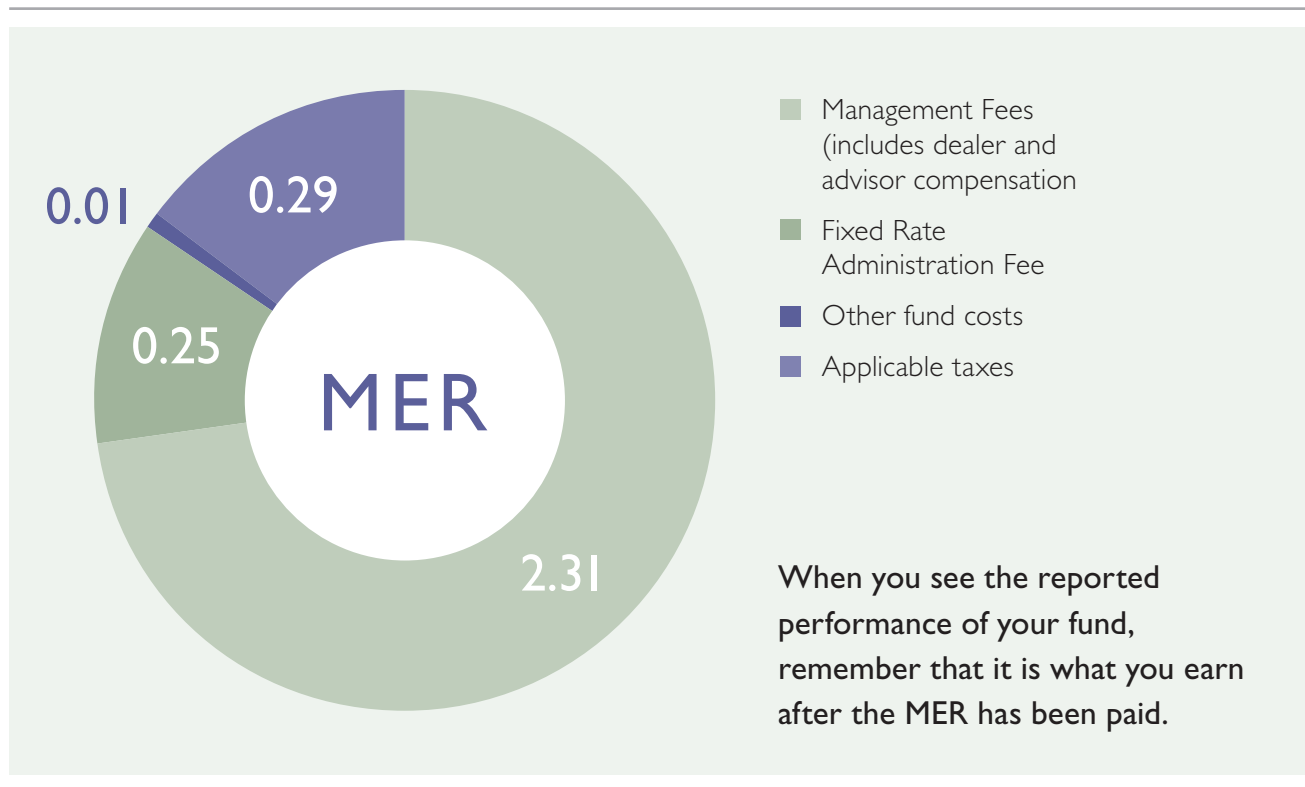
4

applicable taxes

Applicable taxes:

- Tax is paid on the management fee and other fees associated with operating a mutual fund

This chart illustrates how the MER of a Counsel Balanced Portfolio (2.86%*) breaks down. Assume you invested \$1,000 in this fund, your cost will be \$28.60 for the management, administration and taxes for the year.



Speak to us to find out more about MERs, the costs of investing or the costs of working with an Advisor.

DENNIS CHARRETTE, CFP, CIM, FCSI

Tel: 519.632.9450 **Fax:** 519.632.9322

Email: info@ayrfinancial.ca **Web:** www.ayrfinancial.ca

92 Stanley Street, Ayr, ON, N0B 1E0



* Series A, for the period ended September 30, 2013.

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