

Mutual Fund Fees

There are four types of mutual fund fees:

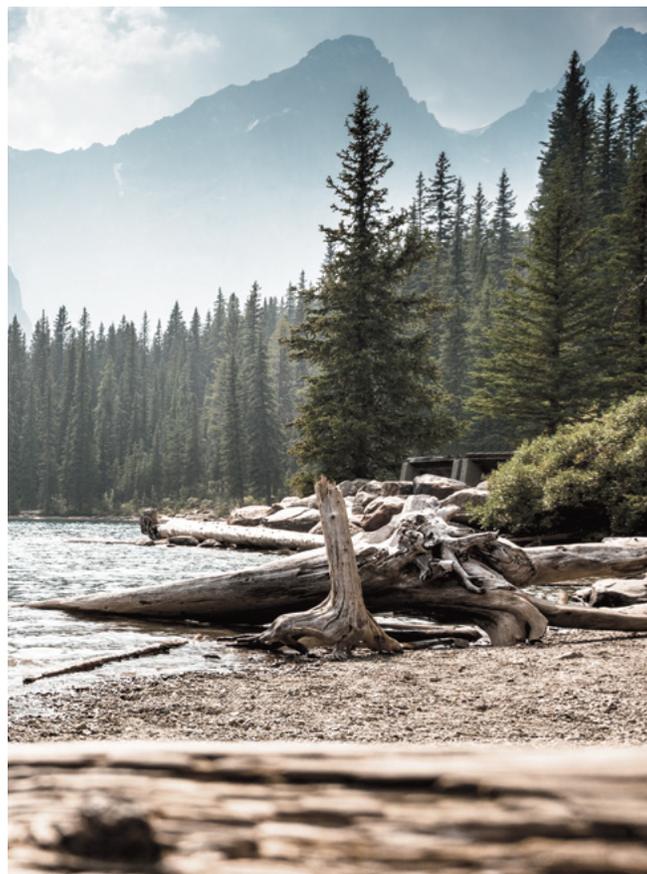
1. Management expense ratio
2. Trading expenses
3. Sales charges
4. Fees

1.

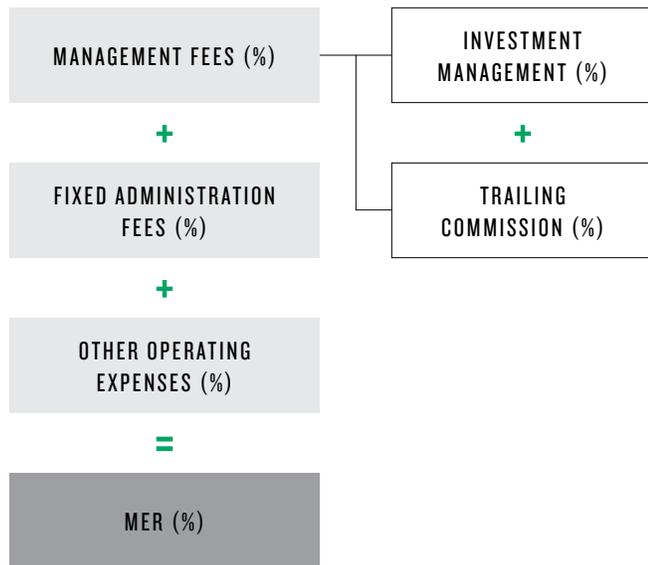
Management expense ratio (MER)

The management expense ratio is the total of the annual expenses required to operate the fund. The ratio is expressed as a percentage of the fund's average net assets for a year. A fund's return is always after its MER has been deducted – for example, if a fund generates a return of 8% for a given year and its MER is 2%, the fund's net return is 6%. This means these expenses are not charged directly to you.

In general, the MERs of bond funds and money market funds are lower than equity fund MERs. MERs are usually between 1% and 3%.



MERS INCLUDE THREE BROAD TYPES OF EXPENSES



Management fees cover:

- The investment management fees paid to the fund manager to manage the investment professionally.
- The trailing commission paid to your brokerage firm⁴ for the services and advice you receive.

Fixed administration fees include the costs of operating the fund such as legal and accounting expenses and other current expenses.

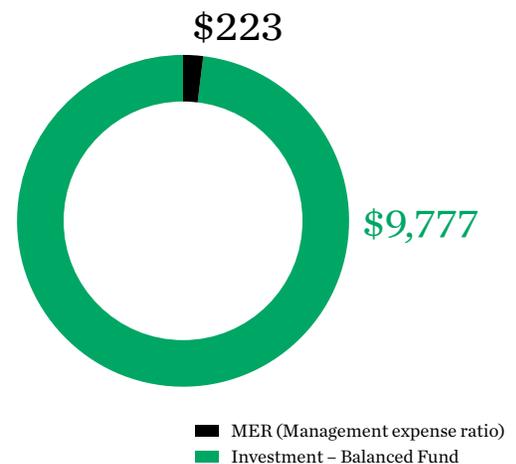
Other operating expenses mainly comprise any applicable taxes.

⁴ The firm carrying out mutual fund sales.

Example of a Canadian balanced fund with a management expense ratio (MER) of 2.23%

The following graphics show how the management expense ratio is calculated and provide the details. If you had invested \$10,000 in this fund, you would have indirectly paid \$223⁵ in expenses for the year.

BREAKDOWN OF MER AND YOUR INVESTMENT



⁵ Represents the MER of a typical Canadian balanced fund. Source: Desjardins Investments Inc.

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Management expense ratio (MER) (cont.)

DETAILED BREAKDOWN OF THE EXPENSES INCLUDED IN THE MANAGEMENT EXPENSE RATIO

WHAT YOU PAY INDIRECTLY (MER OF 2.23%)		THE SERVICES YOU RECEIVE
MANAGEMENT FEES	Investment management	<p>\$73.59</p> <p>INVESTMENT MANAGEMENT BY THE FUND MANAGER / PORTFOLIO MANAGERS</p> <ul style="list-style-type: none"> Professional investment management Risk management Investments selection Asset allocation optimization Portfolio rebalancing Professional services (legal, accounting, etc.)
	Trailing commission	<p>\$100.35</p> <p>TRAILING COMMISSION / YOUR ADVISOR'S COMPENSATION</p> <p>Advisory services from your advisor</p> <ul style="list-style-type: none"> Analysis of your financial situation Creation of your investor profile Recommendation of products suited to your situation Construction and monitoring of your investment portfolio Retirement planning Support in achieving your financial goals Professional investment advice <p>Services from your brokerage firm</p> <ul style="list-style-type: none"> Administration: transaction processing, investment statement preparation, etc. Account protection: transaction monitoring and review General charges: information technology, permits, insurance, etc.
FIXED ADMINISTRATION FEES	\$20.07	<p>FUND OPERATION</p> <ul style="list-style-type: none"> Transfer agent and registrar services Custodianship Registered plan related trust services Audit and legal advisory services Fund accounting and valuation services Financial reports, simplified prospectuses, fund facts, annual reports, etc. Regulatory authority filing fees
OTHER OPERATING EXPENSES	\$28.99	<ul style="list-style-type: none"> Taxes, including QST and HST on Management Fees and Fixed Administration Fees Independent review committee fees
TOTAL	\$223.00	

This example is for illustrative purposes only and assumes that fund value remains constant throughout the year at \$10,000.

2.

Trading expenses

Trading expenses include brokerage commissions on the purchase and sale of securities as well as any research costs incurred by the fund manager. These expenses, which are not included in the management expense ratio (MER), are paid directly by the fund.

3.

Sales charges

When you buy or sell units of a mutual fund, you might pay a commission to the investment professional you deal with. These charges are not included in the management expense ratio (MER) and must not be confused with the trailing commissions included in management expenses.

In general, there are three types of sales charges. Below is an example of a cost structure commonly used in the fund industry.

TYPE OF CHARGE	INITIAL SALES CHARGES	DEFERRED SALES CHARGES	LOW-LOAD SALES CHARGES
DESCRIPTION	You pay these charges when you buy.	You pay these charges when you sell. They are charged on a decreasing scale on any sales you make from Year 1 to Year 7 of your investment.	You pay these charges when you sell. They are charged on a decreasing scale on sales you make from Year 1 to Year 3 of your investment.
WHAT IS THE COST TO YOU?	From 0% to 5% of the value of your investment, based on your agreement with your advisor.	From 6% to 0%, based on how long you hold the fund units. For example, you pay 6% if you sell your units in Year 1 and 0% if you sell them in Year 7.	From 3% to 0%, based on how long you hold the fund units. For example, you pay 3% if you sell your units in Year 1 and 0% if you sell them in Year 3.
HOW DO YOU PAY THEM?	Deducted from the invested amount at the time of purchase, they are paid to your brokerage firm, which in turn pays a commission to your advisor.	Paid directly to the fund manager, they are deducted from the amount received on the sale of your units and remitted to your brokerage firm, which in turn pays a commission to your advisor.	

Choosing a fund, and one of the sales charge options, depends on the expected number of years the fund units will be held for and the desired flexibility.

4.

Fees

Depending on the amount you have to invest and the brokerage firm you deal with, you can hold mutual fund units in a fee-based account.

Some classes of units have a lower management expense ratio than regular fund units. This is because no trailing commission is paid in respect of these fund units.

The fees you pay to your advisor's brokerage firm replace the trailing commission and serve as compensation for your advisor for the different consulting services rendered, such as offering you advice and monitoring your investments.



TO LEARN MORE ABOUT THE FEES ASSOCIATED WITH A PARTICULAR FUND, PLEASE REFER TO THE *FUND FACTS*.

