

# Understanding MERs

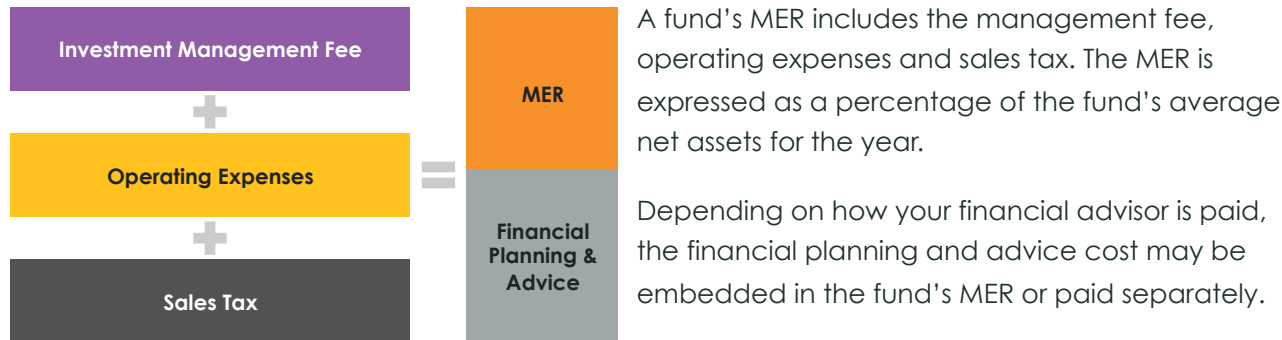
AGF SOUND CHOICES

The costs associated with having professionals manage your money vary\*, but generally fall into these categories:

Investment Management Fee	Operating Expenses	Sales Tax	Financial Planning & Advice
<p><b>Portfolio managers with the appropriate expertise:</b></p> <ul style="list-style-type: none"><li>• Research, choose, monitor and sell investments that reflect the product's investment strategy</li><li>• Rebalance the portfolio for optimal asset mix</li><li>• Manage risk for the portfolio (including sector allocation, currency management)</li><li>• Consider tax efficiency</li></ul>	<p><b>The fund's administrators:</b></p> <ul style="list-style-type: none"><li>• Maintain records for the fund and its investors</li><li>• Arrange for custodial services for the fund's assets</li><li>• Provide accounting services, including calculating the fund's value – and its unit pricing as well as tax reporting</li><li>• Ensure the fund meets its regulatory requirements, including required audits</li></ul>	<p>HST/GST are charged on all fees and services</p>	<p><b>Your financial advisor:</b></p> <ul style="list-style-type: none"><li>• Develops a financial plan that aims to help you meet your goals</li><li>• Provides tax planning and estate planning that reflects your needs and family situation</li><li>• Puts together an investment portfolio – including registered plans (RRSPs, RESPs, TFSAs) – reflecting your goals, risk tolerance, time frame</li><li>• Conducts due diligence and research on the investments in your portfolio</li><li>• Rebalances and reallocates your portfolio when necessary based on the markets or changes in your life</li></ul>

\* The costs associated with a particular fund can be found in its prospectus.

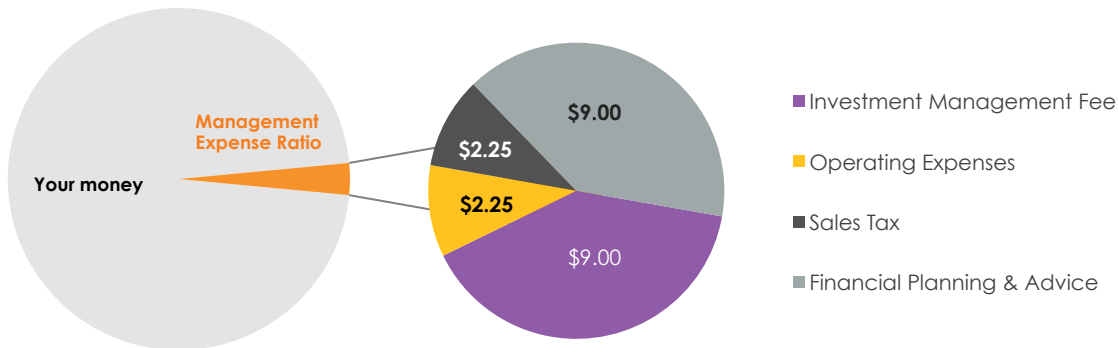
## Management Expense Ratio (MER)



### Each investor pays a portion of the costs.

Let's say a fund's average assets for the year are \$10 million and its expenses are \$225,000. The fund's MER would be 2.25%. If you have \$1,000 invested in the fund, your share is \$22.50.

### MER breakdown



This values referenced in this example are hypothetical and for illustrative purposes only.

## To find out more, talk to your financial advisor or visit [AGF.com](http://AGF.com).

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### Ways a financial advisor can be compensated for the valuable services they provide include:

- 1. Commission-based** – the advisor is paid for every transaction they do on your behalf.
- 2. Fee-based** – the advisor charges an annual fee based on the assets they manage for you.
- 3. Blend of fees and commissions** – For example, the advisor may charge a flat fee for a basic financial plan and then earn a commission when they execute investment-related trades.
- 4. Salary** – on top of an annual salary from their company, an advisor may earn bonuses based on criteria set out by the company as an incentive for financial advisors to grow their business.