



# What Advice Do You Value?

## And How Do You Pay for That Advice?



Your doctor, lawyer, accountant and real estate agent are among the professionals in your life who provide counsel, and often referrals to other associated services. Like your Financial Advisor, they also offer planning, ideas and choice when it comes to service models. They get paid for their valued advice, and work in your best interest.

## Buying Mutual Funds Through an Advisor

### Commission-Based:

A “transactional” approach where the Advisor compensation is included in the Management Expense Ratio that is part of the investment

- You incur fees primarily when you buy or sell, depending on the type of investment
- Your fees are integrated into the cost of your (investment proceeds)
- Your Advisor is compensated by the investment firm, not directly by you

### Fee-Based:

An advisory fee paid directly by the client, based on assets under management, a flat fee, or an hourly rate

- You pay an annual fee to your Advisor’s firm that compensates your investment professional for advice and execution
- Fees are tied to the value of your portfolio
- There are no charges to buy or sell funds or securities

Costs cover your plan, investment charges, advice, and the execution of your account.

Costs are not embedded – you either write a cheque annually or have fees deducted from your portfolio cash balance.

## “Ongoing Advice

How do you define service? And what should you expect from your Advisor?

**Beyond investment management, look to your Advisor to provide discipline, advice and an eye on your future, so that you stay on track with your financial goals.**

- Ongoing strategic advice. Investment discipline. Goal-setting. Experience.
- Education about financial products, services, and the economy.
- Planning. Research. Choosing your investments.
- Monitoring. Reviewing. Assessing your risk tolerance.
- Financial reporting. Regulatory compliance.
- Meetings. Time. Correspondence.
- Referrals to other professionals (tax specialists, lawyers, etc.)
- And services beyond investment management, like:
  - Estate planning
  - Tax planning
  - Insurance consulting
  - Retirement savings
  - Educational savings





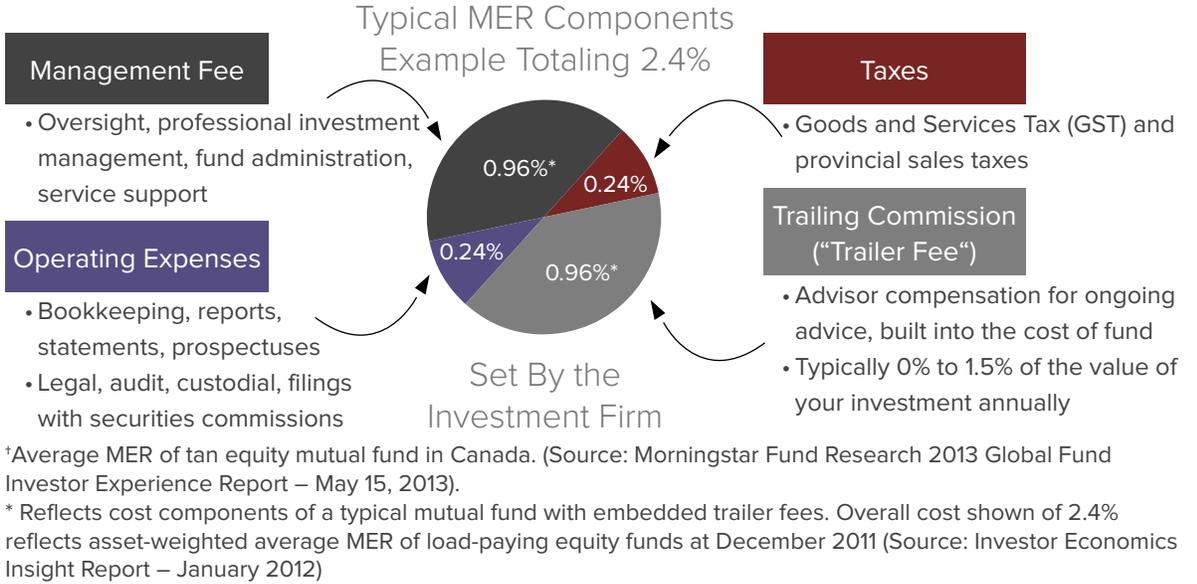
# Mutual Fund Fees Explained

## What's an "MER"?

**Management Expense Ratio (Fees and Operating Expenses)**

MERs are made available on fund company's website, third party sites like [globeinvestor.com](http://globeinvestor.com) and [morningstar.ca](http://morningstar.ca), and the fund's prospectus. Published returns are primarily reported on an after-fee basis.

The MER consists of the operating costs for a mutual fund. These fees are embedded (i.e., not paid directly by you), and are calculated as an annual percentage (average 2.4%†) that is deducted daily.



## Sales Charges or "Loads"

**A Load**

=

**A One-time Fee**

When you buy or redeem an investment (exclusive of MER)



Type

Front-End Load

Back-End Load

Low Load

No Load

**Cost To You \$**

\*You can also redeem 10% annually, or switch between funds without penalty

0% to 5% of your investment when you buy a fund (0% to 2% for money market funds).

Deducted from your investment and paid to your Financial Advisor's Firm.

This redemption fee (called Deferred Sales Charge or "DSC") diminished from (typically) 5% or 6% to 0% if you hold a fund for 5 to 7 years.\*

If you redeem early, you pay a prescribed fee to a fund company (deducted from your investments).

Similar to a DSC, but a shorter time horizon.

The redemption fee diminished from (typically) 3% to 0% if you hold a fund for 2 to 3 years.

No sales commissions.

Note: Your Advisor can help you determine which option is best for you.

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