

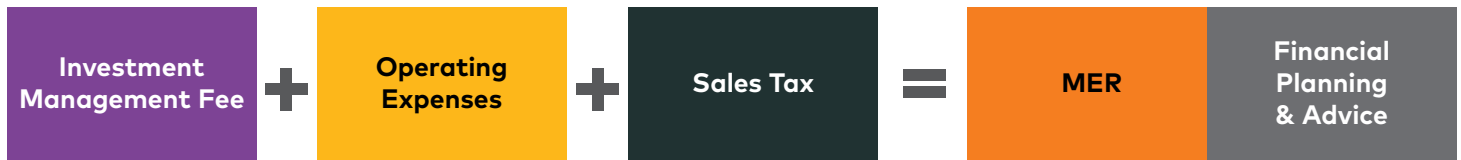
# Understanding MERs

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

<p><b>Investment Management Fee</b></p>	<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>Operating Expenses</b></p>	<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><b>Sales Tax</b></p>	<p><b>Sales Tax:</b></p> <p>HST/GST are charged on all fees and services</p>
<p><b>Financial Planning &amp; Advice</b></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 (FHSA, RRSP, RESP, TFSA) – 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)



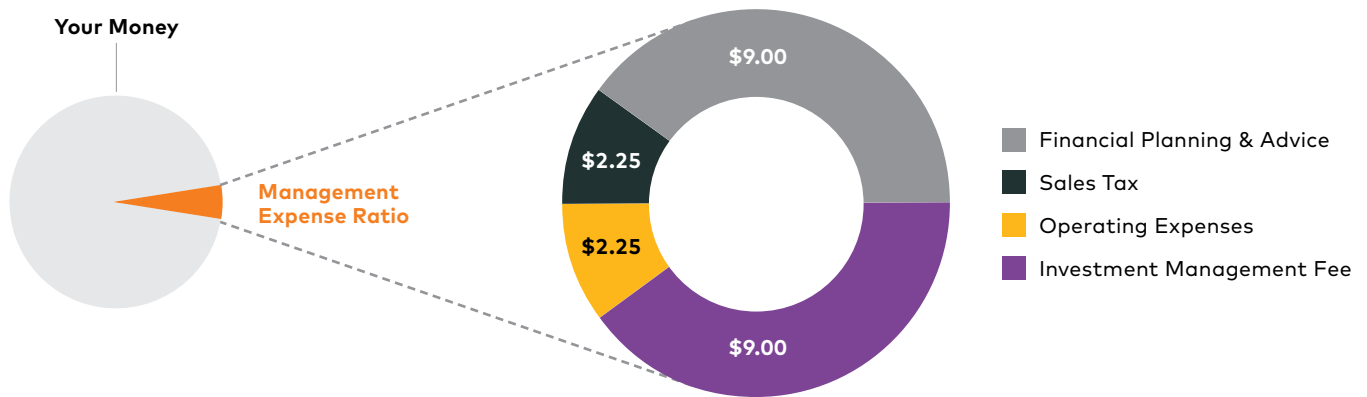
A fund’s MER includes the management fee, operating expenses and sales tax. The MER is expressed as a percentage of the fund’s average net assets for the year.

Depending on how your financial advisor is paid, the financial planning and advice cost may be embedded in the fund’s MER or paid separately.

### 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



## 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.



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## **AGF Sound Choices® program provides resources to meet the evolving needs of investors and advisors.**

All information in Canadian dollars unless otherwise stated. For illustrative purposes only.

Commissions, trailing commissions, management fees and expenses all may be associated with investment fund investments. Please read the prospectus before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

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