

Let's talk about fees

The value of advice



Moving forward with your goals

Before mutual funds were created, only wealthy people could get advice from investment professionals about investing in the market. Today, mutual funds provide a wide variety of options that help people with as little as \$25 a month to save for a home, their children's education or their retirement.

Like any product, there are costs to purchasing a mutual fund. These include payments to the fund manager who creates the actual product, chooses which securities to purchase and in what quantity, and decides when to buy and sell securities in the fund. In addition, there is a fee paid to your financial advisor, who is responsible for understanding your financial circumstances, objectives and risk tolerance, and recommending products that are appropriate for you.

Fees and costs are an important part of any purchase decision. But like any purchase decision, there is more to consider than just cost.

How you pay for financial advice

Embedded: The "Management Expense Ratio" (MER) represents all expenses charged to the fund including management fee, operating expenses, and taxes. Embedded within the Management Fee are Trailing Commissions which are paid by the fund manager to dealers to compensate advisors for their ongoing service. This is, by far, the most common way that Canadians who purchase mutual funds pay their financial advisor. The MER is expressed as a percentage of the fund's total assets, for example, 2.1%.

MER



Hourly or flat fee-for-service: Advisors charge a flat fee or an hourly fee and generally provide advice only for specific services, such as creating a personal or business financial plan. Since the advisor compensation is charged separately, the MER does not include a Trailing Commission component.

Asset-based fee-for-service: Some advice-only advisors charge their clients a percentage of their assets, based on a sliding scale as assets grow. Investors with \$250,000+ to invest are more likely to seek asset-based advice. You are responsible for purchasing the funds and MERs will be charged on these funds, without the Trailing Commission component.

Sales commissions

Sales commissions are paid to dealerships when you purchase a mutual fund. Depending on the purchase option you choose, there may also be exit fees, meaning that if you wish to redeem funds prior to a certain time, you may be subject to an early redemption fee.

Common forms of sales commissions:

- **Front-end load** – You pay this commission at the time a mutual fund is purchased, and it is deducted from the initial amount being invested in the fund.
- **Deferred sales charge (DSC)** – You pay this commission at the time a mutual fund is redeemed, allowing the entire initial amount to be invested at the time of purchase. You are placed on an automatic redemption schedule – with the fee declining the longer an investment is held. If the funds are redeemed after the DSC schedule is up – usually 6 or 7 years – there are no fees for redemption.
- **Low-load** – Similar to DSC, the low-load is paid at the time a mutual fund is redeemed. The low-load has a shorter redemption schedule – typically 2 or 3 years – after which there are no redemption fees.

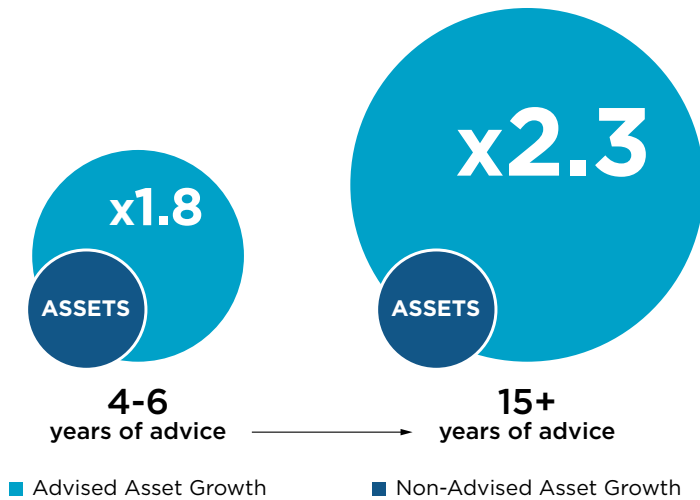


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Dynamic Funds®
Invest with advice.

The value of advice



Research shows that Canadians working with an advisor over a four- to six-year period accumulate 1.8 times more assets versus non-advised investors¹. Over the long term, the positive impact of financial advice is even greater: after 15 years, households using an advisor have nearly 2.3 times more assets than their non-advised counterparts.²

^{1,2} More on the Value of Financial Advisors, Claude Montmarquette, Alexandre Prud'Homme, CIRANO 2020.

Advice is worthwhile

Financial advisors can play a vital role in helping you manage your investment goals and meeting your future financial objectives.

Paying for professional advice can be worthwhile. Advisors can:

- Evaluate your overall financial situation
- Build a financial plan tailored to your goals and risk tolerance
- Help you stay on track and keep a long term investment perspective
- Monitor and periodically review your portfolio
- Provide access to experienced financial advisors and resources
- Spend their time managing your portfolio so you don't have to

Want to know more?

At Dynamic Funds, we believe that the best way for you to achieve financial security is to invest with the professional advice of an experienced, independent financial advisor. To learn more about mutual fund fees, please refer to the Fund Facts document.

Contact your financial advisor today to speak about mutual fund fees and to find the right investment opportunities for you.

Customer Relations Centre

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