Financial Adviser Fees

To help you understand the fees associated with investing and working with a financial adviser, here are a few terms. If you run into any questions, never hesitate to ask a professional.

Management fees: Portfolio managers and many advisers charge a fee based on a percentage of the portfolio's value (around 1.5% - 3%). This fee is negotiated at the beginning of your adviser/client relationship and pays for the cost of managing your overall portfolio. In return, you receive recommendations and advice tailored to your investment goals.

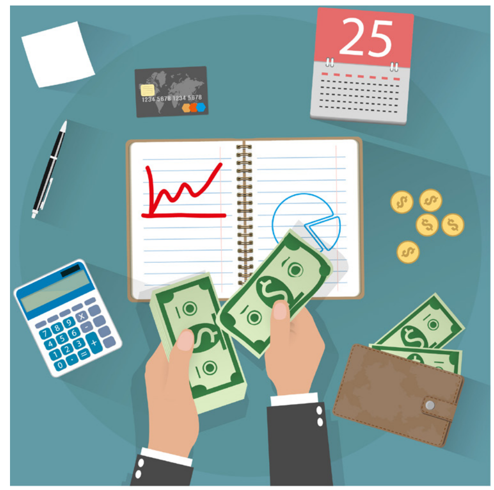
Brokerage commissions: These are fees charged per transaction based on buying and selling stocks and bonds. Commissions vary widely between brokerage firms. The risk with a commission-based account is that an unscrupulous adviser could trade more than is warranted to increase their income.

Discount broker fees: Discount brokers vary in the services they offer and the fees they charge. Generally, a basic fee-per-trade is charged, but additional fees may also be charged related to the number of trades, the size and the scope of the account.

Fee for service: For fee-based accounts, the adviser may charge both a management fee and take a commission for individual transactions. For fee-only services, the adviser charges a set rate (often hourly) and does not collect commissions or referral fees.

Transaction fees: These are indirect fees that a mutual fund pays to a brokerage firm to execute its buy and sell orders. These fees are not included in the Management Expense Ration (MER, but are subtracted before the fund's return is calculated.

Short-term trading fees: If you sell a fund within a certain period, normally around 90 days, the fund will likely charge you a fee. The purpose of this fee is to discourage investors from using mutual funds to make a quick profit by timing the market, and in the process decrease the value of the fund.



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The terms 'adviser' and 'financial adviser' used here generally refer to a financial professional (which may include securities dealers; advisers; dealing representatives; advising representatives; or other registrants) and do not indicate a category of registration. The registration category is more important than a title – always check registration before you invest.

Management Expense Ratio: Each mutual fund pays an annual fee to the manager for managing the fund. Each fund pays its own operating expenses, including legal, accounting and management expenses. The MER is a measure of what it costs an investment company to operate a mutual fund. It is expressed as a percentage of the fund's value. For example, if a $100 million fund has $2 million in annual expenses, its MER is 2%. The higher the MER, the more you indirectly pay for management and administrations. The MER is taken out of the fund's assets, and lowers the return to a fund's investors. This means the higher the MER, the more the fund will have to earn in order for you to make money.

Mutual fund trailer fees: The salesperson who sold you shares or units of a mutual fund often receives an annual commission from the fund manager, which the fund company pays out of the management fee you pay them, for as long as you own units of the fund. If the dealer is receiving this fee – usually from 0.25% - 1% – your adviser should provide you with ongoing services, including answering your questions about the fund's performance. Unusually high trailer fees may bias the advice you receive from the adviser. Ask your adviser directly if they will receive a trailer fee and how it compares to fees they receive from other funds.

Sales charges or front-end load charges: A commission or a charge that you pay at the time of the initial purchase of an investment. Fees paid at the time of purchase are generally 0 - 4%. If you come across a fund with no sales charges of any kind, be sure to compare other expenses, such as the MER, which may show that the no fee fund is not a better deal.

Back-end load or deferred sales charges: A fee that is charged when selling mutual fund shares within a specified period of time (usually five to 10 years after purchase). The fee is a percentage of the value of the units being sold. Fees paid at the time of redemption are generally 0 - 6%, depending on how long you have held the fund. The fee is higher in earlier years, and decreases until a specified end date at which point the fee is no longer charged.

Other fees: The fund may charge you a fee if you want to switch funds, start a registered plan, or open or close an account.

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