

# Management expense ratio explained

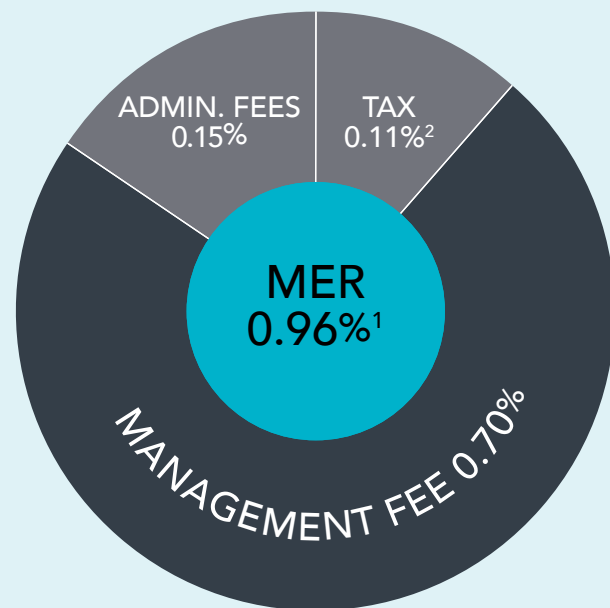
When you invest in a fee-based mutual fund, you and everyone else invested help pay for the expertise and administration to manage that fund. This fee is known as the management expense ratio (MER). The MER is collected at the fund level, meaning it is deducted from the fund's assets before returns are calculated. Below are some examples of the services and expenses that may be covered by the MER.

## Your mutual fund company

- Ongoing professional portfolio management
- Research and analytic support
- Administrative costs
- Distribution costs
- Legal, audit, custodial fees
- Filings with the provincial securities commissions
- Regulatory costs: Financial reporting, simplified prospectus, Funds Facts
- Pricing and bookkeeping
- Employee salaries
- Marketing costs

Your financial advisor can provide you with a variety of services and professional guidance to meet your financial objectives.

### A typical balanced fund



You can generally find the MERs on a fund company's website, in Fund Facts documents and in management reports of fund performance.

<sup>1</sup> The MER is annualized and is the total of the Fund's management fee, fixed administration fees (if applicable), other operating expenses and HST.

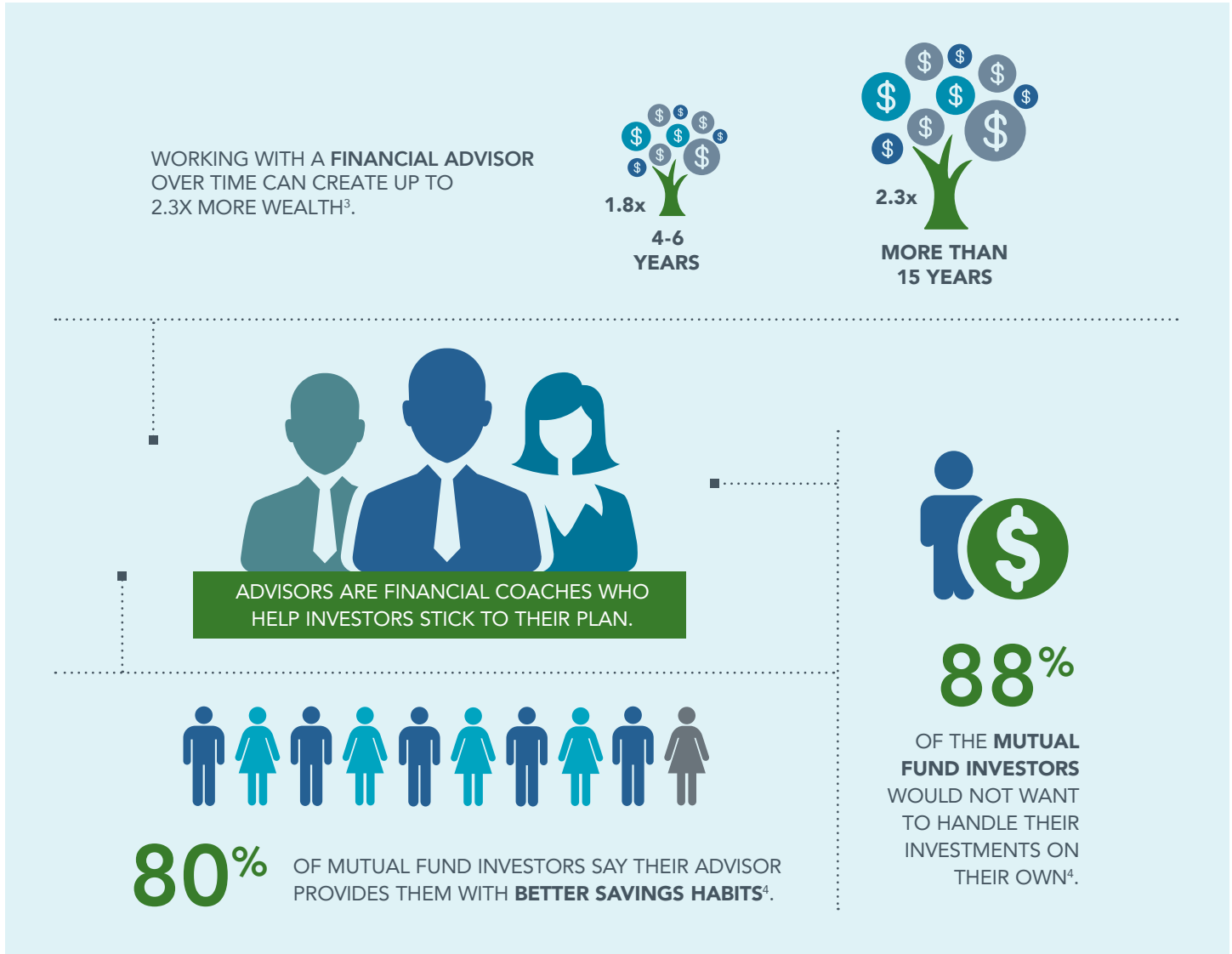
<sup>2</sup> Includes other operating expenses and tax (GST/HST)

Each series will have its own MER. Fees are calculated as a percentage of the net assets of each series of the Fund and are accrued daily and paid monthly. The management and advisory fee is subject to HST and other applicable taxes. In some cases, the MER is one aspect an investor should consider when contemplating purchasing a mutual fund. It is important to determine how well suited the investments are to your objectives and risk profile and if the fund will satisfy your long-term financial goals.

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## Good advice is a great idea

According to research, working with a financial advisor has a significant positive impact on your wealth. Whether it's being better prepared for retirement or developing a successful savings discipline, having a good relationship with your financial advisor can have a meaningful impact on your ability to reach your financial goals.



<sup>3</sup> More on the Value of Financial Advisors, by Claude Montmarquette and Alexandre Prud'Homme, CIRANO, 2020. The average household with a financial advisor for 15 years or more had asset values 2.3x higher than an average "comparable" household without a financial advisor.

<sup>4</sup> Pollara Research, *Canadian Mutual Fund & Exchange-Traded Fund Investor Survey*, 2019.

For more information, ask your advisor or visit [fidelity.ca](https://www.fidelity.ca)



**Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in mutual funds and ETFs.** Please read the mutual fund or ETF's prospectus, which contains detailed investment information, before investing. Mutual funds and ETFs are not guaranteed. Their values change frequently, and investors may experience a gain or a loss. Past performance may not be repeated.