

PORTFOLIO STRATEGIES

What Are MERs?

MER stands for **Management Expense Ratio (MER)**:

- It is the annual cost of owning a fund, expressed as a percentage.
- Example: a 0.20% MER means \$20 per year for every \$10,000 invested.
- Covers management, administration, and operating expenses.

How MERs Are Paid?

- You don't pay MERs directly from your account.
- Fees are deducted automatically from the fund's assets.
- What you see on your statement is already net of fees.

Why MERs Matter?

- Small differences add up over time.
- A 1% higher MER can reduce long-term returns by thousands.
- Index ETFs typically have very low MERs (0.05% to 0.50%).

Fund Fee Comparison (Typical MERs)

Fund Type MER (%) Comparisons

- Index ETFs MERs: 0.05–0.50% No advisor fees included. No trailer commissions.
- Active Mutual Funds MERs: 1.5–2.5% Often includes trailer fees (0.25–1%).
- F-Series Mutual Funds MERs: 0.50–1.00% No trailer fees. Advisor fees billed separately.
- Robo-Advisor Portfolios MERs: 0.15–0.50% MER + 0.25–0.50%
- Fee-Based Advisor + ETFs MERs: 0.05–0.50% MER + 0.5–1.5% advisor fee separate and unbundled.

Also Important to Know:

- You may pay a small commission to buy or sell ETFs (e.g. \$0–\$10).
- Many platforms now offer free ETF trading.
- Trailer commissions are built into many mutual funds, you pay them even if you don't receive advice.
- With ETFs, there's no advisor fee included. If you use a financial advisor, that fee is separate.