

ABOUT INVESTMENT FEES: Advisor's Accountability & Full Disclosure

It's finally time for full disclosure.

Starting February 2017, advisors will be legally required to include their compensation and management fees on every statement you receive.

Typically, advisors are paid 1% of the market value on a client investment account. Investment companies are paid 1.5%.

This is industry standard. But what isn't standard is the value they provide — or lack thereof, which is precisely why this new regulation is a game changer. Now you'll know what you're paying for.

What full disclosure reveals.

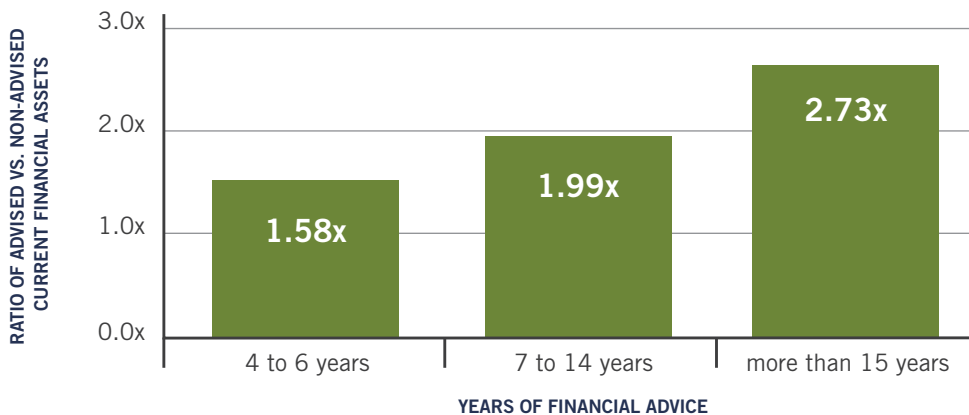
Did you know?

Banks charge the same fee as financial planners with little personal service (the "your call is important to us" message doesn't cut it), let alone monitoring.

Full disclosure enables you to take a critical look at what you're paying for in relation to what you're earning. It protects you. It keeps you informed. It allows you to comparison shop.

It also spurs critical questions like this one: do financial planners earn their keep?

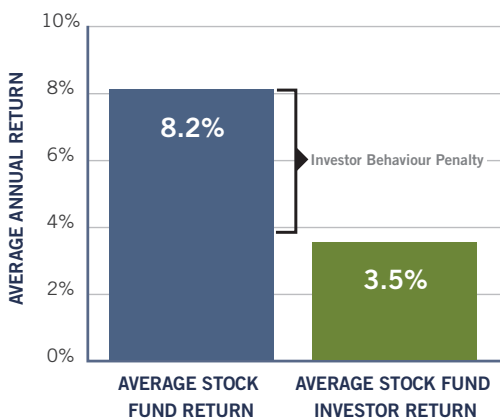
Are advisors worth it? According to research, we are.



Comparison of financial assets between households that received advice and those that did not receive advice depending on the length of the advice relationship.

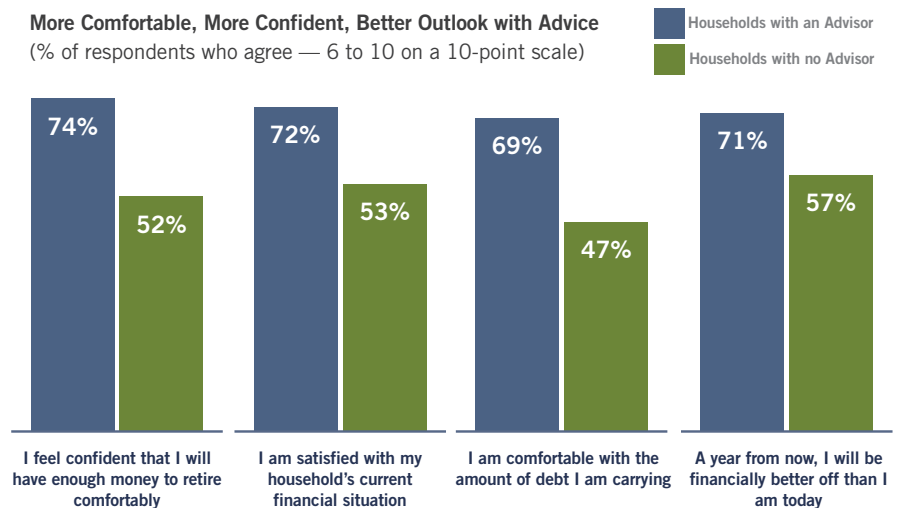
SOURCE: This chart has been adapted from the original chart in the CIRANO research paper. The CIRANO chart included raw data (before removing the influence of other factors). This chart shows only the economic data, in which the influence of other factors has been removed.

Average Stock Fund Return vs. Average Stock Fund Investor Return (1992-2011)



Source: IFIC, new evidence on the value of financial advice

More Comfortable, More Confident, Better Outlook with Advice
(% of respondents who agree — 6 to 10 on a 10-point scale)



Source: An econometric analysis of the value of advice in Canada, by Claude Montmarquette, CIRANO, 2012

Are we worth it?

If the industry fee is 1%, then aren't all advisors the same? Not by a long shot. At You First/FundEx Investments Inc, our fees are standard, but what that includes are services that are substantially more numerous, complex and comprehensive.

- Evaluate your current situation and set goals
- Discuss advantages and disadvantages of several attainable financial scenarios then help you arrive at a comprehensive plan that meets your needs
- Help you reduce and defer taxes
- Help you save for retirement, your children's education and an emergency fund
- Create a strategy to pay off your mortgage or other debts
- Assess your risk tolerance and suggest an appropriate investment portfolio
- Monitor and perform periodic reviews of your portfolio
- Formulate an efficient decumulation during retirement
- Design a sound Estate & Intergenerational plan

How much do you actually pay?

You pay between 1.5% and 2.4% depending on your account balance. This is the total fees including MERs. Most pay 2%, of which the advisor gets 1% and the investment company gets 1%.

There are actually three fee levels:

1. Management and expense of the fund. Called MERs — Management Expense Ratio. All funds in Canada charge MERs.
2. Advisory service fees — either embedded in the above Management Expense Ratio (MERs) or charged separately for fee-based account.
3. Sales charges in addition to MERs for accounts under \$250k (see below about "Low-sales charge")

Household invested assets of \$250,000 & under *(advisory fee embedded in MERs)*

For a typical portfolio of 20% fixed income / 80% equity, MER = 2.4%. The investment company earns 1.4% for research and portfolio management, while the advisor earns 1%. For instance, if you have a \$100,000 portfolio with us, our annual compensation is \$1,000.

A "Low-Sales Charge" may apply to long-term investments redeemed within 3 years. In this case, we earn a 2.5% commission on the deposit. Early redemption fees are not charged for short-term savings or TFSAs.

Household invested assets over \$250,000 *(fee-based account, advisory fee not embedded in MERs)*

For a typical portfolio of 20% fixed income / 80% equity portfolio, MER = 2.1% or less. If you have a fee-based account, the fee is indicated on the statement and not embedded in the MER. But make no mistake, it's not an additional fee and it's less than the standard MER.

The investment company will typically get 1% for research and management of your portfolio (or less depending on your account balance). Advisors get 1% or less (*see our declining fee schedule below*).

For instance, the total fee on an account of \$250,000 is 2.1%. We received 1% of managed assets, which comes to \$2500 annually.

Our annual advisory service schedule:

- 1.00% for account balances from \$250,000 to \$750,000**
- 0.85% for account balances from \$750,000 to \$1,000,000**
- 0.75% for account balances from \$1,000,000 to \$2,000,000**
- 0.50% for account balances from \$2,000,000 and more**

Full details are outlined in a Letter of Engagement provided upon your first appointment.
All fees are disclosed, transparent and discussed ahead of making the investment.

How competitive are our fees?

Though a 1% advisory fee is the norm for embedded 2.4% MERs, or fee-based accounts many full service firms charge more. We don't. We asked our main mutual funds wholesalers if our advisory fee is competitive. Here's what they said:

"Your fees are on the low side of the average. Currently, 1 to 1.5% is the norm for over a million. 3-5 million is at 1% on average. Your 0.5% seems quite low."

— WHOLESALER AT DYNAMIC FUNDS

"IROC advisors from local Credit Unions on average charge 1.75% for under \$250k, 1.5% for under 500K, 1.25% for under \$1m, 0.75% for under \$2m, 0.5% for over \$3m."

— WHOLESALER AT CI FUNDS

"In my work with financial advisors, I see a range of asset based service fees being charged for financial advice and various levels of service. In my observation, a 1% fee charged on household assets for comprehensive financial planning and investment advice is competitive in the marketplace."

— WHOLESALER AT MACKENZIE FINANCIAL

We invest in you.

Though our fees are industry standard, our holistic approach is anything but. We offer an unusual number of services to guide you through all aspects and stages of your financial life.

In addition, we provide remarkably personalized planning and advice. No cookie-cutter plans. No generic investment reports.

We're a call and email away too — free of charge. So there's no nickel-and-diming either.

We welcome you to compare our service and expertise to any number of our competitors. We're confident that you'll agree we "put you first" and good advice pays.

Mutual Funds Provided Through FundEX Investments Inc. Mutual funds are not guaranteed. Fund values change frequently and past performance may not be repeated. Please read the simplified prospectus or the fund fact before investing.

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