



# **CANADIAN INVESTORS' COURSE**

**Session 11: ‘Packaged’  
Investment Product Continued  
Commentary**



# Terms of Use & Disclaimer



The content of all videos or articles produced by Trusted Wealth Professionals (TWP), or the Financial Literacy Learning Center (FLLC) are for educational purposes ONLY. All ideas, opinions and/or forecasts are for informational purposes only and should not be construed as a recommendation to invest, trade, and/or speculate in the markets. Any investments made in light of these ideas, opinions, and/or forecasts, expressed or implied herein, are committed at your own risk.

The Trusted Wealth Professionals (TWP) website, and FLLC website, and its publishers are not liable for any investment decisions made by its viewers or subscribers.

The author of these videos or articles does express certain opinions in the contents of the videos or articles, but will not assume any responsibility for the actions of any viewer or reader who acts on this educational information. The author of this video may or may not hold positions in the financial instruments discussed in this video.

Investing involves various levels of risk. Future results can be dramatically different from the opinions expressed herein. We STRONGLY believe in the use of an investment professional before investing. NOT ALL advisors are alike. We hope you view our Sessions 8 and 9 on the 'Investment Industry' to become fully aware of ALL the types of various licenced investment professionals in Canada along with their fees and/or compensations, as well as, their services.

Once again -The contents of this website and all videos or articles produced by Trusted Wealth Professionals (TWP) are for educational purposes ONLY.



# Canadian Investors' Course





# Canadian Investors' Course



**Package product investing  
is evolving  
into something else**

**A totally new approach is occurring and we'll make  
sure you understand and buy the right product.**

**Why a change?**

**CRM2: fee disclosure is here. Hidden fees are  
disappearing.**



# Canadian Investors' Course



**Two types of new portfolio solutions from  
MFDA licenced financial product sellers:**

- 1. Fee-based portfolio solutions using mutual funds.**
- 2. Fee-based portfolio solutions using ETFs (exchange traded funds).**

## Fee based portfolio solutions using mutual funds.

- 'Same old' Pie chart investing approach.
- Fees are separated. You are charged a percentage external annual fee (i.e. 0.85%).
- This “portfolio solution” account contains F – Class mutual funds.
- The fees for F – Class funds are usually 0.75% to 1.0% MER per year.
- Total fee:
  - will be the visual, transparent fee (eg. 0.85%), plus
  - the MER on the hidden F- Class funds (e.g. 1.00%)
- Total, overall fees are usually the same as before when fees were all hidden = 1.85% (no change compared to MF fees/MER)
- **Bank 'MFDA' licenced sellers may be offering this**



# Canadian Investors' Course



## Fee based portfolio solutions using ETFs.

- Same old Pie chart investing approach.
- Fees are separated. You are charged a percentage external annual fee ( i.e. 0.85% ).
- This “portfolio solution” account contains ETFs or exchange traded funds.
- The fees for ETFs are much lower than F – Class funds.
- ETF fees are usually 0.15% to 0.50% MER per year.
- Total fee:
  - will be the visual, transparent fee (eg. 0.85%), plus
  - the MER on the hidden ETFs (avg. 0.35%)
- Total, overall fees are usually LOWER (eg. 1.20%) than MF fees, when MF MER fees were hidden.



# Canadian Investors' Course



**Go with the Fee based portfolio solution that uses ETFs ONLY**

- Most ETFs in these accounts tend to be 'portfolio' ETFs versus Index ETFs
- Both are fine
- Portfolios tend to be stagnant like mutual fund pie chart solutions
- Save on fees and add the difference to your rate of return



# Canadian Investors' Course



## IIROC Advisors may be doing this as well

- They have fee based accounts and place F-Class mutual funds in them
- No money management required by the advisor = less work.
- Why should you pay more than a 1% external fee for this type of service?
- F-class funds all have an MER too: how much is it?
- Ask for the TOTAL annual fee including hidden MERs and trading charges
- Some IIROC advisor practice this type of investing too.
- Ask for alternatives they have access to which can trim your costs (i.e. ETFs) or shop for a Trusted Wealth Professional

**Use the LOCATOR on the Trusted Wealth Professionals website to find a Trusted Wealth Professional in your area.**

**RULE YOUR WEALTH**



# Canadian Investors' Course



## Gerry Gabon

P. Eng (retired), MBA

[AskGerry@TrustedWealthProfessionals.com](mailto:AskGerry@TrustedWealthProfessionals.com)

905-203-1162



**To connect with a local Wealth Professional, please enter your postal code on the website listed below.**

[www.TrustedWealthProfessionals.com](http://www.TrustedWealthProfessionals.com)