Understanding Mutual Fund Fees

**Management Expense Ratio (MER)**

The MER is a calculation used to help you understand the costs associated with owning a mutual fund. The MER is the total expenses of a mutual fund (excluding commissions and other portfolio transaction costs) divided by the net asset value of the fund. It is calculated as an annual percentage.

**MERs can range from less than 1% to more than 3%.**

- **Management Fee**
  - Portfolio management services
  - Investment research
  - Fund administration

- **Trailing Commission**
  - A service fee paid to the advisors for ongoing service and advice provided to the mutual fund investor
  - Up to 1% depending on the mandate

- **Taxes**
  - Goods and services tax (GST) or harmonized sales tax (HST) on management fees and most operating expenses

- **Operating Expenses**
  - Recordkeeping, audit and legal fees incurred in operating the fund
  - Reports, prospectuses, Fund Facts, etc.

The benefits of mutual funds:

1. **Professional portfolio management.** Access to the knowledge and skill of professional investment managers.
2. **Diversification.** Mutual funds invest in a wide variety of securities and industries, carefully selected to complement one another to help reduce volatility.
3. **Investment choice.** Broad range of investment options to choose from.
4. **Easy to buy and sell.** You are generally able to redeem your investments at any time.
5. **Record keeping.** Detailed reporting and information on your accounts.

What Canadians have to say about mutual funds:

- **86%** of mutual fund investors express confidence in mutual funds helping them meet their financial goals, which is significantly higher than other investment vehicles.

- **90%** of investors use an advisor to purchase mutual funds. A large number (88%) believe the guidance and recommendations of their advisor increase their investment returns.

CIBC Cube Design is a trademark of CIBC.


This information is provided for informational purposes only and is not intended to provide specific financial, investment, tax, legal or accounting advice for you, and should not be relied upon in that regard or be considered predictive of any future market performance.

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated. The CIBC logo is a registered trademark of Canadian Imperial Bank of Commerce. Copyright ©2016 Canadian Imperial Bank of Commerce.