

# INSIDE **FEE-BASED** INVESTING

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Understanding fee-based investing

## **Understanding the costs of investing and what you are paying for can help you make more informed investment decisions.**

Fee-based investments are sold by licensed advisors who have a fee-based practice where they charge a separate fee for their services. Separating the investment management fees from the dealer compensation paid to the advisor is meant to provide greater clarity to investors.

**Sun Life Global Investments** offers a broad selection of fee-based investment solutions that can help you achieve your investment goals.



# What are fee-based funds?

Fee-based mutual funds (usually called Series F Funds) are designed specifically for use in accounts where you pay your advisor's firm (mutual fund dealer) directly for the advisory services they provide to you. There is no trailing commission in a fund designed for a fee-based platform.

# What is a fee-based advisor?

In a fee-based practice, a fee is charged directly to clients, whereas in traditional commissions-based structures, the advisor's firm receives a trailing commission from mutual fund or insurance companies. Fee-only financial advisors do not accept any fees or compensation based on a transactional basis. Rather, they agree on a fee with their client for their services.

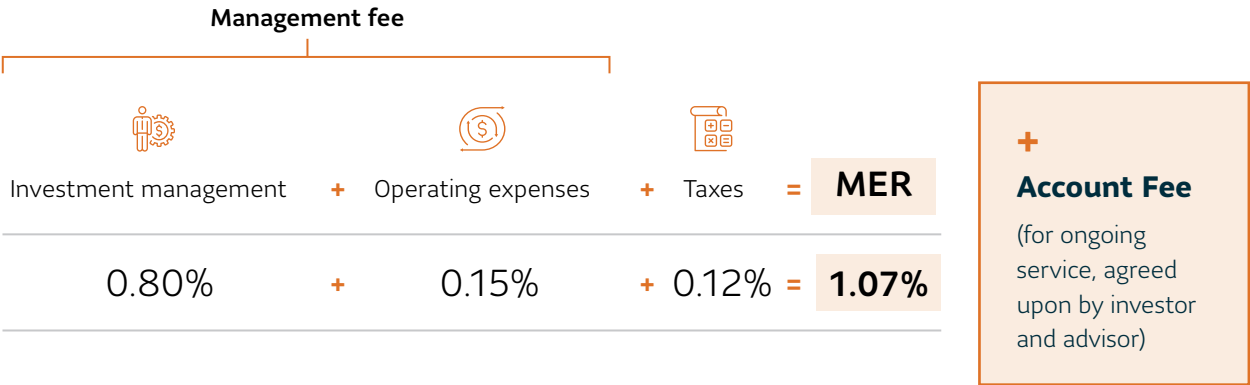
## Fee-based vs. commission-based models

**Fee-based advisors** may charge an hourly rate, a flat fee or a percentage of the assets under management, while **commission-based advisors** earn a commission when you buy or sell an investment. Depending on the purchase options, commission-based advisors and their firms may receive a trailing commission on an ongoing basis for as long as the investor owns the funds.

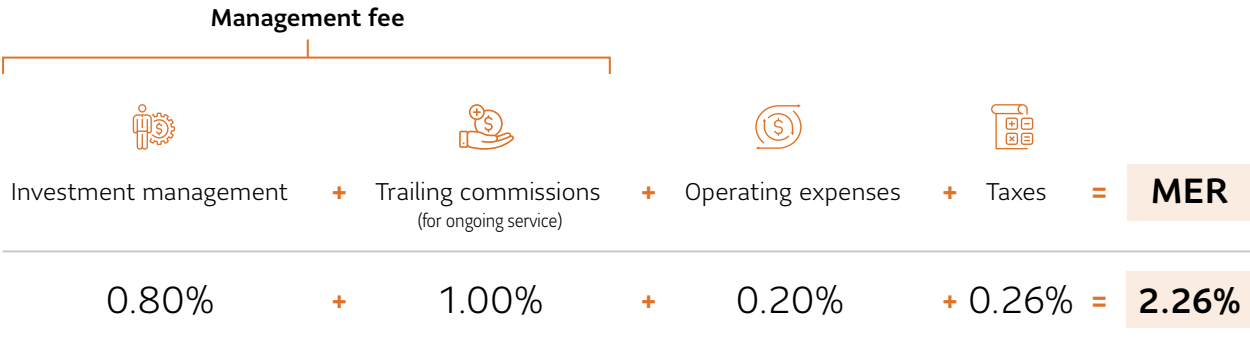
# How do Series F mutual funds compare to embedded advice (Series A) mutual funds?

With Series F mutual funds, the account fee (service fee or dealer fee) is charged directly to the investor, whereas with Series A mutual funds, MERs include an embedded trailing commission. Below we include an illustration for both Series F and A mutual funds.

## Series F – Fee-based\*



## Series A – Transaction-based (Trailing commission)



For illustrative purposes only and not intended to represent any single mutual fund managed by SLGI Asset Management Inc., assuming a provincial/federal tax rate of 13%. Mutual funds calculate a blended GST/HST (or QST) tax rate that takes into consideration the tax rates for all investors based on what province they live in. \*Series A securities are available to all investors while Series F is only available to investors who have a fee-based account with their representative's firm and whose representative's firm has an agreement with a fund company. Investors may pay a fee to their representative's firm for investment advice and other services. This fee is negotiated between the advisor and investor.

# What's the difference between an account fee and a trailing commission?

For fee-based investors, **account fees** are charged by the advisor's firm for the service that advisors provide. The account fee may be tax deductible as it is charged directly to an investor's account and not paid by a fund company.

**Trailing commissions** are ongoing fees (known as trailers) paid by a fund company to the mutual fund dealer/firm for whom your advisor works.

## What are the benefits of fee-based investing?

- **Transparency of fees and costs** – Costs are visible and reported to investors so they can compare mutual fund performance across funds as only the investment management fee, operating expenses and taxes are embedded.
- **Personalized pricing** – As the account fee is typically tiered based on an investor's account size, fee-based accounts recognize larger relationships with lower pricing.
- **Fee grouping** – Many fee-based accounts allow investors to group assets across members of a household or family, leading to further fee reductions.
- **Tax deductibility** – The account fee may be tax deductible as it is charged directly to investors to cover the cost of advice, access and service.

## illuminating a brighter world of investments

Sun Life Global Investments offers Canadians a diverse lineup of mutual funds and innovative portfolio solutions, empowering them to pursue their financial goals at every life stage. We bring together the strength of one of Canada's most trusted names in financial services with some of the best asset managers from around the world to deliver a truly global investment platform. Sun Life Global Investments manages more than \$23 billion on behalf of institutional and retail investors from coast to coast and is a member of the Sun Life group of companies.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Investors should read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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