

Management Expense Ratios

Management Expense Ratios (MER's) are detrimental to the performance of mutual funds, but few people realize the extent. Research indicates that mutual funds with higher MER's perform no better than one's with low management fees.

The Investor Educator Fund website has a great MER calculation tool that illustrates the impact. For example:

- With \$100,000 invested in two Canadian large-cap funds.
- Fund A has an MER of 1.5% and fund B has an MER of 2.5%.
- Assuming a 10.66% average annual compound return (the 1993-2003 return for Canadian large cap stocks) Fund A with the lower MER will put \$22,206 or 19%, more in your pocket than Fund B!

Try your own calculations please [click here](#).

MER's are not the only expense investors should consider. In fact, purchase and selling costs for mutual funds are another significant but hidden cost.

To find out how much your MER's are costing you [contact us](#).