

Understanding mutual fund fees

When you invest in a mutual fund, there's a built-in fee that covers a variety of costs and services, called the management expense ratio (MER). It's expressed as a percentage of the fund's total assets.

The returns reported to you as an investor are what the fund has earned after the MER has been deducted.

Breaking down the MER

The MER includes several different costs associated with the operation of the fund.

Management fee: This covers the cost of paying the mutual fund company and investment professionals that make the decisions about what the fund invests in. This fee does not include compensation to PFSL or your representative who provide ongoing financial advice and service to you.

Fixed rate annual administration fees: These include operating expenses incurred by the fund manager and costs incurred directly by the fund. Services provided by the fund manager include unitholder processing and client services, fund administration, legal, tax and financial reporting. Direct fund expenses include custodian safe keeping fees, audit, prospectus filing fees, mailing and expenses related to the fund's Independent Review Committee.

Other fund costs: These include applicable taxes (such as capital gains taxes), interest, borrowing costs and any other governmental fees. These other fund costs are very small — for Mackenzie, these represent less than 0.02% of the MER, on average.

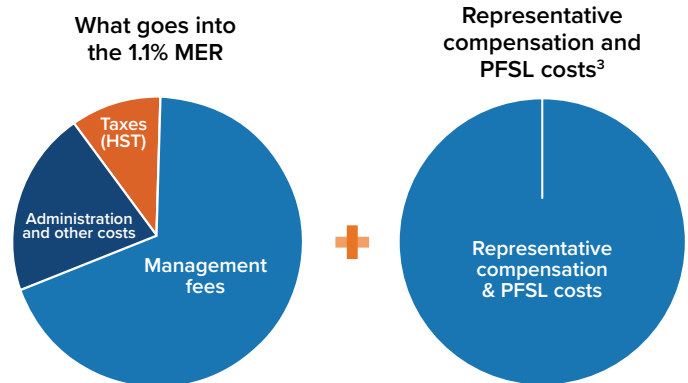
Taxes: These are paid on the management fee and certain operating costs and are therefore included in the MER.²

EXAMPLE: Fund with a 1.1% MER

The following chart illustrates how the fees you pay are calculated and put to work.

If you have invested assets of **\$5,000** in a fund with a **1.1% MER**,¹ you would have paid **\$55** in management fees and expenses for the year. This fee is embedded in the unit price.

You would also have paid your representative for the services they provide through a redemption of units, up to a maximum of **1.5% (\$75)**. This could be lower, depending on the amount of assets you have invested with your representative.



Total fees on \$5,000 in invested assets

Fee	Percentage	Dollar value
MER	1.1%	\$55
PFSL/ Representative compensation	1.5%	\$75
Total	2.6%	\$130

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¹Represents the MER of a typical PFSL fund.

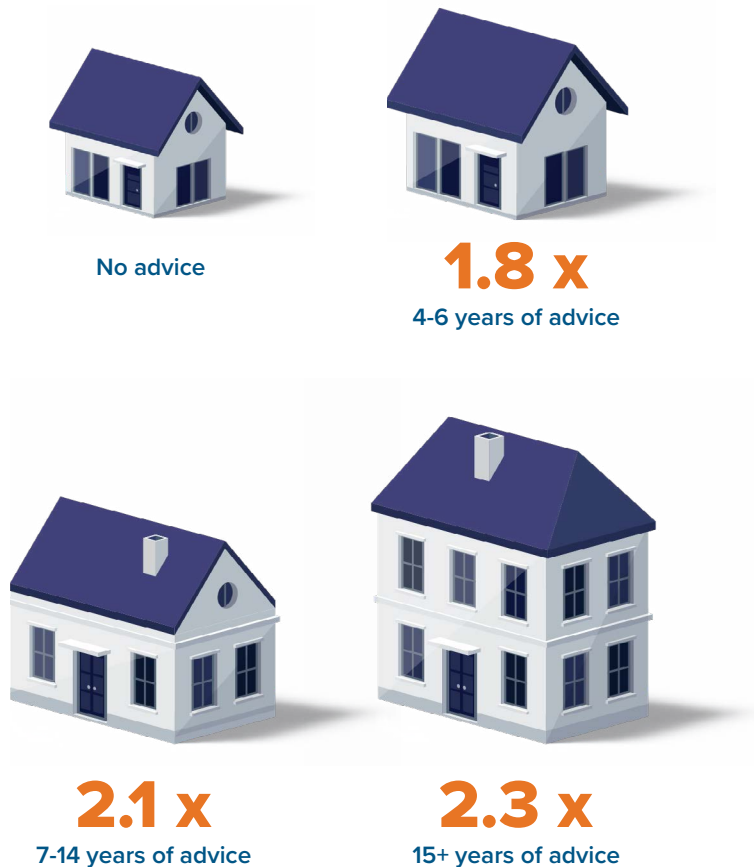
²The applicable tax rates are calculated by taking a weighted average of the tax rates applicable to the province of residence of the investors of the fund. An assumed tax rate of 10.6%, reflecting the current blend of Mackenzie Investments investors in HST and non-HST provinces, was used for the purposes of calculating the MER. The actual tax rate may differ.

³Mackenzie will collect and pay the PFSL/representative sales commissions by redeeming units of the funds from the investor's account which is a tiered schedule based on the investor's total assets up to a maximum of 1.5%.

The value of advice increases over time

Groundbreaking research has found that advised households have approximately twice the financial assets as their non-advised counterparts, and this advantage grows over time. Studies confirm that Canadians who rely on advice to guide their financial decisions report high levels of satisfaction and trust in their advisor, and credit their advisor with helping them achieve better savings and investment habits.⁴

Difference in household financial assets attributable to financial advice⁵



What you get from your representative

- Investment discipline that separates with emotions from your money.
- Experience in guiding you through various life stages and business cycles.
- Investment suitability to ensure the right risk/reward balance.
- The value of time, which enables you to focus on your careers and family.
- Tax efficiency through appropriate savings vehicles and tax-efficient products offered by fund companies.
- Referrals that can put you in touch with other financial services providers, such as tax and estate specialists.

What you get from Mackenzie Investments

- Investment management expertise from strong professionals supported by a disciplined approach to investing.
- Cost efficiencies that allow you to invest in a sophisticated range of domestic and foreign securities and markets, easily and affordably.
- Flexibility in offering relatively low initial or monthly purchase amount.
- Liquidity that allows you to readily redeem your shares at current prices (minus any fees and charges payable upon redemptions) at any time.
- Technology to provide you with timely, accurate reporting on your investments.
- Investment and financial planning tools for both you and your PFSL representative at mackenzieinvestments.com.



⁴Source: Canadian Mutual Fund Investors' Perceptions of Mutual Funds and the Mutual Fund Industry, IFIC, 2016.

⁵Source: More on the Value of Financial Advisors. CIRANO (2020).

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please 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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