



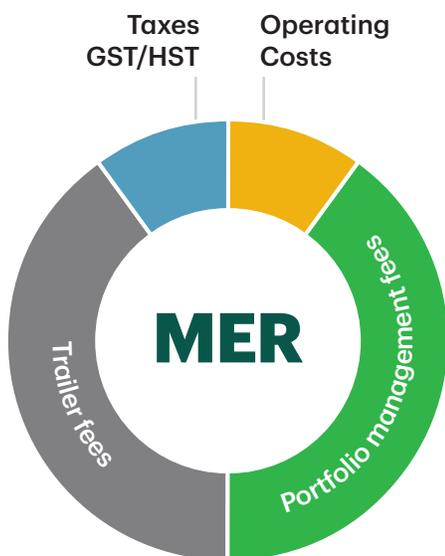
Management Expense Ratio: What it is, and why does it matter?

A lot goes into building and managing a mutual fund portfolio. A fund's Management Expense Ratio (MER) is a helpful way to see what it all costs.

A MER is the cost of investing in a mutual fund.

A fund's MER is its total annual expenses expressed as a percentage of its assets. For example, if a fund's expenses added up to 2% of its assets, it would have an MER of 2%. Your returns are reported after the MER is deducted.

Below is a snapshot of some of the services, processes and associated expenses that may be covered by the MER.



Trailer fees

These are paid to the investment dealer to cover the day-to-day operations of the fund that include research, regulatory compliance, investment and professional management.

The dealer may pay a portion to your advisor as compensation for the service and advice they provide.

Taxes

Mutual funds must include GST/HST in their fees.

Operating costs

These are associated with things like fund accounting, auditing and recordkeeping.

Portfolio management fees

These cover investment research, securities trading, risk controls, and other activities that go into managing the mutual fund portfolio.

Putting a price on expertise and advice.

A mutual fund's MER makes it possible to have teams of investment professionals

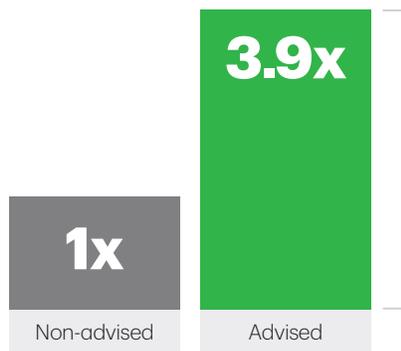
researching and trading securities for the benefit of investors in the fund. An actively managed fund tends to have a higher MER since holdings are individually researched, selected and monitored. On the other hand, a passive fund, such as an index fund, tends to have a lower MER because holdings are passively selected from an index or benchmark.

The MER may include a trailer fee, which compensates your advisor for their advice and services. These services may include:

- Identifying investment solutions to help you reach your financial goals
- Helping to diversify your investments based on your risk tolerance
- Recommending changes to your investment portfolio as your financial situation changes

Professional portfolio management from TD Asset Management (TDAM):

- **New Thinking:** One of the broadest, diverse offerings of investment solutions in Canada
- **Experience:** Over 20 years of experience on average for lead Portfolio Managers
- **Trust:** Canada's largest Money Manager in pension assets over the past 9 years¹



If you're questioning trailer fees and the costs of professional advice, here's some food for thought: Research shows that investors who work with advisors for 15 years or more accumulate 3.9 times more in savings than comparable investors without advice.³

Did you Know? Collectively, asset management businesses under TD manage \$388 billion for over 2 million Canadians.²

For more information, contact your [investment professional](#).



¹Source: "The Top 40 Money Managers (as of June 30, 2018)" Benefits Canada, November 2018, "The Top 40 Money Managers (as of December 31, 2017)" Benefits Canada, May 2018, "The Top 40 Money Managers (as of December 31, 2016)" Benefits Canada, May 2017, "The Top 40 Money Managers (as of December 31, 2015)" Benefits Canada, May 2016, "The Top 40 Money Managers (as of December 31, 2014)" Benefits Canada, May 2015, "The Top 40 Money Managers (as of December 31, 2013)" Benefits Canada, May 2014, "The Top 40 Money Managers (as of December 31, 2012)" Benefits Canada, May 2013, "The Top 40 Money Managers (as of December 31, 2011)" Benefits Canada, May 2012, "The Top 40 Money Managers (as of December 31, 2010)" Benefits Canada, May 2011. Based on total Canadian pension AUM. ² Source: "The Top 40 Money Managers (as of June 30, 2018)" Benefits Canada, November 2018. Based on assets (millions) under management as of June 30, 2018. ³ Asset Management businesses within TD manage \$388.0 billion in client assets. Assets under management as of March 31, 2019 for TD Asset Management Inc., TDAM USA Inc., Epoch Investment Partners Inc. (Epoch) and TD Greystone Asset Management. TD Asset Management operates through TD Asset Management Inc. in Canada and through TDAM USA Inc. in the United States. TD Greystone Asset Management represents Greystone Managed Investments Inc., a wholly-owned subsidiary of Greystone Capital Management Inc. ("GCMI"). All entities are affiliates and wholly-owned subsidiaries of The Toronto-Dominion Bank. ⁴Source: IFIC, Advisor Insight, May 2017. The information contained herein has been provided by TD Asset Management Inc. and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund facts and prospectus, which contain detailed investment information, before investing. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. Mutual Funds Representatives with TD Investment Services Inc. distribute mutual funds at TD Canada Trust. TD Mutual Funds and the TD Managed Assets Program portfolios are managed by TD Asset Management Inc., a wholly owned subsidiary of The Toronto-Dominion Bank, and are available through authorized dealers. [®]The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.