

# WEA

INVESTING IN MUTUAL FUNDS

# LTH



**Desjardins**  
Wealth Management  
INVESTMENTS

If you're like most Canadians, your health is important to you. You eat well, swim, run and keep active to make sure you stay healthy for years to come.

## WHAT IF YOU TREATED YOUR INVESTMENTS THE SAME WAY?

The health of your investments is just as important. Their value is indisputable: You want to see them grow to make sure you'll have not only a healthy but also a comfortable retirement. Ideally, the two will go hand in hand! But keeping an eye on your investments requires time and expertise. That's where your advisor comes in.



**Mutual funds — a vehicle  
of choice for bringing your  
dreams and ambitions  
within your grasp.**

INVESTING IN  
MUTUAL FUNDS —  
A CHOICE THAT PAYS OFF!

# The figures speak for themselves<sup>1</sup>

Mutual funds and the advice offered by advisors are very popular with Canadian investors.

## MUTUAL FUNDS ENJOY HIGH CONFIDENCE AMONG MUTUAL FUND HOLDERS:

- 90% of investors purchased their mutual funds from an advisor
- 86% of investors feel that they can trust their advisors to give them sound advice
- 91% of investors are satisfied with the advice they've received from their advisors

<sup>1</sup> Source: *Canadian Investors' Perceptions of Mutual Funds and the Mutual Fund Industry*. Investment Funds Institute of Canada (IFIC), 2015.

## Mutual funds are the cornerstone of savings in Canada

Canadians have invested \$1.2 trillion in them to build their financial security.<sup>2</sup>

<sup>2</sup> Source: Investment Funds Institute of Canada, IFIC, 2016.

## PROFESSIONAL MANAGEMENT

- Management is handled by seasoned portfolio managers.

## DIVERSIFICATION

- The funds include a wide range of investments (stocks, bonds, etc.) which means you enjoy lower overall risk associated with your portfolio.

## PREFERRED MARKET ACCESS

- Investing in mutual funds opens the door to international and specialty markets often reserved for veteran investors (gold, currency, real estate, commodities).

## ACCESSIBILITY

- As the required initial investment is quite low, you have the option of making regular instalments of small or large amounts.

## FLEXIBILITY

- You have access to your money at all times.



YOUR ADVISOR

# A professional who knows a thing or two... and who knows you

ENJOY ADVICE THAT EARNS YOU MORE!

Working with an advisor gives you the advantage of advice from someone who's experienced, objective and familiar with your financial situation. A number of studies<sup>3</sup> confirm that people who use an advisor have healthier finances.

<sup>3</sup> Investment Funds Institute of Canada – IFIC, *New Evidence on the Value of Financial Advice*, Jon Cockerline, PhD, 2012.

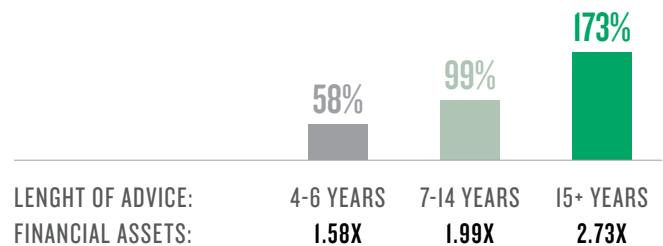


## The advantages of professional advice

### 1.

#### HIGHER NET WORTH

The longer you receive financial advice, the more the value of your assets is likely to grow.



### 2.

#### HIGHER SAVINGS RATES AND BETTER SAVINGS HABITS

You are encouraged to develop better saving habits than individuals who manage their finances differently.

#### HOUSEHOLD SAVINGS RATES

WITHOUT ADVICE	4.3%	WITH ADVICE	8.6%
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### 3.

#### BETTER RETIREMENT PLANNING

You increase your chances of having enough money to last throughout your retirement and even live more comfortably.

YOUR ADVISOR

# Your best ally!

By sharing advice and expertise, your advisor helps you...

SET UP A PERSONALIZED FINANCIAL PLAN	And then guides you in carrying through on your plan, which includes an investment strategy tailored to your needs and tolerance for risk.
DEVELOP GREATER INVESTMENT DISCIPLINE	By allowing you to separate your emotions from the decision-making process and stay on course with your plan even when markets are more volatile.
MANAGE YOUR INVESTMENT RISK/ RETURN RATIO	By limiting your exposure to risk and making it possible for you to take advantage of stock market opportunities.
MAXIMIZE THE TAX EFFICIENCY OF YOUR INVESTMENTS	By recommending the most tax-efficient plans, strategies and products to maximize the returns on your investments.
BETTER MANAGE YOUR PERSONAL FINANCES	By guiding you in preparing and tracking your budget, including reducing your debt load. Your advisor makes sure your financial needs are covered by putting you in touch with other professionals as needed.

+

A TURNKEY SERVICE FOR YOUR INVESTMENTS, AND MORE TIME FOR YOU TO FOCUS ON THE THINGS YOU LOVE!



# Mutual Fund Fees

There are four types of mutual fund fees:

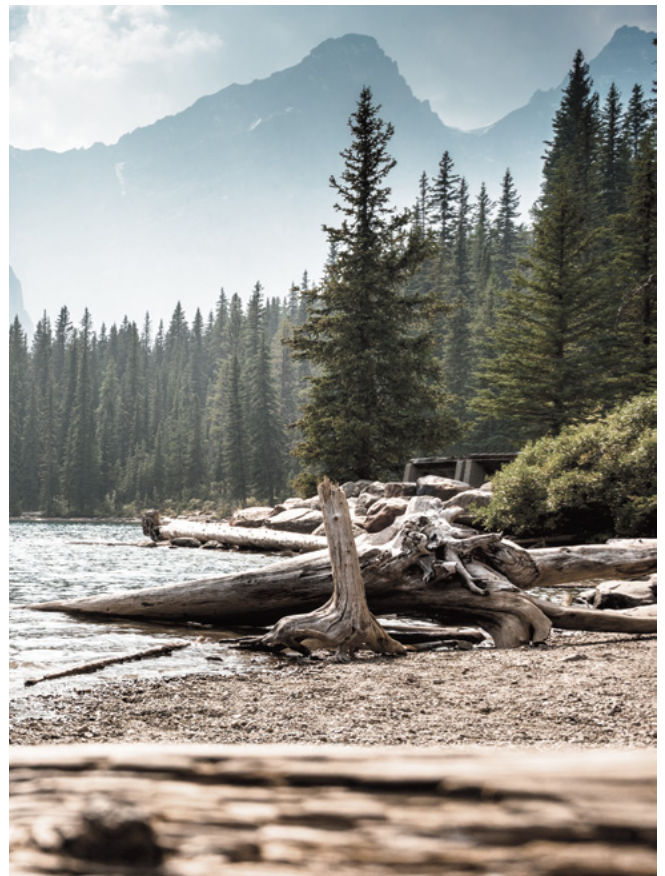
1. Management expense ratio
2. Trading expenses
3. Sales charges
4. Fees

## 1.

### Management expense ratio (MER)

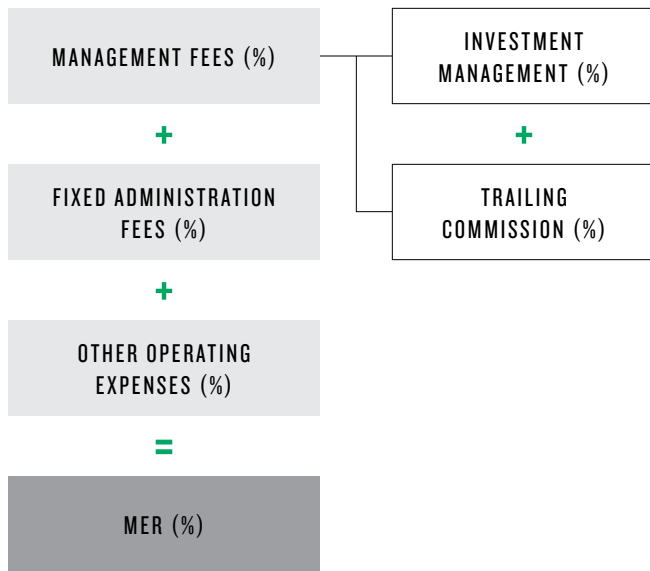
The management expense ratio is the total of the annual expenses required to operate the fund. The ratio is expressed as a percentage of the fund's average net assets for a year. A fund's return is always after its MER has been deducted — for example, if a fund generates a return of 8% for a given year and its MER is 2%, the fund's net return is 6%. This means these expenses are not charged directly to you.

In general, the MERs of bond funds and money market funds are lower than equity fund MERs. MERs are usually between 1% and 3%.





MERS INCLUDE THREE BROAD TYPES OF EXPENSES



**Management fees cover:**

- The investment management fees paid to the fund manager to manage the investment professionally.
- The trailing commission paid to your brokerage firm<sup>4</sup> for the services and advice you receive.

**Fixed administration fees** include the costs of operating the fund such as legal and accounting expenses and other current expenses.

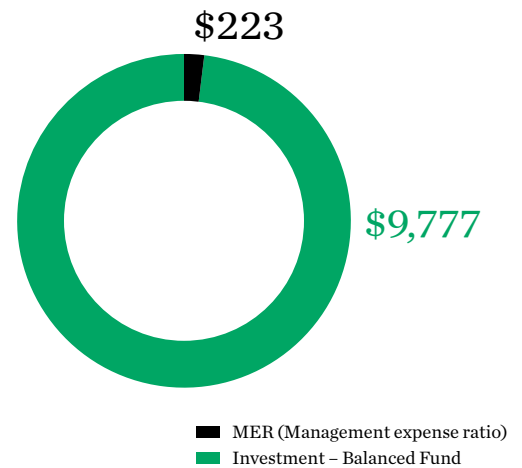
**Other operating expenses** mainly comprise any applicable taxes.

<sup>4</sup> The firm carrying out mutual fund sales.

**Example of a Canadian balanced fund with a management expense ratio (MER) of 2.23%**

The following graphics show how the management expense ratio is calculated and provide the details. If you had invested \$10,000 in this fund, you would have indirectly paid \$223<sup>5</sup> in expenses for the year.

BREAKDOWN OF MER AND YOUR INVESTMENT



<sup>5</sup> Represents the MER of a typical Canadian balanced fund. Source: Desjardins Investments Inc.

# 1.

## Management expense ratio (MER) (cont.)

### DETAILED BREAKDOWN OF THE EXPENSES INCLUDED IN THE MANAGEMENT EXPENSE RATIO

WHAT YOU PAY INDIRECTLY (MER OF 2.23%)		THE SERVICES YOU RECEIVE
MANAGEMENT FEES	Investment management	<p><b>\$73.59</b></p> <p><b>INVESTMENT MANAGEMENT BY THE FUND MANAGER / PORTFOLIO MANAGERS</b></p> <ul style="list-style-type: none"> <li>Professional investment management</li> <li>Risk management</li> <li>Investments selection</li> <li>Asset allocation optimization</li> <li>Portfolio rebalancing</li> <li>Professional services (legal, accounting, etc.)</li> </ul>
	Trailing commission	<p><b>\$100.35</b></p> <p><b>TRAILING COMMISSION / YOUR ADVISOR'S COMPENSATION</b></p> <p>Advisory services from your advisor</p> <ul style="list-style-type: none"> <li>Analysis of your financial situation</li> <li>Creation of your investor profile</li> <li>Recommendation of products suited to your situation</li> <li>Construction and monitoring of your investment portfolio</li> <li>Retirement planning</li> <li>Support in achieving your financial goals</li> <li>Professional investment advice</li> </ul> <p>Services from your brokerage firm</p> <ul style="list-style-type: none"> <li>Administration: transaction processing, investment statement preparation, etc.</li> <li>Account protection: transaction monitoring and review</li> <li>General charges: information technology, permits, insurance, etc.</li> </ul>
FIXED ADMINISTRATION FEES	<b>\$20.07</b>	<p><b>FUND OPERATION</b></p> <ul style="list-style-type: none"> <li>Transfer agent and registrar services</li> <li>Custodianship</li> <li>Registered plan related trust services</li> <li>Audit and legal advisory services</li> <li>Fund accounting and valuation services</li> <li>Financial reports, simplified prospectuses, fund facts, annual reports, etc.</li> <li>Regulatory authority filing fees</li> </ul>
OTHER OPERATING EXPENSES	<b>\$28.99</b>	<ul style="list-style-type: none"> <li>Taxes, including QST and HST on Management Fees and Fixed Administration Fees</li> <li>Independent review committee fees</li> </ul>
<b>TOTAL</b>	<b>\$223.00</b>	

This example is for illustrative purposes only and assumes that fund value remains constant throughout the year at \$10,000.

## 2.

### Trading expenses

Trading expenses include brokerage commissions on the purchase and sale of securities as well as any research costs incurred by the fund manager. These expenses, which are not included in the management expense ratio (MER), are paid directly by the fund.

## 3.

### Sales charges

When you buy or sell units of a mutual fund, you might pay a commission to the investment professional you deal with. These charges are not included in the management expense ratio (MER) and must not be confused with the trailing commissions included in management expenses.

In general, there are three types of sales charges. Below is an example of a cost structure commonly used in the fund industry.

TYPE OF CHARGE	INITIAL SALES CHARGES	DEFERRED SALES CHARGES	LOW-LOAD SALES CHARGES
DESCRIPTION	You pay these charges when you buy.	You pay these charges when you sell. They are charged on a decreasing scale on any sales you make from Year 1 to Year 7 of your investment.	You pay these charges when you sell. They are charged on a decreasing scale on sales you make from Year 1 to Year 3 of your investment.
WHAT IS THE COST TO YOU?	From 0% to 5% of the value of your investment, based on your agreement with your advisor.	From 6% to 0%, based on how long you hold the fund units. For example, you pay 6% if you sell your units in Year 1 and 0% if you sell them in Year 7.	From 3% to 0%, based on how long you hold the fund units. For example, you pay 3% if you sell your units in Year 1 and 0% if you sell them in Year 3.
HOW DO YOU PAY THEM?	Deducted from the invested amount at the time of purchase, they are paid to your brokerage firm, which in turn pays a commission to your advisor.	Paid directly to the fund manager, they are deducted from the amount received on the sale of your units and remitted to your brokerage firm, which in turn pays a commission to your advisor.	

Choosing a fund, and one of the sales charge options, depends on the expected number of years the fund units will be held for and the desired flexibility.

# 4.

## Fees

Depending on the amount you have to invest and the brokerage firm you deal with, you can hold mutual fund units in a fee-based account.

Some classes of units have a lower management expense ratio than regular fund units. This is because no trailing commission is paid in respect of these fund units.

The fees you pay to your advisor's brokerage firm replace the trailing commission and serve as compensation for your advisor for the different consulting services rendered, such as offering you advice and monitoring your investments.

**SEPTEMBER 30, 2016**  
**FUND FACTS**  
 Desjardins Canadian Equity Growth Fund  
 (FUND CLASS: EQUITY)

**QUICK FACTS**

Fund Code	0100000	Fund Manager	Desjardins Investments Inc.
Fund Class	Equity - US, Int'l	Fund Manager	Desjardins Global Asset Management Inc.
Fund Size as of Period End (August 31, 2016)	1,048,022,000	Fund Size as of Period End (August 31, 2016)	1,048,022,000
Management Expense Ratio (MER)	1.07%	Management Expense Ratio (MER)	1.07%

**WHAT DOES THE FUND INVEST IN?**

The Advisor of this fund invests primarily in publicly traded equities with a reasonable income stream and regular capital appreciation. The Fund portfolio consists primarily of equity securities of Canadian companies. The Fund may invest up to 10% of its net assets in foreign securities. The Advisor invests primarily in equity securities of the Fund's investments as of August 31, 2016. The Fund's investments will change.

**Top 10 Investments**

(August 31, 2016)	(August 31, 2016)
1. Royal Bank of Canada	1.7%
2. Toronto-Dominion Bank	0.9%
3. Canadian National Railway	0.8%
4. Canadian National Railway Company	0.8%
5. Alcan Inc.	0.7%
6. Royal Bank of Canada	0.6%
7. Canadian National Railway	0.6%
8. Canadian National Railway	0.6%
9. Canadian National Railway	0.6%
10. CIBC Financial Group	0.5%

**HOW RISKY IS IT?**

The value of the fund will go up and down as do the securities it invests. One way to gauge the risk of the fund is to look at how much it has risen or fallen over time. This is called "volatility". The more the fund's value goes up and down, the more volatile it is. The more volatile a fund is, the more likely it is to experience a decline in value. The Advisor invests primarily in equity securities of the Fund's investments as of August 31, 2016. The Fund's investments will change.

**Risk rating**

The Advisor has assigned a risk rating of 4 (High) to this fund. The Advisor has assigned a risk rating of 4 (High) to this fund. The Advisor has assigned a risk rating of 4 (High) to this fund. The Advisor has assigned a risk rating of 4 (High) to this fund.

TO LEARN MORE ABOUT THE FEES ASSOCIATED WITH A PARTICULAR FUND, PLEASE REFER TO THE *FUND FACTS*.





## DESJARDINS

Desjardins Group is the leading cooperative financial group in Canada and the sixth largest cooperative financial group in the world. The scope of our product and service offer is unique, encompassing expertise in wealth management, life and health insurance, property and casualty insurance, and financial services for individuals and businesses. Desjardins has pioneered responsible investing in Canada and is a leading proponent of responsible investing across the country.

- + \$260 billion in total assets<sup>7</sup>
- + 7 million members and clients<sup>7</sup>

## DESJARDINS FUNDS

One of the largest Canadian mutual fund manufacturers, Desjardins Investments Inc., the manager of Desjardins Funds, offers investment products that meet the varied and evolving needs of Canadian investors. The company sets itself apart with its innovative portfolios and funds, which have been repeatedly honoured by the industry.

- + \$27 billion in assets under management<sup>7</sup>
- + More than 80 mutual funds and 3 families of portfolios
- + More than 55 years of experience and the trust of close to 500,000 investors

<sup>7</sup> As at September 30, 2016.



The Desjardins Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The Desjardins Funds are offered by registered dealers.



**Desjardins**  
**Wealth Management**

INVESTMENTS



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