I saw an article where the CSA was going to examine mutual fund fees under a vague reference to investor protection.  Please see Federal goverenment examing ATM fees.

The Mutual Fund is a competitive market.  Rates of return for fund managers, dealers and reps are not guarannteed/regulated.  There are options for investors from - investing on their own to using low rate ETF.

There are various aspects of paying a fee which are never discussed.  For example, tax planning.  Everything from utilizing your RSP's, TFSA's to ensuring that, were possible, equities are held in non-registered accounts and fixed income in registered accounts.  An ETF doesn't comfort you when markets are stormy and the average investor often bails.

Mutual funds are normally used by small investors.  Say an investor has $100,000 in mutual funds.  Say the average fee is 2.0%.  The average rep ends up with $1000 per year, pre expenses.  That's just over $80 a month, pre expenses.  If you spend a couple of hours a month on the account, in one form or the other, or need to complete "portfolio" work to which the account must fund, the "profit" dissappears.

At $100,000, the economics probably work.  For all accounts under $50,000, the rep is almost certainly in the the red.

In short, while the margin, in relative terms is large, the absolute volume limits the gross margin, hence, ultimate profitability to mutual fund providers and reps.

By the way, I'm a registered representative but do not sell or utilize mutual funds, due to the size of my accounts.

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