

Dear CSA,

Good to know that you have started discussion over thing long overdue topic. I actually hope something comes out of it, and that we, the investors, are not just wasting our time writing to you hoping we will be heard, but then all the recommendations get buried under the hatchet and it continues business as usual for the financial institutions.

I was comparing the Returns of 6 Balanced mutual funds of our top 5 financial institutions in Canada over the last 10 years. Here is what I found:

1) CIBC Balanced Fund:

10 year Return: 4.5%

Expense Ratio MER + TER = 2.52%

Bank's Return vs. My Return:  $2.53/5.1 = 56\%$

2) TD Balanced Growth Fund:

10 year Return: 4.8%

Expense Ratio MER + TER = 2.52%

Bank's Return:  $2.52/4.8 = 52.5\%$

3) TD Balanced Income Fund:

10 year Return: 4.4%

Expense Ratio MER + TER = 2.29%

Bank's Return  $2.29/4.4 = 52\%$

4) Scotia Canadian Balanced Fund:

10 year Return: 3.63%

Expense Ratio MER = 2.03%

Bank's Percentage:  $2.03/3.63 = 55.9\%$

5) RBC Balanced Fund:

10 year Return: 5.1%

Expense Ratio MER + TER = 2.53%

$2.53/5.1 = 46.3\%$

6) BMO Canadian Equity Class:

Return since Inception (9 years) = 5.12%

MER = 2.46%

Bank's percentage of my Return:  $2.46/5.2 = 48\%$

Now, do you see something astonishingly wrong with this? The banks make on average 51.78% of what I make, without taking on ANY risk or investing ANY of their capital. WOW!!!! Now, that is a lucrative business, because they make their returns regardless of what happens in the markets. The reason why I chose a 10-year period is because we are always advised by financial planners to stay invested for the long term to take out risks and market volatility and the reason

for choosing Balanced Growth is, many times we are recommended to go with a balanced portfolio to diversify away from just being in fixed income, equities, etc...

It is shocking to me that over a 10-year period, banks have made 52% of what the investors have made. You can rightfully understand why I would be frustrated as an investor because I took on all the risk, I put in all my life's savings, and yet someone else without any skin in the game, is making 52% of what I'm making, regardless of what market conditions. I wouldn't just call these MER prices high, but RIDICULOUS.

Now, I understand that we need to pay the Portfolio Managers to make trades on our behalf and invest in the right places, but I don't understand why these Portfolio Managers/Financial Institutions get to decide how much to pay MY Financial advisor for the advice that I am given and take it out of MY money, without me having a say in it. So let me get this straight: Portfolio Managers have no idea what kind or how much advice I am provided, yet they decide on how much to pay in trailer fees to my advisor, out of MY money and I don't have a say in it, whatsoever. A bit unfair, don't you think? The person paying the money is not even involved and often time, not even informed.

In my opinion, the ONLY way to correct this is to eliminate trailer fees just like the U.K. and Australia. The advisor and the Investor can sit at a table and can decide on how much that advice is worth and at the beginning of the year, the investor will write the cheque to the financial planner, based on their mutual agreement. What is so wrong with that? Isn't that how most transactions work? 2 parties with skin in the game, sit down and agree on the price for the services provided? This is the only way to be fully transparent in my opinion. It is ethically wrong for the Fund Manager to decide how much the investor should pay for the advice they receive. They are not the ones sitting in the conversations. Let the investor and financial planner agree on what his or her services are worth.

I really hope you follow U.K. and Australia's lead on this and for once, put the average investor first, before financial institutions who are making ridiculous amount of money, without taking on any risk or investing any capital. It's not a coincidence that we, Canadians, are not ready for retirement and Financial Institutions are churning out record profits year after year. Look at the numbers above and you will realize why. As my University professor once told me: Numbers don't lie.

Thank You,  
Alex Green