



MACKENZIE
Investments

CONFIDENCE
IN A CHANGING WORLD

All in the Details

Mutual fund investing:
Facts about cost

All in the details: Tiny, incremental changes in the aperture control the amount of light entering a camera, greatly affecting a photograph's exposure.

The Benefits for You. The Cost to You.

Mutual funds have helped generations of Canadians achieve their financial goals. The mutual fund is a versatile product for investors like you to use for saving and investing. You can use mutual funds to save and invest your hard-earned money in many different ways, including:

- RRSPs
- Group RRSPs
- Tax-Free Savings Accounts
- Registered Education Savings Plans
- Registered Disability Savings Plans
- Unregistered accounts

This brochure gives detailed information to help you understand what it costs to buy, own and sell mutual funds. We'll cover the benefits of mutual fund investing and what you pay for that value.

We hope you find the facts and details useful. You can discuss them with your financial advisor as you invest toward your financial goals.

All in the details: Multiple gear ratios in the transmission housing are used to slow down or increase an engine's output speed.



All in the Details: Most camera lenses are glass but they are also made from fluorite, acrylic and germanium.

The Value of Mutual Fund Investing

Mutual funds offer a wide range of investment options with built-in diversification. Mutual funds are carefully regulated in Canada to protect investors and foster fair and efficient capital markets.

Here's what you can get from a mutual fund investment:

- Access to investment opportunities around the world that are researched and managed by expert investment professionals within a well-regulated environment.
- Performance potential: Portfolio managers work on your behalf and aim to deliver superior risk-adjusted returns over the long term.
- Liquidity: You can redeem your shares at current prices (plus any fees and charges payable upon redemptions) at any time.
- Tax-efficiency: Corporate class funds and funds with tax-efficient income streams can help minimize taxes and maximize your investment returns.
- Cost efficiencies: It would be costly, time-consuming and, in some cases, impossible to create a similar portfolio on your own.
- Flexibility: You can buy mutual funds in relatively low initial or monthly amounts.
- Technology to provide timely, accurate reporting on your investments.

The Cost of Mutual Fund Investing

What you pay to the mutual fund company that creates and manages your fund.

Management Expense Ratio – the MER

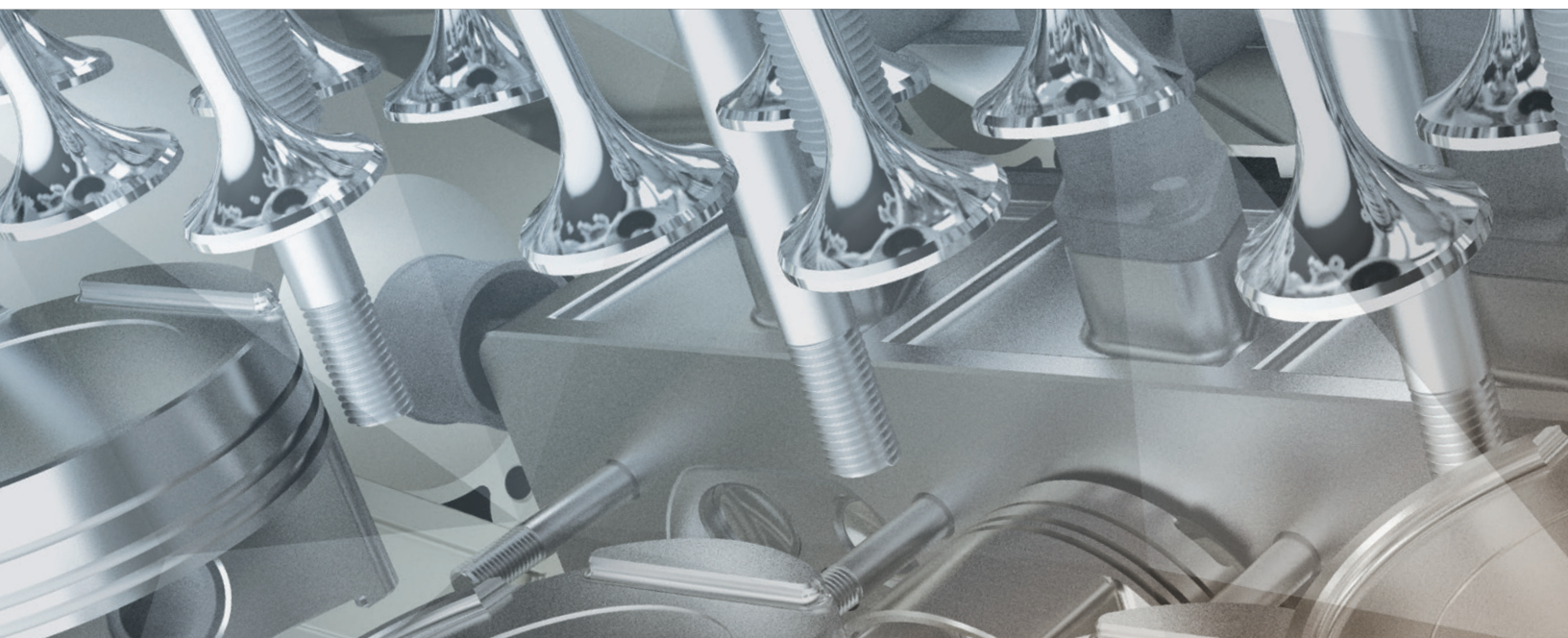
Each year, a fund company adds up the costs associated with managing and operating a mutual fund. These costs are then reported as an annual percentage of the fund's assets. This is called the Management Expense Ratio (MER).

The returns you earn as an investor are reported after the fund's MER is deducted.

The MER can vary between different types of funds. To learn the MER of a mutual fund, read the fund's Fund Facts, look in the fund's management report of fund performance (MRFP) or ask your financial advisor.

Four things that make up an MER

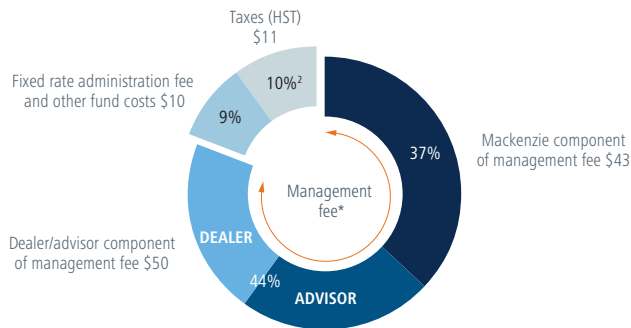
1. **Management:** A management fee covers the cost of paying the mutual fund company and investment professionals that decide how the fund invests its portfolio. Management costs may also cover compensation to the investment dealer and financial advisor who sell the fund and provide ongoing financial advice and service to investors.
2. **Administration:** The fixed-rate annual administration fee covers operating expenses incurred by the fund manager and by the fund itself. 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 funds' Independent Review Committee.
3. **Taxes:** Fund companies pay taxes on the management fee and certain operating costs.
4. **Other costs:** These include interest, borrowing costs and any other new governmental fees. These other costs are small and, on average, represent less than 0.02% of the MER.



How are MERs Calculated and Stated?

The MER is expressed as a percentage of the fund's total assets. For example, if you invested \$5,000 in a series A Canadian balanced fund with a 2.28% MER¹, you would pay \$114 in fees for management, administration and taxes for a given year.

This chart illustrates how the cost of a mutual fund is calculated, and how it is put to work.



The fund returns you see listed in the newspaper or on your statements are what you get after the fund has paid the MER.

* The 2% management fee represents 81% of the total 2.28% MER. 50% of Mackenzie management fees are paid out to dealers in some form of compensation: trailers, commissions, co-op marketing.

¹ Represents the MER of a typical Canadian balanced fund.

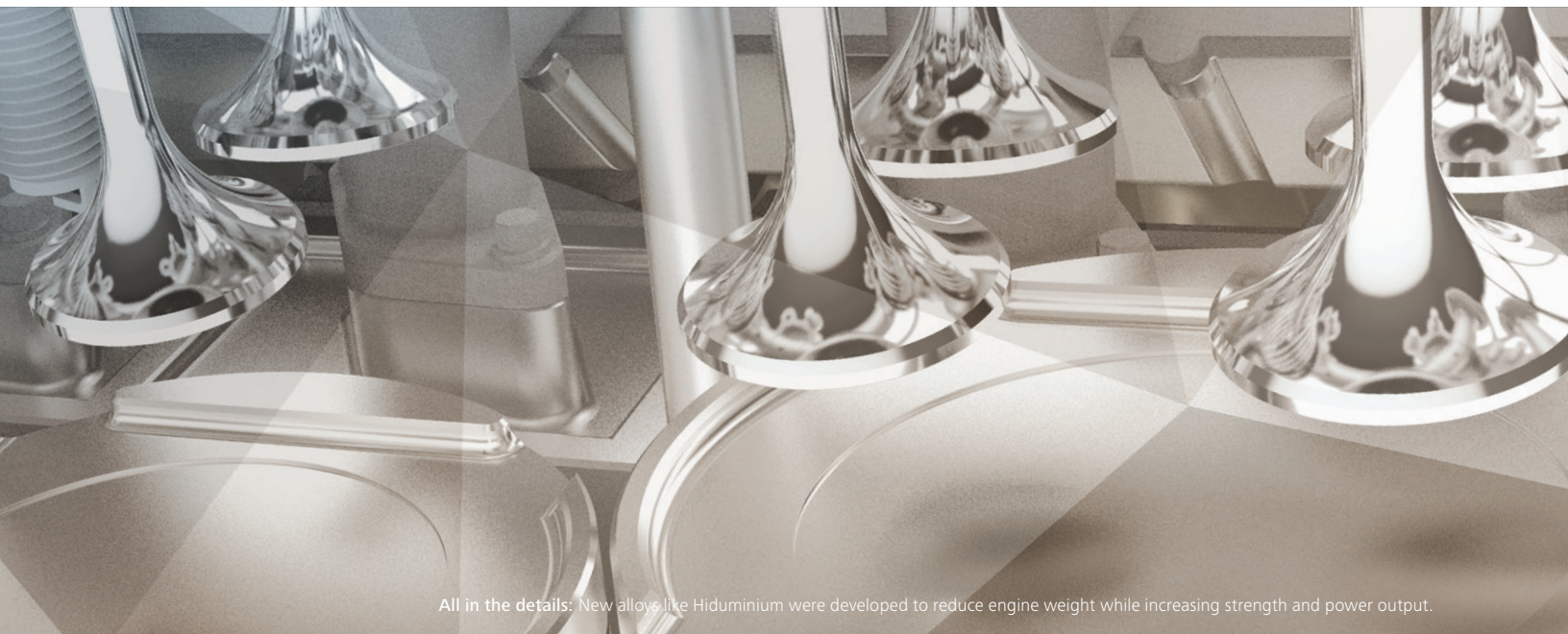
² The applicable tax rates are calculated by taking a weighted average of the tax rates applicable to the province of residence of the investors of the Fund. An assumed tax rate of 10.6%, reflecting the current blend of Mackenzie Investments investors in HST and non-HST provinces, was used for the purposes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

Why do MERs vary from fund to fund?

Generally, MERs are lower for bond and money market funds and higher for equity funds. Why? Equity funds generally have higher costs for research and security selection. International and global equity funds may have higher administration costs. An equity fund may also pay international sub-advisors to assist with research and security selection in other countries.

TYPE OF FUND	MEDIAN MER
CANADIAN MONEY MARKET	0.75%
CANADIAN FIXED INCOME	1.60%
CANADIAN NEUTRAL BALANCED	2.35%
CANADIAN EQUITY	2.48%
GLOBAL EQUITY	2.59%

Source: Investor Economics. Median MERs of Canadian Series A mutual funds in 2013. (FOR ILLUSTRATIVE PURPOSES)



All in the details: New alloys like Hiduminium were developed to reduce engine weight while increasing strength and power output.

Administration Fee for Services

Here are the kinds of services you get for your administration fee:

Transfer agency service

Each time you and your financial advisor decide to buy or sell fund units, a transfer agent processes the transactions and maintains records of those transactions. The transfer agent also processes and pays dividends and distributions to investors on behalf of the mutual fund company. Transfer agents specialize in these activities, leaving fund companies and financial advisors free to focus on maximizing your returns.

Fund administration

Administration fees generally cover the time and costs incurred by employees and external service providers who work on the funds, including fund administration, daily valuation and accounting, bookkeeping, legal and finance.

Custodian services

In Canada, securities law requires that an independent custodian hold the assets of a mutual fund. The custodian maintains the assets separately to protect them for investors. This virtually ensures that the entire current market value of your investment is protected against business failure.

Production, printing and distribution services

Securities laws require the production, printing and distribution of account statements, prospectuses, management reports of fund performance (MRFP), financial statements and other important information to investors. These documents are essential but also expensive to produce. That's why Mackenzie is continually exploring new ways to help minimize these costs.

All in the details: More than 100 working parts mark 86,400 seconds per day, every day.

How Advisors are Paid for their Service

Thousands of advisors distribute Mackenzie funds across Canada. Different types of advisors provide different services. In return, they are compensated through various models. Some are paid a salary, others are paid by commissions and some charge a fee for their services, like lawyers or accountants. More and more advisors are going to a fee-for-service model.

To accommodate different compensation models, Mackenzie offers different versions of the same mutual funds.

An advisor's compensation is generally included in the MER you pay to a mutual fund company.

Here's an explanation of sales commissions (also known as loads) and service fees (trailers), and what you need to know about each.

What is a load?

A load is a one-time fee. Loads can be front-end (also known as sales charges) or back-end (also known as deferred sales charges).

Front-end load (Sales charges)

If a mutual fund has a front-end load, you pay a fee that is usually taken from your total purchase amount. This fee generally ranges from 0% to 5% of the amount invested. You can negotiate this fee with your financial advisor, and they are often waived.

Back-end load (Deferred Sales Charge or "DSC")

When you purchase a fund with a back-end load, the mutual fund company pays your advisor's firm a fee on your behalf, typically 5% for an equity fund. There is no fee until you withdraw your money. The amount, if any, of this fee paid to the mutual fund company depends on how long you stay invested in the fund.

Since most mutual funds are managed to generate performance over the long term, the back-end arrangement encourages investors to stay invested for a set period of time (usually between five and seven years). If you sell your units before the end of that period, you pay a fee that typically declines each year that you stay invested. If you stay invested for the full schedule, there is no fee when you sell your units.

Front-end: how it works

Let's say you buy \$1,000 worth of mutual fund units with a front-end load and agree on a fee of 2%. Your advisor's firm receives \$20 (the advisor receives a pre-determined proportion of that amount) and \$980 is deposited into the fund.

Back-end: how it works

If you purchase a fund with a back-end load, or DSC, your entire \$1,000 is invested immediately. Your advisor's firm receives a fee from the mutual fund company of about \$50, of which your advisor receives a pre-determined proportion.

The following is an example of redemption charges that apply to most equity funds offered by Mackenzie Investments.

FIRST YEAR	5.5%
SECOND YEAR	5.0%
THIRD YEAR	5.0%
FOURTH YEAR	4.0%
FIFTH YEAR	4.0%
SIXTH YEAR	3.0%
SEVENTH YEAR	2.0%
THEREAFTER	nil

Low-load: Mackenzie also offers low-load options on virtually all Mackenzie funds with a back-end load. These include two-year or three-year declining redemption schedules that are often suited for investors who have a shorter investment horizon. You can also redeem 10% of your investments annually without penalty on new low-load purchases.

No loads

Some mutual fund companies offer no-load funds, which do not require you to pay any commission. However, there is usually a trade-off to consider.

No-load funds are not always supported with the investment advice you would receive from your financial advisor. This means that while you may save paying a sales commission, you don't get the expert advice that can protect and maximize your investment in the long run.

How do I choose the right load?

Whether you purchase funds with front-end or back-end loads depends on your investment horizon and the flexibility you want. Talk to your financial advisor about your options.

Back-end load flexibility with Mackenzie Investments

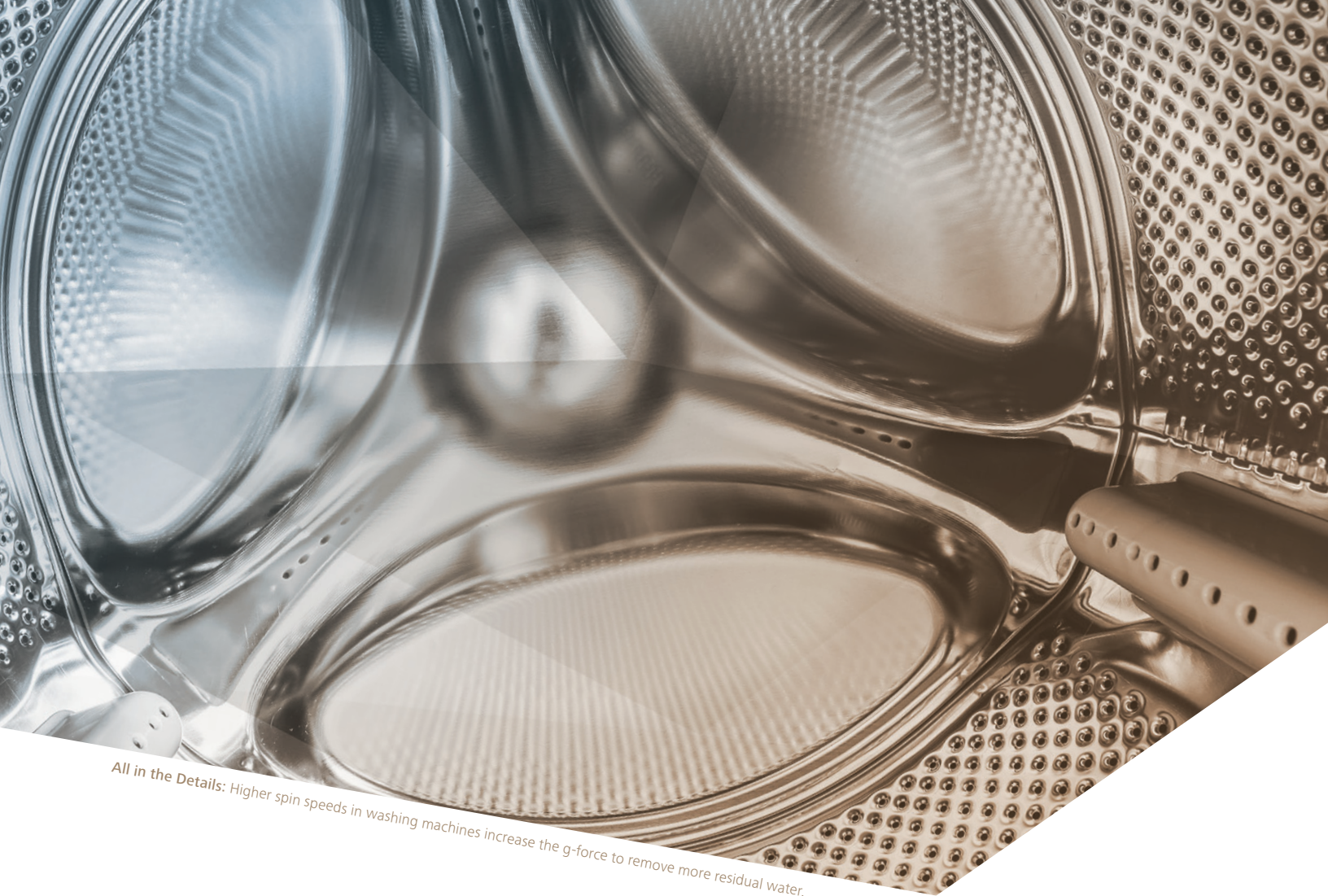
Over the course of your life, there's a strong chance your risk profile, investment goals and market conditions will change. That's why Mackenzie offers two valuable options for those who buy mutual funds with a back-end load arrangement.

Different funds, same schedule

If your investment goals change, you may switch your investment to another Mackenzie fund and maintain the existing schedule.

10% free option

To give you added flexibility, Mackenzie offers what is called a 10% free option. This means that if you purchase your fund using a back-end arrangement, you can sell up to 10% of your units annually without incurring a sales charge. So once a year, you gain instant liquidity for such things as home repairs, a child's education and other planned or unforeseen needs.



All in the Details: Higher spin speeds in washing machines increase the g-force to remove more residual water.

The Cost of Services to You

After you buy a mutual fund, it typically pays an annual fee to your advisor's firm for as long as you hold the fund. This is called a trailing commission – it's how the fund company pays your advisor's firm for the services and advice it delivers to you. The amount of this trailing commission varies, usually from 0.25% to 1% of assets per year, and details can be found in the fund's prospectus.

Why are trailers paid?

The trailing commission compensates your advisor for providing you with ongoing advice about the mutual fund investment. Trailers are not an additional fee – they are already built into the cost of the fund.

Required reading: Fund Facts

Before investing in a mutual fund, you will receive Fund Facts to help you understand your investment. Each Fund Facts is in plain language, and is no more than two pages double-sided. The document highlights key information for investors, including past performance, risks, and the costs of investing in the mutual fund.

You can also obtain detailed information about your mutual funds by viewing a longer-form legal document, the simplified prospectus. This is available on the fund company's website.

Why do advisors and fund companies get paid when my investments decrease in value?

It's easy to see why investors sometimes ask this question. There are some important considerations behind the fees you pay to financial advisors and mutual fund companies.

Investment markets are complex, global, interconnected – and unpredictable. Markets can also be volatile. Portfolio managers cannot predict, with certainty, day-to-day movements in markets. Mackenzie portfolio managers focus on the long term and invest in high-quality companies with sustainable competitive advantages, solid balance sheets and strong corporate cultures. They strive to protect our clients' capital against the unknown.

World events affect markets

Mutual fund managers and advisors strive to help your investment portfolio perform well. However, performance can be affected by many factors including business and world events that are beyond the control of your advisor or fund company.

For example, in 1973 and 1974, the Standard & Poor's (S&P) 500 market index lost a total of 37% of its value and declined for 24 consecutive months. Like investors, advisors and mutual fund companies were hurt by the decline, but most resolved to stay in business. The bear market ended and markets regained strength.

Mackenzie portfolio managers monitor the investing environment and will take action as events unfold.

Softer landings

Even in down markets when many investments underperform, it's important to remember that mutual fund companies and advisors can help provide a softer landing for your portfolio.


Fixed costs don't change

Advisors and mutual fund companies provide the same services to investors in up markets as they do in down markets. Also, they must meet many fixed-cost obligations that come up monthly.

Your advisor and fund company can give you the encouragement to stay the course through the market cycle. Investing for the long term can help investors avoid hasty decisions that could cause serious damage to portfolios. Your advisor can reinforce the importance of investing early, investing often and staying invested to help you achieve your financial goals.



All in the Details: A modern hard drive – less than 35 cubic centimeters in volume, a massive 12 terabytes of capacity.



Mutual funds are an efficient and flexible option for investors who want to participate in the rewards historically enjoyed by long-term market investors.

The wide variety of funds offered today means that your advisor can create a portfolio that's just right for you – whatever your income, investment goals or age.

Mackenzie Investments has an innovative line-up of funds to choose from.

Whether you're looking for domestic or foreign, income or equity, general market or specialty, value or growth, tax-efficient or currency-hedged, you'll find it here.

Thanks to 50 years of long-term performance and product innovation, Mackenzie is a favourite among investors and advisors alike. Our funds are sold through more than 30,000 independent financial advisors across Canada, and over one million Canadians already own Mackenzie mutual funds. Our assets under management have surpassed \$61 billion.

Talk to your financial advisor about Mackenzie mutual funds today. Because building financial independence doesn't mean you have to do it on your own.

All in the details: The larger the jet blades at the front, the higher the mass per second, the greater the thrust.

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated. The content of this brochure (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

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