Quick Guide to Total Cost Reporting

Greater transparency.
Clearer value.
Better Decisions.

As part of the Client Relationship Model 3 (CRM3), beginning **in January 2027**, a new regulatory requirement called **Total Cost Reporting (TCR)** will give you a clearer view of the costs associated with your investments. Your annual performance and charges report will include a **straightforward, dollar-based breakdown** of fees paid on products you owned over the past year, such as mutual funds and ETFs.

The goal is simple: to give you a more complete picture of what you pay and the value you receive.

Possible fees and costs

Investment costs can take different forms depending on the products, services and account types involved.

These may include:

Advisory fees
Fees charged for investment advice, portfolio management and ongoing services.

Embedded fees
Certain investment products, such as mutual funds and ETFs, may include built-in operating and management costs within the product itself.

These costs may include:

- portfolio management
- fund administration
- operating expenses
- and applicable taxes

Trading costs
Some investments may involve transaction-related costs when securities are bought or sold within a portfolio or investment fund. These costs can vary depending on the investment type and investment strategy.

One of the newer concepts investors may begin seeing is the Fund Expense Ratio (FER). To provide a more complete view of annual fund expenses, FER combines the Management Expense Ratio (MER) and the Trading Expense Ratio (TER). **MER + TER = FER**

MER — Management Expense Ratio

The MER represents the ongoing costs associated with managing and operating a fund. This may include:

- investment management,
- administration,
- operating expenses,
- and applicable taxes.

TER — Trading Expense Ratio

The TER reflects trading-related costs incurred when securities are bought and sold within a fund.

FER — Fund Expense Ratio

The FER combines both the MER and TER to provide a broader picture of total annual fund expenses.

Understanding costs. Evaluating value.

Total Cost Reporting (TCR) provides greater transparency into the costs associated with investing. While understanding those costs is important, cost alone does not define value. When evaluating investment costs, investors should consider more than just the fees they pay. The more important question is whether they are receiving the services, guidance and expertise needed to help achieve their financial goals.

What you can expect from TCR

- **Clearer transparency**

  You'll see embedded product fees expressed in dollar amounts, not just percentages — making costs easier to understand and compare.

- **More informed decisions**

  Better visibility into total cost of ownership helps align your investment choices with your long-term goals.

- **Enhanced trust and confidence**

  Transparent reporting supports stronger, more collaborative conversations with your advisor.

If you have questions about Total Cost Reporting or how it affects you, please contact us.

Assessing Value:
Questions to Consider

Investment management is only one component of an advisor relationship. As you review your investment costs, consider whether you are receiving value through services such as:

- ☐ Portfolio diversification and ongoing monitoring
- ☐ Retirement planning and income strategies
- ☐ Tax planning and tax-efficient investing
- ☐ Estate and legacy planning guidance
- ☐ Insurance and risk protection guidance
- ☐ Cash flow and budgeting analysis
- ☐ Regular reviews and proactive recommendations
- ☐ Behavioral coaching during periods of market volatility
- ☐ Guidance through major life events and financial transitions
- ☐ Ongoing strategic advice as your goals and circumstances evolve
- ☐ Managing drawdown of capital
- ☐ Evaluation of 'what if' scenarios

The real question isn't simply what you're paying—it's what you're receiving in return.
If you'd like help evaluating the value you're receiving from your current investment strategy and advisory relationship, contact us today.

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