

July 20, 2022

Subject: Commentary on CSA consultation on Total cost

I am delighted to see regulators tackling this important topic. As things stand , investors face opaque cost disclosure and the annual report on costs and expenses paints an incomplete picture. Investors really have no easy way of figuring out if they are getting value for the fees they pay .The industry appears to resist transparent disclosure likely because fees are not congruent with services and benefits derived. This initiative will allow top performing Firms to shine and others to fall by the wayside. Competition will be increased and investor outcomes enhanced.

My specific comments are:

The Transaction expense ratio should be included as it is not insignificant in a number of cases. Even small fees impair long term returns.

For the new Alternate funds, performance fees should be included as they subtract from returns

Information on fees should be in % and dollars and cents terms

Fund Facts should break out the trailing commission for greater visibility.

Regulators should prepare basic investor materials ( videos, brochures, online ) that explain fees and how to use the enhanced reporting to make better decisions.

Whatever format and language is used in the reporting should be validated by real life testing with retail investors .

The DSC early redemption fee should be labelled as a “penalty “ to open investor eyes to the toxic nature of such mutual funds/ segregated funds.

Investors need to be educated on the downside of dealing with Firms such as banks that only sell their own products and on Firms that charge accounts on a fee basis but also collect under the table trailing commissions from Fund companies. Any fees that are opaque such as currency conversion or bond pricing should be explained.

Plain language , font size and style should make for easy reading by the expected readership.

Not sure how HST/ GST should be disclosed but note that such taxes are not immaterial.

Regulators need to impactfully enforce fee and conflict of interest disclosure rules

Delivery of reports should be available in paper ( delivered free of charge by surface mail) or pdf format ( delivered by email) solely dependent on client preferences.

This initiative is very important especially given volatile markets and lower expected market returns going forward. I urge the regulators to proceed expeditiously and disregard typical industry foot dragging on regulatory reforms. The faster the reporting is implemented, the faster retirement savings will be protected against fee erosion.

I am OK with publicly posting this Comment letter.

Thank you for the opportunity to provide comments.

Sincerely,  
Arthur Ross