

Total Cost Reporting: Elevating Transparency and Reinforcing Value

FAQ

1. What is Total Cost Reporting?

Total Cost Reporting is a regulatory initiative by the Canadian Securities Administrators. It requires investment firms to disclose all direct and embedded investment costs in dollars and percentages. This means you will see all the fees you pay for your investments, clearly shown on your statements. Everything is presented together in one place, so you know exactly what you're paying for and can compare your investment options more easily.

2. Is this a new fee?

No, Total Cost Reporting is not a new fee for investors. Instead, it's a new, more transparent way to show you the total investment fees you're already paying, making it easier to understand the true cost of your investments.

3. Which firms does Total Cost Reporting apply to?

Total Cost Reporting applies to: Investment Fund Managers, Dealer Firms, Advisor Firms, and insurers that offer segregated funds.

Investment Fund Manager - Runs the investment fund and provides fund cost data

Dealer Firm - Sells or distributes the investment

Advisor Firm - Provides you with investment advice or portfolio management

4. When does Total Cost Reporting take effect?

The new reports will be delivered for the first time in early 2027, covering the 2026 calendar year. Behind the scenes, investment firms have begun collecting data as of January 1, 2026. Industry reporting systems have been updated to support this transition.

5. Why do investment statements look different?

Your investment statements will look different because Total Cost Reporting rules require showing both direct and embedded fees, making the costs of investments clearer and more transparent.

It's important to remember that the fees shown in your statements are not additional charges. They are fees you've always been paying, now displayed in a clearer and more detailed way for your benefit.

6. Will I still receive performance information about my investments?

Yes. Performance details will continue to be shared in a separate report as part of your annual updates. While the new Total Cost Reporting changes focus mainly on showing the costs you pay, performance information will continue to be provided separately so you can better understand the overall value you're getting.

7. How is this different from previous reporting changes?

As an investor, you receive an annual statement detailing fees and compensation relating to your investments. Starting in 2027, this statement will also include embedded fees like fund management costs and trading costs. These have always been part of your investment costs but are now presented more clearly.

With Total Cost Reporting, your updated statement will show:

- The total cost of owning each investment fund, including embedded fees and direct charges
- A breakdown of what you paid your advisor or dealer
- A single dollar amount showing your total annual cost of investing

There *are no new or additional charges* - just clearer reporting. Everything you'll see in the updated statement reflects costs you've already been paying. You'll also see a new table showing Fund Expense Ratios (FERs), which include any trailing commissions paid to dealers based on the fund series or class.

FER is a new term showing total embedded product costs. It combines the Management Expense Ratio (MER) and Trading Expense Ratio (TER).

8. What types of investment funds are affected by these changes?

Mutual funds, ETFs, split share funds, scholarship plans, liquid alternatives mutual fund trusts, exchange-traded alternative mutual fund trusts and closed-end funds offered by a Canadian prospectus or purchased on an exchange are affected. Some foreign funds are also included.

9. What is not included?

Private placement funds, private pooled/exempt funds, structured products, and labour-sponsored funds are excluded.

If a firm does not provide voluntary reporting for these products held by investors, the dealer must include a notification in the annual statement to inform investors that these products may have embedded fees and the information reported does not include these products.

10. Are foreign funds in scope?

Some foreign funds are included in Total Cost Reporting, while others are not. Foreign funds are included when they are purchased on an exchange (such as U.S.-listed ETFs) or transferred into a Canadian account from outside Canada. In these cases, the required cost information is available and can be reported.

Other foreign funds are excluded where the necessary cost data isn't available under Canadian reporting rules.

If you have additional questions – contact your advisor.

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