

Expenses on the Rise

- ▶ The expenses a mutual fund charges its shareholders have a material impact on the investment returns received. All else being equal, COMPASS Wealth Management selects mutual funds that charge below-average expenses.
- ▶ For clients with larger balances, we select the institutional share class of mutual funds, which generally charge 0.25% - 0.40% less in annual expenses, saving our clients money and enhancing their returns.

When choosing an investment, most investors look for attractive performance. What they often fail to investigate, however, is how much this performance is going to cost them in the long run. For example, for mutual funds, the expense ratio is the percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund. This cost is passed over to you, the investor.

Expense ratios vary widely among funds, and they have generally been increasing over time. Advocates of funds with higher fees argue that they are justifiable by the fund managers' expertise that results in higher returns. However, this may not always be the case. Careful research is needed for each fund in order to determine the exact impact of fees on returns.



©2013 Morningstar, Inc. All Rights Reserved. The information contained herein (1) is intended solely for informational purposes; (2) is proprietary to Morningstar and/or the content providers; (3) is not warranted to be accurate, complete, or timely; and (4) does not constitute investment advice of any kind. Neither Morningstar nor the content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. "Morningstar" and the Morningstar logo are registered trademarks of Morningstar, Inc. Morningstar Market Commentary originally published by Robert Johnson, CFA, Director of Economic Analysis with Morningstar and has been modified for Morningstar Newsletter Builder.



Louis E. Conrad II, CFA
President

COMPASS Wealth Management
Post Office Box 250
Lexington, Massachusetts 02420

lconrad@compassinvest.com
www.compassinvest.com

Tel: (978) 828-5681
Fax: (781) 862-7030

© COMPASS Wealth Management, LLC, as well as Morningstar. While the information contained in this newsletter relies on sources believed to be reliable, accuracy cannot be guaranteed. Unless otherwise noted, all information and opinions are as of the date of transmittal, and are subject to change without notice. This newsletter is intended for general informational purposes only and it does not discuss all aspects that may apply to your situation. Please consult with a qualified professional. COMPASS Wealth Management, LLC is a registered investment advisor with the appropriate regulatory authorities. For additional details on the services that COMPASS offers, we encourage you to also review Parts 2A and 2B of our Form ADV, which is provided on request. For details on the selection criteria used to determine the recipients of the FIVE STAR Wealth Manager award, please visit our web site (www.compassinvest.com). The criteria used to determine "Morningstar's Best Client Newsletter" in 2012 can be reviewed in The COMPASS Chronicle's September 2012 edition, which is also available on our web site.