



## Client Frequently Asked Questions

### Introduction to Total Cost Reporting

#### What is TCR?

Total cost reporting (TCR) is a new industry-wide regulatory initiative from the Canadian Securities Administrators and the Canadian Council of Insurance Regulators. It builds on our commitment to clarity and transparency by giving clients a more complete, standardized view of the total cost of investing, including:

- Previously embedded product-level costs
- Itemized product-level costs
- More personalized and detailed performance information

TCR does not alter how costs are calculated or charged. The reform affects only what clients see, not what they pay.

#### Why is TCR being introduced?

##### Why is this change happening?

Canadian regulators want investors to:

- See the full cost of investing
- Understand what they pay and why
- Make informed decisions with confidence when it comes to financial products and services.

It's important to know that your costs are not changing. The only change is how the information is being shown, giving you clearer visibility into costs that were always part of your investment. Your rate of return already reflects these built-in costs.

##### Why weren't all costs shown before?

The rules for cost reporting have changed. Before TCR, only some account-level level costs were shown separately. Most management and investment costs, such as MERs and trading expenses, were built into the fund's performance and not shown in dollar terms.

Now, fund-level costs are shown separately in dollar terms, and all costs are brought together in one standardized statement so clients can see their total cost in one place.

This change reflects new regulatory requirements, not new or increased costs.

At Equitable, we're always looking for ways to enhance transparency and support investor understanding, so this shift aligns with our ongoing commitment to provide clearer, more meaningful information.

## What will you see on your statement?

### How will my statement change?

Your annual statement will show:

- Total cost summary (in dollars) – The total amount you paid for account and investment management costs during the year.
- Total cost summary as a percentage of average account value – Your total costs compared to your average account value. You'll now be able to more easily understand costs in relation to the size of your investment, not just as a dollar amount.
- Personalized rate of return calculations – A money weighted rate of return calculation that considers deposits and withdraws.

You'll also see an explanation that some costs are built into the fund itself. These estimated fund level expenses do not appear as separate transactions because they are included in the fund's daily unit price.

To help you understand these built-in costs, the statement will also reference:

- Fund expense ratio (FER) – The FER shows the ongoing costs of managing a fund. It includes the MER and the trading expense ratio (TER). These are combined into one percentage to make them easier to understand.
- Daily cost factor (DCF) – The DCF is a calculation that converts fund-level costs into dollar amounts. It uses the fund's expense ratio and the fund's daily value. This helps calculate the actual dollar amount of costs shown on your statement.

### Are my costs changing?

No. Your costs are not increasing.

## Understanding types of costs

### What costs are included?

Your total cost will include:

- Account costs

- Fund expenses, charged through Fund Expense Ratio
- Insurance-related expenses

Together, these reflect the full cost of managing and supporting your investments.

### **Why are investment management costs shown separately now?**

Investment products have always included costs for management, research, and administration - these costs were already reflected in your fund's performance. Total Cost Reporting doesn't change what you pay. It simply separates and displays these costs more clearly, giving you better visibility into how your investments are managed.

## **What to expect when reviewing your costs**

### **What do I get for the costs I pay?**

Your investment costs cover more than just account costs. They may also pay for:

- Personal financial advice and planning.
- Ongoing investment reviews and support.
- Professional fund management.
- Tools, education and regular updates.

In short, you're paying for the expert guidance to keep your financial goals on track.

## **Consistency across the industry**

### **Is this information the same across all financial companies?**

Yes. All providers are required to follow the same TCR regulatory rules.

### **Will this affect how much tax I pay?**

No. TCR is not connected to your taxes.

## **Timing and next steps**

### **When will I see these changes?**

You will see these changes on your annual statement for the 2026 calendar year. That statement will show

more detail about the total costs related to your investment. Your first enhanced annual statement will be delivered for the 2026 calendar year in early 2027.

**Do I need to do anything right now?**

No. Your advisor is ready to help answer any questions when your new statement arrives.

**What if I still don't understand my statement?**

That's completely okay. Financial statements can be complex, and TCR is new. Your advisor can explain what the information means, answer your questions and help you feel confident about your financial plan.

TCR is about clarity, confidence and trust.

It helps you see all your investment costs and understand the value of the advice and support you receive. Your advisor is there to guide you through this change and make sure you feel informed every step of the way.

**Have more questions?**

Talk to your advisor about Total Cost Reporting and what it means for you.

