

## How the Costs (Fees) Are Calculated

The fees for each of the investment types were determined from Vanguard and TD Direct Investing.

Vanguard lists the following fees:

Mutual Funds: **2.15%** (215 bps)  
Index Funds: **0.84%** (84 bps)  
ETFs: **0.21%** (21 bps)

The commission (fee) for buying stocks is listed at **\$9.99** per trade by TD Direct Investing.

The Mutual Fund Fee Calculator from OSC was used to calculate each of the fees. The calculator is available online here:

[http://www.getsmarteraboutmoney.ca/en/tools\\_and\\_calculators/calculators/Pages/mutual-fund-fee-calculator.aspx#VIDuob9cB8E](http://www.getsmarteraboutmoney.ca/en/tools_and_calculators/calculators/Pages/mutual-fund-fee-calculator.aspx#VIDuob9cB8E)

The following values were used:

Investment amount: \$25,000  
Investment held for: 25 years  
Regular contribution: \$0  
Past return: 5.5%  
Management Fee: 2.15%

A typical \$25,000 portfolio of individual stocks is composed of 5 trades of \$5,000 each resulting in a cost of:  
 $5 \times \$9.99 = \$49.95$

Using the Mutual Fund Fee Calculator the total costs for each of the investment types over 25 years will be:

Mutual Funds: **\$28,569.29**  
Index Funds: **\$11,085.45**  
ETF: **\$2,762.34**  
Stocks: **\$49.95**

Vanguard Source:

<https://www.vanguardcanada.ca/advisors/articles/research-commentary/indexing/indexing-communicating-cost-advantage-adv-brief.htm?lang=en>

TD Direct Investing Source:

<https://www.td.com/ca/products-services/investing/td-direct-investing/commissions-fees/>