



Access to financial education, for all.

Front Street Foundation is a nonprofit 501(c)(3) organization

Money Series / Youth Analysts / Youth Givers / Mentor Pros



Front Street Foundation is a Traverse City, Michigan based 501(c)(3) nonprofit founded on the commitment to provide open-access to financial education for people of all ages.

Front Street Foundation created its Money Series to bring free, open and transparent financial education to the general public.

Our monthly presentations are delivered by currently-practicing and retired professional experts through both interactive workshops and live interview-style discussions on a wide-range of personal financial planning and public finance topics.

Beginning in September 2016, Front Street Foundation's Money Series will be presented in cooperation with Traverse Area District Library and the Grand Traverse County Senior Center Network.

FrontStreetFoundation.org

Biography | *Speaker*

Jason P. Tank, CFA

Front Street Wealth Management is the independent, fee-only, fully-discretionary wealth advisory firm for individuals, families and trusts who value proactive management of their investments and a deeper confidence in their wealth.

Jason earned a Bachelor's in Mathematics from Michigan State University, is a former actuary and holds the Chartered Financial Analyst designation.

He is a frequent guest columnist for the Record-Eagle on topics of wealth management, economics and investment management.



Workshop | Understanding Investment Fees

June 15, 2016



Speaker | Jason P. Tank, CFA



Intro | *Understanding Investment Fees*

*“I am always ready to learn, although
I don’t always like being taught”*

Winston Churchill



Intro | *Your 3-Step Analysis*

What, Where and How.



Step 1 | *What do I own?*

Inventory your investments by type:

Mutual Funds (Active or Index?)

Exchange Traded Funds (Index)

Individual Stocks

Individual Bonds

Certificates of Deposits (CDs)

Annuities (Fixed or Variable)

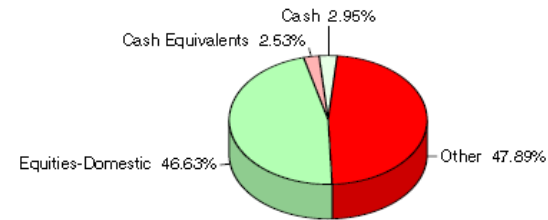
Non-traded REITs

Example #1 | *What do I own?*

Account Summary

	Current Period 10/01/15-12/31/15	Year to Date 2015
BEGINNING VALUE	\$ 146,090.94	\$ 158,978.54
Additions		
Cash	\$ 0.00	\$ 0.00
Assets	\$ 0.00	\$ 0.00
Total Additions	\$ 0.00	\$ 0.00
Withdrawals		
Cash Distributions	\$ 0.00	\$ 0.00
Asset Distributions	\$ 0.00	\$ 0.00
Taxes Withheld	\$ 0.00	\$ 0.00
Total Withdrawals	\$ 0.00	\$ 0.00
Investment Income & Expenses		
Interest	\$ 0.21	\$ 0.88
Dividends	\$ 290.12	\$ 839.43
Mutual Funds Capital Gains Distributions	\$ 5,757.51	\$ 5,757.51
Custodian Fee	(\$ 6.25)	(\$ 43.75)
Advisor Fee	(\$ 697.07)	(\$ 3,416.44)
Total Investment Income & Expenses	\$ 5,344.52	\$ 2,137.88
Net Change in Market Value	(\$ 5,529.96)	(\$ 16,210.67)
ENDING VALUE	\$ 145,905.50	\$ 145,905.50

Asset Allocation Chart^A



Asset Summary

Description	Symbol	Quantity	Price as of 12/31/15	Total Cost Basis	Market Value	% of Market Value
1 - SS Market Leaders Strategic 80 - MS80						
Mutual Funds						
INVESCO DIVERSIFIED DIVIDEND FUND CLASS A	LCEAX	389.8990	17.5800	\$ 7,046.34	\$ 6,854.42	4.70 %
ADVISORS PREFERRED TRUST QUANTIFIED MANAGED	QBDSX	414.4170	8.8900	\$ 3,835.53	\$ 3,684.17	2.52 %
ADVISORS PREFERRED TRUST QUANTIFIED MARKET	QMLFX	7,124.8260	9.2900	\$ 72,562.07	\$ 66,189.63	45.37 %
AMERICAN BEACON SMALL CAP VALUE FUND INV	AVPAX	459.2110	21.7400	\$ 11,077.97	\$ 9,983.25	6.84 %
AMERICAN CENTURY EQUITY INCOME FUND CLASS A	TWEAX	868.1920	7.9600	\$ 7,120.44	\$ 6,910.81	4.74 %

Continued on Next Page

Example #1 | *What do I own?*

Asset Summary

Description	Symbol	Quantity	Price as of 12/31/15	Total Cost Basis	Market Value	% of Market Value
PROFUNDS MONEY MKT FUND INV CLASS	MPIXX	3,697.9400	1.0000	\$ 3,697.94	\$ 3,697.94	2.53%
PROFUNDS SMALL CAP GROWTH FUND INV CLASS	SGPIX	104.3040	64.3600	\$ 7,194.53	\$ 6,713.01	4.60%
TCW SELECT EQUITIES FUND CLASS N	TGCNX	1,070.9680	25.7500	\$ 27,806.30	\$ 27,577.43	18.90%
VICTORY SYCAMORE SMALL COMPANY OPPORTUNITY	SSGSX	280.4530	35.6000	\$ 11,422.67	\$ 9,984.13	6.85%
Total Mutual Funds				\$ 151,763.79	\$ 141,594.79	97.05%
Cash					\$ 4,310.71	2.95%
Value by Model						
TOTAL 1 - SS Market Leaders Strategic 80 - MS80				\$ 151,763.79	\$ 145,905.50	100.00%
TOTAL ACCOUNT				\$ 151,763.79	\$ 145,905.50	100.00%



Step 2 | *Where do I look it up?*

Where do I look up my fees?

Step 2 | *Where do I look it up?*

Information from PIMCO

Invesco Diversified Dividend A **LCEAX** ★★★★★ | Silver

NAV \$18.69 1-Day Total Return ↓ -0.37%

TTM Yield	Load	Total Assets	Expenses	Fee Level	Turnover	Status	Min. In
1.56%	5.50	\$ 15.6 bil	0.82%	Low	11%	Open	\$ 1,00

30-Day SEC Yield 1.57% Category Large Value Investment Style Large Value

Morningstar Premium Analyst Report LCEAX [Get 14 Days Free](#)

Invesco Diversified Dividend's veteran manager applies a clear-cut approach that has delivered over the long run, supporting the fund's Morningstar Analyst Rating of Silver. Lead...

Morningstar Risk Measures LCEAX Mor

Risk vs. Category*

Step 2 | *Where do I look it up?*

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Do You Think the Market Is Headed for a Fall?
 If you have a \$1,000,000 portfolio, you should download the report by *Forbes* columnist Ken Fisher's firm. In it we tell you where we think the stock market is headed, and why. This must-read report includes our latest stock market prediction, plus research and analysis you can use in your portfolio right now. Don't miss it! [Click Here to Download Your Report!](#) FISHER INVESTMENTS*

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EDIT	Nasdaq 4861.82 13.38(0.28%)	DJIA 17741.46 8.98(0.05%)	Gold 1283.50 -2.10(-0.16%)	Light Crude 48.66 0.17(0.35%)
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Quantified Managed Income Fund Investor Class QBDSX


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NAV	1-Day Total Return	TTM Yield	Load	Total Assets	Expenses	Fee Level	Turnover	Status	Min. Inv.
\$9.18	↓ -0.11%	3.78%	None	\$ 38.3 mil	1.79%	High	872%	Open	\$ 10,000

USD | NAV as of 14 Jun 2016 | 1-Day Return as of 14 Jun 2016

30-Day SEC Yield	Category	Credit Quality/Interest Rate Sensitivity
--	Intermediate-Term Bond	Low/Extensive



Speaker | Jason P. Tank, CFA 12

Step 2 | *Where do I look it up?*

QBDSX Quantified Managed Income Investor Annual

Effective Date 6/30/2015

STATEMENTS OF OPERATIONS

For the Year Ended June 30, 2015

	Quantified Managed Bond Fund
Investment Income	
Dividends on Unaffiliated Investments	\$ 1,770,984
Interest	3,732
Total Investment Income	1,774,716
Expenses	
Investment advisory fees	383,208
Administration fees	146,198
Distribution (12b-1) fees	127,736
Trustees' fees	1,059
Non 12b-1 shareholder servicing fees	76,642
Total Operating Expenses	734,843
Less: Advisory/Sub-advisory fees waived - See Note 7	—
Net Operating Expenses	734,843
Net Investment Income (Loss)	1,039,873
Realized and Unrealized Gain (Loss) on Investments and Futures	
Net realized gain (loss) from:	
Investments	(1,848,928)
Futures	(937,271)
Affiliated Investments - See Note 6	—
Foreign Currency Translations	—
Distribution of realized gains from underlying investment companies	3,998
	(2,782,201)
Net change in unrealized appreciation (depreciation) on:	
Investments	(700,506)
Futures	15,750
	(684,756)
Net Realized and Unrealized Loss on Investment and Futures	(3,466,957)
Net Decrease in Net Assets Resulting From Operations	\$ (2,427,084)



Step 3 | *How do I calculate my fees?*

Calculating your fees

Two kinds of fees:

Mutual Fund Fees

Advisor Fees

Example #1 | *Advisor Fees*

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ENDING VALUE	\$ 145,905.50	\$ 145,905.50

\$3,416 for the year

2.20% per year



Example #2 | *Advisor Fees*



Change in Account Value	This Period	Year to Date
Starting Value	\$ 1,576,450.55	\$ 1,530,683.86
Cash Value of Purchases & Sales	40,186.77	51,639.14
Investments Purchased/Sold	(40,186.77)	(51,639.14)
Deposits & Withdrawals	0.00	0.00
Dividends & Interest	6,194.29	17,345.30
Fees & Charges	(2,947.00)	(5,816.00)
Transfers	0.00	0.00
Income Reinvested	(1.23)	(2.35)
Change in Value of Investments	17,767.62	55,253.42
Ending Value on 04/30/2016	\$ 1,597,464.23	\$ 1,597,464.23
Accrued Income ^d	3,671.66	
Ending Value with Accrued Income^d	\$ 1,601,135.89	
Total Change in Account Value:		
Including Deposits and Withdrawals	\$ 21,013.68	\$ 66,780.37
Including Deposits, Withdrawals, and Accrued Income ^d	\$ 24,685.34	

\$2,947 per quarter x 4 = \$11,788 per year

0.74% per year



Example #3 | *Advisor Fees*

Account Activity Summary

Deposits and Withdrawals may differ from your Retirement Contributions and Distributions. See details on the next page.

Description	This Period	Year-to-Date
Beginning Account Value		
Deposits (Cash & Securities)	0.00	0.00
Withdrawals (Cash & Securities)	0.00	0.00
Net Deposits / Withdrawals	\$0.00	\$0.00
Income (Posted to your account)	536.11	1,487.77
Fees ¹	(842.59)	(1,776.39)
Change In Investment Value	2,476.85	995.58
ENDING ACCOUNT VALUE		
Net Accrued Income	0.00	0.00
Account Value With Accruals		

¹ Account fees, management fees, and debit interest are included. Trade related fees charged by brokers and commissions impact the total cost or proceeds of your trades and are not included here.

\$843 per quarter x 4 = \$3,370 per year

1.30% per year



Example #1 | *Mutual Fund Fees*

<u>Ticker</u>		<u>Value</u>	<u>Expense Ratio</u>	<u>Annual Fees</u>
LCEAX	\$	7,000	0.82%	\$ 57
QBDSX	\$	3,750	1.79%	\$ 67
QMLFX	\$	65,000	1.43%	\$ 930
AVPAX	\$	10,000	1.15%	\$ 115
TWEAX	\$	7,000	1.19%	\$ 83
MPIXX	\$	3,700	1.74%	\$ 64
SGPIX	\$	6,700	1.14%	\$ 76
TGCNX	\$	27,500	1.30%	\$ 358
SSGSX	\$	10,000	1.30%	\$ 130
cash	\$	4,000	0.00%	\$ -
	\$	144,650		\$ 1,881
Average Expense Ratio				1.30%

Example #1 | *Mutual Fund + Advisor Fees*

<u>Ticker</u>		<u>Value</u>	<u>Expense</u>		<u>Annual Fees</u>
				<u>Ratio</u>	
LCEAX	\$	7,000	0.82%	\$	57
QBDSX	\$	3,750	1.79%	\$	67
QMLFX	\$	65,000	1.43%	\$	930
AVPAX	\$	10,000	1.15%	\$	115
TWEAX	\$	7,000	1.19%	\$	83
MPIXX	\$	3,700	1.74%	\$	64
SGPIX	\$	6,700	1.14%	\$	76
TGCNX	\$	27,500	1.30%	\$	358
SSGSX	\$	10,000	1.30%	\$	130
cash	\$	4,000	0.00%	\$	-
		\$ 144,650		\$	1,881

#1 Funds = Average Expense Ratio **1.30%**

Advisor Fee	\$	3,416
<u>Custodian Fee</u>	\$	<u>44</u>
Total "Other" Fees	\$	3,460

#2 Advisor + Custodial Fees **2.39%**

Total Fees	\$	5,341
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Funds + Advisor + Custodial Fees **3.69%**



Example #2 | *Mutual Fund + Advisor Fees*

Ticker	Value	Expense Ratio	Annual Fees
DAMERX	\$ 4,500	0.00%	\$ -
BRMKX	\$ 7,800	0.08%	\$ 6
SIKMX	\$ 12,000	0.07%	\$ 8
RAPIX	\$ 2,500	1.13%	\$ 28
DELF	\$ 4,600	0.35%	\$ 16
DDIX	\$ 5,200	0.64%	\$ 33
DFVA	\$ 500	0.36%	\$ 2
DMUX	\$ 7,000	0.62%	\$ 43
MISIX	\$ 6,000	0.84%	\$ 50
DAKMX	\$ 8,300	0.85%	\$ 71
SPY	\$ 27,600	0.09%	\$ 25
DKI	\$ 2,400	0.48%	\$ 12
DDIX	\$ 12,000	0.43%	\$ 52

Ticker	Value	Expense Ratio	Annual Fees
FDIVX	3.5 \$ 3,500	0.49%	\$ 17
USITX	8.0 \$ 8,000	0.50%	\$ 40
FDIVX	50.0 \$ 50,000	0.55%	\$ 275
WOBIX	10.5 \$ 10,500	0.57%	\$ 60
ONIVX	4.5 \$ 4,500	0.80%	\$ 36
FDIVX	8.0 \$ 8,000	0.40%	\$ 32
DMIVX	8.0 \$ 8,000	0.71%	\$ 57
PIPIX	17.0 \$ 17,000	0.45%	\$ 77
PRCIX	21.0 \$ 21,000	0.58%	\$ 122
WITIX	2.6 \$ 2,600	0.01%	\$ 0
WITIX	22.0 \$ 22,000	0.09%	\$ 20
Totals	\$ 255,500		\$ 1,082

#1 Funds = Average Expense Ratio **0.42%**

#2 Advisor Fee **1.30%**

Total % Fee **1.72%**

Total Fees **\$ 4,403**

Definitions | *Mutual Funds*

What is a mutual fund?

*A company designed to **pool investor assets** for the purpose of producing a return within **a prescribed strategy**.*

Examples:

Actively-Managed Mutual Funds

Passively-Managed Index Funds

Definitions | *Mutual Funds*

What is an actively-managed mutual fund?

*Mutual fund company **hires an investment manager to make active investment decisions** within the mutual fund.*

Definitions | *Mutual Funds 101*

What is a passively-managed index fund?

*Mutual fund company **opts for no human involvement in selecting the investments** within the mutual fund.*

*The portfolio 100% driven by the makeup of the index,
which is just a fixed list of investments.*

Reference | *Mutual Fund Fees*

Average expense ratio
as of December 31, 2013

	Investment type	Actively managed funds	Index funds	ETFs
U.S. stocks	Large-cap	0.80%	0.11%	0.14%
	Mid-cap	0.97	0.18	0.25
	Small-cap	1.04	0.19	0.23
U.S. sectors	Industry sectors	0.94	0.44	0.37
	Real estate	0.92	0.13	0.20
International stocks	Developed market	0.91	0.17	0.29
	Emerging market	1.16	0.21	0.42
U.S. bonds	Corporate	0.58	0.11	0.13
	Government	0.47	0.12	0.15

Reference | *Advisor Fees*

Average Annual Fee Charged By Advisors

Account Size	Fee
\$100,000	1.50%
\$250,000	1.53%
\$500,000	1.49%
\$1,000,000	1.39%
\$2,000,000	1.20%
\$5,000,000	0.88%
\$10,000,000	0.74%
\$25,000,000	0.63%

Source: 2013 Investment News Financial Performance Study of Advisory Firms

Focus Area | *Advisor Fees*

What to expect from your advisor?

Create your overall wealth management profile

Develop and maintain your investment policy

Provide you with ongoing wealth management advice

Provide you with relevant financial education

Deliver effective communication

Disclosure

This presentation was designed to enhance your understanding of various financial planning topics. This was presented as generic information and may not apply to your particular circumstances.

Given this, we strongly encourage you to seek professional advice from as many sources as possible. This advice may take the form of tax and legal professionals as well as your investment adviser.

Questions or Comments?

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Thank You
for your participation.

