

Business Outlook

Defining 'front-end loading'

While in Calgary a few years ago, I was asked to participate as a guest on a local TV show that deals with financial matters and investments.

As the "guest" I was being interviewed by the host of the show, plus a stockbroker and an oil and gas expert.

Wouldn't you know it. The first question asked by the stockbroker

was, "Isn't there a front-end fee involved in the purchase of mutual funds?"

Ouch! Some people in the mutual fund industry find it "difficult" to answer that question. But I don't.

It was answered truthfully.

"Yes, there is a so-called front-end load on mutual funds. The maximum fee you pay is 9 per cent, and that fee is reduced as you invest



IT'S YOUR MONEY
Paul J. Rocket

Then my reply went something like this: "In other words, if I were to purchase \$10,000 worth of stocks from you, it would cost me 3 per cent, which would be \$300. If that purchase were a wise one, and it increased in value to \$11,000, and I decided to sell, it would cost me \$330. But now I have \$11,000 to re-invest, at which time it would cost me \$330 to re-invest in a different stock(s). Supposing it did fantastically well, and grew to a value of \$15,000, it would now cost me \$450 to sell, and if I wanted to re-invest in other stocks, another \$450. In having made just three stock purchases (I haven't sold the third yet) I have paid \$1,860 in "fees" and am looking at on-going fees as I buy and sell and attempt to make a profit.

minimum of 2 per cent per year more than they pay me as a depositor or holder of a Guaranteed Investment Certificate or Term Deposit. After all, with that 2 per cent (or more) profit, they must pay rent, employees, taxes, utilities, janitors, etc., etc. But, if I lock my savings up for a 5-year period, this means they keep 2 per cent each year for 5 years, a total of 10 per cent. So, if they pay me 12 per cent, they must earn a minimum 14 per cent. If they pay me 10 per cent, they must earn 12 per cent.

So... that 10 per cent "cost" is there, even if it's "hidden." And if I renew that deposit for another 5-year term, it will cost me another 10 per cent, and the next 5 years another 10 per cent, and the next..., etc.

I'd rather pay 9 per cent once, to have a lifetime investment than a hidden "10 per cent every five years" on a term deposit. That's why we say the fee on mutual funds is "cheap."

For a free pamphlet on how RRSP eligible and non-eligible Mutual Funds have performed year by year for the last 10 years, contact: Peter C. Masson, 10 Fagan Drive, Georgetown, Ont. or telephone 877-7216.

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more, or invest larger amounts. But, it could be 9 per cent.

Now however, there are many funds with no front-end load but with a reducing redemption fee.

However, I turned to the broker, and asked my question: "How much does it cost me to buy stocks from you?" The answer I was given was "3 per cent on each transaction."

"But in a mutual fund, the maximum I could pay would be \$900 (9 per cent) on a \$10,000 investment, and that money could be working for me for the rest of my life, managed by experts on a full-time day-to-day basis, possibly buying and selling securities when necessary, and I never have to pay another acquisition fee."

Which would you rather pay? \$1,860 and have continuing costs, or \$900, and have a life-time investment?

I also pointed out "I can't afford the costs of a Guaranteed Investment Certificate or Term Deposit."

Reason: Everything in life has a "cost." My banker admits to me that the bank has to earn a

Balloon for the research of Mars

(NC)—Near Kaunas, Lithuania, Soviet and American scientists continue testing a balloon, the prototype of which will travel to Mars. The Soviet Martian expedition, slated for 1994, will also include an orbital apparatus, a Mars rover, various measuring probes, robots and other equipment.

"The hot air balloon we have brought here," said Louis Freedman, executive director of the US Planetary Society, "will enable us to conduct a series of experiments involving the loading of the balloon and studying its interaction with the surface during takeoff and landing. This is highly important for our future design work on the Martian balloon."

According to Viktor Kirzhanovich



World News

from the Institute of Space Research of the USSR Academy of Sciences, balloon probes are indispensable for research of the Martian surface, considering that the Mars rover can cover only about 200 km because of rocks and stones and the orbital apparatus, which will be on a low apogee orbit of around 200-300 km, will be unable to provide detailed information on Mars' surface.

ASK KATHY

POWERS OF THE WILL

Q: I try to diet, but I have no willpower. I'm tired of failing. Why should I even try?

A: Willpower is neither a secret formula nor a magic process. It is developed through practice and hard work. However, there is truth to the belief that the subconscious mind does act independently from the conscious mind and can influence your actions. But the subconscious mind can be retrained by repeated instructions from the conscious mind. You can begin developing willpower by:

1. Discontinuing negative thoughts that you don't have willpower.
2. Reprogramming your subconscious mind toward greater willpower by pointing out ways in which you already



KATHY HAJAS
Diet Center Counselor

possess it.

3. Pointing out those areas in which you want to develop willpower, and then developing a plan to accomplish those goals.

These steps will improve your self-image, allowing you to make positive changes in your life. For more information, contact your local Diet Center

HOW TO WIN AT THE LOSING GAME

DIET CENTER

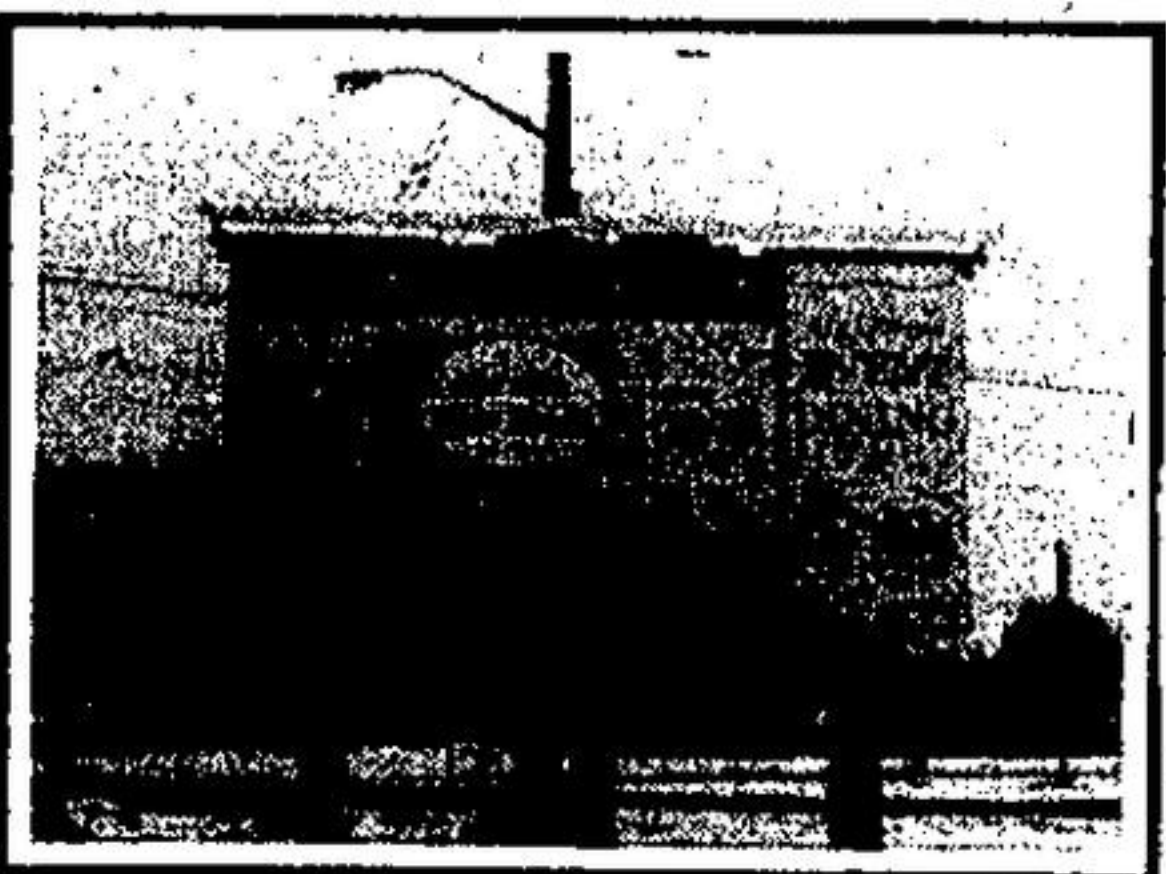
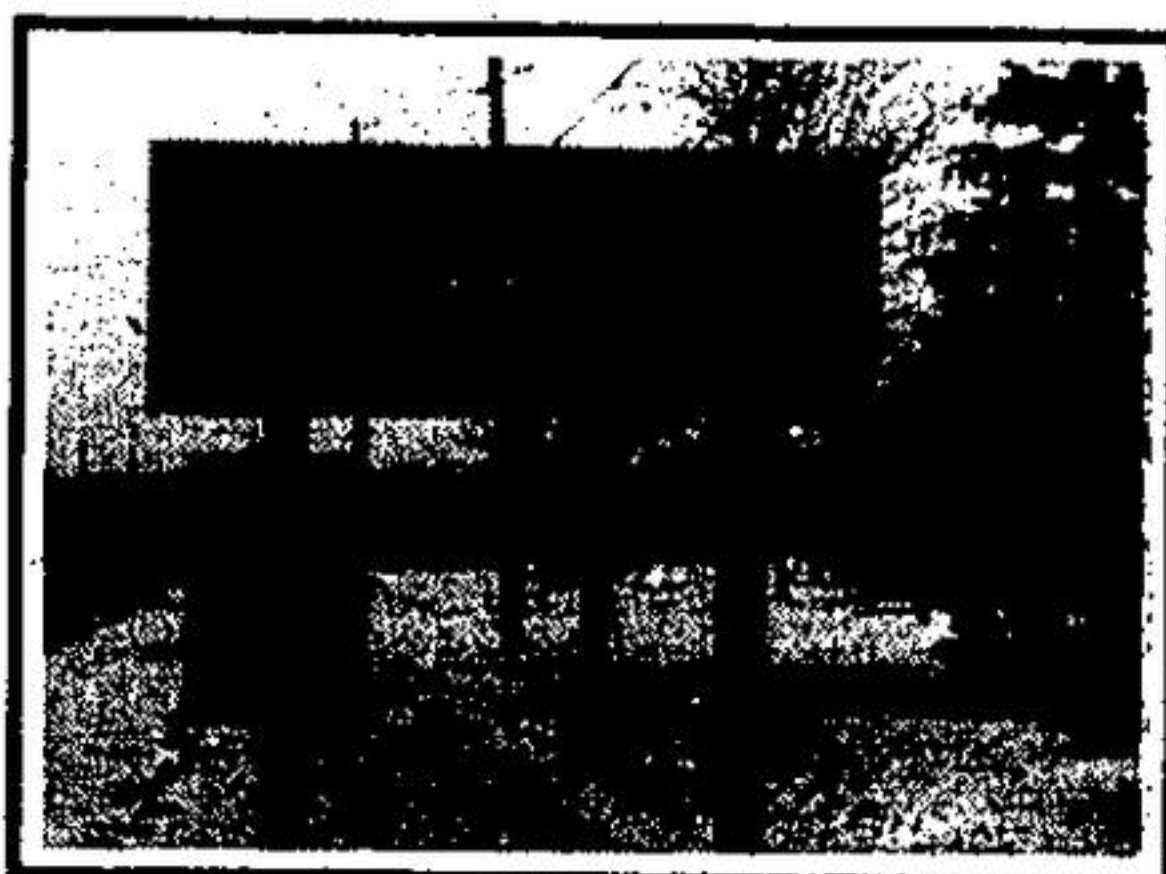
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Personal Consultation
By Appointment

It's About Time We Gave HALTON HILLS The Business.



Good for you folks who are purchasing the things you need here at home. What you're doing is smart because buying locally helps our economy and improves our standard of living.

Dollars spent with Halton Hills merchants stay here. They don't drift away to Brampton, Toronto and Mississauga. Can you remember the last time people in those communities

showed up here to help put out a fire, or donate to a local project?

Give Halton Hills the business. Pester its retailers for your shoes, shirts, groceries, home furnishings — everything you need or want. You'll save time, money and more importantly you'll be making an investment in our future that will benefit you, your children and your children's children.

A message on behalf of Our Community brought to you by:

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