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Seven of the best deals around

By Rob Carrick

People scrutinize prices on everything else, so why not when it comes to the investment products they buy?

Bargain No. 3: Questrade Big bank-owned online brokers require you to be an active trader or have an account value of \$50,000 to \$100,000 to qualify for a reduction in your online stock-trading commission to \$9.99 or so from \$20 to \$29. Questrade, an independent, charges one cent per share, with a minimum of \$4.95 and a maximum of \$9.95, and all you need to qualify is a minimum account of \$1,000. [Read more »](#)

Cars, clothes, food, flights, computers, cellphone services, back-to-school supplies and toothpaste – with all of these purchases we make our buying decisions based at least in part on price.

Investing products? Not so much.

Wise up, people. By paying less, you put yourself in a position to make more. Also, you influence the industry to sharpen its level of price competition when you put your money in low-cost products.

To help get you started, the Portfolio Strategy column presents seven great investing bargains in mutual funds, exchange-traded funds, brokerage accounts and more.

Alongside, you'll find lists of top bargains selected by three financial bloggers. You're invited to submit your favourite bargains by either e-mailing me or commenting online. Come on, help out your fellow investors and strike a blow for lower costs.

Bargain No. 1: PH&N Bond-D

It's pure negligence if you're a mutual fund investor with at least \$5,000 to invest in a Canadian bond fund and you haven't considered this robotically consistent offering from Phillips, Hager & North, a division of Royal Bank of Canada's mutual fund arm. With its ultralow fees and quality management, this fund has outperformed its category average by between 1 and 2 percentage points over almost every measured time frame.

The management expense ratio is 0.59 per cent for the D-version, which is available directly from PH&N itself or through online brokers. The average Canadian bond fund management expense ration (MER) is 1.67 per cent, which is alarmingly high at a time when retail investors are lucky to get a 2.5-per-cent yield from a five-year Government of Canada bond. Investment advisers may like the C version of this fund, but it's less attractive because of its MER of 1.13 per cent.

Bargain No. 2: Mawer Canadian Balanced RSP

This low-profile gem of a fund sticks it to two, yes two, overpriced mutual fund industry offerings. The first is the balanced fund, which blends stocks and bonds, and the second is the wrap product, which bundles a group of funds together into a single product that stands up as a complete portfolio. In fact, Mawer Canadian Balanced RSP is virtually an entire portfolio unto itself.

The fund is technically classified in the global neutral balanced category, which means it holds global stocks and bonds (Canada included) in roughly equal proportions. Global stocks have performed dismally for Canadian investors in recent years, but this fund has somehow managed to achieve a highly respectable compound average annual return of 7.7 per cent over the past 20 years. Credit the tiny 1.03 per cent MER, as well as the skills of the managers at Calgary-based Mawer Investment Management.

Bargain No. 3: Questrade

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Various electronic network and exchange fees may increase your commission costs at Questrade, but investors with small accounts will still pay well below the regular cost for online trades of up to 1,000 shares. Questrade lacks some of the features and services offered by bigger players, but it's the price leader by far.

Bargain No. 4: The Vanguard Total Stock Market ETF

There's a view that Canadian investors should only buy exchange-traded funds with currency hedging when looking to the U.S. market, and it's based on the risk that a rising loonie will kill returns in unhedged ETFs. The counterargument is that you can get much cheaper exposure to the U.S. market with unhedged ETFs, and that hedging doesn't even matter much if you're a long-term investor.

If you go the unhedged route for a U.S.-market ETF, the Vanguard Total Stock Market ETF is a top candidate. It has a rock-bottom MER of 0.09 per cent and it offers exposure to 95 per cent of the U.S. market in a single package. Many investors choose an S&P 500 ETF for their U.S. exposure, but this covers only big companies and not the smaller stocks that can offer superior long-term returns.

Bargain No. 5: The Claymore Investments PAC Plan

Claymore ranks well behind iShares in the Canadian ETF market, but it's a scrappy competitor with some good ideas. An example is a preauthorized contribution plan for its ETFs that makes these products as cheap and convenient as mutual funds.

Just buy some Claymore ETFs and ask to enroll in the PAC plan. Every month, quarter or year, you can automatically buy more ETFs without paying additional commission fees. For new or small accounts, this is a great low-cost way to get on a regular investing program. Proviso: Not all brokers offer this service. Claymore says those that do include CIBC Investor's Edge, Credential Direct, Disnat, HSBC InvestDirect, Questrade, Qtrade Investor and Scotia iTrade.

Bargain No. 6: TD e-Series Index Funds

Toronto-Dominion Bank is like the other big banks in offering a group of mutual funds that track major stock and bond indexes. None of these products are cheap enough to bother with, other than TD's e-Series. Available only online through TD Asset Management or through the online broker TD Waterhouse, they're ideal for investors who like the cost savings of index investing, but can't or won't open a brokerage account to buy ETFs.

There are 12 different e-funds covering the Canadian stock and bond markets, plus global stock indexes. All are sold on a no-load basis, which means no fees to buy or sell. Expect MERs that are roughly half of conventional index funds, though a little more than ETFs.

Bargain No. 7: The iShares CDN LargeCap 60 Index Fund

Traded on the TSX under the symbol XIU, the LargeCap 60 ETF offers a convenient way to buy big blue chip names like Royal Bank, Research In Motion, EnCana, Thomson Reuters, Barrick

Gold and Canadian National Railway for your portfolio.

The MER for this ETF is 0.17 per cent, which makes it one of the cheapest products of its type in Canada.

It's also the most popular ETF by far with both retail investors and professional money managers. If you've got a Canadian equity mutual fund you're not happy with, the iShares LargeCap fund is an obvious alternative.

Three investment bloggers' top five bargains

FrugalTrader - [Million Dollar Journey](#)

1. **TD e-Series Index Funds:** A great set of low-cost index mutual funds for the DIY investor
2. **iShares ETFs:** Popular ETFs that offer a fairly low MER and relatively high liquidity
3. **Vanguard ETFs:** Among the lowest-cost ETFs out there
4. **Questrade:** The lowest-cost discount brokerage in Canada
5. **Interactive Brokers:** A low-cost solution for frequent traders

Larry MacDonald - [Canadian Business Online](#)

1. **Dividend reinvestment plans (DRIPs):** A commission-free way to buy new shares
2. **Index Funds:** Especially the e-Series from TD
3. **Exchange-traded funds:** Especially Vanguard in the U.S. market and iShares and Claymore in the Canadian market
4. **Discount brokerage cut-rate commissions:** They apply to customers who trade frequently or who have assets of \$50,000 to \$100,000 or more
5. **Low-commission discount brokers:** Questrade is an example

Ram Balakrishnan - [Canadian Capitalist](#)

1. **Vanguard ETFs:** Some of the lowest-cost ETFs around
2. **TD e-Series Index Funds:** These funds are perfect for regular contributions – you can start with as little as \$25
3. **Low-cost Fund Families:** PH&N, Leith Wheeler, Mawer and Steadyhand are examples
4. **Wash Trading:** A feature by some brokers that allows investors to avoid foreign conversion charges in registered accounts.
5. **DRIPs:** Some companies offer a discount on their share price for DRIP investors

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