

Submission from Mr Sean Cullen

Subject: Consumer Protection Code Formal submission: TER / Total Expense Ratio

Hi There,

I would like to make a formal submission on the consumer protection code in relation to charges on funds.

I believe it would be to the great benefit of consumers and the market in general, if TER (Total Expense Ratio), was required by law to be published for all funds.

While we can't be certain if a fund will go up or down, We can be certain there will be charges and taxes!. Consumers can choose base on tax treatmeants, but Consumers should also be able to choose the fund with the history of lower chargers.

Higher charges will mean lower return for the consumer, consider two funds claiming to do the same thing, one with a TER of .5% and one with a TER of 2.5%, this could represent, a difference of tens or hundreds of thousands over a thirty year for an average customer.

Invisible charges means the customer is being taken advantage of. How much the consumer is being taken advantage of is hard to say without requiring TER's to be published.

At the moments, funds in Ireland only publish an AMC (annual management charge), the TER, could be 2 or 3 *times* the states AMC.

This represents a massive stealth charge that consumers are unaware of. TER is not all encompassing, but it is a lot more comprehensive than an AMC.

In the case of index tracking funds, TER and tracking error are the only effective method of differentiation.

Failure to publish TER means suppliers do not compete on this, and consumers end up worse off financially.

Failure to publish TER, means suppliers have an incentive to feather their nests, at the direct expense of the consumer.

Ideally, we would set a new world standard and require them to publish a total cost ratio, which would encompass all costs that are reducing the return on the fund.

Please help eradicate this stealth charge on Irish consumers, and require that TER is published on all funds.

Best Regards,

Sean.