

Additional Performance Required to Cover the Front-End Load

Another way to take a realistic look at front-end fund sales charges is to pose the question,

“How much better must an investment portfolio that is guided by an investment professional and burdened with front-end loaded sales commissions perform in order to cover the sales charge?”

The answer to this question should prove enlightening for anyone considering the “do-it-yourself-with-no-load-funds” investment process.

Here is a fact chart to help answer that question. For instance, as an investment professional, can you convince a prospect or client that over the next 10 years, you should outperform their own investment performance by 45 basis points a year? And that does not take into consideration, the value they should place on the time, effort and peace of mind you will be saving them!

Investment Period	additional yearly return required
5.75%	
5 years	1.30
10 years	0.65
15 years	0.43
20 years	0.33
5.00%	
5 years	1.12
10 years	0.56
15 years	0.38
20 years	0.28
4.50%	
5 years	1.11
10 years	0.51
15 years	0.33
20 years	0.25
4.00%	
5 years	0.89
10 years	0.45
15 years	0.30
20 years	0.22
3.00%	
5 years	0.67
10 years	0.33
15 years	0.22
20 years	0.17