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CRM3
From Cost Transparency to the Value of Advice

1. What is CRM3?

CRM3 is the third phase of the Client Relationship Model (CRM) and aims to enhance the annual disclosure requirements regarding the total fees associated with investment funds. Its objective is to provide investors with a clear, comprehensive, and standardized view of the total cost of their investments, thereby strengthening investor understanding and confidence in the industry.

2. What is new with CRM3?

Clients already receive information regarding the fees related to their investments, including fees charged directly to them and certain forms of compensation associated with their accounts.

The Annual Report on Charges and Compensation (ARCC) for the year ending December 31, 2026, will now provide personalized dollar amounts for the fees associated with investment funds held by the client during the reporting period covered by the ARCC.

The report will include:

- The total amount, in dollars, **of fund fees** (including embedded costs charged within the fund)
- The total amount, in dollars, of **direct fund fees**
- **The Fund Expense Ratio (FER),** expressed as a percentage, for each fund class or series

Key Facts:

- Investment fund fees already exist
- These fees are not paid directly by clients, but they do affect their investments because they reduce the fund's return

How to discuss this with clients:

"You are not paying more than before—you are simply seeing everything more clearly."

3. What are the benefits of CRM3 for your clients?

- Greater **transparency**
- Better **understanding of costs**
- Ability to **compare solutions**
- More informed **financial decisions**

4. The real discussion: value vs. cost

CRM3 serves as a **natural conversation starter.** When fees become visible in dollar amounts, clients' reactions are normal, they want to understand **what they are paying for** and, more importantly, **why they are paying for it.**

Adopt a New Perspective

Move from a **cost-focused** discussion to a **value-focused** discussion.

- Clients are not necessarily questioning the fees themselves
- They want to understand the relevance and benefits associated with them

How to discuss this with clients:

"It's important to focus on more than just the cost and think about what the fees help you achieve."

How to Guide the Conversation

1. NORMALIZE THE REACTION

"It is completely normal to have questions when seeing these amounts expressed in dollars."

2. CLARIFY THE NATURE OF THE FEES

→ These are fees that **already existed**

→ They are now being presented in a **more transparent and comprehensive manner**

3. INTRODUCE THE CONCEPT OF VALUE

"The real question is what do these fees provide for you in practical terms?"

4. TRANSITION TO AN EXPLANATION OF THE FEES

Fund fees include management, administration, and operating expenses. The value they provide to clients is reflected in the quality of portfolio management and the efficiency of fund operations.

To enrich your conversations with clients and better explain the nature of fees and the value of professional management, consult the additional resources available in the CRM3 Advisor Resource Hub.

Changing Client Perception

Initial Perception	Target Perception
"I pay fees."	"I invest in a product and professional fund management expertise."
"It's a cost."	"It's a value driver."
"Is it expensive?"	"Is it worth it?"

Recommended Approach

✓ Explain value through education and demonstration.

✓ Explain how the product aligns with the investor's profile and fits within an overall strategy.

✗ Avoid taking a defensive or overly justificatory stance regarding fees.

5. Highlighting the value of advice

A Value That Can Be Explained...

According to Russell Investments, the value of financial advice is primarily derived from **four components[1]:**

01

Asset Allocation

Portfolio rebalancing helps mitigate the impact of market volatility.

02

Behavioural Coaching

A close advisor-client relationship helps clients navigate periods of significant volatility and manage their emotions effectively.

03

Personalized Wealth Planning

A comprehensive and sustainable strategy reduces uncertainty and builds confidence.

04

Tax-Efficient Planning and Investing

A well-structured and properly managed portfolio can reduce taxes payable.

...And Quantified

Over time, quality financial guidance can add value to assets under management through:

+ 2.39% to 2.78%
estimated additional annual asset growth[2]

+ 36% to 212%
estimated additional assets over a lifetime[3]

6. An opportunity to strengthen the client–advisor relationship

CRM3 will encourage many clients to take a closer look at the fees associated with their investments. Beyond disclosure requirements, this new information can serve as a starting point for broader discussions about clients': goals, needs, financial priorities, long-term planning. It also creates opportunities to identify additional needs and provide enhanced advisory support.

By approaching these conversations with openness and an educational mindset, advisors can strengthen client understanding, trust, and the overall quality of the client–advisor relationship.

To learn more about CRM3 regulations:

Visit the CRM3 Advisor Resource Hub

Legal notes

[1] According to Russell Investments.
[2, 3] According to SmartAsset. These percentages may vary depending on each client's unique situation.

The data are derived from external studies regarding the value of advice and do not constitute either a demonstration of added value or an indication of the performance of Desjardins Funds.

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