EXCEL DROPS MERS

Here's something we don't see very often – a fund company actually reducing its management expense ratios (MERs).

Excel Funds Management recently announced that it is cutting the costs on several of its funds and says more reductions will occur as the funds grow in size.

The Excel funds have tended to be above-average performers but their costs have been out of line with most of the industry. For example, the Excel Chindia Fund which, as the name suggests, focuses on Chinese and Indian investments, had an MER of 3.90%. That is now being reduced to 3.36%.

That's certainly a move in the right direction but the Excel funds still aren't cheap. The flagship Excel India Fund, which has $290 million in assets under management, has an MER of 2.98%. That's down from 3.33% but it is still expensive. The Excel China Fund will have its MER cut from 3.52% to a still pricey 3.19%.

If the funds weren't doing so well, investors might have a beef but Excel India has averaged a profit of 11.4% annually for the past five years while Excel China has returned 9.5% a year for that period and Excel Chindia has averaged 11.4% annually.

Let's hope that Excel can continue to bring down those MERs – and that other fund companies follow their lead. – Gordon Pape

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