VIA IV

Straight talk about fees.

Before deciding where to put their money, most investors understandably devote untold hours to comparing the performance of funds or managers. They read articles, study benchmarks, analyze track records.

But generally speaking, only a fraction of this time is spent looking at fees: front- and back-end loads, broker commissions, administrative costs, distribution fees. Some funds even charge 12b-1 fees to help pay for their own advertising.

Caveat emptor. If you're not careful, investing can become a very expensive proposition. Excessive fees and charges can seriously erode your annual returns. Consider this quick example:

A one-time $10,000 investment in a fund with annual returns of 10%, and annual expenses of $1.10 for every $100 invested, would grow to $302,771 in 40 years.

But if those expenses were $1.74 per $100, the same investment would grow to only $239,177. The extra expenses would take another $63,594 from your total return.

Thus even a seemingly modest difference in fees can generate a substantial hit to your returns.

Experts and investment industry leaders from Vanguard chairman John Bogle to former SEC chairman Arthur Levitt Jr. have loudly decried the impact of hidden fees and outrageous expense ratios. Yet many investors still pay them. Why?

Confusion may be one reason. But also, "people are mesmerized" by shorter-term performance, said Bogle, "when they should also be looking at what they're paying" for expensive, actively-managed funds.

History has shown time and again that "the shortest, surest way to the top of a category is an index fund with very low costs," Bogle said.

To be sure, Bogle has a vested interest in favoring low-cost index funds over actively-managed funds and brokers with higher fees. After all, his company pioneered indexing. But his point's well taken. High expense ratios are difficult enough to swallow when annual returns are good, but keep in mind those fees will remain same during inevitable market downturns.

No one begrudges investment professionals the right to make a living, but how much is too much? The answer is up to you. Along with your risk tolerance level, every investor should have a fee-tolerance level.

Web sites such as Morningstar provide information on various expense ratios. You can also find tables in the stock reporting sections of most major newspapers.

With Via fours's portfolios, our approach is straightforward. Advisory fees are among the very lowest in the industry.

According to a recent survey, the average investment advisor fee is 1.4% on the first $500,000, then 1.2% on $500,000 to $1 million, etc. This type of sliding scale is typical in the industry. But we don't use it. Philosophically, we're opposed to the notion of enticing larger investment sums by manipulating fees.

We believe your reason to choose Via four should be superior returns over time. Period. It's worth noting that the Advisors themselves are invested in Via Four's portfolios, thus investor fees are simply a necessary business expense.