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Mutual Fund Disclosure Statement: Client Information

Mutual Fund Share Class Disclosure

This Mutual Funds Disclosure Statement is provided for informational purposes only and is not intended to replace a mutual fund prospectus. Before investing money, please obtain a copy of the prospectus for each mutual fund under consideration, and review it carefully, as it contains more specific information about the sales charges, expenses, management fees and breakpoint discounts associated with a particular fund.

As an investor, you may have heard about Class A and Class C, or other classes of mutual fund shares. If you are thinking about choosing one of these classes, it is important for you to understand the differences between them.

What Are Mutual Fund Classes? A single mutual fund, with one portfolio and one investment adviser, may offer more than one "class" of its shares to investors. Each class represents a similar interest in the mutual fund's portfolio. The biggest difference between the classes is that the mutual fund will charge you different fees and expenses depending on the class you choose.

What Types of Fees and Expenses Will I Pay? All mutual funds charge fees and expenses, some of which you pay directly (like sales charges and redemption fees) and others that come out of the fund's assets (to pay for such things as marketing and distribution). These fees and expenses can vary widely from fund to fund or fund class to fund class. Here are the most common differences among Class A and C shares of mutual funds:

If You Buy Class A Shares: Class A shares typically charge a front-end sales charge, which means a portion of your dollars is not invested. Let's say you spend $1,000 to purchase Class A shares, and the fund imposes a front-end sales charge of 5 percent. You pay the $50 up front and receive shares with a market value of $950. Class A shares may impose an asset-based sales charge (often 0.25 percent per year), but it generally is lower than the charge imposed by the other classes (often 1 percent per year for C shares). Depending on the size of your purchase, the mutual fund might offer you discounts, called breakpoints discounts, on the front-end sales charge. Always ask your investment professional whether any breakpoint discounts are available to you.

If You Buy Class C Shares: Class C shares do not impose a front-end sales charge on the purchase, so the full dollar amount that you pay is invested. Often Class C shares impose a small charge (often 1 percent) if you sell your shares within a short time, usually one year. They typically impose higher asset-based sales charges than Class A shares and, since they generally do not convert into Class A shares, those fees will not be reduced over time.

Mutual Fund Breakpoint Disclosure

Before investing in mutual funds, it is important that you understand the sales charges, expenses, and management fees that you will be charged, as well as the breakpoint discounts to which you may be entitled. Understanding these charges and breakpoint discounts will assist you in identifying the best investment for your needs and may help you reduce the cost of your investment. Sales charges, expenses, management fees, and breakpoint discounts vary from mutual fund to mutual fund. You should discuss these issues with your financial advisor and review each mutual fund's prospectus and statement of additional information, which are available from your financial advisor, to get the specific information regarding the charges and breakpoint discounts associated with a particular mutual fund.

Sales Charges: Investors that purchase mutual funds must make certain choices, including which funds to purchase and which class share is most advantageous. Each mutual fund has a specified investment strategy. You need to consider whether the mutual fund's investment strategy is compatible with your investment objectives. Additionally, most mutual funds offer different share classes. Although each share class represents a similar interest in the mutual fund's portfolio, the mutual fund will charge you different fees and expenses depending upon your choice of share class. As a general rule, Class A shares carry a "front-end" sales charge or "load" that is deducted from your investment at the time you buy fund shares. This sales charge is a percentage of your total purchase. As explained below, many mutual funds offer volume discounts to the front-end sales charge assessed on Class A shares at certain predetermined levels of investment, which are called "breakpoint discounts." In contrast, Class C shares usually do not carry any front-end sales charges. Instead, investors that purchase Class C shares pay asset-based sales charges, which may be higher than the charges associated with Class A shares. Investors that purchase Class C shares may also be required to pay a sales charge known as a contingent deferred sales charge when they sell their shares, depending upon the rules of the mutual fund.

Breakpoint Discounts: Most mutual funds offer investors a variety of ways to qualify for breakpoint discounts on the sales charge associated with the purchase of Class A shares. In general, most mutual funds provide breakpoint discounts to investors who make large purchases at one time. The extent of the discount depends upon the size of the purchase. Generally, as the amount of the purchase increases, the percentage used to determine the sales load decreases. In fact, the entire sales charge may be waived for investors that make very large purchases of Class A shares. Mutual fund prospectuses contain tables that illustrate the available breakpoint discounts and the investment levels at which breakpoint discounts apply. Additionally, most mutual funds allow investors to qualify for breakpoint discounts based upon current holdings from prior purchases through "Rights of Accumulation," and future purchases, based upon "Letters of Intent." You should discuss these issues with your financial advisor and review the mutual fund prospectus to determine the specific terms upon which a mutual fund offers Rights of Accumulation or Letters of Intent.

Rights of Accumulation - Many mutual funds allow investors to count the value of previous purchases of the same fund, or another fund within the same fund family, with the value of the current purchase, to qualify for breakpoint discounts. Moreover, mutual funds allow investors to count existing holdings in multiple accounts, such as IRAs or accounts at other broker-dealers, to qualify for breakpoint discounts. Therefore, if you have accounts at other broker-dealers and wish to take advantage of the balances in these accounts to qualify for a breakpoint discount, you must advise your financial advisor about those balances.

In addition, many mutual funds allow investors to count the value of holdings in accounts of certain related parties, such as spouses or children, to qualify for breakpoint discounts. Each mutual fund has different rules that govern when relatives may rely upon each other's holdings to qualify for breakpoint discounts. You should consult with your financial advisor or review the mutual fund's prospectus or statement of additional information to determine what these rules are for the fund family in which you are investing. If you wish to rely upon the holdings of related parties to qualify for a breakpoint discount, you should advise your financial advisor about these accounts.

Letters of Intent - Most mutual funds allow investors to qualify for breakpoint discounts by signing a Letter of Intent, which commits the investor to purchasing a specified amount of Class A shares within a defined period, usually 13 months. For example, if an investor plans to purchase $50,000 worth of Class A shares over a period of 13 months, but each individual purchase would not qualify for a breakpoint discount, the investor could sign a Letter of Intent at the time of the first purchase and receive the breakpoint discount associated with $50,000 investments on the first and all subsequent purchases. Additionally, some funds offer retroactive Letters of Intent that allow investors to rely upon purchases in the recent past to qualify for a breakpoint discount. However, if an investor fails to invest the amount required by the Letter of Intent, the fund is entitled to retroactively deduct the correct sales charges based upon the amount that the investor actually invested. If you intend to make several purchases within a 13-month period, you should consult your financial advisor and the mutual fund prospectus to determine if it would be beneficial for you to sign a Letter of Intent.

Understanding the availability of breakpoint discounts is important because it may allow you to purchase Class A shares at a lower price. The availability of breakpoint discounts may save you money and may also affect your decision regarding the appropriate share class in which to invest. Therefore, you should discuss the availability of breakpoint discounts with your financial advisor and carefully review the mutual fund prospectus and its statement of additional information when choosing among the share classes offered by a mutual fund. Additional investor information can be found on the FINRA website at **www.finra.org/Investors**.