

Mutual Fund Breakpoint Discounts

Most mutual funds allow investors to qualify for breakpoint discounts based upon current holdings from prior purchases through Rights of Accumulation (ROA) and from future purchases based upon Letters of Intent (LOI). Mutual funds have different rules regarding the availability of ROAs and LOIs. Therefore, where applicable, you should discuss these matters with your Investment Advisor and Separate Account Manager(s), and review the mutual fund's prospectus and statement of additional information to determine the specific terms upon which a mutual fund offers ROAs or LOIs.

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 may allow investors to count existing holdings in multiple accounts, such as individual retirement accounts (IRAs) or accounts at other firms to qualify for breakpoint discounts. Therefore, if you have accounts at other firms and wish to take advantage of the balances in these accounts to qualify for a breakpoint discount, you must advise your Investment Advisor about those balances. You may need to provide documentation if you wish to rely upon balances in accounts at another firm.

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. Where applicable, you should consult with your Investment Advisor and Separate Account Manager(s) and review the mutual fund's prospectus and 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 Investment Advisor and Separate Account Manager(s) about these accounts. You may need to provide documentation to your Investment Advisor and Separate Account Manager(s) if you wish to rely upon balances in accounts at another firm.

Mutual funds also follow different rules to determine the value of existing holdings. Some funds use the current net asset value (NAV) of existing investments to establish whether an investor qualifies for a breakpoint discount. However, a small number of funds use the historical cost, which is the initial purchase cost, to determine eligibility for breakpoint discounts. If the mutual fund uses historical costs, you may need to provide account records, such as confirmation statements or monthly statements, to qualify for a breakpoint discount based upon previous purchases. You should consult with your Investment Advisor and Separate Account Manager(s) and review the mutual fund's prospectus and statement of additional information to determine whether the mutual fund uses NAV or historical costs to establish breakpoint eligibility.

Letters of Intent (LOI)—Most mutual funds allow investors to qualify for breakpoint discounts by signing an LOI, which commits the investor to purchase a specified amount of Class A shares within a defined period of time, usually 13 months. For instance, 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 an LOI at the time of the first purchase and receive the breakpoint discount associated with a \$50,000 investment on the first and all subsequent purchases. Additionally, some funds offer retroactive LOIs that allows investors to rely upon recent purchases to qualify for a breakpoint discount. However, if an investor fails to invest the amount required by the LOI, 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 Investment Advisor, applicable Separate Account Manager(s) and the mutual fund prospectus to determine if it would be beneficial for you to sign an LOI. As you can see, 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, where applicable, you should discuss the availability of breakpoint discounts with your Investment Advisor and Separate Account Manager(s), and carefully review the mutual fund prospectus and its statement of additional information when choosing among the share classes offered by a mutual fund. If you wish to learn more about mutual fund share classes or mutual fund breakpoints, you can also review the investor alerts available on the [FINRA website](#).

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