
Mutual Fund Sales Charges

Investors who purchase mutual funds must make certain choices, including which funds to purchase and which share class is most advantageous in light of their specific investing needs. Each mutual fund has a specified investment strategy. These decisions will be made by you or your Investment Advisor and Separate Account Manager(s), subject to your agreements with them. You and they should consider whether the mutual fund's investment strategy is compatible with your investment objectives. Additionally, many 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 the fund shares. This sales charge is a percentage of your total purchase. As explained below, many mutual funds offer volume discounts, known as "breakpoint discounts," to the front-end sales charge assessed on Class A shares at certain predetermined levels of investment.

In contrast, Class B and C shares usually do not carry any front-end sales charges. Instead, investors who purchase Class B or C shares pay asset-based sales charges, which may be higher or lower than the charges associated with Class A shares. Investors who purchase Class B or 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 particular mutual fund. This is known as a "back-end" sales charge or the "load."

Generally, as the amount of the purchase increases, the percentage used to determine the sales load decreases. 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.