

# MUTUAL FUND

## GWN INVESTMENT DISCLOSURE FORM

GWN Securities would like you to be fully aware of potential risks and liabilities.  
Please read the information contained in this disclosure before signing.

- > A fully completed disclosure form must be signed by the client(s), Registered Representative(s), and Supervising Principal
- > **Separate disclosure information is required for each transaction**

### Section 1: Customer Information *(Must be completed in all cases)*

Owner Name \_\_\_\_\_ DOB \_\_\_\_\_ SSN/Tax ID \_\_\_\_\_

Owner Name \_\_\_\_\_ DOB \_\_\_\_\_ SSN/Tax ID \_\_\_\_\_

Account Type:     Non-Qual \_\_\_\_\_     403(b) \_\_\_\_\_     IRA *(Roth, SEP, etc.)* \_\_\_\_\_    Other \_\_\_\_\_

Annual Income \_\_\_\_\_ Net Worth *(excluding home)* \_\_\_\_\_ Liquid Net Worth \_\_\_\_\_

Primary Source of Income *(i.e. salary, investments, etc.)* \_\_\_\_\_ Current Tax Bracket \_\_\_\_\_

CLIENT Risk Tolerance <i>(as determined on the Investor Profile Questionnaire)</i>	ACCOUNT Risk Tolerance	ACCOUNT Investment Time Horizon
<input type="checkbox"/> Conservative	<input type="checkbox"/> Conservative	<input type="checkbox"/> Very Short (less than 1 year)
<input type="checkbox"/> Moderately Conservative	<input type="checkbox"/> Moderately Conservative	<input type="checkbox"/> Short (1-3 years)
<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate	<input type="checkbox"/> Intermediate (4-7 years)
<input type="checkbox"/> Moderately Aggressive	<input type="checkbox"/> Moderately Aggressive	<input type="checkbox"/> Long (8 or more years)
<input type="checkbox"/> Aggressive	<input type="checkbox"/> Aggressive	

*Definitions of these terms can be found in the last pages of this form.*

**I plan to use this account for the following reasons** *(check all that apply)*

- |                                                                         |                                                                        |                                            |
|-------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------|
| <input type="checkbox"/> Generate income for current or future expenses | <input type="checkbox"/> Steadily accumulate wealth over the long term | <input type="checkbox"/> Pay for education |
| <input type="checkbox"/> Partially fund my retirement                   | <input type="checkbox"/> Preserve wealth and pass it on to my heirs    | <input type="checkbox"/> Pay for a house   |
| <input type="checkbox"/> Wholly fund my retirement                      | <input type="checkbox"/> Other _____                                   |                                            |

#### Investment Experience

- None *(no other investments whatsoever)*
- Limited *(401k, 403b, other managed investment, etc.)*
- Moderate *(makes some investment decisions, has a brokerage account, etc.)*
- Experienced *(extensive involvement with varied investment products, multiple investment accounts)*

**Any additional information that may be pertinent to this specific investment should be described below:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### SECTION 1(a): Other Investments

Does the customer own other investments (excluding insurance)?     Yes     No    *If yes, please indicate type of asset and approximate \$ amount below.*

<input type="checkbox"/> Stocks: \$ _____	<input type="checkbox"/> Variable Annuities: \$ _____
<input type="checkbox"/> Bonds: \$ _____	<input type="checkbox"/> Fixed Annuities: \$ _____
<input type="checkbox"/> Mutual Funds: \$ _____	<input type="checkbox"/> Private Placements/LPs: \$ _____
<input type="checkbox"/> Options: \$ _____	<input type="checkbox"/> Other: \$ _____

### SECTION 1(b): Liquidity Needs *(FOR NON-QUALIFIED ACCOUNTS)*

- Is the customer employed?     Yes *(expected years to retirement)* \_\_\_\_\_     No
- Does the customer have health insurance?     Yes     No    If No, are you self funding your health insurance?     Yes     No
- Does the customer live on a fixed income (or anticipate doing so within the next 5-7 years)?     Yes     No
- If yes, how much annual income does the customer require to meet fixed expenses: \$ \_\_\_\_\_
- Sources of Liquid Assets : \_\_\_\_\_

**SECTION 2: Proposed Product Information and Suitability**

Name of Company/Product Being Purchased Today \_\_\_\_\_

Amount of Investment \$ \_\_\_\_\_

*If a check is being issued it must be made payable to the investment company or custodian. Due to Anti-Money Laundering rules, GWN cannot accept cash, money orders or starter checks. Cashier Checks can only be accepted if there is sufficient supporting documentation proving the assets belong to the named customer.*

Source(s) to fund investment: \_\_\_\_\_  
*(i.e. Savings Account, CD, SRA, Transfer/Rollover, Inheritance, Insurance Payout, BE SPECIFIC AS TO SOURCE)*

This transaction is  Solicited  Unsolicited Percentage of Investible Assets allocated to this investment: \_\_\_\_\_%

**Section 3: Mutual Fund Fees and Pricing**

All mutual funds charge fees. These fees pay the costs of researching, managing, trading and administration of the securities in the portfolio. There are two types of expenses related to mutual funds: expenses you pay directly and annual expenses that are deducted from fund assets on an ongoing basis.

**Expenses you pay directly:** These are fees you may pay when you buy or sell shares of certain classes of funds (A, B, C). They are often called "sales charges". Below are descriptions of the ways that three common share classes assess sales charges:

**Class A or front-load shares:** In this share class, you pay a sales charge up-front, reducing the amount of your investment by the amount of the sales charge. This type of sales charge is generally in the 6% range. (Please note that sales charges vary among fund families and may be higher or lower than the stated range.) Class A shares offer investors an advantage when making larger investments as front-end loads often decline as the investment amount increases, so you may be able to reduce your direct fees by consolidating your investments into larger amounts or investing within a single mutual fund family. If you hold funds away with another broker, you may still qualify for breakpoints under the rights of accumulation policies within a given fund family. Be sure to tell your Financial Advisor about any such assets as this could significantly reduce your direct front-end sales charges.

**Class B or back-load shares:** Class B shares do not charge a front-end load. Instead of charging the fee directly, the fund spreads the fees out over some specified time period, usually seven to eight years. If shares are sold prior to the end of this period, this share class may carry a contingent deferred sales charge (CDSC). There are two main advantages to Class B shares. First, all of your investment immediately goes to work in the market for you, allowing you to benefit fully from any potential market appreciation. And second, many back-end loads decline over time, disappearing entirely if you hold funds long enough. Lastly, after a certain period of time, Class B shares may offer the shareholder the ability to convert to, or may automatically convert to, another class of shares, typically Class A shares.

**Class C or level-load shares:** Class C shares like B shares have no initial sales charge, so 100% of your investment dollars go to work immediately. They do impose a contingent deferred sales charge (CDSC) directly if the shares are sold within a specified time period, generally 13 to 18 months. The CDSC is generally smaller than that of a B share, amounting to approximately 1%. Class C shares are generally referred to as service class shares. The primary advantage of Class C shares is that they allow greater flexibility in managing your portfolio over a three-to-five-year time horizon.

**Fund of Fund Program Fees:** Generally a Retirement Class of shares that have no initial sales charges, so 100% of your investment dollars go to work immediately. They do impose a program fee that can be a flat fee or percentage of assets collected monthly, quarterly or annually.

**Expenses you pay through the Funds :** There are two types of expenses that you may pay indirectly through your fund:

**Management and Administrative expenses:** The costs of managing and administering a fund – including investment management fees, custody, auditing, administrative expenses and others – are spread equally among shareholders of each class of shares. These fees are deducted daily from your fund assets.

**12b-1 fees:** These fees are paid out of assets on an ongoing basis to cover the cost of distribution of certain share classes of selected mutual funds. Not all fund share classes have 12b-1 fees.

**Section 3(a): Share Class Selection**

- Class A Shares:** This decision was made after my investment representative explained the charges I will pay and that some investment companies will offer reduced sales charges through volume purchases. **I have completed the Breakpoint Worksheet and have disclosed all current investment holdings that would allow me to obtain a breakpoint sales charge discount as defined within the mutual fund prospectus.**
- Class B Shares:** My investment representative explained the contingent deferred sales charge and showed me the applicable schedule in the mutual fund prospectus. I further understand that the Class B shares may ultimately incur greater total fees than Class A shares. I know that if I withdraw my investment before the end of the CDSC holding period, I am aware that I will incur a deferred sales charge that may be as high as 8% and the sales charge declines throughout the holding period eventually reaching zero. I understand that although 100% of my funds are invested when I purchase Class B shares, in the long term, the additional fees charged each year during the contingent deferred sales charge holding period may cause my long-term total return to be lower than if I had purchased comparable Class A shares.
- Class C Shares:** My investment representative has explained that mutual fund investment is typically a long-term investment strategy and the primary advantage of Class C shares is that they allow greater flexibility in managing your portfolio over a three-to-five-year time horizon. The fees associated with C shares are generally higher than investing in shares of A or B the longer they are held. I understand that C Shares are more expensive than A Shares the longer they are held and do not convert to Class A shares.

**I understand Class C Shares are more expensive than A Shares the longer they are held but I wish to purchase these shares for the following reasons:**

\_\_\_\_\_

- I have chosen to purchase a **Fund of Fund Plan** with a Transaction Based Fee/Program Fee. I have completed the **Breakpoint Worksheet and have disclosed all current investment holdings that would allow me to obtain a breakpoint sales charge discount as defined within the prospectus.**
- I have chosen to purchase \_\_\_\_\_ (other than A, B or C) shares. My investment representative has explained that mutual fund investment is typically a long-term investment strategy and that the fees associated with these shares are generally higher than investing in shares of A or B. I have read the mutual fund prospectus and my investment representative has reviewed the costs associated with these shares versus A, B, and C shares.

**Front-end Sales Charge or Fee** \_\_\_\_\_ %      **Transaction Fee** \_\_\_\_\_ %

**Back-end Sales Charge or Fee** \_\_\_\_\_ %      **Program Fee** \_\_\_\_\_ %

**Contingent Deferred Sales Charge (CDSC) Schedule:**

Year 1 _____%	Year 2 _____%	Year 3 _____%	Year 4 _____%	Year 5 _____%
Year 6 _____%	Year 7 _____%	Year 8 _____%	Year 9 _____%	Year 10 _____%

**Section 4: Mutual Fund Breakpoints**

Does the customer already hold shares of any Mutual Funds within his/her account(s)  Yes  No

If Yes, record the current value of the shares already held by the customer in his/her account, or the historical cost of those shares, depending upon the rules of the fund family.

**1. Total Holdings through GWN (MUST COMPLETE THIS SECTION)**

Fund Name / Acct #	Acct Type	Holdings in Acct - Cash Value or Cost		Fund Name / Acct #	Acct Type	Holdings in Acct - Cash Value or Cost

(Please attach additional sheet if there are more applicable accounts than space provided)

**2. Total Holdings Outside of GWN**

\_\_\_\_\_ CLIENT INITIALS (I Decline to Provide)

Fund Name / Acct #	Acct Type	Holdings in Acct - Cash Value or Cost		Fund Name / Acct #	Acct Type	Holdings in Acct - Cash Value or Cost

(Please attach additional sheet if there are more applicable accounts than space provided)

**3. Total Holdings of Related Parties** (ie. Family) (as defined by the mutual fund prospectus) both through GWN and outside GWN

\_\_\_\_\_ CLIENT INITIALS (I Decline to Provide)

Fund Name / Acct #	Acct Type	Holdings in Acct - Cash Value or Cost		Fund Name / Acct #	Acct Type	Holdings in Acct - Cash Value or Cost

(Please attach additional sheet if there are more applicable accounts than space provided)

What is the amount that will be invested in this account today? \$ \_\_\_\_\_

What are the total holdings that may be counted toward determining Breakpoint eligibility? (Add the total holdings listed above) + \$ \_\_\_\_\_

Total amount of customer holdings plus amount being invested today = \_\_\_\_\_

Based on the total above, could the total qualify for a breakpoint discount?  Yes  No

What breakpoint discount applies? \_\_\_\_\_ %

Will there be additional funds added to this account in the near future?  Yes  No

If yes, is there a letter of intent on file that would entitle the customer to a further breakpoint?  Yes  No

If yes, is it retroactive?  Yes  No

If yes, record the current value or historical costs of eligible prior purchases: \$ \_\_\_\_\_

What breakpoint discount is available based upon the letter of intent? \_\_\_\_\_ %

Based on all holdings listed above and disregarding the class of shares, are you allocating your investments across multiple mutual fund companies?  Yes  No

If yes:

X \_\_\_\_\_ (CLIENT INITIALS) I understand that by allocating my investments across multiple mutual fund companies, I may not qualify for a reduced sales charge (breakpoint) that I would have otherwise received had I allocated all of my investments in to breakpoint available shares within one mutual fund company. I understand that the dollar amount of investments used to determine the breakpoint for which I may qualify is with GWN or other outside investment firms or mutual fund companies. Additionally, I understand that by purchasing Class A shares of one mutual fund company at the available breakpoint, the total sales charge of the shares would be less than the total sales charge of purchasing shares across multiple mutual fund families.

**Section 5: Managed Investment Account** (If applicable)

Will there be an Investment Advisory Agreement added to the Mutual Fund being purchased today?  Yes  No

If Yes, an asset based advisory fee of \$ \_\_\_\_\_ or \_\_\_\_\_ % on this Managed Investment Account.

(select one)  Annual  Semi-Annual  Quarterly  Monthly

**Section 6: 529 Plans** (Complete if account being established is a 529 Plan)

Depending upon the laws of the home state of the customer or designated beneficiary, favorable state-based benefits offered by the state in connection with investing in 529 plans may be available only if the customer invests in a 529 plan offered by the home state. State-based benefits offered with respect to a particular 529 plan should be considered as one of many appropriately weighted factors that should be considered by the customer in making his or her investment decision. The customer should consult with their tax adviser and/or their home state authority to learn more about how such home state features (including limitations) may apply to the customer's specific circumstances.

**Additional information concerning 529 Plans and in-State benefits can be found at [www.collegesavings.org](http://www.collegesavings.org). If you do not have access to the internet please request the information from your representative.**

Is realizing state-based benefits an important factor in the customer's investment decision? \_\_\_\_\_  Yes  No

If No, explain why the state-based benefits are not an important factor: \_\_\_\_\_

List the HOME state-based benefits: \_\_\_\_\_

List the HOME state-based limitations: \_\_\_\_\_

Other factors that should be considered: \_\_\_\_\_

\_\_\_\_\_ (CLIENT INITIALS) I have received the \_\_\_\_\_ State (home state) 529 Plan information. Based on the facts and circumstances presented,

I have determined that the \_\_\_\_\_ 529 Plan best suits my objectives and circumstances.

If not using the HOME state 529 Plan please explain what benefits will be obtained from the 529 Plan being purchased:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section 7: Switch/Exchange/Transfers** (If no Switches/Exchanges/Transfers proceed to Section 8)

This switch/exchange/transfer is:  Solicited  Unsolicited

**For Retirement Plan Distribution/Rollover:** (select one)

**Product Being Liquidated**

Employer Required  Client's Choice

Investment Company Name	Fixed Indexed Annuity, Variable, Mutual Fund	Product Name	Share Class	Full or Partial	Amount Liquidated	Date of Original Purchase	Surrender Charge / Fees Sales Charges INSERT DOLLAR AMOUNT

**In addition, if liquidating an annuity please provide the following information:**

Death Benefit Amount	\$
Annual Contract Fees: (M&E, Admin)	%
Other Fees: (Liq. Fee, front load charges, etc.)	%
Existing Riders (list riders and assoc. fee)	%
	%
	%

**Risks**

**There may be risks associated with this switch/exchange/transfer. What are the benefits and/or reasons for this transaction?**

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**Disclosures**

X \_\_\_\_\_ (CLIENT INITIALS) I understand there may be risks associated with this investment exchange/switch. However, I believe a change is warranted. I acknowledge:

- The products surrendered are meant to be long-term investments.
- Investments are subject to market fluctuation, investment risk and possible loss of principal.
- The representative may receive a commission from the investment purchase – and/or – an asset-based fee for ongoing investment advisory services.

**Please consider the following points when making an exchange or switch decision:**

- There may be an appropriate fund within the same fund family into which you can exchange to achieve your new investment objective. By exchanging within the same fund family, you will not incur any new sales charges or contingent deferred sales charge (CDSC) periods. (Note: A transaction charge may be assessed by certain fund families.)
- Switching from one product to another based on poor past performance may not be appropriate. Past performance is no guarantee of future results, and you may actually be moving out of a fund that will perform better in the future than the new fund performs.
- Switching from a mutual fund, variable annuity or unit investment trust into a variable annuity or variable life insurance product, or from a variable insurance product into a mutual fund or unit investment trust, may subject you to contingent deferred sales charges (CDSC) and tax consequences.

**Section 8: Client/Representative Acknowledgement**

I acknowledge receipt and my responsibility to read the prospectus for the mutual fund(s) I am about to purchase in addition to the Mutual Funds Disclosure Statement attached to this form. I understand these investments offer both front-end sales charge and contingent deferred sales charge classes of shares. In addition, my investment representative explained that based upon the dollar amount of my investment, I may qualify for a reduced front end sales charge as defined in the mutual fund prospectus. I understand that the dollar amount of investments used to determine the breakpoint for which I may qualify is based on any positions that I hold within GWN Securities, as well as any related accounts held with outside firms. I have disclosed or specifically declined (as evidenced by my initials) to my investment representative any mutual fund positions that may assist me in qualifying for a reduced sales charge on this purchase.

I understand that a mutual fund purchase is designed to help meet long-term investment goals. Mutual Fund Companies may impose and retain a short-term trading fee on shares that are sold or exchanged within a pre-determined "holding period" after the date of purchase. Liquidating my shares may result in a balance that is more or less than my original investment. Investment products are re-priced daily and therefore the value will fluctuate daily. Neither the investment principal amount nor the investment earnings are guaranteed.

**Mutual Fund Service, Support and Operating Costs**

Mutual funds typically charge ongoing fees and operating costs to conduct business. These fees include operating expenses, management fees, 12b-1 fees, shareholder services fees and other expenses. These charges are deducted from the fund's assets, thereby reducing the investment returns. Many of the mutual funds pay a portion of the 12b-1 fees, which are generally used for marketing and distribution expenses or compensation, to financial institutions, advisors or other investment professionals. In addition, a financial institution, such as GWN, may also provide administration services, sub-accounting, operational services, processing of purchases, redemptions and exchanges, dividend reinvestment, consolidated account statements, tax reporting and/or marketing services and support on behalf of the mutual fund. GWN incurs direct and indirect expenses as a result of providing these and other services, which include operations support, telephone and computer services, conference rooms, facilities, personnel training, Financial Advisor compensation, publications, promotion and other materials relating to the funds, for which a mutual fund company, their distributors and/or advisors may pay compensation from the ongoing fees and operating costs, including a portion of its management fee.

**How Compensation is Paid to GWN and your Financial Advisor**

GWN and our Financial Advisors receive compensation when clients invests in the products that we offer. Depending on the type of product or on the available share class, compensation may be a front-end sales charge, a concession from an investment company, ongoing servicing fees known as "trails" (commonly referred to as 12b-1 fees) or a fee if the investment is purchased in a fee-based account through us. The ongoing fees GWN and your Financial Advisor may receive from the investment company as based upon the amount of your investment held with the investment company and are paid in consideration of the ongoing servicing and operation support provided. You should discuss with your Financial Advisor the form of compensation he or she receives. GWN's compensation formula does not favor one investment company over another, and all commission revenue is paid out to the Financial Advisor on the same basis, similar to any commission revenue received by the firm.

Our representatives may also directly or indirectly receive additional cash and non-cash compensation. Such support is used for general business and marketing purposes such as seminars, training conferences and entertainment.

By signing below, I believe, based on my review of the prospectus, the **Mutual Funds Disclosure Statement** attached to this form, my conversations with my investment representative, my prior experience, and my financial situation, that this mutual fund purchase meets my investment objectives.

**I/We hereby acknowledge my/our understanding of the statements in this disclosure and attest that the contents have been explained to my/our satisfaction.**

\_\_\_\_\_ **X** \_\_\_\_\_  
Owner Name (please print) Owner Signature Date (mm/dd/yy)

\_\_\_\_\_ **X** \_\_\_\_\_  
Owner Name (please print) Owner Signature Date (mm/dd/yy)

**QUESTIONS TO BE ANSWERED BY THE REPRESENTATIVE**

If the client is establishing a non-qualified account, are the liquid assets noted in Section 1(b) sufficient for the customer to meet anticipated and unanticipated expenses, including unforeseen health care expenses, over the next 5-7 years? (please explain in detail how the assets are sufficient)

\_\_\_\_\_  
\_\_\_\_\_

Why is the allocation of funds that you propose suitable given the customer's objectives and risk tolerance?

\_\_\_\_\_  
\_\_\_\_\_

Why is the mutual fund consistent with the customer's overall objectives, liquidity needs and resources as well as investment time horizon?

\_\_\_\_\_  
\_\_\_\_\_

**I/We have appropriately acted on behalf of my/our client(s) by reviewing all the points in this disclosure and answering the questions above. I/We believe that we thoroughly understand the product recommended and that the information provided is true and accurate to the best of my/our knowledge. (If more than one Registered Representative, each must sign, date, and legibly print name.)**

\_\_\_\_\_ **X** \_\_\_\_\_  
Representative Name (please print) RR# Representative Signature Date (mm/dd/yy)

\_\_\_\_\_ **X** \_\_\_\_\_  
Representative Name (please print) RR# Representative Signature Date (mm/dd/yy)

\_\_\_\_\_ \_\_\_\_\_  
Home Office Principal Signature Date (mm/dd/yy)

## MUTUAL FUNDS DISCLOSURE STATEMENT

### BREAKPOINT DISCLOSURE STATEMENT

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. Sales charges, expenses, management fees, and breakpoint discounts vary from mutual fund to mutual fund. 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. You should discuss the availability of breakpoint discounts with your investment representative and carefully review the mutual fund prospectus and its statement of additional information, when deciding among the share classes offered by a mutual fund.

### Sales Charges

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. 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. Many mutual funds offer volume discounts, which are called "breakpoint discounts." In contrast, Class B and C shares usually do not carry any front-end sales charges.

Instead, investors that purchase Class B or C shares pay asset-based fees, which may be higher than the charges associated with Class A shares over the length of the investment. Investors that purchase Class B and C shares may also be required to pay a contingent deferred sales charge when shares are sold.

### Breakpoint Discounts

Investors have a variety of ways to qualify for breakpoint discounts on the sales charge associated with the purchase of Class A shares. Most mutual funds provide breakpoint discounts to investors who make large purchases. Mutual fund prospectuses 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 on current holdings from prior purchases through "Rights of Accumulation," and future purchases, based on "Letters of Intent."

– Many mutual funds allow investors to consolidate 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. 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 investment representative about those balances. You may need to provide documentation establishing the holdings in those other accounts to your investment representative, if you wish to rely upon balances in accounts at another firm. In addition, many mutual funds allow investors to consolidate 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.

– 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 of time, 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. However, if an investor fails to invest the amount required by the Letter of Intent during the specified time period, the fund will retroactively deduct the correct sales charges based upon the amount that the investor actually invested.

### Understanding Mutual Fund Prospectus

The mutual fund prospectus came into being as a result of Federal legislation enacted following the stock market crash of 1929. The prospectus is a legal document filed with the Securities and Exchange Commission by the issuer of a security. It is designed to provide the investor with sufficient information, in writing, which would allow them to make a fully informed buying decision.

There are certain things you should look for in a prospectus prior to making any investment. The layout of most prospectus documents is fairly standardized to make them easy to use. Once you do this a time or two, you will be comfortable with the layout and will be able to move through it quickly. The main point here is that it is your money and you need to have this information. Knowledge is power.

- Name of fund and date of the prospectus, on the cover usually along with required cover and disclaimer statements (be sure to check the date to be certain that it is the most current version of the document).
- Statement of the Investment Objectives – There are basically three broad fund objectives, which you will likely see: protecting the value of the original investment; providing a stream of interest or dividend income; capital growth. This section will also detail the type of investments the fund will invest in to achieve its stated goal.
- Investment Risks – Given the historical perspective above, you will likely find that this language is cast very negatively. Read this section carefully. If you do not understand the risks you are taking, request additional information.
- Fees and Expenses – If entering a fee-based relationship, these fees are on top of your account fees. Here you will find examples that will allow you to compare the costs of investing in different classes of the fund with the costs of investing in other funds. The terms of each share class will likely be set forth in this section. Pay particular attention to the investment levels that will provide a breakpoint.
- The Fund's Management – This section provides the name and address of the fund's investment advisor and portfolio managers. This section will include a discussion of the fees, which are being charged to the fund for their services.
- Operational Issues – Again, here pay particular attention as this section will contain discussions regarding your rights as a shareholder, the terms and conditions under which you may buy, sell or exchange your shares, and how the price will be determined.

In addition to issuing the prospectus and keeping it current, the SEC requires all issuers to provide shareholders with periodic reports regarding how the fund or company is doing and what is happening to its investors. Additionally, as an investor you should receive a yearly statement detailing the federal tax status of your earnings from the issuer or from your broker dealer. Dividends and capital gains are treated as if the investors had bought the underlying securities themselves.

## DEFINITION OF TERMS

### Risk Tolerance Terms

**Conservative** – For investors who seek current income and stability and are less concerned about growth. Wanting to preserve initial principal, with minimal risk, even if that means the account does not generate significant income or returns and may not keep up with inflation.

**Moderately Conservative** – For investors who seek current income and stability, with modest potential for increase in the value of their investments. Willing to accept low risk to initial principal, including low volatility, to seek a modest level of portfolio returns.

**Moderate** – For long-term investors who don't need current income and want some growth potential. Likely to entail some fluctuations in value but presents less volatility than the overall equity market. Willing to accept some risk to initial principal and tolerate some volatility to seek higher returns, and understand could lose a portion of the money invested.

**Moderately Aggressive** – For long-term investors who want good growth potential and don't need current income. Entails a fair amount of volatility, but not as much as a portfolio invested exclusively in equities. Willing to accept high risk with initial principal, including high volatility, to seek high returns over time, and understand could lose a substantial amount of the money invested.

**Aggressive** – For long-term investors who want high growth potential and don't need current income. May entail substantial year-to-year volatility in value in exchange for potentially high long-term returns.

**Speculative** – Willing to accept maximum risk to initial principal to aggressively see maximum returns and understand could lose most or all money invested.

### Investment Categories

#### Large Cap (Company) Equity

Refers to equity investments in companies with a market capitalization value of more than \$10 billion. Large Cap is an abbreviation of the term "large market capitalization."

#### Mid Cap (Company) Equity

Refers to equity investments in companies with a market capitalization between \$2 and \$10 billion. Mid Cap is an abbreviation for the term "middle capitalization."

#### Small Cap (Company) Equity

Refers to equity investments in companies with a relatively small market capitalization between \$300 million and \$2 billion. Small Cap is an abbreviation for the term "small capitalization."

#### International Equity

Refers to equity investments in companies based in countries other than the United States. International equity investments can include exposure to foreign currency as well.

#### Fixed Income

Refers to investments that pay a constant rate of return.

#### Cash or Equivalent

Refers to investments held in cash or cash equivalents, such as money market funds.