Mutual Funds Breakpoint Discounts and Sales Charge Waivers 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 sales charge discounts or waivers to which you may be entitled. Understanding these charges, breakpoint discounts and waivers, will assist you in identifying the best investment for your particular needs and may help you reduce the costs of your investment. This disclosure document will give you general background information about these sales charge discounts and waivers. However, sales charges, expenses, management fees, breakpoint discounts, and waivers vary from mutual fund to mutual fund. Therefore, you should discuss these issues with your financial advisor and review each mutual fund's prospectus, which is available from your financial advisor, to get the specific information regarding the charges, breakpoint discounts, and waivers associated with a particular mutual fund.

Sales Charges

Investors that purchase mutual funds must make certain choices, including which funds to purchase and which share class 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, which should be based on the anticipated amount and time horizon of the investment.

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 pre- determined 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 (continuous sales charges that are based on the value of your total fund investment), 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 (CDSC) when they sell their shares, depending upon the rules of the particular mutual fund. Class C shares often impose a CDSC if an investor sells their shares within one year of purchase.

In addition to Class A and Class C shares, many mutual funds offer other share classes for certain types of accounts or investors. For example, funds may offer specific share classes that are only available to holders of fee-based investment advisory accounts or participants in retirement plans. Talk to your financial advisor about which share class is best for you.

Breakpoint Discounts and Sales Charge Waivers

Breakpoint Discounts

Most mutual funds that impose sales charges 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, usually $1 million or greater. 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*" (sometimes referred to as "*Statements of Intention"*). This document provides general information regarding *Rights of Accumulation* and *Letters of Intent*. However, mutual funds have different rules regarding the availability of *Rights of Accumulation* and *Letters of Intent*. Therefore, 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*.

1. **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. You may need to provide documentation establishing the holdings in those other accounts to your financial advisor 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 investors may rely upon related parties' 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. You may need to provide documentation to your financial advisor 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 in determining whether an investor qualifies for a breakpoint discount. However, a small number of funds use the historical cost, which is the cost of the initial purchase, to determine eligibility for breakpoint discounts. If the mutual fund uses historical costs, you may need to provide account records, such as trade confirmations or monthly account statements, to qualify for a breakpoint discount based upon previous purchases. You should consult with your financial advisor and review the mutual fund's prospectus to determine

whether the mutual fund uses either NAV or historical costs to determine breakpoint eligibility.

2 **Letters of Intent** – Most mutual funds that impose sales charges 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. 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

Sales Charge Waivers

In addition to breakpoint discounts, many mutual funds offer total waivers of the sales charge under certain circumstances. For example, a fund may waive the sales charge if the shares are held in a fee-based advisory account, or if an investor rolls assets previously held in a 529 college savings plan into a 529 plan sponsored by the fund company.

Additionally, most mutual funds that impose sales charges offer total sales charge waivers on purchases or redemptions through "rights of reinstatement." Rights of reinstatement allow investors to redeem or sell shares in a mutual fund and reinvest some or all of the proceeds in the same fund (or another fund in the same fund family) within a specified period of time (e.g., 90 days), and receive a waiver of the sales load or a rebate on the CDSC, subject to certain terms and conditions. Because mutual funds have different rules regarding the availability of rights of reinstatement, you should consult your financial advisor and the mutual fund prospectus regarding the availability of a *Right of Reinstatement* for your purchase.

As you can see, understanding the availability of breakpoint discounts and waivers is important because it may allow you to purchase Class A shares at a lower price. The availability of breakpoint discounts or waivers 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 and waivers with your financial advisor and carefully review the mutual fund prospectus and its statement of additional information, which you can get from your financial advisor, 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 may review FINRA's investor resources. See FINRA's Mutual Funds: Fees & Expenses or visit the many mutual fund websites available to the public.

FINRA Compliance Tool Disclaimer

This optional tool is provided to assist member firms. This tool is provided as a starting point, and you must tailor this tool to reflect the size and needs of your firm. Using this tool does not guarantee compliance with or create any safe harbor with respect to FINRA rules, the federal securities laws or state laws, or other applicable federal or state regulatory requirements. This tool does not create any new legal or regulatory obligations for firms or other entities.

Updates – This tool was last reviewed and updated, as needed, on **February 12, 2026**. This tool does not reflect any regulatory changes since that date. FINRA periodically reviews and updates these tools. FINRA reminds member firms to stay apprised of new or amended laws, rules and regulations, and update their WSPs and compliance programs on an ongoing basis.

Member firms seeking additional guidance on certain regulatory obligations should review the relevant FINRA Topic Pages, including the Breakpoints Topic Page.

Staff Contact(s) – FINRA's Office of General Counsel (OGC) staff provides broker-dealers, attorneys, registered representatives, investors and other interested parties with interpretative guidance relating to FINRA's rules. Please see Interpreting the Rules for more information.

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