

Regulation Best Interest (Reg BI) Potential Conflicts of Interest

Mutual Funds

Mutual funds provide many valuable features to large and small investors alike:

- Broadly diversified portfolio comprised of potentially hundreds of securities.
- Professional, ongoing, active investment management.
- Low cost management (“expense ratio”).
- Wide range of investment objectives and philosophies.
- Quick, easy access to funds for investors.
- Easy to exchange assets between different funds in the same fund family.

Potential Conflict of Interest

Many mutual fund companies offer different classes of shares, typically called A, C, or other classes of shares. Each class has its own sales charge and expense structure, allowing you to choose the class that best meets your needs.

Class A	Class C	Other Share Classes*
Initial sales charge, ranging from approximately 5.75% to 0% based on amount purchased.	No initial sales charge.	Typically no initial sales charge.
May be deferred sales charge on short-term sales of large purchases.	Deferred sales charge on short-term sale of shares (typically 12 or 18 months).	Deferred sales charge on short-term sale of shares (typically 12 or 18 months).
Lower annual expenses than Class C shares, due to lower distribution fees.	Higher annual expenses than Class A shares, due to higher distribution fees. Typically convert to Class A shares after a period of time, frequently 10 years.	Certain share classes are offered to specific groups of investors. For example, F shares are offered to investment advisor clients, and E and R shares are offered to retirement plan participants. Annual expenses are typically higher than Class A shares.

*Each mutual fund family may offer different classes of shares to different classes of investors. Please see your representative to determine which share classes are available to you.

Virtually all mutual fund family have discontinued issuing B shares, which carried a declining deferred sales charge for a number of years after purchase.

On purchases of Class A shares, the initial sales charge percentage is gradually reduced as certain aggregate dollar amounts are purchased; this is called a break point.

Rights of Accumulation: Many mutual funds allow you 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 you to count existing holdings in multiple accounts, such as IRAs or accounts at other broker-dealers, to qualify for breakpoint discounts. In addition, many mutual funds allow you to count the value of holdings in certain related accounts, such as your spouse 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.

- ❑ I believe my proposed investment may allow me to qualify for a breakpoint discount through my rights of accumulation.

Letters of Intent: Most mutual funds allow you to qualify for breakpoint discounts by signing a Letter of Intent, which commits you to purchasing a specified amount of Class A shares within a defined period of time, usually 13 months, but potentially as much as 36 months. Additionally, some funds offer retroactive Letters of Intent that allow you to rely upon purchases made in the recent past to qualify for a breakpoint discount. However, if you fail to invest the amount indicated on the Letter of Intent, the fund is entitled to retroactively deduct the correct sales charges based on the amount actually invested.

- ❑ I intend to submit a letter of intent to qualify for breakpoint discounts.

Other mutual fund companies do not offer various classes of shares. These are called "no-load" companies. Finally, some companies offer some funds with share classes and some no-load funds.

Different mutual fund companies have different features, services, investment choices, fees, and charges. Different mutual fund companies may also offer different types or levels of compensation to us or our representatives. In recommending what to do with your retirement plan assets, we may potentially have the incentive to offer funds from one company, or from one share class, over another.

How We Eliminate or Mitigate Conflicts of Interest

We prohibit any sales contest that would provide representatives incentive to offer preferential treatment of one share class or one mutual fund company over another. During our discussions with you regarding mutual funds, we use the FINRA Mutual Fund Analyzer, or another mutual fund analyzer tool, to discuss the various options for your mutual fund investment. We discuss and document, at minimum:

- Your investable assets, and what proportion these assets comprise your overall assets.
- Your overall investment profile, including your investment objectives, time frame, and level of investment experience and sophistication.
- Your desire for a diversified, actively managed mutual fund investment versus a self-directed option.
- The various share classes offered for an investment strategy, and the charges for each.
- The management fees ("expense ratio") for each fund considered.
- Other fees, expenses, and restrictions.
- Ease of access to funds, and ease of transfer between funds.
- Reputation and strength of the mutual fund company.
- Range of investment choice offered.
- Different RMD rules for the various choices.
- Any other relevant factors, including your personal preferences.

We believe this form and discussion will provide us with the ability to help you make a mutual fund investment choice that is in your best interest.