

## MUTUAL FUNDS: SUMMARY OF FEES AND COSTS

**Sales Charges:** Sales charges are commissions that are paid for the purchase of mutual fund shares. When you pay these charges will depend on the share class purchased. Depending on the share class purchased you may be able to purchase a comparable fund with lower expenses.

**Share Classes:** Share classes range from Class A shares with up-front loads to Institutional shares with no loads and very low expense ratios. Following is a general description of the different share classes. Please see the fund's prospectus for more specific information particular to that fund and the fees you will pay.

- **Class A Shares – Front End Loaded –**
  - Purchases will be subject to an initial sales charge that is a percentage of the offering price and may be subject to 12b-1 fees.
  - A 12b-1 fee is an annual marketing or distribution fee on a mutual fund. It is generally between 0.25% and 0.75% (the maximum allowed under FINRA rules) of a fund's net assets.
  - Class A shares generally qualify for reduced sales loads based on certain volume purchases, called breakpoints. Breakpoints may also be available when you agree to purchase a certain dollar amount of fund shares within a specific period of time.
- **Class B Shares – Back-End Loaded –**
  - Purchases will be subject to a declining surrender charge over a period of years as described in the fund prospectus, called a contingent deferred sales charge (CDSC). At the end of the CDSC period these shares usually convert to Class A shares. These CDSCs are not paid to advisors, but to the fund company to cover various costs.
  - Prior to conversion Class B shares may have a higher 12b-1 fee than Class A shares.
  - The long-term cost of owning Class B funds can be more expensive than holding Class A shares.
- **Class C Shares – Level-Loaded –**
  - Purchases may not be subject to an initial sales charge, but on an ongoing basis may have higher 12b-1 fees than Class A shares, and may be assessed a CDSC if redeemed within a specific period of time, usually one year to eighteen months following the purchase.

**Exchanges:** Exchanges within the same fund family and share class are generally not subject to sales charges but may under some circumstances create a taxable event.

**Range of Mutual Fund Expense Ratios by Mutual Fund Type:** All mutual funds have a fee referred to as an expense ratio or sometimes called a management fee or an operating expense. This fee is deducted from the total assets of the fund before your share price is determined. Below is a comparison of the range of expense ratios for basic fund types, not accounting for different share classes.

Mutual Fund Category	Average	Low Range	High Range
Large-Cap Stock No-Load	0.865	0.25	1.20
Mid-Cap Stock No-Load	1.020	0.30	1.75
Small-Cap Stock No-Load	1.140	0.35	1.90
Foreign Large-Cap Stock No-Load	0.990	0.30	2.20
Intermediate-Term Bond No-Load	0.600	0.25	1.50
Money Mkt Funds	0.180	0.10	0.80
Target Date Funds	0.510	0.30	1.60
Equity Index Funds	0.090	0.05	0.60
Muni Bonds	0.540	0.20	1.50

### Additional Resources

SEC: Fast Answers: Mutual Fund Fees and Expenses: <https://www.sec.gov/fast-answers/answersmffeeshtm.html>

FINRA: Mutual Funds and Fees: What You Should Know: <https://www.finra.org/investors/insights/mutual-funds-and-fees>

FINRA: Understanding Mutual Fund Classes: <https://www.finra.org/investors/alerts/understanding-mutual-fund-classes>

FINRA: Fund Analyzer: [https://tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/)