



NYLIFE Securities

Mutual Fund Features and Share Classes

Mutual funds are a popular investment choice that can help clients achieve their financial goals. Mutual funds cover the universe of investment objectives and sectors.

Generally, mutual funds are not intended for short-term investing (excluding money market funds). Potential investors should have at least three to six months of liquid assets to meet day-to-day living expenses, other major anticipated obligations, and emergencies in addition to the amount invested. As with any type of investment, there are many factors to consider before making a decision to invest in mutual funds, including but not limited to the following:

- Your financial situation (i.e. your annual income, net worth, liquid net worth, and tax status); Your liquidity needs;
- Your time horizon (i.e., how long before you will need to access the funds you are investing); Your investment experience;
- Your other security holdings; Your risk tolerance;
- Your investment objectives; Your need for diversification;
- The expenses associated with each mutual fund share class (as explained more fully below); and
- Whether you qualify for any sales charge discounts and/or waivers.

What are the Costs of Investing in Mutual Funds?

It is important to understand the costs associated with the sale and operation of a mutual fund, as those costs affect returns on investments. A fund's Prospectus contains a fee table listing the charges associated with the fund. Sales charges and annual operating expenses vary depending on the share class selected.

For example, a fund may impose a sale or redemption charge, often referred to as a *load*, on transactions in fund shares. Funds also incur ongoing administrative and operating expenses. Operating expenses are deducted daily from the fund's assets, reducing investment returns. Other charges include payments made to service providers such as custodians, transfer agents and accountants. In addition, mutual funds incur trading costs in buying and selling portfolio securities.

What are Mutual Fund Share Classes?

A single mutual fund usually offers different pricing arrangements or "classes" of its shares. Each share class represents investments in the same mutual fund portfolio, but how the distribution costs are paid – and some cases, operating expenses -- differs with each class. Mutual funds may be sold either with or without a sales charge. Mutual funds sold without a sales charge are called no-load funds. NYLIFE Securities LLC does not make no-load shares available for purchase. Mutual funds sold with a sales charge are typically offered in three share classes – A, B, and C shares – and each class has different fees and expenses, which affect the overall rate of return.

NYLIFE Securities LLC makes class A shares available for purchase. NYLIFE Securities LLC will permit clients to transfer other share classes from existing accounts. Each class has different fees and expenses, which affect the overall rate of return. The share classes typically offered by mutual fund companies are described below. You can find out if a mutual fund has different classes by reading the Prospectus or by asking your Financial Services Professional.

Class A Shares – When you purchase A shares, you generally will be assessed a front-end sales charge, or load, that will be deducted from your initial investment. Class A shares are generally not subject to a sales charge when they are redeemed or sold. In determining whether to invest in Class A shares, you should consider the following:

- **Fees** – Class A shares are subject to service and/or distribution fees (known as “12b-1 Fees”), which are generally lower than those of Class B or Class C shares. Lower 12b-1 Fees will ordinarily result in lower total annual fund operating expenses and higher investment returns.
- **Breakpoint Discounts** – Class A shares generally offer volume discounts for higher investment amounts, called breakpoints, which may reduce or eliminate the amount of the front-end sales charge.
 - Although breakpoint levels vary, many fund families offer sales charge discounts for investments at or above the \$25,000, \$50,000, \$100,000, \$250,000, \$500,000 and \$1 million levels.
 - Many fund families will allow you to purchase Class A shares without assessing a front-end sales charge if you invest \$1 million or more. However, if you purchase Class A shares under such circumstances, you may be charged a fee (for example, 1%) if you redeem or exchange such shares within a specified period (e.g., one year) after purchase.
 - Investments in Class A shares are often subject to lower overall fees and expenses than investments in Class B or Class C shares of the same fund family. This is due to both the availability of breakpoints and the lower 12b-1 Fees associated with Class A shares.
 - Over the long term, an investment in Class A shares at levels that qualify for a reduced sales charge will generally outperform the same investment in Class B or C shares of the same fund family.

Breakpoints may also be obtained through “Rights of Accumulation” or “Letters of Intent.”

- **“Rights of Accumulation”** permit you to aggregate the value of your holdings with those of certain family members’ current holdings (or the amount of your and certain family members’ prior purchases in Class A, B, or C shares) in the same fund family to reach a breakpoint.
 - Note that any breakpoint achieved by accumulation of assets in one fund family will be applied only to purchases in excess of the breakpoint. In other words, reaching a breakpoint will not result in a retroactive reduction of an amount previously paid for a Class A share purchase.
- **“Letters of Intent”** permit you and certain family members to receive a volume discount by committing to purchase an amount of fund shares above a breakpoint within a specified time period (e.g., within 24 months for the MainStay Funds).
 - Investors are generally allowed to include the dollar amount of funds purchased within 90 days prior to the date the Letter of Intent is established.
 - If the Investor(s) fails to reach the stated breakpoint amount within the prescribed time period, the funds may retroactively assess the higher sales charge against all purchases made within the Letter of Intent period.
- **Combining Investments to Achieve Breakpoints** – To determine if you are eligible for a breakpoint,

you should consider all of the funds held with the same mutual fund company, including those held at other broker dealers. Please provide your Financial Services Professional with documentation reflecting shares held elsewhere, so that these shares may be considered when determining breakpoints.

- Some fund families also permit aggregation of other holdings, such as Class M or T shares, Section 529 plan holdings, or shares held through variable annuity sub-accounts to achieve breakpoints.
- Certain purchases, such as those involving money market funds, may not be eligible for aggregation to achieve breakpoints.
- **Diversification vs. Breakpoints** – While you may choose to purchase shares in a variety of fund families for diversification purposes, breakpoint discounts generally apply only to purchases within a single mutual fund family. Purchases involving different fund families will not assist you for purposes of obtaining breakpoint discounts, including those available pursuant to “Rights of Accumulation” or “Letters of Intent.”

The circumstances under which you may be entitled to breakpoint discounts and a description of Class A share fund operating expenses, including 12b-1 Fees, are more fully described in the fund Prospectus and/or Statement of Additional Information. Ask your Financial Services Professional about the particular fund family’s rules before investing to receive any available discounts, as each mutual fund’s rules about, breakpoints, “Rights of Accumulation” and “Letters of Intent” differ.

Class B Shares – If you had previously purchased Class B shares, you were not assessed a front-end sales charge. If you sell B shares within a certain number of years after purchase (typically 6 years), your proceeds may be reduced by a contingent deferred sales charge (CDSC).

Investors in Class B shares, should consider the following:

- 12b-1 Fees for Class B shares are higher than those of Class A shares. Higher 12b-1 Fees will ordinarily result in higher total annual fund operating expenses and lower investment performance.
- The CDSC amount declines over time, as outlined in the Prospectus, and is eliminated after a set number of years.
- Class B shares generally convert to Class A shares after a period of time, as outlined in the Prospectus.
- Selling Class B shares during the period in which the CDSC applies can significantly diminish the overall return on an investment. Thus, this class of shares may be more appropriate for investors who are not eligible for breakpoints and have a time horizon that extends beyond the time in which the CDSC applies.
- NYLIFE Securities will not accept purchases in Class B shares, but will accept a transfer of an existing Class B share position from another firm

Additional information concerning Class B share conversion features, contingent deferred sales charges, and fund operating expenses, including 12b-1 Fees, is contained in the fund Prospectus and/or Statement of Additional Information.

Class C Shares – If you had previously purchased Class C shares, you were not assessed a front-end sales charge. If you sell Class C shares within a certain number of years after purchase (typically one year), the amount you receive may be reduced by a contingent deferred sales charge (CDSC).

Investors in Class C shares should consider the following:

- Class C shares typically have higher annual fund operating expenses than Class A shares, due primarily to higher 12b-1 Fees. Class C shares typically do not convert to Class A shares and instead continue to charge higher annual expenses – including 12b-1 Fees – for as long as the shares are held.
 - The CDSC for Class C shares is typically lower than that of Class B shares and typically applies for a shorter period (e.g., one year)
 - Class C shares may be less expensive than other classes of shares for individuals who have a shorter-term investment horizon because the sales charge will be lower. However, your annual expenses could be higher than Class A or B shares if the Class C shares are held for the long term.
 - NYLIFE Securities will not accept purchases in Class C shares, but will accept a transfer of an existing Class C share position from another firm.

Additional information concerning Class C share CDSCs and fund operating expenses, including 12b-1 Fees, are contained in the fund Prospectus and/or Statement of Additional Information.

Reinvestment/Buy Back Privileges may apply to all classes of shares – Many fund families offer investors the right to repurchase a portion or all of the funds' shares that were recently sold (usually within the preceding 90 days) without assessing a new front-end sales charge for Class A share purchases, or applying a pro rata credit for the amount of the CDSC incurred on Class B or C shares. Generally, if a fund family offers this privilege, the repurchase of any of the funds within that fund family may qualify. In other words, you do not have to repurchase the same fund that you sold, but you do have to purchase within the same fund family. You should review the applicable Prospectus or Statement of Additional Information or consult with your Financial Services Professional for specific details regarding the reinvestment privilege prior to placing a transaction.

Mutual Fund NAV Transfer Programs – Mutual fund NAV (Net Asset Value) transfer programs allow you to use the proceeds of the sale of a loaded fund, Class A, B or C shares, to purchase Class A shares at NAV in another fund family. You should consult the applicable Prospectus and/or Statement of Additional Information for specific details regarding NAV transfer privileges. If the monies that you are investing represent the proceeds of a mutual fund liquidation, you should advise your Financial Services Professional, to determine if you may qualify for an NAV transfer privilege on your new investment.



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