



# WSC INVESTMENT PRODUCTS RECEIPT AND DISCLOSURE

(Woodlands Securities Corporation is a broker/dealer, Member FINRA and SIPC)

## MUTUAL FUNDS

**PRODUCT** \_\_\_\_\_

**AMOUNT: \$** \_\_\_\_\_ **Next Breakpoint Level: \$** \_\_\_\_\_

- I understand that mutual funds are designated as long-term investments, may not be appropriate for short-term needs but generally part of a hold investment strategy, and are not FDIC insured. My different accounts may have different strategies.
- I have received a prospectus and understand it contains information about the fund's portfolio, investment objective, risks and management strategies, tax consequences, and other important information for evaluating the investment. Any applicable mutual fund share class, sales charges and other fees have been explained to me.
- I understand my investment is subject to fluctuation in rate of return and/or market valuation; also, that it may involve risk of loss to principal as a result of changing economic and market conditions including, but not limited to, rising interest rates.
- I have discussed the breakpoint options listed below *and* understand the appropriateness of the fund class chosen.

*Check any options below that may apply to this purchase to achieve a possible sales charge discount or waiver:*

- Letter of Intent:** Customer's intent to purchase a specified minimum number of shares over a 13 month period.
- Retroactive Letter of Intent:** Customer may aggregate purchases, looking back 90 days.
- Exchange or Repurchase:** Customer is exchanging one fund for another in the same fund family or repurchasing a fund.
- Right of Accumulation:** Customer's investment has reached a specific dollar amount *or* may aggregate shares owned in related family accounts. *Please list related account information on the back of this form or initial here if decline*

**Multiple Class Pricing:** The selection of the appropriate class of mutual fund shares depends on certain relevant facts and circumstances, including, but not limited to: (a) the amount of money to be invested initially and over a period of time; (b) the current level of front-end sales load, CDSC and distribution/service fees imposed with respect to a particular class by the fund; (c) the length of time the investor expects to hold his or her shares; and (d) any other relevant circumstances, such as the availability of purchases under letter of intent or pursuant to rights of accumulation or the availability of CDSC waivers upon redemptions of shares.

- Class A Shares: Sales charge** \_\_\_\_\_ %. Purchased at the offering price, which consists of Net Asset Value plus an initial sales charge or front-end load, and for most funds, a distribution/service fee of up to 0.50% per annum of the fund's daily net assets attributable to Class A shares, as indicated in the prospectus.
- Class B Shares: Declining Sales Charge** \_\_\_\_\_% \_\_\_\_\_% \_\_\_\_\_% \_\_\_\_\_% \_\_\_\_\_% \_\_\_\_\_%  
1<sup>st</sup> yr    2<sup>nd</sup> yr    3<sup>rd</sup> yr    4<sup>th</sup> yr    5<sup>th</sup> yr    6<sup>th</sup> yr

Subject to a declining Contingent Deferred Sales Charge ("CDSC") for six years as noted by the percentages above and are deducted from the proceeds of your investment upon redemption and decline in amount the longer you keep your funds invested in the fund you have selected. Also, subject to a distribution/service fee of up to 1.00% per annum of the fund's average daily net assets attributable to Class B shares as indicated in the prospectus. Some Class B shares convert into A shares after a designated period of time (see prospectus if applicable). Thereafter, ongoing charges would be equal to Class A.

- Class C Shares:** Subject to a one year, 1% Contingent Deferred Sales Charge ("CDSC") and an ongoing distribution/service fee of up to 1% per annum of the fund's daily net assets attributable to Class C shares as indicated in the prospectus. Class C shares do not convert into Class A shares and are therefore subject to the Class C distribution/service fee indefinitely.

## CERTIFICATION

I understand that I have purchased the investment noted above and it is subject to investment risk including possible loss of principal amount invested. I acknowledge that I have received and understand these disclosures.

**X** \_\_\_\_\_ **X** \_\_\_\_\_  
 Customer Signature Date Joint (or other) Customer Signature Date

Registered Rep Signature	RR#	Date
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# Mutual Funds Breakpoint Discounts 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. Understanding these charges and breakpoint discounts 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 charges and discounts. However, sales charges, expenses, management fees, and breakpoint discounts vary from mutual fund to mutual fund. Therefore, you should discuss these issues with your financial advisor and review each mutual fund's prospectus and statement of additional information, which are available from your financial advisor, to get the specific information regarding the charges and breakpoint discounts associated with a particular mutual fund.

## Sales Charges

Investors that purchase mutual funds must make certain choices, including which funds to purchase and which class share 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. 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 B and C shares do not carry any front-end sales charges. Instead, investors that purchase Class B or C shares pay asset-based sales charges, which may be higher than the charges associated with Class A shares. Investors that purchase Class B and C shares may also be required to pay a sales charge known as a contingent deferred sales charge when they sell their shares, depending upon the rules of the particular mutual fund.

## Breakpoint Discounts

Most mutual funds 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. 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*." 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 allows 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 relatives may rely upon each other's 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 confirmation statements or monthly 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 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.

As you can see, 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. Therefore, you should discuss the availability of breakpoint discounts 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 wish to review the investor alerts available on the FINRA Web site at [www.finra.org](http://www.finra.org) or visit the many mutual fund Web sites available to the public.

# Breakpoint Checklist

1. **Does the customer already hold shares of any funds within the same fund family in his account?**
    - a. Record the current value of the shares of the fund already held by the customer in his account, or the historical cost of those shares, depending upon the rules of the fund family.
  2. **Does the customer hold shares of any funds within the same fund family in any other accounts outside the firm?**
    - a. Identify all accounts in which the customer holds shares of any fund within the same fund family, whether these accounts are held:
      - i. At other broker/dealers, or
      - ii. In other types of accounts, such as 401(k) plans, 529 plans, or variable annuity sub-accounts.
    - b. Record the BIN/TIN for each account in which the customer holds any funds within the same fund family.
    - c. Record the current value or historical cost, depending upon the fund family's rules, of the shares held by the customer in each account
    - d. Record if the customer declines to provide such information or indicates that he or she has no other holdings.
  3. **Do related parties of the customer hold shares of any funds within the same fund family in accounts at this broker/dealer, other broker/dealers, or in other platforms, such as 401(k) plans or 529 plans?**
    - a. Identify all related parties who hold shares of any fund within the same fund family and identify all accounts in which the customer holds shares of any fund within the same fund family, whether these accounts are held:
      - i. At other broker/dealers, or
      - ii. In other types of accounts, such as 401(k) plans, 529 plans, or variable annuity sub-accounts.
    - b. Record the name of each party and their relationship to the customer.
  - c. If the mutual fund allows a right of accumulation for the identified related parties:
    - i. Record the BIN/TIN for each account in which a related party holds any funds within the same fund family; and
    - ii. Record the current value of the shares held by related parties in each account or historical cost, depending upon the fund family's rules.
  - d. Record if the customer declines to provide such information or indicates that no related parties hold shares of funds within the same fund family.
4. **How much is the current purchase?**
  5. **What are the customer's total holdings that may be counted toward determining breakpoint eligibility?**
    - a. Add the total holdings identified in responses to questions 1-4 (i.e.: all holdings in the customer's accounts and the accounts of related parties), using either current market value or historical cost, depending upon the fund family's rules.
  6. **Determine whether the customer is entitled to a breakpoint based upon his total holdings and the holdings of all related parties.**
    - a. If applicable, record the breakpoint discount that is available to the customer.
  7. **Does the customer have a letter of intent on file that would entitle the customer to a further discount?**
    - a. If yes, apply the appropriate discount, which is either the discount available pursuant to the letter of intent or the discount available based upon total holdings, whichever is greater.
    - b. If the letter of intent can be applied retroactively, review other recent purchases to ensure that the appropriate discount was applied.
    - c. If the customer does not have a letter of intent, review whether his or her investment patterns make a letter of intent appropriate.

# Breakpoint Worksheet

Account Name: \_\_\_\_\_ SSN/TIN/BIN: \_\_\_\_\_

Today's Date: \_\_\_\_\_ Broker's Name: \_\_\_\_\_

**1. Total holdings of customer at firm**

TIN/BIN on Accounts	Holdings in Account (Current Value (NAV) or Historical Costs)	Total
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	\$ _____

**2. Total holdings of customer outside firm**

Customer declined to provide       Customer provided (record below)

TIN/BIN on Accounts	Account Type	Holdings in Account (Current Value (NAV) or Historical Costs)	Total
_____	_____	\$ _____	
_____	_____	\$ _____	
_____	_____	\$ _____	\$ _____

**3. Total holdings of related parties**

Customer declined to provide       Customer provided (record below)

TIN/BIN on Accounts	Name/Relationship	Holdings in Account (Current Value (NAV) or Historical Costs)	Total
_____	_____	\$ _____	
_____	_____	\$ _____	
_____	_____	\$ _____	\$ _____

**4. Today's purchase amount** \$ \_\_\_\_\_

**5. Total holdings** \$ \_\_\_\_\_

**6. Does the total qualify for a breakpoint discount?**       Yes     No

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

**7. Is there a letter of intent on file that would entitle the customer to a further breakpoint?**

Yes     No

a. If customer has letter of intent, is it retroactive?       Yes     No

i. If yes, record the current value or historical cost of eligible prior purchases.      \$ \_\_\_\_\_

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

**8. If there is not a letter of intent on file, should customer sign one?**       Yes     No

**9. Record the highest breakpoint discount available to the customer.**      \_\_\_\_\_ %