

# IMPORTANT LEGAL INFORMATION:

## **Disclaimer of Warranty and Limitation of Liability**

1st Worldwide Financial Partners, LLC. does not warrant the accuracy of the materials provided herein, either expressly or impliedly, for any particular purpose and expressly disclaims any warranties of merchantability or fitness for a particular purpose. 1st Worldwide Financial Partners, LLC. will not be responsible for any loss or damage that could result from interception by third parties of any information made available to you via this site.

Although the information provided to you on this site is obtained or compiled from sources we believe to be reliable, 1st Worldwide Financial Partners, LLC. cannot and does not guarantee the accuracy, validity, timeliness or completeness of any information or data made available to you for any particular purpose. The data is provided to you on an "as is" basis.

You agree that neither 1st Worldwide Financial Partners, LLC. , nor any of its affiliates, directors, officers or employees, nor any third party vendor shall have any liability for any indirect, consequential, special or direct damages for any action or inaction which you may take as a result of the data, whether as a result of any claim sounding in contract or any other theory of liability.

The material provided in this service, including graphic images, buttons, and text, may not be copied, reproduced, republished, uploaded, downloaded, posted, transmitted, or distributed in any way, without the prior written permission of 1st Worldwide Financial Partners, LLC.

## **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 funds 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 predetermined levels of investment, which are called "breakpoint discounts." In contrast, Class B and C share usually 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*. Therefore, you should discuss these issues with your financial advisor and review the mutual funds 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 defined period of time, usually 13 months. For example, if an investor plans to purchase \$50,000 worth of a 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 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.

## **The USA PATRIOT Act**

The USA PATRIOT Act, enacted in 2001, is designed to detect, deter, and punish terrorists in the United States and abroad. The USA PATRIOT Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. By April 24, 2002, all brokerage firms were required to have new, comprehensive anti-money laundering programs. To help you understand these efforts, we want to provide you with some information about money laundering and our steps to implement the USA PATRIOT Act.

### **What is money laundering?**

Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering, and terrorism.

### **How big is the problem and why is it important?**

The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at \$1 trillion a year.

### **Our Commitment**

1<sup>st</sup> Worldwide financial Partners, LLC. is committed to complying fully with all applicable laws and regulations relating to combating money laundering and any activity which facilitates the funding of terrorist or other criminal enterprises.

## **Use of Links**

Should the viewer leave this site via a link contained herein, and view content that is not provided by 1st Worldwide Financial Partners, LLC. , the viewer does so at their own risk. The content to which you link will not have been developed, checked for accuracy, or otherwise reviewed by 1st Worldwide Financial Partners, LLC. . 1st Worldwide Financial Partners, LLC. is not responsible for damages or losses caused by any delays, defects or omissions that may exist in the services, information or other content provided in such site, whether actual, alleged, consequential or punitive. 1st Worldwide Financial Partners, LLC. makes no guarantees or representations as to, and shall have no liability for, any electronic content delivered by any third party, including, without limitation, the accuracy, subject matter, quality or timeliness of any electronic content.

## **Copyright or Other Notices**

If you download any information or software from this site, you agree that you will not copy it or remove or obscure any copyright or other notices or legends contained in any such information.