



# What Costs Mean to You

## *Mutual Fund Share Class Cost Comparison*

*Share Class	Expense Ratio	Front Load	Deferred Load	12b-1 Current
A Shares	1.3%	4.7%	0.0%	0.2%
B Shares	2.0%	0.0%	4.6%	0.9%
C Shares	2.0%	0.2%	0.9%	0.9%
<b>I Shares</b>	<b>0.9%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>

### Glossary

#### **Share Class**

Most funds offer several classes of shares (often designated as A, B or C) that are sold under differing circumstances. The expenses of each class vary, offering different compensation structures to the different parties distributing the fund such as sales people, brokers, etc. Choosing which share class is most appropriate depends on the length of time the investment will be held, market conditions, and the fund expenses.

While there are no specific rules outlining the names or characteristics of share classes, they follow this general pattern:

**A Shares** Generally have a front sales load.

**B Shares** Generally have a back/deferred sales load.

**C Shares** Generally have a level sales load.

**I Shares** Institutional class shares (sometimes called Advisor or Investor class) usually offer the lowest fee structure by eliminating all sales charges and distribution fees, however they are usually only available through independent advisors who are not looking for product related revenue.

#### **12b-1 Fees**

Sales charges that serve as a substitute or augmentation to front or back end loads. Pays to broker, provider or distributor per agreement. Holding a fund with 12b-1 fees over time may result in paying greater sales charges than paying a front or back end sales load.

#### **Expense Ratio**

The percentage of total assets used to pay for fund expenses, the expense ratio includes the 12b-1 fee as well as administrative and management fees.

#### **Front Load**

These Sales Commissions are charged by 2/3 of all mutual funds. By law the maximum is 8.75% but the average charge is actually 4.24%\*\*. This charge is applied up front, to all initial purchases.

#### **Deferred Load**

Also called redemption fees as they are charged on the sale of a fund these charges are usually scaled to drop over time and often exist to discourage short term investing in a given fund. The fee may be based on the purchase amount, the sale amount, or the lesser of the two.

\* Expense Ratio, Front Load, Deferred Load, and 12b-1 Current numbers are averages of all mutual funds of the respective share type as reported by Morningstar, Inc., March 31, 2004.

\*\* Morningstar, Inc., June 30, 2003.