



**MAPLEWOOD**  
INVESTMENTS

**June 2020**

## **Mutual Fund Investing and 529 College Savings Plans**

Brokerage services provided by Maplewood Investments, Inc., Member FINRA, SIPC

Advisory services provided by MIAI, Inc.

Maplewood Investments, Inc. and MIAI, Inc. are affiliated

12222 Merit Drive, Suite 1390, Dallas, TX 75251

# Mutual Fund Investing and 529 College Savings Plans

## Table of Contents

Introduction.....	3
Mutual Fund Shares Classes .....	3
Compensation of Maplewood Registered Representatives.....	8
529 College Savings Plans.....	8

### Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
-----------------------------	--------------------------------	-----------------------

For more information on any mutual fund, please request a prospectus and/or, if available, a summary prospectus from your Maplewood Registered Representative and read it carefully. Before investing, carefully consider the investment objectives, risks, and charges and expenses associated with the fund. This and other information can be found in the fund's prospectus and/or summary prospectus.

If you wish to learn more about mutual fund shares classes or mutual fund breakpoints, you may wish to review the investor alerts available on the FINRA website. See Understanding Mutual Fund Classes at <http://www.finra.org/investors/alerts/understanding-mutual-fund-classes>, and Mutual Fund Breakpoints: A Break Worth Taking at <http://www.finra.org/investors/alerts/mutual-fund-breakpoints-break-worth-taking>.

# Mutual Fund Investing and 529 College Savings Plans

---

## Introduction

In selecting a mutual fund that best suits your needs, there are several key factors to consider:

- The fund's investment strategy.
- The fund's risk profile
- The fund's investment performance,
- The fund's relationship to your overall asset allocation strategy and investment time horizon.
- The fund's fees and expenses, which have an impact on its investment returns

This pamphlet offers information about fees and expenses for the different mutual fund share classes, as well as the compensation that Maplewood earns with respect to those funds.

Many funds offer various sales charge discounts or waivers depending on the terms of the prospectus and/or statement of additional information. However, sales charges, expenses, management fees, and breakpoint discounts vary from mutual fund to mutual fund. You should discuss these issues with your Maplewood Registered Representative and consult a fund's prospectus and/or statement of additional information to determine whether you may qualify for a discount or waiver. *For more information on any mutual fund, please request a prospectus and/or, if available, a summary prospectus from your Maplewood Registered Representative and read it carefully. Before investing, carefully consider the investment objectives, risks, and charges and expenses of the fund. This and other information can be found in the fund's prospectus and/or summary prospectus.*

## Mutual Fund Shares Classes

In order to accommodate different investing needs, many mutual funds offer more than one "class" of shares—generally, Class A, Class B and Class C shares.

Each share class represents an interest in the same mutual fund's investment portfolio, but with different fees and expenses. For information about a particular mutual fund's shares classes, you should review the fund's prospectus and/or summary prospectus, including the fee table.

**The Financial Industry Regulatory Authority ("FINRA") maintains a Mutual Fund Expense Analyzer tool on its website at [https://tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/) that may help you in making a decision on the right share class for you.**

## **Mutual Fund Investing and 529 College Savings Plans Disclosure Statement (*Continued*)**

---

***Class A Shares.*** Class A shares, often referred to as “front-end load” shares; typically impose a front-end sales charge, also known as a “load”, at the time of purchase. However, they typically have lower annual operating expenses than Class B and Class C shares, so they can be more economical for investors who have an intermediate to longer-term investment time horizon.

When purchasing Class A shares, a front-end sales charge that typically does not exceed 5.75% is deducted from your initial investment at the time of purchase. Most of this front-end sales charge is paid to Maplewood as a “dealer concession” or “dealer commission” and a portion of that amount is paid to your Maplewood Registered Representative.

You may be eligible for discounts and waivers on a front-end sales charge depending on the terms set forth in the fund’s prospectus and/or statement of additional information. Additionally, less expensive share classes may be available to you depending on the eligibility terms set forth in the fund’s prospectus and statement of additional information. For example, some fund families provide discounts on front-end sales charges and waivers for:

- Participants in certain qualified or non-qualified employee benefit or retirement plans
- Current officers, directors or employees of the fund company and its affiliates or their family members
- Section 501 (c)(3) tax exempt organizations

The above list is not exhaustive. The conditions under which these discounts, waivers or beneficial share classes are available vary among fund families. These discounts, waivers or beneficial share classes may be available only if you purchase directly from the mutual fund company or its distributor, or through other financial intermediaries, and not through Maplewood. Notify your Maplewood Registered Representative if you believe you qualify for a discount, waiver or a more beneficial share class.

### **Breakpoints and Rights of Accumulation**

Mutual funds issuing Class A Shares generally offer discounts, called “breakpoints,” on the front-end sales charge for larger investments or additional investments within the same fund family. For example, a mutual fund might impose a front-end sales charge of 5.75% for all investments less than \$50,000, but reduce the charge to 5.25% for investments between \$50,000 and \$99,999, and further reduce or eliminate the front-end sales charge for even larger investments. Mutual fund investors are typically permitted to aggregate holdings in related accounts (such as our own or those of certain family members)

## **Mutual Fund Investing and 529 College Savings Plans Disclosure Statement (*Continued*)**

---

to calculate the appropriate breakpoint (called “right of accumulation”). A Maplewood Registered Representative can help you determine whether you are eligible for any breakpoint discounts. Check the fund’s prospectus, summary prospectus, statement of additional information, and website to obtain fund-specific information on breakpoint discounts. It is your responsibility to notify your Maplewood Registered Representative of any holdings of a specific fund family held by your related accounts, whether at Maplewood, another firm, or directly at the fund in order to assure that the most advantageous breakpoint is applied.

### **Letter of Intent**

A Letter of Intent (or “LOI”) is a written statement that you sign to express your intent to invest a specific amount in a given period of time, which entitles you to an applicable breakpoint discount. Keep in mind that if you do not purchase the amount committed to, within the specified time period (usually 13 months); a sufficient amount of your fund shares can be sold to collect the difference between the full sales charge and the reduced sales charge that was originally charged to you. Notify your Maplewood Registered Representative if you intend to make additional future purchases within the same fund family in order to benefit from an LOI.

Breakpoints, rights of accumulation, or LOIs can help reduce sales charges for investments within the same fund family. Investors may choose to invest across multiple fund families for many reasons, including potential diversification, as well as having the ability to invest in fund strategies that may not all be available within the same fund family. It is important to consider that investing across multiple fund families reduces the opportunity to qualify for breakpoint, rights of accumulation, or LOI discounts or benefits.

Also, keep in mind that mutual funds issuing Class A shares with a breakpoint that eliminates the front-end sales charge typically impose a “contingent deferred sales charge” (“CDSC”) on purchases meeting that breakpoint if you sell the shares, typically up to 1.00% of the redemption amount during the first year or longer, with no CDSC thereafter. A CDSC reduces the amount of proceeds you receive when you sell all or a portion of your investment. While a front-end sales charge will not be imposed, Maplewood will typically receive up-front compensation of a maximum of 1.00% of the invested amount, paid by the fund’s distributor or other service provider at the time of sale, and a portion of this amount is paid to your Maplewood Registered Representative.

## Mutual Fund Investing and 529 College Savings Plans Disclosure Statement (*Continued*)

---

Class A shares' annual operating expenses typically include an annual asset-based service fee (often referred to as a "12B-1" fee) of up to 0.35% of the net assets of the Class A shares. This annual asset-based fee is used to compensate the fund's distributor and/or firms like Maplewood for ongoing personal shareholder services, maintenance of shareholder accounts, and/or related services if applicable. A portion of this amount is paid to your Maplewood Registered Representative.

The dollar amount at which you should consider purchasing Class A shares of a fund can be evaluated using the Mutual Fund Expense Analyzer tool mentioned above. The tool will help analyze the fund's one-time front-end sales charge and annual operating expenses compared to the sales charge and the annual operating expenses of other share classes of the same fund.

***Class B Shares.*** Class B shares, often referred to as "back-end load" shares, typically do not impose a front-end sales charge. Class B shares do, however, typically impose a CDSC, which may be charged to shareholders who redeem Class B shares within a certain number of years. This charge declines over time and eventually is eliminated. For example, the CDSC might start at 5% for shares redeemed during the first year and then be reduced over time until it is eliminated, generally after six years.

Generally, Class B shares are more economical for investors for investors who have an intermediate to longer-term investment time horizon. Many fund families are no longer offering Class B shares of their funds.

A fund's distributor compensates Maplewood for your purchase of Class B shares. Maplewood typically receives up-front compensation of 4% of the amount invested at the time Class B shares are purchased, and a portion of this amount is paid to your Maplewood Registered Representative.

CDSCs are typically paid to the fund's distributor for amounts it paid to Maplewood when you purchased your Class B shares. Neither Maplewood nor your Maplewood Registered Representative typically receives the CDSC. Although Class B shares usually do not impose a front-end sales charge, they do include an annual asset-based service fee and sales charge (typically paid to the fund's distributor or other service provider) that is equal to a maximum of 1.00%, which is higher than the asset-based sales charge and/or service fees for the fund's Class A shares. As with Class A shares, Maplewood is compensated by the fund's distributor or other service provider for providing ongoing personal shareholder services, typically at an annual rate of 0.25% of the net assets of the Class B shares, and a portion of this amount is paid to your Maplewood Registered Representative. The remainder of the Class B asset-based sales charge is typically retained by the fund's distributor or other service provider.

## Mutual Fund Investing and 529 College Savings Plans Disclosure Statement (*Continued*)

---

Class B shares, however, often convert after a period of time (typically 8 to 10 years) to Class A shares, which effectively lowers the asset-based service fees and/or sales charge.

***Class C Shares.*** Class C shares, often referred to as “level-load” shares, typically do not levy a front-end sales charge when you purchase share. However, they often impose a CDSC and higher annual charges, so compared to Class A shares, they generally become less economical for investors who hold their investments over a longer term. In some instances, Class C shares are more economical for investors who have a short to intermediate investment time horizon. Class C shares may be more appealing to you if you prefer the flexibility to change your investments among different fund families periodically, without paying front-end sales charges or (possibly) CDSCs, or if you prefer not to pay front-end sales charges on each transaction.

Class C shares generally impose the following sales charges:

- Class C shares typically impose a CDSC of up to 1.00% of the redemption amount if you sell during the first year, with no CDSC thereafter. Like Class B Shares, CDSCs are typically paid to the fund’s distributor or other service provider, not to Maplewood or your Maplewood Registered Representative.
- Class C shares generally include an annual asset-based sales charge and/or service fees that equal no more than 1.00% of the net assets of the Class C shares. This is higher than comparable charges or fees for the fund’s Class A shares.

Maplewood will typically receive up-front compensation of not more than 1.00% of the invested amount. It is paid by the fund’s distributor or other service provider at the time of sale, and a portion of this amount is paid to your Maplewood Registered Representative. The initial compensation paid to Maplewood in connection with your purchase of Class C shares is generally lower than that paid on Class B and some Class A transactions. However, Maplewood typically receives a higher annual asset-based fee in connection with your investment in Class C shares: up to 1.00% of the net assets of the Class C shares beginning the second year and thereafter, typically from the annual asset-based sales charge and/or service fees. A portion of these fees is paid to your Maplewood Registered Representative and covers ongoing personal shareholder services provided by Maplewood.

Unlike Class B shares, which convert to Class A shares after a period of time, most Class C shares do not have an automatic conversion feature. Please see the fund’s prospectus for more information.

## **Mutual Fund Investing and 529 College Savings Plans Disclosure Statement (*Continued*)**

---

### **Compensation of Maplewood Registered Representatives**

As explained above, Maplewood's compensation differs by share class. The portion of Maplewood's compensation that is paid to its Registered Representatives is calculated by the same formula regardless of which funds are purchased. Some fund classes carry higher front-end sales charges or asset-based fees than others (e.g. Class A shares may have higher up-front compensation than Class B shares). As a result, a Maplewood Registered Representative may receive more or less compensation depending on the fund or class you purchase.

### **529 College Savings Plans**

529 college savings plans are established by states under Section 529(b)(A)(ii) of the Internal Revenue Code as "qualified tuition programs" through which you can make investments to accumulate savings for qualifying higher education costs of beneficiaries. You can purchase interests in a trust or other financial arrangement established by the state or its instrumentality, with the collective assets invested according to the plan's stated investment objectives.

Investments in 529 college savings plans involve investment risks. Although plans are established and maintained by states, the states do not provide guarantees against investment loss, except in certain very limited cases. As with any investment in a 529 college savings plan or other equity security, an investment in a 529 college savings plan can decrease in value. Furthermore, although the past performance of available investment options in a 529 college savings plan may be one of several appropriate factors to consider in choosing an investment, such past performance is not necessarily indicative of how a particular investment vehicle will perform in the future.

All 529 college savings plans contain fees and expenses. These costs not only vary among 529 plans but also can vary within a single 529 plan. Fees may include: enrollment charges, annual maintenance fees, sales loads, deferred sales charges paid when you withdraw your money, administration and management fees and underlying fund expenses. Take the time to research all fees and expenses and carefully compare plans.

### **Out-of-State Disclosure**

Depending upon the laws of your home state or the designated beneficiaries, you should consider, before investing, whether the state offers any favorable tax treatment or other state benefits such as financial aid, scholarship funds, or protection from creditors that are only available by such home state for investing in the home state's 529 college savings plan.



Any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision.

You should consult with your tax advisor to learn more about how state-based benefits (including limitations) would apply to your specific circumstances and you may also wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits and limitations of that state's 529 college savings plan.

**FINRA maintains a 529 College Savings Plan Expense Analyzer on its website at [https://tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/) that may help you compare how fees and expenses can impact your returns. The analyzer is designed to work with most college savings plans. It explains the various fees and provides guidance about where to find them in 529 disclosure documents.**