Investor Research Report

Submitted to: The U.S. Securities and Exchange Commission  
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This study presents the findings of Siegel & Gale LLC (Siegel+Gale) and does not necessarily reflect the views of the U.S. Securities and Exchange Commission (SEC), its Commissioners, or members of the SEC’s staff.
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Introduction
Background

The SEC contracted with Siegel+Gale to conduct investor research and produce a report that, among other things, identifies:

+ Methods to improve the timing, content, and format of disclosures to investors, with respect to financial intermediaries, investment products, and investment services

+ The most useful and understandable relevant information that retail investors need to make informed financial decisions before engaging a financial intermediary or purchasing an investment product or service that is typically sold to retail investors, including shares of open-end companies

+ Methods to increase the transparency of expenses and conflicts of interests in transactions involving investment services and products, including shares of open-end companies
The SEC commissioned Siegel+Gale to design and conduct public opinion research among U.S. investors that investigates the usability and effectiveness of certain disclosure concepts and documents. Using a combination of qualitative and quantitative research techniques, the study focused on the following:

1. Form ADV Part 2A (Brochure)
2. Trade Confirmations (Confirmations)/Account Statements
3. Mutual Fund Summary Prospectus (Summary Prospectus)
4. Point-of-Sale for Financial Intermediaries (POS)
Where applicable, the research examined, among other things, the following elements of disclosure relating to financial intermediaries and certain investment products:

- Fees/costs
- Risk
- Past performance
- Conflicts of interest
- Investment strategy and objectives
- Format
- Options for document delivery to investors
Siegel+Gale employed a two-stage research design to examine these issues:

- Qualitative research comprising a series of focus groups with retail investors
- Quantitative research comprising a large national online survey among retail investors

The next section of this report consists of selected quotations from the focus group research, followed by detailed results of the quantitative research
The intent of this report is to provide factual, objective observations of decision makers in the investor population—allowing the SEC and others to draw conclusions.

This report intentionally contains no Executive Summary or Conclusions sections. The appropriate findings to highlight and resulting conclusions depend on the topic that the user of this information wishes to investigate.

To facilitate the use of the data, Siegel+Gale has utilized a “data presentation” format for this report rather than its usual presentation template.
Focus Groups
Focus Group Methodology
Focus Group Methodology

+ The focus group research was designed to better understand retail investors’ reactions to various disclosure concepts and documents. Siegel+Gale developed a research protocol and methodology, including questions and exhibits provided by the SEC, to explore the application of disclosure principles and formats with respect to various financial intermediaries and investment products:

Financial Intermediaries
+ Broker-Dealers
+ Investment Advisers (including financial planners)

Investment Products
+ Mutual funds and exchange-traded funds (ETFs)
+ Variable annuities
+ Municipal bonds
+ Publicly-traded stocks
Twelve focus groups were conducted among retail investors between November 1–16, 2011. Locations of the groups, the primary topics discussed and general descriptions of the focus group participants are shown below:

<table>
<thead>
<tr>
<th>Primary Topic</th>
<th>Baltimore</th>
<th>Atlanta</th>
<th>San Diego</th>
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<tr>
<td>Selecting a financial intermediary (Total of 6 groups)</td>
<td>Nov 1: Users of Investment Advisers (including some who also used Financial Planners)</td>
<td>Nov 9: Users of Investment Advisers (including some who also used Financial Planners)</td>
<td>Nov 15: Users of Investment Advisers (including some who also used Financial Planners)</td>
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<td>Purchasing investment products/services (Total of 6 groups)</td>
<td>Nov 3: Owners of mutual funds and/or ETFs</td>
<td>Nov 10: Owners of mutual funds and/or variable annuities</td>
<td>Nov 16: Owners of mutual funds and/or variable annuities</td>
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<td>Nov 3: Owners of stocks and/or municipal bonds</td>
<td>Nov 10: Owners of mutual funds and/or ETFs</td>
<td>Nov 16: Owners of mutual funds, stocks, variable annuities and/or municipal bonds</td>
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Focus Group Methodology (continued)

Focus group participants were comprised of individuals who met the following criteria:

+ Sole or share primary financial decision-makers for their households
+ Owned certain investment products, including stocks, municipal bonds, ETFs, variable annuities and mutual funds
+ Gender mix (40-60% male, 40-60% female)
+ Mix of ages in each group (between 21 and 64)
+ Mix of education levels
+ Excluded those who had participated in a financial-related focus group within the past 12 months
Excluded those (or a member of their household) who now work, or have worked in any of the following industries:

- Insurance
- Financial services
- Federal or State financial regulator or any other Federal or State regulator of banks, insurance companies or money managers
- Public relations, media, marketing/market research
Focus Group
Selected Quotations
Disclosures—methods to improve timing

+ “I think that before you start with them that they should be able to disclose what their conflicts are before you even start. I think requiring them to initially tell you what the conflicts are would be an easy way to solve it and have it noted.” ¹

+ “I think at the beginning that you have a dialogue with that person, and then right at the time when you’re about to buy something.” ²

¹ San Diego focus group 2 (Users of Broker-Dealers) transcript at 51 (Nov. 15, 2011)
² San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 59 (Nov. 16, 2011)
Disclosures—methods to improve timing

+ “Once a year” is a sufficient frequency for receipt of the ADV Brochure.³

+ “No more than once a year” is a sufficient frequency for receipt of the ADV Brochure.⁴

+ “I think once every two years is probably enough” for frequency of receipt of the ADV Brochure.⁵

+ Several focus group participants would want to receive the ADV Brochure “[p]rior to making a commitment,” “before engaging their services,” or “before any monies are handled.”⁶

³ Atlanta focus group 1 (Users of Investment Advisers) transcript at 47 (Nov. 9, 2011)
⁴ Atlanta focus group 1 (Users of Investment Advisers) transcript at 47 (Nov. 9, 2011)
⁵ Atlanta focus group 1 (Users of Investment Advisers) transcript at 47 (Nov. 9, 2011)
⁶ San Diego focus group 1 (Users of Investment Advisers) transcript at 38 (Nov. 15, 2011)
Disclosures—methods to improve timing

+ Some focus group participants want to receive disclosure regarding conflicts of interest “[a]t the time of the recommendation.”  

7, 8

+ Other focus group participants would want to receive the ADV Brochure “[u]pfront” or “[b]efore the transactions even take place.”  

9

+ There was some consensus for receiving the ADV Brochure “[t]he same way you receive your statements. If you receive your statements by mail you get this by mail. If you receive it by email you get it by email. However you receive your statement.”  

10

7. Atlanta focus group 1 (Users of Investment Advisers) transcript at 72 (Nov. 9, 2011)
8. San Diego focus group 2 (Users of Broker-Dealers) transcript at 46 (Nov. 15, 2011)
9. San Diego focus group 1 (Users of Investment Advisers) transcript at 56 (Nov. 15, 2011)
10. San Diego focus group 1 (Users of Investment Advisers) transcript at 59 (Nov. 15, 2011)
Methods to improve content

+ “I’m with [one of the largest and most well-known mutual fund companies] and they do an excellent job of telling you what’s in a fund and the prospectus, what’s in the fund, the makeup of the fund and the fees and the whole thing. They did a great job of that.”  

+ “Yes, and I’m going to refer again to [one of the largest and most well-known mutual fund companies]. They have great information on all of these tons of funds that they have. And they’ll have graphs and charts and pies and they’ll show you what the funds are made up of and they’re very easy to read.”

+ “. . . the statutory prospectus will have the pie, they’ll show you the industries or the companies that are in there and it’s all just very easy to determine if this is the kind of program you want to get into or not.”

11. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 8 (Nov. 10, 2011)
12. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 8 (Nov. 10, 2011)
13. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 14 (Nov. 10, 2011)
Methods to improve content

+ “I want to know the background information on my broker himself.” 14

+ “It’s like when you get a prospectus from your mutual funds—you know, it’s like a booklet, but there are only a couple of pages that I really care about where they show what the return rates and returns are.” 15

+ “Performance in the last year. Performance over five years.” 16

+ A number of focus group participants generally agreed with the consultant’s assertion that “in terms of the relationships of them [the financial intermediaries] buying and selling these products and informing you about them, it has been working acceptably for you then.” 17

14. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 27 (Nov. 10, 2011)
15. San Diego focus group 2 (Users of Broker-Dealers) transcript at 26 (Nov. 15, 2011)
16. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 5 (Nov. 16, 2011)
17. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 57 (Nov. 16, 2011)
Methods to improve content

+ One focus group participant read a prospectus and “learned a few things in there that was actually very interesting that no rep would talk about . . . And then I found out there are management fees, which are deducted from the actual growth of the portfolio, which to me, at first, was bothersome because again nobody would mention it.” 18

+ “I would like to know everything—you know, everything that I could know, every fee, every commission you’re going to get.” 19

+ “If everybody knows that you’re supposed to get a prospectus then maybe we should also know that there is supposed to be an eight question handout given within 24 hours of speaking about a securities related product.” 20

18. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 19 (Nov. 16, 2011)
19. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 62 (Nov. 16, 2011)
20. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 66 (Nov. 16, 2011)
Methods to improve format

+ “When you have these links up on top here, then you can click on a button and go right down to the answer. So something along those lines, kind of an instant table-of-contents tab. What are the commission feed breakdowns? Click on that and then go down there and it shows you.” 21

+ “Like a two-page executive summary and then to your point they have certain things bolded, you click on it, and it goes there because you want to expand it, you want to see the full table.” 22

+ “I mean sometimes they even have a graph or a chart—you know, that is the key to quick understandings of the whole thing.” 23

+ “If you receive your statements on a quarterly basis I would like to see it attached with the statement…[which] means you’re going to get it four times a years [sic].” 24

21. Baltimore focus group 1 (Users of Investment Advisers) transcript at 37 (Nov. 1, 2011)
22. Baltimore focus group 1 (Users of Investment Advisers) transcript at 37 (Nov. 1, 2011)
23. Baltimore focus group 3 (Owners of mutual funds and/or ETFs) transcript at 16 (Nov. 3, 2011)
24. San Diego focus group 1 (Users of Investment Advisers) transcript at 59 (Nov. 15, 2011)
Methods to improve format

+ “I like graphs and maybe bullet points.” 25

+ “I think when you get the annual reports it would be nice to have a summary page that summarizes everything out, because it’s like reading another language when you get those pamphlets.” 26

+ “Yes, and I’m going to refer again to [one of the largest and most well-known fund companies]. They have great information on all of these tons of funds that they have. And they’ll have graphs and charts and pies and they’ll show you what the funds are made up of and they’re very easy to read.” 27

+ “I like graphs and charts.” 28,29

+ “Bullet points.” 30,31

+ “A graph tells you everything you want to know, assuming the graph data is correct of course.” 32

25. Baltimore focus group 3 (Owners of mutual funds and/or ETFs) transcript at 24 (Nov. 3, 2011)
26. Baltimore focus group 4 (Owners of stocks and/or municipal bonds) transcript at 31 (Nov. 3, 2011)
27. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 14 (Nov. 10, 2011)
28. Baltimore focus group 4 (Owners of stocks and/or municipal bonds) transcript at 31 (Nov. 3, 2011)
29. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 16 (Nov. 16, 2011)
30. Baltimore focus group 4 (Owners of stocks and/or municipal bonds) transcript at 31 (Nov. 3, 2011)
31. San Diego focus group 1 (Users of Investment Advisers) transcript at 42 (Nov. 15, 2011)
32. Baltimore focus group 4 (Owners of stocks and/or municipal bonds) transcript at 33 (Nov. 3, 2011)
Methods to improve format

+ “Get the planners and financial professionals that are feeding us this information to put it in plain common ordinary language so that we understand it.”  

+ “I would say if they could give us the opportunity to have access to the Form ADV Brochure would be sufficient. Don’t send it to me . . . .”

+ “For more information about the company and recent changes, go to this website.”

+ “Well I tend to be visual and so the graphs and the charts were the most useful to me.”

33. Baltimore focus group 4 (Owners of stocks and/or municipal bonds) transcript at 34 (Nov. 3, 2011)
34. Atlanta focus group 1 (Users of Investment Advisers) transcript at 48 (Nov. 9, 2011)
35. Atlanta focus group 1 (Users of Investment Advisers) transcript at 50 (Nov. 9, 2011)
36. Atlanta focus group 3 (Owners of mutual funds and/or variable annuities) transcript at 21 (Nov. 10, 2011)
Methods to improve format

+ “… the statutory prospectus will have the pie, they’ll show you the industries or the companies that are in there and it’s all just very easy to determine if this is the kind of program you want to get into or not.” 37

+ “I mean once you look at that, there’s no need to look at the prospectus because that’s the highlights of it. That’s the way I look at the fact sheet.” 38

+ “I like the fact sheets too. They’re simple and to the point.” 39,40

+ “I received a DVD and a CD. The CD had a narrator about the product that I could listen to in my car. I thought that was interesting.” 41

+ “Graphs and charts.” 42,43

37. Baltimore focus group 4 (Owners of stocks and/or municipal bonds) transcript at 34 (Nov. 3, 2011)
38. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 18 (Nov. 10, 2011)
39. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 18 (Nov. 10, 2011)
40. San Diego focus group 2 (Users of Broker-Dealers) transcript at 31-32 (Nov. 15, 2011)
41. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 19 (Nov. 10, 2011)
42. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 20 (Nov. 10, 2011)
43. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 27 (Nov. 16, 2011)
Methods to improve format

+ “An email or a PDF so that I can scroll through it, or even search for keywords. If you want to give me a packet of 50 papers, it’s like, ‘I don’t want it.’ I’ll scroll through it and I’ll pick out what I want in a document on my computer.” 44

+ “I want the paper on their letterhead.” 45

+ “…the ones that I’ve found the most helpful have had…these one sheet tip sheets or fact sheets and something like questions to ask…Easy, short, and sweet, but the really key points.” 46,47

+ “What I don’t want is a smaller font than this or have to search around, like, ‘Item #1 is here, but I’ve got to go through a bunch of other stuff before I could find Item #2.” 48

+ “If you can’t put it on a 4X5 card then I don’t want to deal with it.” 49

44. San Diego focus group 1 (Users of Investment Advisers) transcript at 16 (Nov. 15, 2011)
45. San Diego focus group 1 (Users of Investment Advisers) transcript at 16 (Nov. 15, 2011)
46. San Diego focus group 1 (Users of Investment Advisers) transcript at 26 (Nov. 15, 2011)
47. San Diego focus group 1 (Users of Investment Advisers) transcript at 43 (Nov. 15, 2011)
48. San Diego focus group 1 (Users of Investment Advisers) transcript at 44 (Nov. 15, 2011)
49. San Diego focus group 2 (Users of Broker-Dealers) transcript at 16 (Nov. 15, 2011)
Methods to improve format

+ “I would rather get his [sic] online as an attachment to my email and open it up into an Adobe format where you can just go to the top index and you can click on any one area of the document and go right there.” 50

+ “I know that I get my car insurance every six months all broken down in one page – you know, it is really simple to read.” 51

+ “I like comparison charts. It doesn’t matter whether it’s a line diagram or a bar chart, a pie chart. I like to be able to see: How did this compare to others within its category over time? And I like a lot of time. A minimum of 15, 20 years is what I consider to be worthwhile.” 52

50. San Diego focus group 2 (Users of Broker-Dealers) transcript at 29 (Nov. 15, 2011)
51. San Diego focus group 2 (Users of Broker-Dealers) transcript at 31 (Nov. 15, 2011)
52. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 15 (Nov. 16, 2011)
Methods to improve format

+ “I’d like to have it in print.” 53

+ “I like charts and graphs the best.” 54

+ “Spreadsheets and charts and graphs. I mean I just want to see a full breakdown of costs and fees as well as the charts and graphs.” 55

53. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 33 (Nov. 16, 2011)
54. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 34 (Nov. 16, 2011)
55. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 27 (Nov. 16, 2011)
Most useful and understandable relevant information

+ “Well, it may have been nice to know exactly what their fee was going to be.” 56

+ Some focus group participants liked “the investment factsheets that went into detail on each of the mutual funds.” 57

+ “I want to know the background information on my broker himself.” 58

+ “I want to know what he’s been doing. Is he pretty clean? Has he got something that he’s been cited for before? Has he gone according to regulations?” 59

56. Atlanta focus group 3 (Owners of mutual funds and/or variable annuities) transcript at 26 (Nov. 10, 2011)
57. Atlanta focus group 3 (Owners of mutual funds and/or variable annuities) transcript at 23 (Nov. 10, 2011)
58. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 27 (Nov. 10, 2011)
59. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 28 (Nov. 10, 2011)
+ “Well, I guess what we’re looking for is the SEC to be able to go to their website and look up John Smith and find out what’s going on with John Smith. Just like you could go to the medical board and find out about a doctor. Their website to find out is good.” 60

+ “A summary prospectus.” 61

+ “I mean I just want to see a full breakdown of costs and fees as well as the charts and graphs.” 62

+ “I mean I think that it should be something similar to that HUD-1 form where it has all the meat and potatoes that people actually care about...” 63

+ “I like the example of this checklist kind of thing, something in writing.” 64

60. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 28 (Nov. 10, 2011)
61. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 16 (Nov. 16, 2011)
62. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 27 (Nov. 16, 2011)
63. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 51 (Nov. 16, 2011)
64. San Diego focus group 4 (Owners of mutual funds, stocks, variable annuities and/or municipal bonds) transcript at 51 (Nov. 16, 2011)
Methods to increase transparency of expenses

“If I were fixing up my house, I’d get three proposals and I’d review every single line of the contract … before I’d let him in my house. But when it comes to this, I just don’t get it. I don’t know if that’s a failing with me, at least in part it is. Or a failing with just that it’s not transparent or just complex.” ⁶⁵

“I want to be able to go on the SEC’s website and all the fee structures . . . I want it to be a require [sic] that those companies have to report their fee structures to the SEC, it goes into the SEC database … and then I can go on there and I can compare their rates for different services . . . So I would like to have one place where I can go and get that information in the event that I want to be able to do a comparison.” ⁶⁶

“I think the biggest issue is full disclosure of fees. That’s the big issue and that’s where most people get defrauded or misled. I wouldn’t say defrauded, but misled.” ⁶⁷

⁶⁵. Baltimore focus group 2 (Users of Broker-Dealers) transcript at 39 (Nov. 1, 2011)
⁶⁶. Atlanta focus group 1 (Users of Investment Advisers) transcript at 59 (Nov. 9, 2011)
⁶⁷. Atlanta focus group 3 (Owners of mutual funds and/or variable annuities) transcript at 31 (Nov. 10, 2011)
Methods to increase transparency of expenses

+ “I mean maybe this is radical thinking, but I would love to see the SEC as an unbiased regulatory party. I mean they could establish some sort of educational department . . . [t]hey could educate people on what this stuff is, and how it works, and what it means, et cetera.” 68

+ “It would be interesting to ask them why the fee is what it is. Is the fact that this fee is higher than this product, what is the justification for that? Why? Why are they charging such a high fee? Is there any benefit that you are going to see?” 69

+ “But you can have a graph or a chart on your statement also where the fees are going.” 70

+ “More transparency early on.” 71

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68. Atlanta focus group 3 (Owners of mutual funds and/or variable annuities) transcript at 38 (Nov. 10, 2011)
69. Atlanta focus group 3 (Owners of mutual funds and/or variable annuities) transcript at 52 (Nov. 10, 2011)
70. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 47 (Nov. 10, 2011)
71. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 49 (Nov. 16, 2011)
Methods to increase transparency of expenses

+ “I think it would also be good on the graphs and charts also, the whole breakdown, every area where your fees are going. If they’re charging you $22.95, I need to know where every dollar of that is going. That would be a good visual to look at.”

+ “I agree, a standard form.”

72. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 46 (Nov. 10, 2011)
73. San Diego focus group 3 (Owners of mutual funds and/or variable annuities) (mislabeled 1) transcript at 66 (Nov. 16, 2011)
Methods to increase transparency of conflicts of interest

+ “I don’t think it needs to be regulated so much, but I think that they need to emphasize that in offering you this fund I am receiving extra compensation or a different type of compensation or something. Just let us know that, yes, they have a little bit more incentive in giving you this as opposed to something else, so maybe you’d think twice, but I don’t think it needs to be regulated totally.” 74

+ “I recognize the value in informing us of these conflicts. On the other hand, there’s a bit of a diminishing value because the more that is disclosed to us, we may be less likely to pay attention to it . . . So somewhere they’ve got to decide the tipping point when people are just going to tune it out, because it looks like it’s just too onerous.” 75

74. Baltimore focus group 1 (Users of Investment Advisers) transcript at 63 (Nov. 1, 2011)
75. Baltimore focus group 2 (Users of Broker-Dealers) transcript at 55 (Nov. 1, 2011)
Methods to increase transparency of conflicts of interest

Some focus group participants want to receive disclosure regarding conflicts of interest “at the time of the recommendation.” 76

“Right where I sign [the contract], I want to see, ‘I am getting an extra 20%, because this is a house account.’” 77

“I mean when you get a mortgage you sign disclosure after disclosure after disclosure. So when you’re doing this, they should be regulated just like the mortgage business in signing these disclosures and they should be given to you upfront.” 78

“And I feel like a good example is giving you the option where you can go to the website and see it [conflict of interest information] posted there . . . It’s their responsibility to make you aware of it and not your responsibility to hope you find it somewhere buried in the literature.” 79

76. Atlanta focus group 1 (Users of Investment Advisers) transcript at 72 (Nov. 9, 2011)
77. Atlanta focus group 1 (Users of Investment Advisers) transcript at 76 (Nov. 9, 2011)
78. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 59 (Nov. 10, 2011)
79. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 60 (Nov. 10, 2011)
Methods to increase transparency of conflicts of interest

+ Some focus group participants wished to be notified of potential conflicts of interest “[e]very time” or “[e]very time I call.”

+ “I personally think they should disclose it upfront. They should go over it with you, have you sign it, keep it on file. But I don’t think they should disclose it every time.”

+ “Maybe on a regular basis that kind of thing should be brought out.”

+ “I think that before you start with them that they should be able to disclose what their conflicts are before you even start. I think requiring them to initially tell you what the conflicts are would be an easy way to solve it and have it noted.”

80. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 62 (Nov. 10, 2011)
81. Atlanta focus group 4 (Owners of mutual funds and/or ETFs) transcript at 67 (Nov. 10, 2011)
82. San Diego focus group 2 (Users of Broker-Dealers) transcript at 44 (Nov. 15, 2011)
83. San Diego focus group 2 (Users of Broker-Dealers) transcript at 51 (Nov. 15, 2011)
Online Survey
Online Survey
Methodology
Online Survey Methodology

Following the completion of the qualitative research, Siegel+Gale designed an online survey of retail investors to enable quantitative measurement of various information relating to the topics described earlier. The online survey comprised four independent sub-surveys targeting audiences for the following:

1. Form ADV Part 2A Brochure (n=1,200 online survey respondents)
2. Trade Confirmations/Account Statements (n=1,201 online survey respondents)
3. Mutual Fund Summary Prospectus (n=1,201 online survey respondents)
4. Point-of-Sale for Financial Intermediaries (n=1,200 online survey respondents)
Online Survey Methodology: Overall screening criteria

All survey respondents were required to meet a set of screening criteria in order to qualify for the survey. The following criteria were common to all four sub-surveys:

+ Neither the respondent, nor anyone in his or her household, works in the following industries: financial services, Federal or state financial regulation, media, marketing/market research, or public relations
+ Respondent must be at least 21 years of age
+ Respondent must be the sole/primary decision-maker for personal financial decisions or share in those decisions with someone else
+ Have money currently invested excluding real estate properties

Individuals who met these basic requirements are referred to in this report as “investor decision-makers”

In addition to meeting the screening criteria above, the sampling plan called for an approximately equal number of male and female respondents
Online Survey Methodology: ADV Brochure screening criteria

Additional screening requirements applied for qualification for the ADV Brochure sub-survey (n=1,200):

+ Have $50,000 or more in investments (excluding investments in employer-sponsored retirement accounts)

+ Work with a financial professional (e.g., investment adviser, financial planner, etc.) and pay for the financial services in one of the following ways:
  - A flat fee that covers all transactions
  - A percentage of the total value of his or her assets
  - A flat fee for a financial plan
  - A combination of commissions (i.e., per transaction) and fees (i.e., flat fees or fees based on the value of one’s assets)
  - A type of fee not mentioned in response options
Online Survey Methodology: Trade Confirmations screening criteria

Additional screening requirements applied for qualification for the Trade Confirmations (Confirmations)/Account Statements sub-survey (n=1,201):

+ Have investments of at least the following amount (excluding employer-sponsored retirement accounts)
   - >$5,000 invested if under the age of 35
   - >$10,000 invested if 35 or over
Additional screening requirements applied for qualification for the Mutual Fund Summary Prospectus sub-survey (n=1,201):

+ Have current investments—across investment products or retirement accounts (individual or employer-sponsored)—that total at least:
  - >$5,000 invested if under the age of 35
  - >$10,000 invested if 35 or over

+ Have investments that include mutual funds, ETFs and/or money market funds
  - At least 400 respondents with these investments in employer-sponsored retirement accounts
  - At least 800 respondents with these investment products outside of employer-sponsored retirement accounts
Online Survey Methodology: POS for Financial Intermediaries screening criteria

Additional screening requirements applied for qualification for the Point-of-Sale (POS) sub-survey (n=1,200):

+ Have investments of at least the following amount (excluding employer-sponsored retirement accounts)
  – >$5,000 invested if under the age of 35
  – >$10,000 invested if 35 or over

+ Work with a financial professional (e.g., broker) with respect to investment decisions and pay for the financial services in one of the following ways:
  – A commission for each transaction
  – A combination of commissions (i.e., per transaction) and fees (i.e., flat fees or fees based on the value of one’s assets)
Online Survey Methodology: Sample approach and analysis

+ The survey was conducted among U.S. retail investors using Global Market Insite Inc.’s (GMI’s)* consumer panel, supplemented with panelists from online panels with which GMI partners

+ In order to locate a sufficient number of investor decision-makers who also met the requirements for one or more of the sub-surveys, 57,565 potential respondents were screened

+ Of that total, 30,631 qualified as investor decision-makers

+ Qualification levels for the various sub-surveys was as follows:
  - ADV Brochure: 3,307
  - Trade Confirmations: 15,611
  - Mutual Fund Summary Prospectus: 17,783
  - POS for Financial Intermediaries: 2,605

+ Some investor decision-makers did not qualify for any of the sub-surveys due to the limited size of their investment portfolio

*GMI is a third-party market research services provider who manages a global, online consumer panel representative of the general consumer population
Because investor decision-makers could qualify for more than one sub-survey, the allocation of respondents to each sub-survey was carefully controlled to ensure they maintained a representative profile by sub-survey qualification. For example, this kept the Confirmations sub-survey from being disproportionately represented by investor decision-makers who qualified only for that branch.

The full sample of investor decision-makers (n=30,631) was used to estimate the demographic profile of all such individuals. Because the sample was balanced by gender while the demographics of some sub-surveys proved to be predominantly male, raw data was weighted using standard statistical methodology to ensure that each sub-survey’s results were representative by:

- Gender
- Sub-survey qualification (see above)
A note on the figures presented in this report

+ As mentioned in the previous slide, respondents were weighted to adjust the sample to be representative of the larger population (e.g., ADV recipients). Each respondent is assigned a single weight for this purpose. For example, because the sample was intentionally balanced by gender but the results revealed that certain populations tend to be disproportionately male, the weight for a female respondent would tend to be somewhat less than 1.00 while the weight for a male respondent would tend to be somewhat greater than 1.00.

+ All percentages shown in this report are based on weighted results. For example, in the first pie chart shown to the right, 43 respondents out of 600 answered “No” to question A51. The sum of the weights for these 43 individuals represented 7.0% of the sum of the weights of all 600 respondents. Hence, the unweighted base of the second pie chart—which reflects a question only asked of individuals who answered “No” to question A23—is 43.

+ A detailed calculation of this question can be found on the next page.

Sample comprised of respondents who were not satisfied with the disclosures provided in the Conflicts of Interest exhibits in A51

n=43

A51: After reading both documents, are you satisfied with the disclosure provided to you about each adviser’s potential conflicts of interest?

Yes 75.8%
No 7.0%
I am not sure/I don’t know 17.2%

A52: Is there something you would like to see disclosed in either document that is not currently provided?

Yes 18.9%
I am not sure/I don’t know 35.8%
No 45.2%

n=600
An example calculation of the figures presented in this report

Per the methodology noted in the previous two slides, below is an example calculation of the results for a specific survey question. In this particular example (A52), only a subset of respondents were asked the question, based on their response to A51.

A52: Is there something you would like to see disclosed in either document that is not currently provided?

n (unweighted count of respondents who answered this question) = 43

### Individual respondent weights by response selected:

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Un-weighted count</td>
<td>9</td>
<td>20</td>
<td>14</td>
</tr>
</tbody>
</table>

#### Yes

- 1.285
- 0.659
- 0.659
- 1.285
- 0.659
- 0.659

**TOTAL WEIGHT= 7.809**

#### No

- 1.285
- 1.991
- 1.285
- 0.915
- 0.659
- 0.659

**TOTAL WEIGHT= 18.642**

#### I don’t know

- 1.285
- 0.659
- 0.659
- 0.659
- 1.285
- 0.659

**TOTAL WEIGHT= 14.837**

### Results calculation:

<table>
<thead>
<tr>
<th>Responses</th>
<th>Total Weights</th>
<th>Weighted Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7.81</td>
<td>18.9%</td>
</tr>
<tr>
<td>No</td>
<td>18.64</td>
<td>45.2%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>14.84</td>
<td>35.9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>41.29</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The survey results provided the basis for two different data bases:

+ A data base of 30,631 respondents that is representative of all investment decision makers in the United States regardless of amount invested (as long as it is at least $1). This data base can be used to examine the demographics of and types of investments held by investment decision makers.

+ A data base of 4,802 respondents that represents four distinct subsamples of size 1,201 or 1,200. The aggregate sample of 4,802 represents a contrived combination of the four subgroups and therefore has little value in the aggregate. However, the four subgroups represent the attitudes and opinions of distinct groups of investment decision makers:
  - The target audience for the Form ADV Part 2A Brochure (n=1,200)
  - The target audience for Trade Confirmations/Account Statements (n=1,201)
  - The target audience for the Mutual Fund Summary Prospectus (n=1,201)
  - The target audience for Point-of-Sale documents (n=1,200)
Online Survey Methodology: Margin of Error

+ All percentages derived from the sample in this report are subject to sampling error. For an observed percentage \( p \), we can be 95% confident that the value of \( P \)—the actual percentage among everyone in the universe of interest—would be in the interval \( p \pm 1.96 \times \sqrt{\frac{p \times (100 - p)}{n}} \), where \( n \) is the size of the sample from which \( p \) is derived.

+ The maximum confidence interval occurs at 50% (\( p = 50 \)) and gets smaller as \( p \) gets either smaller or larger. The 95% confidence interval for different percentages based on various sample sizes is shown on the next page.

+ The sampling error increases by a factor of 1.41 when comparing two percentages from different samples of the same size (e.g., percent of respondents finding one exhibit easy to understand versus respondents who viewed a different exhibit).†

† Tables displaying results for different exhibits have statistical significance indicated on the table.
### Online Survey Methodology: Margin of Error (95% level of confidence)

<table>
<thead>
<tr>
<th>Sample Size</th>
<th>Observed Percentage (p)</th>
<th>10% or 90%</th>
<th>20% or 80%</th>
<th>30% or 70%</th>
<th>40% or 60%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>n = 1,201 or 1,200</td>
<td></td>
<td>± 1.70%</td>
<td>± 2.26%</td>
<td>± 2.59%</td>
<td>± 2.77%</td>
<td>± 2.83%</td>
</tr>
<tr>
<td>n = 601 or 600</td>
<td></td>
<td>± 2.40%</td>
<td>± 3.20%</td>
<td>± 3.67%</td>
<td>± 3.92%</td>
<td>± 4.00%</td>
</tr>
<tr>
<td>n = 401 or 400</td>
<td></td>
<td>± 2.94%</td>
<td>± 3.92%</td>
<td>± 4.49%</td>
<td>± 4.80%</td>
<td>± 4.90%</td>
</tr>
</tbody>
</table>

The sampling error shown above increases by a factor of 1.41 when comparing two percentages from different samples of the same size (e.g., percent of respondents finding one exhibit easy to understand versus respondents who viewed a different exhibit).
Online Survey Methodology: Demographic profiles

A profile of investor decision-makers (as estimated from the screened respondents) reflects a population that is close to that of the US population (age 21+)

<table>
<thead>
<tr>
<th>Age</th>
<th>US Population (Age 21+)</th>
<th>Investor Decision-makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-34</td>
<td>26.4%</td>
<td>26.1%</td>
</tr>
<tr>
<td>35-44</td>
<td>18.6%</td>
<td>19.2%</td>
</tr>
<tr>
<td>45-54</td>
<td>20.4%</td>
<td>20.6%</td>
</tr>
<tr>
<td>55-61</td>
<td>11.9%</td>
<td>15.0%</td>
</tr>
<tr>
<td>62-72</td>
<td>12.4%</td>
<td>15.1%</td>
</tr>
<tr>
<td>73 and over</td>
<td>10.4%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race</th>
<th>US Population (Age 21+)</th>
<th>Investor Decision-makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaskan Native alone</td>
<td>0.9%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Asian alone</td>
<td>4.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Black/African American alone</td>
<td>12.0%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Native Hawaiian/Other Pacific Islander alone</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>White alone</td>
<td>81.1%</td>
<td>86.6%</td>
</tr>
<tr>
<td>2+ races</td>
<td>1.2%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>US Population (Age 21+)</th>
<th>Investor Decision-makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>13.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Non-Hispanic</td>
<td>86.6%</td>
<td>93.7%</td>
</tr>
</tbody>
</table>

Note: Gender figures for US population (age 21+) are from the 2010 Census. All other US population (age 21+) are estimates as of April 2009 from the US Census Bureau. Estimates for Hispanic investor decision-makers may be understated because survey was conducted in English language only.
Form ADV Part 2A
Brochure
Selecting an Investment Adviser
At the beginning of the online survey, respondents were shown the information below and asked to answer a series of questions related to it

Your investment adviser must provide you with a document, called a “Brochure,” in which the adviser discloses information about his or her firm. This can be separate from the introductory materials provided to you about the adviser’s firm which the adviser may not be obligated to provide to you. Therefore, throughout this exercise, when we refer to “Brochure” we are referring to the document the adviser is required to provide you and which includes 18 types of information (see below). This document may also be called or labeled the “ADV Part 2.”

The adviser is required to disclose information on a minimum of 18 items, listed below, and that disclosure must be made to each of the adviser’s clients before or at the time the adviser enters into an advisory agreement with the client. While disclosure of the items below are mandatory, they may not necessarily apply to your adviser’s activities and as such, the adviser may indicate on the Brochure that particular items do not apply to their advisory business. The Brochure must be written in a comprehensible manner taking into account the level of financial sophistication of the adviser’s clients. This Brochure must be filed electronically with the SEC and can be retrieved by the public through www.adviserinfo.sec.gov.

Item 1. Cover Page
Item 2. Material Changes
Item 3. Table of Contents
Item 4. Advisory Business
Item 5. Fees and Compensation
Item 6. Performance-Based Fees and Side-by-Side Management
Item 7. Types of Clients
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss
Item 9. Disciplinary Information
Item 10. Other Financial Industry Activities and Affiliations
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
Item 12. Brokerage Practices
Item 13. Review of Accounts
Item 14. Client Referrals and Other Compensation
Item 15. Custody
Item 16. Investment Discretion
Item 17. Voting Client Securities
Item 18. Financial Information
While over two-thirds of online survey respondents (68.5%) recalled receiving a Brochure, only half (50.1%) remembered discussing the information with their adviser.

**A1-A3**

Do you recall receiving a document from your adviser, which we refer to as a Brochure, which included all of the above information?

- Yes: 68.5%
- No: 12.1%
- I am not sure - I don't know: 19.4%

Do you recall reading a document or Brochure that included all of the information you just reviewed?

- Yes: 58.1%
- No: 22.3%
- I am not sure - I don't know: 19.7%

Do you recall discussing the information in the Brochure with your adviser or someone else who works at the firm?

- Yes: 50.1%
- No: 35.4%
- I am not sure - I don't know: 14.4%

n=1,200

Note: Figures may not add to 100% due to rounding.
Fees, investment strategy(s) and disciplinary history were the most important information that online survey respondents sought about advisers (“absolutely essential” for 76.4%, 69.5% and 67.4%, respectively), while the types of clients and affiliations were secondary.

A4: Using the scale shown below, please indicate how important it is to you to have the following information about your adviser.

- The adviser's fees
- The adviser's investment strategy(s)
- The adviser's disciplinary history (e.g., criminal or regulatory proceedings)
- The adviser's conflicts of interest (e.g., affiliations with other financial service providers, personal investments)
- The adviser's methodology in providing advice
- The adviser's process for selecting broker-dealers to buy and sell securities for clients
- The adviser's affiliations with other entities (e.g., broker-dealer)
- The adviser's business and types of clients

**Note:** Figures may not add to 100% due to rounding.
The majority of online survey respondents (79.6%) reported that receiving a summary of the adviser’s answers to the items in the Brochure would be helpful.

A5: Advisers’ Brochures vary in length, but in many cases they may be 20 to 40 pages long. Would you find it helpful to receive a summary of the adviser's answers to the items in the Brochure assuming this summary would be about 5 to 10 pages long but would include less content regarding the disclosures an adviser is currently required to make in its Brochure?

- Yes: 79.6%
- No: 10.0%
- I am not sure/ I don't know: 10.5%

n=1,200
Note: Figures do not add to 100% due to rounding.
Among online survey respondents who thought the summary would be helpful, some desired information at different points in time, though about half (51.1%) would like to receive it at the beginning of the advisory relationship.

A6: When would you like to receive this summary? Check all that apply.

- At the beginning of the advisory relationship: 51.1%
- Only when the information has materially changed: 30.7%
- Annually: 26.1%
- Quarterly: 20.3%
- All of the above: 6.7%

n=954. Sample comprised of individuals who indicated a summary would be helpful in A5. Note: Figures do not add to 100% due to multiple responses.
Among online survey respondents who indicated receiving a summary would be helpful, there was little consensus about whether the summary could supplant the full Brochure; 50.1% would like to receive it instead of the full Brochure while 47.2% would like to receive it in addition to the full Brochure.

A7: Would you like to receive this summary instead of the full Brochure or in addition to the full Brochure?

- Instead of the full Brochure: 50.1%
- In addition to the full Brochure: 47.2%
- I don't know: 2.7%

Sample comprised of respondents who indicated a summary would be helpful in A5
Of the online survey respondents who reported wanting to receive both the full Brochure and summary, most (88.6%) desired receiving both at the same time.

A8: Would you like to receive this summary at the same time you receive the full Brochure?

- Yes: 88.6%
- No: 8.4%
- I am not sure/I don't know: 3.1%

n=449

Sample comprised of respondents who indicated a summary would be helpful in A5 and preferred it “in addition to the full Brochure” in A6.

Note: Figures do not add to 100% due to rounding.
Among online survey respondents who indicated that a summary would be helpful, the majority reported that they would either definitely read (52.7%) or probably read (37.2%) the summary. A9: How likely would you be to read the type of summary described earlier?

- I definitely would read the summary: 52.7%
- I probably would read the summary: 37.2%
- I might read the summary: 8.6%
- I probably would not read the summary: 1.1%
- I definitely would not read the summary, but would keep it for my records: 0.3%

Note: Figures do not add to 100% due to rounding.

Sample comprised of respondents who indicated a summary would be helpful in A5
Approximately 74.3% of online survey respondents reported that their current adviser provided them a document with information about fees that would be charged to their account.

A10: Did your current adviser provide you with a document detailing the fees that would be charged to your account?

Yes 74.3%
No 11.5%
I am not sure/I don't know 14.2%

n=1,200
Online survey respondents reported receiving documentation about fees in varying formats

A11: Which of the following best describes the format of the document you were given that describes the fees that would be charged to your account?

- Summary narrative format: 23.8%
- Table format: 16.0%
- Bulleted format: 10.8%
- A combination of one or more of the above: 31.0%
- I don't remember/I don't know: 18.4%

n=870. Sample comprised of individuals who indicated they were provided with a document detailing fees in A11. Note: Figures do not add to 100% due to multiple responses

Sample comprised of respondents who indicated receiving a document detailing fees in A10
Approximately 32.3% of online survey respondents reported receiving documentation on their current adviser’s potential conflicts of interest; slightly more (33.1%) were unsure whether they’d received such a document.

A12: Did your current adviser provide you with a document detailing potential conflicts of interest that may exist when providing advice to you?

- Yes 32.3%
- No 34.7%
- I am not sure/I don’t know 33.1%

n=1,200
Note: Figures do not add to 100% due to rounding
Among online survey respondents who recalled receiving a conflicts of interest disclosure, more than half (56.9%) reported that they fully understood the potential impact on their advisory relationship.

A13: How well would you say you understood the conflicts of interest and the potential impact they might have on your adviser's relationship with you?

- I understood the potential conflicts fully: 56.9%
- I understood the potential conflicts somewhat: 40.8%
- I did not understand the potential conflicts at all: 1.2%
- I don't remember/I don't know: 1.1%

Sample comprised of respondents who reported receiving a conflicts of interest disclosure in A12.
More than half (55.2%) of online survey respondents who understood the conflicts of interest fully or somewhat actually took action to protect their interests.

A14: Did you take, or try to take, any actions to protect your interests?

- Yes: 55.2%
- No: 39.7%
- I am not sure/I don't know: 5.1%

Sample comprised of respondents who reported receiving a conflicts of interest disclosure in A12 and reported having “fully” or “somewhat understood” the conflicts of interest in A13.
The majority of online survey respondents (57.5%) reported preferring a hard copy of the Brochure to other formats.

A15: By which of the following methods would you prefer to receive the Brochure from your adviser? Check all that apply.

- Hard-copy: 57.5%
- Through a link to an electronic copy, but only after I have agreed to receive the Brochure by this method: 27.2%
- Electronic copy of the brochure (e.g., on a CD or flash drive): 19.3%
- I have no preference: 12.3%

n=1,200
Note: Figures do not add to 100% due to multiple responses
The vast majority of online survey respondents (82.3%) reported that they prefer an adviser discuss the information contained in the Brochure with them in addition to receiving the document itself.

A16: In addition to receiving the Brochure, would you prefer an investment adviser discuss with you orally the information contained in it?

- Yes: 82.3%
- No: 17.7%

n=1,200
The amount of money that one would pay an adviser to maintain their relationship was selected by 77.1% of online survey respondents as an “absolutely essential” factor

A17: Using the scale shown below, please indicate how important each of the following factors is to you when choosing an investment adviser.

- The amount of money you will pay to maintain an advisory relationship with the adviser: 77.1% absolutely essential, 17.3% important, 4.3% nice to know, 1.3% completely unimportant
- The adviser's disciplinary history (e.g., criminal or regulatory proceedings): 67.5% absolutely essential, 20.0% important, 9.5% nice to know, 2.9% completely unimportant
- The adviser's past performance: 64.5% absolutely essential, 27.5% important, 6.6% nice to know, 1.4% completely unimportant
- The severity or number of conflicts of interest the adviser has: 52.1% absolutely essential, 30.7% important, 15.3% nice to know, 1.9% completely unimportant
- The amount of money the adviser receives for providing advice to me, which may include getting paid by others (e.g., receiving payment from mutual fund companies when a client purchases a mutual fund): 51.6% absolutely essential, 33.9% important, 12.0% nice to know, 2.4% completely unimportant

n=1,200
Note: Figures may not add to 100% due to rounding
Approximately 50.1% of online survey respondents found their current adviser via referral from a friend or family member, while approximately 29.7% found theirs by referral from another financial professional.

A18: How did you find your current adviser? Check all that apply.

- Referral from family or friend(s): 50.1%
- Referral from another financial professional or person in a similar capacity: 29.7%
- Name or reputation of adviser: 15.2%
- Online search: 8.8%
- Advertisement (e.g., television, newspaper): 8.6%
- Other: 12.9%

n=1,200
Note: Figures do not add to 100% due to multiple responses
Comments from online survey respondents about how they found their current adviser

A18: How did you find your current adviser?

+ Friend or family
  - “Advisor is a family friend.”
  - “Is a personal friend.”
  - “Brother in law.”

+ Seminar/course
  - “Invitation to a financial seminar.”
  - “Attended a seminar he offered.”
  - “Community college course.”

+ Bank
  - “At my bank.”
  - “I bank at the branch where he is an advisor.”

+ Work-related
  - “Business associate.”
  - “From my previous workplace—they managed the 401k.”
  - “Recommended through prior employer.”

+ Company affiliation
  - “Employed at my financial investment firm.”
  - “Replaced my previous adviser.”
  - “Same company we had in another state.”

n=159
Sample comprised of respondents who selected “Other” in A18
Fees and performance were reported as the most important factors in choosing their current adviser, each selected by approximately 68% of online survey respondents.

A19: How important was each of the following factors in choosing your current adviser?

- The adviser's investment performance: 68.1% Absolutely essential, 25.4% Important, but not essential, 5.5% Nice to know, 1.0% Completely unimportant
- The adviser's fees: 67.8% Absolutely essential, 25.1% Important, but not essential, 5.7% Nice to know, 1.4% Completely unimportant
- The adviser's disciplinary history: 54.6% Absolutely essential, 25.8% Important, but not essential, 16.2% Nice to know, 3.4% Completely unimportant
- The firm with which the adviser works or is affiliated: 50.2% Absolutely essential, 36.4% Important, but not essential, 11.0% Nice to know, 2.4% Completely unimportant
- Whether the adviser has any conflicts of interest: 45.7% Absolutely essential, 35.9% Important, but not essential, 15.8% Nice to know, 2.5% Completely unimportant

n=1,200
Note: Figures may not add to 100% due to rounding
More than half of online survey respondents (54.4%) thought information about multiple advisers would have been helpful in selecting their current adviser; the majority who thought it helpful (88.4%) would have liked to compare among advisers on the information in the Brochure.

A23: In selecting your current adviser, would it have been helpful to have information concerning multiple advisers available to you before you made your decision to select the adviser?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>54.4%</td>
</tr>
<tr>
<td>No</td>
<td>30.0%</td>
</tr>
<tr>
<td>I am not sure/I don't know</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

n=1,200

A24: Would it have been helpful to be able to compare among advisers on the information in the Brochures before selecting your current adviser?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>88.4%</td>
</tr>
<tr>
<td>No</td>
<td>5.6%</td>
</tr>
<tr>
<td>I am not sure/I don't know</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

n=639

Sample comprised of respondents who answered “Yes” to A23
Of those online survey respondents who did not think having information on multiple advisers would have been helpful, most (63.5%) reported it was because they found their adviser from a referral.

A23: In selecting your current adviser, would it have been helpful to have information concerning multiple advisers available to you before you made your decision to select the adviser?

A25: What are the primary reason(s) you think that receiving the information before you made your decision would not have been helpful?

- Yes 54.4%
- No 30.0%
- I am not sure/I don't know 15.6%

Sample comprised of respondents who answered “No” to A23.

n=1,200
After reviewing a screenshot from the SEC’s IAPD website as a point of reference, a large majority of online survey respondents (76.5%) indicated they did not use an SEC-sponsored website to find information about their adviser.

A26: In selecting your current adviser, did you use an SEC-sponsored website to find information about your adviser? Click the example below for reference.

Example shown:

Investment Adviser Public Disclosure

Investment Adviser Representative (IAR) Search

In addition to providing information about IARs currently registered with a state securities regulator, IAPD also includes individuals who:

- have been registered with a state securities regulator within the last ten years, or
- (1) have ever been the subject of a final regulatory event, (2) convicted of or pled guilty to a crime, (3) have been the subject of a civil injunction or civil court finding involving a violation of any investment-related statute(s) or regulation(s), or (4) have been a respondent or defendant of the subject of an arbitration or civil litigation which resulted in an award, decision, or judgment for a customer that has been reported on a registration form.

To search for an IAR or a firm, select one of the radio buttons below. If you are having problems with your search, please refine your search criteria or call 240-386-4848 for technical assistance.

Special Note: Through March 30, 2012, SEC-registered investment advisers will transition to a revised Form ADV that was implemented in November 2011. State-registered advisers will also be transitioning to the revised Form ADV in 2013. As a result of the changes to Form ADV and the transition periods for advisers to file the revised Form ADV, the form displayed in IAPD may not include answers to all of the questions of the revised Form ADV. A Form ADV containing answers to all of the revised questions should be available when the transition periods end.

I am not sure/I don’t know 5.0%

Yes 18.5%

No 76.5%

n=1,200
Of those online survey respondents who did not use an SEC-sponsored website, most (85.2%) indicated they were not aware of one.

A27: Did you know an SEC-sponsored website is available for this purpose?

- Yes: 11.0%
- No: 85.2%
- I am not sure/I don't know: 3.8%

Sample comprised of respondents who indicated they did not use an SEC-sponsored website in A26.
Among online survey respondents who were unaware of the SEC-sponsored website, about 73.5% reported they would have used it, had they known it were available.

A28: Would you review information on your adviser on an SEC-sponsored website if you knew it were available?

- Yes: 73.5%
- No: 10.2%
- I am not sure/I don’t know: 16.4%

Sample comprised of respondents who indicated they did not use an SEC-sponsored website in A26 and indicated they were not aware they existed in A27.

Note: Figures do not add to 100% due to rounding.
Though awareness of SEC-sponsored websites is less than 30%, over two-thirds of those aware (67.3%) used an SEC-sponsored website to review information on advisers; among those not aware, approximately 73.5% indicated they would use the resource if they knew it were available.

A26: In selecting your current adviser, did you use an SEC-sponsored website to find information about your adviser? Click the example below for reference.
A27: Did you know an SEC-sponsored website is available for this purpose?
A28: Would you review information on your adviser on an SEC-sponsored website if you knew it were available?

<table>
<thead>
<tr>
<th>Awareness of SEC-sponsored websites*</th>
<th>Did or would use</th>
<th>Did not or would not use</th>
<th>Do not know if did or would use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware (n=309)</td>
<td>67.3%</td>
<td>29.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Not aware (n=850)</td>
<td>73.5%</td>
<td>10.2%</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

**Awareness of SEC-sponsored sites = 28.3%**

*Note: Aware includes respondents who answered “Yes” to A26 or “Yes” to A27. Not aware includes respondents who answered “No” or “I don’t know” to A26 and “No” to A27; excludes those who answered “I don’t know” to A27.
Most online survey respondents (81.8%) believed an SEC-sponsored website would be helpful in comparing information about advisers

A29: If you were selecting a new investment adviser, would an SEC-sponsored website be helpful in your search for comparative information about advisers?

- Yes: 81.8%
- No: 7.0%
- I am not sure/I don't know: 11.2%

n=1,200
Among online survey respondents who thought the SEC-sponsored website would be helpful, nearly two-thirds (61.5%) said it mattered that the information be presented in a comparable format.

A30: Does it matter to you whether this information is presented in a comparable format (for example, comparison of assets under management for advisers in a particular region)?

- Yes: 61.5%
- No: 24.1%
- I am not sure/I don't know: 14.4%

n=983
Sample comprised of respondents who indicated an SEC-sponsored website would be helpful to search comparative adviser information in A29
While more than two-thirds of online survey respondents (68.8%) reported an adviser’s disciplinary history as essential comparative information, it was second in importance to information about the fees advisers charge (79.4%).

A31: Using the scale shown below, please indicate how important each of the following factors would be to you if you were to search for comparative information on advisers.

[Bar chart showing importance ratings for various factors such as fees charged, disciplinary history, types of services offered, geographic location, size of business, and other factors.]

n=1,200
Note: Figures may not add to 100% due to rounding
Comments from online survey respondents about other information considered important for comparing advisers

A31b: What other information would be important to you?

+ History and background
  - “Age of adviser and length of time in business.”
  - “How long they have been an advisor, training.”
  - “Area of specialty, background information—types of clients advised, past employers.”

+ Investment philosophy and success
  - “Discipline of how they choose investments whether similar to mine.”
  - “Investment strategies, history of performance.”

+ Personality
  - “A brief paragraph in which he describes himself so I can get a feel for what type of person he is.”
  - “Personal impression—what it would be like to do business with them in these respects.”

+ Availability
  - “Availability to give advice.”
  - “Comparing the size of my account with other accounts managed by individual advisor.”

+ Referrals
  - “A referral from a trusted source.”
  - “Actually to be able to talk to others who use that advisor, by email, forum, etc.”

+ Ethical
  - “Ability to listen to what I want and not steer me in the direction of what makes him/her the most money.”
  - “Conflict of interest when steering client towards certain investments.”
  - “Whether he/she is honest.”

n=909
Sample comprised of respondents who rated “Other” information as either “Nice to know,” “Important” or “Absolutely essential” in A31
The majority of online survey respondents (60.5%) reported that they would use hyperlinks to unfamiliar terms while on the SEC website.

A32: Currently you can retrieve the adviser's Brochure through the SEC website. If that website had hyperlinks to terms that may be unfamiliar to you or are defined terms in federal statutes, rules and regulations, would you use them?

- Yes: 60.5%
- No: 14.5%
- I am not sure/I don’t know: 25.0%

n=1,200
If provided information about multiple advisers who had different fees, about half of online survey respondents (47.8%) reported they would try to determine reasons that would justify higher fees.

A33: If you were provided with comparative information about advisers, and saw that adviser A charged a higher fee than adviser B, which of the following would you be most likely to do?

- Try to determine/assess if there are services or other reasons justifying the higher fee: 47.8%
- Negotiate with Adviser A for a fee reduction: 20.9%
- Fees are not the primary determining factor in my selection of an adviser: 14.2%
- Continue to consider other advisers: 9.4%
- Promptly go to Adviser B without negotiating a fee reduction: 7.7%

n=1,200
Fees/Compensation Module
At this point in the online survey, 600 of the respondents were presented with various exhibits related to advisers’ fees and compensation; the first exhibit displayed is shown below

<p>| Fee structure | DEF representatives charge fees for financial planning services. DEF does not charge performance-based fees (i.e., fees based on a share of the capital gains or capital appreciation of managed). The client will be charged an annual investment advisory fee based upon a percentage (%) of the market value and type of assets placed under DEF’s management as follows: |</p>
<table>
<thead>
<tr>
<th>Market Value of Portfolio</th>
<th>% of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $200,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>on next $200,001 - $400,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>on next $400,001 - $500,000</td>
<td>1.50%</td>
</tr>
<tr>
<td>on next $500,001 - $1 million</td>
<td>1.25%</td>
</tr>
<tr>
<td>Over $1 million</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

DEF may charge a stand-alone fee for financial planning services. These fees are negotiable, depending upon the complexity of the service(s) required and the professional(s) rendering the service(s), but will not exceed $15,000 on a fixed fee basis or $500 on an hourly rate basis. Fees for financial planning services are due and payable half at the time of engagement and the balance due upon completion and presentation of DEF’s written recommendations.

Clients are permitted a five-day review period following the signing of the financial planning agreement, during which time the client may cancel, in writing, the financial planning service agreement at no cost. In the event significant financial planning services have been provided, however, DEF reserves the right to assess a fee of $350 per hour for services rendered.

Sales charges, commissions and/or selling concessions are paid when you buy or sell mutual funds, 529 plans, stocks and bonds, closed-end funds, REITs and structured products. These charges vary by product and product type. DEF’s representatives may receive commissions, 12(b)-1 fees, trials or other separate compensation from sponsors of products that the representative recommends to his or her clients.

DEF may offer its clients mutual funds from a list of fund families participating in the DEF Fund Program from which DEF receives certain incentives. As a result, a conflict of interest may exist with respect to recommendations made to clients to buy or sell mutual funds that participate in the DEF Program vs. mutual funds offered by nonparticipating firms. DEF advisers generally have a greater incentive to offer mutual funds from those participating in the DEF program.
The majority of online survey respondents reported they understood the information from the first fees/compensation exhibit either fully (46.0%) or somewhat (50.9%)

A34: How well would you say you understood the section you just read?

- I understood the information fully: 46.0%
- I understood the information somewhat: 50.9%
- I did not understand the information at all: 3.1%

n=600
Of those respondents who did not fully understand the description, or who understood it somewhat, difficult wording (39.4%) and amount of detail (39.0%) were cited as the top reasons.

A35: What were the primary reason(s) you were not able to fully understand this description? Check all that apply.

- The wording is too difficult to understand: 39.4%
- The section is too detailed: 39.0%
- The section is too long: 25.1%
- Other (Please specify): 11.3%

Sample comprised of respondents who understood the information in the exhibit either “somewhat” or “not at all”.
Note: Figures do not add to 100% due to multiple responses.
Less than three in ten online survey respondents (28.9%) were able to correctly identify the likely amount they would be charged, based on the information presented in the exhibit they reviewed.

A36: Assuming that on 12-31-11 the value of the assets in your account managed by the adviser totaled $450,000, which one of the following represents what is likely to be charged to your account?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5% * $450,000</td>
<td>48.3</td>
</tr>
<tr>
<td>(2.0% * $200,000) + (1.75% * $199,999) + (1.5% * $50,001) (CORRECT)</td>
<td>28.9</td>
</tr>
<tr>
<td>(2.0% * $200,000) + (1.75% * $200,000)</td>
<td>10.3</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>12.5</td>
</tr>
</tbody>
</table>

n=600
Less than half of online survey respondents (42.1%) were able to correctly identify the additional fees for 5 hours of financial planning services.

A37: Assuming that on 12-31-11 the value of the assets in your account managed by the adviser totaled $450,000 and the adviser offered you 5 hours of financial planning services, what additional fee are you likely to be charged?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,500 (CORRECT)</td>
<td>42.1</td>
</tr>
<tr>
<td>$500</td>
<td>22.8</td>
</tr>
<tr>
<td>$15,000</td>
<td>5.2</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>29.9</td>
</tr>
</tbody>
</table>

n=600
Online survey respondents’ answers largely varied about how an adviser would be compensated based on interest purchased in a mutual fund that is participating in the DEF Program; just over a third correctly identified a sales commission (33.6%), and 24.5% were unsure.

A38: Assuming that on 12-31-11 the value of the assets in your account managed by the adviser totaled $450,000 and you purchased an interest in a mutual fund that is participating in the DEF Program. Which one of the following is your adviser likely to be paid for your purchase of the mutual fund?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sales commission for my purchase of the mutual fund (CORRECT)</td>
<td>33.6</td>
</tr>
<tr>
<td>The adviser receives only fees based on the size of my account</td>
<td>25.1</td>
</tr>
<tr>
<td>The adviser is only compensated for financial planning services provided</td>
<td>16.8</td>
</tr>
<tr>
<td>I can’t tell/I don’t know</td>
<td>24.5</td>
</tr>
</tbody>
</table>

n=600
Online survey respondents’ prefer various formats for seeing information on fees and compensation

A39: Which of the following options best describes your preference for the format in which you would prefer to see information on fees and compensation?

- I prefer it the way it was presented: 22.9%
- I would prefer it in table format with examples: 23.0%
- I would prefer it in bulleted format with examples: 20.9%
- I would prefer it in bulleted format: 19.8%
- I would prefer it in table format: 11.7%
- Other: 1.7%

n=600
At this point in the online survey, respondents were asked to review two example fee/compensation disclosures from hypothetical advisers ABC and XYZ (1 of 2)

Adviser ABC

Fees and Compensation

We offer our services on a fee-only basis. Fees are billed and payable quarterly in advance based on the value of your account at the end of the previous quarter. If the fee agreement is executed at any time other than the first day of a calendar quarter, our fees will be prorated for the first partial quarter, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

You may terminate the advisory agreement upon notice to our firm and is effective upon receipt. If you choose to terminate within 10 business days of executing your advisory agreement with us, then you will receive a refund of all the pre-paid fees. If services are terminated after this ten-day period, you will be charged a fee for the number of days for which you are a client and receive a prorated refund for the days that you are not a client. We have in our discretion the ability to offer certain clients lower fees and waive fees. That being said, our standard fee schedule is described below:

<table>
<thead>
<tr>
<th>Investment Strategy</th>
<th>Account Balance</th>
<th>Fee Charged (these are negotiable at our discretion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC I Strategy</td>
<td>$50,000 - $500,000</td>
<td>1.0 - 2.0%</td>
</tr>
<tr>
<td>ABC II Strategy</td>
<td>$500,001 and Up</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

In addition to our fee, you may be required to pay other charges such as brokerage commissions, transaction fees, internal fees and expenses charged by mutual funds or exchange traded funds (“ETFs”), and other fees and taxes on brokerage accounts and securities transactions.

Mutual fund companies and variable annuity issuers may charge a fee for their products. Please note that these are separate and apart from these fees our firm will charge you for our services. In particular, you may be charged a fee for the purchase of a mutual fund if you purchase it through a broker-dealer. This “transaction fee” may not be charged to your account if you choose to purchase the product directly with the mutual fund company.

The broker-dealer may also charge you an account fee if the mutual fund is held in an account at the broker-dealer firm. If you choose to purchase a mutual fund directly with the mutual fund company, then it will not be included within our investment performance monitoring. We strongly encourage you to look at the statements you receive from the custodian of your account or your broker-dealer. We are happy to discuss with you any questions you may have.

Performance Based Fees:

We also charge performance based fees which are fees based on capital gains or capital appreciation of managed securities. This serves as a reward for our firm for positive returns on your investments. We charge a 1% annual base fee that is calculated as a percentage of the value of assets under management. In any calendar year in which performance is, at a minimum, 10% net of fees, then we will deem our performance fee earned. In the circumstance that the return exceeds the 10% hurdle for a given year, the company will be entitled to 20% of such excess.

Retirement Planning Services

The fees noted above are separate and apart from the fees you may be charged if you choose to receive retirement planning services from our firm. Retirement planning service fees are billed hourly, at a rate of $400 an hour. In order to provide you with a comprehensive retirement plan, we devote on average approximately 5 hours consultation time. We will provide you with an itemization after the consultation. Please note that our retirement planning services can be terminated at any time and if terminated, you will be charged a prorated amount representative of the time spent providing you such services.

Note: Order of exhibits was rotated by respondent to eliminate order bias
At this point in the online survey, respondents were asked to review two example fee/compensation disclosures from hypothetical advisers ABC and XYZ (2 of 2)

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**Adviser XYZ**

**Fees and compensation**

Fees are negotiable and may differ among clients based on a number of factors, including the type and size of the account or client relationship.

**Asset Based Fees**

Clients generally pay an asset-based fee for XYZ Financial’s advisory services. Asset-based fees are generally payable quarterly. Other billing periods (e.g., monthly) are available in certain products, subject to XYZ Financial’s approval. The initial fee is based on the weighted average of the total asset value at the account at the end of each month occurring during the initial billing period. The quarterly fee is payable at approximately one-fourth of the applicable annual rate. The initial fee covers the period from the date the account is accepted with cash or securities (as described below) through the last business day of the initial calendar quarter, and is prorated accordingly.

**XYZ-Asset Program**

As part of the XYZ-Asset Agreement, clients can negotiate the fee applicable to the underlying advisory programs. These fees are broken down into three categories (1) XYZ Asset Fees, (2) Management Fees and (3) Reporting Only Fees and apply to assets invested with or into separately managed accounts, Funds, and cash (if applicable). “Management Fees” apply to investments with managers hired through the XYZ Services program (XYZ-S). In the case of investments made through the XYZ-S program, the Management Fees includes fees paid to the underlying investment managers and certain program fees retained by XYZ Financial that are not shared with your adviser.

**Alternative Fee Arrangements**

On an exception basis, clients may be able to compensate XYZ Financial for its services, in lieu of a single asset based fee, through: (1) a combination of an asset-based fee and commissions on each transaction executed by XYZ Financial for the services described above, or (2) commissions on each transaction executed through XYZ Financial on a discretionary basis. Different clients are likely to pay different rates depending on various factors, including the specific negotiations with their own adviser. Each of the above fee arrangements may be more suitable to particular clients, and result in higher or lower payments in comparison to other forms of payment, depending on their investment strategies and the level of account activity.

The maximum annual fees for commission only and commission and fee based compensation generally total no more than 2% of assets calculated annually (for assets from $0-$3 million) and no more than 1.5% of assets, calculated annually (for assets of $3 million or more).

Fees for the services described in this ADV are charged quarterly in arrears. Clients generally authorize XYZ Financial to deduct the fee and any other charges from the account on or following the date they are payable. XYZ Financial reserves the right to liquidate a portion of the account assets to cover the fee at any time. Liquidation may affect the relative balance of the account, and also may have tax consequences and/or may cause the account to be assessed transaction charges.

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**Adviser XYZ**

**Additional Fees and Expenses**

The fees described in section 5(A) above, do not cover:

- “mark-ups,” “mark-downs,”
- XYZ Financial account establishment or maintenance fees for its Individual Retirement Accounts (“IRA”), which are described in the respective IRA and fee documentation (which may change from time to time)
- certain other costs or charges that may be imposed.

In addition to our fee, you pay the fees and expenses of the Funds in which your account is invested. Fund fees and expenses are charged directly to the pool of assets the Fund invests in and are reflected in each Fund’s share price. These fees and expenses are an additional cost to you and are not included in the fee amount in your account statements. Each Mutual Fund and ETF expense ratio (the total amount of fees and expenses charged by the Fund) is stated in its prospectus. In addition, some Mutual Funds may charge, and not waive, a redemption fee on certain transaction activity in accordance with their prospectuses.

Note: Order of exhibits was rotated by respondent to eliminate order bias
The document from hypothetical Adviser ABC was most similar to what online survey respondents received from their advisers (selected by 34.5% of respondents vs. 15.3% for hypothetical Adviser XYZ); however, 27.9% of respondents did not recall receiving a fees/compensation disclosure document at all.

A40: Which one of the two documents is most similar to the one you received from your adviser?

- Adviser ABC†: 34.5%
- Adviser XYZ: 15.3%
- I received a document that included a discussion of fees-compensation but it was not similar to either of the ones provided here: 22.3%
- I do not recall receiving a document that provided details about fees/compensation: 27.9%

† The percentage of respondents who selected Adviser ABC is statistically significantly higher than the percentage of respondents who selected Adviser XYZ at the 95% confidence interval.
The document from hypothetical Adviser XYZ was more difficult to understand for online survey respondents, selected by 38.1%, while 31.6% found both documents equally hard to understand; only 16.4% indicated that neither document was difficult to understand.

A41: Which of the two examples did you find more difficult to understand?

- Adviser ABC: 13.9%
- Adviser XYZ: 38.1%
- They were both equally hard to understand: 31.6%
- Neither was difficult to understand: 16.4%

† The percentage of respondents who selected Adviser XYZ is statistically significantly higher than the percentage of respondents who selected Adviser ABC at the 95% confidence interval.
Online survey respondents cited various reasons for why one of the hypothetical documents was more difficult to understand than the other.

A42: Which of the following represent reasons why you found this document more difficult to understand than the other?

- It was too long: 41.3%
- I did not understand the wording/terms used: 40.4%
- I need more information to fully understand it: 37.8%
- Other: 7.1%

Sample comprised of individuals who indicated either the Adviser ABC or Adviser XYZ example was more difficult to understand.

Note: Figures do not add to 100% due to multiple responses.
Online survey respondents were more likely to select length and wording/terms as reasons for difficulty in understanding the hypothetical Adviser XYZ disclosure document.

A42: Which of the following represent reasons why you found this document more difficult to understand than the other? Check all that apply.

- **It was too long**: Adviser XYZ (44.5%) > Adviser ABC (32.7%)
- **I did not understand the wording/terms used**: Adviser XYZ (42.5%) > Adviser ABC (34.7%)
- **I need more information to fully understand it**: Adviser XYZ (37.6%) > Adviser ABC (38.7%)
- **Other**: Adviser XYZ (6.4%) > Adviser ABC (9.1%)

Sample comprised of individuals who indicated either the Adviser ABC or Adviser XYZ example was more difficult to understand. Note: Figures do not add to 100% due to multiple responses.
Among those online survey respondents who found that XYZ, ABC, or both hypothetical exhibits were more or equally difficult to understand, 76.9% felt that a different presentation of fees that outlines each fee charged would provide an easier way to understand the fees charged.

A43: Would a different presentation of fees that highlights or outlines each fee charged provide an easier way to understand the fees charged?

- Yes 76.9%
- No 6.4%
- I am not sure/I don't know 16.7%

n=506

Sample comprised of individuals who found Adviser ABC’s, Adviser XYZ’s or both Advisers’ examples difficult to understand in A41.
Similarly, about three in four online survey respondents (77.7%) also reported that they would take the time to read the fees/compensation section before they selected an adviser; only 7.1% indicated they would not.

A44: If you were provided either of these documents, would you take the time to read the fees/compensation section before selecting the adviser?

- Yes: 77.7%
- No: 7.1%
- I am not sure/I don’t know: 15.2%

n=600
Only one in ten online survey respondents (10.2%) felt that hypothetical Adviser XYZ’s document helped them fully comprehend fees, compared to one in three for hypothetical Adviser ABC’s document (33.4%).

A45: Please indicate which adviser’s section provided enough detail to help you fully comprehend what fees you would be charged.

- Adviser ABC: 33.4%
- Adviser XYZ: 10.2%
- Both advisers: 34.2%
- Neither adviser: 22.3%

Note: Figures do not add to 100% due to rounding.
† The percentage of respondents who selected Adviser ABC is statistically significantly higher than the percentage of respondents who selected Adviser XYZ at the 95% confidence interval.
Generally, there was confusion about fees if online survey respondents chose hypothetical Adviser ABC over hypothetical Adviser XYZ

A46: Which one of the following fee types are you likely to be charged if your adviser was ABC but not XYZ? Check all that apply.

- Brokerage commission fee: 32.1%
- Performance fee (correct response): 31.8%
- Quarterly asset based fee: 29.7%
- Management fees: 27.2%
- Fees imposed by third parties: 19.9%
- None of the above: 4.4%
- I can't tell/I don't know: 24.9%

Note: Figures do not add to 100% due to multiple responses
Online survey respondents also had varying perspectives about which hypothetical adviser may have had the more serious conflicts of interest

A47: Based on your reading of the two documents, which (if either) of the two advisers do you believe has more serious conflicts of interest in providing advice to you?

- Neither adviser: 42.0%
- Adviser ABC: 18.6%
- Adviser XYZ: 22.6%
- Both advisers: 16.8%

† The percentage of respondents who selected Adviser XYZ is statistically significantly higher than the percentage of respondents who selected Adviser ABC at the 95% confidence interval.

Note: Results for A48 are not included in this report because the question was removed from consideration during data cleaning.
Conflicts of Interest Module
At this point in the online survey, the remaining 600 respondents were shown two versions of a section on potential conflicts of interest, one for hypothetical Adviser ABC and the other for hypothetical Adviser XYZ.

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**Adviser ABC**

**Brokerage Practices**

Clients are free to select any broker-dealer they wish for their account; however, we may recommend that the broker-dealer/custodian for your account be ABC Financial Services. CDE Financial may be recommended as the secondary broker-dealer or custodian. Our recommendation may be based on past experiences, commission rates, execution capabilities, and quality of services provided.

In recommending ABC Financial Services as custodian and as the securities brokerage firm responsible for executing transactions for your portfolios, we consider at a minimum ABC Financial Services’ reputation, financial strength, types and quality of research, reporting capabilities, and execution capabilities.

They provide us with the following services: brokerage, custody, access to investments (such as mutual funds) and other products that would otherwise only be available to institutional investors, and research services. While we select ABC Financial Services to execute transactions for your accounts, we are not required to affect a minimum volume of transactions or maintain a minimum dollar amount of client assets to receive these services.

Please also note that while we are not affiliated with either of those entities, we do maintain a beneficial business arrangement with them whereby we receive economic benefits from the relationship that may not otherwise be received. Specifically, we may receive the following benefits: access to an electronic communications network for client order entry and account information; receipt of duplicate client confirmations and bundled duplicate statements; receipt of compliance or other proprietary publications; and access to a trading desk.

In return for those services, ABC Financial Services may be compensated through other transaction-related fees associated with executing transactions for your account. Since ABC Financial Services provides us with these added benefits, we have a conflict of interest in making recommendations to you. Our recommendation of a specific broker-dealer may be not be based solely on the cost or quality of brokerage services provided to you and our other clients but rather based on the economic benefit to us. Accordingly, you may be charged a higher commission fee for executing trades through ABC Financial Services or for simply maintaining your account at the broker-dealer. That being said, you can direct us in writing to use a particular broker-dealer to execute some or all of the transactions in your account. If you do so, we are not responsible for negotiating the fee terms with that broker-dealer.

While we provide individualized advice to clients, we do combine multiple orders for shares of the same securities purchase for advisory accounts we manage. This practice is commonly referred to as “block trading.” We are not, however, obligated to block trades and they will not be affected for any client’s account if doing so is prohibited or otherwise contrary with that client’s investment advisory agreement. If a block trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given block were executed. Executing a block trade allows transaction costs to be shared equally among all of the participating clients. Transactions for accounts of advisory representatives and firm employees will not be favored over the client accounts and no client will be favored over any other client.
At this point in the online survey, the remaining 600 respondents were shown two versions of a section on potential conflicts of interest, one for hypothetical Adviser ABC and the other for hypothetical Adviser XYZ (2 of 2).
Approximately 42.1% of online survey respondents did not recall receiving a document that provided details about conflicts of interest/brokerage practices; the remaining respondents were split between which hypothetical adviser’s document was similar to the one they received.

A49: Which one of the two documents is most similar to the one you received from your adviser?

- Adviser ABC†
- Adviser XYZ

I received a document that included details about conflicts of interest-brokerage practices, but it was not similar to either of the ones provided here

I do not recall receiving a document that provided details about conflicts of interest/brokerage practices

n=600

† The percentage of respondents who selected Adviser ABC is statistically significantly higher than the percentage of respondents who selected Adviser XYZ at the 95% confidence interval.
Less than 10% of online survey respondents who did not recall receiving a conflicts of interest disclosure from their adviser (9.4%) believed that their adviser currently has some of the conflicts of interest disclosed by hypothetical Adviser ABC or XYZ, though nearly half (48.1%) were unsure

A50: Do you believe that your adviser currently has some of the conflicts of interests disclosed by Adviser ABC and XYZ?

Sample comprised of respondents who did not recall receiving a conflicts of interest disclosure in A49
More than three-fourths of online survey respondents (75.8%) were satisfied with the disclosure provided about each hypothetical adviser’s potential conflicts of interest in both documents.

A51: After reading both documents, are you satisfied with the disclosure provided to you about each adviser’s potential conflicts of interest?

Yes 75.8%
No 7.0%
I am not sure/I don't know 17.2%

n=600
Less than one-in-five online survey respondents (18.9%) felt there was something more that they would have liked to have seen disclosed in the hypothetical advisers’ documents.

A52: Is there something you would like to see disclosed in either document that is not currently provided?

- Yes: 18.9%
- No: 45.2%
- I am not sure/I don't know: 35.9%

Sample comprised of respondents who were not satisfied with the disclosures provided in the Conflicts of Interest exhibits in A51.
About one-third of online survey respondents showed a high level of concern between the conflicts of interest in hypothetical Adviser ABC’s and hypothetical Adviser XYZ’s potential conflicts of interest (35.4% and 29.9% respectively).

A54: On a scale of 1 to 5, where 1 means ‘not at all concerned’ and 5 means ‘extremely concerned,’ how concerned would you be about the potential conflicts of interest between each adviser listed within the document and your personal investment interests based on what you read?

Mean concern level:

Advisor ABC
- 6.8% (1)
- 19.6% (2)
- 43.7% (3)
- 20.3% (4)
- 9.6% (5)
- Mean: 3.07

Advisor XYZ†
- 6.6% (1)
- 17.1% (2)
- 40.8% (3)
- 26.5% (4)
- 8.9% (5)
- Mean: 3.14

n=600
Note: Figures may not add to 100% due to rounding.
† The percentage of respondents who rated their concern level in the top 2 box (4 or 5) for Adviser XYZ is statistically significantly higher than Adviser ABC at the 95% confidence interval.
Online survey respondents were split in their opinions regarding which hypothetical adviser would provide less biased advice

A55: Based on what you read, which adviser do you think would provide you with the less biased advice?

- I can't tell/I don't know: 21.8%
- Neither adviser would provide me with unbiased advice: 16.2%
- Both advisers would provide me with unbiased advice: 22.5%
- Adviser XYZ: 16.8%
- Adviser ABC: 22.7%

n=600

† The percentage of respondents who selected Adviser ABC is statistically significantly higher than the percentage of respondents who selected Adviser XYZ at the 95% confidence interval.
Approximately 28.0% of online survey respondents indicated the information in the conflicts of interest documents would not affect their decision to hire either hypothetical adviser; 41.5% indicated the information would affect their decision and 30.5% were unsure.

A56: Would the information in these documents concerning the potential conflicts of interest affect your decision to hire either adviser?

- Yes: 41.5%
- No: 28.0%
- I am not sure/I don't know: 30.5%

n=600
Overall, online survey respondents did not largely prefer one hypothetical adviser over the other, though hypothetical Adviser ABC had an ~8% edge over hypothetical Adviser XYZ (33.9% vs. 25.7% selection)

A57: Based on what you read, which of these two advisers would you choose to be your adviser?

Sample comprised of respondents who indicated the advisers’ conflicts would affect their decision to hire them in A56

† The percentage of respondents who selected Adviser ABC is statistically significantly higher than the percentage of respondents who selected Adviser XYZ at the 95% confidence interval.
Online survey respondents cited various reasons for why their choice was not affected by the conflict of interest information

A58: Why would this information not affect your choice? Select all that apply.

- Because my decision to hire an adviser is based on a number of factors, none of which are conflicts of interest: 42.1%
- Because my decision to hire an adviser is based solely on recommendations: 27.9%
- Because conflicts of interest are not a primary concern to me: 24.6%
- Because my decision to hire an adviser is based solely on fees: 8.8%
- Because I do not read Brochures: 5.8%
- Other: 9.3%
- I don't know: 10.7%

Sample comprised of respondents who indicated the advisers' conflicts would not, or were unsure if they would, affect their decision to hire them in A56.

Figures do not add to 100% due to multiple responses.

n=352
Comments from online survey respondents about why this information would not affect their choice

A58: Why would this information not affect your choice?

+ Everyone has conflicts of interest
  - “Every firm has some sort of conflict.”
  - “Because I think they all have conflicts if interest—it just goes with the type of service.”
  - “I think probably 99% of the companies have conflicts of interest.”
  - “Conflict of interest is practically unavoidable. But it’s something that needs to be disclosed in detail and in writing.”
  - “I know they all have conflicts of interest - that’s how they network - I would hope it benefits me.”

+ Not the only factor; more concerned with others
  - “Because I have weighed the risks and benefits.”
  - “I am more concerned on return on investment.”
  - “Conflict of interest would not be the sole determinant in my choice.”
  - “I am not concerned about this.”
  - “I would know what to watch for and make my own informed decision.”
  - “My decision is based on a number of factors, including conflicts of interest.”

+ Information was too difficult to understand
  - “I can’t make sense of any of it.”
  - “The language was too obtuse to understand.”
  - “I do not understand a lot of the info.”

n=34
Sample comprised of respondents who selected “Other” in A58
Over half of online survey respondents showed concern about four of five potential conflicts of interest (ranging from 52.9% to 56.8%); the only potential conflict less than half of respondents were concerned with was an adviser buying or selling the same securities for its own account at the same time it buys, sells or recommends them to its clients (42.4%)

A59: On a scale of 1 to 5, where 1 means “not at all concerned” and 5 means “extremely concerned,” please rate how concerned you would be about the following potential conflicts of interest on an adviser’s relationship with its clients.

- The adviser may recommend investments in products for which it gets paid by other sources (e.g., service fees for the sale of mutual funds)
- The adviser may buy or sell securities from or to its clients from the adviser's own account or from the account of the adviser's affiliate
- The adviser may recommend that clients buy or sell securities through a broker from which it receives certain benefits that it does not pay for (e.g., research materials, products, or services) and which could cause the client to pay a higher commission
- The adviser may recommend investments in products for which its affiliate receives a fee or other compensation
- The adviser may buy or sell the same securities for its own account at the same time it buys, sells or recommends the same securities to its clients

Note: Figures displayed reflect the percentage of respondents who selected the top 2 boxes on a 5-point scale

Mean concern level:

- 3.7% 12.0% 27.5% 34.6% 22.2% 3.60
- 4.6% 9.8% 30.9% 31.8% 22.9% 3.59
- 3.5% 11.9% 31.0% 32.3% 21.4% 3.56
- 3.7% 12.8% 30.6% 35.6% 17.3% 3.50
- 3.7% 9.8% 17.3% 30.7% 25.8% 16.4% 3.22

1 - Not at all concerned  2  3  4  5 - Extremely concerned
n=600
Over two-thirds of online survey respondents (69.3%) reported that they would read the information provided in the documents before selecting an adviser; only 9.1% indicated they would not read the information and 21.6% did not know.

A60: If you were provided with either of these documents, would you take the time to read this information before selecting one of these adviser(s)?

- Yes: 69.3%
- No: 9.1%
- I don't know: 21.6%

n=600
Online survey respondents reported they would take various actions if they were looking for an adviser, based on what they read; the most common action was to ask for additional information, selected by 48.3% of respondents.

A61: Based on what you read, which of the following actions would you be likely to take if you were looking for an adviser? Check all that apply.

- Ask for additional information: 48.3%
- Closely monitor the adviser's activities: 40.7%
- Hire the adviser if he or she met my other criteria: 35.7%
- Attempt to limit my exposure to these specific conflicts: 33.2%
- Not hire the adviser: 9.5%
- None of the above: 1.1%
- I don't know: 4.0%

Sample comprised of respondents who indicated they would read the information in A60. Note: Figures do not add to 100% due to multiple responses.
Of those online survey respondents who were unlikely to read the information included in the documents, difficulty understanding the information was cited as the top reason for not reading (51.4%)
Online survey respondents were split in their preferences on which format they would prefer to see potential conflicts of interest disclosures

A63: Which of the following options best describes your preference for the format in which you would prefer to see this information? Check all that apply.

- I prefer it the way it was presented (19.8%)
- I would prefer it in bulleted format (31.0%)
- I would prefer it in summary table format (25.4%)
- I would prefer it in short paragraphs (12.3%)
- I don't have a preference on how this section is presented (10.5%)
- Other (1.1%)

n=600
Note: Figures do not add to 100% due to rounding
However, over two-thirds of online survey respondents (71.2%) reported wanting to see specific examples that demonstrate how a potential conflict of interest operates in relation to investment advice.

A64: Would you like to see specific examples that demonstrate how a potential conflict of interest operates in relation to investment advice provided to you?

- Yes: 71.2%
- No: 19.2%
- I am not sure/I don’t know: 9.7%

n=600
Note: Figures do not add to 100% due to rounding
The vast majority of online survey respondents (88.5%) indicated that requiring more specific headlines or titles to paragraphs, or providing more divided sections, would be either very helpful or somewhat helpful in facilitating an easier comparison of the two hypothetical advisers.

A65: If you were comparing these two advisers, how helpful would it be to require that they provide more specific headings or titles to the paragraphs, or provide more divided sections to facilitate an easier comparison?

Very helpful = 46.2%
Somewhat helpful = 42.3%
Not very helpful = 6.0%
I don't know = 4.7%
Not at all helpful = 0.7%

Very or somewhat helpful = 88.5%

n=600
Note: Figures do not add to 100% due to rounding
While over one-third of online survey respondents (36.6%) believed they had enough information to assess the impact of the conflicts of interest, a slightly higher number believed they did not have enough information (39.4%) to fully assess the impact.

A66: Both advisers disclose a conflict of interest in that they buy or sell in client accounts with brokers from whom they receive certain benefits (e.g., receiving research reports or publications analyzing a company's performance, attending seminars and conferences, etc.). Please indicate which of the following best reflects your reaction to this conflict of interest.

- I understand the conflict of interest and I find it very important, but I do not have enough information to fully assess the impact of the conflict on my account (39.4%)
- I understand the conflict of interest, I find it very important, and I have enough information to access the impact of the conflict on my account (36.6%)
- I understand the conflict of interest, but I do not find it important (13.0%)
- I understand the conflict of interest and I do not find it important, but I would like to have additional information (6.9%)
- I do not understand the conflict (4.1%)

n=600
Comments from online survey respondents about what additional information they would like to receive about advisers’ conflicts of interest

A67: Please indicate what type of additional information you would like to receive.

+ Plain language explanation
  – “It is all written in legal language and I need it explained in plain English.”
  – “A layman’s terms explanation of how this could affect me.”
  – “Clearer terminology for a non-professional.”

+ Examples
  – “Examples are a must. I understood ABC company very well, but got lost in XYZ company’s 4 pages.”
  – “Examples of conflicts, less legalese.”

+ More details
  – “Be more specific on whom they are dealing with, and what fees or other monetary exchanges that they will receive.”
  – “Actual commission or monetary compensation values.”

+ Adviser reviews
  – “References from other clients, detailed investment history, document from SEC as to advisor’s qualifications, disciplinary actions, etc.”
  – “A rating on adviser as to they history of following SEC rules and compliance.”
  – “Customer reviews and history.”

+ Explanation of the impact
  – “A summary of potential ways the conflicts may affect me.”
  – “Clearly spell out exactly how my account is directly influenced by the conflict of interest. What happens to the bottom line of my account if these conflicts continue? What can be done to avoid any type of conflict of interest?”

n=287
Sample comprised of respondents who indicated they did not have enough information or wanted additional information in A66
Trade Confirmations/Account Statements
Comprehension and Perceptions of Example Trade Confirmations
As the first step in the Confirmations branch of the online survey, respondents were presented with the Trade Confirmation shown below (a stock example); this was followed with series of comprehension questions regarding what they read.
Just over half of the online survey respondents were able to correctly identify the type of investment involved in the Trade Confirmation—a third could not tell—and a slightly larger percentage was able to correctly identify the capacity in which the firm acted.

C1: Based on your review of the trade confirmation, what type of investment was involved in the trade?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A corporate bond</td>
<td></td>
<td>3.8%</td>
</tr>
<tr>
<td>Stock in a company (CORRECT)</td>
<td></td>
<td>53.5%</td>
</tr>
<tr>
<td>A mutual fund</td>
<td></td>
<td>6.4%</td>
</tr>
<tr>
<td>None of the above</td>
<td></td>
<td>3.0%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>33.4%</td>
</tr>
</tbody>
</table>

Figures for C1 do not add to 100% due to rounding.

C2: Based on your review of the trade confirmation, in what capacity did the financial firm act?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a principal (i.e., the firm either sold you a security from its inventory or bought a security from you to place into its inventory)</td>
<td></td>
<td>11.4%</td>
</tr>
<tr>
<td>As an agent (i.e., the firm entered the marketplace to buy or sell a security for you) (CORRECT)</td>
<td></td>
<td>55.9%</td>
</tr>
<tr>
<td>As a dual agent (i.e., the firm acted as an agent for both you and someone else)</td>
<td></td>
<td>5.1%</td>
</tr>
<tr>
<td>None of the above</td>
<td></td>
<td>3.0%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>24.6%</td>
</tr>
</tbody>
</table>
Almost two-thirds of the online survey respondents correctly identified how the firm was compensated, and over 61% were able to indicate a correct reason why it matters whether the broker acts as a principal or an agent.

C3: Based on your review of the trade confirmation, how was the financial firm compensated (i.e., paid)?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>1,201</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sales commission (CORRECT)</td>
<td>64.8%</td>
</tr>
<tr>
<td>A mark-up or mark-down</td>
<td>3.6%</td>
</tr>
<tr>
<td>A sales load</td>
<td>4.9%</td>
</tr>
<tr>
<td>None of the above</td>
<td>4.3%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

C4: Why does it matter whether your broker acts as a principal or as an agent when selling you a security?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>1,201</th>
</tr>
</thead>
<tbody>
<tr>
<td>If my broker acts in a principal capacity, it may have a conflict of interest because it is selling me a security out of its inventory (CORRECT)</td>
<td>21.8%</td>
</tr>
<tr>
<td>If my broker acts as an agent, it may have a conflict of interest because it is selling me a security out of its inventory</td>
<td>14.2%</td>
</tr>
<tr>
<td>If my broker acts as an agent, my broker is entering the marketplace to buy or sell a security for me (CORRECT)</td>
<td>39.7%</td>
</tr>
<tr>
<td>None of the above</td>
<td>3.8%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>35.2%</td>
</tr>
</tbody>
</table>

Figures for C4 do not add to 100% due to multiple responses.
At this point, the Trade Confirmation shown below (a mutual fund example) was presented to the online survey respondents.

---

**BROKERAGE TRADE CONFIRMATION**

**Client Name:**

**ROTH CONTRIBUTORY IRA**

**Quantity**

1

**Security Description**

AT&CO FUND BOSTON - A SATON VANCE GROUP

**Price**

$145.69

**Settlement Date**

05/07/10

**Net Amount**

$1200.00

**Trade Date**

05/07/10

**Trade Nr**

GDF25

**Symbol**

EVIIX

**CUSIP Number**

277207101

**Coupon Rate**

00.00%

**Maturity**

00/00/00

**OCT Number**

218

**Advisor #**

1

**Acct Type**

0

**Market Ind**

3

**Capacity**

$0.06

---

**Other Information**

Solicted

ADVO - FUNDS IN ACCOUNT

Seating your shares, you may pay a sales charge. For the charge and other fees, see the prospectus.

Many mutual fund companies offer sales load discounts if sales loads apply to customers who invest over a certain dollar amount. Discounts may be calculated based on your current purchase or on your aggregate holdings, and may also include the holdings of your family or household members. To ensure that you are obtaining all available discounts, you should talk with your broker or financial advisor, or check the fund’s prospectus or website.

Federal Regulations require payment for securities purchased or delivery of securities sold by settlement date. Please write your account number in the face of your check and send your check or securities to your broker or financial advisor.

---

**BROKERAGE TRADE CONFIRMATION**

**Client Name:**

**ROTH CONTRIBUTORY IRA**

**Quantity**

1

**Security Description**

AT&CO FUND BOSTON - A SATON VANCE GROUP

**Price**

$145.69

**Settlement Date**

05/07/10

**Net Amount**

$1200.00

**Trade Date**

05/07/10

**Trade Nr**

GDF25

**Symbol**

EVIIX

**CUSIP Number**

277207101

**Coupon Rate**

00.00%

**Maturity**

00/00/00

**OCT Number**

218

**Advisor #**

1

**Acct Type**

0

**Market Ind**

3

**Capacity**

$0.06

---

**Other Information**

Solicted

ADVO - FUNDS IN ACCOUNT

Seating your shares, you may pay a sales charge. For the charge and other fees, see the prospectus.

Many mutual fund companies offer sales load discounts if sales loads apply to customers who invest over a certain dollar amount. Discounts may be calculated based on your current purchase or on your aggregate holdings, and may also include the holdings of your family or household members. To ensure that you are obtaining all available discounts, you should talk with your broker or financial advisor, or check the fund’s prospectus or website.

Federal Regulations require payment for securities purchased or delivery of securities sold by settlement date. Please write your account number in the face of your check and send your check or securities to your broker or financial advisor.

---

**Explanation of Charges**

**Type - Type of Account**

Cash C Other

**Cash Management**

C Credit

**Short Margin**

Short Margin

**Special Subscription**

5 Other

---

**Other Market Codes Available Upon Request**

**Capacity - Capacity in Which the Firm Acts**

1 A Principal, has sold to you or bought from you this security.

2 As Agent for you and the mutual fund purchased or redeemed.

3 As Agent for both buyer and seller, we are charging each the customary commission.

4 Open Order

5 Balance Order

---

**Column Descriptions Applicable to a Mutual Fund Transaction**

**Price**

The price at which the buyer or seller, respectively, is paid, or at which the purchase or sale was executed.

**Net Amount**

The total cost of your purchase or the total proceeds of your sale, as adjusted for any brokerage or other fees.

---

**RETAIL INVESTOR PROTECTED FUND, INC.**
While almost 60% of the online survey respondents correctly identified the investment involved as a mutual fund, under 13% correctly identified that the firm acted as a dual agent in the trade; 32% were unsure how the firm acted.

C5: Based on your review of the trade confirmation, what type of investment was involved in the transaction?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>1,201</th>
</tr>
</thead>
<tbody>
<tr>
<td>A corporate bond</td>
<td>5.2%</td>
</tr>
<tr>
<td>Stock in a company</td>
<td>15.0%</td>
</tr>
<tr>
<td>A mutual fund (CORRECT)</td>
<td>57.9%</td>
</tr>
<tr>
<td>None of the above</td>
<td>7.3%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

C6: Based on your review of the trade confirmation, in what capacity did the financial firm act?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>1,201</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a principal (i.e., the firm either sold you a security from its inventory or bought a security from you to place into its inventory)</td>
<td>15.1%</td>
</tr>
<tr>
<td>As an agent (i.e., the firm entered the marketplace to buy or sell a security for you)</td>
<td>36.2%</td>
</tr>
<tr>
<td>As a dual agent (i.e., the firm acted as an agent for both you and someone else) (CORRECT)</td>
<td>12.7%</td>
</tr>
<tr>
<td>None of the above</td>
<td>4.0%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>32.0%</td>
</tr>
</tbody>
</table>

Figures for C5 do not add to 100% due to rounding.
Just over a third of the online survey respondents correctly pointed out that it is not clear from the Confirmation how the firm was compensated.

C7: Based on your review of the trade confirmation, how was the financial firm compensated (i.e., paid)?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sales commission</td>
<td>15.8%</td>
<td></td>
</tr>
<tr>
<td>A mark-up or mark-down</td>
<td>5.4%</td>
<td></td>
</tr>
<tr>
<td>A sales load</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>None of the above</td>
<td>24.5%</td>
<td></td>
</tr>
<tr>
<td>I can't tell/I don't know (CORRECT)</td>
<td>34.3%</td>
<td></td>
</tr>
</tbody>
</table>
The third Confirmation presented to the online survey respondents (a mortgage-backed debt security example) is shown below

<table>
<thead>
<tr>
<th>Trade Date</th>
<th>Security Description</th>
<th>Quantity</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/17/2006</td>
<td>CWALT INC RENC 2005-7CH CL 1A2</td>
<td>13,000</td>
<td>100.9000</td>
</tr>
</tbody>
</table>

**Collateralized Mortgage Obligations**

For transactions in collateralized mortgage obligations (CMOs), yields are subject to fluctuation depending on the speed in which the underlying notes or receivable prepaid. Specific information is available upon request.

**Conditions of Acceptance of Orders**

Until we actually receive notification to the contrary, we will consider this confirmation as correct. In order to avoid duplicate executions of orders, a client, when intending to change an open order or a day order, MUST SPECIFICALLY NOTIFY US to cancel the open order or day order when giving a superseding order in the same security. If this is not done, the client must be responsible for the execution of any uncancelled prior orders. The client must also be responsible for the executions of a prior open order or day order that occurred prior to our entry of the cancellation. When stocks sell EX-DIVIDEND or EX-RIGHTS, we will deduct the corresponding amount from OPEN BUY ORDERS and OPEN SELL STOP ORDERS only.

**Callable Bond Legend**

Certain bonds and preferred stocks may be "called" in part by the issuer. Such securities held for you, at __________ or on a central clearing facility, but not registered in your name, are commingled with identical securities held for other clients. In the event securities so held are "called" by the issuer, the beneficial ownership thereof will be determined by an impartial random selection system. Should you be selected as the owner of "called" securities, then your security will be presented for redemption and your account credited with the proceeds.

**Please Retain This Confirmation for Income Tax Purposes**
Only 17% of the online survey respondents correctly identified the type of debt involved as a mortgage-backed security, and there was considerable confusion regarding the capacity in which the financial firm acted.

C8: Based on your review of the trade confirmation, what type of debt was involved in the transaction?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>A corporate bond</td>
<td>27.0%</td>
</tr>
<tr>
<td>A municipal bond</td>
<td>8.6%</td>
</tr>
<tr>
<td>A mortgage-backed security (CORRECT)</td>
<td>17.1%</td>
</tr>
<tr>
<td>None of the above</td>
<td>6.2%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>41.1%</td>
</tr>
</tbody>
</table>

C9: Based on your review of the trade confirmation, in what capacity did the financial firm act?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a principal (i.e., the firm either sold you a security from its inventory or bought a security from you to place into its inventory)</td>
<td>24.9%</td>
</tr>
<tr>
<td>As an agent (i.e., the firm entered the marketplace to buy or sell a security for you)</td>
<td>25.5%</td>
</tr>
<tr>
<td>As a dual agent (i.e., the firm acted as an agent for both you and someone else)</td>
<td>8.9%</td>
</tr>
<tr>
<td>None of the above</td>
<td>4.7%</td>
</tr>
<tr>
<td>I can't tell/I don't know (CORRECT)</td>
<td>36.0%</td>
</tr>
</tbody>
</table>
Though nearly 57% of online survey respondents identified a sales commission as how the financial firm was compensated (a possible compensation), only 24.1% correctly answered “I can’t tell/I don’t know”.

C10: Based on your review of the trade confirmation, how was the financial firm compensated?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sales commission (CORRECT)</td>
<td>56.8%</td>
<td></td>
</tr>
<tr>
<td>A mark-up or mark-down</td>
<td>6.9%</td>
<td></td>
</tr>
<tr>
<td>A sales load</td>
<td>5.4%</td>
<td></td>
</tr>
<tr>
<td>None of the above</td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td>I can't tell/I don't know (CORRECT)</td>
<td>24.1%</td>
<td></td>
</tr>
</tbody>
</table>
Almost half of the online survey respondents implied that the stock Confirmation was not easy to read, but between 48 and 60 percent of the online survey respondents agreed that the various confirmations were organized in a way that helps them find the information they want and need.

Based on the confirmations you just reviewed, please indicate the extent to which you agree with the following statements.

C14: The type size of this document is easy to read.

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Stock</th>
<th>Mutual Fund</th>
<th>Debt Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree (5)</td>
<td>8.2%</td>
<td>19.6%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Somewhat agree (4)</td>
<td>26.4%</td>
<td>36.3%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Neither agree nor disagree (3)</td>
<td>16.3%</td>
<td>16.1%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Somewhat disagree (2)</td>
<td>30.3%</td>
<td>18.6%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Strongly disagree (1)</td>
<td>18.9%</td>
<td>9.3%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Mean rating (using scoring above)</td>
<td>2.74</td>
<td>3.38</td>
<td>3.21</td>
</tr>
</tbody>
</table>

C15: The document is organized in a way that helps me find the information I want and need.

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Stock</th>
<th>Mutual Fund</th>
<th>Debt Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree (5)</td>
<td>8.9%</td>
<td>16.3%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Somewhat agree (4)</td>
<td>39.5%</td>
<td>43.9%</td>
<td>38.3%</td>
</tr>
<tr>
<td>Neither agree nor disagree (3)</td>
<td>24.8%</td>
<td>21.8%</td>
<td>26.2%</td>
</tr>
<tr>
<td>Somewhat disagree (2)</td>
<td>19.5%</td>
<td>12.6%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Strongly disagree (1)</td>
<td>7.4%</td>
<td>5.3%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Mean rating (using scoring above)</td>
<td>3.23</td>
<td>3.53</td>
<td>3.28</td>
</tr>
</tbody>
</table>

n=1,201  Figures may not add to 100% due to rounding
Measuring the effectiveness of a document

Siegel+Gale regularly uses its proprietary SimplicityLab™ to evaluate the effectiveness of the various documents used in business along two fundamental dimensions: Comprehension and Perception

+ The Comprehension Index measures the reader’s ability to understand factual information that is conveyed in the communication
+ The Perception Index measures the reader’s response to the document measured on a series of attributes
Establishing norms for comprehension and perceptions of documents

Siegel+Gale routinely tests various documents using its SimplicityLab methodology
+ The types of documents evaluated include letters, notices, brochures, applications, forms and accompanying instructions, etc.
+ The top three sectors represented in the SimplicityLab database include financial services, government, and insurance
+ Content of the various documents includes general information, calls to action, reminders, actions being taken (e.g., cancellation notices), etc.
Among documents in use today, Siegel+Gale’s Comprehension and Perception Index scores tend to be fairly similar across audience, type of document and sector, indicating there is a relevant “norm” against which perceptions of the various trade confirmations can be compared.

Exceptions to the above include documents of significant length (which affects the Comprehension Index) and documents delivering “bad” or “negative” information (which affects the Perception Index).

Testing of revised documents has validated that a focus on simplicity in content and formatting can yield significant gains on both indices, leading to significant business benefits (e.g., more informed decision making, increased loyalty, increased likelihood to purchase, etc.).
Siegel+Gale has observed that the norm for a “typical” document in the U.S. is a score of 60 on each Index.

Communications that are easy to understand but decrease the utility of the information

Ineffective communications that are both difficult to understand and decrease the utility of the information

Truly effective communications that are both easy to understand and increase the utility of the information

Communications that are difficult to understand but still increase the utility of the information

Communications that are easy to understand but decrease the utility of the information
Using a subset of the pillars to measure perceptions, the SimplicityLab assessment revealed that the stock Confirmation scored highest on the Comprehension Index but lowest on the Perception Index.

<table>
<thead>
<tr>
<th></th>
<th>Exhibit</th>
<th>Stock</th>
<th>Mutual Fund</th>
<th>Debt Security</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comprehension Index</strong></td>
<td></td>
<td>58.9</td>
<td>42.8</td>
<td>25.7</td>
</tr>
<tr>
<td>Question 1 (Percent correct)</td>
<td></td>
<td>53.5%</td>
<td>57.9%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Question 2 (Percent correct)</td>
<td></td>
<td>55.9%</td>
<td>12.7%</td>
<td>36.0%</td>
</tr>
<tr>
<td>Question 3 (Percent correct)</td>
<td></td>
<td>64.8%</td>
<td>34.3%</td>
<td>24.1%</td>
</tr>
<tr>
<td>Question 4 (Percent correct)</td>
<td></td>
<td>61.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Perception Index</strong></td>
<td></td>
<td>49.7</td>
<td>61.5</td>
<td>56.1</td>
</tr>
<tr>
<td>The type size of this document is easy to read</td>
<td></td>
<td>43.6</td>
<td>59.6</td>
<td>55.1</td>
</tr>
<tr>
<td>The document is organized in a way that helps me find the information I want and need</td>
<td></td>
<td>55.7</td>
<td>63.3</td>
<td>57.1</td>
</tr>
</tbody>
</table>

Note: The Comprehension Index is the average of the percent correct for each comprehension questions asked. The Perception Index is the average of the individual element scores. Individual element scores are derived by converting mean scores from previous tables to a 100-point scale (i.e., multiplying the mean by 25 and subtracting 25 from the product).
None of the three Confirmations presented in the online survey scored well; the stock Trade Confirmation was below the norm on the Perception Index, and the other two Confirmations scored well below the norm on the Comprehension Index.
The online survey evaluated the importance of 14 pieces of information on a Trade Confirmation; three of these—the price at which the security was bought or sold, the number of shares or units involved and whether the security was bought or sold—were deemed “absolutely essential” by at least 75% of the respondents (1 of 2)

C11: Please indicate how important it is to see each of the following pieces of information on a trade confirmation.

- The price at which I bought or sold the security
- The number of shares or units that I purchased or sold
- Whether I purchased or sold the security
- The name of the security
- The date of the transaction
- The amount of compensation that the financial firm will receive from me for the transaction
- If the trade involves a mutual fund, whether a fee (i.e., a 'sales load') was deducted from my purchase or sale price and the dollar amount of such fee

n=1,201  Figures may not add to 100% due to rounding
The financial firm’s SIPC status, third party compensation, the capacity in which the firm acted and the debt security’s rating status were deemed “absolutely essential” by the fewest percentage of online survey respondents, ranging from 27.2%-34.7% (2 of 2)

C11: Please indicate how important it is to see each of the following pieces of information on a trade confirmation.

- The date the investment settled or is officially in my account (if different from the transaction date)
  - Absolutely essential: 60.6%
  - Important, but not essential: 25.7%
  - Nice to know: 10.9%
  - Completely unimportant: 2.8%

- If my trade involves a debt security (like a corporate bond or a municipal security), the yield and dollar amount on the purchase of the debt security
  - Absolutely essential: 50.9%
  - Important, but not essential: 33.4%
  - Nice to know: 12.6%
  - Completely unimportant: 3.1%

- Whether the issuer of the debt security can call back the debt security before it matures (i.e., if the issuer has the right to buy back the security from me even if I don’t want to sell it)
  - Absolutely essential: 50.0%
  - Important, but not essential: 33.8%
  - Nice to know: 13.6%
  - Completely unimportant: 2.6%

- Whether my financial firm is a member of the Securities Investor Protection Corporation (SIPC)
  - Absolutely essential: 34.7%
  - Important, but not essential: 34.4%
  - Nice to know: 25.8%
  - Completely unimportant: 5.1%

- Whether the financial firm receives compensation from someone else, like a mutual fund, or another financial firm, for sending my order to that other person or entity
  - Absolutely essential: 32.4%
  - Important, but not essential: 39.1%
  - Nice to know: 22.8%
  - Completely unimportant: 5.8%

- The capacity in which the financial firm acted
  - Absolutely essential: 31.7%
  - Important, but not essential: 40.6%
  - Nice to know: 22.3%
  - Completely unimportant: 5.4%

- Whether the debt security is rated by a company like Standard & Poors, Moody’s or Fitch
  - Absolutely essential: 27.2%
  - Important, but not essential: 36.7%
  - Nice to know: 30.3%
  - Completely unimportant: 5.8%

n=1,201 Figures may not add to 100% due to rounding
Of information that is not currently required on a trade confirmation, 56.6% of online survey respondents considered an indication of whether the investment was sold “short” to be “absolutely essential”

C12: Below is a list of information that is not currently required on a trade confirmation but that some financial firms may already include in their confirmations. As you did with the previous list, please indicate how important it would be for you to have each type of information on the confirmation.

- Whether I sold an investment ‘short’ (i.e., I sold a security I did not own but borrowed) 56.6%
- Whether the financial firm is registered as both a broker-dealer and an investment adviser 32.2%
- Whether my financial firm suggested, or recommended, a particular investment (i.e., whether the order was ‘solicited’ or ‘unsolicited’) 25.8%
- Whether the financial firm sent the order to an affiliate for processing 21.6%

n=1,201  Figures may not add to 100% due to rounding
Nearly seven in ten online survey respondents (69.6%) indicated they would like a trade confirmation to include what the total compensation is made up of, including the types of compensation; only 5.1% were not interested in knowing the compensation amount or type of compensation in a trade confirmation.

C13: As you may have seen from the trade confirmations you reviewed, financial firms are required to include on confirmations the amount of compensation they received from you for the transaction, but they are not required to label their compensation in any particular way (e.g., commissions, handling fees). Select the statement below that best reflects your point of view on this issue.

- The total amount of compensation is enough for me; I don’t need to know what it is called or how it is broken down
- I would like to know what the total compensation amount is made up of, including the types of compensation
- I am not interested in knowing the compensation amount or type of compensation in my confirmation

n=1,201  Figures do not add to 100% due to rounding
Account Statements Module
At this point, half of the online survey respondents were asked a series of questions regarding Account Statements; the section began with the display of the exhibit shown below

---

**Information about your Brokerage Account**

**Price Information/Total Market Value/Estimated Annual Income.** The Total Market Value represents prices obtained from various sources, may be impacted by the frequency with which such prices are reported and such prices are not guaranteed. Prices received from pricing vendors use a variety of techniques to estimate value. Because of the nature of the data provided by outside sources, the accuracy of such prices cannot be guaranteed.

The estimated values, where indicated of alternative investments (including limited partnerships, real estate investment trusts (REITs), direct participation programs, hedge funds, private equity, real estate and managed futures) have been provided by the management of the alternative investment, generally through an intermediary. The estimates, particularly for fixed income securities, may be based on certain minimum principal amounts (e.g., $1 million) and may not reflect all of the factors that affect the value of the security, including liquidity risk. The values are not guaranteed, provided for informational purposes only, and are intended to reflect an estimate of the interest in the alternative investment represented by the units or shares described above. Alternative investment securities are generally illiquid, and the value may not be realized when you seek to liquidate the security. Note that estimated values for alternative investments, which are provided by the management of the alternative investment, may not reflect recent activity or current values, and do not reflect an independent evaluation of the alternative investment.

The prices provided are not firm bids or offers. Certain securities may reflect N/A or unavailable where the price for such security is generally not available from a pricing source. The Total Market Value of a security, including those priced at par value, may differ from its purchase price and may not closely reflect the value at which the security may be sold or purchased based on various market factors. You may not be able to see the securities at a price equal to or near the value shown.

Securities prices may vary from actual liquidation value. Prices shown should only be used as a general guide to portfolio value. Prices are received from various pricing services. However, pricing services are sometimes unable to provide timely information. Where pricing sources are not readily available, particularly on certain debt securities, estimated prices may be generated by a matrix system taking various factors into consideration. The pricing of listed options takes into account the last closing prices, as well as what the current bid and offer prices are.

The estimated price as of date only appears when the price date does not equal the statement date and the price indicated is estimated since it is not reflective of the last trade price on a recognized exchange.

Certain types of securities could include a return of principal or capital gains in which case the Estimated Annual Income would be overstated. The actual income might be lower or higher than the estimated amounts. Estimated Annual Income reflects only the income generated by an investment. It does not reflect changes in price, which may fluctuate.
Almost two-thirds of the online survey respondents stated that they “understood the information somewhat,” with the remainder split between fully understanding the information and not understanding it at all.

C16: Please read the statement before providing your response. How well would you say you understood the statement you just read?

- I did not understand the information at all: 16.7%
- I understood the information somewhat: 64.3%
- I understood the information fully: 18.9%

n=600  Note: Figures do not add to 100% due to rounding
Just over 53% of online survey respondents correctly identified that the firm does not always determine the Total Market Value (TMV) of a security, and 47.3% correctly identified a statement claiming the TMV is valid only on the date of the statement as false; for both questions, about one-quarter were unsure of the answer.

C17: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined.

My firm - by itself - always determines the Total Market Value of my securities.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>19.1%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>53.4%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>27.4%</td>
</tr>
</tbody>
</table>

The Total Market Value of my securities is the exact price I would receive if I sold my securities, but only on the date of the statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>27.8%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>47.3%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>24.8%</td>
</tr>
</tbody>
</table>

Note: Figures do not add to 100% due to rounding.
Over half of online survey respondents correctly identified that the TMV is not the exact price one would receive any day before the next statement, but fewer than half correctly reported that the TMV very closely estimates true value; for both questions, slightly more selected “I can’t tell/I don’t know” than the incorrect answer.

C17: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined.

The Total Market Value of my securities is the exact price I would receive if I sold my securities on any day before my next account statement

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>21.6%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>55.2%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>23.2%</td>
</tr>
</tbody>
</table>

The Total Market Value of my securities is a very close estimate to the true value of my securities

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True (CORRECT)</td>
<td></td>
<td>44.8%</td>
</tr>
<tr>
<td>False</td>
<td></td>
<td>26.5%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>28.7%</td>
</tr>
</tbody>
</table>
Two-thirds of online survey respondents correctly understood that the TMV can vary significantly from the true value; only 41% correctly stated that you could not tell from the exhibit if they could sell the securities in their account at any time (nearly as many respondents incorrectly selected “True” for this question)

C17: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined

The Total Market Value of my securities may vary significantly from the true value of my securities

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>True (CORRECT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>False</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>39.6%</td>
</tr>
<tr>
<td>False</td>
<td></td>
<td>19.2%</td>
</tr>
<tr>
<td>I can't tell/I don't know (CORRECT)</td>
<td></td>
<td>41.2%</td>
</tr>
</tbody>
</table>
Over half of the online survey respondents correctly identified that the firm may pay a third party to determine the TMV, though 36% were unsure; 54% correctly identified that one cannot safely rely on Estimated Annual Income to predict exact earnings.

C17: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined.

The firm may pay a third party to determine some or all of the Total Market Value of my securities

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True (CORRECT)</td>
<td></td>
<td>51.9%</td>
</tr>
<tr>
<td>False</td>
<td></td>
<td>12.0%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>36.1%</td>
</tr>
</tbody>
</table>

I can safely rely on the Estimated Annual Income shown on my statement to know exactly how much money I will earn on my investments in any given year

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>23.4%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>54.1%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>22.5%</td>
</tr>
</tbody>
</table>
The Comprehension Index for the Total Market Value exhibit was well below the Siegel+Gale norm of 60

<table>
<thead>
<tr>
<th>Comprehension Index</th>
<th>51.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>My firm - by itself - always determines the Total Market Value of my securities (FALSE)</td>
<td>53.4%</td>
</tr>
<tr>
<td>The Total Market Value of my securities is the exact price I would receive if I sold my securities, but only on the date of the statement (FALSE)</td>
<td>47.3%</td>
</tr>
<tr>
<td>The Total Market Value of my securities is the exact price I would receive if I sold my securities on any day before my next account statement (FALSE)</td>
<td>55.2%</td>
</tr>
<tr>
<td>The Total Market Value of my securities is a very close estimate to the true value of my securities (TRUE)</td>
<td>44.8%</td>
</tr>
<tr>
<td>The Total Market Value of my securities may vary significantly from the true value of my securities (TRUE)</td>
<td>67.0%</td>
</tr>
<tr>
<td>I can sell the securities in my account at any time (I CAN’T TELL)</td>
<td>41.2%</td>
</tr>
<tr>
<td>The firm may pay a third party to determine some or all of the Total Market Value of my securities (TRUE)</td>
<td>51.9%</td>
</tr>
<tr>
<td>I can safely rely on the Estimated Annual Income shown on my statement to know exactly how much money I will earn on my investments in any given year (FALSE)</td>
<td>54.1%</td>
</tr>
</tbody>
</table>

Note: The Comprehension Index is the average of the percent correct for each comprehension questions asked
Approximately 70% of the online survey respondents deemed it “absolutely essential” that the account statement include whether they can sell the securities whenever they want to and whether they can sell the securities at their market value.

C18: Please indicate how important it is for you to have each of the following pieces of information on an account statement:

- Whether I can sell the securities whenever I want to: 70.9% Absolutely essential, 20.1% Important, but not essential, 7.6% Nice to know, 1.5% Completely unimportant
- Whether I can sell the securities at their market value: 68.9% Absolutely essential, 17.6% Important, but not essential, 11.3% Nice to know, 2.1% Completely unimportant
- How the Total Market Value of my securities was actually calculated, or what it is based on: 51.7% Absolutely essential, 33.9% Important, but not essential, 12.7% Nice to know, 1.7% Completely unimportant
- Whether the Total Market Value is only available on the date of my statements, and how I can obtain a value between account statements: 44.8% Absolutely essential, 38.6% Important, but not essential, 13.7% Nice to know, 2.9% Completely unimportant
- Who estimated the Total Market Value of my securities: 33.8% Absolutely essential, 39.2% Important, but not essential, 22.0% Nice to know, 5.1% Completely unimportant

n=600

Note: Figures do not add to 100% due to rounding.
At this point, the following information was displayed to the online survey respondents

The following information may be presented to you as part of your account statement. Please read the information and answer the questions that follow.

Accounts are protected in accordance with the Securities Investor Protection Corporation (“SIPC”) up to $500,000 (including cash claims limited to $250,000). For details, including the SIPC brochure, please see www.sipc.com or call 1-800-555-5555. We have arranged for additional protection for cash and covered securities to supplement the SIPC coverage. Neither coverage protects against a decline in the market value of securities.
While 44% of the online survey respondents stated that they “understood the information fully,” almost half reported that they “understood the information somewhat.”

C19: Please read the statement before providing your response. How well would you say you understood the statement you just read?

- I understood the information fully: 44.3%
- I understood the information somewhat: 49.0%
- I did not understand the information at all: 6.7%

n=600
Two-thirds of the online survey respondents correctly identified the coverage that SIPC provides, per the information they were shown.

C20: How much coverage does SIPC provide you?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000 for securities, plus $250,000 for cash</td>
<td>24.9%</td>
</tr>
<tr>
<td>$500,000 in total, with up to $250,000 coverage for cash in my account and the remaining amount for securities in my account (CORRECT)</td>
<td>66.7%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>8.4%</td>
</tr>
</tbody>
</table>
Based on what they read in the SIPC exhibit, 24% of the online survey respondents indicated they would definitely obtain more information on SIPC and almost 36% stated they would not.

C21: Having read this section, which of the following statements best describes your likelihood of obtaining more information about SIPC

- **24.2%** I would definitely obtain more information on SIPC at this time
- **39.8%** I might obtain more information on SIPC if there were a problem with my account
- **17.1%** I doubt I would obtain more information on SIPC even if I didn't understand something about what SIPC does; I'd contact my financial advisor instead
- **11.5%** I wouldn't obtain more information about SIPC at this time - I don't think it's necessary
- **7.3%** While it might be a good idea to obtain more information about SIPC, I still wouldn't actually do it

Note: Figures do not add to 100% due to rounding
Between 56 and 59 percent of the online survey respondents reported that it is “absolutely essential” to have the account statement indicate what they would have to do to get paid by SIPC and under what circumstances they would receive a payment.

C22: Please indicate how important it is for you to have each of the following pieces of information on an account statement.

- **What I would need to do to get paid by SIPC**: 59.1% Absolutely essential, 23.2% Important, but not essential, 15.0% Nice to know, 2.8% Completely unimportant.
- **Under what circumstances I would receive a payment from SIPC**: 56.2% Absolutely essential, 28.4% Important, but not essential, 13.6% Nice to know, 1.8% Completely unimportant.
- **How I can get information about the financial firm’s supplemental protection**: 42.6% Absolutely essential, 37.2% Important, but not essential, 17.9% Nice to know, 2.3% Completely unimportant.

Note: Figures do not add to 100% due to rounding.
The next set of information displayed to online survey respondents is shown below

Here is another example of information which may be presented to you as part of your account statement. Please read the information and answer the questions that follow.

Information about your Account Statement
We deliver statements at least four times during the calendar year for any account with a balance. Please review your statement and report any inaccuracies or discrepancies, inquiries, concerns or questions regarding your brokerage account or the activity therein to us by calling 1-800-555-5555. Any oral communication regarding inaccuracies or discrepancies should be reconfirmed in writing to further protect your rights, including those under the Securities Investor Protection Act (“SIPA”). Please advise us of material changes in your investment objectives or financial situation related to your brokerage account(s).
When asked how often they check their Account Statements for possible mistakes, 42% of online survey respondents reported that they “always” do; almost 15% said they “rarely” or “never” check.

C23: How often do you check your account statements for possible mistakes?

- Always: 42.0%
- Usually: 26.8%
- Sometimes: 16.4%
- Rarely: 11.3%
- Never: 3.6%

n=600

Note: Figures do not add to 100% due to rounding.
After reading the paragraph below in conjunction with the “Information about your Account Statement,” only a quarter of the online survey respondents correctly identified hypothetical XYZ Brokers as the custodian of the securities, and 26% correctly identified them as the party who would be responsible for making sure the account statement accurately reflects the securities holdings.

Imagine you have a securities account at ABC Brokers, where you deal with Jane Smith as your registered representative / primary contact. You use Jane to place all of your securities orders. You receive your quarterly and annual account statements from XYZ Brokers.

C24: Which firm has custody of the securities shown on your account statement?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Brokers</td>
<td>37.4%</td>
</tr>
<tr>
<td>XYZ Brokers (CORRECT)</td>
<td>24.9%</td>
</tr>
<tr>
<td>Depository Trust Company</td>
<td>4.2%</td>
</tr>
<tr>
<td>The companies whose securities I own (as shown on my account statement)</td>
<td>9.1%</td>
</tr>
<tr>
<td>None of the above</td>
<td>4.4%</td>
</tr>
<tr>
<td>I can’t tell – I don’t know</td>
<td>19.9%</td>
</tr>
</tbody>
</table>

C25: If there is an error on your quarterly or annual account statement, who is responsible for making sure your account statement accurately reflects your securities holdings?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Brokers</td>
<td>41.0%</td>
</tr>
<tr>
<td>XYZ Brokers (CORRECT)</td>
<td>26.2%</td>
</tr>
<tr>
<td>Depository Trust Company</td>
<td>3.1%</td>
</tr>
<tr>
<td>The companies whose securities I own (as shown on my account statement)</td>
<td>5.8%</td>
</tr>
<tr>
<td>None of the above</td>
<td>4.7%</td>
</tr>
<tr>
<td>I can’t tell – I don’t know</td>
<td>19.2%</td>
</tr>
</tbody>
</table>

Note: Figures for C24 do not add to 100% due to rounding.
An even smaller percentage (20.9%) correctly identified hypothetical XYZ Brokers as the party that owes the account holder the securities

Imagine you have a securities account at ABC Brokers, where you deal with Jane Smith as your registered representative / primary contact. You use Jane to place all of your securities orders. You receive your quarterly and annual account statements from XYZ Brokers.

C26: Who owes you your securities?

<table>
<thead>
<tr>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Brokers</td>
<td>35.1</td>
</tr>
<tr>
<td>XYZ Brokers (CORRECT)</td>
<td>20.9</td>
</tr>
<tr>
<td>Depository Trust Company</td>
<td>4.4</td>
</tr>
<tr>
<td>The companies whose securities I own (as shown on my account statement)</td>
<td>13.0</td>
</tr>
<tr>
<td>None of the above</td>
<td>5.7</td>
</tr>
<tr>
<td>I can’t tell – I don’t know</td>
<td>20.8</td>
</tr>
</tbody>
</table>

Note: Figures do not add to 100% due to rounding
The Comprehension Index for the “Information about your Account Statement” exhibit reviewed by online survey respondents—based on three comprehension questions about a hypothetical securities account—was significantly below the Siegel+Gale norm of 60

<table>
<thead>
<tr>
<th>Comprehension Index</th>
<th>24.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>XYZ Brokers has custody of the securities shown on your account statement</td>
<td>24.9%</td>
</tr>
<tr>
<td>XYZ Brokers is responsible for making sure your account statement accurately reflects your securities holdings</td>
<td>26.2%</td>
</tr>
<tr>
<td>XYZ Brokers owes you your securities</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

Note: The Comprehension Index is the average of the percent correct for each comprehension question asked
Almost half of the online survey respondents (47.3%) reported that they would follow up a situation where an Account Statement looks wrong with an email or letter confirming what they had been told.

C27: Imagine that you receive an account statement, and something looks wrong to you. You call your financial advisor, and he or she assures you that what you noticed was just a typo, and that the correction will be reflected in the next account statement. What would you be likely to do? Please check all that apply.

- I would follow up with an email or letter to my advisor confirming everything he or she told me on the phone (47.3%)
- I would follow up with the firm to confirm what my advisor told me (41.2%)
- I would just wait for the next account statement (20.5%)
- I wouldn’t do anything because I know my rights are protected by SIPC (4.2%)
- None of the above (4.4%)

Note: Figures do not add to 100% due to multiple responses
The next set of information displayed to online survey respondents is shown below

Here is one more example of information which may be presented to you as part of your account statement. Please read the information and answer the questions that follow.

Information about Compensation We Receive
In addition to sales loads and 12b-1 fees described in the prospectus, we receive other compensation in connection with the purchase and/or the on-going maintenance of positions in certain mutual fund shares and other investment products in your brokerage account. This additional compensation may be paid by the mutual fund or other products in your brokerage account, its investment advisor or one of its affiliates. Additional information about the source(s) and amount(s) of compensation as well as other remuneration received by us will be furnished to you upon written request.
Just over a quarter of online survey respondents (25.9%) reported that they fully understood the information in the statement, while 16.6% indicated they did not understand the information at all.

C28: How well would you say you understood the statement you just read?

- I understood the information fully: 25.9%
- I understood the information somewhat: 57.5%
- I did not understand the information at all: 16.6%

n=600
Over half of the online survey respondents correctly reported that the financial firm does not only get paid from sales loads and 12b-1 fees, but only a third correctly identified that additional payments to the firm do not happen only when the client buys applicable products.

C29: Based on what you just read, indicate whether each of the following statements is True or False.

The financial firm gets paid from only sales loads and 12b-1 fees

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>24.7%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>54.8%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>20.4%</td>
</tr>
</tbody>
</table>

The financial firm gets additional payments based on the financial products in my account, only at the time I buy those products

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>38.3</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>33.3</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>28.4</td>
</tr>
</tbody>
</table>

Note: Figures for C29 do not add to 100% due to rounding
Almost two-thirds of online survey respondents (63.6%) correctly identified that the firm can get additional payments after clients’ initially purchase certain products, and over half (52.1%) correctly identified that the breakdown of additional payments will not appear on one’s regular account statement; for each question, about one-quarter were unsure of the answer.

C29: Based on what you just read, indicate whether each of the following statements is True or False.

The financial firm can get additional payments based on the financial products in my account, after my initial purchase of those products

<table>
<thead>
<tr>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>True (CORRECT)</td>
<td>63.6%</td>
</tr>
<tr>
<td>False</td>
<td>11.6%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>24.8%</td>
</tr>
</tbody>
</table>

The breakdown of the additional payments the financial firm receives will appear in my regular account statements

<table>
<thead>
<tr>
<th>Sample size</th>
<th>600</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>23.0%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>52.1%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>24.9%</td>
</tr>
</tbody>
</table>
The Comprehension Index for the “Information about the Compensation We Receive” statement was below the Siegel+Gale norm of 60

<table>
<thead>
<tr>
<th>Comprehension Index</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The financial firm gets paid from only sales loads and 12b-1 fees (FALSE)</td>
<td>54.8%</td>
</tr>
<tr>
<td>The financial firm gets additional payments based on the financial products in my account, only at the time I buy those products (FALSE)</td>
<td>33.3%</td>
</tr>
<tr>
<td>The financial firm can get additional payments based on the financial products in my account, after my initial purchase of those products (TRUE)</td>
<td>63.6%</td>
</tr>
<tr>
<td>The breakdown of the additional payments the financial firm receives will appear in my regular account statements (FALSE)</td>
<td>52.1%</td>
</tr>
</tbody>
</table>

Note: The Comprehension Index is the average of the percent correct for each comprehension question asked
Approximately 40% of the online survey respondents reported they would be “very interested” in wanting more information about the sources and amounts of compensation received by their investment firm.

C30: Having read this section, how interested are you in wanting more information about the sources and amounts of compensation received by your investment firm?

- I am very interested: 39.9%
- I am somewhat interested: 47.6%
- I am not at all interested: 12.5%

n=600
Among online survey respondents who were very or somewhat interested in wanting more information about the sources and amounts of compensation received by their investment firm, 58.9% indicated they would want this information prior to beginning a relationship with the company or advisor.

C31: When would you want to know this information?

- Before I begin my relationship with a financial advisor or company: 58.9%
- At the time I consider each transaction: 43.8%
- When I get a confirmation or account statement, which is at some point after a transaction: 20.6%
- Some other time: 5.1%
- I don't know: 5.6%

n=524. Sample is comprised of individuals who were very or somewhat interested in wanting more information about the sources and amounts of compensation received by their investment firm.

Note: Figures do not add to 100% due to multiple responses.
Between 43 and 48 percent of the online survey participants reported that they would be “extremely likely” to take various steps to obtain more information about the sources and amounts of compensation their firm receives.

C32: Please indicate how likely you would be to do the following to obtain more information about the sources and amounts of compensation received by your firm.

- Visit a specified location on the firm’s website: 47.7% Extremely likely, 41.6% Somewhat likely, 10.6% Not likely at all
- Submit a request on the firm’s website: 44.4% Extremely likely, 40.5% Somewhat likely, 15.1% Not likely at all
- Make a phone call to the firm to request the information: 43.7% Extremely likely, 40.8% Somewhat likely, 15.5% Not likely at all
- Send a written request to the firm by e-mail or letter: 42.9% Extremely likely, 36.6% Somewhat likely, 20.6% Not likely at all
- Check a box on a written form (attached to the account statement) and mail that form: 42.8% Extremely likely, 44.5% Somewhat likely, 12.7% Not likely at all

Note: Figures do not add to 100% due to rounding.
Sweep Accounts Module
The half of the online survey respondents who were not asked the Account Statement questions were asked a series of questions regarding Sweep Accounts; these questions began with the exhibit below being shown.

---

**Section I—Operations**

The Bank Sweep Accounts (BSAs) are deposit accounts offered by the Bank as cash sweep options that are linked to a securities brokerage account. If you have a BSA, we will deposit all available cash balances from your brokerage account into your BSA and transfer available cash from your BSA back to your brokerage account automatically, when needed.

Bank Sweep Accounts are eligible for federal deposit insurance from the FDIC up to the Standard Maximum Deposit Insurance Amount (as defined in Part 330 of the FDIC’s rules), which for all types of accounts is currently $250,000 in principal and accrued interest per depositor for all accounts in the same ownership categories. For FDIC deposit insurance coverage purposes, any funds in deposit accounts that you have with us will be aggregated with funds in your BSA, which will be established for you when you select a BSA as the cash sweep option for your brokerage account, if you maintain those deposit accounts and your brokerage account in the same ownership categories. If the combined balance of all your BSA deposits and other deposit accounts maintained with us in the same ownership categories exceeds the applicable FDIC insurance limit – currently $250,000 per depositor for all deposit accounts except IRAs and certain other types of retirement accounts – any excess balances over the applicable limit will not be FDIC-insured. We will not monitor the total amount of your balances at each bank to determine whether it exceeds the limit of applicable FDIC insurance.

You are responsible for monitoring the total amount of your assets on deposit with each bank (including accounts at each bank held in the same right and legal capacity) in order to determine the extent of FDIC insurance coverage available to you on those deposits, including your Bank Sweep Account balance(s).

Once your BSA is established, excess available cash from your brokerage account will be swept automatically into the account. Except as described herein, you will not be permitted to directly deposit or withdraw funds from your BSA. Rather, all deposits and withdrawals will be made, and checks paid, from your brokerage account.

Your brokerage account statements will contain information regarding the amounts on deposit in your Bank Sweep Account, and interest paid thereon, and the transfers between your BSA and your linked brokerage account.
Only 22 to 29 percent of online survey respondents reported “fully” understanding any of the following regarding the Sweep Accounts text they were shown.

C34: Based on the text you just read, how well would you say you understand the following?

- **What a Bank Sweep Account is**
  - I understand this fully: 29.3%
  - I understand the basics of this: 49.8%
  - I don't understand this at all: 20.9%

- **What a Bank Sweep Account is used for**
  - I understand this fully: 27.5%
  - I understand the basics of this: 49.3%
  - I don't understand this at all: 23.2%

- **How a Bank Sweep Account works (in conjunction with your other accounts at this bank)**
  - I understand this fully: 22.2%
  - I understand the basics of this: 52.6%
  - I don't understand this at all: 25.2%

n=601
While 64% of online survey participants identified that their FDIC coverage is akin to opening a bank account with hypothetical ABC Bank, only 36.3% correctly identified ABC Bank as the party who would owe the customer his or her cash.

C35: Assume you participate in the Bank Deposit Sweep at ABC Bank, who owes you your cash?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>BD Brokers</td>
<td></td>
<td>35.3%</td>
</tr>
<tr>
<td>ABC Bank (CORRECT)</td>
<td></td>
<td>36.3%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>28.4%</td>
</tr>
</tbody>
</table>

C36: BD Brokers states the Bank Deposit Sweep is insured by the FDIC. What do you understand this statement to mean?

<table>
<thead>
<tr>
<th>Option</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>My cash in the Bank Deposit Sweep may be insured by the FDIC if BD Brokers follows FDIC rules governing bank sweep deposit accounts</td>
<td></td>
<td>22.3%</td>
</tr>
<tr>
<td>My cash in the Bank Deposit Sweep is insured by the FDIC in the same manner as if I were to open a bank account at ABC Bank (CORRECT)</td>
<td></td>
<td>64.0%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>13.7%</td>
</tr>
</tbody>
</table>
There was considerable confusion regarding automatic money transfer, with less than 45% correct responses and nearly 30% of respondents indicating they were unsure of the answer; however, 80% correctly reported that the Sweep Account is FDIC insured.

C38: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined

A Bank Sweep Account automatically transfers money I have from certain accounts into other types of accounts which generally offer a better rate of interest

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True (CORRECT)</td>
<td></td>
<td>44.6%</td>
</tr>
<tr>
<td>False</td>
<td></td>
<td>25.5%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>29.9%</td>
</tr>
</tbody>
</table>

The Bank Sweep Account is FDIC insured

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True (CORRECT)</td>
<td></td>
<td>80.0%</td>
</tr>
<tr>
<td>False</td>
<td></td>
<td>6.7%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>13.3%</td>
</tr>
</tbody>
</table>
Fewer than a quarter of online survey respondents (24.3%) correctly answered a question about FDIC coverage across multiple accounts with the same broker or bank; just over half (51.8%) correctly identified that they would not receive notification from the Bank if their account exceeds the FDIC limits.

C38: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined.

So long as my Bank Sweep Account balance, by itself, is below the FDIC limit, it will be FDIC insured and this is true even if I have other accounts through the same broker or at the same bank.

<table>
<thead>
<tr>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>55.8%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>24.3%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

The Bank will notify me when my Bank Sweep Account balance exceeds the FDIC limits.

<table>
<thead>
<tr>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>24.8%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>51.8%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>23.4%</td>
</tr>
</tbody>
</table>

Note: Figures may not add to 100% due to rounding.
The Comprehension Index for the “Sweep Accounts: Operations” exhibit was below the Siegel+Gale norm of 60

<table>
<thead>
<tr>
<th>Comprehension Index</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Bank owes you your cash</td>
<td>36.3%</td>
</tr>
<tr>
<td>My cash in the Bank Deposit Sweep is insured by the FDIC in the same manner as if I were to open a bank account at ABC Bank</td>
<td>64.0%</td>
</tr>
<tr>
<td>A Bank Sweep Account automatically transfers money I have from certain accounts into other types of accounts which generally offer a better rate of interest (TRUE)</td>
<td>44.6%</td>
</tr>
<tr>
<td>The Bank Sweep Account is FDIC insured (TRUE)</td>
<td>80.0%</td>
</tr>
<tr>
<td>So long as my Bank Sweep Account balance, by itself, is below the FDIC limit, it will be FDIC insured and this is true even if I have other accounts through the same broker or at the same bank (FALSE)</td>
<td>24.3%</td>
</tr>
<tr>
<td>The Bank will notify me when my Bank Sweep Account balance exceeds the FDIC limits (FALSE)</td>
<td>51.8%</td>
</tr>
</tbody>
</table>

Note: The Comprehension Index is the average of the percent correct for each comprehension question asked
Seven in ten online survey respondents stated that it would be “absolutely essential” for BD Brokers to state that the Bank Deposit Sweep is FDIC insured.

C37: How important would you say it is for BD Brokers to state that the Bank Deposit Sweep is FDIC insured?

- Absolutely essential: 69.9%
- Important, but not essential: 20.3%
- Nice to know, but not important: 6.9%
- Completely unimportant: 2.9%

n=601
The next exhibit displayed to online survey respondents is shown below

---

**Section II – Statements, Interest and Fees**

**Statements:** Your brokerage account statement will contain Bank Sweep Account information.

**Interest Bearing Account:** All Bank Sweep Accounts will be administered as follows: Your BSA consists of two linked sub-accounts: (1) a transaction sub-account, which may be interest-bearing for eligible customers, and (2) an interest-bearing savings deposit sub-account. Interest will accrue on either the combined balances of the sub-accounts if both are interest-bearing, or on the savings deposit sub-account portion only if the transaction sub-account is not interest-bearing, at an interest rate established for the BSA. Thus, the annual percentage yield ("APY") earned on the BSA is based on the balances on deposit in the interest-bearing sub-account(s) of your BSA during the statement cycle.

The Bank Sweep Account may earn interest on the daily combined balances of the two sub-accounts of the account if both sub-accounts are interest-bearing, or on only the daily balances in the savings deposit sub-account portion if the transaction sub-account is not interest-bearing, and at a variable interest rate and APY set by us from time to time. We may, at any time, in our discretion, change the basis for payment of interest or the APY, or may discontinue the payment of interest. We may, at any time, in our discretion, set maximum account balances upon which interest will be paid, and set minimum account daily or average daily balances below which interest will not be paid. Interest on funds in the BSA will accrue daily and will be posted to your brokerage account on a monthly basis.

**Interest Rate and Annual Percentage Yield:** The initial simple interest rate, at which interest is paid on the principal balance of your BSA at the Bank and the corresponding annual percentage yield ("APY"), at which your BSA would earn interest each year if all interest paid on the BSA remains in the account, are as specified in the Rate Schedule (below), as modified by the Bank from time-to-time, in its sole discretion. The interest rate and APY paid on your BSA are subject to change from time-to-time without prior notice by the Bank, in its sole discretion.

**Interest Calculation Method:** We use the daily balance method to calculate interest on accounts. This method applies a daily periodic rate to the principal in the account each day. Interest begins to accrue no later than the business day we receive credit for the deposit of non-cash items (for example, checks).

**Rate Schedule for Bank Sweep Account**

<table>
<thead>
<tr>
<th>Daily Balance</th>
<th>Rate</th>
<th>APY*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $4,999</td>
<td>0.050%</td>
<td>0.05%</td>
</tr>
<tr>
<td>$5,000 - $49,999</td>
<td>0.150%</td>
<td>0.15%</td>
</tr>
<tr>
<td>$50,000 - $99,999</td>
<td>0.250%</td>
<td>0.25%</td>
</tr>
<tr>
<td>$100,000 - $499,999</td>
<td>0.300%</td>
<td>0.30%</td>
</tr>
<tr>
<td>$500,000+</td>
<td>0.350%</td>
<td>0.35%</td>
</tr>
</tbody>
</table>

*The APYs on the BSA are based on no withdrawal of credited interest and no change in the interest rate for a full year and no withdrawals or additions to the funds on deposit. Interest accrues daily and will be posted to your brokerage account on a monthly basis.

**Fees:** The following fees apply to all BSAs and are in addition to other fees that may be assessed against your linked securities brokerage account:

- Liens - $75
- Garnishments - $75
Over 70% of online survey respondents (70.7%) stated that they somewhat understood the information in this exhibit; the remaining respondents were split between understanding the information fully and not understanding it at all.

C39: Please read the statement before providing your response. How well would you say you understood the statement you just read?

- I understood the information fully: 15.6%
- I understood the information somewhat: 70.7%
- I did not understand the information at all: 13.7%

n=601
Over 40% of online survey respondents (41.7% and 46.7%, respectively) incorrectly indicated two statements about Sweep Accounts were true—that Bank Sweep Account statements would be received separately and that statements for other accounts at the same bank will include Sweep Account information.

C40: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined.

I will receive a statement for my Bank Sweep Account, separate from the statement I receive for my other accounts at this bank

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>41.7%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>27.9%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>30.4%</td>
</tr>
</tbody>
</table>

My statement for other accounts I have at this bank will include information about my Bank Sweep Account

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>46.7%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>24.4%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>28.9%</td>
</tr>
</tbody>
</table>
Fewer than half of online survey respondents were able to correctly identify two statements about Bank Sweep Account interest as false; 43% correctly indicated interest would not be calculated monthly and 49.4% correctly indicated interest rates are not fixed for 12 months

C40: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined

The interest earned on my Bank Sweep Account is calculated on a monthly basis

<table>
<thead>
<tr>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>35.7%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>43.0%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>21.3%</td>
</tr>
</tbody>
</table>

The interest rates shown in the fee schedule are fixed (and cannot change) for 12 months

<table>
<thead>
<tr>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>27.5%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>49.4%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>23.1%</td>
</tr>
</tbody>
</table>
Almost two-thirds of online survey respondents (66.1%) were able to correctly identify that the interest earned will depend on the balance in the account, but only 35.4% correctly identified a statement about getting the same interest and APY for a mid-month withdrawal as false.

C41: Suppose you have $20,000 in a Bank Sweep Account. Based on the information in the statement, please indicate whether you think the following statements are true, false, or cannot be determined.

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>The interest I earn will depend on the balance I have in my account each day</td>
<td>True (CORRECT)</td>
<td>66.1%</td>
</tr>
<tr>
<td></td>
<td>False</td>
<td>8.7%</td>
</tr>
<tr>
<td></td>
<td>I can't tell/I don't know</td>
<td>25.2%</td>
</tr>
</tbody>
</table>

If I make a withdrawal of all the money in this account in the middle of the month, I should still get 0.15% interest and the same APY over the course of the year, so long as I have all the money back in the account by the end of each month.

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Only 13.1% of online survey respondents correctly indicated a statement about the account size requirements for a 0.15% interest rate as false; however, nearly 40% correctly identified that interest rates are not determined by one’s balance on the first day of the month.

C41: Suppose you have $20,000 in a Bank Sweep Account. Based on the information in the statement, please indicate whether you think the following statements are true, false, or cannot be determined.

The interest rate of 0.15% will apply to my BSA so long as I have $5,000 to $49,000 in the account.

<table>
<thead>
<tr>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>51.2%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>13.1%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>35.7%</td>
</tr>
</tbody>
</table>

Whatever my balance is on the first day of the month is what determines my interest rate for that month.

<table>
<thead>
<tr>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>24.6%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>39.9%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>35.4%</td>
</tr>
</tbody>
</table>

Note: Figures may not add to 100% due to rounding.
The Comprehension Index for the “Sweep Accounts: Statements, Interest and Fees” exhibit was significantly below the Siegel+Gale norm of 60

<table>
<thead>
<tr>
<th>Comprehension Index</th>
<th>37.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will receive a statement for my Bank Sweep Account, separate from the statement I receive for my other accounts at this bank (FALSE)</td>
<td>27.9%</td>
</tr>
<tr>
<td>My statement for other accounts I have at this bank will include information about my Bank Sweep Account (FALSE)</td>
<td>24.4%</td>
</tr>
<tr>
<td>The interest earned on my Bank Sweep Account is calculated on a monthly basis (FALSE)</td>
<td>43.0%</td>
</tr>
<tr>
<td>The interest rates shown in the fee schedule are fixed (and cannot change) for 12 months (FALSE)</td>
<td>49.4%</td>
</tr>
<tr>
<td>The interest I earn will depend on the balance I have in my account each day (TRUE)</td>
<td>66.1%</td>
</tr>
<tr>
<td>If I make a withdrawal of all the money in this account in the middle of the month, I should still get 0.15% interest and the same APY over the course of the year, so long as I have all the money back in the account by the end of each month (FALSE)</td>
<td>35.4%</td>
</tr>
<tr>
<td>The interest rate of 0.15% will apply to my BSA so long as I have $5,000 to $49,000 in the account (FALSE)</td>
<td>13.1%</td>
</tr>
<tr>
<td>Whatever my balance is on the first day of the month is what determines my interest rate for that month (FALSE)</td>
<td>39.9%</td>
</tr>
</tbody>
</table>

Note: The Comprehension Index is the average of the percent correct for each comprehension question asked.
Online survey respondents were then shown a final exhibit regarding Bank Sweep Accounts, displayed below

Section III – Withdrawals

Right of Set-Off: Under the terms of your Agreement, we may charge or set off funds in your Bank Sweep Account against indebtedness or obligations you may have to us. We may automatically withdraw cash or redeem securities maintained in a BSA to satisfy any indebtedness to us or otherwise with respect to your account in an amount sufficient to satisfy any such obligation.

Ability to Withdraw Funds: Except as described herein, you are not permitted to directly withdraw funds from your Bank Sweep Account at the Bank. Withdrawal from the BSA may be made only by us, acting as an agent, for you, to transfer funds to the linked brokerage account.

We do not currently impose holds or limits on funds availability on transfers between your Bank Sweep Account and your brokerage account. Federal banking regulations require the Bank to reserve the right to require seven (7) days’ prior notice before permitting a withdrawal of funds from the BSA to your brokerage account. We have no present intention of exercising this provision. However, we may, at our sole discretion, choose to do so in the future.

Funds that are received by us in good deliverable form and that have been credited to your account may not be available for trading for up to five (5) Business Days and generally are not available for withdrawal for up to ten (10) Business Days. We may, in our sole discretion, impose a longer period during which funds may not be available for trading or withdrawal.
One in five online survey respondents indicated they understood the information in the final Bank Sweep Account exhibit fully; about two-thirds (66.4%) understood the information somewhat and 13.6% did not understand the information at all.

C41: Please read the statement before providing your response. How well would you say you understood the statement you just read?

- I understood the information fully: 20.0%
- I understood the information somewhat: 66.4%
- I did not understand the information at all: 13.6%

n=601
About 60% of online survey respondents correctly identified that funds can be withdrawn from a Bank Sweep Account (59.8%), but only by the bank (60.4%)

C43: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined

Funds can never be withdrawn from my Bank Sweep Account--by the bank or by me

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td></td>
<td>20.5%</td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td></td>
<td>59.8%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>19.6%</td>
</tr>
</tbody>
</table>

Only the bank can withdraw funds from my Bank Sweep Account; I cannot do it myself

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>601</th>
</tr>
</thead>
<tbody>
<tr>
<td>True (CORRECT)</td>
<td></td>
<td>60.4%</td>
</tr>
<tr>
<td>False</td>
<td></td>
<td>19.8%</td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td></td>
<td>19.8%</td>
</tr>
</tbody>
</table>

Note: Figures may not add to 100% due to rounding
Half or more online survey respondents correctly identified that they cannot access/withdraw Bank Sweep Account funds (55.7%) and that debt related to other accounts with the same bank may impact their BSA balance (50%)

C43: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined

I can access and withdraw the funds in my Bank Sweep Account whenever I choose; it is all my money so I should have access to it

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>23.9%</td>
<td></td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>55.7%</td>
<td></td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>20.5%</td>
<td></td>
</tr>
</tbody>
</table>

Any debt I owe the Bank in relation to other accounts I have with them will not impact the balance I have in my Bank Sweep Account

<table>
<thead>
<tr>
<th></th>
<th>Sample size</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>24.9%</td>
<td></td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>50.0%</td>
<td></td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>25.1%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures may not add to 100% due to rounding
Just over 54% of online survey respondents correctly indicated that transferred funds are not available in one’s Bank Sweep Account on the same day

C43: Based on what you just read, please indicate whether you think the following statements are true, false, or cannot be determined

Once I transfer funds into my Bank Sweep Account, they are available on the same day

<table>
<thead>
<tr>
<th>Statement</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>21.2%</td>
<td></td>
</tr>
<tr>
<td>False (CORRECT)</td>
<td>54.2%</td>
<td></td>
</tr>
<tr>
<td>I can't tell/I don't know</td>
<td>24.6%</td>
<td></td>
</tr>
</tbody>
</table>
The Comprehension Index for the “Sweep Accounts: Withdrawals” exhibit was slightly below the Siegel+Gale norm of 60

<table>
<thead>
<tr>
<th>Comprehension Index</th>
<th>56.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds can never be withdrawn from my Bank Sweep Account--by the bank or by me (FALSE)</td>
<td>59.8%</td>
</tr>
<tr>
<td>Only the bank can withdraw funds from my Bank Sweep Account; I cannot do it myself (TRUE)</td>
<td>60.4%</td>
</tr>
<tr>
<td>I can access and withdraw the funds in my Bank Sweep Account whenever I choose; it is all my money so I should have access to it (FALSE)</td>
<td>55.7%</td>
</tr>
<tr>
<td>Any debt I owe the Bank in relation to other accounts I have with them will not impact the balance I have in my Bank Sweep Account (FALSE)</td>
<td>50.0%</td>
</tr>
<tr>
<td>Once I transfer funds into my Bank Sweep Account, they are available on the same day (FALSE)</td>
<td>54.2%</td>
</tr>
</tbody>
</table>

Note: The Comprehension Index is the average of the percent correct for each comprehension question asked
Mutual Fund
Summary Prospectus
Online survey respondents who qualified for and were assigned to the Summary Prospectus survey branch began the survey by answering questions about information sources for mutual fund investors. This included questions about their experience with Statutory and Summary Prospectuses.

- A Prospectus (also referred to as a Statutory Prospectus) for a mutual fund contains information, such as the fund’s investment objectives or goals, principal strategies for achieving those goals, principal risks of investing in the fund, fees and expenses, and past performance. The Statutory Prospectus also identifies the mutual fund’s managers and advisers and describes its organization and how to purchase and redeem shares.

- A Summary Prospectus is a concise summary (4-8 pages in length) of the information in the Statutory Prospectus.

Those who recalled receiving a Statutory Prospectus and/or a Summary Prospectus were asked series of questions about the respective document(s).

In the next section of the survey, all respondents—regardless of whether they recalled receiving a Summary Prospectus—answered a series of questions about one of three example Summary Prospectuses. The example Summary Prospectuses were redacted versions of three actual mutual fund Summary Prospectuses. These three examples were selected in order to provide a representative mix of different formats for Summary Prospectuses.

Online survey respondents were able to reference the example Summary Prospectus as they answered all questions related to it.
Investor Experience with and Perceptions of Statutory Prospectuses and Summary Prospectuses
About half of respondents cited financial advisor/broker (51.4%) and the Internet/computer (48.7%) as main sources of information used in deciding whether to invest in mutual funds; less than one-quarter (24.6%) selected a mutual fund prospectus as a main source of information.

S1: What are the main sources of information that you use in deciding whether to invest in mutual funds? Check all that apply.

- Financial advisor/broker: 51.4%
- Internet/computer: 48.7%
- Friends/family: 35.7%
- Magazines/newspapers: 26.6%
- Mutual fund prospectus: 24.6%
- Mutual fund shareholder report: 21.8%
- Newsletters: 13.9%
- None: 4.8%
- Other (Please specify): 2.6%
- I don't know: 1.5%

n=1,201
Comments from online survey respondents about what sources they use in deciding whether to invest in mutual funds

S1: What are the main sources of information that you use in deciding whether to invest in mutual funds?

+ Media outlets
  - “CNBC.”
  - “MSNBC.”
  - “Talk radio.”
  - “TV.”
  - “Business channels.”

+ Personal research
  - “Information from internet.”
  - “My own research.”
  - “Research—personal.”

+ Financial firms
  - “Vanguard Brokerage.”
  - “Morningstar and other rating systems.”

+ Books
  - “Mutual funds for dummies.”
  - “Books.”

n=31
Sample comprised of respondents who selected “Other” in S1
When asked to name the *most* important source of information for mutual fund investment decision-making, 41.3% of online survey respondents indicated financial advisor/broker and 21.4% of online survey respondents indicated Internet/computer.

S2: Which of these sources is most important to you in making an investment decision?

```
<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial advisor/broker</td>
<td>41.3%</td>
</tr>
<tr>
<td>Internet/computer</td>
<td>21.4%</td>
</tr>
<tr>
<td>Friends/family</td>
<td>12.1%</td>
</tr>
<tr>
<td>Mutual fund prospectus</td>
<td>6.2%</td>
</tr>
<tr>
<td>Mutual fund shareholder report</td>
<td>4.4%</td>
</tr>
<tr>
<td>None</td>
<td>5.8%</td>
</tr>
<tr>
<td>Magazines/newspapers</td>
<td>2.7%</td>
</tr>
<tr>
<td>Newsletters</td>
<td>1.5%</td>
</tr>
<tr>
<td>Other</td>
<td>1.5%</td>
</tr>
<tr>
<td>I don't know</td>
<td>3.0%</td>
</tr>
<tr>
<td>Mutual fund shareholder report</td>
<td>4.4%</td>
</tr>
<tr>
<td>None</td>
<td>5.8%</td>
</tr>
<tr>
<td>Mutual fund prospectus</td>
<td>6.2%</td>
</tr>
<tr>
<td>Friends/family</td>
<td>12.1%</td>
</tr>
<tr>
<td>Internet/computer</td>
<td>21.4%</td>
</tr>
<tr>
<td>Financial advisor/broker</td>
<td>41.3%</td>
</tr>
</tbody>
</table>
```

Note: Figures do not add to 100% due to rounding.

$n=1,201$
While 78.2% of respondents recalled receiving a Statutory Prospectus for a mutual fund, approximately 48.7% recalled receiving a Summary Prospectus; 22.3% did not know whether they had received a Summary Prospectus.

S3: Have you ever received or obtained a Prospectus for a mutual fund?

- Yes: 78.2%
- No: 15.5%
- I don’t know: 6.3%

n=1,201

S11: Have you ever received or obtained a Summary Prospectus for a mutual fund?

- Yes: 48.7%
- No: 29.0%
- I don’t know: 22.3%

n=1,201
When shown a sample Summary Prospectus for reference, one-third of those who indicated they had not or were unsure whether they had received a Summary Prospectus recalled having received/obtained one.

S11: Have you ever received or obtained a Summary Prospectus for a mutual fund?

S12: Now that you have seen a sample Summary Prospectus, do you recall ever having received or obtained a Summary Prospectus for a mutual fund?

Sample comprised of respondents who answered “No” or “I don’t know” to S11.

Note: Figures do not add to 100% due to rounding.
More than half of the online survey respondents who recalled receiving a Statutory Prospectus or Summary Prospectus most recently received one within the past year (73.2% for Statutory Prospectus, 72.5% for Summary Prospectus)

S4: When did you most recently receive or obtain a Prospectus? Your best estimate is fine.

- Within the past year: 73.2%
- More than a year ago: 25.0%
- I don’t know: 1.9%

n=933
Sample comprised of respondents who recalled receiving or obtaining a Statutory Prospectus in S3
Note: Statutory Prospectus figures do not add to 100% due to rounding

S13: When did you most recently receive or obtain a Summary Prospectus? Your best estimate is fine.

- Within the past year: 72.5%
- More than a year ago: 24.5%
- I don’t know: 3.0%

n=787
Includes respondents who recalled receiving or obtaining a Summary Prospectus either in S11 or after seeing an example for reference in S12
When asked how often they read a prospectus, 55.7% of online survey respondents indicated that they generally read Statutory Prospectuses, and 61.9% reported that they generally read Summary Prospectuses.

S5: How often do you read a **Prospectus** when you receive one? Would it be...
- **Always, Very frequently or Frequently** = **55.7%**
- **Rarely, Very rarely or Never** = **44.3%**

n=933
Includes respondents who recalled receiving or obtaining a Statutory Prospectus in S3
Note: Statutory Prospectus figures do not add to 100% due to rounding. Summary figures may not reflect charted figures due to rounding.

S14: How often do you read a **Summary Prospectus** when you receive one? Would it be...
- **Always, Very frequently or Frequently** = **61.9%**
- **Rarely, Very rarely or Never** = **38.1%**

n=787
Includes respondents who recalled receiving or obtaining a Summary Prospectus either in S11 or after seeing an example for reference in S12
The charts below show the distribution of the frequency with which online survey respondents read a Statutory Prospectus or a Summary Prospectus

S6: How many times in the last year have you read a **Prospectus**? Your best estimate is fine.
S15: How many times in the last year have you read a **Summary Prospectus**? Your best estimate is fine.

Statutory Prospectus  
n=361*

- 0.6%
- 12.1%
- 21.6%
- 17.9%
- 11.7%
- 22.6%
- 10.5%
- 3.0%

Summary Prospectus  
n=353*

- 0.5%
- 19.4%
- 22.0%
- 16.7%
- 11.6%
- 17.4%
- 8.0%
- 4.2%

*Sample is comprised of respondents who recall receiving a Statutory Prospectus or Summary Prospectus in the past year and selected Always, Very Frequently or Frequently with regards to how often they read one

Note: Summary Prospectus figures do not add to 100% due to rounding
Respondents cited complexity, length and boringness as the top three reasons for not reading the Statutory Prospectus and complexity, reliance on a broker/financial advisor and length for as the top three reasons for not reading a Summary Prospectus; about one-third of all respondents cited reliance on a broker/financial advisor as reasons for not reading the documents.

S7: Why do you not read **Prospectuses** more frequently? Check all that apply.

S16: Why do you not read **Summary Prospectuses** more frequently? Check all that apply.

- They are too complicated
- I rely on a broker or other financial advisor
- They are too long
- They are too boring
- I don't plan to make any changes in my investments
- I do not have time to read them
- The print is too small
- I prefer to use other resources
- Other (Please specify):
  - The documents are not detailed enough
  - I don't trust the information
  - I do not know

n=423 for Statutory Prospectus, n=308 for Summary Prospectus*

*Sample comprised of respondents who recall receiving a Statutory Prospectus or Summary Prospectus and selected Rarely, Very Rarely, or Never with regards to how often they read one.
Comments from online survey respondents about why they do not read Statutory Prospectuses more frequently

S7. Why do you not read Prospectuses more frequently?

Respondents who selected “other” provided some reasons for not reading more frequently:

+ Difficult to understand
  - “Difficult to comprehend.”
  - “Don't understand them.”
  - “I don't quite understand them.”
  - “I don't understand them.”

+ Lack of time
  - “Limited time available.”

+ Not relevant
  - “I select investments carefully and then leave them alone to let them grow.”
  - “They are too complicated and outdated by the time I receive them. I can get all that info online in real time.”
Comments from online survey respondents about why they do not read Summary Prospectuses more frequently

S16: Why do you not read Summary Prospectuses more frequently?

Respondents who selected “other” provided some reasons for not reading more frequently:

+ Difficult to understand
  - “Difficult to comprehend.”
  - “I never understand what they mean.”
  - “Don't understand it very well.”
  - “Need to be an attorney to understand them.”
  - “Hard to understand.”
  - “I don't understand what I am reading.”

+ Someone else reads them
  - “I rely on my husband to read them.”
  - “My husband reads them.”
  - “My spouse takes care.”

+ Not relevant
  - “I like the way my funds and investment are doing now so I leave it be for time being.”

n=15
Sample comprised of respondents who selected “Other” in S16
Those who generally do not read Statutory Prospectuses and Summary Prospectuses indicated they typically dispose of them (75.7% for Statutory Prospectus, 66.7% for Summary Prospectus)

S8: What do you typically do with Prospectuses when you receive them?

- I dispose of them 75.7%
- I retain them for future use 21.7%
- Other 2.2%
- I don't know 0.4%

n=423

S17: What do you typically do with Summary Prospectuses when you receive them?

- I dispose of them 66.7%
- I retain them for future use 31.3%
- Other 1.4%
- I don't know 0.7%

n=308

Note: Figures do not add to 100% due to rounding

Sample comprised of respondents who recall receiving a Statutory Prospectus or Summary Prospectus and selected Rarely, Very Rarely, or Never with regards to how often they read one.
On average, 52.8% of online survey respondents indicated they spend 10 minutes or more reading a Statutory Prospectus, versus 45.9% of online survey respondents for Summary Prospectuses.

S9: On average, how much time do you spend reading a Prospectus when you receive it?
S18: On average, how much time do you spend reading a Summary Prospectus when you receive it?

* “< 10 min” and “10 min +” figures do not add to 100% because they exclude “None” and “I don’t know”
** Sample is comprised of respondents who recall receiving a Statutory Prospectus or Summary Prospectus and did not select “Never” with regards to how often they read one
Note: Figures do not add to 100% due to rounding
Approximately 65.3% of online survey respondents who recall receiving or obtaining Statutory Prospectuses and approximately 69.8% of those who recall receiving or obtaining Summary Prospectuses have never looked at one online.

S10: Have you ever looked at a **Prospectus** online?

- Yes: 32.9%
- No: 65.3%
- I don't know: 1.7%

Sample comprised of respondents who recalled receiving or obtaining a Statutory Prospectus in S3

S19: Have you ever looked at a **Summary Prospectus** online?

- Yes: 28.7%
- No: 69.8%
- I don't know: 1.4%

Sample comprised of respondents who recalled receiving or obtaining a Summary Prospectus either in S11 or after seeing an example for reference in S12

Note: Figures do not add to 100% due to rounding
Online survey respondents most frequently selected performance as information they typically look for from mutual fund Summary Prospectuses (83.0%); costs, risks, and investment objectives and strategies were among the next most selected items, with 65.5%–59.2%

S20: What information do you typically look for when you read a Summary Prospectus? Check all that apply.

- Performance: 83.0%
- Costs: 65.5%
- Risks: 62.0%
- Investment objectives and strategies: 59.2%
- Tax consequences: 33.0%
- Payments to broker-dealers or other financial professionals: 28.9%
- Fund managers: 24.8%
- How to buy or sell shares: 21.1%
- Other: 1.1%
- I don't know: 1.8%

n=1,201
Summary Prospectus Document Review and Comparison to Pre-Review Perceptions
The next section of the report compares online survey respondents’ perceptions of Summary Prospectuses (where applicable) before they saw an example of one to their perceptions of one of three example Summary Prospectuses after reviewing one.

Respondents’ perceptions of Summary Prospectuses before they saw an example of one (“Before”) were derived from a series of questions about Summary Prospectuses:

- Example question (S22): “How difficult is it to understand the language used in a Summary Prospectus? In general, would you say it is…”
- The group of respondents who were asked this series of questions consisted of those who recalled receiving or obtaining a Summary Prospectus for a mutual fund in S11 (n=539). This group excluded those who did not recall receiving or obtaining a Summary Prospectus and who were prompted with an example of one.

The full sample of n=1,201 was then split into three parts; each portion was shown an example Summary Prospectus and asked a series of questions about it:

- Example question (S30): “How difficult is it to understand the language used in the [name of fund] Summary Prospectus? In general, would you say it is…”

Where respondents’ perceptions before they viewed an example are not applicable (i.e., questions asked only about the specific examples and not about Summary Prospectuses in general), results shown are a comparison among the three examples only.
"Petunia Core Equity" Summary Prospectus (4 pages)
### Summary Prospectus

**Gardenia Asset Allocation Portfolio**

<table>
<thead>
<tr>
<th>Shares</th>
<th>Investor A Shares</th>
<th>Investor B Shares</th>
<th>Investor C Shares</th>
<th>Institutional Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>0.55%</td>
</tr>
<tr>
<td>0.40%</td>
<td>0.45%</td>
<td>0.40%</td>
<td>0.55%</td>
<td>0.40%</td>
</tr>
<tr>
<td>0.50%</td>
<td>0.55%</td>
<td>0.50%</td>
<td>0.60%</td>
<td>0.50%</td>
</tr>
<tr>
<td>0.82%</td>
<td>0.87%</td>
<td>0.82%</td>
<td>0.92%</td>
<td>0.82%</td>
</tr>
<tr>
<td>0.75%</td>
<td>0.80%</td>
<td>0.75%</td>
<td>0.85%</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

**Key Features**

- **Date of the Summary Prospectus**: January 26, 2011
- **Portfolio Type**: Gardenia Asset Allocation Portfolio
- **Institutional Shares**: 0.55%
- **Investor A Shares**: 0.40%
- **Investor B Shares**: 0.45%
- **Investor C Shares**: 0.50%
- **Shares**: Available in Investor A, Investor B, and Investor C

**Summary**

The Summary Prospectus contains information about the investment objectives, strategies, risks, and expenses of the Gardenia Funds. It also includes information about performance, the principal investment risks, and important tax information. The Summary Prospectus is intended to provide a high-level overview of the Gardenia Funds, including the Fund’s investment objectives, strategies, and risks, as well as information about the Fund’s performance and expenses.

**Important Notes**

- The Summary Prospectus is not intended to be a complete description of the Gardenia Funds. For more detailed information, please refer to the full prospectus, which contains more detailed information about the Fund’s investment strategies, risks, and performance.
- The Summary Prospectus is subject to change and should be read in conjunction with the full prospectus.
- The Summary Prospectus is not approved by the Securities and Exchange Commission (SEC) and should not be used as the sole basis for making investment decisions.

**Legal Considerations**

- The Summary Prospectus is intended for use by investors who are qualified to purchase the securities of the Gardenia Funds.
- The Summary Prospectus should be read carefully before investing to ensure that it meets your individual investment objectives and risk tolerance.

**Additional Resources**

- Full view of exhibit available in Summary Prospectus Appendix 2; see pages A42-A45

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*Note: The image contains a table and text that are not fully visible or legible.*
**“Hydrangea Bush” Summary Prospectus (4 pages)**

**Summary Prospectus August 1, 2011**

**Hydrangea Bush Investments®**

**Government Bond Fund**

<table>
<thead>
<tr>
<th>Investor Class</th>
<th>A Class</th>
<th>C Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Class</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Investors</td>
<td>hydrangeabush.com/mutual_fund_reports.jsp</td>
<td>800-888-8888</td>
</tr>
<tr>
<td>Financial Professionals</td>
<td>hydrangeabush.com/investor/mutual_fund_reports_mf.jsp</td>
<td><a href="mailto:advisor_prospectus@hydrangeabush.com">advisor_prospectus@hydrangeabush.com</a></td>
</tr>
</tbody>
</table>

This summary prospectus incorporates by reference the fund’s prospectus and statement of additional information (SA), each dated August 1, 2011. As supplemented at the time you receive this summary prospectus, as well as the Report of Independent Registered Public Accounting Firm and the financial statements included in the fund’s annual report to shareholders, dated March 31, 2011. The fund’s QIAX and annual report may be obtained, free of charge, in the manner as the prospectus.

**Investment Objective**

The fund seeks high current income.

**Fees and Expenses**

The following table describes the fees and expenses you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $50,000 in Hydrangea Bush Investments funds. More information about these and other discounts, as well as variations in charges that may apply to purchases of $1 million or more, is available from your financial professional and in Calculation of Sales Charges on page 31 of the fund’s prospectus and Sales Charges in appendix H of this statement of additional information.

**Shareholder Fees (fees paid directly from your investment)**

<table>
<thead>
<tr>
<th>Investor</th>
<th>Institutional</th>
<th>A</th>
<th>C</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Sales Charge (load) imposed on Purchases (as a percentage of offering price)</td>
<td>None</td>
<td>None</td>
<td>4.50%</td>
<td>None</td>
</tr>
<tr>
<td>Maximum Deferred Sales Charge (Lost)</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>1.00%</td>
</tr>
<tr>
<td>Maximum Annual Account Maintenance Fee (charged if eligible investments total at least $10,000)</td>
<td>$25</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor</td>
<td>Institutional</td>
<td>A</td>
<td>C</td>
<td>R</td>
</tr>
<tr>
<td>Management Fee</td>
<td>0.42%</td>
<td>0.27%</td>
<td>0.47%</td>
<td>0.47%</td>
</tr>
<tr>
<td>Distribution and Service (12b-1) Fees</td>
<td>None</td>
<td>None</td>
<td>0.25%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Total Annual Fund Operating Expenses</td>
<td>0.40%</td>
<td>0.28%</td>
<td>0.71%</td>
<td>1.48%</td>
</tr>
</tbody>
</table>

**Summary of Sales Charges**

Hydrangea Bush: 0.44% | arborvita Bush: 0.38% | Hydrangea Bush: page 1 | arborvita Bush: page 2

- With the costs of investing in other mutual funds and the fees related to all of your shares at buying expenses remains the same. Although your fund's annual operating expenses are higher than the average of similar funds, the fund's high current income makes it a good choice for investors who are willing to accept higher costs for higher current income.

**Highway Performance Quarter (Q2 2004): 5.32%**

**Lowest Performance Quarter (Q2 2004): 0.46%**

- As of June 30, 2011, the most recent quarter-end date, the fund’s 1-year trailing return was 2.01%.

**Intermediaries**

- You are investing through a tax-deferred account.

**Primary responsibility for management of the fund is the advisor in 1993.**

- For profit and employer-sponsored retirement plans, as of September 2, 2002, it is our decision to put the fund’s earnings in a tax-deferred account.

**For details, call 800-888-8888 or visit hydrangeabush.com.**

Full view of exhibit available in Summary Prospectus Appendix 2; see pages A46-A47
Online survey respondents had consistent opinions of what information was most important; fees/expenses and fund performance were considered important by over 75% across all exhibits (1 of 2)

S28: What information in the Summary Prospectus would be important to you if you were considering investing in the fictional fund?

<table>
<thead>
<tr>
<th>Information</th>
<th>Hydrangea n=400</th>
<th>Gardenia n=400</th>
<th>Petunia n=401</th>
<th>Average*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees and expenses of the fund</td>
<td>80.6%</td>
<td>80.4%</td>
<td>81.8%</td>
<td>80.9%</td>
</tr>
<tr>
<td>Performance of the fund</td>
<td>76.8%</td>
<td>77.4%</td>
<td>76.3%</td>
<td>76.8%</td>
</tr>
<tr>
<td>Principal risks</td>
<td>62.6%</td>
<td>61.0%</td>
<td>59.1%</td>
<td>60.9%</td>
</tr>
<tr>
<td>Investment objective</td>
<td>56.6%</td>
<td>52.9%</td>
<td>54.1%</td>
<td>54.5%</td>
</tr>
<tr>
<td>Investment strategies</td>
<td>48.7%</td>
<td>48.1%</td>
<td>45.1%</td>
<td>47.3%</td>
</tr>
<tr>
<td>Tax information</td>
<td>47.0%</td>
<td>44.9%</td>
<td>45.1%</td>
<td>45.7%</td>
</tr>
</tbody>
</table>

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
Online survey respondents had consistent opinions of what information was important; portfolio turnover and information on the fund’s portfolio management were considered less important across all exhibits (2 of 2)

S28: What information in the Summary Prospectus would be important to you if you were considering investing in the fictional fund?

<table>
<thead>
<tr>
<th>Information</th>
<th>Hydrangea (n=400)</th>
<th>Gardenia (n=400)</th>
<th>Petunia (n=401)</th>
<th>Average*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase and sale of fund shares</td>
<td>38.0%</td>
<td>37.7%</td>
<td></td>
<td>40.6%</td>
</tr>
<tr>
<td>Payments to broker/dealers and other financial intermediaries</td>
<td>34.1%</td>
<td>37.5%</td>
<td></td>
<td>35.7%</td>
</tr>
<tr>
<td>Portfolio turnover</td>
<td>28.8%</td>
<td>35.2%</td>
<td></td>
<td>32.8%</td>
</tr>
<tr>
<td>Information on the fund’s portfolio management</td>
<td>28.0%</td>
<td>25.6%</td>
<td></td>
<td>27.0%</td>
</tr>
<tr>
<td>I don't know</td>
<td>5.3%</td>
<td>5.0%</td>
<td></td>
<td>4.7%</td>
</tr>
<tr>
<td>Other</td>
<td>1.0%</td>
<td>0.7%</td>
<td></td>
<td>1.0%</td>
</tr>
</tbody>
</table>

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
When asked about Summary Prospectuses, before reviewing an example, a higher proportion of online survey respondents cited difficulty with finding information than when asked about finding information in three specific example Summary Prospectuses; over 60% of those who reviewed the Petunia and Hydrangea Bush examples found it “not at all difficult” to find information, although 8.2% of those who reviewed the Gardenia example found it “very difficult”.

S21/S29: When you read the Summary Prospectus, how difficult is it to find information you need? In general, would you say it is...

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very difficult</td>
<td>5.8%</td>
<td>5.7%</td>
<td>4.0%</td>
<td>8.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Somewhat difficult†</td>
<td>50.1%</td>
<td>35.7%</td>
<td>33.8%</td>
<td>42.7%</td>
<td>30.6%</td>
</tr>
<tr>
<td>Net difficult†</td>
<td>55.9%</td>
<td>41.4%</td>
<td>37.8%</td>
<td>50.9%</td>
<td>35.7%</td>
</tr>
<tr>
<td>Not at all difficult†</td>
<td>43.1%</td>
<td>56.5%</td>
<td>61.0%</td>
<td>47.4%</td>
<td>61.1%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>1.1%</td>
<td>2.1%</td>
<td>1.3%</td>
<td>1.7%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Sample size

- Before: 539*
- After: 1,201
- Petunia: 401
- Gardenia: 400
- Hydrangea Bush: 400

“Before” Summary Prospectus questions referred to “a Summary Prospectus...” or “Summary Prospectuses,” while “After” questions referred to the name of the Fund (e.g., “the Gardenia Summary Prospectus”).

“After” figures calculated as the average of the percentage results across the three Summary Prospectus documents.

† Difference between Before and After results are statistically significant at the 95% confidence interval.

*Sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11.

Note: Before, Petunia and Hydrangea Bush figures do not add to 100% due to rounding.
Similarly, a higher proportion of online survey respondents cited difficulty with understanding the language of Summary Prospectuses (before reviewing an example) than when asked about language in three specific example Summary Prospectuses; over 50% of those who reviewed the Petunia and Hydrangea Bush examples found it “not at all difficult” to understand the language, but 11.9% of those who reviewed the Gardenia example found it “very difficult”.

S22/S30: How difficult is it to understand the language used in the Summary Prospectus? In general, would you say it is...

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very difficult</td>
<td>8.8%</td>
<td>8.9%</td>
<td>7.8%</td>
<td>11.9%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Somewhat difficult†</td>
<td>57.1%</td>
<td>43.2%</td>
<td>40.1%</td>
<td>49.6%</td>
<td>39.8%</td>
</tr>
<tr>
<td>Net difficult‡</td>
<td>65.9%</td>
<td>52.1%</td>
<td>47.9%</td>
<td>61.5%</td>
<td>46.9%</td>
</tr>
<tr>
<td>Not at all difficult†</td>
<td>34.1%</td>
<td>46.1%</td>
<td>50.1%</td>
<td>36.7%</td>
<td>51.4%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>0.0%</td>
<td>1.8%</td>
<td>2.0%</td>
<td>1.7%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Sample size 539* 1,201 401 400 400

“Before” Summary Prospectus questions referred to “a Summary Prospectus...” or “Summary Prospectuses,” while “After” questions referred to the name of the Fund (e.g., “the Gardenia Summary Prospectus”)

“After” figures calculated as the average of the percentage results across the three Summary Prospectus documents

† Difference between Before and After results are statistically significant at the 95% confidence interval

*Sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11

Note: Gardenia and Hydrangea Bush figures do not add to 100% due to rounding.
The proportion of online survey respondents who said a Summary Prospectus contained “the right amount” of information was 14.0% higher among those who had reviewed a specific example vs. those who responded before reviewing an example (68.4% vs. 54.4%); over 60% of who read the Gardenia example and over 70% each of those who read the Petunia and Hydrangea Bush examples felt the document contained “the right amount” of information.

S23/S31: With regards to the amount of information contained in the Summary Prospectus, in general would you say there is...

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too much†</td>
<td>26.5%</td>
<td>17.3%</td>
<td>14.3%</td>
<td>24.5%</td>
<td>13.1%</td>
</tr>
<tr>
<td>The right amount†</td>
<td>54.4%</td>
<td>68.4%</td>
<td>71.3%</td>
<td>62.4%</td>
<td>71.5%</td>
</tr>
<tr>
<td>Not enough†</td>
<td>12.0%</td>
<td>7.5%</td>
<td>8.0%</td>
<td>6.4%</td>
<td>8.1%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>7.0%</td>
<td>6.8%</td>
<td>6.5%</td>
<td>6.7%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Sample size

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample size</td>
<td>539*</td>
<td>1,201</td>
</tr>
</tbody>
</table>

“Before” Summary Prospectus questions referred to “a Summary Prospectus…” or “Summary Prospectuses,” while “After” questions referred to the name of the Fund (e.g., “the Gardenia Summary Prospectus”).

“After” figures calculated as the average of the percentage results across the three Summary Prospectus documents.

† Difference between Before and After results are statistically significant at the 95% confidence interval.

*Sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11

Note: Before and Petunia figures do not add to 100% due to rounding.
Before reviewing an example online, survey respondents generally agreed that Summary Prospectuses highlight important information (69.9% agreement) and are well organized (60.1% agreement); 56.9% also agreed that they contain too much legal jargon.

S24: For each statement below, mark the extent to which you agree or disagree. Note: Statements marked with an asterisk (*) are framed opposite to the other statements in the list.

<table>
<thead>
<tr>
<th>Net Disagree</th>
<th>Summary Prospectuses...</th>
<th>Net Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.8%</td>
<td>are user friendly</td>
<td>39.9%</td>
</tr>
<tr>
<td>9.8%</td>
<td>highlight important information</td>
<td>69.9%</td>
</tr>
<tr>
<td>12.3%</td>
<td>are well organized</td>
<td>60.1%</td>
</tr>
<tr>
<td>29.6%</td>
<td>are clear and concise</td>
<td>42.0%</td>
</tr>
<tr>
<td>31.1%</td>
<td>are written in language I understand</td>
<td>47.7%</td>
</tr>
<tr>
<td>41.0%</td>
<td>are missing key information*</td>
<td>22.0%</td>
</tr>
<tr>
<td>21.7%</td>
<td>contain too much legal jargon*</td>
<td>56.9%</td>
</tr>
</tbody>
</table>

n=539. Sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11. Full responses comparing Before perceptions and the three example documents available in Summary Prospectus Appendix 1. Note: Net agree and disagree figures may not reflect corresponding bar chart figures due to rounding.
Online survey respondents generally agreed that the Petunia Core Equity Summary Prospectus is well organized (75.3% agreement) and highlights important information (69.8% agreement); it was also recognized as being clear and concise (62.3% agreement).

S32: For each statement below, mark the extent to which you agree or disagree. Note: Statements marked with an asterisk (*) are framed opposite to the other statements in the list.

<table>
<thead>
<tr>
<th>Net Disagree</th>
<th>The Petunia Core Equity Summary Prospectus...</th>
<th>Net Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.8%</td>
<td>is visually appealing</td>
<td>48.0%</td>
</tr>
<tr>
<td>19.8%</td>
<td>is easy to read</td>
<td>57.3%</td>
</tr>
<tr>
<td>17.8%</td>
<td>is user friendly</td>
<td>55.9%</td>
</tr>
<tr>
<td>8.0%</td>
<td>highlights important information</td>
<td>69.8%</td>
</tr>
<tr>
<td>4.0%</td>
<td>is well organized</td>
<td>75.3%</td>
</tr>
<tr>
<td>15.8%</td>
<td>is clear and concise</td>
<td>62.3%</td>
</tr>
<tr>
<td>18.8%</td>
<td>is written in language I understand</td>
<td>58.3%</td>
</tr>
<tr>
<td>42.4%</td>
<td>is missing key information*</td>
<td>18.7%</td>
</tr>
<tr>
<td>36.3%</td>
<td>contains too much legal jargon*</td>
<td>34.1%</td>
</tr>
</tbody>
</table>

n=401

Full responses comparing Before perceptions and the three example documents available in Summary Prospectus Appendix 1. Note: Net agree and disagree figures may not reflect corresponding bar chart figures due to rounding.
Online survey respondents generally agreed that the Gardenia Summary Prospectus highlights important information (72.4% agreement) and is well organized (71.0% agreement); it was also recognized as being clear and concise by nearly 50%

S32: For each statement below, mark the extent to which you agree or disagree. Note: Statements marked with an asterisk (*) are framed opposite to the other statements in the list.

<table>
<thead>
<tr>
<th>Net Disagree</th>
<th>The Gardenia Summary Prospectus...</th>
<th>Net Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.3%</td>
<td>is visually appealing</td>
<td>12.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30.0</td>
</tr>
<tr>
<td>31.7%</td>
<td>is easy to read</td>
<td>13.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>32.4</td>
</tr>
<tr>
<td>23.8%</td>
<td>is user friendly</td>
<td>14.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34.0</td>
</tr>
<tr>
<td>5.2%</td>
<td>highlights important information</td>
<td>19.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>52.7</td>
</tr>
<tr>
<td>6.5%</td>
<td>is well organized</td>
<td>21.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>49.9</td>
</tr>
<tr>
<td>22.8%</td>
<td>is clear and concise</td>
<td>12.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>37.0</td>
</tr>
<tr>
<td>28.0%</td>
<td>is written in language I understand</td>
<td>15.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34.5</td>
</tr>
<tr>
<td>44.7%</td>
<td>is missing key information*</td>
<td>4.2</td>
</tr>
<tr>
<td>27.0%</td>
<td>contains too much legal jargon*</td>
<td>13.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31.8</td>
</tr>
</tbody>
</table>

n=400
Full responses comparing Before perceptions and the three example documents available in Summary Prospectus Appendix 1. Note: Net agree and disagree figures may not reflect corresponding bar chart figures due to rounding.
Online survey respondents generally agreed that the Hydrangea Bush Summary Prospectus is well organized (78.6%) and highlights important information (74.3%); it was also recognized as being user friendly, clear and concise, written in understandable language and easy to read.

S32: For each statement below, mark the extent to which you agree or disagree. Note: Statements marked with an asterisk (*) are framed opposite to the other statements in the list.

<table>
<thead>
<tr>
<th>Net Disagree</th>
<th>The Hydrangea Bush Summary Prospectus...</th>
<th>Net Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.4%</td>
<td>8.1</td>
<td>5.3 is visually appealing</td>
</tr>
<tr>
<td>20.3%</td>
<td>15.4</td>
<td>4.8 is easy to read</td>
</tr>
<tr>
<td>13.6%</td>
<td>9.6</td>
<td>4.0 is user friendly</td>
</tr>
<tr>
<td>6.5%</td>
<td>4.8</td>
<td>1.8 highlights important information</td>
</tr>
<tr>
<td>5.3%</td>
<td>3.8</td>
<td>1.5 is well organized</td>
</tr>
<tr>
<td>14.1%</td>
<td>10.6</td>
<td>is clear and concise</td>
</tr>
<tr>
<td>19.9%</td>
<td>14.9</td>
<td>5.1 is written in language I understand</td>
</tr>
<tr>
<td>43.6%</td>
<td>28.2</td>
<td>15.4 is missing key information*</td>
</tr>
<tr>
<td>35.2%</td>
<td>23.8</td>
<td>11.4 contains too much legal jargon*</td>
</tr>
</tbody>
</table>

n=400
Full responses comparing Before perceptions and the three example documents available in Summary Prospectus Appendix 1. Note: Net agree and disagree figures may not reflect corresponding bar chart figures due to rounding.
Online survey respondents’ perceptions of Summary Prospectuses before reviewing an example were more negative than their perceptions of the specific Summary Prospectus examples (1 of 2)

<table>
<thead>
<tr>
<th>S24. Summary Prospectuses...</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Neither agree nor disagree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>are user friendly</td>
<td>10.9%</td>
<td>29.0%</td>
<td>24.0%</td>
<td>24.2%</td>
<td>11.6%</td>
<td>0.4%</td>
</tr>
<tr>
<td>highlight important information</td>
<td>20.5%</td>
<td>49.4%</td>
<td>19.5%</td>
<td>7.1%</td>
<td>2.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td>are well organized</td>
<td>13.5%</td>
<td>46.6%</td>
<td>26.9%</td>
<td>11.1%</td>
<td>1.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>are clear and concise</td>
<td>10.2%</td>
<td>31.8%</td>
<td>28.1%</td>
<td>21.7%</td>
<td>7.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td>are written in language I understand</td>
<td>14.8%</td>
<td>32.8%</td>
<td>20.9%</td>
<td>24.2%</td>
<td>6.9%</td>
<td>0.3%</td>
</tr>
<tr>
<td>are missing key information*</td>
<td>5.4%</td>
<td>16.5%</td>
<td>33.4%</td>
<td>30.1%</td>
<td>10.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>contain too much legal jargon*</td>
<td>20.4%</td>
<td>36.5%</td>
<td>20.2%</td>
<td>15.6%</td>
<td>6.1%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>S32. The [example] Summary Prospectus...</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Neither agree nor disagree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>is visually appealing</td>
<td>13.2%</td>
<td>34.4%</td>
<td>33.4%</td>
<td>12.4%</td>
<td>5.1%</td>
<td>1.6%</td>
</tr>
<tr>
<td>is easy to read</td>
<td>16.7%</td>
<td>37.6%</td>
<td>20.2%</td>
<td>18.1%</td>
<td>5.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>is user friendly</td>
<td>15.2%</td>
<td>39.9%</td>
<td>24.2%</td>
<td>13.2%</td>
<td>5.2%</td>
<td>2.3%</td>
</tr>
<tr>
<td>highlights important information</td>
<td>21.3%</td>
<td>50.8%</td>
<td>18.3%</td>
<td>4.8%</td>
<td>1.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>is well organized</td>
<td>23.0%</td>
<td>52.0%</td>
<td>17.6%</td>
<td>3.7%</td>
<td>1.5%</td>
<td>2.2%</td>
</tr>
<tr>
<td>is clear and concise</td>
<td>15.6%</td>
<td>41.9%</td>
<td>23.2%</td>
<td>12.4%</td>
<td>5.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>is written in language I understand</td>
<td>17.5%</td>
<td>38.8%</td>
<td>19.8%</td>
<td>16.0%</td>
<td>6.2%</td>
<td>1.7%</td>
</tr>
<tr>
<td>is missing key information*</td>
<td>4.8%</td>
<td>9.9%</td>
<td>30.4%</td>
<td>27.5%</td>
<td>16.1%</td>
<td>11.3%</td>
</tr>
<tr>
<td>contains too much legal jargon*</td>
<td>9.7%</td>
<td>28.2%</td>
<td>26.9%</td>
<td>21.9%</td>
<td>11.0%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

*Before* sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11

*After* figures calculated as the average of the percentage results across the three Summary Prospectus documents

Statements with an asterisk (*) are framed opposite to the rest of the statements tested; agreement indicates negative perceptions
Online survey respondents’ perceptions of Summary Prospectuses before reviewing an example were more negative than their perceptions of the specific Summary Prospectus examples (2 of 2)

<table>
<thead>
<tr>
<th>S24/S32. Summary Prospectuses… / The [example] Summary Prospectus…</th>
<th>Net agree</th>
<th>Net disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before</td>
<td>After</td>
</tr>
<tr>
<td>are/is visually appealing</td>
<td>N/A</td>
<td>47.5%</td>
</tr>
<tr>
<td>are/is easy to read</td>
<td>N/A</td>
<td>54.3%</td>
</tr>
<tr>
<td>are/is user friendly†</td>
<td>39.9%</td>
<td>55.1%</td>
</tr>
<tr>
<td>highlight(s) important information</td>
<td>69.9%</td>
<td>72.2%</td>
</tr>
<tr>
<td>are/is well organized†</td>
<td>60.1%</td>
<td>75.0%</td>
</tr>
<tr>
<td>are/is clear and concise†</td>
<td>42.0%</td>
<td>57.5%</td>
</tr>
<tr>
<td>are/is written in language I understand†</td>
<td>47.7%</td>
<td>56.3%</td>
</tr>
<tr>
<td>are/is missing key information*</td>
<td>22.0%</td>
<td>14.7%</td>
</tr>
<tr>
<td>contain(s) too much legal jargon*†</td>
<td>56.9%</td>
<td>37.9%</td>
</tr>
</tbody>
</table>

“Before” sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11
“After” figures calculated as the average of the percentage results across the three Summary Prospectus documents
† Difference between Before and After results are statistically significant at the 95% confidence interval
Statements with an asterisk (*) are framed opposite to the rest of the statements tested; agreement indicates negative perceptions
More than 70% of online survey respondents said that the three example Summary Prospectuses contained “all” or “most” of the information needed to make investment decisions

S33: How much of the information that you need to make investment decisions is contained in the Summary Prospectus? Would you say...

<table>
<thead>
<tr>
<th></th>
<th>Average*</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>18.3%</td>
<td>17.3%</td>
<td>18.6%</td>
<td>19.1%</td>
</tr>
<tr>
<td>Most</td>
<td>53.5%</td>
<td>53.1%</td>
<td>54.8%</td>
<td>52.4%</td>
</tr>
<tr>
<td>All or Most</td>
<td>71.8%</td>
<td>70.4%</td>
<td>73.4%</td>
<td>71.5%</td>
</tr>
<tr>
<td>Some</td>
<td>20.6%</td>
<td>22.3%</td>
<td>18.6%</td>
<td>20.9%</td>
</tr>
<tr>
<td>None</td>
<td>1.2%</td>
<td>1.3%</td>
<td>0.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>I don't know</td>
<td>6.4%</td>
<td>6.0%</td>
<td>7.2%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Sample size</td>
<td>1,201</td>
<td>401</td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

Note: Figures for Gardenia and Hydrangea Bush do not add to 100% due to rounding
*Average calculated as the average of the percentage results across the three Summary Prospectus documents
Comments from online survey respondents about what was missing from the Summary Prospectus examples

S34: What information that you need to make investment decisions is missing from the [example]
Summary Prospectus?

+ Information on fund performance
  – “A bottom line performance after all taxes, fees, etc. I put in $1,000. What's it worth now? Also, how to calculate how I did without including any additional money invested.”
  – “I would like more information as to one year, 5 year, 10 year and since inception returns.”

+ Information on fund holdings
  – “I always want to see what the underlying investments are in a fund.”
  – “I think it could offer better details of what the mutual fund invests in particularly.”
  – “It gave very general information about how and where your money would be invested. I would like to know specifically what types of companies or stocks are being invested in.”

+ Comparisons or ratings
  – “A comparison to other similar funds.”
  – “Morningstar type ratings.”
  – “Comparison to other benchmark segments/funds.”

+ Investment strategy
  – “I need to know what is their investment mix strategy—past, present, future.”
  – “How they pick who to invest my funds in.”

+ More details on expenses
  – “Amount of tax; when I can remove funds without penalty.”
  – “Many of the fees and expenses they say are not included in the charts.”

n=240 across all three documents. Sample comprised of respondents who felt Most, Some or None of the information needed to make investment decisions was included in the Summary Prospectus they reviewed (S33), and entered an open-ended response for this question (vs. “Nothing” or “I don’t know”).
Internet/computer was cited most frequently as the typical source where online survey respondents obtain information missing from Summary Prospectuses

S35: From what source do you typically obtain the information that is missing from the Summary Prospectus?

<table>
<thead>
<tr>
<th>Source</th>
<th>Hydrangea (n=80)</th>
<th>Gardenia (n=74)</th>
<th>Petunia (n=86)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet/computer</td>
<td>51.2%</td>
<td>56.0%</td>
<td>65.6%</td>
</tr>
<tr>
<td>Financial advisor/broker</td>
<td>36.6%</td>
<td>38.7%</td>
<td>34.4%</td>
</tr>
<tr>
<td>Mutual fund prospectus</td>
<td>25.3%</td>
<td>36.6%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Mutual fund shareholder report</td>
<td>22.0%</td>
<td>24.0%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Magazines/newspapers</td>
<td>8.5%</td>
<td>12.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Newsletters</td>
<td>7.3%</td>
<td>10.7%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Friends/family</td>
<td>6.7%</td>
<td>11.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Other (Please specify):</td>
<td>3.7%</td>
<td>6.7%</td>
<td>5.6%</td>
</tr>
<tr>
<td>None has to do with the information</td>
<td>6.1%</td>
<td>5.6%</td>
<td>6.7%</td>
</tr>
<tr>
<td>I don't know</td>
<td>1.3%</td>
<td>1.2%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

Sample sizes include respondents who felt Most, Some or None of the information needed to make investment decisions was included in the Summary Prospectus they reviewed (S33), and entered an open-ended response in S34.

*Average calculated as the average of the percentage results across the three Summary Prospectus documents.
The proportion of online survey respondents satisfied with Summary Prospectuses as guides for investment decision-making was 16.1% higher than the proportion who were satisfied before reviewing an example of one; those who reviewed the Hydrangea Bush Summary Prospectus were most satisfied with 52.2%

S25/S36: In general, how satisfied are you with the Summary Prospectus as a guide to making investment decisions? Would you say you are...

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completely satisfied</td>
<td>6.9%</td>
<td>8.6%</td>
<td>8.3%</td>
<td>9.2%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Very satisfied†</td>
<td>25.4%</td>
<td>39.8%</td>
<td>40.6%</td>
<td>35.0%</td>
<td>43.9%</td>
</tr>
<tr>
<td><strong>Completedly or very satisfied†</strong></td>
<td>32.3%</td>
<td>48.4%</td>
<td>48.9%</td>
<td>44.2%</td>
<td>52.2%</td>
</tr>
<tr>
<td>Somewhat satisfied†</td>
<td>51.1%</td>
<td>39.8%</td>
<td>38.6%</td>
<td>41.9%</td>
<td>38.9%</td>
</tr>
<tr>
<td>Not at all satisfied†</td>
<td>13.1%</td>
<td>7.3%</td>
<td>8.5%</td>
<td>8.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>3.4%</td>
<td>4.5%</td>
<td>4.0%</td>
<td>5.2%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Sample size

|              | 539*     | 1,201   | 401     | 400      | 400          |

“Before” Summary Prospectus questions referred to “a Summary Prospectus...” or “Summary Prospectuses,” while “After” questions referred to the name of the Fund (e.g., “the Gardenia Summary Prospectus”)

“After” figures calculated as the average of the percentage results across the three Summary Prospectus documents

† Difference between Before and After results are statistically significant at the 95% confidence interval

*Sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11

Note: Before and Hydrangea Bush figures do not add to 100% due to rounding
On average, 52.2% of online survey respondents across all examples indicated it would be “very important” to read the Summary Prospectus prior to investing in the hypothetical funds.

S37: If you were considering investing in the Fund, how important would it be for you to read the Summary Prospectus before investing in the Fund?

<table>
<thead>
<tr>
<th></th>
<th>Average*</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>52.2%</td>
<td>54.1%</td>
<td>49.3%</td>
<td>53.1%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>32.8%</td>
<td>30.2%</td>
<td>34.7%</td>
<td>33.5%</td>
</tr>
<tr>
<td>Not important</td>
<td>5.4%</td>
<td>4.7%</td>
<td>5.7%</td>
<td>5.8%</td>
</tr>
<tr>
<td>It depends on whether I received other information about the Fund</td>
<td>9.6%</td>
<td>11.0%</td>
<td>10.4%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

Sample size 1,201 401 400 400

Note: Gardenia figures do not add to 100% due to rounding.

*Average calculated as the average of the percentage results across the three Summary Prospectus documents.
Before purchasing shares (59.4%) and during the first discussion with one’s broker/financial advisor (39.5%) were the preferred times at which online survey respondents would like to receive a Summary Prospectus

S38: If you were considering investing in the Fund, when would you like to receive the Summary Prospectus? Check all that apply.

<table>
<thead>
<tr>
<th></th>
<th>Average*</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before I have purchased fund shares</td>
<td>59.4%</td>
<td>58.6%</td>
<td>55.6%</td>
<td>64.0%</td>
</tr>
<tr>
<td>When my broker or financial advisor first discusses or recommends the fund</td>
<td>39.5%</td>
<td>42.4%</td>
<td>40.0%</td>
<td>36.0%</td>
</tr>
<tr>
<td>I don't need to specifically receive the summary prospectus as long as it is available on the Internet</td>
<td>18.4%</td>
<td>14.7%</td>
<td>20.6%</td>
<td>19.9%</td>
</tr>
<tr>
<td>After I have purchased fund shares when I receive a purchase confirmation</td>
<td>8.6%</td>
<td>8.5%</td>
<td>6.7%</td>
<td>10.6%</td>
</tr>
<tr>
<td>I don't know</td>
<td>4.0%</td>
<td>4.2%</td>
<td>3.7%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Sample size: 1,201, 401, 400, 400

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
Approximately two-thirds (66.7%) of online survey respondents across all three Summary Prospectus examples would keep all of the information in the document (slide 1 of 2)

S39: Is any of the information in the Summary Prospectus NOT useful to you? Check any sections that you think should NOT be included.

<table>
<thead>
<tr>
<th>Information Area</th>
<th>Hydrangea (n=400)</th>
<th>Gardenia (n=400)</th>
<th>Petunia (n=401)</th>
<th>Average*</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would keep all of the information in</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>65.5%</td>
<td>68.4%</td>
<td>67.8%</td>
<td></td>
</tr>
<tr>
<td>Information on the fund's portfolio management</td>
<td>11.1%</td>
<td></td>
<td></td>
<td>10.8%</td>
</tr>
<tr>
<td>Payments to broker/dealers and other financial</td>
<td>10.1%</td>
<td>12.9%</td>
<td>8.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>intermediaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio turnover</td>
<td>9.6%</td>
<td>10.4%</td>
<td>10.2%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Tax information</td>
<td>5.8%</td>
<td>10.9%</td>
<td>6.2%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
Less than 10% of online survey respondents would exclude information about principal risks, fees/expenses, investment objective, investment strategies, fund performance or purchase/sale of fund shares from the example Summary Prospectus they reviewed (slide 2 of 2)

S39: Is any of the information in the Summary Prospectus NOT useful to you? Check any sections that you think should NOT be included.

<table>
<thead>
<tr>
<th>Information</th>
<th>Hydrangea (n=400)</th>
<th>Gardenia (n=400)</th>
<th>Petunia (n=401)</th>
<th>Average*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal risks</td>
<td>5.8%</td>
<td>9.2%</td>
<td>6.5%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Fees and expenses of the fund</td>
<td>5.8%</td>
<td>4.2%</td>
<td>8.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Investment objective</td>
<td>6.1%</td>
<td>7.2%</td>
<td>4.5%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Investment strategies</td>
<td>6.6%</td>
<td>4.2%</td>
<td>5.7%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Performance of the fund</td>
<td>5.3%</td>
<td>3.5%</td>
<td>6.0%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Purchase and sale of fund shares</td>
<td>5.1%</td>
<td>5.0%</td>
<td>4.5%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
On average, 69.7% of online survey respondents would be comfortable using the Internet to obtain additional information about the hypothetical mutual funds

S40: Please indicate the extent to which you agree with the following statement: If I wanted to know more information about the Fund than is contained in the Summary Prospectus, I would be comfortable with using the Internet to obtain information

<table>
<thead>
<tr>
<th></th>
<th>Average*</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>37.6%</td>
<td>38.5%</td>
<td>36.6%</td>
<td>37.6%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>32.1%</td>
<td>29.5%</td>
<td>31.7%</td>
<td>35.1%</td>
</tr>
<tr>
<td><strong>Net agree</strong></td>
<td><strong>69.7%</strong></td>
<td><strong>68.0%</strong></td>
<td><strong>68.3%</strong></td>
<td><strong>72.7%</strong></td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>14.2%</td>
<td>15.0%</td>
<td>12.6%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>10.3%</td>
<td>10.8%</td>
<td>12.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>5.8%</td>
<td>6.3%</td>
<td>6.4%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Sample size 1,201 401 400 400

Note: Petunia and Gardenia figures do not add to 100% due to rounding

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
About two-thirds (66.5%) of online survey respondents agreed to some extent that it was easy to understand the tables and charts included in the example Summary Prospectus they reviewed.

S41: Please indicate the extent to which you agree with the following statement: It was easy to understand the tables and charts included in the [example] Summary Prospectus

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Average</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>26.6%</td>
<td>26.9%</td>
<td>23.8%</td>
<td>29.1%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>39.9%</td>
<td>36.4%</td>
<td>40.1%</td>
<td>43.3%</td>
</tr>
<tr>
<td>Net agree</td>
<td>66.5%</td>
<td>63.3%</td>
<td>63.9%</td>
<td>72.4%</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>16.3%</td>
<td>18.2%</td>
<td>15.3%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>12.1%</td>
<td>14.5%</td>
<td>13.9%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>5.0%</td>
<td>4.0%</td>
<td>6.9%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Sample size

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample size</td>
<td>1,201</td>
<td>401</td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

*Average calculated as the average of the percentage results across the three Summary Prospectus documents*
Online survey respondents were divided as to which table or chart was difficult to understand

S42: Which particular tables and charts did you find difficult to understand in the Summary Prospectus?

Figure showing the results of the survey with bar charts for each category:
- Table listing fees and expenses: Average* 28.1%
- Table providing an example of expenses over time: 26.3%
- Table showing average annual total returns: 20.8%
- Bar chart showing performance returns: 18.8%
- None of the above: 33.3%
- I don’t know: 9.3%

Sample sizes include respondents who did not “strongly agree” that the tables and charts in the example Summary Prospectus were easy to understand (S41)

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
More than 60% of online survey respondents agreed that principal investment strategy and principal risks were well communicated, while less than 15% of online respondents disagreed.

S43: Please indicate the extent to which you agree with the following statement: It was easy to understand the discussion in the Summary Prospectus about the fund's principal investment strategy and principal risks.

<table>
<thead>
<tr>
<th></th>
<th>Average*</th>
<th>Petunia</th>
<th>Gardenia</th>
<th>Hydrangea Bush</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>20.5%</td>
<td>23.1%</td>
<td>18.4%</td>
<td>20.2%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>42.8%</td>
<td>41.9%</td>
<td>41.7%</td>
<td>44.9%</td>
</tr>
<tr>
<td><strong>Net agree</strong></td>
<td>63.4%</td>
<td>64.9%</td>
<td>60.0%</td>
<td>65.2%</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>21.9%</td>
<td>23.6%</td>
<td>21.8%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>9.8%</td>
<td>9.0%</td>
<td>10.7%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4.9%</td>
<td>2.5%</td>
<td>7.4%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Sample size: 1,201 401 400 400

Note: Petunia figures do not add to 100% due to rounding

*Average calculated as the average of the percentage results across the three Summary Prospectus documents
Point-of-Sale (POS) for Financial Intermediaries
Selecting a Financial Services Firm or Advisor
The majority of online survey respondents (58%) reported generally relying on the advice they are given, though sometimes they make financial decisions on their own.

P1: Which statement most closely fits your approach to using a financial services firm or individual who provides you financial advice?

- I rely on their advice completely: 17.7%
- I generally rely on their advice and recommendations, although I sometimes make financial decisions on my own: 58.0%
- I make decisions on my own, but use them to obtain information in order to make a decision or to test my ideas: 24.3%

n=1,200
With the exception of the products the firm or person providing financial advice has available, at least half of online survey respondents classified the other factors examined as being “absolutely essential” in choosing a firm or financial advisor.

P2: Using the scale shown below, please indicate how important each factor is in your choice of a financial services firm or person who provides you financial advice.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Absolutely essential</th>
<th>Important, but not essential</th>
<th>Nice to know</th>
<th>Completely unimportant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Their professional background and/or their disciplinary and complaint history</td>
<td>53.8%</td>
<td>30.2%</td>
<td>13.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Their investment strategy</td>
<td>53.7%</td>
<td>32.2%</td>
<td>12.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Their track record</td>
<td>53.0%</td>
<td>33.2%</td>
<td>12.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>The ease with which you can contact them</td>
<td>51.8%</td>
<td>37.0%</td>
<td>9.4%</td>
<td>1.8%</td>
</tr>
<tr>
<td>The fees they charge</td>
<td>50.5%</td>
<td>35.9%</td>
<td>12.2%</td>
<td>1.5%</td>
</tr>
<tr>
<td>The products they have available</td>
<td>45.2%</td>
<td>40.9%</td>
<td>12.4%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

n=1,200
Note: Figures may not add to 100% due to rounding.
Over half of the online survey respondents (50.6%) found their current firm/financial advisor through a referral from family, friends or colleagues; reputation and referrals from other financial professionals were the next sources used most often.

P3: How did you find your current financial firm or the person who provides you financial advice?

- Referral from family, friend(s) or colleagues: 50.6%
- Name or reputation of the financial firm or individual who advises me: 25.1%
- Referral from another financial professional or person in a similar capacity: 22.7%
- Online search: 13.5%
- Attendance at an investment seminar hosted by the firm or the person who advises me: 13.3%
- Advertisement (e.g., television, newspaper): 11.5%
- Other: 8.4%
- I don’t remember—I don’t know: 4.3%

n=1,200
Note: Figures do not add to 100% due to multiple responses
Comments from online survey respondents about how they found their current financial firm or person who provides financial advice

P3: How did you find your current financial firm or the person who provides you financial advice?

+ **Friend or family**
  - “Family member.”
  - “Personal friend.”
  - “A personal friend for years.”

+ **Bank**
  - “Through my credit union.”
  - “Referral from bank manager.”
  - “I bank with them.”

+ **Employer-related**
  - “From the company I work for.”
  - “Former employer.”
  - “I used them for my company’s 401(k) plan before using them on a personal basis.”

+ **Cold call**
  - “He contacted us for a meeting.”
  - “Advisor was introducing himself door-to-door.”
  - “She cold-called me.”

+ **Lawyer**
  - “Lawyer recommendation.”
  - “An attorney.”

n=96
Sample comprised of respondents who selected “Other” in P3
Over a third of online survey respondents (37.4%) reported using one or more regulatory resources prior to selecting a financial firm or advisor; the two most frequently cited resources were the SEC’s website and the website of a state or local securities regulator.

P4: Which, if any, of the following resources did you use before selecting your financial firm or the person who advises you? Check all that apply.

- The Securities and Exchange Commission's (SEC's) website: 18.9%
- The website of my state, local securities regulator: 18.2%
- BrokerCheck: 15.9%
- FINRA's website: 10.4%
- Other: 1.0%
- I don't remember—I don't know: 13.5%
- None of the above: 49.2%

Used a resource = 37.4%
Did not use a resource or unsure = 63.6%

n=1,200
Note: Figures do not add to 100% due to multiple responses. Summary figures may not reflect charted figures due to rounding.
The clear majority (71.3%) of online survey respondents would want to receive information about how they will pay the financial firm or advisor prior to beginning the relationship with the firm or advisor; only 2.1% were not interested in receiving this information.

P5: When would you want to receive information about how you will pay for the financial services provided by your financial firm or the individual who advises you? Please indicate your top preference among the following options.

- Before I begin my relationship with a financial firm or the individual who advises me: 71.3%
- At the time I consider whether to buy or sell a security: 18.0%
- When I get a confirmation or account statement that shows the specific investments I made: 7.2%
- Some other time: 1.5%
- I am not interested in receiving this information: 2.1%

n=1,200
Note: Figures do not add to 100% due to rounding.
Among online survey respondents who want the information before they begin a relationship, almost three-quarters (73.5%) indicated a preference for receiving information either a day or two or at least a week prior to entering into the agreement.

P6: How far in advance of entering into the agreement would you want to receive this information? Please indicate your top preference among the following options.
The majority of online survey respondents (60.3%) also indicated that they would like information on how the financial advisor is being paid prior to beginning the relationship, with periodic updates thereafter; 11.1% want this information only upon request or not at all.

P7: When do you want to receive information about how the individual advising you is paid for providing you financial services? Please indicate your top preference among the following options.

- Before I begin my relationship with a financial firm or the individual who advises me, with periodic updates: 60.3%
- Before the person advising me recommends a particular investment to me (which is before I buy or sell the financial product/investment): 23.2%
- When I get a confirmation or account statement, which is at some point after I've bought or sold a financial product/investment: 5.5%
- I only want this information available to me upon my request: 7.0%
- I am not interested in receiving this information: 4.1%

n=1,200
Note: Figures do not add to 100% due to rounding
Just under half of online survey respondents (47.7%) wanted information on potential benefits, risks and costs in writing prior to discussing the product; 20.6% only want this information upon request or not at all.

P8: When do you want to receive information about the potential benefits, risks and costs associated with a financial product you are considering? Please indicate your top preference among the following options.

- At the time I buy or sell a financial product or investment: 31.6%
- In writing before I discuss the product in more detail with the individual who advises me: 47.7%
- I only want this information available to me upon my request: 10.6%
- I count on the individual who advises me to consider this information for me, so am not particularly concerned about receiving it: 8.8%
- I don’t want to receive this information in writing: 1.2%

n=1,200

Note: Figures do not add to 100% due to rounding.
Knowing the scope of services a financial firm or advisor can provide was important to nearly all online survey respondents (95.1%), and almost nine in ten of those respondents (86.8%) reported wanting to know that information at the beginning of the relationship with the firm or advisor.

P9: Is it important for you to know the scope of services that your financial firm or the person who advises you can provide?

- Yes 95.1% (n=1,200)
- No 4.9% (n=1,200)

P10: When would you want to be informed of the scope of services?

- 86.8% (n=1,131) at the beginning of my relationship with the financial firm or person who advises me
- 13.2% (n=1,131) before I buy or sell a financial product-investment with the financial firm or person who advises me
Disclosures and Potential Conflicts of Interest
Approximately 90% of online survey respondents stated it is important to know background information about the person who advises them, such as licenses held, complaints, judgments or disciplinary actions taken against him/her, etc.

P11: Is it important for you to know background information about the person who advises you, such as which licenses he/she holds, and any complaints, judgments or disciplinary actions taken against him or her?

Yes 89.5%
No 10.5%

n=1,200
Among those who wanted background information, the four most important elements were licenses held, allegations or finding of serious misconduct, revocation or suspension of any licenses and customer complaints, each selected by over 70% of online survey respondents.

P12: Which of the following types of information would you like to know about the individual who advises you in that regard? Check all that apply.

- Licenses currently held
- Any allegations or findings of serious misconduct (e.g., fraud)
- History of any licenses revoked or suspended
- Customer complaints
- Any allegations or findings of more minor violations
- Disciplinary history going back 5 years
- Disciplinary history going back 10 years
- Disciplinary history going back more than 10 years
- I don't know
- None of the above

Note: Figures do not add to 100% due to multiple responses
Online survey respondents indicated wanting to receive information about financial services and products in a variety of ways, led by orally from the advisor or in the mail (each with 45.4%)

P13: In which of the following ways would you want to receive information about financial services and products from your financial firm or the person who advises you?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orally, directly from the individual who advises me—whether on the phone or in person</td>
<td>45.4%</td>
</tr>
<tr>
<td>In writing that is mailed to me (in the post)</td>
<td>45.4%</td>
</tr>
<tr>
<td>In writing that is e-mailed or mailed to me, providing me a general website address where I can find the info</td>
<td>35.6%</td>
</tr>
<tr>
<td>In writing that is e-mailed or mailed to me, giving me the specific hyperlink or exact webpage</td>
<td>34.9%</td>
</tr>
<tr>
<td>Have it available on the internet for me to view</td>
<td>32.6%</td>
</tr>
<tr>
<td>In an e-mail (in the body of the e-mail or attached to the email)</td>
<td>27.6%</td>
</tr>
<tr>
<td>I have no preference—I don't know</td>
<td>3.0%</td>
</tr>
<tr>
<td>None of the above; I don't want this information</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

n=1,200
Note: Figures do not add to 100% due to multiple responses
Among online survey respondents who indicated they wanted the information on services and products orally only, just over three in four (76.2%) indicated that they would like some kind of written summary as well.

P14: Would you also want some kind of written summary of what you had been told orally?
Just under half of online survey respondents (49%) indicated that the best way to ensure receipt of information is to require that he or she verify that the information has been read by requiring a signature.

P15: Which of the following methods do you think would best ensure that this type of information is received by you?

- Requiring a signature to verify that the documents have been read (i.e., I need to send back my signature): 49.0%
- Requiring an oral verification that the documents have been read (i.e., I can confirm to the individual who advises me, over the phone): 33.4%
- Having an eye-catching warning in the documents that the information contained within the documents is critical-important: 26.6%
- I have no opinion—I don’t know: 15.3%

n=1,200
Note: Figures do not add to 100% due to multiple responses
Online survey respondents were divided on how much detail they would want with respect to disclosure of potential conflicts of interest; just under one in five (19%) implied that they may not read such disclosures.

P16: Using the scale shown below, please indicate how much you agree or disagree with each of the following statements regarding disclosures of potential conflicts of interest.

- I like a disclosure that is short and more general, with more specific information available if I want it
  - Completely agree: 37.2%
  - Somewhat agree: 37.6%
  - Neither agree nor disagree: 15.7%
  - Somewhat disagree: 7.2%
  - Completely disagree: 2.4%

- The more specific the disclosure, the better—even if it may result in a longer disclosure
  - Completely agree: 31.1%
  - Somewhat agree: 36.3%
  - Neither agree nor disagree: 21.7%
  - Somewhat disagree: 10.0%
  - Completely disagree: 1.0%

- I don't read disclosures of conflicts of interest
  - Completely agree: 5.9%
  - Somewhat agree: 3.1%
  - Neither agree nor disagree: 20.7%
  - Somewhat disagree: 27.8%
  - Completely disagree: 32.4%

n=1,200
Note: Figures may not add to 100% due to rounding.
In general, online survey respondents agreed that the information they receive about their financial accounts is useful and understandable; however, over half (58.6%) agreed that the language used is not understandable by most people and over a third (38.0%) agreed that the information is too long to bother with.

P17: Using the scale shown below, please indicate how much you agree or disagree with each of the following statements regarding the information you receive about your financial accounts.
Just over three-quarters of online survey respondents (75.7%) reported having received information on fees and charges, and the vast majority of those respondents (86.6%) indicated that this information was provided without their having to seek it out.

P18: Have you ever received any information about the fees or other charges your financial firm or the person advising you charges?

- Yes 75.7%
- No 13.4%
- I don't know 10.9%

n=1,200

P19: Was this information provided to you, or did you have to seek it out?

- It was provided to me 86.6%
- I had to seek it out 10.6%
- I don't remember-I don't know 2.8%

n=878
Just over half of online survey respondents (51.1%) said it is “absolutely essential” to know how their financial firm and advisor are being paid in connection with their account; only 12.8% classified this information as “nice to know (but not important or essential)” or “completely unimportant”

P20: How important is it to you to know how your financial services firm and the person advising you gets paid in connection with your account?
While almost a third of online survey respondents (32.3%) reported completely understanding how their financial firm and advisor get paid, over half (51.6%) said that their level of understanding is good, but not complete.

P21: Which of the following statements best describes your understanding of how your financial services firm and the person advising you get paid in connection with your account?

- I have a vague sense of how my financial services firm and the person advising me get paid: 13.7%
- I completely understand how my financial services firm and the person advising me get paid: 32.3%
- I have a good, but not complete, understanding of how my financial services firm and the person advising me get paid: 51.6%
- I have no understanding at all as to how my financial services firm or the person advising me get paid: 2.3%

n=1,200
Note: Figures do not add to 100% due to rounding
Online survey respondents were widely mixed with respect to how much they want to know about how their firm and advisor get paid

P22: Which of the following statements best describes your opinion regarding how your financial services firm and the person advising you get paid in connection with your account?

- I have no opinion: 1.7%
- They have to make a living and I'm not interested in how they are paid: 11.1%
- I'm not interested unless it may cause them to make a recommendation that may not be right for me; then I want to know about it: 24.3%
- I want to know how they get paid for each purchase or sale of a financial product-investment that I make: 29.9%
- I want to know generally how they get paid before I sign up to use their services: 36.1%

n=1,200
Note: Figures do not add to 100% due to rounding
Just over 15% of online survey respondents reported believing the amount a firm or advisor receives is the primary factor driving what is recommended to them; however, a similar percentage (14.4%) indicated they believe it is not a factor.

P23: Which of the following statements best describes how the money earned by your financial services firm and the person advising you affects the recommendations you receive?

- It is only a minor factor: 15.8%
- It may be a factor, but it would be one of many: 49.8%
- It doesn't affect the recommendations they give me: 11.7%
- I never thought about it, but it could be a factor: 4.6%
- I never thought about it, but I doubt it would be a factor: 2.7%
- It is the primary factor that drives what they recommend to me: 15.3%

n=1,200
Note: Figures do not add to 100% due to rounding.
Between 40.8% and 51.0% of online survey respondents classified most of the elements of potential conflicts of interest as “absolutely essential”; the exception was knowing if their advisor attends events sponsored by issuers of financial products.

**P24: How important is each of the following pieces of information regarding your financial firm and/or the person advising you?**

<table>
<thead>
<tr>
<th>Information</th>
<th>Absolutely essential</th>
<th>Important, but not essential</th>
<th>Nice to know</th>
<th>Completely unimportant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether my financial services firm or the person advising me stands to profit more if I invest in certain types of products (e.g., mutual funds) as opposed to other types of products (e.g., certificates of deposit)</td>
<td>51.0%</td>
<td>33.2%</td>
<td>13.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Whether the person advising me (not the firm itself) earns more money for selling certain specific products (e.g., mutual fund X) as opposed to other products (e.g., mutual fund Y)</td>
<td>48.4%</td>
<td>35.6%</td>
<td>13.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Whether my financial services firm (not the person advising me) earns more money for selling certain specific products (e.g., mutual fund X) as opposed to other products (e.g., mutual fund Y)</td>
<td>46.7%</td>
<td>35.7%</td>
<td>15.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Whether my financial services firm may benefit from the sale of financial products issued by a related company</td>
<td>41.1%</td>
<td>39.4%</td>
<td>17.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>How the person advising me gets paid in connection with my account</td>
<td>40.8%</td>
<td>37.7%</td>
<td>17.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Whether the person advising me may attend marketing or educational events sponsored by an issuer of financial products</td>
<td>19.8%</td>
<td>38.6%</td>
<td>32.2%</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

n=1,200

Note: Figures may not add to 100% due to rounding
Almost 60% of online survey respondents said that learning of potential conflicts of interest about their firm or advisor would cause them to seriously question the advice they were being given.

P25: If you became aware of any of these potential conflicts of interest about your firm or the person advising you, how would it affect your relationship with the person advising you? Select the statement that best applies.

- It wouldn't affect my relationship at all: 4.5%
- I wouldn't use the services of someone who received those payments or benefits: 14.2%
- It would cause me to question the advice I was being given, but I'd probably still stick with the firm or the individual: 22.0%
- It would cause me to seriously question the advice I was being given: 59.3%

n=1,200
Among online survey respondents who stated it is important to know whether the firm or the person advising them stands to profit from certain products, about three in four (77.2%) would want to know exactly how much more money the firm or individuals would make for selling those products.

P26: You indicated earlier that you feel it is important to know whether your financial services firm or the person advising you stands to profit more if you invest in certain specific products (e.g., mutual fund X as opposed to mutual fund Y), or certain types of products (e.g., mutual funds, as opposed to certificates of deposit). Would you want to know exactly how much more money your financial firm or the individual advising you would make for selling those products?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>77.2%</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

n=1,125

Sample comprised of individuals who in P24 indicated it is “absolutely essential” or “important, but not essential” to know whether their financial services firm or adviser stands to profit more in certain scenarios.
Among online survey respondents who stated it is important to know whether the firm or the person advising them stands to profit from certain products, over half (51.5%) would want to know this information before beginning the relationship and 46.5% would want to know at the time each purchase or sale was being considered.

P27: When would you want to be informed about whether your financial services firm or the person advising you stands to profit more if you invest in certain types of product. Check all that apply.

- Before I begin my relationship with a financial firm or person who advises me: 51.5%
- At the time I consider each purchase or sale of a financial product/investment: 46.5%
- On a monthly or quarterly basis: 15.9%
- Whenever I request it: 13.3%
- After I complete the purchase or sale of those financial products: 8.9%
- Once a year: 6.0%
- None of the above: 0.8%

Sample comprised of individuals who in P24 indicated it is “absolutely essential” or “important, but not essential” to know whether their financial services firm or adviser stands to profit more in certain scenarios.

Note: Figures do not add to 100% due to multiple responses.
The vast majority of online survey respondents (85.9%) stated they believe that earning more for some types of products than others would influence the types of products that the person advising them recommends.

P28: If your financial services firm or the person advising you stands to profit more if you invest in certain types of products (e.g., mutual funds) as opposed to other types of products (e.g., certificates of deposit), do you think it would influence the type of investments they recommend to you?

- Yes: 85.9%
- No: 14.1%

n=1,200
Online survey respondents were mixed in their opinions regarding selling products issued by a company their financial firm is affiliated with; 46.4% completely agreed that they want to know how much their firm gets only if it makes a difference in recommendations while 38.6% completely agreed that they want to know all the details.

P29: If your financial services firm sells products that are issued by a company it is affiliated with (i.e., related to), the firm may benefit (for example, get some of the profit) from those sales in a way that it wouldn’t if it sold products issued by other (unaffiliated) companies. Indicate how much you agree with each of the statements below, about how important you find this type of information.

- I want to know about how my firm gets paid (or earns money), but only if it makes a difference to the recommendations that the person advising me makes.

- I want to know all about how my firm gets paid (or earns money).

- I expect my financial services firm to have some kind of incentive for any sale that it makes.

- This information is unimportant as long as the recommendation I get from my firm or the individual advising me meets my needs.

- Even though this information may be important, it’s more information than I personally want to deal with.

Note: Figures may not add to 100% due to rounding.
Imagine that your financial services firm provides you a document with the chart below. This chart shows how the firm receives additional payments from the mutual fund companies whose shares it sells. Please review the exhibit carefully and answer the questions that follow.

<table>
<thead>
<tr>
<th>Fund making the payment to us (“us”/”we” means the financial services firm):</th>
<th>Maximum annual asset fee we can receive, for every $10,000 of Fund assets we own</th>
<th>Total amount paid to us through this arrangement last year, by each Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Fund</td>
<td>$10.00</td>
<td>$4 million</td>
</tr>
<tr>
<td>XYZ Fund</td>
<td>$1.39</td>
<td>$12 million</td>
</tr>
<tr>
<td>PDQ Fund</td>
<td>$8.00</td>
<td>$23 million</td>
</tr>
</tbody>
</table>
After reading the chart, fewer than a third of online survey respondents (31.8%) reported that they definitely know what the term “annual asset fees” means.

P30: In the chart, is the meaning of the term "annual asset fees" clear to you?

- Yes, I definitely know what the term means: 31.8%
- I think I know what the term means: 46.2%
- I could guess what the term means, but I’m not sure: 16.7%
- I don’t know what the term means: 5.4%

Note: Figures do not add to 100% due to rounding.
There was little agreement among online survey respondents regarding which fund offered the financial services company either the greatest or the least incentive to sell; less than 14% correctly indicated that they would need more information in order to answer the question.

P31: What funds would the financial services company have the greatest financial incentive to sell?

P32: What funds would the financial services company have the least financial incentive to sell?

<table>
<thead>
<tr>
<th>Response</th>
<th>Greatest Incentive</th>
<th>Least Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Funds</td>
<td>38.0%</td>
<td>32.6%</td>
</tr>
<tr>
<td>XYZ Funds</td>
<td>8.3%</td>
<td>44.7%</td>
</tr>
<tr>
<td>PDQ Funds</td>
<td>36.7%</td>
<td>6.5%</td>
</tr>
<tr>
<td>I would need more information to answer the question</td>
<td>13.3%</td>
<td>11.8%</td>
</tr>
<tr>
<td>I don't know</td>
<td>3.8%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

**Chart for reference:**

<table>
<thead>
<tr>
<th>Fund making the payment to us (“us”/”we” means the financial services firm):</th>
<th>Maximum annual asset fee we can receive, for every $10,000 of Fund assets we own</th>
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<td>$8.00</td>
<td>$23 million</td>
</tr>
</tbody>
</table>

n=1,200

Note: Figures may not add to 100% due to rounding
Over half of online survey respondents (55.1%) said they would really want to know if the individual advising them (as opposed to their financial firm) receives some portion of incentive payments; fewer than one in ten said this is unimportant or had no opinion.

P33: Would you want to know whether the individual advising you (as opposed to your financial firm) receives some portion of these payments?

- Yes, I'd really want to know this information: 55.1%
- This would be nice to know, but it's not that important to me: 35.3%
- No, it is not important to me to know: 6.5%
- I don't have an opinion: 3.1%

n=1,200
Over half of online survey respondents (52.8%) would conclude that the firm may have conflicts of interest even if the individual advisor receives no incentive payments.

P34: If you were told that the person advising you does not receive any such payments, what would you think about his or her conflicts of interest or incentives when recommending a product from one of the companies listed in the chart?

Whatever conflict or incentive he or she may have isn't something I worry about 9.1%

I don't have an opinion 5.9%

I would conclude that he or she has no conflicts of interests or incentives 32.2%

I would conclude that he or she may still have conflicts or incentives because the firm receives the payment 52.8%

n=1,200