# An investor's guide to purchasing mutual funds and 529 plans through Ameriprise Financial

For more than 60 years, mutual funds have been one of the best ways for individual investors to participate in the growth of financial markets and the global economy. Mutual funds offer investors professional money management, the potential for broad diversification and the opportunity to manage risk in their investment portfolios.

To be an informed mutual fund investor, you need to understand the costs involved in purchasing and owning a mutual fund. You also need to understand the factors that may influence what mutual funds your Ameriprise financial advisor recommends to you. This guide is designed to help you understand these issues. However, it is not intended to take the place of the mutual fund prospectus, Statement of Additional Information (SAI), your brokerage client agreement, periodic statements and confirmations. You should read these documents carefully before and after investing.

Ameriprise Financial Services, Inc. ("Ameriprise") sells mutual funds from more than 160 fund families representing more than 2,200 mutual funds. Our financial advisors' primary goal is to help you select suitable investments that help you to achieve your financial goals.

At Ameriprise, clients may purchase mutual funds in their *Ameriprise®* brokerage or *Ameriprise®* managed account(s). In addition, clients may purchase 529 plans through Ameriprise. These tax-advantaged college savings accounts invest in mutual funds and are designed to help pay for qualified higher education expenses. Important information relating to the purchase of mutual funds and 529 plans through Ameriprise and factors that can influence the mutual funds your financial advisor may recommend are described below.

### Understanding mutual funds

With all the choices available in the mutual fund marketplace, it is important to understand how to select the mutual funds that are most suitable for you. That is where a financial advisor can help. Your financial advisor can help you understand the investment objectives, past performance and other key elements that differentiate one mutual fund from another.

At Ameriprise, we have a long tradition of providing knowledgeable guidance to our clients. One of the ways we do this is by providing clients with the information they need to make informed decisions about their investments.

All types of mutual funds share a few basic characteristics that determine how you pay for them. It is important to have a general understanding of these characteristics. If you buy mutual funds through Ameriprise, you should also understand how your financial advisor and the firm are compensated, and how that might influence your financial advisor's recommendations.

### Costs of investing in mutual funds

There are two primary costs associated with mutual funds:

- Sales charges
- Operating expenses and other costs

**Sales charges.** Sales charges (also called loads) are commissions you may pay when you purchase or sell mutual fund shares. Sales charges can be paid in several ways depending on the "class" of mutual fund shares you buy (see below for an explanation of different share classes). Sales charges are designed to compensate Ameriprise and Ameriprise financial advisors for the support and assistance they provide in helping you select appropriate mutual funds.

**Operating expenses and other costs.** Operating expenses are costs associated with operating a mutual fund and are deducted from the value of a mutual fund's shares, rather than being paid directly by the investor. This means that operating expenses reduce the investment performance of a mutual fund. Operating expenses typically vary from mutual fund to mutual fund and by type of mutual fund (e.g., equity vs. fixed income). Operating expenses generally differ for each of a mutual fund's share classes, thus accounting for the variations in performance between different share classes of the same mutual fund.

Operating expenses are required to be disclosed whenever performance is shown and will also be disclosed in the prospectus as a percentage of a mutual fund's assets. The total of the expense categories described on page 3 is commonly referred to as the "expense ratio" and can be used to compare the expenses of mutual funds and share classes from one mutual fund to another.

In addition, mutual fund share prices are affected by **portfolio transaction costs**, including trading commissions the mutual fund pays to brokers for trading portfolio securities. The level of these costs depends, in part, on the amount of trading the mutual fund does and the types of securities the mutual fund owns. Some mutual funds impose charges to prevent frequent trading/market timing and to administer small account balances.

Ameriprise may impose charges for wire transfers or other personal services you may request in connection with your account.

### Share classes

At Ameriprise, mutual funds are most commonly offered in A or C shares in brokerage accounts or advisory shares on the managed account platform. The different classes provide a choice of when and how you pay for the services your financial advisor and Ameriprise provide when recommending a mutual fund investment. Regardless of share class, you hold an investment in the same mutual fund.

There are important differences among share classes including:

- Sales charge and operating expenses you pay for the share class
- When you pay those fees
- Commission your financial advisor receives

You should carefully review all sales charges and operating expenses associated with any share class you are considering for purchase.

**Class A shares.** Class A shares typically have a "front-end" sales charge, meaning that the sales charge is deducted from the amount you invest at the time of your investment. Distribution (12b-1) fees are charged as ongoing expenses and are generally lower for Class A shares than for Class B or C shares. Generally, the majority of the sales charge and the 12b-1 fees paid to the firm are paid to your financial advisor.

**Breakpoints.** A mutual fund may offer discounts on Class A share purchases, called breakpoints, that reduce the front-end sales charge if the investor:

- Makes a large purchase
- Already holds other mutual funds offered by the same fund family; and/or
- Commits to regularly purchasing the mutual fund's shares

The extent of the discount depends upon the size of the purchase and typically begins at the $50,000 level, but may start as low as $25,000. Generally, as the amount of the purchase increases, the percentage used to determine the sales load decreases. In fact, the entire sales charge may be waived for investors who make very large purchases ($500,000 or $1,000,000) of Class A shares.

## Operating expenses

**Management fees**
These fees are paid to the mutual fund's investment manager for services such as: research, portfolio manager and trader compensation, technology and related administrative services. Management fees are the same for each class of shares of a mutual fund.

**Distribution and shareholder service (12b-1) fees**
The 12b-1 fee is paid by a mutual fund out of fund assets. Distribution fees include fees for marketing and selling fund shares. Shareholder servicing fees include fees for responding to investor inquiries and providing information about the investment. These fees vary by share class.

**Other expenses**
These include fees for: shareholder recordkeeping, portfolio accounting, regulatory reporting, audit, legal and other non-investment expenses necessary to operate the mutual fund.

The chart below illustrates typical breakpoint investment amounts and the corresponding sales charges for the Columbia Threadneedle Investments family of funds excluding money market funds.

| Your investment amount | Your sales load (as a % of the total investment) (equity/bond funds) |
|---|---|
| Up to $49,999 | 5.75%/4.75% |
| $50,000 – $99,999 | 4.50%/4.25% |
| $100,000 – $249,999 | 3.50% |
| $250,000 – $499,999 | 2.50% |
| $500,000 – $999,999 | 2.00% |
| $1,000,000 or more | 0.00% |

***Note:*** *This is an illustration only, using the charges and breakpoint rules for the Columbia Threadneedle Investments family of funds as disclosed in each fund's prospectus. Consult the prospectus for the specific fund in which you are investing for charges and breakpoint rules applicable to your specific investment.*

**Rights of Accumulation (ROA).** You may qualify for breakpoint discounts through Rights of Accumulation (ROA), which allow you to reach a breakpoint by combining current and previous mutual fund purchases in the same mutual fund or mutual fund family. ROA generally applies to all shares you own in a mutual fund family, even if you purchase them through different companies, within a systematic purchase or redemption plan, or hold them in different types of accounts, such as an IRA. However, depending upon the mutual fund family, certain shares purchased without a front-end sales charge (e.g., shares held in 401(k) plans, fee-based accounts or shares of money market funds) may not be included in determining breakpoint eligibility.

ROA may also allow you to count purchases of mutual funds in the same mutual fund family made by certain family members for the purpose of determining breakpoint eligibility. This is referred to as a mutual fund company's householding rules.

Therefore, if you or your family members have accounts at other broker-dealers and you wish to take advantage of the balances in these accounts to qualify for a breakpoint discount, including in some instances fee-based accounts, you must inform your financial advisor about those balances. You may need to provide documentation about the holdings at other firms to your financial advisor if you wish to include those balances in your ROA calculation.

You should also note that mutual funds often follow different rules to determine the value of existing holdings. Some mutual funds use the current net asset value (NAV) of existing investments in determining whether an investor qualifies for a breakpoint discount. NAV of a mutual fund is the price at which one share was sold to the public as of the previous business day's market close. The NAV of a mutual fund is determined by adding the value of all the securities in the fund's portfolio, subtracting debts and expenses, and dividing the result by the total number of shares outstanding.

A small number of funds use the "historical cost," which is the cost of the initial purchase, to determine eligibility for breakpoint discounts. If the mutual fund uses historical costs, you may need to provide account records, such as confirmation statements or monthly statements, to qualify for a breakpoint discount based upon previous purchases. Consult with your financial advisor and review the mutual fund's prospectus to determine whether the mutual fund uses either NAV or historical costs to determine breakpoint eligibility.

**Letter of Intent (LOI).** By signing a Letter of Intent (LOI), you agree to invest future amounts that would, usually within the next 13 months, accumulate to a breakpoint. You then receive a discount on all of those purchases as if you were making all the investments at once. If you fail to invest the full amount stated in the LOI by the specified date, you will be charged the higher load. Many mutual fund families allow purchases made up to 90 days prior to the date that you sign the LOI to count toward reaching the breakpoint.

Discounts on sales charges vary from mutual fund family to mutual fund family. As you consider investing in one or more mutual funds from a given family of mutual funds, be sure to discuss with your financial advisor the discounts that may be available to you.

**Class B shares.** Class B shares typically have a "back-end" sales charge, called a contingent deferred sales charge (CDSC), and have no front-end sales charge. You pay a sales charge on Class B shares when you sell the shares, rather than when you buy them. This sales charge declines over time until it is eliminated and eventually the shares convert to Class A. This usually occurs after you own the shares for a specified period of time, ranging from six to 10 years.

Since Class B shares do not impose a front-end sales charge, all of your dollars are invested at the time of purchase. However, your overall expenses, as measured by the total expense ratio, can reduce the return on your investment. Class B shares have higher 12b-1 fees to cover the costs of "advancing" commissions to financial advisors, who are paid at the time of sale. Once Class B shares convert to Class A, the lower Class A expense ratio applies to the shares. Depending on the amount invested, your time horizon and other factors, Class B shares may be more costly over time than Class A shares.

Some mutual fund families may waive the CDSC on certain redemptions (such as redemptions following the investor's death or disability, or required minimum distributions). Your financial advisor can help you determine whether your redemptions might be eligible for a CDSC waiver.

**Class C shares.** Class C shares, in most cases, are similar to Class B in that they have higher 12b-1 fees and impose a back-end rather than a front-end sales charge. Also, like Class B, if there is no front-end sales charge, all of your dollars are invested at the time of purchase. The back-end charge on Class C shares is generally smaller than on Class B and is typically eliminated after 12 months (rather than six to 10 years). However, higher annual 12b-1 fees usually remain in effect for Class C shares as long as you own the fund. This can make owning Class C shares costlier over time. Generally, Class C shares are most appropriate for shorter-term objectives. Ameriprise has implemented a maximum holding period of 10 years for mutual fund Class C share positions in all account types in 2018. After reaching 10 years from purchase date (or earier, per the fund firm's prospectus), mutual fund Class C shares will automatically be exchanged to Class A shares.

**Mutual fund share classes in managed accounts.** None of the mutual funds currently offered in Ameriprise Managed Accounts Programs impose a front-end sales charge. Advisory, institutional or other share classes that do not have a sales-load and do not assess 12b-1 shareholder servicing fees (collectively "Advisory Shares") are offered in all Ameriprise Managed Account Programs as the primary mutual fund share class, where available to us through a selling agreement.

Ameriprise Financial Services offers one share class per mutual fund in our Managed Accounts Programs, either (i) an Advisory Share class or, in rare circumstances, (ii) Class A shares that may pay a 12b-1 shareholder servicing fee ("12b-1 fee"); or (iii) a no-load share class that does not have a sales-load but that may pay a 12b-1 fee. The share class offered by Ameriprise Financial Services for a particular mutual fund is the only share class eligible for additional purchase within your Account. Any 12b-1 fee received by Ameriprise Financial Services will be promptly rebated to your Managed Account.

**Other classes of shares.** While we have described the most common mutual fund share classes above, other classes of mutual funds shares and variations on the share classes previously described are available to shareholders, each with different fees, terms and expenses and thus, different operating results and costs to investors. Not all share classes are available through Ameriprise and you may not qualify for all share classes. Read the prospectus and SAI for more information. Your financial advisor can help you decide which purchase option is best for you.

To further assist you in your decision whether to buy Class A, B, C or any other share class offered, you should know that FINRA offers a mutual fund expense analyzer on its website for comparing the expenses of different fund classes. Using FINRA's analyzer, with or without your financial advisor, you can run comparisons of: (1) the amount you plan to invest; (2) how long you plan to keep the mutual fund; and (3) the mutual fund's sales load and expenses per share class. The mutual fund analyzer can be found at **http://apps.finra.org/fundanalyzer/1/fa.aspx**.

### Other ways to reduce mutual fund and 529 plan sales charges

In addition to taking advantage of breakpoints (described on page 2), there are other ways to invest in mutual funds that offer the ability to reduce or eliminate sales charges.

**Exchanges.** When you sell shares in a mutual fund and use the proceeds to buy shares of another fund, you may be entitled to a reduction or complete waiver of the sales charge on the new mutual fund. Exchanges are typically only offered for funds in the same mutual fund family, but there are circumstances in which another broker might offer this option for funds in different families.

**529 plan investments.** If you are making purchases into 529 plans that invest in mutual funds, you may be eligible for a waiver of the immediate sales load if the new purchase is: (1) from a rollover of another 529 plan on which you paid a sales charge; or (2) the redemption of another mutual fund on which you previously paid a sales charge. In order to receive the waiver, you must notify your financial advisor that you meet the conditions and qualify for the waiver. If you fail to notify your financial advisor as required, you will not receive the waiver. The mutual fund company may require that you provide evidence that you qualify for the waiver.

**No-load options.** "No-load" mutual funds do not have sales charges so all of your dollars are invested at the time of purchase. Operating expenses (i.e., management fees, 12b-1 fees and other expenses) vary among funds. Expenses are typically lower for no-load funds than for load funds, but you may be assessed a transaction fee at the time of purchase or sale to cover the cost of offering the mutual fund to you.

Some mutual fund families offer load funds; others offer no-load funds. No load funds are not available for purchase in Ameriprise brokerage accounts. You may be able to purchase them through other brokers and directly from mutual fund companies.

Understanding the availability of breakpoint discounts and load waivers is important because it may enable you to purchase Class A shares at a lower price or otherwise affect your decision regarding the appropriate share class in which to invest.

You should discuss the availability of breakpoint discounts with your financial advisor and carefully review the mutual fund prospectus and its SAI, which your financial advisor can provide, when choosing among the share classes offered by a mutual fund. If you wish to learn more about mutual fund share classes or mutual fund breakpoints, review the Mutual

## Fee-based accounts

In fee-based accounts (sometimes called "wrap programs"), mutual funds typically offered are advisory or load-waived shares. Instead of paying a sales charge on each purchase, you pay an annual fee based on the value of the assets in the fee-based account. The length of time you intend to hold the investment and the amount you intend to invest are important factors in determining whether it is to your advantage to purchase shares in a wrap program. Before selecting this option, you should consider all other factors, features and benefits of fee-based accounts. Ameriprise offers its clients several fee-based account options.

Fund & ETF Expense Analyzer (**http://apps.finra.org/fundanalyzer/1/fa.aspx**) or investor alerts (**https://www.finra.org/investors/alerts**) at the Financial Industry Regulatory Authority (FINRA) website.

## Purchasing mutual funds and 529 plans through Ameriprise

Ameriprise has agreements with more than 160 mutual fund firms, which allows us to offer clients a broad range of more than 2,200 mutual funds. The financial advisor's goal is to select suitable investments that help clients achieve their financial goals. The following sections describe important information relating to the availability of mutual funds offered through Ameriprise and factors that may influence the mutual funds financial advisors recommend.

### Payments from product companies

Our affiliate American Enterprise Investment Services (AEIS) performs, for the benefit of Ameriprise Financial Services, its financial advisors and clients, certain services, including but not limited to, distribution, marketing, administration and shareholder servicing support, applicable product due diligence, training and education, and other support related functions such as trading systems, websites and mobile applications (collectively, "cost reimbursement services").

AEIS receives a variety of payments for cost reimbursement services from products sponsored or managed by affiliated investment advisers and by non-proprietary product companies which reimburse the costs of client beneficial services provided by Ameriprise Financial Services and AEIS. The most significant of these payments are reimbursement for marketing and sales received from the product companies. If Ameriprise Financial Services and its affiliates did not receive this compensation, Ameriprise Financial Services would likely charge higher fees or other charges to clients for the services provided.

### Mutual fund and 529 plan cost reimbursement payments.

Mutual fund and 529 plan cost reimbursement payments are received from certain mutual fund firms (described below as "Full" Participation firms) within the more than 150 mutual fund firms ("firms") Ameriprise offers.

The goal at Ameriprise is to offer a wide range of mutual funds using the following criteria:

- Product breadth and strong-performing funds
- Financial strength of the firm
- Cost reimbursement support payments paid to our affiliate AEIS to support cost reimbursement services
- Ability to provide wholesaling and training to our financial advisors
- Tax benefits offered by individual states (specific to 529 Plans)
- Overall quality of the 529 plan (specific to 529 Plans)

Financial advisors may offer, and clients are free to choose, mutual funds from more than 150 mutual fund firms. However, certain aspects of the Mutual Fund Program ("Program") may create a conflict of interest or incentive if Ameriprise promotes, or financial advisors recommend, the mutual funds offered by a firm participating in the Program vs. mutual funds offered by nonparticipating firms. In addition, among firms participating in the Program, financial advisors generally have a greater incentive to offer mutual funds from Full Participation firms. As further described below, these conflicts and incentives may arise from the cost reimbursement support provided to our financial advisors by, as well as the payments Ameriprise receives from, firms participating in the Program, and with other relationships with firms, including Columbia Threadneedle Investments, in addition to other fund brands (the "Affiliated Columbia Funds") – see the section titled "Affiliated mutual funds" on page 9.

To be included in the Program, firms have agreed to pay Ameriprise a portion of the revenue generated from the sale and/or management of mutual fund shares. Full Participation Firms make cost reimbursement payments at a higher level than firms with other financial relationships. Each year a client holds shares of a particular mutual fund, the mutual fund's financial advisor or distributor may pay to Ameriprise an amount based on the value of the collective mutual fund shares held in clients' accounts (asset-based payment). In addition, a mutual fund's financial advisor or distributor may pay a fee to Ameriprise for cost reimbursement services provided for the mutual fund shares purchased during a given period (sales- based payment). As of January 2019, Ameriprise received an asset-based payment (up to 0.20% per year for mutual funds and 0.185% per year for 529 Plans) on some or all of Ameriprise clients' assets managed by the participating firms and a sales-based payment up to 0.10% for certain mutual funds) on some or all of the participating firms' gross sales made through

Ameriprise. Certain mutual fund share classes may pay Ameriprise more cost reimbursement. As a result, Ameriprise financial advisors may have an indirect incentive to sell such funds.

Ameriprise receives up to 0.42% of money fund deposits for its money market fund sweep program. The amount that Ameriprise receives may be reduced based on fee waivers that are imposed by the money market fund firm.

Specific cost reimbursement payments are detailed in this guide (beginning on page 9). These arrangements vary between firms and may be subject to change or renegotiation at any time. If a firm ceases to make cost reimbursement payments, AEIS may remove the firm from the Program and may cease to offer mutual fund shares and/or the 529 Plan(s).

**Education, training, seminar reimbursement and noncash compensation**

Full Participation firms provide Ameriprise financial advisors, and in some cases their clients, education, training and support services relating to the funds they offer. These firms may reimburse Ameriprise and Ameriprise may subsequently reimburse the financial advisors for client/prospect education events and financial advisor sales meetings, seminars and training events consistent with Ameriprise policies. Ameriprise and the financial advisors may also receive nominal noncash benefits from time to time. As a result, Ameriprise financial advisors may have a greater familiarity with and an incentive to sell funds and 529 Plans of Full Participation Firms.

**Full Participation firms**

Twenty-nine firms fully participate in the Program. These fund firms include Columbia Threadneedle Investments, Allianz Global Investors, American Century, BlackRock, Delaware Investments, BNY Mellon, DWS Investments, Eaton Vance, Federated, Fidelity, First Eagle, Goldman Sachs, Invesco, Ivy, Janus Henderson, John Hancock, JP Morgan, Legg Mason, Lord Abbett, NY Life MainStay, MFS, Natixis, Neuberger Berman, Nuveen, Principal, PGIM Investments, Putnam, Virtus and Wells Fargo. These firms are referred to as “Full Participation Firms.”

We offer 529 Plans from 21 firms. Of those firms, 13 are Full Participation Firms. These fund firms include Allianz Global Investors, American Century, BlackRock, Columbia Management, Fidelity, Invesco, Ivy, John Hancock, J.P. Morgan, Legg Mason, MFS, Nuveen and Putnam. Each of these firms is referred to as a “Full Participation Firm.”

**Mutual Fund & ETF Recommended List (the “Starting Point List”)**

Ameriprise financial advisors may make mutual fund recommendations based on a group of funds that appear on the Starting Point List. The Starting Point List is developed by the Ameriprise Investment Research Group (IRG). Approximately 2,200 mutual funds are eligible for inclusion on the Starting Point List, which includes all mutual funds available for sale at Ameriprise, including Full Participation Firms in the Ameriprise Mutual Fund Program described above. When two similar mutual funds are equally recommendable for inclusion on the Starting Point List, IRG generally recommends, and therefore prefers, the mutual fund from a Full Participation Firm.

In developing the Starting Point List, the IRG applies a quantitative and qualitative evaluation process that includes an analysis of a fund’s returns, risk and expenses, the tenure of its portfolio managers and the consistency of its performance and style. Certain mutual funds that would have otherwise been included on the Starting Point List were excluded due to their high investment minimums or expenses. The funds on the Starting Point List are subject to change periodically; however, changes to the Starting Point List should not be the sole reason to prompt trading.

This Starting Point List is developed by evaluating the performance characteristics of each fund’s A share class; the analysis is ultimately intended to apply at the mutual fund level. However, managed account clients may be unable to purchase a fund on the Starting Point List if that fund does not offer an advisory share class. In addition, the Starting Point List was developed using those funds currently available through SPS *Advantage*, SPS Advisor or *Ameriprise* brokerage. As a result, clients may not be able to purchase a fund on the Starting Point List if that fund is not available through other managed account services in which the client invests.

AEIS receives payments for the cost-reimbursement services it provides to the Full Participation Firms (including Columbia Management Investment Advisers (CMIA)) and to other funds available for sale at Ameriprise. The amount of any fees AEIS receives from funds eligible for inclusion on the Starting Point List is not considered in the selection process for inclusion on the Starting Point List, and no fund pays AEIS to be on the Starting Point List. Clients may choose to follow the recommendations provided by the Ameriprise financial advisor or may select from any of the other funds offered through Ameriprise, regardless of whether that fund appears on the Starting Point List.

### Distribution support relationships

Ameriprise also has cost reimbursement arrangements with firms for distribution support services. These firms make cost reimbursement payments to AEIS of up to 0.10% on assets for these services, which support the distribution of the fund's shares and 529 Plans by making them available on one or more of Ameriprise platforms. These mutual fund firms do not provide marketing and sales support such as those provided by Full Participation Firms to Ameriprise financial advisors.

Ameriprise sells 529 Plans from nine firms that do not pay cost reimbursement to Ameriprise Financial. Moreover, plans offered by these firms are available for sale to in-state residents only. Those firms are: Allianz Global Investors, American Funds, Ascensus, First National Bank of Omaha, Hartford, Invesco, NorthStar Financial and Union Bank & Trust and Voya. Certain 529 Plans may pay Ameriprise a fee of up to 1% assets for NAV rollovers.

The total amount received from these firms in 2018 was $19,892,355. The firms that paid more than $500,000 were:

- Frank Templeton ($4,144,368)
- PIMCO ($2,376,549)
- First Eagle Funds ($2,263,731)
- AB Global ($1,024,128)
- Hartford Funds ($970,555)
- American Funds ($820,000) (paid as an annual platform Flat fee)
- Natixis Funds ($817,507)
- Thornburg Funds ($578,931)
- Voya ($575,937)

The remaining firms paid amounts ranging from $1 to $490,568.

### Other financial relationships

The mutual fund's distributor or affiliate may also make payments to AEIS for networking and/or omnibus support and other client services and account maintenance activities.

Ameriprise also provides clients with access to mutual funds offered by other firms through the relationship AEIS has with Charles Schwab & Co., Inc. ("Schwab"), and Schwab's mutual fund program. AEIS receives an asset based fee of up to 0.40% per year on some or all of Ameriprise clients' assets managed by participating mutual fund firms.

AEIS and its affiliates may have other relationships with firms whose mutual funds Ameriprise offers. These relationships may include affiliates of firms acting as a sub-adviser to CMIA, CMIA acting as a sub-adviser to a third-party firm, or affiliates of a firm managing an investment portfolio within another Ameriprise or affiliated product, such as a RiverSource variable annuity. Firms may use CMIA to manage an underlying investment option in products offered through the Program.

AEIS has a cost reimbursement agreement with BlackRock Advisors, LLC with respect to mutual fund positions held by Ameriprise customers. BlackRock, Inc. owns more than five percent of the outstanding shares of Ameriprise Financial, Inc. stock.

### Transaction charges

Ameriprise financial advisors pay charges on mutual fund sales, purchases and exchanges ("transaction charges"). Transaction charges are determined using a variety of factors such as: the type of transaction, processing methodology (e.g., online, telephone, systematic arrangements), account type (fee-based SPS *Advantage* account/transaction-based brokerage account), and advisor channel.

Ameriprise financial advisors pay the same mutual fund transaction rate for orders entered by phone for all mutual fund firms.

### Affiliated mutual funds

AEIS and other affiliates of Ameriprise provide certain administrative and transfer agent services to the Columbia Funds.

Ameriprise may enter into strategic alliances with companies that offer products or services that Ameriprise and its financial advisors do not sell. In some of those alliances, Ameriprise financial advisors may receive gifts and offers from the other companies. Ameriprise and its affiliates generally receive more revenue from sales of affiliated mutual funds than from sales of other mutual funds. Employee compensation and operating goals at all levels of the company are tied to the company's success. Certain employees may receive higher compensation and other benefits based, in part, on assets invested in affiliated mutual funds.

### Financial planning tools

Ameriprise has developed a variety of tools and resources to help its financial advisors make recommendations and serve you better. Some, but not all, of the financial-planning software tools available for use by your financial advisor were developed by Ameriprise or unaffiliated third parties and may make it more convenient for your financial advisor to select proprietary products.

## Summaries of mutual fund firms' 2018 cost reimbursement payments to AEIS follow, segmented by mutual fund or 529 plan products

### Mutual fund cost reimbursement arrangements by fund firm (Jan. 1, 2018 to Dec. 31, 2018)

| Fund firm | Cost Reimbursement payments from fund firms in 2018[1] | Source of payment |
|---|---|---|
| Allianz | $ 1,129,224.89 | Allianz Global Investors Distributors, LLC |
| American Century | $ 7,187,254.48 | American Century Investment Services, Inc. |
| BlackRock | $ 15,092,636.93 | BlackRock Advisors, LLC |
| Calvert | $ 1,716,087.46 | Calvert Investments Distributors, Inc. |
| Columbia | $ 65,792,521.33 | Columbia Management Distributors, Inc. |
| Delaware | $ 4,439,466.47 | Delaware Investments |
| DWS Investment | $ 2,837,069.84 | DeAWM Distributors, Inc. |
| Dreyfus Funds | $ 2,689,383.89 | MSBC Securities Corporation |
| Eaton Vance | $ 7,573,627.87 | Eaton Vance Distributors, Inc. |
| Federated | $ 3,667,529.65 | Federated Securities Corp. |
| Fidelity | $ 19,593,404.22 | Fidelity Distributors Corporation |
| Goldman Sachs | $ 5,726,388.63 | Goldman, Sachs & Co. |
| Invesco | $ 9,134,668.44 | Invesco Distributors, Inc. |
| IVY Funds | $ 2,924,461.91 | Ivy Funds Distributor, Inc. |
| Janus Henderson | $ 5,548,101.72 | Janus Henderson Distributors |
| John Hancock | $ 10,578,815.72 | John Hancock Funds, LLC |
| J.P. Morgan | $ 8,782,906.31 | J.P. Morgan Distribution Services, Inc. |
| Legg Mason | $ 5,560,588.30 | Legg Mason & Co., LLC |
| Lord Abbett | $ 7,000,052.78 | Lord Abbett Distributor LLC |
| Mainstay | $ 2,750,866.95 | NYLIFE Distributors, LLC |
| MFS | $ 18,397,927.84 | MFS Fund Distributors, Inc. |
| Neuberger Berman | $ 1,052,595.67 | Neuberger Berman LLC |
| Nuveen | $ 7,892,732.37 | Nuveen Investments |
| Oppenheimer | $ 12,680,640.07 | Oppenheimer Funds Distributor, Inc. |
| Principal | $ 2,731,602.31 | Principal Financial Services, Inc. |
| PGIM | $ 8,203,619.66 | Prudential Investments, LLC |
| Putnam | $ 3,325,393.48 | Putnam Retail Management Limited Partnership |
| Virtus | $ 3,584,862.99 | Virtus Investment Partners, Inc. |
| Wells Fargo | $ 11,668,691.39 | Wells Fargo Funds Distributor, LLC |
| Total cost reimbursement payments from Mutual Fund Firms in 2018[1]: | $259,263,123.57 | |

[1] "Cost reimbursement payments" represents amounts recognized as revenue by American Enterprise Investment Services, Inc. for the billing period from January 1, 2018, through December 31, 2018, on retail mutual fund sales and assets. These figures also include amounts pertaining to participation in Ameriprise-organized conferences.

## Summaries of mutual fund firms' 2018 cost reimbursement arrangements, segmented by mutual fund or 529 plan products

### 529 plan cost reimbursement arrangements by fund firms (Jan. 1, 2018 to Dec. 31, 2018)

| Fund firm | Cost reimbursement payments from fund firms in 2018[1] | Source of payment |
|---|---|---|
| American Century | $180,866.31 | American Century Investment Services, Inc. |
| BlackRock[2] | $50,000.00 | BlackRock Advisors, LLC |
| Columbia | $584,319.18 | Columbia Management Distributors, Inc. |
| Fidelity | $1,844,631.06 | Fidelity Distributors Corporation |
| Franklin Templeton | $48,759.12 | Franklin Templeton Distributors, Inc. |
| Hartford | $52,434.92 | Hartford Securities Distribution Co. Inc. |
| IVY Funds | $10,683.67 | Ivy Funds Distributor, Inc. |
| John Hancock | $485,970.96 | John Hancock Funds, LLC |
| J.P. Morgan | $390,483.03 | J.P. Morgan Distribution Services, Inc. |
| Legg Mason | $183,107.73 | Legg Mason & Co., LLC |
| MFS | $162,856.66 | MFS Fund Distributors, Inc. |
| Nuveen | $35,454.55 | Nuveen Investments |
| Oppenheimer | $167,920.52 | Oppenheimer Funds Distributor, Inc. |
| Putnam | $47,149.34 | Putnam Retail Management Limited Partnership |
| Voya | $330,024.83 | VOYA Investment Distributors, LLC |
| Total cost reimbursement payments from 529 Plan Firms in 2018[1]: | $4,614,661.88 | |

[1] "Cost reimbursement payments" represents amounts recognized as revenue by American Enterprise Investment Services, Inc. for the billing period from January 1, 2018, through December 31, 2018, on 529 plan sales and assets. These figures also include amounts pertaining to participation in Ameriprise-organized conferences.

[2] A flat-fee amount paid in lieu of sales- or asset-based cost reimbursement.

### Compensation for the firm and its financial advisors

Both Ameriprise and individual financial advisors are compensated when clients buy mutual funds through Ameriprise.

Generally, financial advisors receive a portion of the sales charge and 12b-1 fees paid to the firm in connection with mutual fund purchases in brokerage accounts for as long as clients own the mutual fund shares. Sales charges and 12b-1 fees vary from mutual fund to mutual fund and from class to class. Ameriprise and the financial advisor receive more compensation on fund or share classes that pay higher fees. Any 12b-1 fees received by Ameriprise for mutual funds held in any managed accounts are rebated to clients, and financial advisors do not receive compensation from 12b-1 fees assessed on mutual funds held in managed accounts.

Ameriprise and the financial advisor generally receive less compensation when the sales charge and/or 12b-1 fee is reduced, waived completely or where there is no sales charge or 12b-1 fee. Therefore, for brokerage accounts there is an incentive for our financial advisors to sell a fund that pays a load or a fund that pays a 12b-1 fee over funds that do not. Ameriprise and financial advisors are paid in different ways for helping you choose mutual funds, depending on the type of fund, amount invested and share class purchased. Ameriprise and the financial advisors receive more compensation for sales of certain types of products, such as insurance, rather than others.

Ameriprise has a financial interest in the sales of proprietary products that are manufactured by its affiliates. Ameriprise and its affiliates receive more revenue from the sale of some financial products and services, particularly those products and services sold under the Ameriprise, Columbia Threadneedle Investments and RiverSource brands, than for the sale of other products and services. Generally, Ameriprise receives more revenue for securities or products sold in a fee-based account than for those sold with only a sales charge or commission. Higher revenue generally results in greater profitability for Ameriprise. Employee compensation (including management and field-leader compensation) and operating goals at all levels of the company are tied to the company's success. Management, sales leaders and other employees generally spend more of their time and resources promoting Ameriprise, Columbia Threadneedle Investments and RiverSource branded products and services.

Ameriprise also offers financial planning services for a fee. The resulting written financial plan may recommend financial products and services that the client may purchase through Ameriprise, although the client is not obligated to do so. The advice is portable and can be used elsewhere. The fees paid for financial planning services are separate from, and in addition to, fees paid for any financial products purchased through Ameriprise. For further information on financial advisory services, ask your financial advisor for the Ameriprise Financial Form ADV Part II Disclosure Brochure for the services purchased.

### For more information

Additional detailed information on mutual fund fees, expenses and other important information is available in the mutual fund's prospectus, SAI and annual report. For general information on mutual funds, you may visit educational websites of the Securities and Exchange Commission (**sec.gov**), the Financial Industry Regulatory Authority (**finra.org**), the Securities Industry Association (**siaonline.org**) and the Investment Company Institute (**ici.org**).

Your Ameriprise financial advisor can provide you with additional information and help you better understand the topics covered in this document. You can also call 1.800.862.7919 with your questions.

## Disclosure for persons without a financial advisor

Mutual funds can be purchased through Ameriprise without the aid of a financial advisor through the company's online brokerage site or other channels. If you do not work with a financial advisor, some of the statements in this document may not apply to you. If you do not work with a financial advisor, Ameriprise keeps the full amount of any sales charges and 12b-1 fees paid to Ameriprise in connection with your transaction.

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Ameriprise Financial Services, Inc.
70100 Ameriprise Financial Center Minneapolis, MN 55474
ameriprise.com

Ameriprise Financial, Inc. and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

*Clients should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. The prospectus contains this and other important information about the funds and should be read carefully before investing.*

*Clients should carefully consider the investment objectives, risks, charges and expenses associated with a 529 plan before investing. More information regarding a particular 529 plan is available in the issuer's official statement, which may be obtained from an Ameriprise financial advisor. Investors should read the 529 plan's official statement carefully before investing.*

Clients contributing to a 529 plan offered by a state in which they are not a resident should consider before investing whether their, or their designated beneficiary(s) home state offers any state tax or other benefits only available for investments in such state's qualified tuition program.

Investment products, including shares of mutual funds, are not federally or FDIC-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

Ameriprise Financial Services, Inc. Member FINRA and SIPC.



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