

Guide to Pooled Investment Vehicles at Merrill

A pooled investment vehicle pools money from many investors and invests in stocks, bonds and other securities or assets as described in the prospectus. When you invest in a pooled investment vehicle, you are buying shares that represent a portion of the vehicle's combined investment holdings, known as its portfolio, which may contain dozens, or even hundreds, of individual holdings. Merrill offers a comprehensive range of pooled investment vehicles, including Mutual Funds, Exchange Traded Funds (ETFs), Unit Investment Trusts (UITs) and Closed-End Funds (CEFs). Each of these vehicles has different features and is subject to different rules, terms, and conditions which may make them more or less appropriate to fit your individual needs. Some investment solutions may be offered across multiple vehicle types with different fees and trading practices. In addition, fees and expenses can vary, at times materially, among different pooled investment vehicles and vehicle types.

A pooled investment vehicle with higher costs would need to perform better than a lower cost pooled investment vehicle to generate the same returns for you. It's important to consider all available choices and read the relevant offering materials before making any investment. This guide highlights some of the important features you should consider when selecting a pooled investment vehicle.

| | Mutual Funds | Exchange Traded Funds (ETFs) | Unit Investment Trusts (UITs) | Closed-End Funds (CEFs) |
|--|---|---|---|--|
| Potential purpose for investor | <i>Access actively managed or passive strategies with redemption at NAV available daily¹</i> | <i>Access passive or actively managed strategies with intraday liquidity through a securities exchange</i> | <i>Access a static portfolio constructed to implement a specific investment strategy with redemption at NAV available daily¹</i> | <i>Access actively managed strategies, often with intraday liquidity through a securities exchange; may use leverage or higher allocations to less-liquid securities</i> |
| Professional security selection | Yes except for the limited number of index mutual funds offered | No for passive (index) ETFs; Yes for actively managed ETFs | Yes | Yes |
| Active management | Yes except for the limited number of index mutual funds offered | No for passive (index) ETFs; Yes for actively managed ETFs | No – basket of securities generally does not change through the term of the UIT | Yes |
| Trading and pricing | Trades at Net Asset Value (NAV) as calculated by the fund at end-of-day | Trades like a stock throughout the day at market prices which tend to be close to NAV but can deviate at times ¹ | Redeemable at NAV prior to maturity | Trades like a stock throughout the day at market prices; may deviate from NAV (sometimes significantly) |
| May incur capital gains taxes even in years you don't sell shares | Yes | Possible, but rare for passive (index) ETFs and generally lower than comparable mutual funds for actively managed ETFs | Generally, no | Yes |
| Stated maturity date | No | No with limited exceptions | Yes | Varies from fund to fund |
| Transparency to underlying holdings | Quarterly with 60-day lag | Passive ETFs: typically daily; actively managed ETFs: varies based on product structure | Yes (underlying holdings generally do not change) | Quarterly with 60-day lag |
| Transaction fees in brokerage accounts | You may pay a front-end or a contingent-deferred sales charge according to terms set in the fund's prospectus | Customary equity trading commission to buy and sell | You pay a deferred sales charge according to terms set in the Trust's prospectus | Customary equity trading commission to buy and sell in secondary market |
| Makes ongoing distribution payments (12b-1) to Merrill/advisor | Yes for brokerage share classes only (generally A- and C-shares) up to 1% | No | No | No |
| Ability to invest in illiquid securities | Limited to 15% of fund's portfolio | Limited to 15% of fund's portfolio | Yes, but unlikely | Yes |

¹ In the event of extreme market conditions, certain fund features could differ from what is reflected in the chart.

For more information on mutual funds, ETFs, UITs, and CEFs, including risks and other features, talk with your Merrill Lynch Wealth Management Advisor. Learn more about investing in mutual funds by reading our Domestic and Offshore Mutual Fund Investing at Merrill [client disclosure pamphlets](#).

Investing in pooled investment vehicles involves many of the same risks as investing in the stocks, bonds or other securities held in the pooled investment vehicle. Depending on the performance of these securities, the value of your pooled investment vehicle may be more or less than your original investment at termination. For income-oriented investments, there is no assurance that the same level of income will be available over the term you hold the pooled vehicle.

For more complete information on any pooled investment vehicle, please request a prospectus from your financial advisor. Before investing, consider the investment objectives, risks, and charges and expenses of the pooled investment vehicle. This and other information can be found in the prospectus. Read the prospectus carefully before investing.

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