Capital Gain Distributions Can Be Material

-\$1m with and average cap gain dist. 7.40%. 7.40 7.36 -\$74,000 Realized Capital Gain reported on the 1099 -\$14,800 tax liability -148 bps drag in performance -Maybe largest cost investors face / Greater than mgmt. fees. 5.59 5.51 4.62 4.47 3.95 2.69 2.18 1.65 1.60 1.54 1.37 0.66 0.62 0.40 0.26 2000 2001 2007 2002 2003 2004 2005 2006 2008 2010 2011 2012 2013 2015 2009 2014 2016 Random Sample

Open End Mutual Fund

Average Capital Gain % NAV

Source: Morningstar Direct