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& Finance Conference

March 30 - April 1

2016

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T. Sittema

March 30-April 1, 2016



Product Structures

Multi-Share Class Overview



Multi-Share Class Fund

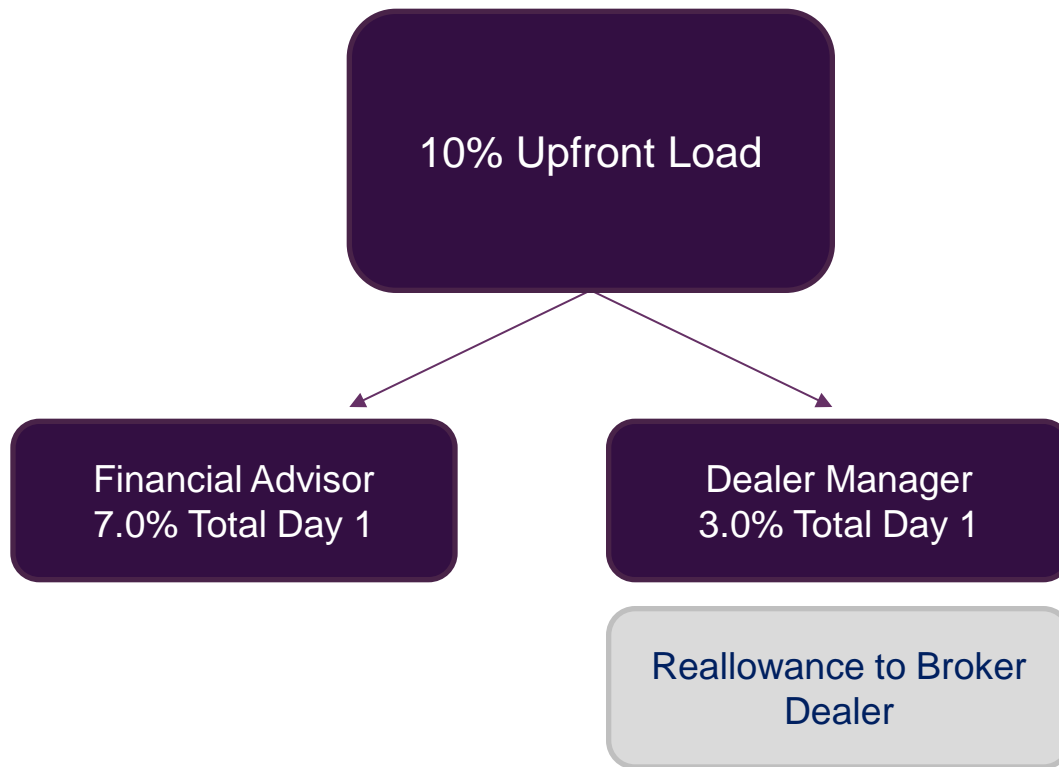
Class A

- ◆ Higher price per share
- ◆ Higher upfront fee
- ◆ Higher current income from distributions

Class T

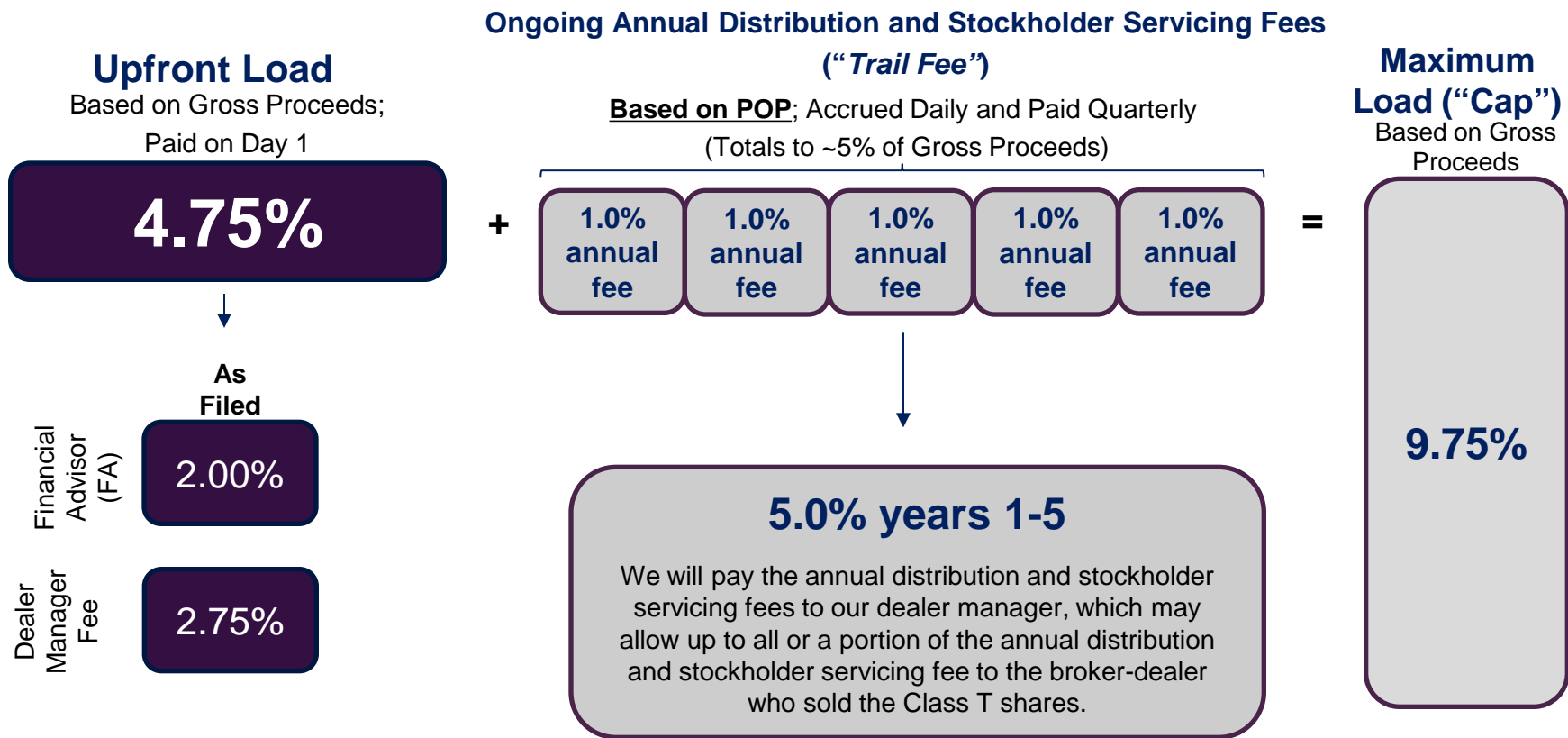
- ◆ Lower price per share
- ◆ Lower upfront fee
- ◆ Annual distribution fee (“trail”) lowers distributions

A Share Fee Structure (Example)

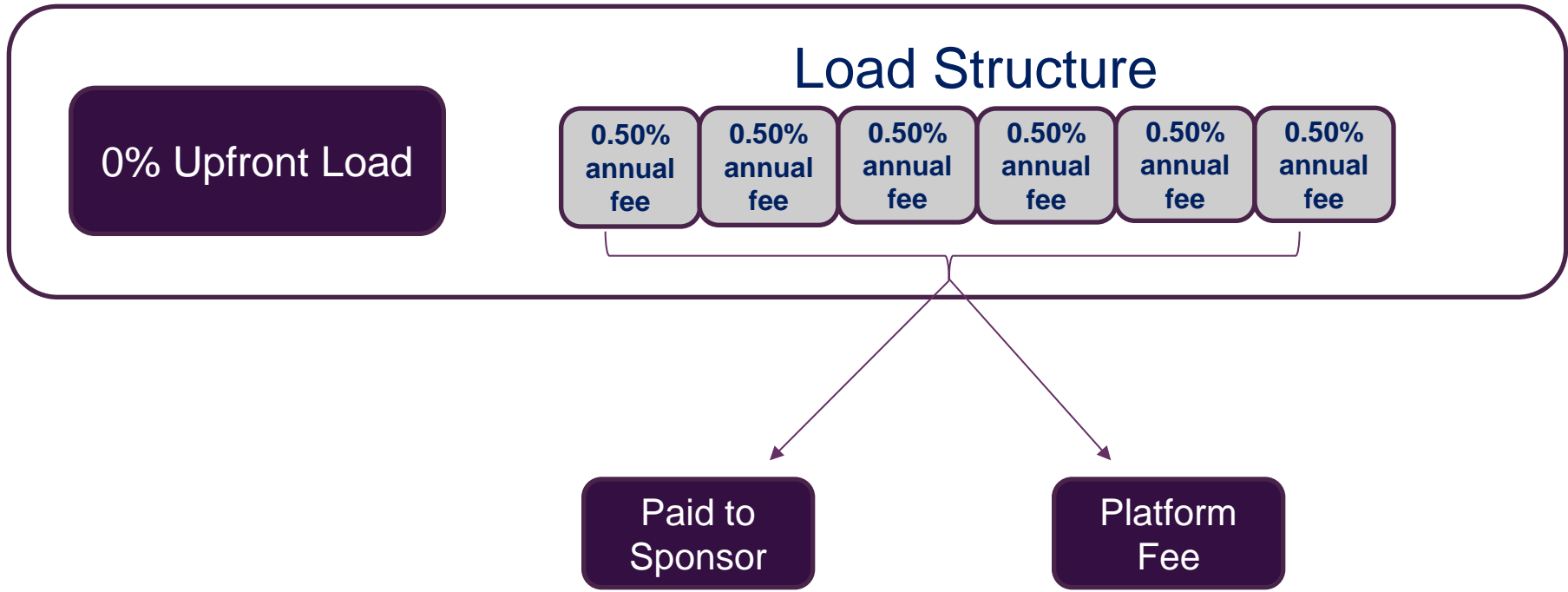




T Share Fee Structure (Example)



I Share Fee Structure (Example)





Accounting for Trail fees



Ongoing Annual Distribution & Stockholder Servicing Fees (“trail”)

NO AUTHORITATIVE GUIDANCE

No authoritative guidance for Ongoing Annual Distribution & Stockholder Servicing Fees

GUIDELINE 16-01

IPA Practice Guideline 16-01 “IPA 16-01” provides industry position for its members

ACCRUAL OF TRAIL OVER TIME

IPA 16-01 supports accrual of trail over time as services are performed (not when shares are sold)

ACCOUNTING POLICY ELECTION

IPA 16-01 supports “offering cost” or “expense” treatment of trail as both are accepted practices



Ongoing Annual Distribution & Stockholder Servicing Fees (continued)

◆ IPA encouraged members to work with their respective auditors to determine accounting treatment

◆ Facts and circumstances of each dealer manager agreement will impact accounting treatment

◆ Some IPA members include a risk factor regarding diversity of accounting methods and the total trail if fully earned and paid



Accounting Policy Election

OPTION A – Equity (no full accrual)

- ◆ Record services provided by Dealer Manager as offering costs (contra equity)
- ◆ Recognize liability for ongoing services when services are performed (accrue liability over time)

OPTION B – Expense (no full accrual)

- ◆ Record services provided by Dealer Manager as expense (disclose if addback for MFFO)
- ◆ Recognize liability for ongoing services when services are performed (accrue liability over time)