

SERIES 7 – SUITABILITY SUMMARY

Suitability by Type of Investor			
If the investor is...	...these may be suitable...	...these may be less suitable...	...and these may be <u>unsuitable</u> .
Elderly at the time of making the investment	<ul style="list-style-type: none"> • U.S. Treasuries • Treasury bond funds and ETFs • Highly rated corporate bond funds and ETFs • High-paying dividend stocks • Dividend funds and ETFs • Bank CDs • Immediate annuities 	<ul style="list-style-type: none"> • Growth stocks 	<ul style="list-style-type: none"> • Deferred annuities • Equity index annuities • Switching annuities that result in surrender and other fees • Mutual fund B shares • Exchanging an annuity or variable life insurance policy for another (Section 1035 exchanges) • Complex products, such as principal protected notes (PPNs) and other structured notes • High yield bonds • Speculative options • Penny stocks (microcap stocks) • Illiquid investments, such as private placements and DPPs • Non-traded REITs • Liquidating retirement savings or using home equity to invest in securities • Products with long holding periods • Products with high withdrawal fees



Suitability by Type of Investor			
If the investor is...	...these may be suitable...	...these may be less suitable...	...and these may be <u>unsuitable</u>.
In a high income tax bracket	<ul style="list-style-type: none"> • Municipal securities • U.S. Treasury securities in states with high income tax • Growth stocks • Investments where income is deferred, such as private placements, limited partnerships and DPPs • Tax-advantaged accounts, as appropriate: <ul style="list-style-type: none"> ◦ IRAs ◦ 401(k)s ◦ 529 accounts • ABLE accounts • Holding investments to avoid capital gains • Offsetting gains with losses 	<ul style="list-style-type: none"> • Corporate bonds • Dividend-paying stocks • REITs 	
A low-income investor	<ul style="list-style-type: none"> • No-load mutual funds • Tax-advantaged retirement plans such as Roth IRAs, traditional IRAs and 401(k)s • Index mutual funds and ETFs 	<ul style="list-style-type: none"> • Individual stocks 	<ul style="list-style-type: none"> • DPPs and private placements • Hedge funds • High risk investments, such as options and high yield bonds
A long-term investor	<ul style="list-style-type: none"> • Growth stocks • Equity index mutual funds and equity index ETFs • Mutual fund B shares • Balanced funds • Dividend-paying stocks • Real estate • Annuities • Tax-advantaged accounts, as appropriate: <ul style="list-style-type: none"> ◦ IRAs ◦ 401(k)s ◦ 529 accounts • ABLE accounts • REITs • Buy and hold strategies 	<ul style="list-style-type: none"> • Money market funds • Cash and cash equivalents • Highly-rated corporate bonds • Penny stocks 	<ul style="list-style-type: none"> • Savings accounts



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If the investor is...	...these may be suitable...	...these may be less suitable...	...and these may be <u>unsuitable</u>.
An income investor	<ul style="list-style-type: none"> • REITs • Dividend-paying stocks • Municipal securities • Highly-rated corporate bonds • Bond mutual funds and ETFs • U.S. Treasury securities • Agency bonds (MBSs and CMOs) • Immediate annuities • Equity income mutual funds • REITs • Laddered fixed-income investments • If disabled, ABLE accounts 		<ul style="list-style-type: none"> • Non-dividend-paying stocks (such as growth stocks)
Conservative (capital preservation, low risk-tolerance)	<ul style="list-style-type: none"> • Blue-chip stocks • Money market funds • U.S. Treasury securities • Insured bank CDs • Fixed annuities 		<ul style="list-style-type: none"> • Growth mutual funds and ETFs • Sector funds • BDCs • Variable annuities • Options
Aggressive (capital growth, high risk-tolerance)	<ul style="list-style-type: none"> • Small-cap stocks • Growth funds • IPOs 	<ul style="list-style-type: none"> • U.S. Treasury securities 	
Moderate (some capital growth, medium risk-tolerance)	<ul style="list-style-type: none"> • Large-cap stocks • Large-cap funds • Index mutual funds and ETFs • Growth and income funds • Value funds 		



Suitability by Type of Investor

If the investor is...	...these may be suitable...	...these may be less suitable...	...and these may be <u>unsuitable</u> .
Speculative (very high risk-tolerance)	<ul style="list-style-type: none"> • High-yield bonds & funds • Penny stocks • Options • Futures • Foreign currencies (forex) • Commodities and commodity funds • Nontraditional ETFs • IPOs 		<ul style="list-style-type: none"> • Devoting investor's entire portfolio to speculative investments
Need high liquidity (For example, when saving for something like college, purchasing a house, buying a business, etc. or if concerned about a potential market crash)	<ul style="list-style-type: none"> • U.S. Treasury securities • Money market funds • C shares in suitable mutual funds 	<ul style="list-style-type: none"> • Municipal securities 	<ul style="list-style-type: none"> • OTC securities • Private placements and DPPs • BDCs • Hedge funds • B shares in mutual funds • Principal protected notes (PPNs) and other structured notes • Non-traded REITs • Annuities
Using a tax-advantaged account (IRA, 529, etc.)	<ul style="list-style-type: none"> • Investments with no special tax advantages of their own 	<ul style="list-style-type: none"> • Municipal securities • U.S. Treasury securities • Annuities 	

