

**Topic 606, Revenue from Contracts with Customers**

|   | <b>Step 1:<br/>Identify the contract(s)<br/>with a customer</b>  | <b>Step 2:<br/>Identify the performance<br/>obligations in the contract</b>  | <b>Step 3:<br/>Determine<br/>the transaction price</b>   | <b>Step 4:<br/>Allocate the transaction<br/>price to the performance<br/>obligations in the contract</b>  | <b>Step 5:<br/>Recognize revenue when (or<br/>as)<br/>the entity satisfies<br/>a performance obligation</b>  |
|---|--|--|--|---|--|
| <b>Revenue Streams</b>  |  |  |  |   |  |
| <b>Contingent Deferred Sales Charges</b>  | Fund is assumed to be a customer of the Distributor  | Sales-related services considered a single performance obligation  | Consideration is variable and based on timing of redemption and the value of the sales proceeds; determined at the start of the contract and updated at each subsequent reporting period   | Sales-related services considered a single performance obligation   | Sales-related performance obligation may be considered to be satisfied at trade execution date   |
| <b>Management Fees, Excluding Performance Fees</b>                                  | Customer can be identified as either the fund or the investor  | Asset manager will provide daily oversight and overall management of the fund or portfolio   | Fixed and variable amounts to be considered as total transaction price and, therefore, the management fee, in its entirety, can usually only be included at the end of each reporting period through the use of an expected value method | Allocating management fees to each reporting period corresponds to the value provided to the customer for that period   | Asset management service is satisfied over time (daily) because the customer receives and consumes the benefits of the advisory services daily   |
| <b>Incentive or Performance Fee Revenue and Incentive-Based Capital Allocations</b> | Customer can be identified as either the fund or the investor  | Asset manager will provide daily oversight and overall management of the fund or portfolio   | Performance fees are to be excluded from the transaction price until it becomes probable that there will not be a significant reversal of cumulative revenue recognized  | When there is more than one performance obligation in a contract or distinct goods or services promised as part of a single performance obligation, variable consideration may be attributed to one or more, but not all, of those performance obligations or distinct goods or services, respectively        | Time-based measure of progress, is likely most appropriate as the services are substantially the same each day and have the same pattern of transfer   |
| <b>Other Related Topics</b>   |  |  |  |   |  |
| <b>Deferred distribution commission expenses</b>                                    | 5 step consideration under Topic 606 does not apply as costs are to be accounted for using ASC Topic 340-40-35 |  |  |   |  |
| <b>Management Fee Waivers and Customer Expense Reimbursements</b>                   | Customer can be identified as either the fund or the investor  | Fee waivers are not promises to transfer control over goods or services to the customer, nor are they payments for distinct goods or services from the customer. Instead, they generally represent a transaction price adjustment of the management fee whether affected through a contract modification or an agreed-upon upfront reduction in management fees. | Fixed waivers are to be included in transaction price. Variable waivers are to be excluded from the transaction price until it becomes probable that there will not be a significant reversal of cumulative waiver recognized.           | As fee waivers typically pertain to asset management service performance obligations that are satisfied over time, represents a series of distinct services and are provided in exchange for variable consideration in the form of management fees, considerations relevant to variable management fees apply | Because all fee waivers pertain to a performance obligation to provide asset management services and that performance obligation is satisfied over time, considerations relevant to measuring progress toward complete satisfaction of this performance obligation apply |