

Understanding How We Are Compensated for Financial Services

At Edward Jones, our approach to financial services is different. By living and working in your community, our financial advisors can meet with you personally to discuss investment strategies to help achieve your goals. It is important that you understand the potential benefits, risks, fees and costs of the services we provide.

When we do business with you, our financial advisors and the equity owners of our firm may benefit financially from fees, commissions and other payments from you and our investment providers. These financial incentives may create a conflict between Edward Jones' interest, your financial advisor's interest, and your own. We believe that the best investor is a well-informed investor. This disclosure document will give you information about how we are compensated and potential conflicts of interest.

We encourage you to:

- Read all disclosure information and understand the fees, commissions and costs for our services before you invest or borrow money
- Ask your financial advisor questions to help you understand the commissions and fees you may pay
- Review your account statements and trade confirmations for the fees, commissions and costs that impact your account(s) with us

How is Edward Jones compensated for financial services?

We earn our revenue primarily from our clients. We also earn revenue from product providers and money managers ("third parties") who assist us in providing the investments and services that we offer you.

Our revenue from clients includes:

- Commissions you pay when you buy or sell equities and fixed-income investments (this applies when we act as agent or broker)
- Markups and markdowns on your price when you buy or sell securities (this applies when we act as principal outside of investment advisory programs, buying and selling from our own inventory, primarily for bonds)
- Sales loads (sales charges), commissions or concessions derived from the offering and sale of various managed investments such as mutual funds, unit investment trusts, insurance and annuities
- Transaction fees on the purchase or sale of certain equity and fixed-income products in brokerage accounts
- Fees based on the value of your assets in our advisory programs
- Interest on margin accounts
- Miscellaneous fees, including fees for IRAs, wire transfers, returned checks, transfer on death services, and money market fund low balances

Our revenue from third parties includes:

- Revenue sharing on the products you purchase and hold from mutual fund and insurance companies. For more information, see www.edwardjones.com/revenuesharing
- Payments from mutual fund and insurance companies in the form of distribution and/or service fees (12b-1 fees), trail commissions or renewal commissions, which are fully described in the applicable prospectus or offering document

- Payments from mutual fund companies when we provide shareholder accounting and/or networking services on their behalf for our clients' holdings of the mutual funds' securities (for more information, see www.edwardjones.com/mutualfunds)
- Payments from insurance companies when we provide services for Inforce Contract Service Agreements (for more information, see www.edwardjones.com/revenue sharing)
- Revenue, including management and distribution and/or service fees (12b-1 fees) arising from our ownership of the investment adviser to the Edward Jones Money Market Fund (for more detailed information, ask your financial advisor for a prospectus)
- Payments from Elan Financial Services for the activation and use of the Edward Jones MasterCard[®]
- Profits from our trading activities
- Underwriting discounts or concessions connected to new offerings of equity, fixed-income or other investments
- Payments from unit investment trust ("UIT") sponsors in the form of gross acquisition profits and volume concession
- A portion of the fees paid by issuing companies to Broadridge Investor Communications Solutions, Inc., an unaffiliated third-party vendor with which we contract to distribute proxies, periodic reports and voting instruction information to our clients
- Payments from Edward Jones Trust Company for the referral and ongoing support of accounts managed by Edward Jones Trust Company
- Payments from third parties to offset expenses for financial advisor regional meetings

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How is your financial advisor compensated for financial services?

Your financial advisor provides information about investment strategies to help you achieve your goals. Depending on your account type, your financial advisor may provide investment recommendations. While some investments provide more compensation to your financial advisor than others, this should not influence the investment information or recommendations you may receive. Please ask your financial advisor to explain any commissions, sales charges, markups and fees that may apply to any investments you may consider.

New financial advisors are eligible to receive a supplemental salary for up to four years. Supplemental salary is not tied to performance, commissions, fees or assets brought into the firm. All financial advisors receive minimum guaranteed salary (MGS) in an amount determined by federal and state law. To the extent supplemental salary is lower than MGS on a monthly basis, Edward Jones pays additional salary to ensure financial advisors receive full MGS. MGS does not fluctuate and is paid regardless of quality or quantity of work performed.

Asset-based Fees (investment advisory services) –

When you participate in our Advisory Solutions or Guided Solutions programs, you pay asset-based fees – the Program Fee and Portfolio Strategy Fee (if applicable) to Edward Jones instead of commissions. The fee(s) are based on the market value of all assets held in your account and are assessed monthly, in arrears, based on the annual tiered fee rate schedules. If you invest in separately managed allocations (“SMAs”), a portion of the monthly fees paid to Edward Jones will be paid to the money managers for the SMAs. A portion of your fees are paid to your financial advisor. The payout level to your financial advisor will depend on the average daily total asset value of advisory assets, taking into account any discounts or fee reductions. In addition, the payout level will vary based on years of experience and the state in which the branch is located. For information about our advisory services, please see www.edwardjones.com/advisorybrochures.

When you participate in Retirement Plan Services, you pay a “Retirement Plan Services Fee” to Edward Jones. The Retirement Plan Services Fee is based on the plan’s included assets in the program. If the plan’s included assets grow and reach certain thresholds, you are eligible for a reduction of the Retirement Plan Services Fee. Edward Jones will not automatically increase the Retirement Plan Services Fee if included assets decrease. For this fee, Edward Jones will serve as an investment advice fiduciary at the plan level, as well as provide educational services at both the plan and participant level, if applicable. Your financial advisor receives a portion of the Retirement Plan Services Fee. The payout level will vary based on years of experience and the state in which the branch is located.

Commissions – When you buy or sell certain investments, such as stocks, bonds, exchange-traded funds and certificates of deposit, you pay a commission or a sales charge. The amounts differ depending on the investment and the amount of the transaction. Edward Jones also receives payments from the mutual fund or insurance companies if you buy mutual funds, annuities or insurance policies. Edward Jones pays your financial advisor a portion of these charges and payments. The payout level

may vary based on your financial advisor’s years of experience, the location of the branch, the type and amount of the investment, and discounts, if any.

Account-based Fees – Your account fees depend on the types of accounts you have with us. For brokerage accounts, please see www.edwardjones.com/brokeragefeeschedule. For individual retirement accounts, please see www.edwardjones.com/irafeeschedule.

Distribution and/or Service Fees (12b-1 Fees) – Mutual fund companies pay Edward Jones ongoing service fees. The service fees are comprised of 12b-1 fees or annualized distribution fees that you pay to the mutual fund company. Mutual fund companies pay 12b-1 fees to their managers or distributors for allocation to brokerage firms, in part for assistance in marketing and distributing their shares or products. The amount of the 12b-1 fee Edward Jones receives varies depending upon the mutual fund company, type of mutual fund, and amount of mutual fund purchased. We pay a portion of these fees to your financial advisor. The payout level will vary based on years of experience and the state in which the branch is located. The 12b-1 fee reduces the amount you earn from your mutual fund. For more detailed information, ask your Edward Jones financial advisor for a prospectus. If we receive these fees for shares you hold in an investment advisory program account, we will credit the amount received to your account through Fee Offset. For information about Fee Offset, please see www.edwardjones.com/advisorybrochures.

Trail Commissions – Insurance companies that issue variable annuities typically pay Edward Jones ongoing trail commissions. The trail commissions are composed of fees and charges imposed under the variable annuity contract, the separate accounts and other sources. We pay a portion of these fees to your financial advisor. The payout level will vary based on years of experience and the state in which the branch is located.

New Asset Compensation – New financial advisors are eligible to receive compensation based on certain new assets brought into the firm.

Internal Incentive Programs – We may offer internal incentive programs that may provide financial advisors and branch office administrators with an opportunity to earn additional compensation. These programs exist during a specified duration and are voluntary.

Branch P&L and Profitability Bonus – Revenues and expenses of Edward Jones are assigned to each branch’s Profit and Loss Statement (branch “P&L”). The branch receives P&L credits for commissions, distribution and/or service fees (12b-1 fees) and other fees we receive. The branch also receives P&L credits for revenue generated from certain client activities that have no direct payout to your financial advisor, so your financial advisor may benefit financially from credits to the branch P&L without directly receiving any portion of such revenue. Additionally, the branch receives a P&L credit based on assets under care in the branch. Expenses directly related to the branch, such as rent, communications and employee compensation and benefits, are charged against the branch P&L.

In periods in which Edward Jones has reached a certain level of profitability and the branch is profitable on their branch P&L, the financial advisor may receive a branch profitability bonus.

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Credit Cards – Your financial advisor and branch office administrator receive a portion of the compensation Edward Jones receives from Elan Financial Services for the activation and initial use of the Edward Jones MasterCard®. The payout level may vary based on your financial advisor's years of experience and the location of the branch.

Margin Fees – Your financial advisor will earn a portion of the ongoing interest paid to Edward Jones on your margin loan balances.

Trust Fees – Your financial advisor receives a portion of the compensation Edward Jones receives from Edward Jones Trust Company for the referral and ongoing support of accounts managed by Edward Jones Trust Company. The payout level may vary based on your financial advisor's years of experience and the location of the branch.

Profit Sharing – We have long believed in sharing the profits of the firm with our associates. All eligible associates, including financial advisors, receive contributions to an employer-sponsored retirement plan based on their total compensation, which includes commissions, fees, salary and bonuses. All contributions are immediately 100% vested.

Client Transition Programs – Financial advisors have the opportunity to participate in one of our client transition programs. Involvement in these programs affects or eliminates compensation to the participating financial advisor; however, any fees or charges to the client are not impacted.

Travel Awards Program – Financial advisors are eligible to participate in the Edward Jones Travel Awards Program, which includes domestic and international travel, or a cash award in lieu of a trip. Eligibility for a Travel Award Program is based primarily upon the amount of new and existing assets under care for a financial advisor. Certain product providers, such as preferred providers, may participate in these travel programs. These incentives create a conflict of interest between your financial advisor's interest and your own when providing advice to you regarding rolling over or transferring your assets to Edward Jones, taking distributions, and engaging in transactions in your account.

Training and Marketing Incentives – Third-party providers such as mutual fund wholesalers, annuity wholesalers, UIT wholesalers, retirement plan distributors, investment managers and insurance distributors may reimburse and/or pay certain expenses on behalf of financial advisors and the firm, including expenses related to training, marketing, and educational efforts. Training of our financial advisors can occur at branch offices, seminars, meetings or other events. The training focuses on, among other things, the third-party provider's products, suitability, product literature and product support. This could lead our financial advisors to focus on these third-party providers' products versus other third-party products that are not represented at these meetings, seminars and/or conferences. We want you to understand that this creates a potential conflict of interest for Edward Jones and our financial advisors to the extent that this may cause them to prefer those Product Partners that have greater access, marketing opportunities and educational opportunities.

Noncash Incentives – Third-party providers may also give financial advisors gifts up to a total value of \$100 per provider per year, consistent with industry regulations. Third parties may occasionally provide financial advisors with meals and entertainment of reasonable value. Additionally, third parties may provide the firm and our financial advisors with access to certain research tools or software that is developed or subscribed to by third parties. We want you to understand that this creates a potential conflict of interest to the extent that this may cause the firm or our financial advisors to prefer those Product Partners that provide these noncash incentives.

Awards and Recognition – We strive to recognize the success of our financial advisors with awards and recognition, which may be interpreted as a type of incentive.

- **Annual Managing Partner's Conference** – Each year, the top 400 financial advisors are recognized based on their previous year's production and contribution to the firm.
- **Annual Financial Advisor Leaders Conference** – Each year, a conference is held that recognizes and offers additional training to financial advisors with prior year's production within a specified range that places them among the leaders of the firm.
- **Annual Drucker Conference** – This conference recognizes the top teams of financial advisors and branch office administrators based on production and client satisfaction as measured by independent surveys.
- **Annual Regional Meetings** – We hold annual meetings that include an awards banquet to recognize financial advisors' career success. Plaques and mementos recognize the completion of special training, holding a volunteer position such as trainer or mentor, or reaching a special accomplishment or level of production.

Partnership – In addition to compensation, Edward Jones financial advisors have been offered partnership interests in the past. Such opportunities may be interpreted as a type of incentive.

- **Partnership Opportunity** – The Jones Financial Companies, L.L.L.P., which is the owner of Edward Jones, is not a publicly traded company. It is a limited partnership owned by its partners, who include financial advisors, branch office administrators and headquarters associates. Financial advisors may be given the opportunity to become limited and/or general partners in The Jones Financial Companies, L.L.L.P., and in that capacity to share in the earnings of Edward Jones and its affiliates. Partners' earnings vary based on the firm's profitability. The amount a partner earns depends on which category of capital the partner owns and how much he or she has invested. All revenue that contributes to Edward Jones' profitability has a positive impact on the amount of income each partner receives.