Edward Jones Advisory Solutions®

Tax-sensitive research models

While taxes shouldn't be the sole focus of your investment strategy, they may be an important consideration. Edward Jones Advisory Solutions® Tax-Sensitive Research Models are designed to help address your tax management needs for your taxable accounts.

We begin with an important framework

All Advisory Solutions Research Models begin with a common process. First, our analysts use the firm's guidance to determine how each Research Model should be diversified among different types of investments to meet an investor's goals, risk tolerance and investing timeline. Then our Investment Manager Research team screens thousands of mutual funds and exchange-traded funds (ETFs) to find those with management teams that have demonstrated track records of success and that we believe have the resources and processes in place to be successful going forward. We then bring to each Research Model specific attributes designed to further align the model with your investment needs.

We consider taxes

When building and maintaining our Tax-Sensitive Research Models, we focus on tax-conscious portfolio management. Additionally, we consider any tax implications before making model changes. As we construct our Tax-Sensitive Research Models, we seek opportunities to be mindful of taxes, with an emphasis on reducing taxable distributions in the following ways:

Fixed-income selection/allocation: The primary way we reduce taxable distributions is through the use of tax-free municipal bond funds. Because income from municipal bonds is generally exempt from federal taxes — and in some cases, state taxes — municipal bonds should produce lower taxable income compared to taxable bonds. Please note that capital gains distributions from bond funds can still be taxed.

Equity selection/allocation: We also work to include investments with expected low capital gain distributions. We may seek funds that take a tax-conscious approach in their construction, such as our Tax Managed Bridge Builder Funds. Other approaches are funds with low turnover or funds that have minimal built-up unrealized gains. Another option in the construction of our Tax-Sensitive Research Models is the use of passively managed ETFs.

ETFs: In choosing ETFs, we look at the indexes they follow as well as their holdings, legal structure, asset base size, performance history, market price and liquidity. Our thorough research process enables us to select ETFs that we believe will consistently perform close to their respective indexes.

Because passively managed funds track indexes, and index holdings typically do not change very often, these investments tend to have lower turnover. This may result in better tax efficiency than models investing primarily in actively managed funds. Passively managed investments typically have lower fund expenses compared to actively managed funds. Additionally, the ETF structure means that clients will realize capital gains based on when they buy and sell the ETF. This is different from a mutual fund, where clients may be subject to capital gain distributions based on the activity of other holders of the fund.

Efficient rebalancing: We use a systematic rebalancing process based on thresholds for the various investment categories within your model. This can help reduce the frequency of realizing capital gains and the taxes associated with trading due to rebalancing.

The result is tax-sensitive portfolio construction

This series is managed using the framework of Advisory Solutions but with tax implications as a key consideration in decision-making. While we cannot eliminate taxes, these models place special emphasis on reducing taxable distributions to you. In most instances, the growth of most asset classes will create a tax liability over time.

Many investors are looking for ways to work toward their financial goals while being sensitive to taxes. As you consider an investment solution for your taxable investments, discuss with your Edward Jones financial advisor whether the Advisory Solutions Tax-Sensitive Research Models may make sense for you.

Edward Jones is a dually registered broker-dealer and investment adviser. Edward Jones Advisory Solutions® is a wrap fee program that provides investment advisory services. Depending on a client's minimum investment, a client can select Fund Models, which invest in affiliated mutual funds (if available), unaffiliated mutual funds and exchange-traded funds (ETFs), or UMA Models, which also include separately managed accounts (SMAs). Please review the applicable Edward Jones Advisory Solutions Brochure for more information.

Many of the investments in Advisory Solutions are offered by prospectus. You should consider the investment objective, risks, and charges and expenses carefully before investing. The prospectus contains this and other information. Your Edward Jones financial advisor can provide a prospectus, which you should read carefully before investing.

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.

All investment strategies and investments involve risk, and the value of your account will fluctuate. As a result, your account may be worth more or less than the amount of money you invested in Advisory Solutions. Each Program Fund will also fluctuate in value and, when sold, may be worth more or less than the original cost to purchase.

The initial minimum investment in Advisory Solutions is $25,000. For UMA Models investing in a Balanced growth & income, Balanced toward growth, Growth focus or All-equity focus portfolio objective, including Custom Models containing SMAs, the initial minimum investment amount is $300,000, with additional options available at $500,000 and $1 million. For UMA Models investing in an Income focus or Balanced toward income portfolio objective, including Custom Models containing SMAs, the initial minimum investment amount is $500,000, with additional options available at $1 million.

