

Material Facts Regarding Conflicts of Interest Associated with the Firm and Your Financial Advisor's Recommendations in Your Select Account

This section provides important information and material facts regarding conflicts of interest associated with the firm and your financial advisor's recommendations in a Select Account. When we provide you with a recommendation regarding securities transactions or investment strategies involving securities in a Select Account, we must act in your best interest, within the meaning of Regulation Best Interest, and must not put our interests ahead of yours. Effective December 20, 2021: Additionally, when we provide investment advice to you regarding certain types of retirement plan accounts or individual retirement accounts, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We are therefore required to act in your best interest and to not put our interest ahead of yours. If we are a fiduciary in your account type, this information can be found in your account agreement.

The way the firm generates revenue in a Select Account, and the way your financial advisor is compensated, creates some conflicts with your interests. While we have taken numerous steps to mitigate, disclose and/or eliminate conflicts of interest associated with the firm and your financial advisor's recommendations, it is also important that we disclose the material facts regarding these conflicts.

Within this section, we have included links to more detailed information, and we encourage you to review the referenced links and information. Ask your financial advisor questions as needed to help you understand these disclosures or if you have any additional questions. You may also find additional information at:

- Client Relationship Summary (edwardjones.com/FormCRS)
- Important Information About Our Brokerage Services (edwardjones.com/regbidisclosures)

Please Note: This section does not discuss conflicts of interest within investment advisory accounts. For information about material conflicts of interest applicable to investment advisory accounts and associated products and services, please see the relevant brochure for your account type. You can ask your financial advisor for a copy of the applicable brochure or find a copy online at: edwardjones.com/advisoryagreements.

Recommendations Regarding Securities

The compensation that we and your financial advisor receive when you buy, sell, hold or exchange investments within your Select Account creates conflicts of interest. Your financial advisor has an incentive to recommend you purchase investments that create the most compensation for the firm and your financial advisor. In general, commissions on stocks and ETFs are higher than commissions on bonds or certificates of deposit ("CDs"). Additionally, initial compensation from the sale of mutual funds, funds in a 529 plan, variable annuities and variable life insurance policies is generally higher than stocks, bonds, ETFs or CDs. Mutual funds, 529 plans, variable annuities and variable life insurance policies also pay ongoing compensation.

These sources of transactional revenue and compensation create a conflict between the firm and your financial advisor's interests and your own relating to recommendations regarding the investment type, number of transactions, the amount to invest per transaction, and the allocation of investment amounts between different securities and fund families, and different types of securities. For variable annuities, it also creates a potential conflict regarding recommendations on whether to annuitize, transfer or exchange your current variable annuity.

We may sell you certain bonds and CDs from our inventory or purchase a security from you for our inventory in a principal transaction. We may generate firm revenue on these trades due to market movement, resulting in gains on our inventory positions. In certain circumstances this incentivizes us to engage in principal transactions, as well as an incentive to recommend that you purchase a security from our inventory that is difficult to sell.

When you purchase shares in a mutual fund, a 529 plan or a variable annuity, you may be eligible for a breakpoint discount, which lowers your front-end sales charge, based on the amount of your investment and how much you have invested in a certain fund family or annuity. Your financial advisor has an incentive to provide advice that would avoid breakpoint discounts.

In certain instances, your financial advisor is permitted to negotiate with you for a lower commission, which could result in reduced compensation for your financial advisor. This is a conflict of interest because your financial advisor is incentivized to avoid negotiating commissions.

Additional Investment Type Considerations

In most instances, your financial advisor has an incentive to recommend that you purchase investments in your Select Account such as a mutual fund, 529 plan, variable annuity,

Understanding How We Are Compensated for Financial Services

or variable life insurance policy that generate revenues when purchased as well as provide ongoing compensation (e.g., 12b-1 fees, trail commissions) as opposed to investing in alternatives that may pay lower upfront commissions and do not provide ongoing compensation. Over a longer period of time, your financial advisor and Edward Jones will generally earn more revenue from a mutual fund, 529 plan or annuity than from an exchange-traded fund (“ETF”), stock or bond, but this will depend on several factors including the specific product, how much you invest, breakpoints and how frequently you trade. As a further example, mutual funds and ETFs may have similar investment characteristics, but differ in the ways you pay for them and how your financial advisor and Edward Jones are compensated over time. Mutual funds generally have higher upfront commissions and ongoing expenses but enable you to rebalance through exchanges and liquidate for no additional cost. ETFs generally have lower upfront commissions and ongoing fees but all future transactions to rebalance or liquidate an investment will be charged a commission. As a result, mutual funds are typically more expensive than ETFs for clients who trade infrequently, but they become less expensive as the amount of trading increases.

Variable Life Insurance

When you purchase a variable life insurance policy in your Select Account, the insurance company sets a target premium that will be used to compensate the firm and your financial advisor for the specific policy (the “Target Premium”), and this Target Premium could be higher or lower than the premium that you would pay on your specific policy. Based upon the actual premium you pay for your policy, Edward Jones will receive up to 80% of the Target Premium amount and 2% of any excess you pay above the Target Premium amount. The percentage Edward Jones receives is the same for all insurance providers we work with, and your financial advisor receives a portion of these revenues. Edward Jones also receives a portion of the premium you pay after the first year as revenue for a set number of years (generally the second through the 10th years of the policy) and shares a portion of this revenue with your financial advisor. Your financial advisor has an incentive to make recommendations to increase the premium or to recommend the purchase of a policy with a higher target premium. This may also create a conflict regarding recommendations on whether to renew or exchange your current policy.

Additional Third-Party Compensation to Edward Jones

Edward Jones also receives additional compensation described below from mutual fund companies, 529 plans, unit investment trusts (UITs) and insurance companies (collectively referred to as “product partners”) for the sale and ongoing servicing of mutual funds, 529 plans, UITs, variable annuities and variable life insurance policies. We want you to understand that Edward Jones’ receipt of third-party compensation including revenue sharing, shareholder accounting fees, and inforce contract service payments creates a potential conflict of interest in the form of an additional financial incentive and financial benefit to the firm and our financial advisors in connection with the sale of products from these product partners. To mitigate potential conflicts of interest, your financial advisor does not directly receive any portion of the revenue sharing, shareholder accounting fees, or inforce

contract service payments received by Edward Jones. This revenue received by Edward Jones affects the firm’s overall profitability. For more information about the information in this section, please talk with your financial advisor or see edwardjones.com/revenuesharing.

Revenue Sharing: Edward Jones receives payments known as revenue sharing from certain mutual fund companies, 529 plan program managers and insurance companies. For additional material facts about revenue sharing and associated conflicts at Edward Jones, please see the Revenue Sharing Disclosure near the end of this document or see edwardjones.com/revenuesharing.

Shareholder Accounting Fees: Edward Jones has entered into shareholder accounting fee agreements with many mutual fund companies and 529 plans, including all of our strategic mutual fund product partners and all mutual funds available for purchase in a Select Account, to perform certain services for the mutual fund companies. For additional material facts about shareholder accounting fees and associated conflicts at Edward Jones, please see the Edward Jones Shareholder Accounting Disclosure near the end of this document or see edwardjones.com/revenuesharing.

Inforce Contract Service Agreements: Edward Jones has entered into inforce contract service agreements with certain insurance companies, including all of the issuers of variable annuities available for purchase in a Select Account, to maintain technology and provide other administrative services in support of certain issued and outstanding annuities and life insurance policies. For additional material facts about inforce contract service agreements and associated conflict at Edward Jones, please see the Edward Jones Inforce Contract Service Disclosure near the end of this document or see edwardjones.com/revenuesharing.

Rollovers and Transfers

Your financial advisor has an incentive to recommend that you roll over or transfer your assets from an employer-sponsored plan or another brokerage firm or investment adviser, because these actions may generate transaction-based compensation for Edward Jones and your financial advisor when the assets are invested in your Select Account. Additionally, when you roll over or transfer your assets to Edward Jones, this contributes to your financial advisor qualifying for additional variable compensation including new asset accumulation bonuses, branch profitability bonuses, domestic and international travel awards (or cash in lieu of travel), and other non-cash compensation as described herein.

Brokerage Accounts vs. Advisory Accounts (investment advisory services)

In addition to brokerage accounts, you have the option to invest in fee-based advisory accounts. Instead of paying a commission per transaction, in our advisory programs you pay a fee(s) based on the market value of the assets held in your account for investment advisory services which, in most cases, includes transaction costs. Our advisory programs offer ongoing account monitoring, which is not available in brokerage accounts, and additional types of investment options and services. When determining what’s right for you, think about how much you expect to trade in your account and how much you may pay in commissions (brokerage account) or asset-based fees (advisory

Understanding How We Are Compensated for Financial Services

account). You will typically pay more in upfront fees and commissions through brokerage services and more over time through investment advisory services. These differences in compensation potentially create a conflict between your financial advisor's interest and your own when recommending which type of program you should invest in. For additional information regarding investment advisory programs offered by Edward Jones, please see edwardjones.com/advisoryagreements.

Distributions

Compensation and performance incentives may cause a conflict between your financial advisor's interest and your own when your financial advisor provides advice relating to distributions from any of your accounts. When you make a distribution through a full or partial liquidation, certain commissions may be generated. Further, if you have both a brokerage account and an advisory account of the same type (e.g., a traditional IRA in a Select Account and a traditional IRA in an advisory account), your financial advisor may have an incentive to advise you to take a distribution from your Select Account and not your advisory account because the distribution could generate additional transactional revenue and would not affect the amount of your asset-based fee in your advisory account.

Trust Fees

Your financial advisor receives a portion of the compensation Edward Jones receives from its affiliate, the Edward Jones Trust Company, for the referral and ongoing support of accounts managed by the Edward Jones Trust Company. The payout level may vary based on your financial advisor's years of experience and the location of the branch. This creates an incentive for your financial advisor to recommend your use of the services of the Edward Jones Trust Company.

Uninvested Funds

You have the option to have uninvested funds either remain in the firm's Cash Interest Program or be automatically swept to a different investment vehicle, which may provide a higher return or offer other benefits to you. Edward Jones receives varying portions of the revenues associated with the investment option you choose for your uninvested funds, and while your financial advisor does not receive direct compensation, the amount of your holdings may contribute positively to your financial advisor's variable compensation. Depending on several factors, including the current interest rates and your financial advisor's non-cash incentives, the firm or your financial advisor may have an incentive for you to select one uninvested cash option over another. You should review the terms, interest rates, compensation the firm receives, incentives your financial advisor receives, and other features and tradeoffs of these options with your financial advisor. Interest rates are available on Edward Jones' website at edwardjones.com/rates. If the Edward Jones Money Market Fund ("Fund") is available as a cash sweep option in your Select Account, all uninvested cash balances in your account are automatically swept into the Fund. The investment adviser to the Fund, Passport Research Limited ("Passport"), is an affiliate of Edward Jones and provides distribution and shareholder accounting services for the Fund. The Fund pays Passport a management fee and pays Edward Jones for performing services for the Fund. While your financial advisor does

not receive any portion of these revenues, the revenue does have a positive financial impact on overall profitability of the firm.

Branch P&L and Profitability Bonuses

Revenues and expenses of Edward Jones are assigned to each branch's Profit and Loss Statement (branch "P&L"). Your financial advisor's branch P&L is positively impacted by compensation received from client activities, including commissions, sales charges, 12b-1 fees, account fees, fees from investment advisory accounts, margin loans, and other account service fees. Your financial advisor also benefits from credits to the branch P&L, without directly receiving any portion of such revenue the firm receives, for certain things including assets under care in the branch, other fees received by the firm, margin loans and variable third-party compensation that is not paid to your financial advisor. Increased branch P&L positively impacts your financial advisor's performance and qualifications to receive additional variable compensation. If Edward Jones has reached a certain level of profitability and the branch is profitable on their branch P&L, the financial advisor receives a branch profitability bonus. Your financial advisor has an incentive to make recommendations that will increase the profitability of their branch P&L.

Incentive Compensation for your Financial Advisor

Your financial advisor's performance and variable compensation are positively impacted by client activities such as commissions, sales charges, account fees, assets under care in the branch, margin loans and the value of assets you rollover or transfer to Edward Jones. These positive impacts can lead to increased compensation through internal incentive programs, new asset accumulation bonuses and branch profitability bonuses, as well as additional non-cash benefits such as domestic and international travel awards (or cash in lieu of travel), educational and training trips, awards and seminars, and regional leadership opportunities. These incentives create a conflict between your financial advisor's interest and your own when providing advice to you.

Travel Awards Program

Our financial advisors are eligible to participate in the Edward Jones Travel Awards Program, which includes domestic and international trips, or a cash award in lieu of a trip. Eligibility for a Travel Awards Program is based upon the amount of new and existing assets under care for a financial advisor. Certain product providers, such as preferred mutual fund and annuity 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.

Margin Loans

Your financial advisor does not receive direct compensation from the interest you pay on your margin loan balance, but it does positively impact the branch's P&L. If you need cash, we may have an incentive to recommend a margin loan instead of selling investments. Additionally, your financial advisor has an incentive to recommend that you maintain a margin loan balance and to grow the balance, instead of using available cash or new investments to pay down the loan.

Understanding How We Are Compensated for Financial Services

Training and Marketing Incentives

Third-party providers such as mutual fund wholesalers, annuity wholesalers, UIT wholesalers, 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. The training focuses on, among other things, the third-party provider's products, suitability, product literature and product support. These reimbursements or payments 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. 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.

Non-Cash Third-Party Incentives

Third-party providers, such as mutual fund wholesalers, annuity wholesalers, UIT wholesalers, investment managers, and insurance distributors, 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. 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 non-cash incentives over other product partners.

Profit Sharing

Financial advisors receive contributions to an employer-sponsored retirement plan based on their total compensation, which includes commissions, fees, salary and bonuses. Profit sharing causes a conflict between your financial advisor's interest and your own regarding advice that generates additional compensation to your financial advisor and revenue for the firm.

Partnership Opportunities

Certain financial advisors have been given the opportunity to buy limited and/or general partnership interests in The Jones Financial Companies, L.L.L.P., the parent company of Edward Jones. All revenue that contributes to Edward Jones' profitability has a positive impact on the amount of income each partner receives.

Mitigation of Conflicts of Interest

One of Edward Jones' core values is that our clients' interests come first. We have taken various steps to mitigate, disclose and/or eliminate these conflicts of interest associated with recommendations in your Select Account, including developing policies and procedures, supervisory systems, processes and controls, compensation and incentive policies, disclosures and agreements, and training. If you have any questions about conflicts of interest, please talk with your financial advisor or review the additional information referenced throughout this document.