

## Understanding How We Are Compensated for Financial Services

### Mutual Funds

#### **What is a mutual fund?**

Mutual funds are professionally managed portfolios of securities that pool the assets of individuals and organizations to invest toward a common objective, such as current income or long-term growth.

#### **How are we paid for our services?**

The mutual fund company pays Edward Jones a commission at the time you make your investment based upon the sales charge you pay and also ongoing distribution and/or service fees (12b-1 fees) that are paid out of fund assets.

Most mutual funds carry a direct or indirect sales charge that you pay to the mutual fund company either at the time the shares are purchased (front-end charges) or on a regular basis for as long as you hold the fund (deferred sales charges). Your front-end charges may be reduced or eliminated as the amount of your investment with the mutual fund company increases above certain levels. Such reduced charges are known as breakpoint discounts.

*Class A Shares* – For class A share mutual funds, you typically pay a front-end sales charge, called a load, which is deducted from the initial investment. For purchases of Class A shares for equity mutual funds, you will generally pay a sales charge between 4.25% and 5.75%, and for fixed income mutual funds a sales charge between 2.25% and 4.75%, before any applicable discounts or breakpoints.

Mutual funds with front-end loads generally reduce the sales charge as the amount of your investment increases above certain levels, according to a breakpoint schedule. Breakpoint discounts are volume discounts to the sales charge you pay when purchasing a mutual fund. The extent of the discount depends on the amount invested in a particular family of funds. For example, a Class A share of a mutual fund

might charge a front-end load of 5.75% for share purchases of less than \$50,000 but reduce the load to 4.50% for investments between \$50,000 and \$99,999, and further reduce or eliminate the load for larger investments. At a certain level, typically \$1 million, you may stop paying sales charges. Annual operating expenses for class A shares are generally lower than those of class C shares.

*Class C Shares* – For class C share mutual funds, you are normally not charged a front-end sales charge or a contingent deferred sales charge (CDSC) unless you sell shares within a short period of time, usually one year. The operating expenses are usually higher than those of class A shares. Class C shares do not offer breakpoint discounts.

Edward Jones has space-sharing arrangements with certain fund families, which allow their representatives to periodically work from our main office. Although we receive no compensation from the fund families, this arrangement affords them greater access to our marketing departments and financial advisors. For information, please see [edwardjones.com/revenuesharing](http://edwardjones.com/revenuesharing).

Edward Jones does not charge commissions or fees with respect to the liquidation of mutual fund investments and does not share in any CDSC assessed by the mutual fund management company or distributor.

All mutual funds carry built-in operating expenses that affect the fund's return. Examples include investment management fees, distribution and/or service fees (12b-1 fees) and mutual fund transaction fees. Details on the operating expenses are included in each fund's prospectus or offering document.

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Mutual fund prospectuses contain more complete information, including the fund's investment objectives, risks, and charges and expenses, as well as other important information that should be carefully considered before investing. For more detailed information, ask your Edward Jones financial advisor for a prospectus.

*Revenue Sharing* - Certain mutual funds may pay Edward Jones additional amounts known as revenue sharing payments, which are based on overall sales and/or assets on behalf of the fund or its fund family. For information about revenue sharing, please see [edwardjones.com/revenuesharing](http://edwardjones.com/revenuesharing).

*Shareholder Accounting Fees* - Edward Jones has entered into shareholder accounting agreements with many mutual fund companies, including all of our preferred mutual fund families, to provide certain services for the mutual fund companies. Virtually all of Edward Jones' transactions relating to mutual funds and 529 plans involve product partners that pay shareholder accounting fees to Edward Jones. For information about shareholder accounting fees, please see [edwardjones.com/revenuesharing](http://edwardjones.com/revenuesharing).