

# Edward Jones Advisory Solutions<sup>®</sup> Fund Models Brochure as of August 11, 2017

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## Item 1: Cover Page

**This brochure provides information about the qualifications and business practices of Edward D. Jones & Co., L.P. (“Edward Jones,” “we” or “us”). If you have any questions about the contents of this brochure, please contact us at 800-803-3333. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.**

**Additional information about Edward Jones is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2: Material Changes

Not all changes included in this updated brochure have been deemed material by Edward Jones. This section describes material changes that have been made to the brochure since it was filed on July 1, 2017.

- Item 9: Disciplinary Information. We have provided information regarding a recent settlement agreement with FINRA (as defined herein).

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## Item 4: Advisory Business

Edward Jones is a registered broker-dealer and investment adviser. Through the investment adviser, Edward Jones offers several advisory programs. This brochure ("Brochure") provides clients ("Client," "you" or "your") with information about Edward Jones, Edward Jones Advisory Solutions® Fund Models ("Advisory Solutions"), the fees charged for our services, and our business practices. Please review this Brochure carefully and consult with your tax professional before you decide to invest in Advisory Solutions.

Other advisory programs offered through Edward Jones are not described in this Brochure. These programs offer different services and investments and have different fees and minimum investment requirements. To learn more about other advisory programs offered by Edward Jones, please ask your financial advisor or go to [www.edwardjones.com/advisorybrochures](http://www.edwardjones.com/advisorybrochures) to review the brochures for the available advisory programs.

Edward Jones is the primary operating subsidiary of The Jones Financial Companies, L.L.P., a holding company registered as a partnership with the State of Missouri. Edward Jones registered as a broker-dealer in 1941 and as an investment adviser in 1993.

As of December 31, 2016, we managed \$141,871,683,805 in discretionary assets and \$62,334,014,864 in non-discretionary assets across all of our advisory programs, including Advisory Solutions.

The decision to invest in Advisory Solutions is yours. Before making this decision, you and your financial advisor should discuss whether other programs and investments may be more appropriate for your investment goals or needs. If you decide to invest in Advisory Solutions, our advisory relationship begins when Edward Jones

accepts a written advisory agreement between you and Edward Jones.

Before investing in Advisory Solutions, you should decide if you are comfortable forgoing the day-to-day management of your account. Investors in Advisory Solutions typically:

- need advice and guidance when making investment decisions;
- are at ease with a financial professional making their day-to-day investment decisions;
- are willing to follow a disciplined investment strategy; and
- are comfortable paying monthly, asset-based (percentage) fees for investments and advice rather than individual commissions or sales charges.

In evaluating fee-based advisory programs, you should consider a number of factors. You may be able to obtain some or all the same or similar investments and/or services available through this and other fee-based advisory programs separately through Edward Jones or another broker-dealer or investment adviser. You should consider that, depending on the circumstances, the aggregate fees you will pay for investing in Advisory Solutions may be lower or higher than if you purchased the investments or services separately or through another broker-dealer or investment adviser. An important fact to consider is the amount of trading activity you have in your accounts and the corresponding brokerage commission that would be charged if you bought and sold individual securities in a brokerage account. You also may experience different performance results or tax consequences from what you would by purchasing the investment separately or through another broker-dealer or investment adviser. Additionally, some of the investments available in Advisory Solutions are not available in a traditional brokerage account at Edward Jones.

**Advisory Solutions Overview.** Advisory Solutions is an asset allocation program in which a portion or percentage of your investments will be invested in various asset classes based on your selected portfolio objective (your “Portfolio Objective”) and risk tolerance. Asset allocation cannot eliminate risk associated with investing, but it can help to keep your account within your stated risk tolerance range. Advisory Solutions accounts will invest in various allocations of affiliated mutual funds, unaffiliated mutual funds, exchange-traded funds (“ETFs”) and unaffiliated money market funds (“Program Funds”).

If your account invests in affiliated mutual funds, the investment adviser to the mutual funds will be an affiliate of Edward Jones. Your account may invest in one or more affiliated mutual funds whose investment adviser is an affiliate of Edward Jones. Please read this Brochure carefully to understand the differences between affiliated mutual funds and unaffiliated mutual funds, including any additional conflicts of interest that Edward Jones is subject to in connection with recommending affiliated mutual funds and how such conflicts are addressed.

The Edward Jones Money Market Fund is affiliated with Edward Jones but is not an available Program Fund for Advisory Solutions Fund Models. However, funds waiting to be invested in Advisory Solutions may be invested in the Edward Jones Money Market Fund. The portion of your Advisory Solutions account that is invested in the Edward Jones Money Market Fund will be included in the calculation of your fee for the Program (“Program Fee”). Please refer to Appendix A for more information about the Edward Jones Money Market Fund.

We can make changes to the Program List (defined below) at any time and can change the amount of your money that is invested in the different asset classes as well as add and remove asset classes at any time without prior notice. Adding or removing asset classes could result in

the purchase or sale of a Program Fund in your account. Liquidation may cause a taxable event as well as additional fees and expenses.

There is no guarantee that the Program Funds will perform in any particular manner. Past performance is not a guarantee of future results. It is important that you read the prospectus of each Program Fund before investing in Advisory Solutions Fund Models. Further details about a Program Fund can be found in its statement of additional information (“SAI”) and shareholder reports.

**Portfolio Objective.** In order to invest in Advisory Solutions, you will complete a Client Profile that contains important information about your account, which generally includes your time horizon, risk tolerance and selected Portfolio Objective. Your time horizon will reflect the time frame over which you will be accumulating and/or distributing your investments. Time horizon is expressed as either your life stage or the number of years accumulating and/or distributing.

Based upon the level of investment risk you are willing to take (your risk tolerance or comfort with risk) and the expected time horizon for your financial goals, we will invest your money in a diversified model of different mutual funds (which may include both affiliated and unaffiliated mutual funds), ETFs and money market funds based on target asset allocations. Your risk tolerance combined with your time horizon results in a recommended Portfolio Objective.

Depending on several factors which may include your risk tolerance, time horizon, account size compared to net worth and other investments associated with your applicable goal(s) established at Edward Jones, you may be able to choose an alternative Portfolio Objective if you are willing to take more or less risk than the recommended Portfolio Objective. An alternative Portfolio Objective is not always available. You

ultimately decide whether you want to invest in a recommended Portfolio Objective or an alternative Portfolio Objective, if available.

Edward Jones constructs the asset allocation for each Portfolio Objective using different Program Funds and different target weightings of asset classes, taking into account risk tolerance, time horizon, and the purpose of investing funds into Advisory Solutions. We periodically review the asset allocation of each Portfolio Objective. Due to various influences such as changing market conditions or a reclassification of a Program Fund to a different asset class, we will change the asset allocation or target weighting of a Portfolio Objective. If we change the asset allocation or target weighting, we will automatically rebalance your account to align with the new asset allocation or target weighting. Edward Jones is solely responsible for determining the particular asset classes and asset allocations that are appropriate for various risk tolerances and Portfolio Objectives.

Once you have selected your Portfolio Objective, you select either a Research Model or construct a Custom Model that is consistent with your chosen Portfolio Objective. Edward Jones chooses the mutual funds (which may include both affiliated and unaffiliated mutual funds), ETFs and unaffiliated money market funds to create the list of Program Funds available in Advisory Solutions ("Program List"). You can choose one of the following two investment options:

**1. You invest in a Research Model and give Edward Jones authority to select the Program Funds.**

In a Research Model, you give Edward Jones complete control over the management of your account (except for selecting or changing your Portfolio Objective). We select the Program Funds in the Research Model and decide how much of your money will be invested in the different asset classes. We can make changes to

the Program Funds at any time and can change the amount of your money that is invested in the different asset classes at any time without first giving you notice.

If your account is taxable, you acknowledge that changes to asset allocation will cause transactions in the account and that these transactions will have tax consequences. If you select a Research Model, Edward Jones has ongoing discretion over the selection of Program Funds, as well as asset allocation and rebalancing of your account pursuant to your chosen Portfolio Objective. We can remove and/or add a Program Fund to the Research Model at any time without notifying you. If you do not wish to invest in a specific Program Fund, you must invest in a Custom Model.

**2. You invest in a Custom Model and select the Program Funds.**

If you select a Custom Model, you are responsible for choosing which Program Funds will be purchased for your account and how much of your money is invested in each Program Fund. However, Edward Jones still determines how much you invest in different asset classes, and you give Edward Jones the authority to buy, sell, add, or remove the Program Funds in your account as necessary to bring your account back into line with your Custom Model.

If a Program Fund is removed from the Program List for any reason, the Program Fund can no longer be held in your account. If we remove a Program Fund, when possible, we will give you at least 30 days' notice and will recommend another appropriate Program Fund (which may include affiliated mutual funds). You can choose our recommendation or another Program Fund from the Program List in the same asset class as the Program Fund being removed. If you do not select an appropriate Program Fund replacement within 30 days (or such shorter time as may be determined at the discretion of Edward Jones) of such notification, we will liquidate the Program

Fund being removed and use the recommended Program Fund as the replacement.

Until such Program Fund designated for removal is actually removed from your account, there is a possibility additional shares of that Program Fund may be purchased. Such purchase(s) may occur in a number of instances including, but not limited to, when assets are added to your account or a rebalancing occurs. The purchase of additional shares of such Program Fund and the eventual mandatory removal of such shares may result in a taxable event.

If you continue to participate in Advisory Solutions after the removal of a Program Fund, you will be deemed to have consented to such replacement. The replacement Program Fund may be subject to higher internal expenses than the prior investment. Liquidations may cause a taxable event as well as additional fees and expenses.

You cannot restrict individual securities in an Advisory Solutions account. However, you can choose not to invest in a specific Program Fund by investing in a Custom Model.

For more information regarding our investment strategy, see Item 8 below.

## **Item 5: Fees and Compensation**

When you invest in Advisory Solutions, you pay fees to Edward Jones. You also incur internal fees and expenses in the mutual funds and ETFs in your account. The following section explains:

- Who receives the fees and expenses
- When you pay the fees and expenses
- How the fees and expenses are calculated and paid
- Potential credits you may receive from Edward Jones

Advisory Solutions Fee Paid to Edward Jones

Advisory Solutions Fee = Program Fee  
+ Administrative Fee (if applicable) (defined below)

### **1. The Program Fee**

Every Advisory Solutions account pays a Program Fee for investment management services, which includes:

- investment model construction and ongoing asset allocation guidance to distribute your money appropriately across different asset classes;
- ongoing due diligence, monitoring and portfolio management;
- dynamic rebalancing so that your portfolio stays aligned with your investment goals and appropriate level of risk;
- quarterly performance reports, including market commentary from our Investment Advisory department;
- systematic additions/withdrawals customized to your needs upon request; and
- ongoing personal investment advice and service from your Edward Jones financial advisor.

The Program Fee is based on the market value of the assets held in your account. The Program Fee is assessed at an annual fee rate (shown below), payable monthly in arrears. As the value of the assets in your account increases or decreases, you are charged according to the tiered fee schedules set forth below.

The fees assessed by Edward Jones and any internal expenses of affiliated and unaffiliated mutual funds and ETFs held in the account will reduce the account's overall returns and performance.

## Program Fee Schedule

<u>Value of Assets in Account</u>	<u>Annual Fee Rate</u>
First \$250,000	1.35%
Next \$250,000	1.30%
Next \$500,000	1.25%
Next \$1,500,000	1.00%
Next \$2,500,000	0.80%
Next \$5,000,000	0.60%
Over \$10,000,000	0.50%

To determine your Program Fee, your account may be grouped with your other Edward Jones advisory accounts or the Edward Jones advisory accounts of people related to or close to you who meet the criteria below that are held in the same Edward Jones branch into what we refer to as a Pricing Group. Each account can only be in one Pricing Group and we will disclose to you the accounts making up your Pricing Group upon request. Other members of the Pricing Group will receive the same disclosure upon request.

Your Pricing Group is based on the following criteria:

1. Your single, joint, custodial, owner-only 401(k) plan, and IRA accounts are grouped together if they are registered at the same address and share one or more of the following: (i) the same last name, (ii) the same Social Security number, or (iii) the same Edward Jones Relationship Group. (If you have worked with your financial advisor to group your account with other accounts for the purpose of planning and establishing financial goals, that is a Relationship Group. Your Relationship Group may be the same as your Pricing Group. Please contact your financial advisor if you have any questions about your Relationship Group.)
2. Your revocable trust accounts are grouped with your single, joint, custodial, owner-only 401(k) plan, IRA,

or other revocable trust accounts if they are registered at the same address and use the same tax ID number for tax reporting.

3. Your association, church, corporation, estate, irrevocable trust, LLC, partnership and sole proprietorship accounts are grouped with other accounts of the same type if they are registered at the same address and use the same tax ID number for tax reporting. These types of accounts will be grouped with each other, but not with other account types.

Additionally, accounts that do not meet the above criteria with your account, but which meet the above criteria with another person's account in your Pricing Group, will be added to your Pricing Group. Please contact your financial advisor if you have questions about your Pricing Group.

In addition, the Program Fee may be lower than the above schedules in the following circumstances:

- Either Edward Jones or your financial advisor negotiates a lower Program Fee.
- You are an active or retired associate of Edward Jones.

Reducing the Program Fee is at the sole discretion of Edward Jones.

### Potential Credits to the Program Fee

Depending on certain factors, you may be eligible to receive credits to your Program Fee for money that Edward Jones directly receives from mutual fund companies.

#### (i) Fee Offsets

**Rule 12b-1 Fees:** Mutual fund companies or their affiliates may pay Edward Jones Rule 12b-1 fees for distribution and marketing expenses. If we receive Rule 12b-1 fees for the shares in your account, we will credit the amount received to your account.

Shareholder Accounting Revenue: Mutual fund companies may pay Edward Jones for account record keeping and administrative services provided by Edward Jones for the mutual fund companies. We will apply a fee offset to your account equal to the amount received by Edward Jones for these services with respect to the actual Program Funds held in your account.

Affiliated mutual funds (other than the Edward Jones Money Market Fund) are Program Funds and are only available through Edward Jones Advisory Solutions<sup>®</sup> Fund Models and Advisory Solutions Unified Managed Account (UMA) Models. If your account invests in affiliated mutual funds, the investment adviser to the mutual funds will be an affiliate of Edward Jones. Affiliated mutual funds (other than the Edward Jones Money Market Fund) will be sub-advised by multiple sub-advisers who are unaffiliated with us. If your account invests in such an affiliated mutual fund and the mutual fund pays Edward Jones or its affiliate a management or other fee with respect to the investment, the amounts received by Edward Jones and its affiliates will first be used to compensate the affiliated mutual fund's sub-advisers and certain other service providers. Remaining amounts, if any, that are not otherwise waived by Edward Jones or its affiliate will be credited back to your account. Please note that Edward Jones or its affiliate has entered or intends to enter into an agreement with each affiliated mutual fund, which can be terminated at any time, to waive any such remaining amounts in order to avoid the need to credit or offset fees.

Edward Jones Money Market Fund: Edward Jones is the direct or indirect owner of 100% of the adviser of the Edward Jones Money Market Fund, and Edward Jones receives various revenues related to assets in the money market fund (collectively, "Money Market Revenue"). For any account investing in the Edward Jones Money Market Fund, we will apply a fee offset equal to the amount of the Money Market

Revenue received by Edward Jones with respect to such account.

## (ii) Fee Reductions

If your Advisory Solutions account is funded with securities from another Edward Jones account that incurred commissions or redemption fees within a preceding period, as established by Edward Jones, the Program Fee may be reduced for up to twenty-four (24) full months in which the Advisory Solutions account is active. The amount of the fee reduction will depend on the type of security held and timing of trade activity for such security. Ask your financial advisor for additional information about potential for fee reductions. Any fee reductions will be applied in accordance with policies established by Edward Jones, which may be amended from time to time. If you close your account in Advisory Solutions before receiving the entire fee reduction, you will not receive any of the remaining fee reduction that may have been applied to your account.

If you are selling securities to invest in Advisory Solutions but did not purchase them through Edward Jones, you may not receive a fee reduction.

## 2. The Administrative Fee

An Administrative Fee may be charged for certain record-keeping services, accounting services and other services provided by Edward Jones ("Administrative Fee"). If you have a taxable account or a traditional IRA or Roth IRA, you will pay an Administrative Fee based on the market value of the assets held in your account. The Administrative Fee will be assessed at an annual fee rate of 0.09% (nine basis points), payable monthly in arrears. Benefit Plan accounts (defined below) do not pay the Administrative Fee.



## How the Advisory Solutions Fee Is Calculated

The Advisory Solutions Fee is charged to your account each month in arrears. If your Advisory Solutions account is opened for part of a month, then your Advisory Solutions Fee will be based on the number of days your account was open and invested in Advisory Solutions. The amount you pay is determined by the average daily market value of the assets held in your account for the previous month.

## How the Advisory Solutions Fee Is Paid

The Advisory Solutions Fee is deducted directly from your Advisory Solutions account and paid using the cash portion of the model in which you are invested, which may include cash or assets invested in a money market fund. If there is not sufficient cash or assets in the money market fund, we are authorized to sell a sufficient amount of shares of Program Funds to pay the Advisory Solutions Fee. If Edward Jones sells Program Funds, this may trigger a rebalance of your account. Such transactions would be effected without regard to tax consequences. You may have to pay redemption fees to the fund company if those shares were held for only a short time. (See below for more information on redemption fees.) Trades as a result of a liquidation of a mutual fund or ETF in a taxable account may result in a taxable event. At the sole discretion of Edward Jones, you may be allowed to pay your Advisory Solutions Fee from an alternate Edward Jones account.

**Please note:** For U.S. federal tax purposes, you may be able to deduct the Advisory Solutions Fee depending on your financial situation and tax bracket. Edward Jones does not give tax advice, nor can we tell you whether your Advisory Solutions Fee can be deducted. You should talk to your attorney or qualified tax professional about whether your Advisory Solutions Fee can be deducted.

## Internal Fees and Expenses/Redemption Fees of Mutual Fund Companies

Each Program Fund (including affiliated mutual funds, if any) has internal management fees and ongoing expenses for operating the Program Fund (internal fees and expenses) that are deducted from the Program Fund's assets, which has the effect of reducing the fund's net asset value ("NAV"). Many Program Funds used in Advisory Solutions have different share classes with different fees and expenses. The prospectus for each Program Fund will describe the internal fees and expenses. Please refer to Item 8 below for more information regarding the selection of Program Funds for Advisory Solutions.

Internal fees and expenses are in addition to the Advisory Solutions Fee described above and vary depending on the particular Program Fund. You will not see a separate entry on your account statement showing this fee.

Certain mutual funds may also impose redemption fees if the mutual fund was held for only a short time (typically anywhere from 30 days to 12 months). The prospectus and SAI will describe whether the fund company has a redemption charge and whether there are instances when the redemption fees will be waived.

Any internal fees and expenses charged by a Program Fund, as well as the fee you pay for Advisory Solutions, will affect your account's investment performance.

**Comparing Costs and Expenses.** You can choose to forgo the services of Advisory Solutions and buy and sell many other Program Funds through Edward Jones as a broker-dealer or through other brokers or agents not affiliated with Edward Jones. If you purchased these investments through Edward Jones as a broker-dealer, you would pay sales charges or commissions, a portion of which would be paid to your financial advisor. A financial advisor will

typically earn more in upfront fees and commissions when you use brokerage services. In the alternative, a financial advisor will typically earn more over time if you invest in Advisory Solutions. This creates a financial incentive and potential conflict of interest to the financial advisor when recommending Advisory Solutions instead of brokerage services.

In addition to the Advisory Solutions Fee described above, clients may incur other fees and expenses. A client may pay for other services including, but not limited to, fees to distribute an account pursuant to a transfer on death agreement, estate service fees, an account transfer fee and/or an account termination fee.

#### **Item 6: Performance Based Fees and Side-By-Side Management**

This section does not apply to Edward Jones.

#### **Item 7: Types of Clients**

Edward Jones offers clients a wide range of financial services. Advisory Solutions may not be appropriate for every client or every account type. Generally, Advisory Solutions is available only to residents or entities of the United States with the following types of accounts: individual(s); trusts; charitable organizations; corporations and other business structures; traditional IRAs and Roth IRAs; and Benefit Plans. Benefit Plans include an owner-only 401(k) plan, a Savings Incentive Match Plan for Employees ("SIMPLE") IRA, a Simplified Employee Pension ("SEP") IRA, a traditional IRA linked to an Edward Jones SEP IRA, and other eligible plans.

Edward Jones can prohibit anyone from investing or remaining in Advisory Solutions for any reason, including if we do not believe it is an appropriate investment strategy for that person. As a general rule, you should not invest in Advisory Solutions if you want to actively trade

in mutual funds and/or ETFs or have a time horizon shorter than three years.

At present, affiliated mutual funds are not currently available in Benefit Plan accounts.

Your initial investment in an Advisory Solutions account generally must be at least \$25,000.00. You can fund your Advisory Solutions account with cash or securities. If you establish your Advisory Solutions account and/or later add to your account with securities and those securities are not Program Funds, you authorize and direct Edward Jones to liquidate or redeem those securities as promptly as practicable without regard to tax consequences or redemption fees that may be assessed on the liquidation or redemption of those securities. Edward Jones will act in its capacity as a broker-dealer, not as a fiduciary or investment adviser, in connection with such transactions and will sell those securities at no commission. The proceeds will be invested in the Portfolio Objective you selected. We will not provide advice and/or guidance regarding the securities being sold to fund the Advisory Solutions account. Trades that occur in a taxable account will result in a taxable event to you. Please consult with your tax professional.

If you transfer shares of mutual funds to open an Advisory Solutions account and those mutual funds shares are of current Program Funds but in a different share class from those held for Advisory Solutions, you authorize and direct Edward Jones to convert those shares into a different share class in order to be held in your account. We will try to make this a nontaxable event but cannot guarantee that you will not owe taxes as a result of the conversion.

Mutual fund shares held in your Advisory Solutions account(s) may accumulate and be used to satisfy a letter of intent ("LOI") associated with multiple Edward Jones brokerage accounts. However, if a brokerage account transferring into Advisory Solutions is the only account where the LOI can be met, Edward Jones can terminate

your LOI and sell a portion of your position to adjust the commission paid in your brokerage account before the transfer of your assets into Advisory Solutions. Assets in your Advisory Solutions account(s) will not be used to pay any adjustment(s) that apply in the event you fail to satisfy the LOI.

If you terminate your Advisory Solutions account or transfer mutual funds into another account at Edward Jones or outside Edward Jones, we may liquidate or convert those funds into a different share class, which generally will have higher fees and expenses that will negatively affect investment performance. Affiliated mutual funds may not be held outside an advisory program offered by us. Accordingly, any positions in affiliated mutual funds will be liquidated if you terminate your Advisory Solutions account or request to transfer positions in an affiliated mutual fund out of your Advisory Solutions account. Liquidations of an affiliated mutual fund in a taxable account may result in a taxable event.

Deposits, including interest and dividends, received into your account but not yet invested into Advisory Solutions may earn interest that will be retained by Edward Jones. We may also earn and retain interest on distributions requested from your account until the time the check is cashed or another payment method is completed. The average overnight interest rate on these deposits may fluctuate daily and is tied to changes in widely referenced interbank lending rates, such as Fed Funds Effective Rate, Fed Funds Target Rate and London Interbank Offered Rates. Under these arrangements, banks may pay interest based on a spread to one of these rates or may pay a fixed interest rate.

The total value of your account is monitored by Edward Jones. If the value of your account falls below the initial investment minimum, we may, in our discretion, remove your account from Advisory Solutions.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

Edward Jones selects the Program Funds available in Advisory Solutions based on several factors. The selection process starts with the universe of available funds, including affiliated and unaffiliated mutual funds, ETFs and unaffiliated money market funds. Numerous quantitative (investment history, past performance, portfolio analysis of the individual holdings, etc.) and qualitative (investment strategy, process, personnel, etc.) factors are applied in selecting and monitoring Program Funds. The selection and monitoring processes take into consideration a variety of factors, each of which may be given different weight in the decision-making process, and generally no one factor determines the outcome of any selection.

### **The processes we use to select and monitor affiliated mutual funds are different from the processes we apply to unaffiliated mutual funds and other Program Funds.**

The affiliated mutual funds were created specifically for Edward Jones Advisory Solutions®. In selecting and monitoring sub-advisers for our affiliated mutual funds, the investment adviser, which is affiliated with Edward Jones, follows a process that is similar, but not identical, to the process that we use to evaluate unaffiliated mutual funds and other Program Funds. This process includes quantitative and qualitative analysis, including (but not limited to) an evaluation of the investment process, consistency, portfolio composition, strategies employed, risk management, team depth, quality and experience, operations and compliance of the sub-adviser. The evaluation process includes review of literature and documents, quantitative historical performance evaluation and discussions with members of the investment team and Edward Jones management. None of the sub-advisers are affiliated with Edward Jones.

Program Funds (other than affiliated mutual funds) undergo continuous monitoring to ensure they remain suitable for the Program List. A Program Fund can be removed from the Program List for a variety of reasons, including, but not limited to, the following:

- a significant change to a fund's investment team;
- a major shift in the fund's investment process;
- a drift away from a fund's stated investment style;
- an alternate Program Fund that has been identified within the same asset class;
- a change in Edward Jones' guidance and/or outlook; and
- a decision by Edward Jones to reduce the overall ownership level of a fund.

Affiliated mutual funds generally will not be removed from the Program List. However, as multi-manager funds, the above events would likely cause the affiliated investment adviser to select a replacement sub-adviser subject to the terms and conditions of the prospectus. The affiliated investment adviser may also reallocate the fund's assets or change the weightings among the remaining sub-advisers at its discretion. The affiliated investment adviser and the affiliated mutual funds have received an exemptive order from the SEC that allows sub-advisers to be appointed without a vote of the shareholders of the affiliated mutual fund.

**Update Pending Status.** A Program Fund (other than an affiliated mutual fund) can also be placed on "Update Pending" status. Update Pending is an interim status indicating there is some type of important news or issue involving the Program Fund. Once the significance of the news or issue is assessed, we will remove the Update Pending status and either: (1) keep the Program Fund on the Program List, or (2) remove the Program Fund from the Program List. You will not be notified that a Program Fund is in Update Pending status, and your account will continue to

hold the Program Fund through the Update Pending period. This process will not apply to affiliated mutual funds.

The appropriate asset allocation ranges for each Portfolio Objective are based on the Edward Jones Investment Pyramid. Target allocations for each Research Model are established within the asset allocation ranges set by us. Program Funds are chosen to represent the asset classes and investment styles within each model. In the case of the affiliated mutual funds, sub-advisers are chosen based on due diligence. The overall asset allocation and target weightings within each model are monitored with changes to the Program Funds or sub-advisers as deemed necessary.

Depending on market volatility, the asset allocations set for your portfolio will sometimes get out of balance. Different asset classes will perform better than others, resulting in an asset allocation that may have more or less risk than what you may want. In order to keep your account in line with your risk tolerance and Portfolio Objective, your account will be automatically rebalanced if the asset classes have deviated too far from the target asset allocations. Rebalancing will occur if asset classes are out of balance by an amount and time period determined by Edward Jones.

Rebalancing is achieved by buying, redeeming or selling shares of Program Funds, which may include affiliated mutual funds, until the asset allocation in your account is in line with the target asset allocation of the Portfolio Objective. We may also rebalance your account if a Program Fund is removed from the Program List or, if you are invested in a Research Model, a Program Fund is added to the Research Model. As a result, your account may be reallocated, in whole or in part, from unaffiliated mutual funds and/or ETFs into affiliated mutual funds. Rebalancing trades are subject to certain dollar minimums as determined by Edward Jones. You will not be notified before a rebalance occurs.

Asset allocation and rebalancing strategies do not guarantee a profit or protect against loss. Rebalancing trades in a taxable account may result in a taxable event to you. Consult with your tax professional before you invest in Advisory Solutions.

The objective of investing in a variety of Program Funds in various types of asset classes allocated in the different percentages is to construct a portfolio designed to experience less volatility and show more consistent performance over time. There is no guarantee that this goal will be achieved.

Unaffiliated mutual funds used in Advisory Solutions can have different share classes. While each share class invests in the same pool of investments and has the same investment objective, each has different internal fees and expenses. Mutual funds often permit the conversion of shares from one class to another, subject to certain conditions as determined by the mutual fund. Edward Jones may convert your shares to another available share class when it believes the fee structure of the new class of shares will be more beneficial to you.

Edward Jones considers several factors when selecting a mutual fund share class for Advisory Solutions, including, but not limited to, the eligibility criteria set by mutual fund companies and the overall cost structure of the share class. Clients should not assume they will be invested in the share class with the lowest expense ratio.

Edward Jones generally attempts to select institutional, advisory, and/or fee-based share classes for Advisory Solutions, when available. Institutional, advisory, and/or fee-based shares generally do not impose a sales charge or ongoing Rule 12b-1 fees and, as a result, are usually less expensive than Class A shares.

Other share classes, including Class A, may be utilized when no institutional, advisory or fee-based share classes are available. Class A shares

are typically purchased in brokerage accounts and usually carry an up-front sales charge and ongoing Rule 12b-1 fees. If Class A shares are selected in Advisory Solutions, the up-front sales charges are generally waived but the Class A shares are still charged the ongoing Rule 12b-1 fee. As described in Item 5 above, if we receive Rule 12b-1 fees for shares held in your account, we will credit the amount received to your account as a fee offset.

Please refer to the appropriate prospectus and the SAI for more information regarding the available share classes of mutual funds used in Advisory Solutions. In its sole discretion, Edward Jones can change the share class of any Program Fund at any time without prior notice to you.

**Redemptions from Program Funds.** Edward Jones clients collectively own a large percentage of certain mutual funds that are Program Funds. Due to the significant ownership, there may be adverse consequences in the event that Edward Jones, as the investment adviser, removes a mutual fund from the Program List. If the volume or size of redemptions required to be effected as a result of the removal of a mutual fund from the Program List exceeds the limits set forth in the mutual fund's trading policies and procedures, the resulting delay in effecting redemptions may result in accounts experiencing increased risk of loss. A mutual fund company can also decide to redeem shares "in-kind" instead of cash. In that event, you may receive the actual underlying securities of the fund. Brokerage and other transaction costs will apply to the sale of the underlying securities. We will work with the mutual fund company to reduce the likelihood of an in-kind redemption and will take steps to minimize potential adverse consequences to you, but there is no assurance that you will be able to avoid the risk of loss and other adverse consequences. As always, clients should read the fund's prospectus to understand the mutual fund's investment objectives, strategies, principal risks, fees and expenses, and past performance when deciding whether to invest in a mutual

fund. Further details about a fund can also be found in the fund's SAI and shareholder reports.

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. Diversification does not guarantee a profit or protect against loss. You should consider the investment objectives, risks, and charges and expenses of each Program Fund before deciding to invest in Advisory Solutions. A prospectus containing this and other information about each Program Fund can be obtained from your financial advisor.

### **Item 9: Disciplinary Information**

Edward Jones is a registered broker-dealer and investment adviser. This section contains information about certain legal and regulatory matters that Edward Jones believes are material to a client's evaluation of its advisory business or the integrity of its management. Edward Jones has also been subject to various legal and regulatory proceedings relating to its brokerage business that are disclosed in Part 1 of its Form ADV.

State of California – Revenue Sharing. In the early 1990s, Edward Jones negotiated revenue sharing plans with seven fund families, which had been designated as "preferred funds." On December 20, 2004, the State of California alleged that Edward Jones violated Corporations Code Section 25401 by failing to adequately disclose its revenue sharing arrangements with these certain designated preferred funds, and Section 25216(a) by omitting to disclose a material fact or facts with respect to its revenue sharing arrangements with these certain designated preferred funds, which may have been misleading. On September 2, 2008, Edward Jones reached an agreement with the California

Attorney General in which the case was dismissed with prejudice. Without admitting or denying the allegations, Edward Jones agreed to pay \$2.7 million to the Attorney General as fees and costs and \$4.8 million to the State of California as civil penalties.

Financial Industry Regulatory Authority ("FINRA") – Official Statements Delivery. On November 2, 2006, FINRA alleged Edward Jones violated MSRB Rule G-32 by failing to timely deliver official statements to certain clients in various transactions when Edward Jones was not an underwriter or member of the syndicate and violated MSRB Rules G-8, G-27, and G-17 regarding certain record-keeping requirements. Without admitting or denying the findings, on April 9, 2009, Edward Jones consented to the described sanctions and entry of findings, and was censured and fined \$900,000. Edward Jones adopted and implemented systems and procedures reasonably designed to ensure compliance with MSRB Rules G-32 and G-8.

FINRA – Exchange-Traded Funds (ETFs). In violation of FINRA Rule 2010 and National Association of Securities Dealers ("NASD") Rules 2110, 2310 and 3010, FINRA alleged that Edward Jones (1) failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with applicable NASD or FINRA rules in connection with the sale of non-traditional ETFs; (2) failed to establish and maintain an adequate supervisory system to monitor transactions in non-traditional ETFs involving retail clients; (3) did not exercise due diligence in investigating non-traditional ETFs; (4) did not ensure that its registered representatives obtained adequate information and instruction regarding traditional ETFs before recommending those products to clients; and (5) did not provide such information directly to registered representatives or require that they obtain it from other sources. FINRA also alleged that Edward Jones' supervisory system was inadequate with respect to its oversight of non-

traditional ETF transactions and until the time when FINRA issued Regulatory Notice 09-31, relied on its general supervisory procedures to oversee transactions in non-traditional ETFs. FINRA alleged that those procedures did not address the products' unique features and risks, e.g., Edward Jones' sales exception reports and other supervisory tools did not differentiate between exchange-traded equity securities, traditional ETFs and non-traditional ETFs. FINRA alleged that Edward Jones' general supervisory procedures did not require it to monitor either the length of time clients held open positions in non-traditional ETFs or the effect of long holding periods on those positions. On January 9, 2014, without admitting or denying the findings, Edward Jones entered into a letter of acceptance, waiver and consent in which Edward Jones was censured, fined \$200,000, and ordered to pay \$51,581.25 in restitution to clients.

State of New Hampshire – Solicitation Calls. In April 2013, the State of New Hampshire brought an action against Edward Jones, in which the allegations included solicitations calls being made in violation of applicable telephone solicitation rules, failure to properly train and supervise registered representatives in the area of telephone solicitation, and failure to establish a system and procedures reasonably designed to ensure compliance with applicable telephone solicitation rules. On February 25, 2014, Edward Jones and the State of New Hampshire entered into a Consent Agreement in which Edward Jones agreed to pay the State \$175,000 in costs, \$175,000 in contribution to New Hampshire investor education, and \$400,000 in an administrative fine, without any admission of fault or wrongdoing.

SEC – Municipal Bond Pricing. On August 13, 2015, Edward Jones, without admitting or denying the findings, entered into a settlement in public administrative and cease-and-desist proceedings with the SEC regarding certain of the firm's municipal securities activities.

Pursuant to the settlement, the SEC alleged that Edward Jones violated Sections 17(a)(2) and (3) of the Securities Act of 1933 ("Securities Act"), Sections 15B(c)(1) and 15(b)(4)(E) of the Securities Exchange Act of 1934 ("Exchange Act"), and Municipal Securities Rulemaking Board ("MSRB") Rules G-17, G-11(b) and (d), G-27 and G-30(a), was censured and was ordered to cease and desist from violating or causing any current and future violations of Sections 17(a)(2) and (3) of the Securities Act, Section 15B(c)(1) of the Exchange Act and MSRB Rules G-17, G-11, G-30 and G-27. The settlement requires Edward Jones to pay \$5,194,401.37 to current and former customers of Edward Jones and to pay a civil money penalty in the amount of \$15,000,000. In entering into the settlement, the SEC considered remedial acts undertaken by Edward Jones related to this matter.

FINRA – Mutual Fund Sales Charge Waivers. On May 5, 2015, FINRA's Enforcement Division advised Edward Jones that it was investigating whether any violations of the federal securities laws or rules had occurred with respect to mutual fund purchases and sales charge waivers for certain retirement plan and charitable organization accounts. Prior to being advised of the investigation, Edward Jones had commenced a review of this issue and self-reported to FINRA. On October 26, 2015, Edward Jones, without admitting or denying the findings, entered into a settlement agreement with FINRA to resolve this matter. Pursuant to the settlement, Edward Jones agreed to provide remediation to certain customers, estimated at the time of the settlement agreement to be approximately \$13.5 million. A monetary penalty was not imposed by FINRA. In reaching the settlement, FINRA recognized the extraordinary cooperation of Edward Jones, including its self-reporting of the issue to FINRA.

FINRA – Municipal Securities Transactions Below Minimum Denominations. On June 2, 2017, Edward Jones, without admitting or denying the findings, entered into a settlement

agreement with FINRA's Department of Market Regulation in connection with its investigation of possible violations of Municipal Securities Rulemaking Board rules regarding transactions in certain municipal securities in amounts lower than the applicable minimum denominations. As part of the settlement, Edward Jones agreed to pay a monetary fine of \$210,000.

FINRA – Supervision of Tools-Generated Reports. On July 13, 2017, Edward Jones, without admitting or denying the findings, entered into a settlement agreement with FINRA in connection with its investigation of the supervision of the use and dissemination of reports generated through Edward Jones' systems by financial advisors. FINRA expressly stated that its review of 65,000 reports did not reveal any instances of reports that were misleading. FINRA also stated that Edward Jones has made changes to enhance its supervisory processes. As part of the settlement, Edward Jones agreed to pay a monetary fine of \$725,000.

#### **Item 10: Other Financial Industry Activities and Affiliations**

You should be aware that Edward Jones, its affiliates and its financial advisors perform services for you and other clients outside Advisory Solutions, including execution of brokerage transactions (e.g., the purchase or sale of securities or insurance products), research, the retail distribution of securities (e.g., mutual funds), the participation in principal transactions and certain underwritings and other investment advisory services. Edward Jones and its affiliates may receive compensation, including fees and commissions associated with these transactions. Edward Jones has a financial interest in our clients' transactions and the recommendations we make to clients to buy or sell securities or investment products.

A potential conflict of interest exists where Edward Jones has an existing business relationship with the mutual fund families or sub-

advisers that are available through Advisory Solutions. Edward Jones receives revenue sharing from certain unaffiliated mutual fund families outside of advisory programs. Edward Jones' receipt of revenue sharing creates a potential conflict of interest in the form of additional financial incentives. We believe that this potential conflict of interest is addressed through internal policies to prevent Edward Jones, in its capacity as investment adviser, and any affiliated investment adviser, from considering existing business relationships when selecting Program Funds and/or sub-advisers. Similarly, the affiliated investment adviser does not consider such business relationships in recommending to the board of trustees of an affiliated mutual fund that a sub-adviser be selected to manage the affiliated mutual funds.

Edward Jones has additional policies and procedures, including client disclosures, to address this conflict. For more information regarding revenue sharing, please visit [www.edwardjones.com/disclosures](http://www.edwardjones.com/disclosures) or request a revenue sharing disclosure document from your Edward Jones financial advisor. Edward Jones and its financial advisors may also receive compensation for services and recommendations that may differ from advice given to you while participating in Advisory Solutions.

In its capacity as a broker-dealer, Edward Jones performs research and distributes recommendations to buy, sell or hold the equity securities of asset management companies or financial institutions with asset management affiliates that participate in Advisory Solutions. In order to preserve the independence of this process and to address any conflicts of interest, we have adopted a policy under which we do not consider our opinion on equity securities of asset management companies or financial institutions in selecting the mutual funds that are designated as Program Funds. Similarly, the affiliated investment adviser does not consider Edward Jones' opinion on equity securities of asset management companies or financial institutions



when recommending sub-advisers to the board of trustees of an affiliated mutual fund.

The following summarizes Edward Jones' material relationships or arrangements with other entities that participate in the financial industry.

Edward Jones is the primary operating subsidiary of The Jones Financial Companies, L.L.L.P. ("JFC"), and is dually registered as an investment adviser and broker-dealer with the SEC and a member of FINRA.

Olive Street Investment Advisers, LLC, a subsidiary of JFC, is registered as an investment adviser with the SEC and serves as the investment adviser of the affiliated mutual funds that are Program Funds. Certain current or former associates of Edward Jones may serve as officers or directors/trustees of the affiliated investment adviser and/or the affiliated mutual funds.

Edward Jones' Canadian operating subsidiary, an Ontario, Canada, limited partnership (Edward Jones in Canada), is a broker-dealer registered with the Investment Industry Regulatory Organization of Canada.

Edward Jones Trust Company ("EJTC"), a wholly owned subsidiary of JFC, is a federally chartered savings and loan association that offers personal trust and investment management services. EJTC also acts as custodian for certain traditional IRAs and Roth IRAs that are participating, or have participated, in Advisory Solutions and other Edward Jones programs. For additional information about this arrangement, please see Item 15.

Edward Jones owns directly or indirectly 100% of three insurance agencies that perform insurance related activities in the U.S.: Edward Jones Insurance Agency of New Mexico, L.L.C., a New Mexico limited liability company; Edward Jones Insurance Agency of Massachusetts, L.L.C., a Massachusetts limited liability company, and Edward Jones Insurance Agency

of California, L.L.C., a California limited liability company.

Edward Jones indirectly owns 100% of two insurance agencies that conduct general insurance producing activities in Canada: Edward Jones Insurance Agency (Quebec) Inc., a Canadian corporation, and Edward Jones Insurance Agency, an Ontario Canada limited partnership.

Edward Jones owns 7% of Customer Account Protection Company Holdings, Inc. (CAPCO), a captive insurance group.

Edward Jones is the direct or indirect owner of 100% of Passport Research, Ltd. ("Passport Research"), a Pennsylvania limited partnership that acts as the investment adviser to the Edward Jones Money Market Fund. Appendix A contains a detailed discussion of our affiliation with the Edward Jones Money Market Fund.

#### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Edward Jones has established a Code of Ethics to ensure that our associates:

- (1) act with integrity and in an ethical manner with you and all of our clients;
- (2) place your and all of our clients' interests first;
- (3) conduct personal trading in compliance with our Code of Ethics, avoid potential conflicts of interest and make sure they do not abuse the faith and trust you have placed in them;
- (4) comply with all applicable rules, regulations and laws; and
- (5) do not use any material nonpublic information they may receive as a result of their employment with Edward Jones.

Under our Code of Ethics, Edward Jones' associates: (1) are prohibited from buying securities during an initial public offering; (2) are

prohibited from buying securities in a private placement unless they have prior approval from Edward Jones; and (3) may be restricted from making trades in securities immediately before or after trades in the same securities are made for advisory clients.

Some Edward Jones associates are deemed “access persons” under our Code of Ethics because they may have access to nonpublic information regarding either the securities in a client’s accounts or changes to the Program Funds, including asset allocations. Access persons are required to submit to the chief compliance officer, or his or her delegate, a list of any securities they own and securities transactions they made for any account they control at Edward Jones or another financial institution. You may request a copy of the Edward Jones Code of Ethics from your financial advisor.

As a broker-dealer, there may be times when Edward Jones will buy, sell or recommend that our brokerage clients who are not participating in Advisory Solutions buy securities that are also available in Advisory Solutions. These brokerage activities are done in the regular course of our business as a broker-dealer and are separate from our investment advisory services. There are times when we act as principal, which means we participate in client transactions by buying securities for our own inventory and selling those securities to our clients.

You should know that financial advisors, Edward Jones associates (including those directly involved with Advisory Solutions) and/or their family members are permitted to and do invest in Advisory Solutions. This practice could create a conflict of interest if associates placing trades for their own accounts were to place a trade before our clients and receive a better price on a security. To address this potential conflict, trades for financial advisors, Edward Jones associates (including those directly involved with Advisory Solutions) and/or their family members are

aggregated along with other trades, which may include trades for your account, and will be executed simultaneously with all other Advisory Solutions accounts.

Edward Jones has internal supervisory reviews and procedures to review accounts held by our associates and certain family members and their personal trading practices. The reviews look for improper trading activities, including trading that may be in conflict with the best interests of a client. In addition to the Code of Ethics and the supervisory reviews, Edward Jones prohibits financial advisors from placing trades for their personal accounts before trades for our clients in the same security. In the event a financial advisor’s personal order fills at a better price than a client’s order placed close in time, we will adjust the trade so the client receives the better price.

## **Item 12: Brokerage Practices**

Advisory Solutions trades are typically executed through Edward Jones as a broker-dealer. You cannot request that your orders be executed through another broker-dealer. Not all investment advisers require their clients to execute their trades through a certain broker-dealer as we do.

Advisory Solutions trades are aggregated. This means that trades for your account are combined with all other client accounts, including accounts for Edward Jones associates, and executed in a single trade. Once the trade is executed, it is then allocated to the client account in the proper amount. Trade aggregation is done to increase operational efficiencies and allow us to keep trading costs down. If we did not aggregate trades, the Program Fee could potentially be higher.

Mutual fund trades for a Program Fund are aggregated and executed after the close of a trading day. Trade aggregation does not have any effect on the price you pay for Program Funds purchased for your account.

ETF trades are aggregated and executed periodically each trading day at times determined by Edward Jones. If an ETF trade is made after the last designated trade aggregation cutoff time, it will be executed on the next business day. You may not receive the same price as trades executed the prior trading day. As a result, trade aggregation may affect the price you pay for an ETF in your account. ETFs will be rounded to the nearest whole share. If there is not sufficient cash or assets invested in a money market fund to cover rounding, Edward Jones is authorized to sell a sufficient amount of shares of mutual funds and ETFs held in your account to purchase a whole ETF share.

From time to time, the volume and/or number of trades that have to be executed for Advisory Solutions accounts may exceed Edward Jones' operational and technological capacities if these trades are made on a single day. This may occur if Edward Jones is removing a mutual fund from the Program List, if a large number of accounts need to be rebalanced or by request of the Program Fund. In order to maintain the orderly processing of trades and to minimize the incidence of errors, Edward Jones may decide to allocate trades on a fair and equitable basis over time, typically through a random allocation process, over a period of more than one day. In certain circumstances this process may take several weeks. Although designed to be fair and equitable over time, this may result in clients receiving different prices. In addition, if the volume or size of redemptions required to be effected as a result of the removal of a mutual fund from the Program List or the rebalancing of a larger number of accounts exceeds the limits set forth in the mutual fund's trading policies and procedures, the mutual fund may take up to seven days to process redemptions or may redeem positions in kind. In such circumstances, client assets may not be fully invested and may be subject to market risk between the redemption date and the reinvestment of the assets. Alternatively, Edward Jones may rely on the random allocation process described above to

affect the redemptions over time in a manner consistent with the limits set forth in the mutual fund's trading policies and procedures.

Trading in Advisory Solutions is subject to the trading policies and restrictions determined by Edward Jones. Edward Jones exercises time and price discretion for all trades.

In certain circumstances, a trade error may occur in your account. It is Edward Jones' policy to use an error account to correct trades. The correction process may result in trades between your account and an Edward Jones error account. If a trade error is caused by the activity of Edward Jones, it is Edward Jones' policy to restore your account to the position it would have been in had the trade error not occurred. However, in those instances in which we cannot restore your account to the position it would have been in had the trade error not occurred, Edward Jones will work with you to ensure that your account is otherwise made whole. If the process of resolving a trade error results in a net gain in the error account, we will donate the amount of such gain to charities chosen by Edward Jones.

### **Item 13: Review of Accounts**

At the time your Advisory Solutions account is opened, Edward Jones' supervisory associates will review the selected Portfolio Objective to confirm it is appropriate for your net worth, risk tolerance and time horizon. The funding of your Advisory Solutions account will also be reviewed. If you have sold investments purchased at Edward Jones in order to fund the account, the holding period of those investments will be reviewed for appropriateness. Supervisory personnel may also call you directly to discuss your understanding of Advisory Solutions, including the fees and expenses you are or will be paying.

While you are invested in Advisory Solutions, the asset allocation established for your Portfolio Objective is regularly monitored and rebalanced

according to Edward Jones' guidelines. (For more information, please refer to the previous applicable sections.)

You will receive a performance report after the end of each calendar quarter, beginning after your account has been invested for a full quarter. In addition to market commentary, the performance report will show your account's:

- diversification among equities, fixed income and cash equivalents, as applicable;
- actual asset allocation compared to the target allocation;
- asset class diversification and performance, as applicable;
- performance compared to various financial benchmarks;
- portfolio value, gains and losses, and additions and withdrawals; and
- holdings at the Program Fund level.

At a minimum, you and your financial advisor should annually review your risk tolerance, time horizon, and investment needs. Your financial advisor will ask you whether there have been any changes to your financial situation or investment objectives and whether you want to restrict any specific mutual funds and/or ETFs. If you decide to invest in a different Portfolio Objective from your current investment, you will need to complete a new questionnaire and sign a new client agreement. Your account may then be rebalanced to match your new Portfolio Objective.

Our supervision and monitoring does not substitute for your own continued review and monitoring of your account(s) and performance of your investments. You should review performance reports, trade confirmations (as applicable), account statements and other information we send to you. Current and timely information about your account will be available in Edward Jones' online client access system. If you have any questions, please discuss them with your financial advisor.

## **Item 14: Client Referrals and Other Compensation**

Edward Jones does not enter into arrangements with unaffiliated third parties to refer or solicit clients to any advisory program offered by Edward Jones.

Your financial advisor receives a portion of the Program Fee. As a result, your financial advisor has a financial incentive not to negotiate the Program Fee. The portion of the Program Fee paid to your financial advisor is at the discretion of Edward Jones. The fee rate paid to your financial advisor will be the same regardless of the Fund Model you select. As a result, your financial advisor does not have a financial incentive to recommend one model over another.

Edward Jones has contracted with Broadridge Investor Communications Solutions, Inc. ("Broadridge"), an unaffiliated third-party vendor, to distribute proxies, periodic reports and voting instruction information to our clients. Pursuant to the agreement between Edward Jones and Broadridge, and in accordance with regulations, Broadridge charges the issuing company on behalf of Edward Jones for these services. Edward Jones may receive from Broadridge a portion of the fees paid by the issuing company.

Certain unaffiliated mutual fund companies and/or ETF sponsors on the Program List (or their investment advisers) may pay certain expenses on behalf of financial advisors, including training and educational expenses, and in some instances may make payments directly to Edward Jones to subsidize training and educational costs for financial advisors. They may also participate in conferences or other marketing activities with Edward Jones and may be asked to share in the cost of those activities as well. Edward Jones has not entered into any agreement with any ETF, mutual fund, or its investment adviser or its distributors or affiliates providing for payment of such expenses as a

condition of inclusion on the Program List or the selection of a sub-adviser for affiliated mutual funds. Our financial advisors are not allowed to consider an advisory product partner's sponsorship of a marketing activity when choosing which Program Fund to suggest to you.

The Program Fee, as well as assets under care, will impact your financial advisor's eligibility for a bonus and bonus amount.

Financial advisors are eligible to participate in the Edward Jones Travel Award Program ("Travel Award Program"), which includes domestic and international travel, or a cash award in lieu of a trip. Eligibility for a Travel Award Program is based upon the amount of new and existing assets under care for a financial advisor.

#### **Item 15: Custody**

Assets in your account are typically held at Edward Jones, as a broker-dealer. However, if you have entered into an IRA Custodial Agreement with EJTC, assets in your account will be held at EJTC. EJTC has delegated its duties and responsibilities as a custodian to Edward Jones, as a broker-dealer.

As custodians, Edward Jones and EJTC are responsible for:

- safekeeping your funds and securities;
- collecting dividends, interest and proceeds from any sales; and
- disbursing funds from your account.

Edward Jones (as broker-dealer) will provide all accounts with written trade confirmations of securities transactions and account statements for each month there is activity in the account. If you have selected a Research Model, you can waive the right to receive certain trade confirmations; however, you will still receive mutual fund and ETF prospectuses, when applicable. If EJTC is the custodian, the account statement will be sent by Edward Jones on behalf of EJTC. **Please**

**review your account statements carefully and notify us immediately if you detect an error or a discrepancy.**

#### **Item 16: Investment Discretion**

When you decide to invest in Advisory Solutions, you will sign a client agreement indicating that you agree to all of its terms and conditions. You cannot change or amend the client agreement in any way. By signing the client agreement, you give Edward Jones discretionary investment and trading authority over your account. You do not give us the authority to choose or change your Portfolio Objective.

The discretionary investment and trading authority you give to Edward Jones includes any and all of the following:

- selecting the Program Funds for your account (unless you are invested in a Custom Model);
- removing Program Funds from the Program List and your account;
- replacing a Program Fund in your account with another recommended Program Fund (which may include affiliated mutual funds and unaffiliated mutual funds);
- determining the asset allocations and changing an asset allocation at any time;
- adding and removing asset classes, which could result in the purchase of Program Funds to fill the newly added asset class or sale of a Program Fund to support the removal of an asset class;
- using discretion as to the time Edward Jones will make a trade in your account and the price we will pay for investments in accordance with our obligation of best execution;
- aggregating trades;
- investing and reinvesting all dividends and proceeds earned by your account into Program Funds;
- automatically buying and selling Program Funds to rebalance your account to the target

asset allocation when determined necessary by Edward Jones;

- deducting cash or selling money market shares for Program Fees and deducting the proceeds from your account to pay Edward Jones your Advisory Solutions Fee;
- determining the appropriate mutual fund share classes for Advisory Solutions, which may not be the lowest-priced share class available in the particular mutual fund;
- exchanging mutual fund shares into another mutual fund share class;
- terminating your account at any time;
- liquidating the Program Funds in your account if Edward Jones terminates your account; and
- converting mutual fund shares from an appropriate advisory share class to a non-advisory share class if you or Edward Jones terminates your account.

The discretionary investment and trading authority you give to Edward Jones can be exercised by us at any time and without prior notice to you.

**Termination of Your Account.** You or Edward Jones may terminate your participation in Advisory Solutions at any time without an advisory termination fee. While oral instructions to terminate your participation in Advisory Solutions are acceptable, Edward Jones in its sole discretion may require written notice in order to terminate Advisory Solutions advisory services for your account.

Upon notice of termination of your Advisory Solutions account, Edward Jones will not be obligated to recommend any action with regard to the assets in your account, but you may instruct Edward Jones to sell the securities or transfer the securities to another Edward Jones account or third-party account. Some mutual funds and/or fund share classes may not be held in a non-advisory account. In these cases, Edward Jones is authorized to redeem those

shares for you or to convert the mutual fund share class into a different share class.

Affiliated mutual funds may not be held outside an advisory program offered by Edward Jones. Accordingly, any positions in affiliated mutual funds will be liquidated if you terminate your Advisory Solutions Fund Model account or request to transfer positions in an affiliated mutual fund out of your Advisory Solutions Fund Model account. Trades as a result of a liquidation of an unaffiliated or affiliated mutual fund in a taxable account may result in a taxable event.

If you sell the assets in your account, your proceeds will be available upon settlement of the trades generated to complete the liquidation. Settlement is typically three business days following the trades. Account liquidation may cause a taxable event as well as additional fees and expenses.

If you have a tax-qualified retirement account and, upon notice of termination, fail to instruct Edward Jones as to the disposition of assets in your account within a time period determined by Edward Jones, Edward Jones may liquidate and distribute the assets in your account. Such distribution may be subject to tax withholdings and penalties.

If you have a taxable account and, upon notice of termination, fail to instruct Edward Jones as to the disposition of assets in your account, your account will revert to a brokerage account and any transactions will be subject to commissions and sales charges.

### **Item 17: Voting Client Securities**

As a registered investment adviser, Edward Jones may vote proxies for clients in accordance with applicable law, and has a fiduciary duty to vote those proxies in a timely manner and in our clients' best interests, even if our clients' best interest is in conflict with our interests. Effective December 9, 2011, Edward Jones votes Program

Fund proxies for all new client accounts (except Benefit Plan accounts) unless the client specifically retains the right to vote proxies. If you transfer non-Program Fund investments to open or fund an Advisory Solutions account, Edward Jones may also vote proxies for those securities if the date of record occurs before the securities are liquidated. When you invest in Advisory Solutions, you delegate the right to vote on these issues to Edward Jones and cannot direct or recommend how we will vote. By delegating proxy authority, you also authorize us to receive all proxy-related materials, annual and semi-annual reports, and other shareholder materials, including corporate actions, arising from any Program Funds or other securities in the account.

Edward Jones has hired an independent third-party proxy voting service to assist us in evaluating and voting proxies in a way that follows our adopted policies and guidelines. We have established policies and procedures which are intended to ensure that proxies are voted in a manner that is consistent with our clients' best interest. You can receive a copy of proxy-related materials, Edward Jones' proxy voting policy and

procedures, voting guidelines and/or proxy voting record by submitting a written request to us at: Edward Jones, Attention: Investment Advisory, 12555 Manchester Road, St. Louis, MO 63131.

If you want to retain your right to vote proxies, you must inform Edward Jones that we are not to vote on your behalf. Benefit Plan accounts, for whom we will not vote proxies, and those clients who wish to retain their right to vote proxies, will then continue to receive all materials and notices from Edward Jones or the applicable mutual fund company, and will be responsible for voting on the issues that the fund companies raise. We will not provide recommendations or advice on how to vote on these issues.

#### **Item 18: Financial Information**

This section does not apply to Edward Jones.

#### **Item 19: Requirements for State-Registered Advisers**

This section does not apply to Edward Jones.

## Appendix A

### Disclosures Regarding Proprietary/Affiliated Money Market Fund and Mutual Funds

Your Advisory Solutions account may from time to time be invested in shares of the Edward Jones Money Market Fund (the “Fund”), which is advised by Passport Research (the “Adviser”). Edward Jones is the direct or indirect owner of 100% of the Adviser. As such, the Fund is advised by an affiliate of Edward Jones. The Adviser receives a management fee of 0.20% of average net assets of the Fund, less any fees paid to its sub-adviser(s).

The Fund pays a Rule 12b-1 fee of 0.25% of average net assets to Edward Jones for the sale, distribution, administration and customer servicing of the Fund’s Investment Shares and Retirement Shares, and a Service Fee up to 0.15% of average net assets to Edward Jones for providing services to shareholders and maintaining shareholder accounts. Edward Jones provides shareholder services, transfer agent services and marketing services to the Fund and the accounts that its clients maintain in the Fund. For any Advisory Solutions account investing in the Fund, Edward Jones will apply a fee offset equal to the amount of the Money Market Revenue received by Edward Jones with respect to such account.

Edward Jones has provided you with the current prospectus for the Fund. The prospectus describes the investment characteristics of the Fund, the schedule of fees paid to the Adviser or its affiliates by the Fund, and the schedule of fees paid to the Adviser or its affiliates for any additional services provided by them to the Fund. The prospectus also describes certain revenue received by Edward Jones in connection with the Fund.

Your Advisory Solutions account may from time to time be invested in shares of the Bridge Builder mutual funds (“Bridge Builder Funds”), which are only available through Edward Jones Advisory Solutions. If your account invests in Bridge Builder Funds, the investment adviser to the mutual funds will be an affiliate of Edward Jones, Olive Street Investment Advisers, LLC. Bridge Builder Funds will be sub-advised by multiple sub-advisers who are unaffiliated with us. If your account invests in a Bridge Builder Fund and the fund pays Edward Jones or its affiliate a management or other fee with respect to the investment, the amounts received by Edward Jones and its affiliates will first be used to compensate the fund’s sub-advisers and certain other service providers. Remaining amounts, if any, that are not otherwise waived by Edward Jones or its affiliate will be credited back to your account. Please note that Edward Jones or its affiliate has entered or intends to enter into an agreement with each Bridge Builder Fund, which can be terminated at any time, to waive any such remaining amounts in order to avoid the need to credit or offset fees.

Edward Jones has provided you with the current prospectus for the Bridge Builder Funds. The prospectus describes the investment characteristics of the funds and the schedule of fees paid to the adviser or its affiliates by the funds.