

# Edward Jones Advisory Solutions<sup>®</sup> Unified Managed Account (UMA) Model Brochure as of December 16, 2015

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## Item 1: Cover Page

**This wrap fee program 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 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 our last update on September 9, 2015.

- Item 9: Disciplinary Information. This section has been updated with the most current information.

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## Item 4: Services, Fees and Compensation

### Introduction

Edward Jones is a registered broker-dealer and investment adviser. Through the investment adviser, Edward Jones offers several advisory programs. This wrap fee program brochure (the "Brochure") provides clients ("Client," "you" or "your") with information about the Edward Jones Advisory Solutions® Unified Managed Account (UMA) Models ("Advisory Solutions UMA Models") sponsored by Edward Jones, fees charged for Advisory Solutions UMA Models, and Edward Jones' services and business practices. You should read this Brochure carefully before you invest in Advisory Solutions UMA Models.

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

As a dually registered broker-dealer and investment adviser, Edward Jones offers a variety of financial services. You can purchase many of the same or similar investments as those available in an advisory program for a lower fee through Edward Jones as a broker-dealer, although you will not receive the additional advisory services. It is important for you to consider the additional costs associated with an advisory program before investing.

As of December 31, 2014, Edward Jones managed: \$126,727,719,540 in discretionary assets and \$8,847,321,633 in non-discretionary assets in our advisory programs.

*The decision to invest in Advisory Solutions UMA Models is yours. Before making this decision, you and your financial advisor should discuss whether other programs or investments may be more appropriate for your investment goals or needs. If you decide to invest in Advisory Solutions UMA Models, our advisory relationship begins when Edward Jones and the Overlay Manager (as described below) accept the written advisory agreement with you, which occurs on the later date of the acceptance of Edward Jones or the Overlay Manager. Any preliminary discussions or recommendations made before the written advisory agreement is accepted do not constitute investment advice and should not be relied upon as such.*

Advisory Solutions UMA Models is a wrap fee program in which you can combine multiple investments in a single advisory account. Advisory Solutions UMA Models offer multi-style investment services implemented by an investment adviser ("Overlay Manager"). Investments available in Advisory Solutions UMA Models include separately managed allocations ("SMAs") managed or recommended by one or more investment advisers ("SMA Managers"), mutual funds managed by an affiliate of Edward Jones ("affiliated mutual funds"), unaffiliated mutual funds and exchange-traded funds (ETFs) approved by Edward Jones (collectively referred to as "Program Investments"). Edward Jones selects the Program Investments that are available in Advisory Solutions UMA Models ("Program List"). Investment recommendations are provided to the Overlay Manager by SMA Managers either through (i) providing a Model Portfolio to the Overlay Manager, or (ii) investing the Client's assets directly through an account ("Executing SMA Manager") and by Edward Jones (affiliated and unaffiliated mutual funds and ETFs). Edward

Jones may, at its discretion, restrict the Overlay Manager and Executing SMA Managers from purchasing certain securities. Conversely, the Overlay Manager and Executing SMA Managers may invest in Program Investments that are not available in a traditional brokerage account at Edward Jones.

An affiliated mutual fund (other than certain money market funds) will only be offered to investors once its registration statement filed with the SEC is effective. Your account may invest in one or more affiliated mutual funds whose registration statements are effective and 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.

## **Services Provided**

### **(A) Investment model construction and ongoing asset allocation guidance**

In order to open an Advisory Solutions UMA Model account, you must complete an Investment Objective Questionnaire ("Questionnaire"). Edward Jones scores certain answers to determine the level of investment risk you are willing to take ("risk tolerance"). Your risk tolerance, combined with your life stage or time horizon, results in a recommended Portfolio Objective. Depending on your risk tolerance and life stage or time horizon, 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 may not be available for every risk tolerance, life stage or time horizon combination. You ultimately decide whether you want to invest in a recommended Portfolio Objective or an alternative Portfolio Objective.

Edward Jones constructs the asset allocation for each Portfolio Objective using different Program Investments and different target weightings of asset classes taking into account risk tolerance, life stage or time horizon and the purpose of investing funds into Advisory Solutions UMA Models. 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 Investment 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 the target weighting, we will automatically rebalance your account to the new asset allocation or target weighting.

Under Advisory Solutions UMA Models, you select either a Research Model or construct a Custom Model, consistent with your chosen Portfolio Objective. If you select a Research Model, we determine the Program Investments for your account. If you select a Custom Model, you determine the Program Investments from the Program List. In either a Research or Custom Model, Edward Jones is solely responsible for determining the particular asset classes and asset allocations that are appropriate for various risk tolerances and Portfolio Objectives.

**Research Model:** Research Models are based on the asset allocations determined by Edward Jones. You cannot change the asset allocation or asset classes that are available through a particular Research Model. We will also establish the target weightings of the Program Investments for each Research Model, which can be changed by us at any time.

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 Investments, as well as asset allocation and rebalancing of your account pursuant to your chosen Portfolio

Objective. We can remove and/or add a Program Investment to the Research Model at any time without notifying you. If you do not wish to invest in a specific Program Investment, you must invest in a Custom Model.

**Custom Model:** If you select a Custom Model, you are responsible for choosing the specific investments from the Program List, consistent with your chosen Portfolio Objective. You acknowledge that Program Investments within a Custom Model may be subject to certain investment minimums, as may be determined by Edward Jones and/or an SMA Manager. In addition, Edward Jones may in its sole discretion implement guidelines and/or restrictions as to the minimum and maximum number of Program Investments that can be held in an account at any one time and the minimum and maximum percentage allocations to those investments held in a Custom Model.

If a Program Investment is removed from the Program List for any reason, you understand that the Program Investment can no longer be held in your account. If we remove a Program Investment, when possible, we will give you at least 30 days' notice. If you do not select an alternative Program Investment from the Program List within 30 days (or such time as may be determined at the discretion of Edward Jones) of being notified of the removal of such investment from the Program List, we will select a replacement investment from the Program List for your account (which may include affiliated mutual funds). If you continue to participate in Advisory Solutions UMA Models after the removal of a Program Investment, you will be deemed to have consented to such replacement. You understand that the replacement Program Investment may be subject to a higher SMA Manager fee or, in the case of mutual funds and ETFs, higher internal expenses than the prior investment and you will be responsible for paying the higher fees. The Program Fee paid to Edward Jones will not change as a result of the replacement Program Investment.

We can make changes to the Program List at any time and can change the amount of your money that is invested in the different asset classes at any time without prior notice.

In your account, you can restrict the purchase of certain equity securities, including a specific equity security or social category. For example, you may restrict the Overlay Manager or Executing SMA Manager(s) from buying specific securities or a category of securities (e.g., tobacco or alcohol companies) that you consider objectionable for personal reasons or that you wish to avoid due to potential overconcentration in a specific security. When a security or social category is restricted from purchase, your account performance will differ from other accounts investing in the same Portfolio Objective and may be adversely impacted. You may restrict which mutual funds or ETFs to invest in through a Custom Model, but not the actual securities in which the underlying mutual fund or ETF invests. You cannot restrict the purchase of a fixed-income security. The Overlay Manager may, in its sole discretion, reject an account for any reason.

Once you have selected your Portfolio Objective, you will complete a Client Agreement that must be accepted by Edward Jones and the Overlay Manager. Trading of your account will not begin until the Client Agreement is accepted, which can take several business days. Upon acceptance, the Overlay Manager is authorized to buy, sell or trade securities in your account in a manner consistent with the asset allocation established by us, the Model Portfolio provided by the applicable SMA Manager and any restrictions you have placed on the account. With certain Program Investments in Research Models or Custom Models, certain Executing SMA Managers have discretion to buy, sell or trade securities directly in your account.

If, pursuant to parameters determined at the sole discretion of Edward Jones, the weighting of a target asset class has drifted too far from its

target asset allocation, your account will generally be rebalanced back toward the target asset allocations of one or more asset classes in your account at the discretion of the Overlay Manager or Edward Jones. Rebalancing is achieved by buying, redeeming or selling Program Investments, 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. Rebalancing can also be initiated if an investment is removed from the Program List or, if you are invested in a Research Model, a Program Investment is added to the Research Model. As a result, the portion of your account invested in mutual funds and/or ETFs 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 in its sole discretion. You will not be notified before a rebalance occurs. Neither asset allocation nor rebalancing is guaranteed to produce a profit or protect against loss. Rebalancing trades in a taxable account will result in a taxable event to you. Consult with your tax professional before you invest in Advisory Solutions UMA Models.

There is no guarantee that the Program Investments 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 Investment and the Overlay Manager's and any applicable Executing SMA Manager's Form ADV 2A Brochure before investing.

At present, affiliated mutual funds will not be available in "Benefit Plan accounts" which we define as Tax-Qualified Plans (other than Traditional and Roth IRAs), Employer-Sponsored Plans, Other Plans, and SIMPLE IRAs and SEP IRAs.

## **(B) Overlay Management**

Pursuant to a contractual agreement between Edward Jones and NGAM Advisors, L.P. (NGAM Advisors), NGAM Advisors currently serves as Overlay Manager for Advisory Solutions UMA Models. In this role, NGAM Advisors performs the following services:

- Implementing instructions by SMA Managers and Edward Jones in regard to the securities to be bought, sold or held for your account, including determining the amount of securities to be bought or sold;
- Placing orders for the purchase and/or sale of securities in accordance with the Model Portfolio recommendations of the SMA Managers and Edward Jones and/or communicating the orders for the purchase and/or sale of securities through other broker-dealers selected by SMA Managers (Please note: A taxable account funded with securities will result in purchase and/or sale orders in your account which will have tax consequences.);
- Placing orders for the purchase, sale or redemption of shares of mutual funds and/or ETFs in accordance with instructions received from Edward Jones or you;
- Rebalancing one or more asset classes of your account back toward the target asset allocations if, pursuant to parameters determined in the sole discretion of Edward Jones, the weighting of one or more asset classes has deviated too far from the target asset allocations;
- Implementing any restrictions that you have placed on the purchase of certain equity securities or social category of equity securities; and
- Managing your taxable account in a tax-efficient manner with the objective to minimize your tax liability while maintaining the desired investment allocation. Tax-efficient management of your taxable account may conflict with Model Portfolio recommendations from an SMA Manager; in

these instances, tax-efficient management may take precedence over the Model Portfolio recommendations of an SMA Manager.

Edward Jones is solely responsible for the selection of the Overlay Manager for Advisory Solutions UMA Models. We reserve the right to change the Overlay Manager at any time in its sole discretion to an unaffiliated investment manager, an affiliated investment manager or assume the responsibilities of the Overlay Manager.

In evaluating wrap fee programs, you should consider a number of factors. You may be able to obtain some or all the services available through this and other wrap fee 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 UMA Models may be lower or higher than if you purchased the investments or services separately or through another broker-dealer or investment adviser. 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.

### **(C) Execution Services**

In Advisory Solutions UMA Models, the Overlay Manager and Executing SMA Managers have discretion over your account. Edward Jones executes trades at the direction of the Overlay Manager and Executing SMA Managers. In these cases, Edward Jones acts solely as a broker-dealer, not as an investment adviser. When we act as executing broker, there may be times when we engage in "principal transactions." This means that we will fill your purchase orders from our own inventory of securities. We will not charge you a markup or markdown on these principal transactions. However, if the Overlay Manager or Executing SMA Manager buys from

or sells to our inventory, we may earn revenue or incur losses depending on market or price fluctuation in the security. Edward Jones will only engage in principal transactions where permitted under applicable law.

Edward Jones may also engage in "cross transactions" in Advisory Solutions UMA Models. This means that we act as a broker-dealer for advisory clients on both the sell side and the buy side of the same transaction. When this occurs, the Overlay Manager or Executing SMA Manager will direct all trades and will instruct either Edward Jones or another broker-dealer to execute those trades. Edward Jones will only engage in cross transactions where permitted under applicable law.

The Overlay Manager and Executing SMA Managers are required to seek best execution for all trades, which means the Overlay Manager and Executing SMA Managers have full authority to execute trades with those broker-dealers that they believe are capable of providing the best qualitative execution under the circumstances. In Advisory Solutions UMA Models, you will not pay additional trading costs when Edward Jones executes a trade order in your account as broker-dealer. For this reason, the Overlay Manager and Executing SMA Managers may determine that Edward Jones' execution capabilities as broker-dealer provide the most favorable option for placing trade orders in your account. However, the Overlay Manager and Executing SMA Managers may choose to execute trades with another broker-dealer if they reasonably believe another broker-dealer can obtain a more favorable execution under the circumstances. This practice is frequently referred to as "trading away," and these types of trades are frequently called "step-out" trades. Step-out trades are executed at another broker-dealer and cleared and settled at Edward Jones.

If the Overlay Manager or Executing SMA Manager executes trade orders with another broker-dealer, you may incur trading costs in

addition to the Advisory Solutions UMA Models Fee. The trading costs for step-out trades to another broker-dealer may include commissions, markups, markdowns, or "spreads" paid to market makers in addition to the Advisory Solutions UMA Models Fee. Additionally, if a foreign currency transaction is required, a foreign broker-dealer firm may receive compensation in the form of a dealer spread, markup or markdown. There may be other exchange or similar fees, including but not limited to foreign ordinary conversion and creation of American Depositary Receipts ("ADRs"), charged by third parties as well as foreign tax charges. All of these charges are in addition to the Advisory Solutions UMA Models Fee.

In complying with its best execution obligation, the Overlay Manager or Executing SMA Manager will review several factors that reflect on the quality of the trade execution of the broker-dealer. These additional trading costs may be one of several factors the Overlay Manager or Executing SMA Manager assesses when deciding to trade away. The Overlay Manager or Executing SMA Manager may also consider other factors such as: the nature of the security; the size and type of transaction; the nature and character of the markets involved; the executing broker's execution, clearance and settlement capabilities as well as its reputation; soft dollar arrangements, as described below; the importance of speed, knowledge, efficiency, consistency, and anonymity provided by the executing broker; and additional investment opportunities. The Overlay Manager and each Executing SMA Manager may consider different factors or may place different weight on the factors it uses to meet its best execution obligation. The Overlay Manager's and Executing SMA Managers' best execution obligations do not require the Overlay Manager or the Executing SMA Manager to obtain the best price or the lowest available cost of trade orders.

Edward Jones does not engage in soft-dollar arrangements; however, the Overlay Manager or

Executing SMA Managers participating in Advisory Solutions UMA Models may direct transactions to brokers in return for brokerage or research services. In certain instances, the Overlay Manager or Executing SMA Managers engaged in soft-dollar arrangements may pay a broker-dealer (other than Edward Jones) higher commissions than another broker-dealer adequately qualified to effect such transactions would have charged where the Overlay Manager or Executing SMA Manager determines in good faith that the commission is reasonable in relation to the value of the soft-dollar benefits received. Soft-dollar arrangements may be considered as a factor in best execution determinations, but will not replace the duty of the Overlay Manager and Executing SMA Managers to seek best execution for trades in your accounts.

The Overlay Manager and Executing SMA Managers may participate in other wrap fee programs sponsored by firms other than Edward Jones. In addition, the Overlay Manager or Executing SMA Managers may manage institutional and other accounts that are not part of a wrap fee program. In order to avoid buying or selling the same security for all client accounts through multiple broker-dealers, the Overlay Manager or Executing SMA Managers may decide to aggregate all such client transactions into a block trade that is executed through one broker-dealer. This practice may enable the Overlay Manager or Executing SMA Managers to obtain more favorable execution, including more favorable pricing, than would otherwise be available if orders were not aggregated. Using block transactions may also assist the Overlay Manager or Executing SMA Managers in potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate successive or competing client orders. This practice generally results in "trading away" from Edward Jones, as described above.

Alternatively, the Overlay Manager or Executing SMA Managers may also use a trade rotation



process where one group of clients may have a transaction effected before or after another group of clients. The Overlay Manager or Executing SMA Managers implement their trades with certain clients, custodians or sponsors using a trade rotation process in order to minimize the impact of their trading on the securities or markets in which they trade. These trade rotation practices may result in a transaction being effected for your account near or at the end of the Overlay Manager or Executing SMA Managers' rotation, resulting in your account bearing the market price impact, if any, of those trades executed earlier in the rotation. This may result in your receiving a less favorable net price for the trade. However, the Overlay Manager and Executing SMA Managers' trade rotation policies are typically designed to ensure that clients are treated equitably and fairly over time.

Clients should be aware that some Executing SMA Managers have historically placed all or substantially all of their client trades as step-out trades with another broker-dealer for execution. Frequently, these trades have been for fixed income, foreign and small-cap equity securities. As a result, these types of Executing SMA Managers and their strategies could be more costly to a client than Executing SMA Managers that primarily place trades with Edward Jones for execution. Additionally, the Overlay Manager has at times engaged in trading away. Please see Edward Jones' website at [www.edwardjones.com/advisorybrochures](http://www.edwardjones.com/advisorybrochures) for more information regarding when the Overlay Manager chose to step-out as well as a list of Executing SMA Managers that informed Edward Jones that they traded away from Edward Jones during 2014 and general information about the additional cost (if any) of those trades.

*The Overlay Manager and Executing SMA Managers are solely responsible for ensuring they comply with their best execution obligations to you. You should review the Overlay Manager's and each Executing SMA Manager's Form ADV Part 2A Brochure for more information about the*

*Overlay Manager's or Executing SMA Managers' soft dollar, trade aggregation and trade rotation practices, and any related conflicts of interest. You should also inquire about the Overlay Manager's or Executing SMA Managers' trading practices and consider that information carefully, before choosing to invest in Advisory Solutions UMA Models. In particular, you should carefully consider any additional trading costs you may incur.*

#### **(D) Trade Confirmations, Account Statements and Quarterly Performance Reports**

If you have a taxable or tax-qualified account other than a Traditional or Roth IRA, Edward Jones, in its role as a broker-dealer, has custody of your funds and securities.

If you have a Traditional or Roth IRA and Edward Jones Trust Company has custody of your funds and securities, Edward Jones Trust Company has delegated its duties and responsibilities as a custodian to Edward Jones, the broker-dealer.

As custodians, Edward Jones and Edward Jones Trust Company are responsible for:

- Safekeeping your funds and securities
- Collecting dividends, interest and proceeds from any sells
- Disbursing funds from your account

Edward Jones (as broker-dealer) will provide all accounts with written trade confirmation 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 certain trade confirmations; however, you will still receive mutual fund prospectuses when applicable. If Edward Jones Trust Company is the custodian, these account documents will be sent by Edward Jones on behalf of Edward Jones Trust Company. **Please review your account statements carefully and notify us immediately if you detect an error or a discrepancy.**

You will receive a performance report after every quarter. Performance reporting will begin after your account has been invested for a full quarter. Your performance report will show your account's:

- Diversification among equities, fixed income and cash equivalents, as applicable
- Asset class diversification and performance, as applicable
- Performance compared to various financial benchmarks
- Portfolio value, gains and losses, and additions and withdrawals
- Holdings at the Program Investment level

#### **(E) Termination of Your Account**

The total value of your account is monitored by Edward Jones. If in the discretion of Edward Jones, the value of your account is significantly below the initial investment minimum, Edward Jones may automatically terminate your account from Advisory Solutions UMA Models, liquidate the holdings and convert your advisory account into a brokerage account.

You or Edward Jones may terminate your participation in Advisory Solutions UMA Models at any time without any advisory termination fee. While verbal instructions to terminate your participation in Advisory Solutions UMA Models are acceptable, Edward Jones in its sole discretion can require written notice in order to terminate the advisory relationship in Advisory Solutions UMA Models. Your account will be charged an advisory fee through the date of termination. Upon termination of the advisory relationship, you can request that we sell the securities in your account, convert the account to a brokerage account or transfer the securities to a third-party account outside Edward Jones.

On termination of your participation in Advisory Solutions UMA Models or if you transfer mutual funds to a brokerage account at Edward Jones or outside Edward Jones, we may liquidate or

convert the share class of mutual funds into a share class that can be held in a brokerage account ("retail share class"). Retail share classes generally have higher internal fees and expenses that will have the effect of lowering future investment performance.

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 UMA Models account or request to transfer positions in an affiliated mutual fund out of your Advisory Solutions UMA Models 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 your account is liquidated, the SMA Manager(s) or Overlay Manager may take multiple trading days following the date after Edward Jones receives your liquidation request to fully liquidate your securities. This period may be even longer if the SMA Manager(s) or Overlay Manager believes it is in your best interest to have a longer liquidation period. Usually, the cash from the liquidation will be available to you on the second business day following settlement of the liquidated securities. Because bond markets may be less liquid than stock markets, these investments may be more difficult to liquidate, especially during periods of extreme market volatility. Therefore, you may experience delays or adverse price fluctuations when liquidating securities.

#### **Fees**

Every Advisory Solutions UMA Models account pays asset-based fees for investment advisory services, execution of transactions through Edward Jones and related services provided to the account pursuant to this agreement. The total expenses and costs of investing in Advisory Solutions UMA Models include a Program Fee, an Administrative-UMA Fee and SMA Manager

Fees, less any applicable Fee Reduction and/or Fee Offset (as discussed more fully below). Program Investments, including ETFs, affiliated mutual funds and unaffiliated mutual funds in your account, have internal fees and expenses that are described in the prospectus of each fund. These fees are in addition to the Advisory Solutions UMA Models Fees described above. The internal fees and expenses vary depending on the particular Program Investment.

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. The Advisory Solutions UMA Models Fee comprises the following:

#### **Program Fee**

	<b><u>Value of Assets in Account</u></b>	<b><u>Annual Fee Rate</u></b>
First	\$500,000	1.35%
Next	\$500,000	1.25%
Over	\$1,000,000	1.00%

The Program Fee is based on an annualized schedule of rates that apply to the value of any assets in the account. The value of assets corresponds to the various annual fee rate tiers (shown above). As the value of the assets in the account increases or decreases, you are charged the percentage rate for the tier that corresponds to this value. As a result, the Program Fee is a weighted average of the annualized fee rates and will increase or decrease with the value of the assets in the account.

At the sole discretion of Edward Jones, the Program Fee may be reduced for certain reasons, including the following:

- Either Edward Jones or your financial advisor may negotiate a lower Program Fee.
- The value of your Advisory Solutions Account(s), including Edward Jones

Advisory Solutions<sup>®</sup> Fund Models and UMA Models, is more than \$5,000,000.

- You and/or certain household members have more than one account participating in Advisory Solutions, including Fund Models and UMA Models. Edward Jones may combine the value of the accounts in order to lower the Program Fee when at least two of the following criteria are met: same Social Security and/or tax identification number; same last name; or same primary residence and home phone number.
- You are an active or retired associate of Edward Jones.

**Administrative-UMA Fee:** An Administrative-UMA Fee of 0.30% is assessed on the assets in your account to cover the costs of providing services by the Overlay Manager and certain trade execution, record keeping, accounting and other account services. You understand that you are responsible for the cost of commissions or transaction charges for securities trades directed by the Overlay Manager or SMA Managers that are not executed through Edward Jones. Edward Jones may reduce the Administrative-UMA Fee at its sole discretion.

**SMA Manager Fees:** SMA Manager Fees generally range from 0.20% to 0.40% on the assets associated with SMA Managers in your account. The exact SMA Fee rates depend on the Program Investment of the SMA Manager(s) included in your account. There is no SMA Manager Fee assessed on investments in mutual funds and ETFs held outside an SMA. SMA Manager Fees are paid to Edward Jones by you and are remitted by Edward Jones to the SMA Manager.

#### **Fee Reductions**

If you purchased a mutual fund from Edward Jones within the past twenty-four (24) months prior to investing in Advisory Solutions UMA Models and either paid a commission when you purchased the mutual fund or will pay a

commission or redemption fee if you sell the mutual fund in order to invest in Advisory Solutions UMA Models, you may receive a reduction in the Program Fee. The amount of the Fee Reduction will depend on how long you have held the mutual fund. Edward Jones will decide how to calculate the Fee Reduction and apply it to your account. Fee reductions are typically applied during the first twenty-four (24) full months in which the account is active in the program. If you close your account in Advisory Solutions UMA Models 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 mutual funds to invest in Advisory Solutions UMA Models but did not purchase them through Edward Jones, you will not receive a Fee Reduction.

#### **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. If we receive Shareholder Accounting fees for the shares in your account, we will credit the amount received to your account.
- Affiliated mutual funds are Program Investments. 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 Funds) will be sub-advised by multiple sub-advisers who are unaffiliated with Edward Jones. If your account invests in such an affiliated mutual fund that pays

Edward Jones or its affiliates 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 not otherwise waived by Edward Jones or its affiliates will be credited to your account.

- Edward Jones has an ownership interest in the manager of the Edward Jones Money Market Funds, and Edward Jones receives various revenues related to assets in the money market funds (collectively, "Money Market Revenue"). For any client account investing in such fund, Edward Jones will apply a Fee Offset against the Advisory Solutions UMA Models Fee equal to the amount of such Money Market Revenue received by Edward Jones with respect to the client's account.

#### **Calculation of Advisory Solutions UMA Models Fee**

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

You pay the Advisory Solutions UMA Models Fee based on the value of the assets held in your account. Edward Jones typically charges your account on the third business day of each month, but we can change that date without prior notice to you.

#### **Payment of Advisory Solutions UMA Models Fee**

The Advisory Solutions UMA Models Fee is deducted directly from your account and paid using the cash portion of the Research or Custom

Model in which you are invested. The cash portion is a money market fund. If there is not sufficient cash or assets in the model money market fund, Edward Jones or the Overlay Manager will sell a sufficient amount of shares of Program Investments to pay the Advisory Solutions UMA Models Fee in part or in whole. If Edward Jones sells Program Investments, this may trigger a rebalance of your account. You may have to pay taxes and/or redemption fees to the fund company if those shares were held for only for a short time. (See below for more information on redemption fees.) Trades as a result of a liquidation of an affiliated mutual fund 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 UMA Models Fee from an alternate Edward Jones account.

#### **Internal Fees and Expenses of Mutual Funds and ETFs**

Each mutual fund (including affiliated mutual funds, if any) has internal management fees and ongoing expenses for operating the funds (internal fees and expenses) that are deducted from the fund's assets, which has the effect of reducing the fund's net asset value ("NAV"). Many mutual funds used in Advisory Solutions UMA Models have different share classes with different fees and expenses. The prospectus and Statement of Additional Information ("SAI") for each mutual fund will describe the internal fees and expenses. Please refer to Item 6 (SMA Manager Selection and Evaluation) for more information regarding the selection of mutual funds for Advisory Solutions UMA Models.

Internal fees and expenses are in addition to the Advisory Solutions UMA Models Fees described above and vary depending on the particular mutual fund. You will not see a separate entry on your account statement showing this fee. Generally within Advisory Solutions UMA Models, internal fees and expenses in mutual funds vary from 0.05% to 1.48%.

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.

Affiliated mutual funds, as with other mutual funds, will incur internal fees and expenses payable to both third-party service providers and Edward Jones (and its affiliates). With respect to the amounts received by Edward Jones and its affiliates from affiliated mutual funds by reason of your account's investment, such amounts will first be used to compensate the mutual fund's sub-advisers and certain other service providers with remaining amounts, if any, that are not otherwise waived by Edward Jones or its affiliates, to be credited back to your account. The affiliated mutual funds are only available through Edward Jones Advisory Solutions UMA Models and Fund Models.

As a client invested in Advisory Solutions UMA Models and invested in the Edward Jones Money Market Fund(s), you may also be responsible for shareholder service fees and account administration fees. These fees will lower a fund's performance. You will also be responsible for the internal fees and expenses associated with the fund(s).

#### **Additional Fees**

In addition to the Advisory Solutions UMA Models Fee described above, a client in Advisory Solutions UMA Models may incur other fees and expenses. The Advisory Solutions UMA Models Fee covers portfolio management and investment advice provided by Edward Jones. You may pay for other services, including but not limited to, fees to distribute an account pursuant to a transfer on death (TOD) agreement, an account transfer fee and/or an account termination fee.

Also, the Advisory Solutions UMA Models Fee does not cover transfer taxes; electronic fund, wire and other account transfer fees; fees and expenses incurred by mutual funds (including affiliated mutual funds) or ETFs purchased for any client account, including commissions and other transaction-related charges incurred by any such fund, even if Edward Jones or an affiliate thereof effects these transactions for the fund; mutual fund redemption fees and contingent deferred sales charges; and any other charges imposed by law or otherwise agreed to by Edward Jones and you with regard to your account.

### **Compensation**

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 UMA Model you select. As a result, the financial advisor does not have a financial incentive to recommend one model over another.

The amount of your financial advisor's compensation may be more or less than what he or she would receive if you participated in another advisory program, or if you paid separately for investment advice, brokerage services and administrative services. As a result, your financial advisor may have a financial incentive and potential conflict of interest to recommend Advisory Solutions UMA Models to you instead of other programs or services.

In unusual circumstances, a trade error may occur in your account. If the trade error is caused by Edward Jones, the Overlay Manager or an SMA Manager(s), and the trade error results in a loss in your account, Edward Jones will cancel the trade from your account for the amount of the loss as though the trade error never occurred. If the trade error results in an erroneous gain in your account,

we will retain the gain from your account as though the trade error never occurred, resulting in a financial benefit to Edward Jones.

### **Item 5: Account Requirements and Types of Clients**

Advisory Solutions UMA Models generally requires a minimum initial investment of \$500,000. For certain Research Models, the minimum initial investment is \$1,000,000. You can fund your Advisory Solutions UMA Models account with cash or securities. If you establish your Advisory Solutions UMA Models account and/or later add to your account with securities and those securities are not Program Investments, you authorize and direct Edward Jones to liquidate or redeem those securities as promptly as practicable. 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 UMA Models account. Trades that occur in a taxable account will result in a taxable event to you. Please consult with your tax professional.

Generally, Advisory Solutions UMA Models 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 entities; Traditional and Roth Individual Retirement Accounts (IRAs); and Benefit Plan Accounts.

Edward Jones can prohibit anyone from opening an Advisory Solutions UMA Models account for any reason, including if we do not believe it is an appropriate investment strategy for that person.

If you transfer mutual funds to open an account and those mutual funds are current Program

Investments but in a different share class from those held for Advisory Solutions UMA Models, you authorize and direct Edward Jones to exchange those funds into a different share class in order to be held in an account. Although Edward Jones will try to make this a nontaxable event, it cannot guarantee that you will not owe taxes as a result of the exchange.

You may add or withdraw funds from your account upon request. Additions and withdrawals from your account will result in the sale or purchase of the Program Investments in your account in accordance with the asset allocation set for your Portfolio Objective and in a manner that attempts to minimize variations in the asset allocation.

Deposits, including interest and dividends, received into your account but not yet invested into Advisory Solutions UMA Models, may earn interest that will be retained by Edward Jones. Edward Jones 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 (“FFER”), Fed Funds Target Rate (“FFTR”) and LIBOR rates. Under these arrangements, banks may pay interest based on a spread to one of these rates or may pay a fixed interest rate. These rates in recent times generally have varied from 0% to FFTR + 0.15%.

#### **Item 6: SMA Manager Selection and Evaluation**

All Program Investments are selected by Edward Jones based on a process tailored to the type of investment (SMA Managers, affiliated mutual funds, unaffiliated mutual funds and ETFs). Only certain strategies of SMA Managers are available in Advisory Solutions UMA Models.

**SMA Managers.** SMA Managers selected for Advisory Solutions UMA Models undergo a rigorous due diligence process by Edward Jones, which determines whether each SMA Manager meets our objective and subjective criteria to be included as a Program Investment. Our evaluation criteria include:

- The amount of assets under management
- An established history of investment performance
- Assessment of the risk taken to achieve returns
- Assessment of the organizational strength and stability
- An understanding and acceptance of the Edward Jones investment philosophy and mission

Before we include an SMA Manager or a strategy of the SMA Manager as a Program Investment in Advisory Solutions UMA Models, we review several aspects of their business. We study their investment philosophies, history and performance, and maintain up-to-date information on their investment performance results. Edward Jones tracks SMA Managers’ returns on a quarterly basis. Additionally, SMA Managers will provide us with information on their background, performance results and investment practices.

Historical performance of SMA Managers is reviewed by Edward Jones as part of the due diligence process. Some, but not all, SMA Managers in the Program calculate their performance in accordance with Global Investment Performance Standards (GIPS). These standards provide a standardized format for calculating and presenting performance results and are widely used throughout the investment industry. However, SMA Managers are not required to use GIPS to calculate their historical performance. Accordingly, performance of SMA Manager Program Investments is not calculated on a consistent or uniform basis across the SMA Managers. Edward

Jones does not verify or use an independent party to verify any SMA Manager's statements about performance. Edward Jones evaluates SMA Manager performance against applicable benchmarks and peers. For model-based SMA Manager strategies, Edward Jones will also compare the composite of all Advisory Solutions UMA Model accounts against reported performance of the SMA Manager for outliers and material discrepancies. For SMA strategies handled by an Executing SMA Manager, Edward Jones will monitor the Manager's composite and Manager's reported portfolio characteristics.

Edward Jones may remove an SMA Manager from Advisory Solutions UMA Models for any reason, including but not limited to the following reasons:

- Key personnel changes at the SMA Manager;
- The SMA Manager deviates from its investment philosophy;
- Legal or regulatory concerns with the SMA Manager;
- Poor performance by an SMA Manager when compared to that of other SMA Managers during a market cycle; and
- The SMA Manager is no longer appropriate for your investment goals and objectives.

If Edward Jones removes an SMA Manager or a Program Investment from the Program List and you are invested in a Research Model, we will select an appropriate replacement Program Investment without giving you any prior notice. If you are invested in a Custom Model, we will give you at least 30 days' notice, when possible, and will recommend a replacement Program Investment. If you do not want to accept the replacement Program Investment, you must notify Edward Jones within 30 days (or such time as may be determined at the discretion of Edward Jones); otherwise, we will select the replacement Program Investment for your account.

**Mutual Funds and ETFs.** Edward Jones starts with the universe of applicable investments and uses numerous quantitative (investment history, past performance, portfolio analysis of the individual holdings in the mutual fund, etc.) and qualitative (investment strategy, process, personnel, etc.) factors in selecting and monitoring Program Investments. The selection process takes 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.

**Affiliated mutual funds are not subject to the selection and monitoring process that we apply to unaffiliated mutual funds and other Program Investments.** The affiliated mutual funds are Program Investments and were created specifically for Edward Jones Advisory Solutions UMA Models and Fund Models. In selecting and monitoring sub-advisers for our affiliated mutual funds, the investment adviser, who is affiliated with Edward Jones, follows a process that is similar, but not identical, to the process that Edward Jones uses to evaluate unaffiliated mutual funds and other Program Investments. 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 a review of literature and documents, a 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.

Edward Jones continually reviews Program Investments (other than affiliated mutual funds) to ensure they remain suitable for the Program List. A Program Investment can be removed from the Program List for a variety of reasons, including, but not limited to:



- 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 Investment that has been identified within the same asset class
- A change in the Edward Jones guidance and/or outlook
- A decision by Edward Jones to reduce its ownership level of a fund

Edward Jones-affiliated mutual funds generally will not be removed from Advisory Solutions. However, because they are 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 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 the sub-advisers to be appointed without a vote of the shareholders of the affiliated mutual fund.

Unaffiliated mutual funds used in Advisory Solutions UMA Models can have different share classes. While each share class invests in the same pool of investments and has the same investment objective, they have different internal fees and expenses depending on how they are sold. 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 will select either Class A shares or Institutional/Advisory shares for Advisory Solutions UMA Models, depending on several factors. Class A shares are typically purchased in brokerage accounts and carry an up-front sales charge and ongoing 12b-1 fees. If Class A shares are selected in Advisory

Solutions UMA Models, the up-front sales charges are generally waived but the Class A shares are still charged the ongoing 12b-1 fee. As described in Item 5 (Fees and Expenses), 12b-1 fees received on mutual funds held in your account are credited back to your account. Institutional/Advisory shares are generally available to advisory programs if certain eligibility criteria imposed by the mutual fund are met. Institutional/Advisory shares generally do not impose a sales charge or impose ongoing 12b-1 fees. As a result, Institutional/Advisory shares are usually less expensive than Class A shares. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Factors reviewed by Edward Jones in selecting share classes for Advisory Solutions UMA Models include: 1) the eligibility criteria set by the mutual fund company, including minimum investments, and 2) the overall cost structure of the share class and whether the impact of the credit of 12b-1 fees make Class A shares more cost effective. As a result, the Institutional/Advisory share class may not be used. Please refer to the appropriate prospectus and the SAI for more information regarding the available share classes of mutual funds used in Advisory Solutions UMA Models. In its sole discretion, Edward Jones can change the share class of any Program Investment at any time without prior notice to you.

**Update Pending Status.** Edward Jones can also place a Program Investment (other than an affiliated mutual fund) on "Update Pending" status. Update Pending is an interim status indicating there is some type of important news or issue involving the Program Investment. Once Edward Jones has fully assessed the significance of the news or issue, we will remove the Update Pending status and either: (1) keep the investment on the Program List, or (2) remove the investment from the Program List. You will not be notified that a Program Investment is in Update Pending status, and investment in the Program Investment will continue through the

Update Pending period. This process will not apply to affiliated mutual funds.

**Securities In-Kind.** Edward Jones clients collectively own a large percentage of certain mutual funds which are Program Investments. 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. If the volume or size of redemptions required to be effected as a result of the removal of a mutual fund from the Program exceeds 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 can also decide to redeem shares "in-kind" instead of cash. In that event, accounts may receive the actual underlying securities of the fund. The underlying securities could lose value before they are sold. In addition, brokerage and other transaction costs apply to the sale of the underlying securities. Edward Jones will work with the mutual fund company to minimize any potential adverse impact to accounts in the Program, but there is no assurance that clients 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.

**Trade Allocation.** From time to time, the volume and/or number of trades that have to be executed for Advisory Solutions UMA 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 Program Investment from the Program List, if a large number of accounts need to be rebalanced or by request of a Program Investment. 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 Program Investment from the Program List or the rebalancing of a larger number of accounts exceeds the limits set forth in the Program Investment's trading policies and procedures, the Program Investment 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 Program Investment's trading policies and procedures.

**Proxy Voting.** In Advisory Solutions UMA Models, the Overlay Manager or Executing SMA Manager will vote any proxies received. The Overlay Manager will vote any proxies for the securities in your account in accordance with the recommendations of a third-party proxy voting service selected by the Overlay Manager. Edward Jones will not provide advice or take action with regard to any legal matter impacting the securities in your account. Client also authorizes the Overlay Manager or Executing SMA Manager to receive all proxy-related materials, annual and semi-annual reports, and other shareholder materials, including corporate actions, arising from any Program Investments or other securities in the Account. If you wish to obtain copies of any of these materials, please contact your financial advisor.

**Item 7: Client Information Provided to Portfolio Managers (Overlay Manager and SMA Managers)**

Edward Jones does not provide client information to SMA Managers who are not authorized to execute transactions for the account. We will provide client information to the Overlay Manager and to Executing SMA Managers who are authorized to execute transactions to the extent necessary for the Overlay Manager or Executing SMA Manager to manage the account (or any portion thereof).

Over time, your financial goals and objectives may change. Consequently, it is your responsibility to inform Edward Jones of any changes to your investment objectives, financial circumstances or investment restrictions. We will provide updated investment objective information to the Overlay Manager and/or applicable Executing SMA Manager(s) as necessary to continue managing your account.

**Item 8: Client Contact with Portfolio Managers (Overlay Manager and SMA Managers)**

You may contact your Edward Jones financial advisor during normal business hours with questions regarding your account, including questions regarding an SMA. You cannot directly contact the Overlay Manager or SMA Managers or the sub-advisers of the affiliated mutual funds. If you have a complex or non-routine question, Edward Jones will communicate with the Overlay Manager or SMA Manager on your behalf. At least annually, you should discuss with your financial advisor the management of your account, your financial situation and investment objectives.

**Item 9: Additional Information**

**A. Disciplinary Information and Other Financial Industry Activities and Affiliations**

**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.

State of Maine – Revenue Sharing. On October 1, 2004, the State of Maine Office of Securities alleged that Edward Jones violated the revised Maine Securities Act when it failed to disclose to its Maine clients that it received revenue sharing payments from the sale of preferred mutual funds. Without admitting or denying the findings, on February 28, 2006, Edward Jones entered into a Consent Agreement for the sole purpose of resolving the matter.

NASD – Net Asset Value ("NAV") Transfer Programs. The NASD alleged that Edward Jones failed to provide all investors the opportunity to purchase Class A shares of certain mutual funds at NAV (i.e., without any deduction for a sales load) pursuant to the terms of its NAV transfer programs. The NASD further alleged that Edward Jones failed to exercise reasonable due diligence to identify the essential terms and conditions of all NAV transfer programs offered by the mutual funds that it sold and failed to establish, maintain and enforce a system and procedures to ensure that all of its clients received NAV pricing when appropriate. On December 11, 2006, pursuant to NASD Rule 9216, Edward Jones entered into a letter of acceptance, waiver and consent whereby it agreed, without admitting or denying the findings of the NASD, to the entry of certain findings and sanctions in connection with its handling of NAV transfer programs offered by certain mutual funds during the period January 1, 2002, through December 31, 2004. Edward Jones was censured and fined \$250,000, and agreed to provide remediation payments to investors estimated to be approximately \$25 million.

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 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.

#### **Other Financial Industry Activities and Affiliations**

Edward Jones, its affiliates and financial advisors perform other services outside Advisory Solutions UMA Models, including execution of brokerage transactions, providing insurance products, investment banking, research, principal transactions, distribution of mutual funds (outside of investment advisory programs) and other investment advisory services. Edward Jones receives compensation, including investment banking fees and commissions, associated with these services. We have 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 believes that this potential conflict of interest is addressed through a policy under which Edward Jones does not consider such business relationships in selecting the mutual funds that are designated as Program Investments. 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 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. As a result, Edward Jones has developed 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 UMA Models. 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 SMAs or mutual funds that are designated as Program Investments. 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., and

is dually registered as an investment adviser with the SEC and a broker-dealer with the Financial Industry Regulatory Authority, Inc. (FINRA).

Olive Street Investment Advisers, LLC, a subsidiary of The Jones Financial Companies, L.L.L.P., serves as the affiliated investment adviser of the affiliated mutual funds that are or will be Program Investments. Certain current or former associates of Edward Jones may serve as officers or directors of the affiliated investment adviser or the affiliated mutual funds.

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

Edward Jones Trust Company, a wholly owned subsidiary of The Jones Financial Companies, L.L.L.P., is a federally chartered savings association that offers fiduciary services to clients and exercises discretion over investment assets. Edward Jones Trust Company acts as trustee under trust agreements, wills and similar arrangements. Edward Jones Trust Company also acts as custodian for certain Traditional and Roth IRAs participating in Advisory Solutions UMA Models through an agreement between Edward Jones and Edward Jones Trust Company. For additional information about this arrangement, please see Item 4.

Edward Jones owns directly or indirectly 100% of three insurance agencies that conduct general insurance producing 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 also owns, as a limited partner, 49.5% of Passport Research Ltd., a Pennsylvania limited partnership that acts as an investment adviser to Edward Jones' two money market mutual funds. Appendix A contains a detailed discussion of our affiliation with the Edward Jones Money Market Fund and the Edward Jones Tax Free Money Market Fund.

**B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading; Review of Accounts; Client Referrals and Other Compensation; and Financial Information**

**Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Edward Jones has adopted a Code of Ethics established 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
- (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, our 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 either 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 Investments, 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.

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, we prohibit 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.

As a broker-dealer, there may be times where Edward Jones will buy, sell or recommend that our brokerage clients who are not participating in Advisory Solutions UMA Models buy securities that are also available in Advisory Solutions UMA Models. 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 that 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 UMA Models) and/or their family members are permitted to and do invest in the Program. 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 UMA Models) 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 accounts.

### **Review of Accounts**

At the time your Advisory Solutions UMA Models 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 or life stage. The funding of your Advisory Solutions UMA Models 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 decide to call you directly to discuss your understanding of Advisory Solutions UMA Models, including the fees and expenses you are or will be paying.

While you are invested in Advisory Solutions UMA Models, 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.)

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. If you have any questions, please discuss them with your financial advisor.

At least annually, you and your financial advisor should discuss any changes to your financial situation, investment objectives and/or risk tolerance, and whether you would like to impose any reasonable investment restrictions on your account. The review will help determine if your investment allocation and/or SMA Manager selections need to be modified. If you decide to pursue a different investment allocation or engage a different SMA Manager, you will need to complete a new Questionnaire and sign a new client agreement.

### **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.

Edward Jones has contracted with Broadridge Investor Communications Solutions, Inc., 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 a portion of the fees paid by the issuing company from Broadridge.

Certain unaffiliated mutual fund companies, ETF sponsors and/or SMA Managers 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 (including the Travel Award Program described below). They will be asked to share in the cost of those activities as well. Edward Jones has not entered into any agreement with any SMA Manager, 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 Investment to suggest to you.

The Program Fees and Administrative Fees (if applicable) generated in Advisory Solutions, as well as assets under care, may impact your financial advisor's eligibility for a bonus.

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. Program Fees received by a financial advisor are counted toward qualifying for the Travel Award Program.

### **Financial Information**

This section does not apply to Edward Jones.

### **Item 10: Requirements for State-Registered Advisers**

This section does not apply to Edward Jones.

## **APPENDIX A**

### **Disclosures Regarding Proprietary/Affiliated Money Market Funds**

Advisory Solutions UMA Model Accounts may from time to time be invested in shares of the Edward Jones Money Market Fund or the Edward Jones Tax Free Money Market Fund (collectively the "Funds"), which are advised by Passport Research, Ltd. (the "Adviser"), a partnership in which Edward Jones has a 49.5% limited partnership interest. As such, the Funds are advised by affiliates of Edward Jones or by persons in which Edward Jones has an interest.

Due to its limited partnership interest in the Adviser, Edward Jones receives a share of the Adviser's net income and revenue, which are derived from advisory fees, as is more fully described in the prospectuses of the Funds. In addition, the Adviser or persons related to the Adviser, including Edward Jones, may provide any other services to the Funds that are permitted by law and be compensated for them, including without limitation, custody, fund accounting, transfer agency and distribution. In addition, Edward Jones or its affiliates may serve as counterparties in transactions with the Funds where permitted by law or regulation, and may receive compensation in that capacity.

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