

## ■ Strip Bonds

### What is a strip bond?

A strip bond is a fixed-income product that makes no interest payments but returns the full face value at maturity. Strip bonds are purchased at a discount. At a stated date in the future, called the maturity date, your principal is returned if you continue to hold the bond. The maturity dates on strip bonds can range from one year to 30 years.

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### How are we paid for our services?

#### Secondary strip bonds

Secondary strip bonds are transactions involving previously issued bonds. When you buy or sell, Edward Jones may act as either an agent or a principal. If we act as an agent, your trade confirmation will display the commission you pay, which may be up to 1.8% of the dollar amount you buy and up to .75% of the dollar amount you sell.

If you buy a bond from our inventory or sell a bond that we purchase directly from you, we act as a principal. You will see the markup or markdown, which is included in the price, displayed as a line item in the trade confirmation. The markup may be up to 1.8% of the dollar amount you buy and the markdown may be up to .75% of the dollar amount you sell. The price is also adjusted to reflect changes in interest rates and market prices that have occurred since we bought the security. As a result of these changes, Edward Jones may earn revenue or incur losses from buying or selling securities as principal.

### How is your financial advisor compensated?

Your financial advisor receives a percentage of any commissions or charges for strip bonds. Our revenue affects Edward Jones' overall profitability and thus may affect any branch bonus your financial advisor receives.