

## ■ Segregated Funds (Variable Annuities)

### **What is a segregated fund?**

*A segregated fund (Seg fund) is an investment fund with an underlying insurance policy contract. Segregated funds are administered by Canadian insurance companies in the form of variable life insurance contracts that offer certain guarantees to the policy holder, subject to the insurance company's conditions and ability to meet obligations. Segregated funds' assets must be kept separately (or segregated) from the insurance company's other assets.*

*Insurance and annuities are offered by Edward Jones Insurance Agency (except in Quebec). In Quebec, insurance and annuities are offered by Edward Jones Insurance Agency (Quebec) Inc.*

---

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

#### **Buying & Selling:**

There is no upfront commission or associated redemption schedule tied to your initial purchase date(s) for the purchase of any segregated fund offered for sale at Edward Jones.

#### **Segregated funds in Brokerage Accounts:**

There is no fee charged by the dealer to buy or sell segregated funds used exclusively in brokerage accounts (A-series for full service brokerage firms). The dealer receives an ongoing portion of the management fee from the fund company (see Trailing commission).

#### **Segregated funds in Fee-Based Accounts:**

There are no trailer or services fees paid to the dealer for segregated funds used exclusively in fee-based accounts (F-series). Investors are charged an account fee by the dealer directly for advice and services.

### **Owning**

The Management Expense Ratio (MER) is expressed as a percentage of the fund's net average assets. The MER pays for professional management of the fund, the fund's operating expenses and, depending on the series of fund, compensation to Edward Jones as a trailer, or service fee. The MER also includes the insurance cost of the guarantee associated with the contract. You do not pay the MER directly but it reduces the return of the fund. A fund MER of 2%, as an example, equals \$20 for every \$1,000 invested.

The Trading Expense Ratio (TER) is the cost for the daily trading of securities that occurs within the Seg fund and varies based on the trading activity. The TER is expressed as a ratio of these charges versus the Net Asset Value of the fund.

The MER and TER are captured in the Net Asset Value (NAV) of the fund, and both impact the return of the fund. To understand the costs associated with any fund, we recommend you review a copy of the fund's prospectus or Fund Facts Document.

### **Trailing commission**

Insurance companies pay a portion of its management fee to the dealer handling your portfolio as a trailing commission (or trailer fee). It is paid for as long as you own the Fund for the services and advice that your financial advisor and their firm provide to you.

### **How is your financial advisor compensated?**

Your financial advisor receives a portion of any ongoing service fees the Insurance Company pays to Edward Jones. Our revenue affects Edward Jones' overall profitability and thus may affect any branch bonus your financial advisor receives.

---

\* Deferred Sales Charge (DSC) and Low Load (LL) purchase options are not available for purchase from Edward Jones.