

A photograph of a middle-aged man with glasses and a grey beard, wearing a grey sweater over a light blue shirt, and a woman with grey hair, wearing a white cardigan. They are both looking intently at a document held by a third person whose back is to the camera. The scene is brightly lit, suggesting an office or meeting environment.

# Client Relationship Model (CRM) and Your Clients

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# What is Client Relationship Model (CRM)?

- Regulatory changes that will increase transparency in the financial services industry
- Multi-year initiative (2013-2016)
- Designed to bring greater clarity to help investors understand their investments, strategies, fees and investment performance

# Snapshot of CRM1 and CRM2

CRM1	CRM2	
2013	2014	2015
<ul style="list-style-type: none"> <li>• Relationship Disclosure</li> <li>• Conflicts of Interest Disclosure</li> <li>• Enhanced Suitability Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-trade Disclosure</li> <li>• Benchmark Reporting on Statements</li> <li>• Trade Confirmations (Debt Security Costs)</li> </ul>	<ul style="list-style-type: none"> <li>• Account Statements</li> <li>• Position Cost Information on Statements</li> <li>• New Report – Positions Held Outside Firm</li> </ul>

## CRM2

### 2016

- New Annual Report (Charges and Other Compensation)
- New Annual Report (Investment Performance)
- Trade Confirmations

# 2016 CRM2 Requirements

## **New Annual Report on Charges and Other Compensation**

1. Transaction costs
2. Operating costs
3. Compensation from third parties

# Types of Costs Disclosed in Annual Cost Report

## Transaction Costs

- Any amount paid by client for general administration of their account, including fees charged on a one-time, monthly, or annual basis.

## Operating Costs

- Amounts paid by the client for general administration of their account.

## Compensation paid by third parties

- Amount Edward Jones has received from other companies to provide ongoing services on client's account.

# Who is impacted?

**All Investment Dealers in Canada (such as Edward Jones)**

- Also Mutual Fund Dealers, Scholarship Plan Dealers and Exempt Market Dealers

# Impact of CRM to Your Clients





# 2016 Proactive Approach to CRM2

## **New Annual Report (Charges and Other Compensation)**

- Annual summary of all charges incurred by client and any other compensation received by the investment dealer associated with the client's account
- Launched sample report for branch teams to share with clients in July 2016

## **New Annual Report (Investment Performance)**

- Annual performance report including the total return of the client's account for specified periods
- Launched April 2016

## **Trade Confirmations**

- Confirmations must include: Amount of deferred sales charge (DSC) and Low Load mutual fund purchase options (LL) received on a transaction
- Launched June 2014



# Sample Client Guide: Annual Cost Report

## Guide to Understanding Your New Annual Costs Report

Included with your December statement is a new report — **Your Annual Costs**. To help you understand the details of the report, we have included this Guide.

The Guide provides a summary of each section of the report highlighting examples of the most common costs associated with investing at Edward Jones.

Your advisor is happy to help you understand the details of the report as it relates to your personal financial strategy.

**1 Charges Paid by You and Compensation from Third Parties:** A summary of the types of costs associated with your account, and compensation received by our firm.

**2 Transaction Cost:** Costs associated with buying and/or selling securities such as fixed-income, equity and certain types of mutual funds. Examples of entries that may appear in the Transaction Cost section include:

- Commissions: For stocks, bonds, front-end load mutual fund, and exchange-traded fund transactions.
- Dividend Reinvestment Fee: If you participate in the Dividend Reinvestment Program, you pay a 2% fee based on the dollar amount of dividends you reinvest.
- Dollar Cost Averaging: If you participate in the Dollar Cost Averaging Program (DCA), you pay 2% of the principal or a \$5 fee, whichever is greater.

**3 Operating Cost:** Amounts you paid for general administration of your account, including fees and charges on a one-time, monthly, or annual basis. Examples of entries that may appear in the Operating Cost section include:

- Annual Administration Fee: Applies to registered accounts where applicable.
- Deregistration Fee: Charged when you withdraw assets from a registered account.
- Guided Portfolios Fee: The total 2016 fees for ongoing management and administration of your Guided Portfolio (Fee-based) account. Calculated as a percentage of the total assets within the account and charged monthly throughout the year.
- Portfolio Prog/Mutual/Seg Fund Fee:
  - Portfolio Program Fee: Shown from January 1, 2016 to August 31, 2016 including taxes. The total Portfolio Program fee and taxes from September 1, 2016 to December 31, 2016 is shown separately and is divided into the Edward Jones and SEI portion of the total fee and taxes.

	This Year CAD Currency
<b>1 Charges Paid by You and Compensation from Third Parties</b>	
<b>2 Transaction Cost</b>	
Commissions	\$938.83
SEC Fee	0.38
<b>Total Transaction Cost</b>	<b>\$939.21</b>
<b>3 Operating Cost</b>	
ADR Fee	\$2.81
Portfolio Prog/Mutual/Seg Fee	\$15.24
Portfolio Program - EJ Fee	\$41.02
Portfolio Program - SEI Fee	\$6.38
<b>Total Operating Cost</b>	<b>\$316.25</b>
<b>Total Transaction and Operating Cost</b>	<b>\$1,255.46</b>
<b>Compensation from Third Parties</b>	
Trailing Commissions	\$845.10
<b>Total Compensation from Third Parties</b>	<b>\$845.10</b>
<b>Total Charges Paid by You and Compensation from Third Parties</b>	<b>\$2,099.56</b>

- Mutual Funds Fee: Taxes, administrative and miscellaneous fees that may be collected by the fund company on mutual funds you own.
- Segregated Funds Fee: Includes costs for guarantees and death benefits by the fund company.

- Portfolio Program – EJ Fee: Portion of the total Portfolio Program fee, which includes the ongoing maintenance and operating expenses of the Program, paid to Edward Jones. Figure represents the Edward Jones portion of the total fee and taxes from September 1, 2016 to December 31, 2016.
- Portfolio Program – SEI Fee: Portion of the total Portfolio Program fee, which includes management expenses and operating expenses, paid to SEI. Figure represents the SEI portion of the total fee and taxes from September 1, 2016 to December 31, 2016.
- Taxes: Charged on fees you paid to Edward Jones. Amount based on resident provincial rates.  
**Note:** Taxes for Portfolio Program fees are included in those category totals.

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## Guide to Understanding Your New Annual Costs Report (continued...)

**4 Total Transaction and Operating Cost:** Sum of your Transaction and Operating Costs paid for the previous calendar year.

**5 Compensation from Third Parties:** Amount Edward Jones has received from other companies to provide ongoing services on your account. Examples of entries that may appear in the Compensation from Third Parties section include:

- Trailing Commissions: In general, mutual fund companies pay a portion of its management fee (MER) 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 our firm provide to you.
- Deferred Sales Charges (DSC) and Low Load (LL) purchase options: The mutual fund company pays a commission directly to Edward Jones (rather than deducting it from the amount invested). In other words, all of your money is invested in the chosen Mutual Fund at the outset. Specific details are outlined in the Fund Facts document.
- Guaranteed Investment Certificates (GICs): Edward Jones offer GICs at face value and receive a selling fee, which is incorporated into the price.

**6 Total Charges Paid by You and Compensation from Third Parties:** The total sum (Total Transaction Cost + Total Operating Cost + Total Compensation From Third Parties) of the amounts you have paid to us and amounts we have received from others to service your account in the previous calendar year.

	This Year CAD Currency
<b>Charges Paid by You and Compensation from Third Parties</b>	
<b>Transaction Cost</b>	
Commissions	\$938.83
SEC Fee	0.38
<b>Total Transaction Cost</b>	<b>\$939.21</b>
<b>Operating Cost</b>	
ADR Fee	\$2.81
Portfolio Prog/Mutual/Seg Fee	\$15.24
Portfolio Program - EJ Fee	\$41.02
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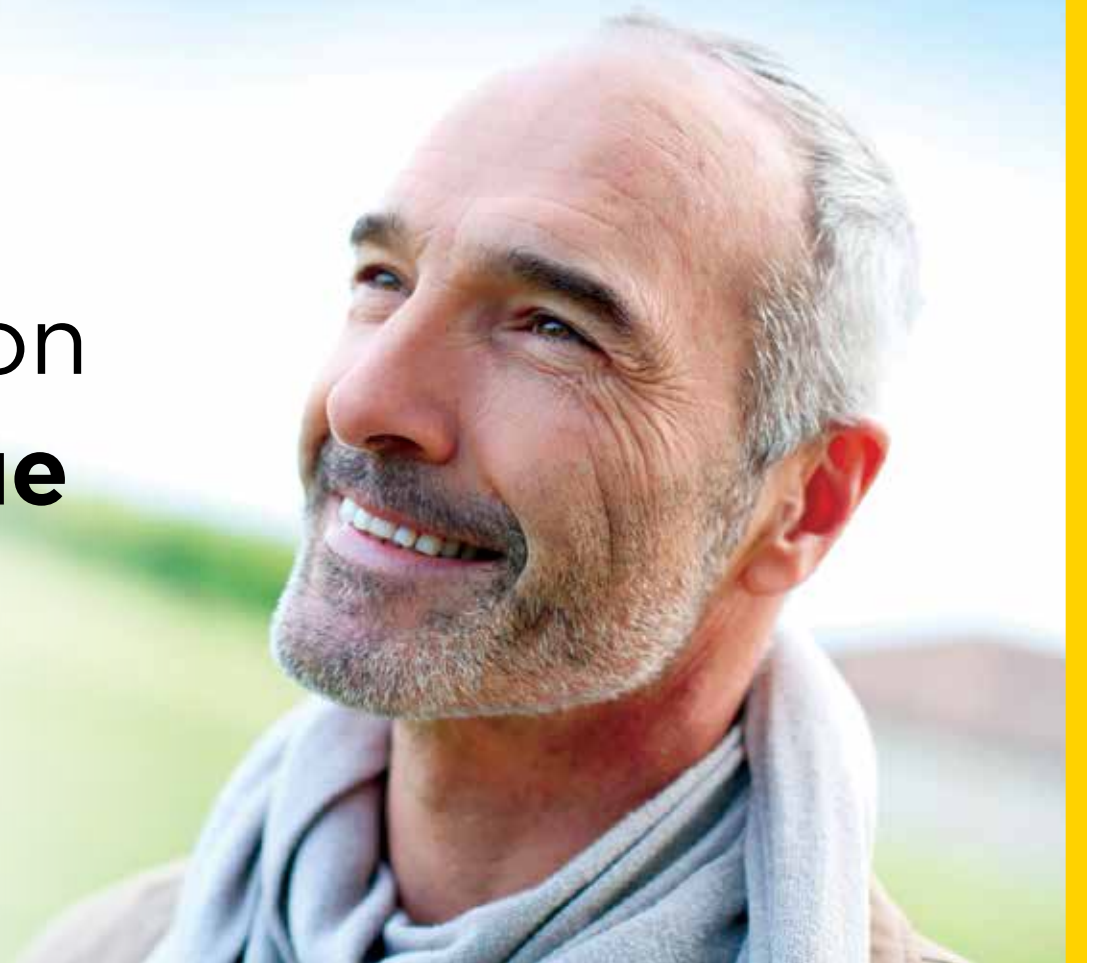
For a current version of the Schedule of Fees, please visit [edwardjones.ca/canadadislosures](http://edwardjones.ca/canadadislosures).

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# What Does This Mean for Our Clients?

- Reports provide **more transparency and clarity on costs paid** for services received from their financial advisor.
- Clients are now in a position to **easily evaluate the value they are receiving** for the costs paid for services.



# Our Value Proposition



- Understand what's important to our client
- Use an established process to create personalized strategies
- Partner throughout life to help keep them on track.

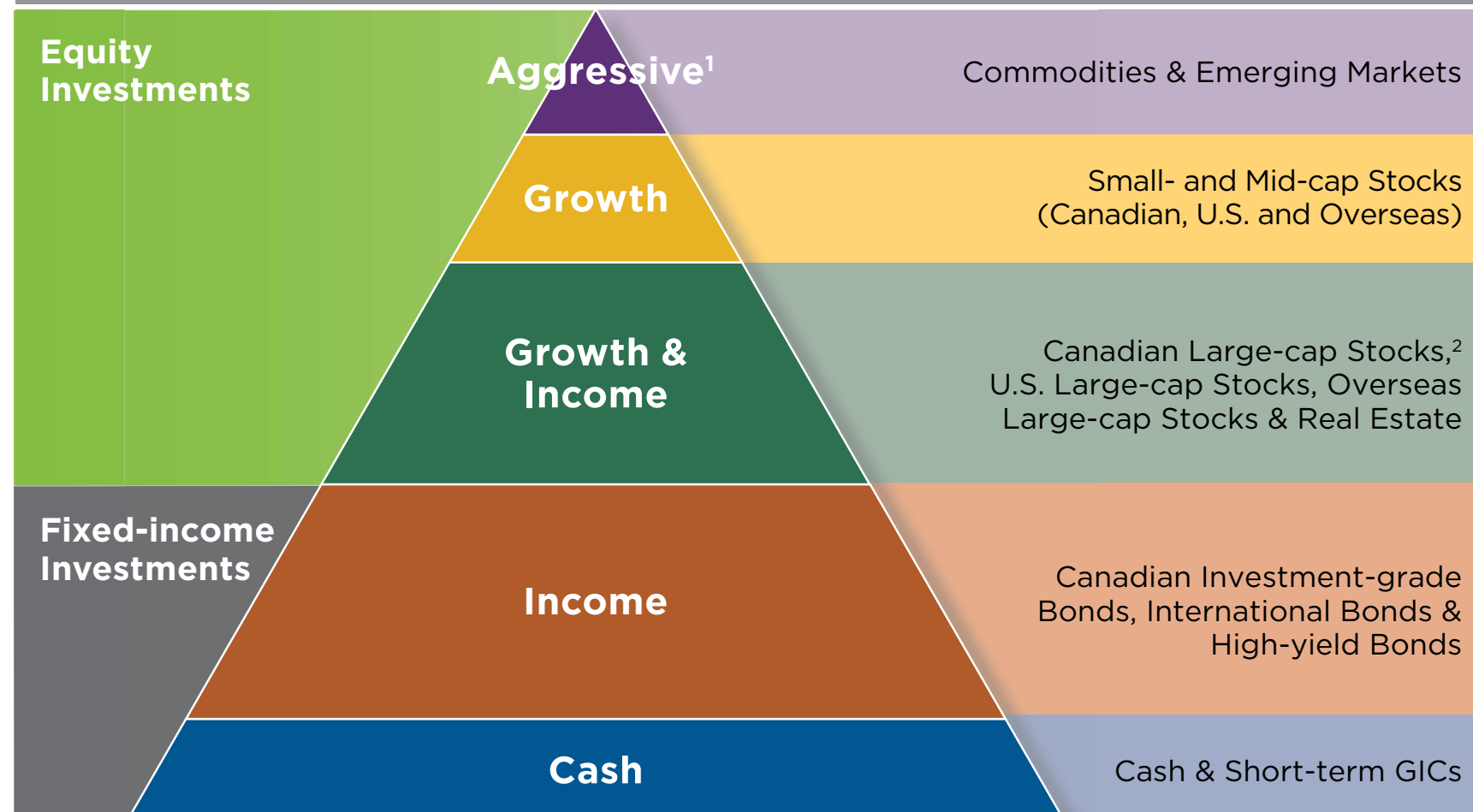
# Our Investment Philosophy

## Proper Diversification Using Our Framework

Start by choosing the right mix of stock and fixed-income investments for your situation

Apply our portfolio framework (using the investment categories below) to properly diversify

We'll help identify risks and opportunities within specific asset classes and make appropriate recommendations



- Long-term
- Quality
- Diversification

# A Team Approach for our Clients



Edward Jones, its employees and financial advisors are not estate planners and cannot provide tax or legal advice. Clients/prospective clients should consult their estate-planning lawyer or qualified tax advisor regarding their situation.



# J.D. Power Four Years in a Row!

**Ranked “Highest in Investor Satisfaction  
among Full Service Brokerage Firms”  
J.D. Power 2013-2016**




**Edward Jones also ranked highest in  
several study factors including:**

- Financial Advisor
- Account Information
- Investment Performance
- Product Offerings



Edward Jones received the highest numerical score among 15 brokerage firms in the J.D. Power 2013-2016 Canadian Full Service Investor Studies. 2016 study based on 5,159 total responses, measuring the opinions of investors who use full-service investment firms, surveyed May-June 2016. Your experiences may vary. Visit [jdpower.com](http://jdpower.com).

# Three Ways to Help Your Clients through CRM2

-  Understand what CRM means for your clients
-  Ensure your clients have a trusted financial advisor
-  Partner with clients and their financial advisor through life to ensure their financial strategy stays on track



# Questions & Answers

# Thank You

PLEASE COMPLETE YOUR EVALUATION NOW

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