State Farm® Brokerage Accounts

Scope of Service

At State Farm, we put your needs first. We value our relationship with you and want you to make informed decisions about your investments. It’s important for investors to understand the service we provide, the fees and costs you may pay and how State Farm and your registered agent earn money on the sale and service of those products. The following disclosures will give you important facts about our relationship as well as potential conflicts between your interest and that of State Farm and/or your registered agent. We encourage you to review these disclosures to help you understand and make informed investment decisions.

State Farm provides securities products through its broker-dealer, State Farm VP Management Corp., which this document will refer to as “State Farm” or the “firm”. State Farm and its registered agents do not provide investment advisory services/accounts and do not monitor your accounts. While State Farm registered agents may recommend transactions or investment strategies, the ultimate decision on your investment strategy and the purchase and sale of investments is yours. State Farm and its registered agents do not provide tax advice. Transactions in securities can have significant tax consequences and you should discuss your accounts and transactions with your tax professional. Detailed information regarding your relationship with us is included in the Customer Account Agreement, which you should read carefully.

State Farm brokerage accounts utilize mutual funds managed by industry leaders, with funds offered in Class A and P shares. State Farm utilizes RBC Capital Markets, LLC, as the clearing broker.

With a State Farm brokerage account, customers may (1) build a diversified multi-fund portfolio consisting of mutual funds, or, (2) leverage a single mutual fund that provides a diversified option aligning with their investment objectives, time horizon and risk tolerance.

State Farm believes a diversified asset allocation — spreading your investments across multiple asset classes — can help balance the overall performance of your portfolio, because each asset class tends to respond differently to various market conditions. In addition, distributing your investments among a variety of securities within the same asset class may help your portfolio be less affected by market volatility.

State Farm offers funds in the following fund asset classes:

<table>
<thead>
<tr>
<th>U.S. Equity</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Equity</td>
<td>Taxable Bond</td>
</tr>
<tr>
<td>Target Date</td>
<td>Municipal Bond</td>
</tr>
<tr>
<td>Allocation</td>
<td>Money Market</td>
</tr>
</tbody>
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- Initial account minimum: $1,000
- Subsequent purchases into an existing fund position: $50
- Fund minimums may vary based on fund company
Fees and Costs

Sales Charges

- Sales charges are assessed at the time of investment for each purchase and paid directly from your investment.

<table>
<thead>
<tr>
<th>Investment Range</th>
<th>Sales Charge %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $25,000</td>
<td>As high as 5.75%</td>
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<tr>
<td>to $1 million and above</td>
<td>to 0%1</td>
</tr>
</tbody>
</table>

Note: For additional range details, please reference the individual fund prospectuses at statefarm.com/ips/prospectus.

1 A contingent deferred sales charge (CDSC) may be assessed if certain redemptions occur within 12 or 18 months after a purchase where no initial sales charge was paid (i.e., at Net Asset Value) at the time of the purchase. See each fund’s prospectus for specific investment amounts and time period holding requirements.

How to reduce sales charges:

- Mutual fund breakpoints are set at various levels to offer investors a reduced sales charge depending on the amount invested in a particular family of funds. Breakpoints vary by fund company and fund type and are disclosed in the applicable fund prospectus. Investors can qualify for breakpoint discounts through:
  - A single purchase in an amount that is at least the applicable breakpoint amount;
  - Rights of Accumulation which allow a shareholder to receive a reduced sales charge when the amount of mutual funds purchased, plus the amount already held, equals a breakpoint. This allows investors to aggregate their own holdings as well as those of certain related individuals, such as a spouse or child, toward achieving a lower sales charge. Investors may be able to aggregate holdings held in different accounts at the same broker-dealer or even at different broker-dealers (held-away assets) when investing in the same fund family.
  - A Letter of Intent (LOI), which is a non-binding agreement used to allow a customer to agree to purchase a certain dollar amount into related accounts, within 13 months of the signature date, to qualify for a lower sales charge. This allows the investor to receive a discounted sales charge for the purchases made, per fund family, towards fulfilling the LOI.

- A sales charge will apply to move money from one fund family to the other. No sales charge would apply when exchanging within the same fund family.

- Sales charges are waived when the customer invests enough to meet the criteria determined by each fund family. This amount varies by fund and fund family.

- Certain investors (e.g., State Farm agents, employees, family members) may qualify for purchases without a sales charge.

Custodial Fees

State Farm brokerage accounts utilize RBC Capital Market, LLC to provide custody and clearing services. You will pay a fee for some transactional requests such as transfers, and an annual account fee for certain tax-qualified accounts under $150,000. Please see the Client Fee Listing for a complete list of charges.

Fund Operating Expenses

Mutual Funds have ongoing operating expenses that reduce your investment returns. These expenses include fees covering administration, investment management, distribution and marketing/service (12b-1 fees). Mutual fund operating expenses vary from fund to fund, and these differences can have a significant impact on your investment returns over time.

The funds State Farm offers generally have annual expenses ranging from .35% to 1.75% (as of June 30, 2020). However, new funds or the addition of asset classes may result in changes to the range shown. As a result, you should understand the operating expenses of mutual funds you purchase. Mutual fund operating expenses are assessed by the fund companies. For additional details, please reference the individual fund prospectuses at statefarm.com/ips/prospectus. In the event of any difference between this disclosure and the prospectus, the prospectus will prevail.
Important Customer Information

Buy, Sell and Transfer Shares

- Investing smaller amounts in funds from multiple fund families versus investing entirely in one fund family can limit you from reaching the respective breakpoints set by each fund manager, and resulting in higher sales charges.
- Customers who own shares at another financial institution of the same funds that we offer at State Farm can transfer those securities directly to us and eliminate the need to liquidate the shares and repurchase, avoiding additional sales charges. Conversely, if the funds are liquidated and commissionable shares are purchased through State Farm, sales charges may apply resulting in commissions paid to State Farm and your registered agent.
- Reinvestment privilege: If you notify us prior to the time of reinvestment, you may reinvest proceeds from a redemption, dividend payment or capital gains distribution without a sales charge, as long as the reinvestment occurs within 90 days after the time of the distribution and is made in the same fund family.

Firm Compensation

- When you purchase mutual fund shares through State Farm, we earn revenue from the sales charge deducted from your investment at the time of purchase. A portion of the sales charge is retained by the fund managers, while the remainder is used to pay us, and we, in turn, pay our registered agents a commission.
- The amount that different fund managers pay State Farm for the sale of shares you purchase and related services may vary by fund family and type. Because some funds pay State Farm more than others, the funds your registered agent recommends to you could result in State Farm receiving more revenue compared to others.
- When you qualify for a sales charge breakpoint, State Farm and your registered agent earn less in sales charges, and may earn nothing. Breakpoint schedules vary among mutual fund issuers, meaning our compensation will differ depending on the mutual fund you purchase and its associated breakpoint schedule.
- State Farm earns revenue from the fund companies for the ongoing distribution and sales support services it performs on behalf of the funds, known as 12b-1 fees. These are based on a percentage of the Net Asset Value of commissionable shares in your account. As a result, our revenue may increase when your account value increases (e.g., add funds to your account), or decrease when your account value decreases (e.g., take a distribution from your account).
- The 12b-1 fees paid to State Farm by the distributors may differ by fund. As a result, the funds your registered agent recommends to you could result in State Farm receiving more revenue compared to others.
- The 12b-1 percentage State Farm receives varies per fund, ranging from 0% (0bps) to .30% (30bps) annually (as of June 30, 2020).
- State Farm also receives revenue sharing payments based on the cumulative average daily Assets Under Management from some of the funds. Revenue sharing, as received by State Farm, involves a payment from a mutual fund company adviser or distributor. It is not an additional charge to you.

Registered Agent Compensation Paid by State Farm

- When you make a purchase into a mutual fund, your registered agent will be paid a commission out of the revenue earned by State Farm on your purchase amount, and is the same percentage of the purchase amount no matter which mutual fund you choose.
- State Farm registered agents do not receive commissions for the sale of money market mutual funds. However, a subsequent reallocation from the money market fund to a non-money market fund will result in a sales charge to you and a commission to your registered agent.
- When you qualify for sales charge discounts by reaching breakpoints, your registered agent’s commission percentage on those transactions decreases.
- State Farm pays your registered agent a portion of the ongoing monthly 12b-1 fees it receives in the form of a trailing commission, based on a percentage of the Net Asset Value of shares in your account. If the fund charges a 12b-1 fee, the percentage amount your agent will be paid is the same no matter which mutual fund you buy.
- The agent’s trailing commission may increase or decrease based on your decision to make a purchase (increasing the Net Asset Value) or take a distribution (decreasing the Net Asset Value) from the account.
The agent may also earn credit towards cash and non-cash (i.e., travel) incentive programs:

- The cash bonus is based on the registered agent’s previous year’s total amount of commissionable dollars.
- The non-cash incentives are based on a percentage of the amount of the registered agent’s previous year’s total amount of commissionable dollars and is the same regardless of the mutual fund you buy.
- All mutual funds and annuities (other than State Farm variable annuities) are included in the incentive programs. Not all agents will qualify for the programs.

**Other Associated Persons Compensation**

State Farm may provide its employees, such as its field sales leaders, with the opportunity to earn a bonus based on State Farm registered agents’ level of engagement with investment products for the prior year. Not all will qualify for the program.

**Additional Disclosures**

Securities distributed by State Farm VP Management Corp.

Asset allocation does not assure a profit or protect against loss.

**Securities are not FDIC insured, are not bank guaranteed and are subject to investment risk, including possible loss of principal.**

Target Date Funds are portfolios whose investment objectives are adjusted over time to be more conservative as the target date (date the investor plans to start withdrawing their funds) approaches. The principal value of the fund(s) is not guaranteed at any time, including at the target date.

You could lose money by investing in the Money Market Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) or any other government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

SFVPMC is a separate entity from Capital Research and Management Company (CRMC) which is the investment adviser for American Funds. American Funds securities are distributed through American Funds Distributors, Inc. All Capital Group trademarks referenced are registered trademarks owned by The Capital Group Companies, Inc. or an affiliated company.

Our firm has a contractual agreement with RBC Correspondent Services (RBC CS) to serve as our clearing firm. This fully disclosed agreement states the responsibilities of each party. Prior to the agreement becoming effective, RBC CS is responsible for making all disclosures to our firm’s designated examining authority as required by FINRA Rule 4311. Each client of our firm is notified of the relationship via a disclosure letter. The disclosure letter details the responsibilities that our firm (the introducing broker-dealer) and RBC CS (the clearing firm) have to the client. Although client assets are held by RBC Capital Markets, LLC, neither RBC Capital Markets, LLC, nor RBC CS has responsibility for the financial condition or performance of our firm or our Financial Advisors.

RBC Correspondent Services is a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.

State Farm agents are independent contractors who hire their own employees. Neither State Farm agents nor employees of State Farm agents are employees of State Farm.

Neither State Farm nor its agents provide tax or legal advice.

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