



# INVESTOR INFORMATION GUIDE – MUTUAL FUNDS

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FOR ADDITIONAL INFORMATION ON THE DISCLOSURES DISCUSSED IN THIS GUIDE, A COPY OF OUR FORM CRS ,  
OUR REGULATION BEST INTEREST DISCLOSURES AND OTHER DISCLOSURE AND INFORMATIONAL ITEMS THAT  
ARE IMPORTANT TO YOU, PLEASE VISIT [AVANTAXWEALTHMANAGEMENT.COM/DISCLOSURE-CATALOG](https://www.avantaxwealthmanagement.com/disclosure-catalog).

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# Trusted Contact Authorization

Rep #	Account Number	Account Registration
<input type="text"/>	<input type="text"/>	<input type="text"/>

By signing this form, I authorize Avantax Investment Services<sup>SM</sup> ("AIS") to contact the individual(s) identified below as my Trusted Contact(s) in the event of a situation described below regarding the above named account I have with AIS.

If AIS has questions or concerns about my health (capacity and well-being, etc.) or welfare (financial exploitation), or is unable to contact me, it may:

- Contact and disclose information about me and my accounts to the individual(s) identified below as my Trusted Contact(s) to discuss possible financial exploitation;
- Confirm with my Trusted Contact(s) my current contact information or health status and/or the identity of any legal guardian, executor, trustee or holder of a power of attorney; and whether another individual or entity has been given legal authority to act for me (for example, an agent to whom I've given power of attorney, a successor trustee of a trust that I'm trustee of, or a court-appointed guardian, conservator, or executor); and
- Communicate with persons who claim legal authority to act for me to determine whether those persons have legal authority over my accounts.

I understand that: (1) I authorize AIS to contact my Trusted Contact(s) for any account I may have with them; (2) I may identify multiple contact persons (if needed, use additional copies of this form to list additional Trusted Contacts); (3) AIS is not required to contact, or attempt to contact, my Trusted Contact person(s); (4) **This Authorization is optional and I may withdraw it at any time by notifying AIS in writing;** and (5) I may change or amend my Trusted Contact(s) at any time by providing AIS a newly-signed Trusted Contact Authorization Form, and that this new form **will supersede** any previous form on file.

The Trusted Contact must be at least 18 years old. Please note that this form represents an account owner's release and if an individual account owner elects to provide Trusted Contact information, each individual account owner must provide his/her own completed and signed Trusted Contact Authorization form.

*\* Required Fields*

Account Owner/Authorized Party (Individual, Trustee, Custodian)*			
Name of Trusted Contact*			
Relationship (e.g., spouse, child, lawyer, accountant, etc.)*			
Trusted Contact Phone*	Email		
Address			
City	State/Province	ZIP/Postal Code	Country
Client Signature <b>X</b>	Print name		Date

Account Owner/Authorized Party (Individual, Trustee, Custodian)*			
Name of Trusted Contact*			
Relationship (e.g., spouse, child, lawyer, accountant, etc.)*			
Trusted Contact Phone*	Email		
Address			
City	State/Province	ZIP/Postal Code	Country
Client Signature <b>X</b>	Print name		Date

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Avantax Wealth Management<sup>SM</sup> is the holding company for the group of companies providing financial services under the Avantax<sup>SM</sup> name. Securities offered through Avantax Investment Services<sup>SM</sup>, Member FINRA, SIPC. Investment advisory services offered through Avantax Financial Advisory Services<sup>SM</sup>. 6333 N. State Highway 161, Fourth Floor, Irving, TX 75038, 972-870-6000

# Important Information Regarding Your Account

Avantax Investment Services<sup>sm</sup> (AIS) is the broker/dealer through which your financial professional offers brokerage and securities products. As the broker/dealer that holds your account, we are providing you the following important information which you should review carefully and retain for your records.

## Securities Transactions Effected Through Avantax Investment Services

- The responsibilities of AIS relate specifically to securities-related products and do not apply to any other products or services you may obtain from your financial professional. Your financial professional is an independent contractor who may offer additional products and services outside his/her relationship with AIS. For example, AIS does not provide or supervise tax, accounting, payroll or legal services.
- All payments for the purchase of securities or insurance through AIS should be made by check or ACH transfer payable to a mutual fund company, National Financial Services LLC, or the insurance carrier and *not* to a financial professional or his or her independent company. When you purchase an investment product in a brokerage account through AIS, you will receive a confirmation of the transaction and an account statement referencing AIS. When you purchase an investment product directly from a mutual fund or insurance company, you will receive a confirmation and statement directly from that company and not AIS. If you believe you made an investment through our company, but did not receive a confirmation referencing AIS, please call us at (866) 218-8206, option 8.
- **It is very important that you review all confirmations and statements that you receive from AIS or directly from the mutual fund or insurance companies on a timely basis to ensure that all transactions in your accounts, including deposits and withdrawals, are accurate and were effected in accordance with your instructions.**
- Additional information about AIS, including additional disclosures, can be found on our website at [avantaxwealthmanagement.com/disclosure-catalog](http://avantaxwealthmanagement.com/disclosure-catalog).
- Any complaints regarding your investments should be directed to the AIS Compliance department at (866) 218-8206, option 8.

## Verification of Account Information

To help fight the funding of terrorism and money-laundering activities, federal law and contractual obligations require that AIS obtain your name, date of birth, Social Security number, address and government-issued identification number to verify your identity before opening your account. In certain circumstances, AIS may obtain and verify this information with respect to any person authorized to effect transactions in an account. For certain entities, such as trusts, estates, corporations, partnerships or other organizations, identifying documentation is also required. Your account may be restricted and/or closed if AIS cannot verify this information. AIS will not be responsible for any losses or damages (including but not limited to lost opportunity) resulting from any failure to provide this information, or from any restriction placed upon or closing of your account.

Any information provided to AIS may be shared by AIS with third parties for the purpose of validating your identification and may be shared for other purposes in accordance with any applicable privacy policy of AIS. Any information you give to AIS may be subject to verification, and AIS is authorized to obtain a credit report about you at any time. Upon written request, you will be provided the name and address of the credit reporting agency used. AIS may monitor or record conversations with you in order to verify data about any transactions you request.

# Glossary of Terms

Investing involves risk, and different investment products involve different degrees of risk. In general, the higher the expected or potential return on a product or strategy, the greater the risk that you might lose some or all of your investment. Investments should be chosen based on your particular situation, including your objectives, investment time horizon, liquidity needs and tolerance for market fluctuations. If you need the funds in your account to meet ongoing or special expenses (e.g., mortgage, college, car purchase), then you should invest in a more conservative manner that limits your risk of loss. The following is a general description of the suitability information that will be used to make recommendations to you and review your account. Please review these definitions to ensure that your account is being handled consistent with your objectives. You should communicate information relevant to assessing your needs to your financial professional and update your account profile regularly as your needs change. The following are definitions of the various choices for investment objective.

**Income Conservative** investors seek to generate income consistent with a lower degree of risk. Although there is some risk of loss of principal, the overall account is designed to limit this risk in exchange for a lower level of income. Equities and high yield bonds are typically not included in the account. Conservative investments are typically for investors who have short-term liquidity needs or are unwilling to accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Income Moderate** investors seek to balance increased potential risk of loss with increased income potential. A limited amount of higher risk investments such as equities and high yield bonds will typically be used in the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Income Aggressive** investors seek to maximize income, and have a long-term time horizon, as a result of these and other factors, they employ higher risk, more aggressive strategies that may offer higher potential income. Investments that involve significant risk, such as equities and high yield bonds, may be a significant percentage of the account. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth & Income Conservative** investors seek to generate a blend of income and growth of principal consistent with a lower degree of risk. Although there is a risk of loss of principal, the overall account is designed to limit risk in exchange for lower anticipated returns. Higher risk investments, such as equities and high yield bonds, may be included in the account, but generally will not be a significant percentage of the account. Conservative investments are typically for investors who have short-term liquidity needs, or are unwilling to accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth & Income Moderate** investors seek to balance potential risk of loss with higher potential income and growth of principal. Higher risk investments, such as equities and high yield bonds, will generally be included in the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth & Income Aggressive** investors seek a significant level of growth and income, and have a long-term time horizon, as a result of these and other factors, they employ higher risk, more aggressive strategies that may offer higher potential returns. Higher risk investments, such as equities and high yield bonds, may constitute a significant portion of the account. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth Conservative** investors seek growth consistent with a lower degree of risk. Although all growth portfolios involve some risk, they are willing to accept lower potential returns in exchange for lower risk. Higher risk investments, such as equities and high yield bonds, may be included in the account, but generally will not be a significant percentage of the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs and can accept the potential loss of some principal in the hope of achieving greater long-term returns.

**Growth Moderate** investors seek to balance potential risk with their goal of higher potential growth. Equities may be a significant portion of the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of principal in the hope of achieving greater long-term returns.

**Growth Aggressive** investors seek to generate a significant level of growth, and have a long-term time horizon, as a result of these and other factors, they employ higher risk, more aggressive strategies that offer higher potential returns. Higher risk investments, such as equities, may be as much as 100% of the account. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs, and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Trading & Speculation** investors seek maximum returns through a broad range of investment strategies, which generally involve a high level of risk, including the potential for significant loss of principal. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

# Important Information Regarding Your Account

## A GUIDE TO MUTUAL FUND INVESTING AT AVANTAX INVESTMENT SERVICES (AIS)

When you buy shares of a mutual fund from your AIS financial professional, you may choose from a number of different share classes. And even though these classes represent ownership of the same portfolio - offered by the same fund company and managed by the same investment adviser - each share class has a different cost structure. To choose the share class that best fits with your financial goals, you need to make some basic assumptions about how much you intend to invest, how long you're likely to hold the shares, and whether you'll be buying more shares in the future. You also need to make sure you understand how the various fees, expenses and charges will affect your investment over time. Once you've put these concepts in perspective, you can then make an informed decision about choosing a share class that matches your needs, resources, and time horizon.

In this guide, we'll present information that may be helpful when it comes to mutual fund investing. You'll find a review of common types of share classes, an explanation of fees and commissions you may be required to pay, plus other information on how to manage fund costs and where you can go to learn more. But remember, before investing in any share class of any fund, you should read the prospectus carefully to learn more about the fund's risks, goals, fees, expenses, strategy and management. Your financial professional will send you a prospectus or other fund information and provide assistance if you have questions.

### Additional Important Information about Your AIS Accounts

The responsibilities of AIS relate specifically to securities-related products and do not apply to any other products or services clients may obtain from their financial professional. Financial professionals are independent contractors who may offer additional products and services outside his/her relationship with AIS. For example, AIS does not provide or supervise tax, accounting, payroll or legal services.

All payments for the purchase of mutual funds through AIS should be made by check or ACH transfer payable to a mutual fund company or National Financial Services LLC – not to an AIS financial professional or his/her independent company. When you purchase a mutual fund in a brokerage account through AIS you will receive a confirmation of the transaction and an account statement referencing AIS. When you purchase a mutual fund directly from a mutual fund company, you will receive a confirmation and statement directly from that company and not AIS. If you believe you made an investment through AIS, but did not receive a confirmation, please call us at (866) 218-8206, option 8.

Avantax is required to retain all correspondence related to Avantax business. To comply with this requirement, the company has adopted a policy that any investment-related electronic correspondence (broadly defined as any correspondence related to your account or investments) must be sent or received through a firm email address. These will generally end in @hvest.net, @myavantax.com, or another firm name used by your financial professional that is captured by Avantax. *Please do not correspond with your financial professional on investment-related topics if he/she is using a personal email address that ends in @gmail.com, @hotmail.com or @yahoo.com, as examples.* This policy exists to protect your confidentiality as well as to satisfy our regulatory requirements. If you need your financial professional's email address, or if you have any questions regarding these disclosures and our policies, please contact your financial professional or Avantax at 866-218-8206, option 8.

### What is a Mutual Fund?

A mutual fund is a type of professionally managed collective investment vehicle that pools the assets of its many investors in a single portfolio for the purpose of investing in diversified holdings. To manage risk, the portfolio manager diversifies the fund's investments according to the fund's investment objective. Funds can invest in a variety of investments, including U.S. or international stocks, bonds, money-market instruments or any combination. Individual investors own shares of the fund, while the fund or investment company owns the underlying investments chosen by the manager. As the number of mutual funds has grown, some mutual funds have become increasingly complex and specialized and may employ complicated investment strategies, such as leverage and short selling, to manage their portfolios. In addition, these complex funds more commonly invest in alternative investments such as commodities, foreign currencies, and derivatives.

The level and type of risk associated with mutual funds may therefore vary significantly from one fund to another. As a result, it is important to have a complete understanding of the investment strategies and underlying products from which a mutual fund derives its value in order to evaluate risks. These risks are outlined in full in the mutual fund's prospectus. Complex funds are subject to a number of risks including increased volatility and greater potential for loss and are not suitable for all investors. Before investing in any mutual fund, you should read its prospectus and discuss your investment goals and objectives with your financial professional.

### Target-date Mutual Funds

A target-date mutual fund (also known as a life-cycle or age-based fund) is designed to provide a simplified investment strategy through a single investment. The goal of these funds is to actively manage the underlying portfolio by focusing on a particular time horizon based on a date in the future (such as 2020, 2030, or 2040), and adjusting the asset mix in the portfolio, the inherent level of risk and the volatility as the target date approaches. Because these funds have an enhanced asset allocation component and are often composed of several individual funds, the expenses are generally higher than traditional funds.

Target-date funds generally consist of a blend or bundle of existing mutual funds. This "fund-of-funds" concept provides diversification, but it also does so with higher ongoing fees and expenses associated with the underlying investments. The mutual fund manager formulates the investment strategy and approach to risk for each fund. Therefore, the allocation and performance of one fund will generally be noticeably different than the allocation and performance of another with the same targeted date.

If you consider investing in one of these funds, be sure to assess the fund details and make sure that its objectives and holdings are consistent with your risk tolerance and personal investment objectives. Target-date funds should not be selected based solely on age or retirement date. They do not provide a guaranteed return and do not guarantee protection of principal. In addition, target-date funds' asset allocations are subject to change. They are not guaranteed to meet their stated investment objectives and goals and may lose money. These funds should be reviewed on a periodic basis to ensure that they remain consistent with your overall investment objectives.

### **Fixed-Income Mutual Funds**

Fixed-income funds, also known as bond funds, are a type of mutual fund that invests primarily in a portfolio of bonds or similar debt securities in order to pursue a particular investment objective. Bond funds invest in a specific type of bond, or a mix of bonds, or investment such as government, municipal, convertible and zero-coupon bonds as well as mortgage-backed securities.

Bond funds have unique risks and characteristics and can lose value especially in periods of rising interest rates. The inverse relationship associated with traditional bond prices and yields also applies to bond funds. When interest rates rise, the bond prices fall, and correlated bond fund values drop as well. The opposite is true as well; if interest rates and bond yields fall, the bond prices could rise. Therefore, the underlying bonds held in a bond fund are subject to liquidity risk, interest rate risk and reinvestment risk, which are reflected in the bond fund's net asset value (NAV). It is important to note that the fees and expenses of the mutual fund can erode the interest rate and NAV of a bond fund, thus reducing the return to the investor.

Bond funds do not have a fixed maturity date. The lack of a fixed maturity date and potential investors' demands for redemption are factors that can negatively impact the fund's NAV and share price. The NAV of a bond fund is affected by a number of factors related to the underlying securities including, but not limited to, credit quality, duration, liquidity, and security structure.

Investments in municipal bond funds are subject to the creditworthiness of their issues. Municipal bond funds are subject to the same risks as their underlying municipal securities. Economic issues impact the performance of the municipal bond issue; as a result, principal is at risk or subject to fluctuation. For instance, if the underlying municipality defaults or the security is downgraded, then the value of your portfolio will generally decrease. Some single-state municipal bond funds offer tax benefits but lack the diversification of a fund that invests in multiple-state issues such as a multi-state or national fund.

*You should not buy a fixed-income fund based solely on the yield. It is important to consider all risks and characteristics of a bond fund when making your investment decisions.*

### **High-Yield and Floating Rate Mutual Funds**

High-yield and floating rate mutual funds both invest primarily in below-investment-grade securities (sometimes called junk bonds). The securities held within high-yield and floating rate funds are often rated below investment grade by one or more of the nationally recognized statistical rating organizations or they are not rated by a rating agency.

These funds take on the risks of the underlying instruments held in the fund portfolio. For instance, the "floating rate" indicates that the interest rate tied to the underlying instruments will rise and fall, or float, with the variable rate changes and market conditions. These interest rates usually adjust every 30 to 90 days. Investors should take interest rate spreads, credit quality, and collateral into account when considering the fund's portfolio.

High-yield and floating rate funds are considered speculative and carry increased risks of price volatility, underlying issuer creditworthiness, illiquidity and the possibility of default in the timely payment of interest and principal, which can impact the value of your portfolio. These funds do not maintain a stable NAV and should not be considered cash alternative funds. You can lose money in these funds. Unlike money market funds the investment objective is not to maintain a stable NAV.

### **Complex Mutual Funds**

Some mutual funds employ complex and specialized investment strategies. These funds commonly invest in alternative investments such as commodities, foreign currencies, and derivatives, and generally employ a flexible approach to invest widely across asset classes and use complicated and aggressive investment strategies such as leveraging and short selling to manage their portfolios.

The level and type of risk associated with complex mutual funds varies significantly from one fund to another. It is important to have a broad understanding of the investment strategies and underlying products from which a complex mutual fund derives its value in order to evaluate its risks. Complex funds are subject to several risks including increased volatility and greater potential for loss and are not suitable for all investors.

### **Alternative Mutual Funds Are Not Your Typical Mutual Funds**

Alternative mutual funds typically employ complex investment strategies by holding more non-traditional investments. This approach differs from the buy-and-hold strategy typical in the mutual fund industry. For example, alternative mutual funds might

invest in assets such as global real estate, commodities, leveraged loans, start-up companies and unlisted securities that offer exposure beyond traditional stocks, bonds and cash. The variety of investment strategies employed by alternative mutual funds causes each fund to have unique characteristics and risks. Alternative mutual funds are subject to a number of risks including increased volatility and greater potential for loss and are not suitable for all investors.

FINRA issued an Investor Alert called *Alternative Funds Are Not Your Typical Mutual Funds* to inform investors to consider the characteristics and potential risks in investing in alternative mutual funds. To learn more about alternative mutual funds, visit the following website: [finra.org/investors/alerts/alternative-funds-are-not-your-typical-mutual-funds](http://finra.org/investors/alerts/alternative-funds-are-not-your-typical-mutual-funds)

### **Money Market Mutual Funds**

A money market fund is an open-end mutual fund that is required to invest in low-risk, short-term securities, which can include certain municipal securities. Money market funds are generally liquid due to the short-term nature of their underlying investments and are typically used by investors who have a low risk tolerance. Investors interested in a conservative alternative for their discretionary money fund that investment objectives for money market mutual funds are preservation of capital, liquidity and return of principal. History, however, has shown that investing in money market funds is not without risk. Typically, money market funds try to keep their NAV at a constant \$1 per share. This stability and per-share NAV is implied, but not guaranteed.

Cash sweep programs utilizing money market funds allow your otherwise uninvested cash holdings to "sweep" automatically from your brokerage account into a money market fund sweep program that offers SIPC insurance. These sweep options are generally considered lower risk and are liquid in nature, giving investors the ability to potentially earn a return on cash holdings or funds being set aside for a future purchase. SIPC insurance does not ensure the quality of investments or protect against losses from fluctuating market value.

An investment in a money market fund or a cash sweep program differs from having a traditional bank deposit money market account and is not insured by the FDIC. Similar to bond funds, money market funds and sweep program options carry fund operating expenses not associated with an individual fund and are subject to the risks discussed above as well as manager risk. Before investing in any money market fund or cash sweep program, you should discuss your investment goals and objectives with your financial professional and understand the features, characteristics, risks and costs associated with the investment vehicle. For more information on money market mutual funds and cash sweep programs, contact your financial professional.

### **Costs of Investing in Mutual Funds**

In addition to including information about a fund's objectives, risks and other characteristics, a fund's prospectus also includes a fee table listing the charges you pay, which include sales charges and annual operating expenses. You can pay these charges in a variety of ways, depending on the share class you choose. We also describe fee-based accounts and mutual fund switches later in this document.

### **Sales Charges**

These charges provide compensation for the fund company, AIS and your financial professional, who helps you select funds to pursue your investment objectives. Most sales charges are either "front-end" (charged when you buy shares) or "back-end" (charged when you sell). A back-end charge is also called a "contingent deferred sales charge" (CDSC), because if you hold your shares for longer periods of time the charge is reduced or eliminated.

### **Operating Expenses**

Many of the costs associated with running a mutual fund are operating expenses or, simply put, the cost of doing business. Included in fund operating expenses are management fees, 12b-1 fees, shareholder mailings and other expenses. Operating expenses are not paid directly as a fee, but they are deducted from the fund's assets, so they reduce your investment returns.

It is important to note that, generally, non-traditional mutual funds incur higher overall expenses due to periodic rebalancing and the use of complex investment strategies. The fund's prospectus will note the fund's expense ratio (a measure of what it costs an investment company to operate a mutual fund, expressed as a percentage of the fund's net assets), which helps you compare the annual expenses of various funds.

*The fund company takes 12b-1 fees out of the fund's assets each year for marketing and distribution expenses, which does include compensating AIS and its financial professionals. In the case of some retirement and advisory accounts, fees are rebated back to the client's account and not retained by AIS.*

### **Redemption Fees**

A short-term redemption fee is charged when shareholders redeem certain mutual fund shares early. This fee is charged regardless of the initial sales charge paid. Redemption fees are designed to discourage frequent trading in mutual funds and to offset the costs associated with those trades. These fees are paid directly to the mutual fund company and not to AIS or its financial professionals. Each fund's rules about short-term redemption are different. It is important to check the mutual fund's prospectus for the specific redemption period and schedule of fees.

### **Getting Started with Share Classes**

Many mutual fund families offer three different share classes for a given mutual fund: class A, class B, and class C shares.



Although there are many other share classes such as classes T, I, and R, most mutual funds generally fall into one of the first three mentioned above. The main difference in the share classes is the varying sales charges, distribution fees and management fees associated with each share class. Your financial professional will be compensated differently depending on the share class you choose. See the "How Compensation is Paid to AIS and Your Financial Professional" section. This discussion of share classes and the associated sales charges relates primarily to commission-based brokerage accounts. However, other fees and payments discussed below are still paid to AIS and/or your financial professional.

When deciding which share class to buy, you should consider the following questions:

- How long do I plan to hold the fund?
- How much money do I intend to invest?
- Will I be purchasing more shares in the future?
- What expenses will I pay for each class?
- Do I qualify for any sales charge discounts?

Talking with your financial professional about these questions will help you make an informed decision when determining which share class(es) match your needs, resources, and time horizon.

### Share Classes

Each share class represents a similar amount of ownership in a mutual fund, but each has different fees and expenses applied, and therefore results in different performance. While there are many different classes of mutual fund shares, the most common are class A, class B, and class C.

### Class A Shares

If you buy class A shares, you'll typically pay a front-end sales charge or commission, commonly known as a load. This commission is deducted from the amount you invest. For example, if your initial investment in class A mutual fund shares is \$1,000 and the sales charge is 5%, \$50 will be deducted from your investment to pay the mutual fund company, your financial professional and AIS, leaving \$950 to purchase shares of the mutual fund. If your total purchase of class A shares exceeds certain dollar amounts (\$25,000 and above is a typical amount), you may be eligible for a discount on the front-end sales charge based on the mutual fund's prospectus. This discount is commonly known as a breakpoint and is offered by most fund companies.

Eligibility for this discount is generally based on meeting one of the following criteria:

- Making a large purchase (usually in an amount over \$50,000, but sometimes as low as \$25,000)
- Holding other mutual funds offered by the same fund family, known as Rights of Accumulation
- Committing to purchasing additional shares within a specified time frame, usually 13 months, known as a Letter of Intent
- Having family members (or others with whom you are eligible to link purchases according to fund company rules) who hold shares in the same fund family

A more detailed description of Rights of Accumulation, Letter of Intent, and other discounts can be found in the "Understanding Breakpoints" section.

### Understanding Breakpoints

If you purchase class A shares, mutual fund companies typically offer multiple breakpoints, which are available at different investment thresholds. As a rule, the greater your total purchase, the greater the sales charge discount will be. Assuming a given purchase is consistent with your investment goals, you can often lower sales charges by adjusting the total amount to take advantage of breakpoints. For example, using the hypothetical schedule below, if you bought \$24,000 of class A shares, you would pay a commission of 5% or \$1,200. However, if you invested \$25,001 in the same class A shares, your commission would drop to \$1,062.54.

<b>Sample Breakpoint Schedule - Class A Shares</b>	
<i>This table is offered for illustrative purposes only. Actual breakpoints, if offered, will vary for different funds and fund families. Note that many fund families do not offer breakpoint discounts for purchases of less than \$50,000.</i>	
<b>Investment Amount</b>	<b>Sales Load</b>
Less than \$25,000	5.00%
\$25,001 or more but less than \$50,000	4.25%
\$50,001 or more but less than \$100,000	3.75%
\$100,001 or more but less than \$250,000	3.25%
\$250,001 or more but less than \$500,000	2.75%

\$500,001 or more but less than \$1 million	2.00%
\$1 million or more	0.00%

Even if you don't invest the minimum amount necessary to reach a breakpoint threshold, there are several ways to take advantage of reduced sales charges. Commonly offered by most brokerage firms and mutual fund companies, these opportunities are called Rights of Accumulation and Letters of Intent. While some fund families consider only class A shares when calculating a breakpoint, other fund families also include class B and class C shares in the equation. Also, assets you have within the same fund family held at other brokerage firms can be considered for breakpoints.

**Rights of Accumulation**

A Right of Accumulation is an agreement that allows you to combine class A shares you already own with additional class A share purchases in the same fund family for the purpose of achieving breakpoints or other associated discounts. For example, if you already hold \$80,000 worth of class A shares of a given fund and you buy an additional \$20,000 of class A shares, the fund company often allows you to combine those investments to reach a \$100,000 breakpoint. This would entitle you to a considerably lower sales charge on your \$20,000 purchase.

**Letters of Intent**

A Letter of Intent is an agreement you make with a fund company to invest a certain amount within a given period of time, and thus, you become eligible for breakpoints. When assessing sales charges, many fund companies allow you to include purchases completed within 90 days before the Letter of Intent is signed and within 13 months after the agreement commences. Investors should always read the prospectus carefully for more details. If you expect to invest on a regular basis or make additional investments during the next 13 months, a Letter of Intent is worth considering because it can help you qualify for reduced sales charges for purchases made prior to reaching the breakpoint. But make sure you have the resources and commitment to invest the stated amount within the agreed-upon time frame; if not, the fund company may retroactively collect the higher sales charge.

**Discounts for Families or Owners of Multiple Accounts**

Another way to become eligible for sales load discounts is to combine the accounts of multiple members of a given family. Most fund companies will permit you to take advantage of breakpoints if you aggregate your fund purchases with those of your spouse or dependent children. You may also reach discount thresholds if you aggregate mutual fund purchases across multiple accounts, such as certain retirement accounts, educational savings accounts or accounts at other brokerage firms. In some cases, employer-sponsored retirement or savings plan accounts may be combined as well. Details and eligibility vary from one fund family to another. Please read the prospectus or Statement of Additional Information (SAI) available from your financial professional for more details.

**Ongoing Fees and Expenses**

A mutual fund deducts fees from its total assets to cover various day-to-day services, including portfolio management and administration. These and certain other fees and costs are generally referred to as a fund's expense ratio, which is described in detail in a fund's prospectus.

Similarly, 12b-1 fees may be deducted from a mutual fund's assets to cover certain costs associated with marketing and distributing the fund to investors. Because 12b-1 fees are paid out of fund assets, they increase the expenses the investor pays as a fund shareholder. The investor does not pay these fees directly. They are deducted from the total assets in the fund and therefore reduce investment returns. The amount of the 12b-1 fee is determined by the mutual fund company and is set forth in the mutual fund's prospectus and/or Statement of Additional Information. Depending on the share class, these fees can range from 0.25% to 1% or \$25 to \$100 annually for every \$10,000 investment. Generally, the 12b-1 fee in class A shares averages 0.25% or \$25 in annual expenses on a \$10,000 investment. In most cases, the 12b-1 fee is lower in Class A shares than it is in Class B and Class C shares.

**Class B Shares**

If you purchase class B shares, you will not pay a front-end sales charge in most cases. However, you will be required to pay what is known as a contingent-deferred sales charge (CDSC) if you sell your shares within a certain period of time (typically five to nine years). In addition, class B shares are generally subject to higher 12b-1 fees, which result in higher ongoing expenses than class A shares. For example, a 12b-1 fee in class B shares can range from 0.75% to 1% or \$75 to \$100 in annual expenses for every \$10,000 invested.

The CDSC associated with class B shares gets smaller over time and expires at the end of the designated period. Also, the higher annual fees will diminish investment returns over time. At that time, or shortly thereafter, most class B shares convert into class A shares. When this happens, your investment will become subject to the same expenses as class A shares.

<b>Sample CDSC Schedule - Class B Shares</b>	
<i>This table is offered for illustrative purposes only. Actual sales charges will vary for different funds and fund families.</i>	
<b>Years Since Purchase</b>	<b>Contingent-Deferred Sales Charge (CDSC)</b>

0 - 1	7.00%
1 - 2	6.00%
2 - 3	5.00%
3 - 4	4.00%
4 - 5	3.00%
5 - 6	2.00%
6 - 7	1.00%
7 +	0.00%

Even though you won't pay a front-end sales load for class B shares, the higher annual fees will diminish investment returns over time. Because of the CDSC, you should probably not choose this share class if you intend to sell your shares within a relatively short period. And remember, purchasers of class B shares aren't usually eligible for breakpoints. If you intend to invest in class B shares, you should consult with your financial professional to determine whether an investment in class A shares might make more sense due to the availability of breakpoints or other sales charge discounts. It is also important to know that AIS and your financial professional receive compensation on the purchase of class B shares even if you did not pay an up-front sales load, and, depending on a number of factors, this compensation may be greater than what we would have received had you purchased class A shares.

### **Class C Shares**

For class C shares, mutual fund companies typically charge a constant load structure throughout the life of the fund investment. If you purchase class C shares, you may or may not pay a front-end sales charge. The CDSC associated with class C shares tends to be relatively small (generally 1%, for example), and it generally expires within a year. However, class C shares usually impose higher annual fund-operating expenses. These fees continue as long as you hold your shares. Since higher expenses will reduce investment performance, it may be more expensive to own class C shares versus class A shares or class B shares if you intend to maintain your investment for a long holding period. Expenses in class C shares typically range from 0.9% to 1.1%.

For example, for every \$10,000 investment in class C shares, the annual expenses would be \$90 to \$110. Since higher expenses can reduce investment performance, class C shares should probably not be considered unless you have a relatively short investment horizon and do not qualify for breakpoints or other sales charge discounts. Finally, even though you may not have paid an up-front commission on the purchase of class C shares, AIS and your financial professional will receive a commission.

### **Class I Shares**

Class I shares are an institutional share class that are typically sold without a sales charge and offer lower annual costs and management expenses than traditional share classes like A, B, and C shares. Furthermore, class I shares generally do not feature a CDSC for the sale of your shares. As a result of these lower costs and expenses, class I shares are typically offered at a much higher minimum investment amount than class A, B, or C shares unless they are purchased in an advisory account. Fund companies frequently restrict an investor's ability to purchase or hold class I shares outside of a fee-based account. Please review the fund's prospectus for more information.

### **Share Classes for Retirement Plans**

Mutual fund families often offer specialized share classes ("Retirement Shares") available only to participants in employer-sponsored retirement plans (e.g., a 401(k)). Retirement Shares have special eligibility criteria and/or plan asset size or participant number requirements, and the features can vary greatly between funds or fund families.

Retirement Shares may offer plan participants an opportunity to own mutual fund shares under a different cost structure than other share classes. For example, a Retirement Share may not charge a front-end sales load, back-end sales load, or CDSC. Though plan participants may not be charged sales loads or a CDSC, ongoing expenses are often higher than those charged in other share classes. In some instances, Rule 12b-1 fees paid by the fund are used to offset administrative expenses of the plan.

Plan participants who are eligible to purchase Retirement Shares should evaluate the various available share classes in terms of the up-front and ongoing expenses and their anticipated time horizon, including whether Retirement Share fees are used to offset other costs associated with the plan. Before selecting any share class offered by a mutual fund family, you should discuss your investment goals and objectives with your financial professional and review the fund's prospectus for more information.

### **No-Load Mutual Funds**

No-load mutual funds do not charge a front-end sales charge or a deferred sales charge, such as a CDSC; however, they do impose ongoing fees and expenses. These fees and expenses are described in the fee table in the prospectus.

### **Fund-of-Funds**

Some mutual funds invest in the shares of other mutual funds. Such funds are called fund-of-funds. While the up-front sales charge and ongoing fees and expenses for fund-of-funds may appear to be lower than mutual funds that hold securities directly, keep in mind that investors also pay all of the ongoing fees and expenses associated with the underlying mutual funds in the fund-of-funds' portfolio. These fees generally are not shown in the fund-of-funds' prospectus but can be determined by reviewing the

mutual fund holdings for the fund-of-funds you are interested in or by asking your financial professional.

To compare expenses by share class, review FINRA's Expense Analyzer: [tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/)

### **Managed Accounts**

Investors can also buy funds through various managed account options. Instead of paying a commission on each transaction, you pay an annual fee, billed monthly or quarterly, based on a percentage of the account's value. Annual fund operating expenses still apply. These programs offer no-load shares or load-waived class A shares along with other share classes that the mutual fund company makes available in managed accounts. In some instances, multiple share classes (such as class A and I shares) are available for the same fund. These programs and accounts provide benefits and features that are not available in a traditional brokerage account. Therefore, the total cost of purchasing and holding a fund in these programs may be more than in a traditional brokerage account after the advisory fee is included. Managed programs are not designed for excessively traded or inactive accounts and are not suitable for all investors.

### **Distributions from an Employer Sponsored Retirement Plan**

If you change jobs or retire, there are four options that may be available if you have assets in an employer-sponsored retirement plan: (1) leave the money in the current plan, if permitted; (2) transfer the money to a new employer's plan if one is available and rollovers are permitted; (3) rollover to an individual retirement account (IRA); or (4) liquidate the assets and take a distribution.

Each alternative has potential advantages and disadvantages depending on your age, desired investment options, fees and expenses, withdrawal needs, tax consequences, service options (including the availability of personalized investment advice and the ability to take a loan against your assets) and your unique financial needs. The importance of each factor will vary depending on your individual needs and circumstances. No one answer is right for everybody, and you may choose to engage in a combination of these options. However, it is important that you understand your options - and the costs and benefits of each - so that you can develop an effective strategy for your retirement savings.

Although there are advantages to an IRA, such as the ability to obtain personalized investment recommendations from your financial professional, AIS and your financial professional generally will only earn compensation if you roll your assets to an IRA held through AIS. You should also consider whether the fees associated with an IRA are higher than your employer-sponsored plan, and whether certain "institutional" investments with lower costs available through your employer plan (e.g., retirement share classes) may not be available in an IRA. The decision to move your retirement funds is important, and you should carefully consider all the relevant factors to determine the best choice for you. Discuss your options with your financial professional, and you can obtain additional information on IRA rollovers on our website, [avantaxwealthmanagement.com/disclosure-catalog](https://avantaxwealthmanagement.com/disclosure-catalog), or on [finra.org](https://finra.org).

### **Mutual Fund Switches**

As your objectives change, you can switch your assets among the mutual funds in the same mutual fund family whose objectives most closely meet your needs, without incurring an additional sales charge. Staying within the same mutual fund group may be preferable, since switching from one mutual fund group to another may involve additional costs or fees. On the other hand, there can be other considerations for switching to a mutual fund in another mutual fund group, or another type of investment product such as an annuity or Unit Investment Trust (UIT). For example, in circumstances where the one mutual fund group you invest in does not offer a type of mutual fund to switch to that is most aligned with your investment objectives.

If you do choose to switch to a mutual fund in a different mutual fund group or to another type of investment, and your account is commission based, you will most likely incur a sales charge on the new investment. In addition to the new sales charge, for share classes that have contingent deferred sales charges, such as class B and class C shares, you will be subject to a new redemption period if you switch into those share classes. In those instances when a mutual fund is switched to a different mutual fund or to another investment product resulting in a new commission being charged, you will be requested to submit a Letter of Acknowledgement Regarding a Change In Portfolio disclosure. This disclosure details information regarding your switch, as well as the possibility of additional costs and expenses. You should also be aware that there may be tax consequences related to your sale, redemption or exchange of mutual fund shares. If you have questions about the possible tax consequences of a sale, redemption or exchange of your mutual fund shares, you should consult your tax financial professional prior to making any such investment decision. It is also important for you to consider how your overall investment may be impacted by a mutual fund switch, depending on the type of fund you own.

### **Additional Considerations - Steps You Can Take to Manage Mutual Fund Sales Charges**

- **Understand how breakpoints work.** The best place for information on these sales charge discounts is the mutual fund prospectus. Another helpful document is a fund's SAI, which further describes fund fees, expenses, strategy and management. Your financial professional is also a good source of information about sales charges and other costs associated with owning various share classes of a mutual fund.
- **Review current holdings.** When deciding about buying a fund, review your account statements and those of other family members to see if your aggregate holdings might entitle you to a breakpoint discount. But don't limit this review to accounts at a single brokerage firm; you may hold shares of the same fund in different accounts at various investment

firms (or even with the mutual fund company itself). These overlapping holdings can sometimes be aggregated for the purpose of obtaining a reduced sales commission.

- **Keep your financial professional in the loop.** If you think you may be eligible for a breakpoint discount because of multiple accounts that you or your family might own, be sure to share this information with your financial professional. Also, discuss any plans you may have for making any additional purchases in the future. Based on your time horizon, investment goals and periodic investment targets, your financial professional can help you choose the most cost-effective share class for your needs.
- **Review holdings across multiple fund families.** Many investors like to spread assets among several different mutual fund complexes. This strategy may be appropriate if the goal is to enhance diversification or to select funds that are perceived to be unique or superior to their peers within a certain investment category. At the same time, this approach can reduce the opportunities for obtaining breakpoint discounts, which can increase the cost of mutual fund investing.

### Risks

Mutual funds are generally actively managed. Fund managers may purchase or sell securities in the fund portfolio to take advantage of changing market conditions. It is possible for a mutual fund to hold securities, even though their market value and dividend yields may have changed.

A mutual fund may carry the same investment risk as the securities within the fund. Securities in a fund portfolio may depreciate, and the fund may not achieve its intended objective. In addition, each mutual fund is subject to specific risks that vary depending on the fund's investment objectives and portfolio composition. Each type of mutual fund offers unique risks and characteristics. Please refer to each fund's prospectus for additional details.

### Selecting What's Right for You

Selecting the appropriate program and mutual funds for your investment objectives involves several factors: fund strategies, fund performance history, risks, investment time horizon, fees and expenses, portability, etc. You should review any program's disclosure document as well as a fund's share classes, as detailed in the fund prospectus, to fully evaluate your options. In addition, it is important that you be aware that certain mutual funds may not be transferable from one investment firm to another. As a result, if you or your financial professional changes investment firms, you may need to liquidate these products, which may incur additional fees or tax consequences. In some instances, it may be prudent to leave these mutual funds that cannot be held at the previous firm. It is important to remember that you are not required to sell mutual funds when you or your financial professional changes firms. You can open an account with the new firm and transfer only the mutual funds you wish to move. It is not required that you move everything in your previous account or liquidate mutual funds that are not transferable. In order to make the decision that is most appropriate for your financial situation, you should also talk with your financial professional so that together you can make the choices most suitable for you.

### How Compensation is Paid to AIS and Your financial professional

For helping you choose mutual funds, AIS and your financial professional are paid in ways that vary with the type of fund (equity or fixed income), the amount invested and the share class.

- As mentioned above, AIS is paid by the fund family from the fees you pay and shared with your financial professional.
- For most purchases, financial professionals' compensation is based on a compensation formula applied (for class A shares) to the front-end sales charge described in the fund's prospectus, or (for class B and class C shares) to the selling fee (known as a sales concession), which is set and paid by the fund family.
- Ongoing payments (known as residuals or trails) on mutual fund shares are set by the fund family and generally paid to financial professionals.
- In certain advisory accounts, financial professionals' compensation is based on a percentage of the assets in the account, rather than on concessions or trails as mentioned above.

The compensation formula to determine the amount of payment to your financial professional is the same for all mutual funds. However, some funds may carry higher sales charges than others, and that creates an incentive for financial professionals to sell such funds.

The commission and/or sales charge is split between AIS and its financial professionals, if an financial professional is affiliated with your account at the time of the transaction. An financial professional's compensation will be equal to or less than the commission or sales charges related to each transaction and is generally 50-94% of the compensation received by AIS. Other costs and charges also will apply to your account, and you pay separately for other services you request. For more information, please read the prospectus carefully. Feel free to ask your financial professional how he or she will be compensated for any mutual fund transaction.

### Additional Compensation Received by AIS from Mutual Fund Companies

In addition to the transaction-based commissions received by AIS and your financial professional, AIS also receives additional compensation from mutual fund companies that is not related to individual transactions but instead is paid by the fund companies for the ongoing account maintenance, marketing support and education and training services performed by AIS in support of mutual fund sales. This "non-commission" compensation received by AIS from fund companies can be broken down into these

general categories: Networking services compensation; Marketing support (also known as “revenue sharing”); and Training and education support.

While these compensation arrangements are described in varying levels of detail in the prospectus and SAI for each mutual fund offered by AIS, this section is intended to provide you with enhanced disclosure about the compensation arrangements between AIS and mutual fund companies as well as the associated potential conflicts of interest.

### **Networking Fees**

Networking fees are designed to compensate AIS for providing varying degrees of customer account and administrative services for those AIS customer accounts holding mutual funds. These services may include the processing of purchase orders, check deposits, account maintenance, and other sub-accounting and record-keeping services.

Compensation paid for networking services are negotiated from fund company to fund company and vary depending on the networking services that AIS is required to perform for each client account established with a fund. If a client owns multiple funds in one fund family, AIS generally receives networking compensation for each individual fund. *AIS may receive networking compensation based on a dollar amount per year, per client account with an individual fund. Networking compensation is paid at a rate of up to \$6 per year per client account.*

### **Marketing Support Compensation**

Marketing support compensation, also known as revenue-sharing is compensation paid to AIS for providing ongoing day-to-day marketing and sales support to its financial professionals and clients with respect to mutual fund companies and their funds. A select group of companies (Educational Partners) have agreements with AIS to provide payment to help defray the educational, training, record-keeping and other costs associated with offering these products to clients. Revenue-sharing fees are usually paid by the fund’s investment adviser, or an affiliate, as a percentage of AIS’s aggregated value of client assets invested in the funds.

In certain instances, revenue sharing payments, in addition to the fees and expenses disclosed in the fund prospectus fee table, may be paid as a percentage of annual new sales to clients, or as a combination of a percentage of new sales and a percentage of aggregate client assets. The percentage amounts are typically established in terms of basis points, which are equal to one one-hundredth of one percent. The amount paid by Educational Partners can be up to 0.13% on assets under management and up to 0.25% on sales. For example, if AIS receives 13 basis points in revenue-sharing for a given fund, it would receive \$13 for each \$10,000 of total assets in client accounts in the fund.

AIS receives different revenue-sharing rates from fund family to fund family and may receive different revenue-sharing rates for certain funds within a fund family. *Fund companies pay AIS revenue-sharing compensation at an annual rate of up to 25 basis points on aggregate client assets (on a \$10,000 client position, 25 basis points amounts to \$25 per year) if the assets stay invested.* However, certain funds may pay AIS a negotiated fixed annual amount for revenue-sharing regardless of the amount of assets held in client accounts or new sales to clients. AIS also receives additional lump sum payments from some Educational Partners, which could be significant in amount.

### **Training and Education Compensation**

Training and education compensation are paid by mutual fund companies to offset or reimburse AIS for costs incurred in conducting comprehensive training and education meetings for financial professionals. These meetings or events are designed to provide comprehensive financial professional training and education with respect to product characteristics, sales materials, customer support services and successful sales techniques.

Likewise, from time to time, product sponsors will reimburse AIS for expenses of individual branch offices incurred in connection with conducting training and educational meetings, conferences or seminars for financial professionals and customers. Also, financial professionals may receive promotional items, meals or entertainment or other noncash compensation from product sponsors.

While training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that due to the total number of product sponsors whose products are offered by AIS, it is not possible for all mutual fund companies to participate in a single meeting or event. Consequently, those product sponsors that participate in a training or educational meeting, seminar or other event gain an opportunity to build relationships with financial professionals that could lead to additional sales of the fund company’s products.

### **Potential Conflicts of Interest Associated with Additional Compensation Arrangements**

It is important for clients to understand that compensation received for networking services, revenue-sharing, training and education, and other services varies from fund family to fund family, and even from fund to fund within a particular family. Accordingly, a potential conflict of interest exists where AIS receives more compensation from one fund family (or from one fund) than is received from peer fund families (or from peer funds).

AIS has adopted policies reasonably designed to control and limit these potential conflicts of interest. These include, but are not limited to, policies that:

- Require networking and revenue-sharing agreements to be in writing and prohibit agreements or provisions that call for AIS to

provide preferential marketing and promotional treatment to a fund family as a condition of paying or receiving networking or revenue-sharing fees.

- Prohibit the sharing of any portion of networking or revenue-sharing fees with financial professionals.
- Require the mutual fund distributor or financial professional to directly compensate AIS for revenue-sharing by wire transfer or check and prohibit funds and their portfolio managers from directing investment portfolio trades to AIS as indirect compensation for revenue-sharing.
- Require reimbursement payments for general educational and training expenses and for expenses associated with conducting individual branch office training and education activities to be recorded and approved.
- Limit the annual dollar value of gifts or other non-cash items that mutual fund companies and their financial professionals can provide to financial professionals.

Additionally, to help increase transparency concerning these compensation relationships, those fund families that pay AIS networking, and/or revenue-sharing compensation are listed in the Mutual Fund table. In addition to those funds identified in the table, it is important for you to understand that nearly every fund that is sold by AIS provides some degree of educational, training or other non-cash compensation to AIS and financial professionals. If you attend training or educational meetings with your financial professional and a representative of a mutual fund is in attendance, you should assume that the mutual fund has paid or reimbursed AIS for part of the total costs of the meeting or event. AIS offers a wide variety of fund families for financial professionals to sell or recommend, including funds that do not compensate AIS for one or all the services above.

The payment of revenue-sharing or any other compensation is not a prerequisite for a fund to be made available through AIS. However, AIS, in its discretion, reserves the right to limit access by our registered financial professionals to mutual fund companies that do not adequately support the firm's sales efforts or meet other criteria.

<b>Mutual Fund / ETF Sponsors</b>
AM Funds
Columbia
Davis
Delaware
Deutsche
Dreyfus
Franklin Templeton
Invesco

John Hancock
Hartford
Legg Mason
MFS
Pioneer
Prudential (PGIM)
Sammons
Virtus
Wisdom Tree

Before buying any mutual fund, it is important for you to read and understand the fund's prospectus. If you have any questions about a specific fund, or the information in the fund's prospectus, contact your financial professional.

To learn more about mutual funds in general, contact your financial professional or visit the following websites:

- Avantax Financial Services [avantaxwealthmanagement.com/disclosure-catalog](http://avantaxwealthmanagement.com/disclosure-catalog)
- Investment Company Institute [ici.org](http://ici.org)
- Financial Industry Regulatory Authority [finra.org](http://finra.org)
- Securities and Exchange Commission [sec.gov](http://sec.gov)

This Privacy Policy is provided to you on behalf of Avantax Wealth Management, Inc. d/b/a Avantax Wealth Management™, a Blucora company, and its financial services affiliates, i.e., Avantax Investment Services, Inc., Avantax Advisory Services, Inc., Avantax Insurance Services, Inc. and Avantax Insurance Company, LLC. (which may be collectively referred to herein as “Avantax Wealth Management Affiliates,” or “Avantax” or “we” or “us” or “our”). This policy applies to consumers who have, or have had, a customer relationship with Avantax. For purposes of this policy, “Personal Information” is data specifically about you, which you typically provide to Avantax on a voluntary basis when you purchase products or services through us or our sales representatives (“Financial Professionals”). Personal Information does not include publicly available information or anonymous, aggregate or combined information, which includes data related to you but does not identify you specifically.

Financial companies choose how they share your Personal Information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires Avantax to tell you how we collect, share, and protect your Personal Information. The types of Personal Information we collect and share depends on the product(s) or service(s) you obtain through us.

### **Information Collection**

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Avantax collects and maintains certain information about you, including Personal Information, in connection with opening and servicing your account, offering you products and services, and complying with applicable supervisory and record keeping regulatory requirements. In the course of serving you, we collect certain Personal Information about you from a variety of sources, such as:

- **Information you voluntarily provide to us through electronic communications (including email), on applications or forms, and through our websites, including, but not limited to,** your name, address, Social Security number, birth date, assets, income, email address, and/or health information (if you apply for insurance products through Avantax). We may also collect information from your tax return if you voluntarily agree with your tax preparer to share that information with us;
- **Information we receive from an outside company,** such as a credit bureau regarding your credit history if you apply for credit products, or due diligence companies to confirm your identity, background and/or eligibility to open an account; or
- **Information about your transactions or communications** with Avantax, including electronic communications you have with Avantax or our Financial Professionals through all email accounts, including, but not limited to, a Financial Professional’s Avantax email address.
- **From other sources with your consent** (for example, from other institutions if you transfer positions into an account at Avantax).

### **Information Use and Disclosure**

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#### ***How we share information about you among all Avantax Affiliates***

The Personal Information we collect is used to maintain and service your accounts. You cannot limit the sharing of Personal Information in this category. Personal Information may be used or shared within Avantax for a number of purposes, such as:

- **For our everyday business purposes among all Avantax Affiliates (including but not limited to Blucora, Inc., Tax-Smart Research, LLC, and TaxAct, Inc.),** such as to process your transactions, maintain and service your account, provide you with customer service, and protect your account. This includes sharing information if your accounts are reassigned to another Avantax Professional.
- **For marketing purposes for Avantax Financial Services Affiliates** to offer products and services to you.

#### ***How we share information about you with Nonaffiliates***

We share Personal Information with nonaffiliates in connection with servicing your account or otherwise as permitted or required by law. Avantax does not sell your Personal Information to nonaffiliates for those companies to market their own products or services to you. You cannot limit the sharing of Personal Information for the purposes described below.

- **Companies that perform services for us or assist us in servicing your account.** For example, National Financial Services LLC (“NFS”) ( Avantax’s clearing firm), data processors, technical systems



consultants and computer programmers, check printers, data aggregators, marketers, mail fulfillment vendors and insurance policy underwriting, administration, and claims handling;

- **Others as permitted or required by law.** For example, responding to court orders, subpoenas, regulatory inquiries and legal investigations, reporting to credit bureaus, and those with whom you have requested or authorized us to share information; and
- **In connection with an acquisition, merger, restructuring, sale or other transfer** of all or any portion of Avantax we may share Personal Information with the purchaser or potential purchaser.

### **Information You Share With Others**

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Account owners may choose to allow Avantax or their Financial Professional to share their Personal Information or account-related information with individuals who are not account owners. For accounts held jointly by two or more persons, the privacy choices made by any account holder apply to everyone on your account. This applies, but is not limited to, Personal Information and account-related information provided to an account owner in paper or electronic formats.

### **Information Your Financial Professional Obtains**

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Your Financial Professional will obtain Personal Information about you during the course of servicing your accounts while the Financial Professional is affiliated with Avantax, and may retain that information after leaving Avantax. That information remains subject to restrictions that limit the use or disclosure of the information (except as permitted or required by law). If your Financial Professional joins a nonaffiliated securities broker-dealer, investment adviser or insurance company, we or your Financial Professional may share your Personal Information with the new firm to enable your Financial Professional to notify you of their new firm and as a means to continue servicing and maintaining your accounts.

You can limit the Personal Information a Financial Professional retains or shares with a new firm, or we share with a new firm, by following the instructions provided below (Avantax can only limit this sharing if we receive your instructions in a timely manner before the Financial Professional has terminated their affiliation with Avantax).

Avantax Financial Professionals are independent contractors affiliated with Avantax solely for the purpose of conducting securities-related activities offered through Avantax. If your Avantax Financial Professional offers you other products or services not affiliated with Avantax (e.g., legal, tax, accounting, audit, payroll), then any Personal Information you provide unrelated to Avantax products and services is not covered by this privacy policy and your rights (including the right to limit what the Financial Professional retains after leaving Avantax) would instead be governed by the laws and rules covering that particular product or service and the Financial Professional's independent business privacy policy.

### **Information Protection**

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To protect your personal information from unauthorized access and use, we use security measures designed to comply with federal law. These measures include certain commercially available computer safeguards and secured files and buildings. Additionally, Avantax requires its employees and Financial Professionals to comply with its privacy standards and policies, which are designed to protect customer information. However, while we strive to protect your Personal Information and privacy, WE DO NOT GUARANTEE OR WARRANT AGAINST THE THEFT, LOSS, DESTRUCTION, OR DISCLOSURE OF PERSONAL INFORMATION ARISING FROM OR RELATED TO THEFT, UNAUTHORIZED ACCESS BY THIRD PARTIES, OR DATA CORRUPTION, LOSS OR MODIFICATION RESULTING FROM THE INTRODUCTION OF MALICIOUS CODE.

Avantax has also established a separate Online Privacy Policy governing the collection of information obtained through the Avantax websites. For further information, please visit [www.avantaxwealthmanagement.com](http://www.avantaxwealthmanagement.com).

### **To Limit Our Sharing:**

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To limit the information your Financial Professional can retain or share after they leave Avantax, mail us the form included in this notice.



# PRIVACY POLICY

This policy is effective as of June 30, 2020

----- **Mail-In Opt-Out Form To:**



- By completing and submitting this Opt-Out Form, I am instructing Avantax Wealth Management<sup>SM</sup> ("Avantax") to not allow my Avantax Financial Professional to retain my Personal Information if they terminate their relationship with Avantax, or share my personal information with any new firm they may join.

Avantax Operations Department  
PO Box 142829  
Irving, TX 75014-2829

**Your election to opt-out will not be recognized if you do not complete all of the information below.  
Please print legibly.**

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Account Number(s) \_\_\_\_\_

Avantax Financial Professional Name \_\_\_\_\_

**Investments & Insurance Products:**

<b>Not Insured by the FDIC or Any Federal Government Agency</b>	<b>Not Deposits of or Guaranteed by the Bank or Any Bank Affiliate</b>
<b>May Lose Value</b>	

Securities offered through Avantax Investment Services<sup>SM</sup>, Member FINRA, SIPC. Investment advisory services offered through Avantax Advisory Services<sup>SM</sup>, 6333 N. State Highway 161, Fourth Floor, Irving, TX 75038, 972-870-6000. New Headquarters July/Aug 2020: 3200 Olympus Blvd, Dallas, TX 75019. Avantax Investment Services<sup>SM</sup> is registered with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). Information is available on the MSRB website [www.msrb.org](http://www.msrb.org) that describes protections available under MSRB rules and how to file a complaint.

# Business Continuity Plan Summary

Avantax Wealth Management, Inc. d/b/a Avantax Wealth Management<sup>SM</sup>, a Blucora company, and its financial services affiliates, i.e., Avantax Investment Services, Inc., Avantax Advisory Services, Inc., and Avantax Insurance Company, LLC (which may be collectively referred to herein as “Avantax Wealth Management Affiliates,” or “Avantax” or “we” or “us” or “our”) recognize the importance of safeguarding our clients’ assets and protecting our clients’ account information in the event of a Significant Business Disruption (“SBD”) of our normal day-to-day operations due to a natural and/or man-made disaster. Avantax has developed a Business Continuity Plan (“BCP”) to enable the firm to recover from both internal and external disruptions of varying lengths and scope. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. Avantax reviews, updates and tests its BCP on a regular basis.

It is the policy of Avantax to respond to a SBD by safeguarding employees’ lives and firm property, making a financial and operational assessment, quickly recovering and resuming operations and allowing our clients to transact business.

Our BCP is developed to include the ability to recover from situations that effect one or more of the following:

- our primary location,
- a single building housing our firm,
- the business district where our firm is located,
- the city where we are located, or
- the entire region.

Within each of these areas, the severity of the disruption can also vary from minimal to severe. Additionally, in any of the above situations, we plan to continue our business, transfer our critical functions to our clearing firm for brokerage business or advise clients to contact the product sponsor directly for retail direct and insurance business, if necessary. Avantax will make every effort to ensure that clients can access their funds and securities within a reasonable time directly from their clearing firm, mutual fund companies and insurance carriers. Please note that we have no control over the clearing firm’s or product sponsors’ ability to respond appropriately to clients during a disaster.

If necessary, in a disruption to our firm or a building housing our firm, we will transfer our operations to an alternate location and expect to resume critical functions of order taking, order entry, account maintenance and providing access to funds and securities within four (4) hours with other service-related functions being operational within 12 hours. In a SBD affecting our business district, entire city or region, we will transfer our operations to a geographically separate location that is not within the district, city or region and expect to resume operations within 24 hours. However, while we have a detailed BCP in place, we cannot guarantee the recovery times above, as we may not be able to anticipate the ramifications or outcomes of all disasters. In the event that your Avantax financial professional ceases operations due to a significant business interruption, you may call Avantax at (972) 870-6000 for emergency assistance. Avantax does not maintain custody of client funds or securities and relies on our critical business constituents, such as our clearing firm, National Financial Services LLC, for processing client transactions, maintaining client accounts and providing prompt access to clients’ funds and securities.

Our BCP addresses all of the following:

- data backup and recovery;
- all mission critical systems;
- financial and operational assessments;
- alternative communications with clients, employees and regulators;
- alternate physical location of employees;
- critical supplier, contractor, bank and counter-party impact;
- regulatory reporting; and
- assures our clients prompt access to their funds and securities, if we are unable to continue our business.

Avantax’s BCP Summary is subject to modification, without notice. A current copy and updates to Avantax’s BCP Summary are posted on the firm’s website at [www.avantaxwealthmanagement.com](http://www.avantaxwealthmanagement.com) or may be requested from Avantax as follows:

Avantax Wealth Management, Inc.  
Attn: Business Continuity Planning  
6333 North State Highway 161, 4th Floor  
Irving, Texas 75038

This BCP applies to Avantax Wealth Management, Inc., Member FINRA, SIPC and all of its affiliated companies including: Avantax Investment Services, Inc, Avantax Advisory Services, Inc., Avantax Insurance Company, LLC., and other Avantax insurance agencies as established to meet state requirements.