

Pursuant to regulatory requirements, applicable to fiduciary investment adviser firms, Avantax Advisory Services, Inc. ("Avantax") is required to make you aware of the material changes that have been made to our firm's Form ADV Part 2A Disclosure Brochures or "Firm Brochures" since our previous notification. The following is a summary of the changes we have made:

- We have added the following disclosure to Item 9, Disciplinary Information:
 - On December 20, 2021, Avantax Advisory Services, Inc. ("Avantax") entered into a settlement with the Securities and Exchange Commission ("SEC") in connection with the SEC's findings that 1st Global Advisors, Inc. ("1st Global"), a firm that had been acquired and merged into Avantax in 2019, had not sufficiently disclosed to its advisory clients conflicts of interest arising from fees received by its affiliated broker from certain investment products.

To settle the 1st Global matter with the SEC, Avantax consented, without admitting or denying the SEC's findings, to an Order regarding the inadequacy of disclosures by 1st Global between 2014 and 2019 concerning the revenue received from 1) 12b-1 fees; 2) certain no-transaction fee revenue received by 1st Global's affiliated broker from mutual funds; and 3) money market cash sweep products that generated fees for 1st Global's affiliated broker. Under the settlement, Avantax agreed (a) to cease and desist from committing or causing violations and any future violations of Sections 206(2) of the Investment Advisers Act of 1940; (b) to a censure; and (c) to pay affected investors \$12,349,153.11 in disgorgement and \$2,524,000 in prejudgment interest, as well as a civil monetary penalty of \$2,000,000 for the conduct by 1st Global.

Additionally, we have made some important updates and clarifications to our Firm Brochures that are relevant to our investment advisory programs. These updates do not apply to the IMS Direct Wrap Fee Program, nor to investment advisory programs that have assets custodied away from NFS (National Financial Services). The following is a summary of the changes we have made:

- Within Item 4, we have added the following disclosure relative to cash holdings:
 - The Wrap Program is intended for long-term investors and is not a cash management program. The Program is not appropriate for clients who wish to maintain high levels of cash. Should a client seek to hold high levels of cash within the Program, then they do so against our recommendation. Please understand that it is a conflict of interest for AAS to recommend high cash levels, as we derive significant revenue from assets held in the Bank Deposit Sweep Program. Additionally, please note that clients may hold excess cash in a retail brokerage account without incurring a Program Fee. **Clients seeking higher yielding cash equivalent investments should consult with their Advisor for potential options that will meet their needs.**
- Within either Item 4 or Item 5 (depending on the particular brochure), we have added the following disclosure relative to the use of mutual fund share classes (please note that, in addition to the previously denoted investment advisory programs, this particular disclosure does not apply to the IMS Prime Wrap Fee Program):
 - Please note that AAS strives to utilize the absolute lowest cost share class; however, there may be other less costly share classes offered by a fund that are either 1) not available for use by AAS due to constraints imposed by the terms of the fund's prospectus; or 2) not available on the NFS custodial platform. AAS cannot offer these lower cost share classes within its investment advisory programs. Additionally, there may be other less costly share classes available on the NFS custodial platform that are subject to a surcharge imposed by NFS upon AAS to trade such share classes above a defined threshold. A conflict of interest exists in those limited situations in which AAS elects to utilize a share class more costly to the client, than the absolute lowest cost share class, in order to avoid an NFS imposed surcharge.
- Within either Item 9 or Item 14, we have clarified that certain information is available at our public website:
 - A list of Program Banks and current interest rates for the Bank Sweep Program can be found at <https://www.AvantaxWealthManagement.com/legal/cash-sweep-program>.
- Within either Item 9 or Item 14, we have updated our Educational Partners list to include:
 - Putnam Investments and Russell Investments.

We encourage you to contact your Avantax Financial Advisor if you have any questions about the disclosures in the Firm Brochure. To request a copy of the most current Firm Brochures at any time, please email AdvisoryCompliance@Avantax.com or call 877-959-8400. A copy will be sent promptly, at no charge to you, and you can always find the latest version online at: <https://www.avantax.com/disclosure-catalog/advisory-services-managed-accounts/> or at <https://adviserinfo.sec.gov>.

We appreciate your continued relationship with us and your trusted Financial Advisor.

Sincerely,

Avantax Advisory Services