



**Item 1: Cover Page**

## **Form ADV 2A Disclosure Brochure**

***Effective March 28, 2024***

SEC File No. 801 - 50939  
Avantax Planning Partners, Inc.  
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This Form ADV Part 2A Disclosure Brochure ("Brochure") provides information about the qualifications and business practices of Avantax Planning Partners, Inc. ("APP" or "Firm") which uses the trade name Avantax Planning Partners. If you have any questions about the contents of this Brochure, contact us at (800) 791-8994 or [info\\_planningpartners@avantax.com](mailto:info_planningpartners@avantax.com).

This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Avantax Planning Partners, Inc. is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search for information using the Firm's name or by its CRD number (#104556).

**Note:** References to being "registered" does not imply a certain level of skill or training. You should review this Brochure and consider its contents before investing in a program offered by or through APP.

## Item 2: Material Changes

Item 2 provides a summary of material changes the Firm has made to this Brochure since the last annual update, which occurred in March 2023. For additional details, see the referenced item in the Brochure.

- **Item 4 – Advisory Business**
  - ownership structure and affiliation with Cetera Financial Group, Inc. (“Cetera Financial Group”)
  - description of APP’s style allocation model strategies (“SAMs” or “investment strategies”) through its managed account services, including a description of tax overlay services
  - conflicts of interest disclosures related to retirement investors
  - description of the Compass program and the collateralized, non-purpose loan program
- **Item 5 – Fees and Compensation**
  - description of the management flat and tiered fee schedules
  - descriptions and related conflicts of interest disclosures associated with other fees, expenses and costs
- **Item 7 – Types of Clients**
  - description of the types of clients to whom APP generally provide investment advice, including the requirements for opening or maintaining an account (or obtaining services)
- **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**
  - description of the methods of analysis (i.e., economic, fundamental and quantitative) and investment strategies (i.e., portfolio diversification and investment management philosophy) primarily used by APP to formulate investment advice or manage assets
  - description of the nature and risks of the primary investments and advisory services provided by APP
- **Item 10 – Other Financial Industry Affiliations and Activities**
  - ownership structure and affiliation with Cetera Financial Group, Inc. (“Cetera Financial Group”)
  - description and conflicts of interest disclosures related to Financial Professionals’ other business activities
  - removal of Summit Wealth Advocates, LLC (“SWA;” CRD# 151330) as an affiliated investment adviser, as SWA filed a full withdrawal from registration as an investment adviser with the SEC in March 2024
- **Item 12 – Brokerage Practices**
  - description and conflicts of interest related to APP’s utilization of Charles Schwab & Co., Inc. (“Schwab”), a non-affiliated firm, to provide brokerage, custody and execution services of for APP’s asset (portfolio) management services
  - description and conflicts of interest related to APP’s utilization of Fidelity Brokerage Services, LLC. (“Fidelity”), a non-affiliated firm, for retirement plan accounts electing to participate in APP’s investment management services through the Retirement Plan Services (“RPS”) Program
- **Item 14 – Client Referrals and Other Compensation**
  - description and conflicts of interest disclosures related to APP and its Financial Professionals receipt of direct economic and non-economic benefits from third-parties as a result of investment advice or other advisory services provided to APP’s clients

As of December 31, 2023, APP had \$6,377,152,299 in regulatory assets under management, of which \$6,372,259,257 was managed on a discretionary basis and \$4,893,042 was managed on a non-discretionary basis. Additional editorial and non-material changes were made throughout the Brochure.

### Will I receive a Brochure every year?

APP may, at any time, update this Brochure. Any material changes will either be sent to you as a summary of those changes or, depending on the extent of these changes, you will receive the entire updated Brochure.

### May I request additional copies of this Brochure?

You (the client or prospective client) may request and receive additional copies of this Brochure by:

- emailing us at [info\\_planningpartners@avantax.com](mailto:info_planningpartners@avantax.com),
- downloading the Brochure from the SEC website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by selecting “Firm” and typing in Avantax Planning Partners, Inc. or its CRD# 106237, or
- calling the Firm at (800) 791-8994

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## Item 4: Financial Advisory Business

### Who We Are

Avantax Planning Partners, Inc. ("APP" or "Firm"), also doing business as Avantax Planning Partners<sup>SM</sup> and Avantax Retirement Plan Services ("RPS"), was established in 1996<sup>1</sup> and is an investment adviser registered with the Securities and Exchange Commission ("SEC") that offers a variety of investment advisory services primarily to individuals, pension and profit-sharing plans, charitable organizations and businesses, as more fully described in this Brochure. The Firm conducts business throughout the United States through collaborative, referral arrangements with independent, nonaffiliated certified public accounting firms ("CPA firms") and their accounting professionals ("CPAs"), many of whom are registered with APP as investment adviser representatives ("Advisor Representatives"). In turn, the Firm's employees, such as Financial Planning Consultants ("FPCs"), internal analysts, financial planners, and traders (collectively, "Financial Professionals"), work with the Advisor Representatives to provide investment advisory services to you (the "client" or "prospective client").

As of December 31, 2023, APP had \$6,377,152,299 in client assets under management, of which \$6,372,259,257 was managed on a discretionary basis and \$4,893,042 was managed on a non-discretionary basis.

APP is an affiliate of Avantax Investment Services, Inc. ("AIS"), a broker-dealer and government securities dealer or broker registered with the SEC and a member of FINRA/SIPC. APP is also affiliated with Avantax Insurance Agency<sup>SM</sup> and Avantax Insurance Services<sup>SM</sup> (collectively, "Avantax Insurance") and Avantax Advisory Services, Inc. ("AAS"), an affiliated investment adviser registered with the SEC.

APP is directly owned by Spirit Acquisitions, LLC, a wholly-owned subsidiary of Avantax WM Holdings, Inc. that is wholly owned by Project Baseball Sub, Inc., that is directly owned by Avantax Holdings, LLC. Avantax Holdings, LLC is directly owned by Avantax, Inc. As a result, APP is an indirect subsidiary of Avantax, Inc. that is directly owned by Aretec Group, Inc. DBA Cetera Holdings ("Aretec"). Aretec is a wholly-owned subsidiary of GC Two Intermediate Holdings, Inc., and an indirect wholly-owned subsidiary of GC Three Holdings, Inc. Through common ownership by Aretec, APP is affiliated with Cetera Financial Group, Inc. ("Cetera Financial Group"). For more information on APP's corporate structure, other financial industry activities and affiliations, see [Item 10](#).

### You, Your Advisor Representative and Our Financial Professionals

Most of APP's client relationships originate from referrals from CPA firms and Advisor Representatives. From there, the Firm's FPCs work with CPA firms and Advisor Representatives by assessing each client's investment history, goals, objectives, and risk tolerance and determining the investment advisory products services that will meet each client's needs.

The investment advisory services provided by APP depend largely on the personal information you, the client, provide to APP. For APP to provide appropriate investment advice to, or, in the case of discretionary accounts, make appropriate investment decisions for, the client, it is very important that clients provide accurate and complete information about their financial condition, needs and objectives. Clients may request reasonable restrictions be applied to the investments bought, sold, or held in or on the types of investment strategies utilized in the client's investment advisory account(s). It is the client's responsibility to inform APP of any changes in their financial condition, investment objectives, personal circumstances, and such restrictions, if any, which may affect the client's overall investment goals and strategies.

Other employees working behind the scenes help to support our Advisor Representatives and FPCs in delivering services and advice. Financial Services Assistants ("FSAs") process paperwork and client service requests. Internal analysts help assemble, review, and monitor the individual components of client investment portfolios. Financial planners design investment proposals and financial plans, especially for those clients with unique needs. Traders perform transaction activity for clients' advisory accounts as a centralized trading desk. Additionally, APP's investment advisory committee ("IAC" or "Committee"), chaired by the Firm's Chief Investment Officer, monitors the current state of the economy and markets, researches and selects the various investments and investment strategies for APP, and analyzes and reports on the performance of such investment strategies.

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<sup>1</sup> Avantax Planning Partners, Inc. was formerly known as Honkamp Krueger Financial Services, Inc. or HK Financial Services ("HKFS").

The exact products and services you will receive and the fees you will be charged are dependent upon, and negotiated between, you, your Advisor Representative and/or our Financial Professionals. Advisor Representatives and Financial Professionals, in their capacity as APP advisors, are restricted to providing investment advisory services and charging fees in accordance with the descriptions detailed in this Brochure and are instructed to consider the individual needs of each client when recommending any investment advisory product or service and negotiating fees for such. However, as more fully described in [Item 10](#), many of APP's Advisor Representatives and Financial Professionals are also registered representatives of APP's affiliated broker-dealer, AIS, and/or licensed insurance agents with Avantax Insurance. Depending on such factors, there are restrictions on and conflicts of interest related to the types of financial products and/or services that APP can or is willing to offer to you.

**It is important that you understand the differing products and fees available in investment advisory, brokerage and insurance services.** APP encourages you to discuss this with your Financial Professionals. Additionally, there are free and simple tools available to research firms and financial professionals at [Investors.gov/CRS](https://www.investors.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

### **An Overview of Investment Advisory Services**

Prior to engaging APP to provide investment advisory services, each client will be required to enter into a written agreement setting forth the terms and conditions of services, including client specific fee information. Clients obtaining asset (portfolio) management services will also be required to enter into a separate custodial agreement with Charles Schwab & Co., Inc. ("Schwab"), whereas clients obtaining certain retirement planning services ("RPS") will be required to enter into a separate custodial agreement with Fidelity Brokerage Services, LLC. ("Fidelity") (each a "custodian" and collectively, "custodians").

Most clients engage APP on a discretionary basis, which means APP will make investment decisions without the client's prior authorization. Clients who engage APP on a non-discretionary basis are responsible for making all final investment decisions and, in some instances, the implementation of any recommendation. For example, under a non-discretionary agreement APP will be unable to affect any investment transactions (as it would for its discretionary investment advisory clients) without first obtaining the client's consent. Some investment advisory services are only available on a discretionary or non-discretionary basis, as further described below.

For certain investment advisory services, APP utilizes custodian-sponsored programs and services and third-party investment manager programs. These services may be offered as a separately managed account (commonly referred to as "SMAs"). APP will provide such custodians and investment managers, as applicable, client-specific information to enable that custodian or investment manager to provide the elected services. Custodian-sponsored programs, third-party investment managers, and other third-parties may require different account eligibility requirements and/or minimum asset levels. These additional requirements will be set forth in the information provided by your Financial Professionals, including, but not limited to, the applicable third-party's disclosures or agreement(s).

Some of APP's investment advisory services are subject to conditions, such as a minimum account size (or asset level) or minimum annual fee, and/or restrictions, such as being available only to certain types of clients (e.g., retirement plans or accredited investors). APP does not participate in nor sponsor any wrap fee programs. Additional information about APP's investment advisory services is provided below.

### **Asset (Portfolio) Management Services**

#### **➤ Managed Account Services**

Most of APP's investment advisory clients are invested in one or more of APP's style allocation model strategies ("SAMs" or "investment strategies") through its managed account services, that are overseen by APP's investment advisory committee ("IAC" or "Committee"), chaired by the Firm's Chief Investment Officer. The IAC monitors the current state of the economy and markets, researches and selects the various investments and investment strategies for APP, and analyzes and reports on the performance of such investment strategies.

Prior to participating in any of APP's SAMs, the client and Financial Professionals complete an Investment Policy Statement ("IPS") in order to establish the client's investment objectives and potential constraints to achieving those objectives, as well as cover any reasonable restrictions imposed by the client. The IPS documents the client's 1)

overall investment objectives, 2) overall risk tolerances, and 3) investment time horizon, among other factors.

Generally, APP's SAMs are mapped to a client's overall risk tolerance based on the client's overall asset allocation (by account) to equities (stocks), as follows:

| Overall Risk Tolerance  | Equity (Stock) Asset Allocation Range |
|-------------------------|---------------------------------------|
| Income                  | 0 – 20%                               |
| Conservative            | 10 – 30%                              |
| Moderately Conservative | 30 – 50 %                             |
| Moderate                | 50 – 70%                              |
| Growth                  | 70 – 90%                              |
| Aggressive              | 80 – 100%                             |

Using this information, APP's Financial Professionals determine the most appropriate SAM(s) for the client's account. APP then uses the discretionary authority granted by you (the client) to manage the account. From time to time, market conditions, withdrawals and deposits, and other factors cause investment allocations to vary from the recommended allocations aligned with each particular SAM (or account). To remain consistent with the target investment allocations established for each particular SAM, rebalancing of investments will be performed by APP's Financial Professionals. Additionally, the Committee may recommend strategic adjustments to style allocations based on changing market conditions. In addition, the Committee monitors and adjusts investment vehicles that represent each style based on style weighting changes or relative performance to peers. Internal analysts then regularly monitor these investments to verify that they continue to meet the performance criteria set forth by the IAC.

**Note:** In the event a client has assets (in an APP managed account) held outside of APP's SAM(s), your Financial Professionals/Advisor Representative may use differing methods of analysis and investment strategies in formulating investment advice or managing assets and those assets may be subject to differing or additional risks. APP encourages you to discuss this with your Financial Professionals/Advisor Representative.

The IPS is considered a dynamic document that changes over time to reflect your changing life circumstances. Such changes naturally affect your goals, objectives, time horizon and feelings about risk in your account. Your Financial Professional will meet with you to review your IPS at least annually. See [Item 13](#) for additional information on review of accounts.

Under the APP's managed account services, generally, the client is separately assessed and pays for investment advisory, portfolio management and trade execution. See [Item 5](#) for additional information regarding fees, expenses and costs.

**Tax-Intelligent Investing:** If elected by the client and/or Financial Professional, a tax-intelligent investment strategy (also referred to as a tax-managed investment strategy or tax overlay strategy) may be applied to a taxable account. A tax-managed investment strategy considers tax implications related to after-tax returns while staying as consistent as possible with the risk/return characteristics of the selected investment strategy or SAM. There are no guarantees as to the effectiveness of the tax-managed investing strategy and clients will be impacted differently. **The client is solely responsible for ensuring that all positions and tax lots in the account have complete and accurate cost basis information at all times.** APP does not (itself) provide legal or tax advice or services and clients should discuss any questions with or request further information from the Financial Professional and/or legal and tax professionals prior to engaging in a tax overlay strategy. See [Item 8](#) for additional considerations and risks related to employing a tax overlay strategy.

**Retirement Investors:** When we (APP and your Financial Professional) provide investment advice to you (the client) regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and/or the Internal Revenue Code, as amended ("IRC"), as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests. We have a conflict of interest with you when we recommend a rollover / transfer of retirement assets and receive more compensation as a result. We mitigate this conflict of interest by providing you with relevant information, reviewing that information with you, answering your questions, and recommending only alternatives that we believe are in your best interest. We have provided you with other required

disclosures, along with your account terms and conditions and/or advisory agreement that describe the specific services we will perform and/or terms and conditions of our relationship with you. **This is important information so please read it carefully.**

### ➤ **Compass**

In addition to APP's SAMs, APP offers Compass an automated investment program through which clients are invested in a range of investment strategies that APP has constructed and managed, each consisting of a portfolio of ETFs and a cash allocation.

APP is solely responsible for determining the appropriateness of Compass for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. APP have contracted with Schwab Performance Technologies ("SPT"), a software provider and an affiliate of Schwab, to provide APP with access to the Institutional Intelligent Portfolios® platform ("IIP Platform"), which consists of technology and account management services for Compass. The IIP Platform enables APP to make Compass available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System also includes an automated investment engine through which APP manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Generally, APP's Compass investment strategies are mapped to a client's overall risk tolerance based on the client's overall asset allocation (by account) to equities (stocks) and fixed income (bonds), as follows:

| <b>Overall Risk Tolerance</b> | <b>Equity (Stock) / Fixed Income (Bond) Asset Allocations</b> |
|-------------------------------|---|
| Conservative (P1)             | 0% / 100%   |
| Conservative (P2)             | 10% / 90%   |
| Conservative (P3)             | 20% / 80%   |
| Conservative (P4)             | 30% / 70%   |
| Conservative (P5)             | 40% / 60%   |
| Moderate (P6)                 | 50% / 50%   |
| Moderate (P7)                 | 60% / 40%   |
| Moderate (P8)                 | 70% / 30%   |
| Moderate (P9)                 | 75% / 25%   |
| Moderate (P10)                | 80% / 20%   |
| Aggressive (P11)              | 90% / 10%   |

The client may indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but APP then makes the final decision and selects a portfolio based on all the information provided by the client. Additionally, clients may instruct APP to exclude up to three (3) ETFs from the client's Compass portfolio.

### ➤ **Collateralized, Non-Purpose Loan Program**

APP offers a collateralized, non-purpose loan program made available through its affiliate broker-dealer (AIS), the affiliate's custodian (NFS), and a lender, currently Goldman Sachs Bank USA (the "Bank"). **The minimum account valuation, as determined by the Bank, to participate in the program is currently \$125,000.** See [Item 7](#) for additional information regarding program minimums.

Under the collateralized, non-purpose loan program, borrowers may use the securities in an advisory account as collateral for an extension of credit, the proceeds of which may be used for any (legal) purpose except purchasing or trading new securities in the collateralized account. In exchange, the borrower pays a fee (interest rate) and gives the Bank a first priority (perfected) security interest in the collateral. APP's affiliate, AIS, receives a referral fee from the fee (interest rate) paid by the borrower. Additional information about the fees, including related conflicts of interest, is described in [Item 14](#).

**There are specific risks involved when participating in a collateralized, non-purpose loan program.** For example, if the collateralized securities decrease in value below the contract threshold, borrowers may have to pay down the



loan, deposit more collateral or sell holdings without recourse. Such actions would generally trigger tax consequences and eliminate the potential for future returns from the securities sold. Additionally, some lenders charge variable interest, others may offer a range of terms and conditions based on the diversification and holdings of each client's collateralized portfolio. For example, under APP's collateralized, non-purpose loan program, the interest rate is calculated by adding your spread to 1-Month Term Secured Overnight Financing Rate ("SOFR" as published by CME Group Benchmark Administration Limited, also known as Term SOFR. Term SOFR is a forward-looking measurement of the SOFR published by the Federal Reserve Bank of New York. **More information about Term SOFR may be found at: <https://www.cmegroup.com/market-data/cme-groupbenchmark-administration/term-sofr.html>.**

The requirements to participate in the collateralized, non-purpose loan program, including approval (or denial) of credit, and additional terms and restrictions are determined at the sole discretion of the Bank. For additional information, refer to the Bank's disclosure(s) and the applicable agreement(s).

APP may offer other collateralized, non-purpose loan programs available through Schwab. For additional information, please contact your Financial Professional.

### **Financial Planning and Other Investment Consulting Services**

To the extent requested by a client, APP may provide financial planning and/or investment consulting services. Such services may be on a stand-alone basis or included in APP's asset management services. APP's financial planning and investment consulting fees are negotiable, depending upon the level and scope of the service(s) required and the Financial Professional(s) rendering the service(s).

The advice you receive from APP's financial planning and other investment consulting services is intended for your use only. You are responsible for making all final decisions and, in some instances, the implementation of any recommendations, unless otherwise agreed to in writing. Before implementing any recommendations, you should carefully consider the ramifications of purchasing products or services, and you may want to seek further advice from your lawyer and/or accountant, particularly in connection with estate planning, taxes, or business financial planning issues.

The recommendations provided may be implemented through APP, its affiliates or other financial services providers through separate written agreement(s). However, you are not obligated to implement any of the recommendations provided by APP.

### **Retirement Plan Services**

APP's Avantax Retirement Plan Services ("RPS") is a managed account platform specifically designed for qualified retirement plans including, but not limited to, 401(k), profit sharing, defined benefit, and 403(b) (each the "plan" and "client"). **Note:** APP does not offer retirement plan services to non-qualified plans, Solo(k), SEP IRAs or SIMPLE IRAs and does not design its programs, including RPS, for municipal or other government entities as these are prohibited account types under APP's policies. See [Item 7](#) for additional information about types of clients APP and its Financial Professionals generally provide investment advisory services too.

To the extent requested by a client, through the RPS Agreement, APP and its Financial Professionals may perform all or some of the following services:

- **Plan Investment Management Services:** Under APP's investment management services for plans, APP may provide such services as investment menu design and review, investment policy statement guidance, contract review for re-pricing and product enhancements. Generally, these services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA with respect to ERISA retirement plans. Additionally, under APP's investment management services for plans, APP offers investment strategies, which provide plans with access to a wide variety of mutual funds. The investment strategies are managed by APP as an "investment manager" under Section 3(38) of ERISA with respect to ERISA retirement plans.
- **Other Plan-Related Services:** A Financial Professional may provide other plan-related services, such as plan participant education, enrollment assistance, or service provider analysis, whereby neither APP nor its Financial Professionals are acting as an "investment manager" or a "fiduciary" under ERISA with respect to ERISA retirement plans.



To participate in APP's RPS services, a plan (client) must open an account through Fidelity (custodian). Under APP's RPS services, APP is responsible for providing recordkeeping and administrative services to the plan (and its participants).

APP in its sole discretion may add or remove custodians; however, the final decision to utilize Fidelity is made by the clients. Before selecting a custodian, a client should discuss with their Financial Professionals the differing services (including, but not limited to directed trustees, custodians, clearing and execution services), fees and costs. For more information about Fidelity's services, clients should refer to the custodian's disclosure(s) and applicable agreement(s). See [Item 5](#) and [Item 12](#) for additional information on fees, compensation, brokerage practices and related conflicts of interest.

**ERISA Section 408(b)(2) Disclosure:** When APP is engaged to provide investment advisory services for a client that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), APP is a "covered service provider" to the plan for purposes of ERISA Section 408(b)(2) and the applicable regulations. This Brochure, the ERISA Section 408(b)(2) Disclosure, and the disclosures included in the written agreement between the ERISA client and APP are intended to provide fee disclosures in accordance with the requirements of ERISA Section 408(b)(2).

**Plan Participant Disclosure:** Unless directly engaged by the plan participant (individually) to do so through a separate written agreement, APP does not provide individualized investment advice to plan participants. If you, a plan participant, engage APP to provide individualized investment advice for your retirement plan accounts (e.g., 401(k) or 403(b)), APP's advice (for that account) is generally limited to the investment options approved by the plan.

## Item 5: Fees and Compensation

APP and its Financial Professionals price services based upon various objective and subjective factors. As a result, APP's clients will pay diverse fees and costs based upon, among other things, the complexity of the engagement, type of service(s), investment products used, investment program and strategies employed, and other third-party-specific costs. **Clients may inquire at any time with their Financial Professional as to client-specific fees and costs.** The information contained in this Brochure cannot disclose every possible fee, expense and cost that a client may incur and is not intended to be an exhaustive list. Rather, this section provides a description of the most commonly incurred fees, expenses and costs associated with the products and services available through APP. APP, at the APP's sole discretion, may pay any of these fees, expenses and costs or APP, in its sole judgment, can choose to waive or reduce the minimum initial investment amount or account minimums for its programs.

APP and your Financial Professional are compensated in several ways, as described in this Brochure. **Clients should be aware that the receipt of economic and/or other benefits by APP and its Financial Professionals creates a conflict of interest and may influence APP's choices for and your Financial Professional's recommendations of investments, services and third-party parties.** Therefore, it is important that you understand how APP and your Financial Professional are compensated, as well as the other costs and conflicts of interest associated with the investments and services provided to you through APP and its Financial Professionals.

**Generally, APP's fees are negotiable on a client-by-client, account-by-account basis, subject to applicable maximum fees as outlined in this Brochure.** APP and its Financial Professionals offer a variety of services and manage a broad range of client accounts with different mandates, fee structures and expenses. APP charges differing investment advisory fees based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). This is also a conflict of interest, as it creates a financial incentive for APP and its Financial Professionals to provide preferential treatment to one account over others in terms of allocation of management time, resources, and investment opportunities.

**In addition to APP's fees, all clients will incur underlying investment expenses and, depending upon the investments, services, and negotiated agreement, will also incur clearing and custody fees ("C&C Fees"), trade execution costs ("Ticket Charges"), and other fees and expenses.** This information is described in the section entitled [Other Expenses, Fees and Costs](#).

As referenced in [Item 4](#) and as more fully described in [Item 10](#), many of APP's Financial Professionals are also registered representatives of APP's affiliated broker-dealer, AIS, and/or licensed insurance agents with Avantax

Insurance. Brokerage services, insurance services and investment advisory services are different, and the fees charged for those services are often separate. For example, your Financial Professional may earn fees on an account managed under a written agreement through APP and, if applicable, in the capacity as a registered representative with AIS, earn transaction-based compensation or commissions on brokerage services at AIS or insurance services through Avantax Insurance. **If your Financial Professional serves in multiple capacities, a conflict of interest exists because your Financial Professional has an incentive to recommend investment products or services that create the greatest compensation for your Financial Professional.** In addition to disclosing these conflicts of interest, APP has created and implemented a compliance and supervisory program to mitigate such conflicts through the oversight of client accounts and investment advisory activities. APP mitigates these conflicts of interest, in part, by endeavoring to act in each client's best interest and through the adoption and implementation of a Code of Ethic and other policies and procedures. See [Item 11](#) for additional information. **To determine whether your Financial Professional earns compensation in multiple capacities, review your Financial Professional's Form ADV 2B Brochure Supplement.** If a client has not received a copy of that document, the client should contact the Firm, using the information on the cover page of this Brochure.

APP's clients are not under any obligation to enter into an agreement with and receive investment advisory products and services through APP and its Affiliates, and many of these investment products and services are available through other investment advisers, broker-dealers, custodians, or other financial institutions. **Clients may inquire at any time with their Financial Professional as to any client-specific products, services, fees and costs.** APP encourages all clients and prospective clients to read this Brochure, all relevant Brochure Supplements, and any documentation for the specific advisory programs, products and/or services, and ask any corresponding questions, prior to participation in any advisory program, product or service provided through APP.

## **Asset (Portfolio) Management Services**

### **➤ Managed Account Services**

APP will typically earn compensation for asset (portfolio) management services by charging an asset-based Management Fee that includes investment advisory, portfolio management, periodic reporting, and administration. All clients will incur underlying investment expenses. Furthermore, depending upon the investments, services, and negotiated agreement, clients will also incur clearing and custody fees ("C&C Fees"), trade execution costs ("Ticket Charges"), and other fees and expenses. This information is documented in the agreement and the custodial agreement. Additional information about these fees and expenses is described in the section entitled **Other Expenses, Fees and Costs**.

**The Management Fee is negotiated between you and APP (on an account-by-account, client-by-client basis) and is subject to APP's maximum annual Management Fee of 2.5%.** The Management Fee is reflected in the client agreement (via the management fee schedule) as a flat or tiered annual percentage, that is calculated on the Billable Account Value, billed quarterly in arrears, directly debited from the client's account, and reflected on the custodial account statement.

The Management Fee may be a flat or tiered annual percentage, as further described below:

**Flat Fee Schedule:** A Management Fee based on a flat percentage would apply the applicable Management Fee rate (%) based on the applicable Billable Account Value, regardless of the amount. For example, under a flat fee schedule, if an account has a Billable Account Value of \$1,500,000, the entire \$1,500,000 would be charged a Management Fee rate of 1.25% (annually).

**Tiered Fee Schedule:** A Management Fee based on a tiered percentage would apply the applicable Management Fee rate (%) based on the applicable Billable Account Value (assets) that fell within each tier, subject to the maximum annual management fee. For example,

|      |              |    |             |              |       |
|------|--------------|----|-------------|--------------|-------|
| From | \$0          | to | \$1,000,000 | , the fee is | 1.25% |
| From | \$1,000,001  | to | \$2,000,000 | , the fee is | 1.00% |
| From | \$2,000,001  | to | \$5,000,000 | , the fee is | 0.75% |
| Over | \$5,000,000+ |    |             | , the fee is | 0.60% |

Under the illustrative tiered fee schedule, if an account has a Billable Account Value of \$1,500,000, the first \$1,000,000 would be charged at a Management Fee rate of 1.25% and the remaining \$500,000 would be charged at a Management Fee rate of 1.00% (annually).

**NOTE:** APP and its Financial Professionals price services based upon various objective and subjective factors. As a result, APP's clients will pay diverse fees and costs based upon, among other things, the complexity of the engagement, type of service(s), investment products used, investment program and strategies employed, and other third-party-specific costs. **Clients may inquire at any time with their Financial Professional as to client-specific fees and costs.**

The Management Fee is calculated by taking the Management Fee percentage (%), divided by the number of days in the calendar year (i.e., 365 or 366 for leap years), then multiplying the quotient by the number of days in the billable calendar quarter (i.e., 90, 91 or 92 depending on the quarter and year), and multiplying that quotient by the Billable Account Value (\$). The sum (i.e., quarterly Management Fee) is the amount that is directly debited from the client's account, unless otherwise agreed to in writing, and reflected on the custodial account statement in January, April, July and October.

Subject to variances outlined below, the "Billable Account Value" is equal to the market value of all assets, including cash and cash equivalents, and less the market value of any excluded assets. Any cash flows into and out of an account during the quarter will be prorated for billing purposes. The market value of all assets and the calculation of the Management Fee is provided through a third-party portfolio accounting system that receives information from APP's custodian. The market value information provided by the third-party portfolio accounting system is as of the close of business on the last business day of the billable calendar quarter. However, these quarter-end market valuations may be different from the market valuations provided by the custodian due to timing of corporate actions, accrued interest, and trade settlements. Excluded assets are determined in the sole discretion of APP or as requested by a Financial Professional and approved by APP. For more information about APP's fee billing process, contact your Financial Professional or the Firm using the information on the front of this Brochure.

Salaries, benefits, bonuses and, if applicable, solicitor/referral payments are part of the Management Fee. Additional information about how APP's Financial Professionals are compensated is described in [Item 14](#).

The following Management Fee variances apply:

**Initial Management Fee:** The initial Management Fee, or Inception Fee, is calculated as of the date the Billable Account Value is funded or, if applicable, reaches the Program's minimum amount ("Inception Date") and is prorated for the balance of calendar days remaining in the calendar quarter. The initial Management Fee is billed the quarter following the Inception Date.

**Management Fee Changes:** APP reserves the right to modify or change the Management Fee after sixty (60) days of written notice to the client. You and your Financial Professional may renegotiate a Management Fee at any time and will require a new client agreement and management fee schedule. Management Fee changes will become effective in the billing quarter in which the change is received by APP.

**Related Account(s):** Upon a client's request, as negotiated with the Financial Professional, and as accepted by APP at APP's sole discretion, advisory accounts may be associated or linked together ("Related Accounts") for tiered-fee billing purposes and may allow the Related Accounts (in aggregate) to achieve a lower-cost, tiered billing rate. For additional information, contact your Financial Professional.

**Termination Prorated Fees:** Asset (portfolio) management services may be terminated via notice at any time by either the client or APP. Because asset (portfolio) management services are billed in arrears, no refunds are typically due upon termination; however, APP will collect a prorated Management Fee based upon the number of days from the prior billing cycle through the termination date. If APP is unable to debit the client's account, APP will send a final written invoice to the client. APP in its sole discretion may waive any final, prorated Management Fee.

## **Fee-Based Financial Planning Services**

Fees for financial planning services depend upon the level and scope of the services required as well as the Financial Professionals providing the services. For stand-alone financial planning services, fees may be charged on a fixed or hourly basis and will be specified in a written client agreement. Clients are typically invoiced at the end of the engagement. For financial planning services included in APP's asset (portfolio) management services, the fees are included in the Management Fee (as detailed above).

## **Retirement Plan Services**

Under APP's RPS Program, APP earns compensation for managing the assets of the plan by charging an Asset Management Fee based on a percentage of the market value of the assets held in the plan. **The Asset Management Fee is negotiable and subject to a maximum fee of 1.0% of the plan's assets held in the RPS Program.** The Asset Management Fee does not include the cost of underlying investment expenses, custodial, recordkeeping and/or trade execution services, which are disclosed in the agreement. For additional information, refer to the section entitled **Other Expenses, Fees and Costs**.

Retirement Planning Services may be terminated via 60-days written notice by either the plan (client) or APP. Upon termination of the agreement, all fees owed to APP, including fees for services for the current year earned through the date of termination, will be immediately payable in full. APP will collect a prorated Asset Management Fee based upon the number of days from the prior billing cycle through the termination date (i.e., the last day APP provides service(s) and assets transfer to the new provider.). APP will assess a termination/transfer fee not to exceed \$1,200.

## **Other Expenses, Fees and Costs**

Under APP's asset (portfolio) management services and RPS Program investment management services, all clients will incur underlying investment expenses. Furthermore, depending upon the investments, services, and negotiated agreement, clients will also incur clearing and custody fees ("C&C Fees"), trade execution costs ("Ticket Charges"), and other fees and expenses. **Clients may inquire at any time with their Financial Professional as to client-specific fees and costs.** Additional information about other expenses, fees and costs typically associated with APP's advisory services is provided below.

- **Underlying Investment Expenses for Mutual Funds and ETFs:** Mutual funds and/or exchange traded funds ("ETFs") pass along costs to investors by imposing fees and expenses, such as shareholder fees, operating expenses and/or transaction costs. These costs reduce the returns on mutual funds and ETFs. Therefore, clients should fully understand the costs incurred through these investments, as fully described in the mutual fund or ETF prospectus that is available upon request from your Financial Professional, and fully discuss these costs with your Financial Professional. For example, a client invested in a mutual fund or ETF through an APP advisory program will pay at least two layers of fees. The client will pay the mutual fund or ETF underlying investment management fees and will also pay APP's Management Fee. Clients may invest in many of the ETFs and mutual funds that APP makes available through another broker-dealer, custodian, investment adviser or another financial institution and, as a result the client's fees may be higher or lower than those charged by APP.
  - **Share Class Costs and Fees:** Mutual funds and ETFs have different share classes with different fee structures and costs. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. In some instances, a mutual fund offers only Class A Shares, but another similar mutual fund may be available that offers institutional shares. Some share classes incur a ticket charge (commonly described as TF shares). Other share classes incur no ticket charges (commonly described as NTF shares), but usually have higher underlying costs, and the associated costs would ultimately be incurred by the client.
    - While APP strives to utilize the lowest cost share class available (without a surcharge) through its custodians, there may be other less costly share classes offered by a fund that are 1) not available for use by APP due to constraints imposed by the terms of the fund's prospectus, 2) not available on the custodial platform, and/or 3) subject to other conditions or restrictions that make utilizing such share class unreasonable, costly or

prohibitive. A conflict of interest exists in those limited situations in which APP elects to utilize a share class more costly to the client, than the lowest cost share class available at the custodian, in order to avoid a custodian-imposed surcharge.

- Generally, clients do not pay a transaction charge for class A share mutual fund transactions, but generally do pay transaction charges for class I (institutional) share (or other share classes) mutual fund transactions. Class A share mutual fund shares can be more expensive over time because of the internal operating expenses, such as 12b-1 fees. Whereas class I mutual fund shares pay transaction charges, however, the share class can be less expensive over time. Were a mutual fund offers both class A and I shares, APP (for its investment strategies) seeks to mitigate client transaction costs by transacting in the class A shares until a client's position in that mutual fund reaches \$25,000. At that point, APP facilitates an exchange for class I shares and future transactions in that mutual fund would be in class I shares. This process is facilitated on a position-by-position, account-by-account basis.
- **12b-1 Fees and Revenue Share:** Some mutual funds charge "12b-1 fees" to cover the costs of marketing and selling fund shares (distribution) and providing shareholder services. Distribution fees include fees to compensate brokers and others who sell fund shares and to pay for advertising, the printing and mailing of prospectuses to new investors, and the printing and mailing of sales literature. Shareholder service fees are fees paid to persons to respond to investor inquiries and provide investors with information about the mutual fund. Shareholder service fees can also be paid outside of 12b-1 Fees ("Revenue Share"). Certain mutual fund companies pay APP's affiliate, AIS, to provide shareholder liaison services to investors. These fees are classified as shareholder servicing fees and generally include responding to investor inquiries and providing information on mutual fund investments.
  - While APP does not directly receive this revenue, a conflict of interest exists because APP indirectly benefits from its affiliates' profitability and growth.
- **Sales Charges, Redemption Fees, and Other Restrictions:** If a client transfers a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, the client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, the client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax-loss harvesting).
  - Clients have the ability to retain the higher cost share class until any contingent or deferred sales loads have passed before including such positions in an APP account.

See [Item 8](#) for additional information on risks, including mutual fund and ETF risks.

- **Advisory Fees on Cash Assets:** APP calculates asset-based fees (e.g., Management Fees and Asset Management Fees) on assets placed under its management, including cash, cash equivalents, money market funds, and assets held in any cash sweep program. This creates several conflicts of interest and potentially additional costs to you. Depending on the client's investment objective and/or strategy, these cash balances could be relatively high and represent a material portion of the overall account. Clients should understand that the asset-based fees charged on these balances may exceed the returns provided by cash, cash equivalents, money market funds and/or cash sweep program, especially in low interest rate environments.
- **Clearing and Custody Fees ("C&C Fees"):** Client-specific custodial charges are detailed in the client's custodial agreement(s) or client's custodial quarterly statements. The custodial charges are paid to the custodian.
- **Trade Execution Costs ("Ticket Charges"):** Client-specific custodial transaction-based charges are detailed in the client's custodial agreement(s) or client's custodial quarterly statements. The custodial transaction-based charges are billed by and paid to the custodian, on trade date, when a transaction is executed through the custodian and is based on the specific security or investment involved in the transaction.

- **Account and Elective Services Costs:** All third-party providers, including the custodians and third-party investment managers available through APP offer elective (or add-on) services and other charges that are borne solely by the client. For example, wire fees, transfer fees, margin interest, account activity fees, retirement account maintenance fees, platform fees, strategist fees, and annuity/insurance carrier fees. These costs may be waived, in whole or in part, by the third-party based on level of assets maintained with the third-party, or other factors and/or conditions. Such fees may be higher or lower than those required by other third-parties.
- **Recordkeeping and Plan Administration Services:** Client-specific recordkeeping and plan administration service charges are detailed in the client's agreement(s) or client's quarterly statements and may be payable (as elected by the plan) by either the plan and/or plan participants. Such charges may include, but are not limited to, initial or flat fees for plan design and set-up, participant enrollment and education meetings, and plan document services, and asset-based recordkeeping fees that include daily administration, enrollment materials, and certain IRS filings.
- **Trading Errors:** APP endeavors to identify and correct trade errors as soon as possible. When a trade error has been identified by APP, the Financial Professional or client, APP will promptly correct the error with the goal of restoring the account back to the same condition that would have resulted if the error had not occurred. Losses associated with trade errors that are not caused by the client will be borne by APP. Under some circumstances, correction of an error could result in a gain; such gains are retained by the client or, depending on the client's circumstances, retained by the custodian and donated to charity. For purposes of determining the gain or loss, related transactions are corrected in the aggregate so that profits offset associated losses; a client may not elect to ratify only those portions of a related transaction that are profitable.

## Item 6: Performance-Based Fees and Side-by-Side Management

APP does not charge performance-based fees or engage in side-by-side management.

Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Side-by-side management generally refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) and at the same time manages other accounts for which fees are assessed on a performance fee basis. Since APP does not charge performance-based fees, it does not engage in side-by-side management.

APP's fees and compensation are disclosed in [Item 5](#) above and other compensation matters are disclosed in [Item 14](#).

## Item 7: Types of Clients

APP's asset management services are primarily designed for individuals, corporations and other businesses that reside or are domiciled in the United States. This includes but is not limited to natural persons, high-net worth individuals, custodial accounts (i.e., UGMA, UTMA), estates, corporations, limited liability companies (LLCs), partnerships, trusts, and non-profit organizations. All asset management advisory clients are required to sign a written agreement with APP. As further detailed in [Item 4](#), APP's asset management advisory programs and services do not have minimum account or asset requirements.

APP's Collateralized, Non-purpose Loan program is designed for individuals who are seeking short-term financing and are willing to accept volatility/payback risk. **The minimum account valuation, as determined by the Bank, to participate in the program is currently \$125,000.**

APP's fee-only financial planning services are primarily designed for individuals and do not have minimum account or asset requirements.

APP's retirement plan services are primarily designed for qualified retirement plans, governed by ERISA and/or the IRC. This includes but is not limited to ERISA 403(b) Plan (single and multi-recordkeeping), Cash Balance Plan, Profit Sharing Plan, 401(k) Profit Sharing Plan, 401(k) Plan, Money Purchase Plan, Defined Benefit Plan, 401(a) Plan, and



Non-ERISA 403(b) Plan (single and multi-recordkeeping). APP does not offer retirement plan services to non-qualified plans, Solo(k), SEP IRAs or SIMPLE IRAs. All retirement planning services clients are required to sign a written agreement with APP. As further detailed in [Item 4](#), APP's retirement planning programs and services do not have minimum account or asset requirements.

APP does not design its programs or services for government entities<sup>2</sup> or municipal entities<sup>3</sup>, and these types of clients are generally prohibited by APP, unless otherwise approved in writing.

APP, in its sole judgment, can choose to waive or reduce the minimum initial investment amount or account sizes for its programs. Custodian-sponsored programs and other third-parties may require different account eligibility requirements and/or minimum asset levels. These additional requirements will be set forth in the information provided by the Advisor, including, but not limited to, the applicable third-party's disclosures or agreement(s).

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

*This section applies to APP's managed account services and RPS investment management services.*

Most of APP's investment advisory clients are invested in one or more of APP's SAMs, that are overseen by APP's investment advisory committee ("IAC" or "Committee"), chaired by the Firm's Chief Investment Office. The IAC monitors the current state of the economy and markets, researches and selects the various investments and investment strategies for APP, and analyzes and reports on the performance of such investment strategies.

In the event a client has assets (in an APP managed account) held outside of APP's SAM(s), your Financial Professionals/Advisor Representative may use differing methods of analysis and investment strategies in formulating investment advice or managing assets and those assets may be subject to differing or additional risks. APP encourages you to discuss this with your Financial Professionals/Advisor Representative.

### **Methods of Analysis**

APP uses a variety of methods of analysis for its investment strategies / SAMs, including any one or combination of the following:

- **Economic Analysis:** Economic analysis generally involves studying various factors in an economy, including macro-economic factors (such as interest rates, inflation, and growth) and micro-economic factors (such as market share, supply, and consumer demands) specific to a particular industry, sector, or company. Economic analysis generally considers data in aggregate, presenting risk when individual items need to be considered separate.
- **Fundamental Analysis:** Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings and financial structure. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.
- **Qualitative Analysis:** Qualitative generally involves analyzing a company's or an issuer's overall value based on non-quantifiable indicators, such as management expertise and philosophy, employee and customer satisfaction, quality assurance and market recognition, and legal or regulatory issues. Qualitative observations typically cannot be readily measured and, therefore, are inherently subjective.

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<sup>2</sup> The term "government entity" carries the same definition found in Rule 206(4)-5 of the Investment Advisers Act, as amended, and includes, but is not limited to, any agency, authority or instrumentality of the state or political subdivision; a pool of assets sponsored or established by the state or political subdivision or any agency, authority or instrumentality thereof, including but not limited to a defined benefit plan or a state general fund; and a plan or program of a government entity

<sup>3</sup> The term "municipal entity" carries the same definition found in Section 15B(e)(8) of the Securities Act, as amended, and includes, but is not limited to municipal corporate instrumentality of a State and any other issuer of municipal securities.



## **Investment Strategies**

Each of APP's SAMs are designed to focus on a specific investment style, using specified-types of securities. If elected by the Financial Professional, a tax-overly strategy may then be applied to some of APP's SAMs. In turn, APP's Financial Professionals align a client's specific situation, using the client's designated investment objective(s), risk tolerance(s), investment time horizon, and investment restrictions (if any), with one or more of APP's SAMs.

In constructing APP's investment strategies/ SAMs, the Committee uses a combination of the following investment strategies:

- **Portfolio Diversification:** Portfolio diversification attempts to reduce investment risks by spreading assets across a variety of investments and is a key component of the modern portfolio theory ("MPT"). A portfolio can be primarily diversified in terms of asset classes, investment style, and geography, as further described below:
  - **Asset Allocation:** Asset allocation centers around the decision about what asset classes (i.e., cash, equities, bonds, etc.) to include in a portfolio, and how much to include in each. Asset allocation investment strategies attempt to optimize the risk and reward of a portfolio by investing among several asset classes. Strategic asset allocation calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment valuations and cashflows skew asset allocation percentages. Tactical asset allocation allows for a range of percentages in each asset class (e.g., equities 40-50%), establishing investable parameters (minimum and maximum boundaries) to make minor adjustments based on economic, market and other factors.
  - **Investment Style:** Investment style refers to the general portfolio characteristics that are favored by the manager's investment philosophy (as further described below). The most well-known styles in equity investing are based on company size (e.g., small, mid, and large-cap) and fundamental attributes (e.g., value, blend, growth, and momentum).
  - **Geography:** Geography usually refers to countries but more often to regions, such as the Americas, Europe and the Middle East, Asia, the United States or international (non-U.S.).
- **Investment Management Philosophy:** An investment management philosophy is the beliefs and principles that guide the way an investor and investment manager approach investment-making decisions.
  - **Active Management:** Active investing seeks to outperform a designated benchmark on a relative-basis typically by specializing in a particular sector (e.g., technology, etc.) or sub-subsector (e.g., semiconductors, software, hardware, etc.) and taking sometimes concentrated positions in individual securities or targeting event-driven, market inefficiencies (e.g., corporate events, bankruptcies, etc.).
  - **Passive Management:** Passive investing seeks to track a designated benchmark on a relative-basis by applying a rules-based, investment approach that does not typically involve specializing in individual securities and/or short-term trading practices. Indexing is a passive management philosophy that refers to strategies intended to replicate the performance of non-investable benchmark index (e.g., S&P 500 Index).
- **Tax-Intelligent Investing:** As described in [Item 4](#) and if elected by the client and/or Financial Professional, a tax-managed investing investment strategy (also referred to as a tax overlay strategy) considers tax implications related to after-tax returns. APP estimates potential capital gains tax savings by multiplying each harvested tax loss by the current, applicable short- or long-term capital gains tax rate for each client and the current cost-basis information as reported by the custodian. Tax-loss harvesting is typically performed on a monthly basis on any investment that results in a \$3,000 and 5% tax loss. When selling and repurchasing securities, APP seeks to avoid wash sales, which occur when securities are sold at a loss and then re-purchased within 30 days, and any tax loss sought through the sale of a security may be disallowed, under current IRS regulations. APP cannot monitor assets held outside of client's APP account. Proceeds from any investments sold as a result of tax-loss harvesting are used to purchase a similar investment,

typically an ETF. After-tax performance calculation methodology uses the full value of harvested tax losses without regard to any future taxes that would be owed on a subsequent sale of any new investment purchased following the harvesting of a tax loss. That assumption may not be appropriate in all client situations. See below for additional risks related to employing a tax overlay strategy.

## **Risk of Loss**

*Investment activities involve a significant degree of risk.* The performance of any investment is subject to numerous factors which are neither within the control of, nor predictable by APP. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war or regional/global pandemic) that affect investments in general or in specific industries or companies. The investment decisions made, and the actions taken in managing client assets will be subject to various market, liquidity, currency, economic, political and other risks. Investing in securities involves a risk of loss that clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. Investments may lose value and past performance is never a guarantee of future results.

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, nor all of the risks applicable to a particular manager, security or investment. Risks vary by client according to their investment objectives, guidelines, liquidity needs or risk tolerances and not every strategy or portfolio will be exposed to each of the risks described in this Brochure. This list is not intended to be exhaustive of all of the risks associated with investing in strategies or securities that are utilized or recommended by APP. Rather, it is a general description of the nature and risks of the investment advisory services provided by APP and the related investments.

This summary is qualified in its entirety by reference to the prospectuses and offering documents that apply to the funds and/or strategies that APP recommends and/or in which a client invests. Clients should carefully read any applicable prospectuses and/or offering documents and should consider consulting with their legal and/or tax professionals before engaging in any particular investment strategy or transacting in any specific investment. Past performance is no guarantee of future results.

### **A. GENERAL RISKS**

**Asset Allocation:** A portfolio that holds large cash positions may deviate from the stated benchmark and could underperform as a result. Differences in the security holdings and weights of a portfolio versus the strategy benchmark will result in disparities between a portfolio's performance relative to its benchmark. A portfolio may perform better or worse than a similarly managed account for various reasons including, but not limited to, the frequency and timing of rebalancing and trading each portfolio and the size and number of positions in each portfolio.

**Concentration:** Strategies that are concentrated in only a few securities, sectors or industries, regions or countries or asset classes could expose a portfolio to greater risk and may cause greater portfolio volatility.

**Investment Strategy (SAMs):** APP cannot and does not guarantee that its investment strategies will be able to achieve a particular level of return or maintain a particular risk profile. APP's SAMs are developed by APP and managed by APP's employees. Each investment strategy's investment performance is based on a composite aggregation of a subset of related portfolios managed by APP, the securities in the portfolio are directly owned by the separate account's owner(s) and the separate account's owner(s) have the right to terminate the investment advisory agreement with APP at any time. Investors in each strategy will have slightly different weightings in holdings, asset classes and performance results, primarily due to the timing of an investment (cash) into and out of the respective strategy. Separate accounts are unregistered investment vehicles and do not have the legal or regulatory requirements as registered securities.

**Market:** Securities markets are volatile and investing in securities involves the risk of loss that clients should be prepared to bear. The direction of the capital markets (e.g., stock, credit, interest rate, real estate, private equity, volatility, etc.) are difficult to predict and are dependent upon changes in a number of factors, including, but not limited to, interest rates, inflation, and a host of additional economic and political factors. There is always a risk that the capital markets as a whole will decline, bringing down the value of individual securities regardless of their fundamental characteristics. Market risk is also known as systematic risk or undiversifiable risk. This risk is both

unpredictable and impossible to completely eliminate.

**Security Selection:** The risk of choosing a security that underperforms the market for unanticipated reasons. There can be no assurance that clients will ever come to realize the value of some of these investments, and that the investment will ever increase in value. During this time, the client may have funds locked up in an underperforming investment, which presents an opportunity cost for other investments.

## **B. INVESTMENT-SPECIFIC RISKS**

**Cash-Equivalents (Money Market Funds):** Cash equivalents are short-term, highly-liquid investments, such as money market funds (a type of mutual fund) and are subject to interest rate and issuer-specific changes. Interest rate increases can cause the price of a money market security to decrease. Likewise, a decline in the credit quality of an issuer can cause the price of a money market security to decrease. An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at one dollar per share, it is possible to lose money by investing in a money market fund.

**Equities (Stocks):** Equity instruments are subject to equity market risk, which is the risk that common stock prices will fluctuate over short or even extended periods. Equity securities generally have greater price volatility than fixed income securities. The market price of equity securities may increase or decrease, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting markets generally, particular industries, sectors or geographic regions represented in those markets, or individual security concerns.

**Exchange Traded Funds ("ETFs"):** ETFs are, by definition, portfolios of securities, and although the risk associated with investments in ETFs may be low relative to investments in securities of individual issuers, there are events that can trigger sharp, and sometimes adverse, price movements in ETFs that are not related to movements of the markets in general. These events include, but are not limited to, unanticipated dividends, changes to regular dividend amounts, announcements of rights offerings and possible unexpected revisions to the net asset values of the ETF.

**Fixed Income (Bonds or Debt):** Debt securities are affected by changes in interest rates. When interest rates rise, the value of debt securities are likely to decrease. Conversely, when interest rates fall, the values of debt securities are likely to increase. The values of debt securities may also be affected by changes in the credit rating or financial condition of the issuing entities.

**Leveraged Investment Strategies (Margin, Options, Loans/Borrowing):** Borrowing against securities may not be suitable for all investors. A decline in the value of collateralized assets, including as a result of markets going down in value, may require deposits of more securities or funds to maintain the level needed to avoid a maintenance call or pay down the line of credit. Investors should be aware of any attributes related to limits on the upside or downside potential of returns, call options, income, risk reduction strategies, early termination events, tax consequences, and market events that impact the product or strategy. Certain products/strategies carry additional risk, including the potential for losses that may exceed the original investment amount.

**Mutual Funds:** The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and the fund straying from its objective (*i.e.*, style drift). Mutual funds have certain costs associated with underlying transactions, as well as operating costs such as marketing and distribution expenses and underlying advisory fees. Mutual fund costs and expense vary from fund to fund and will impact a mutual fund's performance. Additionally, mutual funds typically have different share classes, as further discussed below, that trade at different Net Asset Value ("NAV") as determined at the daily market close and have different fees and expenses.

**Mutual Fund Share Classes:** Mutual funds that offer different share classes are priced differently and have varying levels of internal costs. For example, institutional share classes often have higher trading costs; however, the internal costs of the fund are lower. Over a period of time, certain share classes will become more expensive if held in an account for a long period of time. Additionally, even though multiple share classes may be available, a custodian may only make available a limited number of share classes, or a custodian may not choose to offer the least expensive share class that is available. Other custodians and investment advisers may offer the same mutual fund or a different mutual fund share class at a lower overall cost to the investor.

**Tax Overlay Strategy:** A tax overlay strategy (or tax-managed) relies on various techniques, assumptions, and calculation methodologies and cannot be guaranteed to reduce or minimize a client's overall tax liabilities, or as to the tax results that may be generated by a given transaction (or transactions). A tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. Factors that could impact the value of tax-managed investing techniques include, but are not limited to market conditions, the tax characteristics of securities used to fund an account, client-imposed investment restrictions, client tax rate, asset allocation, investment approach, investment universe, and any tax law or firm policy changes. The pre-tax performance of a tax-managed account may be lower than the performance of similar advisory accounts portfolios not employing a tax overlay strategy. Under current IRS regulations wash sales, which occur when securities are sold at a loss and then re-purchased within 30 days, and any tax loss sought through the sale of a security may be disallowed by the IRS. APP cannot monitor all assets held outside of clients' APP account. Tax-managed investing does not equate to comprehensive tax advice, is limited in scope, and not designed to eliminate taxes in an account.

### C. PROCEDURAL AND OPERATIONAL RISKS

**Cybersecurity and Information Security:** A portfolio is susceptible to operational and informational security risks due to the increased use of the internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches of third-party service providers may cause disruptions at third-party service providers and impact APP's business operations, potentially resulting in financial losses; the inability to transact business; violations of applicable privacy and other laws, regulatory fines, or penalties; reputational damage; unanticipated expenses or other compensation costs; and/or additional compliance costs. APP has an established business continuity and disaster recovery plan and related cybersecurity procedures designed to prevent or reduce the impact of such risks; there are inherent limitations in such plans and systems due in part to the evolving nature of technology and cyberattack tactics. Additionally, APP employs reasonable security standards and safeguards to protect clients' personal information and prevent fraud. Additional information about APP's business continuity and disaster recovery plan and privacy policy is available at <https://www.avantax.com/disclosures/account-protection-and-privacy>. **If you suspect fraudulent activity in your APP account(s), you should immediately contact the Firm at (800) 791-8994 or contact your account custodian using the information on the custodial statement.**

**Operational Risk:** Portfolios are exposed to operational risk introduced through human intervention or the failure of automated processes. Operational risks include, but are not limited to, reconciliation errors, trading the wrong security, trading a security for an unintended portfolio or purchasing a security that a portfolio was intended to sell, or vice versa.

**Technology and Third-Party Vendors:** APP relies on third-party vendors and technology providers in order to provide many of its services. Additionally, some of the technology used is provided by third-party vendors and is, therefore, beyond APP's direct control. APP seeks to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, through its vendor due diligence procedures, but there is no guarantee that any or all third-party service provider risks will be mitigated. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems. Backup systems may not operate as well as the primary systems and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, APP continually evaluates its backup and disaster recovery systems and performs periodic testing of its backup systems operations. Despite APP's reasonable efforts, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable and result in consequences such as the inability to execute client transactions or monitor client accounts.

### Item 9: Disciplinary Information

Neither APP nor any of its management persons (i.e., executive officers and members of the Firm's IAC) have been involved in a legal or disciplinary event that we believe is material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of its management. The Firm's current registration record, including additional disclosure information, Brochure, and Form CRS, is available on the SEC website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by selecting "Firm" and typing in Avantax Planning Partners, Inc. or its CRD# 106237.

If there are legal or disciplinary events material to a client's or prospective client's evaluation of an Advisor Representative or FPC, those material facts will be disclosed through a Brochure Supplement. If a client or prospective did not receive a Brochure Supplement, the client should contact the Firm using the information on the cover page of this Brochure.

## Item 10: Other Financial Industry Activities and Affiliations

The Firm's and its Financial Professionals' other financial industry activities and affiliations create conflicts of interest and, in many cases, incentivizes APP and its Financial Professionals to recommend an affiliate's products and/or services versus other, similar, non-affiliated providers. Additionally, many of APP's Financial Professionals serve in multiple capacities and may be incentivized to recommend products or services that create the greatest compensation for the Financial Professional.

As further detailed in [Item 4](#) and [Item 11](#), APP seeks to address these conflicts of interest by monitoring and enforcing a Code of Ethics, along with other compliance and supervisory policies and procedures, and through the establishment of the investment advisory committee ("IAC" or "Committee"), chaired by the Firm's Chief Investment Officer. Furthermore, APP seeks to disclose material conflicts of interest to its clients and prospective through this Brochure and other documents.

### Avantax Wealth Management Entities

Affiliates with which APP is under common control and shares operations and/or supervised persons with (collectively, the "Avantax Wealth Management Entities") includes:

- **Affiliated Broker/Dealer:** Avantax Investment Services, Inc. ("AIS") is a SEC-registered broker-dealer and government securities dealer or broker, member FINRA/SIPC. AIS is authorized to solicit, buy and sell securities and annuities in one or more states. Additional information about AIS is available on [brokercheck.finra.org](https://brokercheck.finra.org), by searching "Avantax Investment Services, Inc." or CRD# 13686.
- **Affiliated Investment Adviser, Financial Planner and Pension Consultant:** Avantax Advisory Services, Inc. ("AAS") is a SEC-registered investment adviser. AAS provides financial planning, portfolio management, retirement plan services and other investment advisory services. Additional information is available on [www.adviserinformation.sec.gov](https://www.adviserinformation.sec.gov), by searching "Avantax Advisory Services, Inc." or CRD# 104556.
- **Affiliated Insurance Agencies:** Avantax Insurance Agency, LLC ("AIA LLC") and Avantax Insurance Services, LLC ("AIS LLC") offer a variety of insurance products and services (collectively, "Avantax Insurance"). **Note:** Insurance products and services are not deposits, not FDIC insured, not guaranteed by a bank, not insured by any federal government agency, and may go down in value. Not all insurance products and services are available in all states.

APP's clients and prospective clients are not under any obligation to obtain professional services or products (of any kind) from the Avantax Wealth Management Entities; however, certain services and/or products made available through APP are from one or more of the Avantax Wealth Management Entities.

### Cetera Entities

As further described in [Item 4](#), APP is an indirect subsidiary of Aretec and, as a result, affiliated with Cetera Financial Group. Cetera Financial Group owns a network of independent broker-dealers, investment advisers registered with the SEC, and general insurance agencies ("Cetera Entities"), including but not limited to:

- **Cetera Affiliated Brokers/Dealers:** Cetera Advisor Networks LLC (CRD# 13572), Cetera Financial Specialists LLC (CRD# 10358), and Cetera Investment Services LLC (CRD# 15340)
- **Cetera Affiliated Investment Advisers:** Cetera Advisory Services LLC (CRD# 285648), Cetera Investment Advisers LLC (CRD# 105644), Cetera Investment Management LLC (CRD# 165436), and The Retirement Planning Group LLC (CRD# 129625)

- **Cetera Affiliated Broker/Dealer and Investment Adviser:** Cetera Advisors LLC (CRD# 10299)
- **Cetera Affiliated Pension Consultants:** Associates in Excellence, Inc and First Allied Retirement Services, Inc.
- **Cetera Affiliated Insurance Agencies:** Cetera Advisors Insurance Services LLC, Cetera Advisor Networks Insurance Services LLC, Cetera Insurance Agency, LLC, Fasi Insurance Services, Inc., Fasi of TX, Inc., and NFG Brokerage, LLC.
- **Cetera Affiliated Trust Company:** Cetera Trust Company, N.A.

APP is under common control and shares operations and/or supervised persons with some of these Cetera Entities. Currently, APP has no reason to believe that the relationship with the Cetera Entities creates a conflict of interest with APP clients. APP' clients and prospective clients are not under any obligation to obtain professional services or products (of any kind) from the Cetera Entities; however, certain services and/or products made available through APP may be provided by one or more of the Cetera Entities. A complete list of Cetera Related Entities is available upon request by contacting the Firm using the information on the cover page of this Brochure.

### **CPA Firms**

APP is not an accounting firm and does not provide tax advice; however, the Firm maintains collaborative, referral arrangements with independent, nonaffiliated certified public accounting firms ("CPA firms") and their accounting professionals ("CPAs"), many of whom are registered with APP as investment adviser representatives ("IARs" or "Advisor Representatives"). When an Advisor Representative determines that their clients need tax or accounting services, those clients are referred to the Advisor Representative's CPA firm. In addition, if account or tax clients of an Advisor Representative needs financial planning or other investment advisory services, the Advisor Representative, acting in a separate capacity as an accountant, refers clients to APP.

Clients that are referred to APP by a CPA firm will receive a commission and fee disclosure document, describing the direct and indirect compensation paid to the CPA firm. See [Item 14](#) for additional information on client Referrals and Other Compensation, including conflicts of interest and material arrangements with CPA firms.

### **Custodians**

As previously described in this Brochure, APP utilizes custodian-sponsored programs and services and, for certain investment advisory services, third-party investment manager programs. APP is not affiliated with these entities; however, receipt of benefits and other compensation itself creates a conflict of interest and can affect the judgment of APP's Financial Professionals when making recommendations or providing services.

As further detailed in [Item 5](#) and [Item 12](#), APP receives research and other products or services (other than custody of securities, trade execution, clearance and settlement of transactions) from Schwab and Fidelity, APP's custodians. The products and services are provided to APP as part of its overall relationship with the custodians; however, some of these benefits may be based on the amount of advisory assets held at the custodian. The receipt of these benefits creates a conflict of interest because any advice from APP's Financial Professionals may be based in part on the benefit to APP or its Financial Professionals and the availability of the foregoing research and other benefits and not solely on the nature, cost or quality of custody or brokerage services provided by the custodian.

For more information regarding custodian-sponsored programs and services and third-party investment manager programs, including additional information on the advisory services and fees that are applicable, the types of investments available in the programs and the potential conflicts of interest presented by the programs, refer to the information provided by the Financial Professional, including, but not limited to, the applicable sponsor's/program's disclosures and agreement(s).

### **Investment Companies (Mutual Funds and Exchange Traded Funds)**

While APP does not have a related person that is an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), client assets are primarily invested through investment companies that offer

mutual funds and exchange traded funds (“ETFs”). Some of these investment companies have entered into revenue sharing agreements with APP’s affiliate(s). See [Item 5](#) and [Item 14](#) for additional information about investment company revenue sharing payments.

### **Other Financial Industry Relationships or Arrangements**

APP has no relationship or arrangement with any futures commission merchant, commodity pool operator, commodity trading advisor, or sponsor or syndicator of limited partnerships that it believes to be material to the Firm’s advisory business or its clients.

### **Financial Professionals’ Other Business Activities**

**If your Financial Professional serves in multiple capacities, a conflict of interest exists because your Financial Professional has an incentive to recommend products or services that create the greatest compensation for your Financial Professional.** Clients should review the Financial Professional’s Form ADV Part 2B Brochure Supplement to determine whether the client’s Financial Professional is engaged in any of the activities described below that may create a conflict of interest. If the client did not receive the Financial Professional’s Form ADV Part 2B Brochure Supplement, the client may contact the Firm using the information on the cover page of this Brochure. **Clients are not under any obligation to purchase or sell any commission products or any other services from APP’s Financial Professionals.** APP does not (itself) provide tax or legal advice and clients should discuss any questions with or request further information from the Financial Professionals and/or legal and tax professionals prior to engaging in a tax overlay strategy.

**Accountants:** APP is not an accounting firm<sup>4</sup> and does not provide tax advice; however, certain Financial Professionals, in their individual capacities, are accountants or Certified Public accountants (“CPAs”). When Financial Professionals that are accountants determine that their clients need tax or accounting services, those clients are referred to the Financial Professionals accounting firm or practice. In addition, if account or tax clients of a Financial Professional need financial planning or other investment advisory services, the Financial Professional, acting in the capacity as an accountant, refers clients to APP (or an affiliate).

**Affiliated Broker-Dealer, Investment Adviser and Insurance Agencies:** Many of APP’s Financial Professionals are also registered with one or more Avantax Wealth Management Entities, such as registered representatives of APP’s affiliated broker-dealer, AIS, registered investment adviser representatives with APP’s affiliated advisory firm, AAS, and/or licensed insurance agents with Avantax Insurance. Brokerage services, insurance services and investment advisory services are different, and the fees charged for those services are often separate. For example, a Financial Professional will earn investment advisory fees on an account managed under a written agreement through APP and, if applicable, in the capacity as a registered representative with AIS, earn transaction-based compensation or commissions on brokerage services at AIS or insurance services through Avantax Insurance.

**Attorneys:** APP is not a law firm and does not provide legal advice; however, certain Financial Professionals, in their individual capacities, are practicing attorneys. When such individuals determine that their clients need legal services, those clients are referred to the Financial Professional’s law firm or practice. In addition, if legal clients need financial planning or other investment advisory services, the Financial Professional (acting in the separate capacity as an attorney) refers clients to APP (or an affiliate).

**Banking or Thrift Institutions:** APP is not a bank or thrift institution nor affiliated with any banking or thrift institutions; however, in certain circumstances, investment advisory services of APP may be marketed through banks and other depository institutions, in accordance with applicable regulations. Further, some Financial Professionals conduct business from and/or are affiliated with a bank or other depository institution.

**Insurance Agents:** APP is not an insurance agency, but is affiliated with two insurance agencies, as described above, certain of APP’s Financial Professionals, in their individual capacities, are licensed insurance agents and recommend the purchase of certain insurance-related products on a commission basis through non-affiliated insurance agencies. As a result, these individuals may be incentivized to recommend one insurance agency over another.

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<sup>4</sup> Prior to July 1, 2020, CPA firm, Honkamp Krueger and Co., P.C. (“HK”), was affiliated with Avantax Planning Partners, Inc. (when it was known as Honkamp Krueger Financial Services, Inc. or HK Financial Services (“HKFS”).



**Other Investment Advisers, Financial Planners and/or Pension Consultants:** Some Financial Professionals own or are affiliated with Independent Investment Adviser firms ("I-RIA"). APP and the I-RIAs are not affiliated companies and I-RIAs do not act as sub-advisors for APP. Some Advisers provide asset management, financial planning, pension consulting and similar services as APP, separately, through the I-RIA, while others only provide client referral or limited advisory services through the I-RIA. Fees provided to an I-RIA are separate and distinct from the fees paid to APP and APP's Advisor Representatives in their capacities as Financial Professionals. Clients that engage an I-RIA will receive a copy of the I-RIA's disclosure document and execute a client agreement with, and specifying the services provided and fees charged by, the I-RIA.

**Real Estate Agents / Mortgage Loan Originators:** APP is not a real estate broker or dealer; however, certain Financial Professionals, in their individual capacities, are real estate agents or mortgage loan originators. In this separate capacity, the Financial Professional who is a licensed real estate broker will earn commissions for real estate transactions. Financial Professionals that are mortgage brokers will earn commissions when selling or refinancing real estate loans.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

APP has adopted a code of ethics that includes standards of business conduct, reflecting the Firm's and its Financial Professionals' fiduciary obligations, and provisions that require all supervised persons to comply with applicable federal securities laws. This code of ethics sets forth guidelines and restrictions for personal securities trading, including an absolute prohibition of trading on the basis of "inside" (i.e., material, non-public) information. APP provides the code of ethics and related training to all supervised persons as a part of new hire orientation, and then annually thereafter. APP's supervised persons are required to attest to having read and understood the code of ethics.

A copy of APP's code of ethics is available upon request by contacting the Firm, using the information on the cover page of this Brochure.

### **Participation or Interest in client Transactions**

Generally, neither APP nor any related person of APP recommends to clients, or buys or sells for client accounts, securities in which APP or where any related person of APP has a material financial interest. For example, APP does not act as (1) a principal when buying securities from (or selling securities to) clients; (2) general partner in a partnership that clients are solicited to invest in; or (3) an investment adviser to an investment company (i.e., mutual fund) that recommends to clients.

### **Personal Trading**

APP's supervised persons may purchase or sell, for their personal accounts, the same securities as APP's clients. This type of trading activity creates a conflict because APP's supervised persons may receive a better price than the Firm's clients. To address this conflict, APP has policies placing restrictions on some of the supervised person's personal trading activity, among other requirements, as well as procedures requiring supervised persons to disclose holdings and transactions in reportable securities, which the Firm reviews.

## **Item 12: Brokerage Practices**

*This section applies to APP's managed account services and RPS investment management services.*

Generally, the Firm does not accept directed brokerage arrangements, which is where a client requires that account transactions be affected through a specific client directed broker-dealer. **Client transactions are executed through the designated custodian(s).** Clients should be aware that some third-party investment managers execute trades away from the custodian. For more information about the brokerage practices of any third-party investment manager, clients should refer to the information provided by Financial Professionals, including, but not limited to, the applicable disclosure(s) and applicable agreement(s).

For APP's asset (portfolio) management services, advisory accounts are required to be established and held through Charles Schwab & Co., Inc. ("Schwab"), a non-affiliated firm, member NYSE, SIPC. As part of APP's relationship with Schwab, APP receives substantial economic and non-economic benefits from Schwab, including but not limited to, accessibility to dedicated service personnel, electronic and institutional trading, third-party research and technology, technical and operational support, advisory fee processing, and electronic communications and reporting to clients. This relationship creates conflicts of interest and, in many cases, incentivizes APP and its Financial Professionals to recommend Schwab's products and/or services rather than based on the clients' interests in receiving the best value in custody services and the most favorable execution of transactions. For additional information about Schwab's order execution and routing practices, visit <https://www.schwab.com/execution-quality> or contact the Firm using the information on the cover page of this Brochure.

For retirement plan accounts electing to participate in APP's investment management services through the Retirement Plan Services ("RPS") Program, accounts are required to be established and held through Fidelity Brokerage Services, LLC. ("Fidelity"), a non-affiliated firm, member NYSE, SIPC. As part of APP's relationship with Fidelity, APP receives substantial economic and non-economic benefits from Fidelity, including but not limited to, accessibility to dedicated service personnel, electronic and institutional trading, third-party research and technology, technical and operational support, advisory fee processing, and electronic communications and reporting to clients. This relationship creates conflicts of interest and, in many cases, incentivizes APP and its Financial Professionals to recommend Fidelity's products and/or services rather than based on the clients' interests in receiving the best value in custody services and the most favorable execution of transactions. For additional information about Schwab's order execution and routing practices, visit <https://www.fidelity.com/trading/execution-quality/overview> or contact the Firm using the information on the cover page of this Brochure.

APP is obligated to seek best execution for all trades; however, in seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a services. **While APP reviews the accuracy, timeliness and execution of trades processed through the designated custodians, APP cannot guarantee that a client will receive the most favorable execution of trades, which in turn may cost clients more money.** Periodically, APP reviews the custodial services provided by other qualified custodians in comparison to those provided by Schwab and Fidelity.

APP has the ability to aggregate, "bunch," or "block" client transactions. APP aggregates purchases and sales for certain managed accounts when APP chooses or replaces a mutual fund or ETF to represent an asset segment, change the overall asset allocation, or re-balances accounts invested in a particular APP SAM. All managed accounts affected receive the same (average) price. If an aggregated purchase or sale order for such a security executes over multiple days, APP applies the average price each day. In some instances, a non-aggregated order might provide a better price to clients.

Trades for tax-managed investing accounts may be processed separately from non-tax managed investing accounts. Therefore, same-day or multi-day trade timing differences can occur between the processing, submission and the execution of securities transactions, resulting in execution price differences between accounts and clients.

APP does not engage in cross trading and principal trading. A cross trade occurs when an investment adviser causes a trade to occur between two or more of its advisory clients' accounts. A principal trade takes place when an adviser arranges for a security to be purchased from or sold to a client from its own account (which can include a fund in which the adviser or its personnel have a substantial ownership interest).

### Item 13: Review of Accounts

Transactions that occur in APP's investment strategies are reviewed by Avantax personnel for adherence to criteria and guidelines on security selection, concentration, diversification and other restrictions that may apply. The Avantax personnel are assisted by various data processing exception reports and do not review every individual transaction. Other plan-related and financial planning services are reviewed on a risk-adjusted basis, as-needed, by Avantax personnel for adherence to contractually-obligated services and other criteria.

Investment advisory accounts, plan investment consulting and investment management accounts are reviewed by APP on at least an annual basis. APP and its Financial Professionals conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client profile, a market correction or material market event or otherwise by client request. These annual or other-than-periodic reviews are typically conducted with

the client in person, by phone or via video conference. **Note:** It is your (the client's) responsibility to promptly notify APP of any changes in your client profile (i.e., investment objective, risk tolerance, investable time horizon, financial situation, liquidity considerations, etc.)

For most accounts, APP provides written Account Level Investment Reviews ("ALIRs") on a quarterly basis to advisory clients. The ALIRs provide information regarding an account's investment performance, asset allocation, investment holdings and other information. The ALIRs are generated by a third-party service provider and, while the information is believed to be reliable, timing, sources of data and/or calculation methods will result in differences between what is reported on custodial statements.

For plan clients invested through APP's RPS Platform, APP provides quarterly composite performance reports that are available for viewing only via the client online portal.

APP and its Financial Professionals may also provide other written, periodic reports to clients regarding their accounts. The content and frequency of these reports will vary based on the client's needs.

**Clients are urged to compare any report provided by APP and its Financial Professionals with the confirmations and statements directly received from the custodian.**

## **Item 14: Client Referrals and Other Compensation**

### **Client Referrals**

APP receives client referrals from outside solicitors, usually attorneys, CPAs or other professionals (collectively, "promoters"). APP has established the Strategic Alliance Program that is a referral program designed to compensate these promoters for referring advisory business to APP. If a client is referred to APP by a promoter, APP pays a portion of the earned advisory fee to the promoter, typically for as long as the client maintains an advisory relationship with APP, as compensation for the referral. APP does not charge additional fees to the client if the client is referred to APP by a promoter. Solicitation/referral arrangements are disclosed to clients at the time of the solicitation/referral via execution of a Solicitor Disclosure Statement that outlines the nature and amount of the compensation APP pays to the promoter. Additionally, the promoter is required to provide prospective clients with a current copy of APP's Form ADV Part 2A no later than the date on which the client enters an advisory relationship with APP. Promoters participating in the Strategic Alliance Program are prohibited from soliciting municipal or other government entities.

**Referrals From AAS to APP's RPS Program:** Advisors registered with Avantax Advisory Services, Inc. ("AAS"), APP's affiliate, may introduce or refer current or prospective investment advisory clients to APP's RPS Program. APP will pay AAS, who in turn pays the AAS' advisor, a percentage of the annual investment management fee paid by referred clients, pursuant to the terms of a written agreement between APP and the AAS' advisor. For referred clients with account sizes \$1,000,000 or less, APP will pay AAS 20% of the total fee actually collected by APP; for accounts over \$1,000,000, APP will be pay AAS 40% of the total fee actually collected by APP.

APP may also have legacy referral arrangements that allow for the payment of compensation based on a pre-determined percentage of the advisory fee paid by the client. Such arrangements typically extend for as long as the client maintains an advisory relationship with APP and do not result in additional fees charged to the client. Clients introduced to APP through one of these arrangements receive a written disclosure statement indicating disclosing the relationship and the amount of the referral fee.

### **Other Compensation**

In addition to the information detailed in [Item 5](#), [Item 10](#) and [Item 12](#), APP, its affiliates, and/or its Advisor Representatives and Financial Professionals receive economic and non-economic benefits from third-parties as a result of investment advice or other advisory services provided to APP's clients (collectively, "other compensation"). In some instances, such other compensation is substantial and incentivizes APP, its affiliates and/or its Financial Professionals to act in a manner that may be self-motivated rather than on the clients' interests, creating conflicts of interest. Some of these conflicts of interest cannot be avoided because of APP's business model; others are mitigated through APP's compliance and supervisory policies and procedures. The information provided in this Brochure regarding other compensation is not intended to be exhaustive of all of the other compensation arrangements. Rather, it is a general description of the other compensation arrangements that APP believes are

material to its clients and potential clients in making an informed decision whether to engage APP to provide investment advisory products and services. **By entering into a written agreement with APP, you (the client) consent to APP's, its affiliates' and/or its Advisor Representatives and Financial Professionals retaining their respective portion of other compensation (directly or indirectly) in connection with APP's investment advisory products and services you (the client) receive from and through APP.** APP encourages you to discuss this with your Financial Professionals or to contact the Firm, using the information provided on the cover page of this Brochure, with any client-specific questions.

### **Direct Other Compensation**

- **Salaries, Benefits, and Bonuses:** APP's Financial Professionals and many supervised persons are employees of a subsidiary of Avantax, Inc. and are compensated through base salaries and other employee benefits. Some of APP's Financial Professionals and supervised persons may also receive a discretionary bonus based on a portion of revenue or assets under management of APP, its affiliates or both. Such compensation varies but is not based on the type of investments that are recommended to APP's clients.
- **Custodial Benefits, Compensation and Revenue Sharing:** As further detailed in this Brochure, as part of APP's overall relationship with Schwab and Fidelity, APP receives research and other products or services (other than custody of securities, trade execution, clearance and settlement of transactions) from Schwab and Fidelity. Some of these benefits may be based on the amount of advisory assets held by the custodian. **The receipt of these custodial benefits creates a conflict of interest for APP.** Additionally, the receipt of these benefits creates a conflict of interest because any advice from APP may be based in part on the benefit to APP and the availability of the foregoing research and other benefits and not solely on the nature, cost or quality of custody or brokerage services provided by Schwab or Fidelity. In addition to disclosing these conflicts of interest, APP has created and implemented a compliance and supervisory program to mitigate such conflicts through the oversight of client accounts and investment advisory activities.

Additionally, investment management services through the RPS Program will be required to enter into a separate custodial agreement with Fidelity Brokerage Services, LLC. ("Fidelity"), a non-affiliated firm, member NYSE, SIPC. APP receives direct and indirect compensation from Fidelity, in part, based on APP's assets held in custody with Fidelity. The forms of compensation include, but are not limited to continuous revenue sharing payments derived from certain types of transactions, positions, and assets in client accounts held at Fidelity. APP is financially incentivized to use Fidelity as its custodian. APP does not directly share this financial compensation with its Advisor Representatives or Financial Professionals. **For more complete details on these conflicts of interest, refer to APP's RPS Program Policy Regarding Revenue Sharing Payments or contact the Firm using the information on the cover page of this Brochure.**

- **Research and Other Benefits from Third-Parties:** APP receives research and other benefits, directly and indirectly, from the custodians, third-party investment managers, products sponsors (e.g., mutual funds, ETFs), and other business partners. Such research and other benefits include, but are not limited to, investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by APP in furtherance of its investment advisory business operations. Other benefits include, facilitating payment of advisory fees from its clients' accounts, assisting with back-office training and support functions, recordkeeping and client reporting, and institutional trading and custody services (not available to retail investors). Many of these services are used to service all or some substantial number of APP's advisory accounts, including accounts not serviced by the particular third-party that provides or pays for the research or other benefit(s).

The custodians, third-party investment managers, products sponsors (e.g., mutual funds, ETFs), and other business partners also make available to APP other services intended to help APP manage and further develop its business enterprise. These services include professional, compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. The custodians, third-party investment managers, products sponsors (e.g., mutual funds, ETFs), and other business partners, in some instances, pay for (or arrange to pay for) the above-referenced types of services

and other benefits. Where such services are provided by a third-party or APP, the third-party makes a payment to APP to cover the cost of such services, reimburse APP for the cost associated with the services, or pay the third-party vendor directly on behalf of APP.

The products and services described above are provided to APP as part of its overall relationship with these third-parties. These arrangements create conflicts of interest, as it directly incentivizes APP to promote products and services from these third-parties. Additionally, the receipt of these benefits creates a conflict of interest because any advice from APP's Financial Professionals may be based in part on these benefits and not solely on each client's interests. In addition to disclosing these conflicts of interest, APP has created and implemented a compliance and supervisory program to mitigate such conflicts through the oversight of client accounts and investment advisory activities.

### **Indirect Other Compensation**

- **Collateralized, Non-Purpose Loan Program:** As described in [Item 4](#), APP's affiliate broker-dealer, AIS, receives a referral fee from the fee (interest rate) that borrowers pay to the Bank when participating in the collateralized, non-purpose loan program. AIS receives 0.5% of the average principal amount outstanding on program loans that AIS customers, including APP's advisory clients, have through the program. The balances are determined at month-end and paid monthly to Avantax. This arrangement presents conflicts of interest. If AIS received a lower referral fee or no fee, APP's clients' fee (interest rate) would decline by that same amount. Likewise, if APP's clients were to take a loan from a different institution outside of this program, AIS would not receive a referral fee. Accordingly, the referral fee creates a conflict of interest between APP and the client. AIS does not share any portion of the referral fee with APP's Financial Professionals. Furthermore, when a client takes a loan secured by securities in the advisory account, the securities remain in the advisory account, which means that APP continues to receive advisory fees based on the full value of the securities that are eligible for billing purposes, with no reduction or offset for the value of securities that secure the loan. In contrast, if the client were to liquidate the securities rather than borrow against them, APP would no longer receive advisory fees based on the value of those securities. Therefore, APP and its Financial Professionals are incentivized to recommend that clients take a loan under this program rather than liquidate securities.

### **Item 15: Custody**

APP is deemed to have custody of client funds and securities because of its authority to deduct, or instruct the custodian to deduct, advisory fees directly from clients' accounts. APP also has custody under other scenarios, some that require it to undergo an annual surprise audit.

All client funds and securities are held by a custodian in accounts identified individually to the client. Some investments are custodied by or through the issuer, for example mutual funds or variable annuity products. Clients receive written transaction confirmations and/or accounts statements directly from the custodian (or issuer). Clients will also receive periodic, written reports from APP and its Financial Professionals. Clients are urged to compare any report provided by APP and its Financial Professionals with the confirmations and statements directly received from the custodian. **Note:** The custodian does not verify the accuracy of APP's advisory fee calculation and clients do not receive an invoice from APP showing calculation of its advisory fees. Clients should speak with their Financial Professionals with any questions or contact the Firm using the information on the front of this Brochure.

### **Item 16: Investment Discretion**

APP accepts discretionary trading authority to manage accounts on behalf of clients. This discretionary trading authorization does not grant discretionary authority to withdraw funds or securities (other than for payment of advisory fees, as described in [Item 5](#)) nor does it allow for any trading outside the advisory program selected in the agreement.

The client will be required to execute a written agreement setting forth the terms and conditions under which APP will manage the client's assets, and a separate custodial agreement(s), account application or other applicable documentation, depending on the type of account, with each designated custodian. APP's written advisory agreement for discretionary investment advisory services designates APP as the client's agent, granting APP full authority to purchase, sell, or otherwise facilitate investment transactions involving the assets in the client's name

within the discretionary account.

Clients who engage APP on a discretionary basis may, at any time, impose reasonable restrictions on APP's discretionary authority (e.g., limit the types or amounts of particular securities, etc.). Such restrictions must be provided to APP in writing and can affect the account's performance or limit the investment strategies available to the client.

You may rescind the discretionary authorization at any time by providing written notice to the Firm at the address on the front of this Brochure. Rescinding discretionary authorization will require the client to enter into an updated written agreement with APP.

### **Item 17: Voting Client Securities**

APP has the authority to vote client proxies. APP generally votes proxies in accordance with management recommendations and has retained a third-party service provider to assist with proxy voting guidelines and administrative functions related to voting proxies. In the event APP determines that an actual or potential conflict of interest exists, APP will abstain from voting on the matter and report such matters to the IAC. Each client may retain proxy voting rights, or change voting directions, by notifying APP at any time. You may obtain a copy of APP's proxy voting guidelines and information about how APP voted with respect to your securities by contacting the Firm, using the information on the cover page of this Brochure.

APP has retained the authority to file claims in global securities class action lawsuits, bankruptcies, and disgorgements on clients' behalf. APP has retained a third-party service provider to administer the claims filing process, including determining eligibility, processing and submitting documentation and distributing settlement proceeds (less a contingency fee). Clients bear the cost of this service. Charges for the processing of class action claims are subject to a contingency fee, equal to 20% of the total reimbursement of class action settlements that the third-party service provider collects for you (the client). Class action recoveries, less the contingency fee, will be paid directly to you by the third-party service provider. APP does not receive any portion of the 20% contingency fee charged by the third-party provider. You may pursue claims on your own or opt out of this service by notifying APP at any time, using the information on the cover page of this Brochure.

### **Item 18: Financial Information**

APP does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

APP has no financial commitment or condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

APP has not been the subject of a bankruptcy petition at any time.