

MAP

Latitude

Appendix 1



COVER PAGE

Waddell & Reed, Inc.
SEC File Number: 16720
Appendix 1 of Part 2A of Form ADV
MAPLatitude
The date of this Appendix is: June 9, 2018

This appendix provides information about the qualifications and business practices of Waddell & Reed, Inc. If you have any questions about the contents of this appendix, please contact us at (1-866-937-0010 and/or advisoryproducts@waddell.com). The information in this appendix has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Waddell & Reed, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Waddell & Reed, Inc. is a federally registered investment advisor and a broker-dealer and member of FINRA.

Note: Registration with the SEC as an Investment Advisor does not imply a certain level of skill or training.

This appendix and the services and fees described in this appendix are all subject to change without prior notice to you.

Waddell & Reed, Inc.
6300 Lamar Avenue
Overland Park, KS 66202-4247

Contact Phone: 1-866-937-0010
Contact Email: advisoryproducts@waddell.com

For more information about Waddell & Reed, Inc. please visit our website at www.waddell.com

Disclosure Required by SEC Rule 206(4)-2:

If you invest in an advisory account through Waddell & Reed, Inc., your mutual funds and securities will be held in a separate mutual fund account owned and controlled by you and/or in a separate brokerage account at Pershing LLC, a qualified custodian. Below are the addresses for Waddell & Reed Services Company, the transfer agent for the Ivy Funds ("Transfer Agent"), and Pershing LLC:

Waddell & Reed Services Company
6301 Glenwood
Overland Park, KS 66202

Pershing LLC
One Pershing Place
Jersey City, NJ 07399

From time to time investors in our advisory accounts may receive reports directly from their financial advisors. These reports may include lists or summaries of your account holding, including funds and securities. We urge you to compare these reports to the official account statements of your account holdings provided at least quarterly by the Transfer Agent and/or Pershing LLC to ensure that the fund and securities holdings listed on these reports provided by your financial advisor match the fund and securities holdings reflected on the official account statements.

SUMMARY OF CHANGES

Since our last Part 2A filing, Waddell & Reed has updated this brochure to include information related to its managed account programs. Items that have been updated include:

1. Updated the Services, Fees and Compensation section which includes a revised fee schedule for the MAPLatitude program.

TABLE OF CONTENTS

Cover Page 1

Summary of Changes 2

Table of Contents 3

Services, Fees and Compensation 4

Account Requirements and Types of Clients 11

Portfolio Manager Selection and Evaluation 11

Client Information Provided to Portfolio Managers 12

Client Contact with Portfolio Managers..... 12

Disciplinary Information 12

Other Financial Industry Activities and Affiliations 13

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... 14

Review of Accounts 14

Conflicts of Interest..... 14

Client Referrals and Other Compensation 15

Investment Discretion 15

Financial Information 16

SERVICES, FEES AND COMPENSATION

Introduction

Waddell & Reed, Inc. (“Waddell & Reed”) is a securities broker-dealer and investment advisor serving clients nationwide. Waddell & Reed emphasizes comprehensive financial planning and provides a variety of personal financial services and investment opportunities. Through the financial planning process, Waddell & Reed financial advisors can help clients identify their unique financial goals and develop a plan to meet those goals. Waddell & Reed financial advisors also have access to a broad array of investment and insurance products and services that can help satisfy their clients’ planning needs.

Waddell & Reed sponsors a non-discretionary wrap fee investment advisory program known as MAPLatitude (the “Program”). Waddell & Reed offers other investment advisory programs and services. However, only the Program is described in this appendix. The Program utilizes the Pershing Managed Investments (“PMI”) platform.

Working with your Waddell & Reed financial advisor

Your Waddell & Reed financial advisor can offer both investment advisory services and brokerage services. There are important considerations to take into account when deciding which type of services best fit your investment needs and goals.

What does it mean to work with a Waddell & Reed Advisor in an Advisory Relationship?

As an investment advisor, Waddell & Reed is a fiduciary to its advisory clients and therefore must act solely in the best interest of its clients. As part of this relationship Waddell & Reed must fully and fairly disclose all material conflicts of interest that can arise within the context of our relationship with you. Waddell & Reed and its financial advisors offer a number of investment advisory programs and services. These include investment advisory programs and fee-based financial planning services. Under these programs, Waddell & Reed and its investment advisor representatives provide ongoing investment advice and monitoring of client portfolios. In addition we provide separate, fee-based financial planning services. For financial planning services, you, as the client, pay a flat fee for each engagement. Fees for investment management are a percentage fee based upon the value of the assets in your account. These ongoing services and fees are fully disclosed in the relevant Advisory Services Brochure (Form ADV) and also discussed in each product’s Service Agreement. These types of agreements can be terminated at any time by you the client. When considering whether to engage a Waddell & Reed financial advisor, it is important that you carefully read the Advisory Services Brochure and the applicable Service Agreement to understand our investment advisory product offerings and appropriately consider all applicable charges and disclosures.

What does it mean to work with a Waddell & Reed Advisor in a Brokerage Relationship?

As a broker-dealer registered with the SEC and a member firm of FINRA, Waddell & Reed is also registered as a broker-dealer in all 50 states. Unlike an investment advisory relationship, where one-time or annual fees are charged, you will pay a commission to Waddell & Reed for each transaction affected in your account. The amount of the commission will vary depending upon the security or investment product selected by you. For mutual funds the commission or sales load is typically an upfront charge against the investment and is based upon the size of your investment. Many mutual funds also offer multiple share classes which charge different fees and compensate your advisor in different ways. The applicable sales charge is set forth and described in the mutual fund’s prospectus or offering document which must be provided to you in connection with your choosing that investment.

As a broker-dealer Waddell & Reed will receive other types of compensation such as trail compensation (known as 12b-1 fees) and markups on individual investment products.

When Waddell & Reed is acting as a broker-dealer neither the firm nor your financial advisor is acting as a fiduciary under the law but has a responsibility to deal fairly with all clients. When a recommendation is made to purchase an investment product your financial advisor and Waddell & Reed have an obligation to determine that the recommendation is suitable based upon your stated investment objectives, risk tolerance, tax status and other financial information we have gathered from you. Waddell & Reed has no duty to provide ongoing investment advice with respect to your brokerage account. Waddell & Reed does not take discretion in your brokerage account which means that we will only place transactions in your account upon your specific direction and approval.

What should I consider when deciding between an advisory or brokerage relationship with Waddell & Reed?

Advisory relationship:

1. Desire fee payment based on asset size and not tied to the number of transactions.
2. Seek ongoing advice regarding your account.
3. Anticipate high / frequent trading activity.
4. Prefer advisor assistance to manage your portfolio.

5. Higher minimum investment.
6. Periodic portfolio rebalancing.

Brokerage relationship:

1. Commissions paid per transaction.
2. One-time (individual recommendations) advice.
3. Anticipate low / infrequent trading activity.
4. Prefer only occasional advice or recommendations on specific transactions.
5. Lower minimum investment.
6. Buy and hold strategy.

Your specific desires and financial situation should guide you to the most appropriate type of relationship with your financial advisor. Your Waddell & Reed advisor is more than happy to review your alternatives and assist you in this important decision.

Description of the Program

The Program is a non-discretionary wrap fee investment advisory product designed to provide you with a full array of advice, guidance and flexibility in one bundle with one annual asset-based fee. The ongoing advice provided by your advisor is one of the key components of the Program. Before selecting the Program, clients are encouraged to first (i) together with your financial advisor establish strategic investment goals, which may include participating in a comprehensive financial planning process; (ii) place a high value on the ongoing advice from a professional financial advisor with respect to the selection of investment strategies and investment products, but retain the ultimate authority and responsibility to make investment decisions; (iii) want to participate in a medium-to-long-term investment strategy; and (iv) believe that a fee-based pricing model better aligns the interests of you and your financial advisor.

Product mix is important to consider when evaluating the Program. For example, while mutual funds are purchased at NAV with no sales charge, purchasing the same mutual funds in a commissionable account could be more cost efficient if you qualify for breakpoint discounts that reduce the sales charge below the asset-based fee the client will incur in the Program. The Program may also not be appropriate for you if you consistently maintain high levels of cash or money market fund reserves, as Program fees will be charged on cash balances. The Program will not be made available to you if you engage in day trading or other types of aggressive, frequent trading activity. You should also remember that securities transactions in Program accounts may have substantial tax consequences. Therefore, Waddell & Reed strongly recommends that you consult with their tax advisor before establishing a Program account.

Establishing a Program Account

Once you and your financial advisor agree that a Program account is consistent with your overall investment objectives, you will be asked to complete, among other things, a Waddell & Reed New Account Form and Program Advisory Service Agreement (“Service Agreement”). You will be asked to complete a Risk Tolerance Questionnaire (RTQ) and select a model portfolio consistent with your RTQ score. As the Program is non-discretionary, your advisor will rely solely on the accuracy of the information you provide to recommend specific securities and trading strategies. It is your responsibility to inform your advisor of any material changes in your investment objective, financial situation, or risk tolerance. If you inform your advisor of material changes, your advisor may recommend changes in your investment strategy, which will require the completion of a revised RTQ and Service Agreement. If you concentrate your Program account in a limited number of securities or securities of the same or affiliated issuers, you may not be pursuing a fully diversified strategy. As such, concentrating investments in a Program account should not be considered as a diversified asset allocation plan to investing, but rather should be viewed only as the equity or fixed income portion, as applicable, of your overall portfolio, which may include investments not held with Waddell & Reed.

The Service Agreement provides that you and Waddell & Reed have the right to terminate your Program account upon certain terms and conditions. You should note that termination of your Program account will end the investment advisory fiduciary relationship and will cause your account to be converted to, and designated as, a brokerage account. Your Service Agreement will no longer apply to your new brokerage account and it will be governed solely by the terms and conditions of the Customer Agreement that is attached to, and incorporated into, the new account form you will complete.

Investment Profile Descriptions

The Service Agreement provides five general model portfolios for Program accounts. Currently Waddell & Reed requires clients to select one of these five model Portfolios listed below:

Conservative. Clients that elect Conservative have as their primary investment goal a relatively predictable stream of current income. Their tolerance for risk is low and they seek investments that will, to the extent possible, protect their principal investment from market fluctuations. Due to the flexibility of the MAPLatitude program, clients in the Conservative risk category may have allocations that may vary as far as those permitted in the Moderate Conservative risk category. Clients should ensure they are familiar with the

risks of a Moderate Conservative portfolio as that may be their experience due to shifting allocations that could be in the Moderate Conservative range.

Moderate Conservative. Clients that elect Moderate Conservative have as their primary investment goal a higher stream of current income with some growth potential. Their tolerance for risk is low to moderate and they are willing to accept low to moderate loss of principal during market fluctuations, unexpected business failure and losses due to fluctuating interest rates. Due to the flexibility of the MAPLatitude program, clients in the Moderate Conservative risk category may have allocations that may vary as far as those permitted in the Conservative or Moderate risk categories. Clients should ensure they are familiar with the risks of a Conservative and a Moderate portfolio as that may be their experience due to shifting allocations that could range from Conservative to Moderate.

Moderate. Clients that elect Moderate have as their primary investment goal both appreciation of their principal investment and current income. Their tolerance for risk is moderate and they are willing to accept moderate loss of principal during market fluctuations, or loss of principal and illiquidity in return for higher yield and potential capital appreciation. Due to the flexibility of the MAPLatitude program, clients in the Moderate risk category may have allocations that may vary as far as those permitted in the Moderate Conservative or Moderate Aggressive risk categories. Clients should ensure they are familiar with the risks of a Moderate Conservative and a Moderate Aggressive portfolio as that may be their experience due to shifting allocations that could range from Moderate Conservative to Moderate Aggressive.

Moderate Aggressive. Clients that elect Moderate Aggressive have as their primary investment goal appreciation of their principal investment. They are willing to accept moderate to high risks, potential loss of principal during market fluctuations and illiquidity in return for the higher potential for capital appreciation. Due to the flexibility of the MAPLatitude program, clients in the Moderate Aggressive risk category may have allocations that may vary as far as those permitted in the Moderate or Aggressive risk categories. Clients should ensure they are familiar with the risks of a Moderate and an Aggressive portfolio as that may be their experience due to shifting allocations that could range from Moderate to Aggressive.

Aggressive. Clients that elect Aggressive have as their primary investment goal rapid appreciation of their principal and short-term trading profits. They are willing to accept very high risk and loss of their entire principal during market fluctuations. Due to the flexibility of the MAPLatitude program, clients in the Aggressive risk category may have allocations that may vary as far as those permitted in the Moderate Aggressive risk category. Clients should ensure they are familiar with the risks of a Moderate Aggressive portfolio as that may be their experience due to shifting allocations that could be in the Moderate Aggressive range.

The model portfolio you select should guide the investments you select for your program account. You should periodically monitor the investment allocation of your portfolio to ensure it remains consistent with your risk tolerance and investment objective.

Deviations from the originally selected investment allocations will occur due to, among other things, fluctuations in the market value of securities in the portfolios and restrictions you may impose on your program account. It is your responsibility, with guidance from your financial advisor, to ensure that the program account investment portfolio consistently reflects your RTQ score.

Waddell & Reed will effect transactions for your Program account only as directed by you and neither Waddell & Reed nor your financial advisor will have any discretionary authority to effect transactions in a Program account except as discussed later in the “Investment Discretion” section.

Class A shares on which a load was originally paid may be invested in the Program only if the transaction(s) in which the shares were acquired occurred at least three years prior to the execution of your Service Agreement.

Fees and Other Charges

You will pay an ongoing asset-based fee on assets in the Program account. The current fees for MAPLatitude are set forth in the table below. The asset-based fee is negotiable between you and your financial advisor within the guidelines provided in the table. The net effective fee will be the weighted average of the fee schedule below and will change with the account’s asset level.

Waddell & Reed may change these advisory fees at any time in its sole discretion. Due to periodic changes in the fee schedule listed below, your account(s) may be charged according to a different fee schedule than the one in this brochure. Please contact your financial advisor if you have any questions regarding your account fees.

MAPLatitude Fees

Value of Assets	Maximum Advisor Fee (1)	Fixed Program Fee (2)	Maximum Client Fee (1) + (2)
On the first \$300,000	2.25%	0.20%	2.45%
On the next \$400,000	2.25%	0.15%	2.40%

On the next \$300,000	2.25%	0.15%	2.40%
On assets in excess of \$1 million	2.25%	0.10%	2.35%

Fees are billed and collected monthly in advance. Fees are computed on the market value of the account on the last day of the previous month. Fees will be automatically deducted from the client's Program account(s). Nevertheless, monthly fees will not be generated by liquidating securities if such liquidation would cause a contingent deferred sales charge. The wrap fee you pay for the Program covers the services of your financial advisor, trading and execution, custody, performance reporting and related Program account services. If you terminate your Program account prior to a month's end, any unearned fee will be refunded to you on a pro-rata basis. Fees assessed in connection with the Program are in addition to portfolio management and other fees and expenses charged by mutual funds and ETFs in a Program account. A portion of the asset-based fees you pay for advisory services in connection with the Program will be paid to your financial advisor and a portion will be paid to Waddell & Reed.

Note: The fees listed above do not include miscellaneous account and services fees that may be associated with your account. For a schedule of these fees, please request it from your financial advisor.

Household Account Grouping

Account balances in multiple Waddell & Reed sponsored advisory program accounts using the PMI platform will be aggregated for purposes of determining the applicable advisory fee rate. Advisory programs included are MAP, MAPPlus, MAPChoice, MAPFlex, MAPSelect, and MAPLatitude. This householding is automatic and is triggered by accounts which share the same financial advisor ID, client last name and same physical address.

Share Class Conversions

On a monthly basis, holdings of certain non-institutional / non-advisory mutual fund share classes may be converted to the corresponding institutional / advisory share class for both qualified and non-qualified account types. For taxable accounts, this results in a conversion to a lower cost share class without causing a taxable event. This service is provided at no cost to you and is done on a best efforts basis.

FundVest Program

Waddell & Reed offers a wide range of mutual funds and is a participant in Pershing's FUNDVEST® program. Waddell & Reed receives revenue sharing participation for mutual fund assets that are purchased in the FUNDVEST® program. Participating mutual fund sponsors pay a fee to Pershing to participate in this program, and a portion of this fee is shared with W&R. None of these additional payments is paid to any Waddell & Reed advisor who sells these funds. Clients should be aware, however, that mutual funds in this program may have higher internal expenses than mutual funds that are not in the program and may experience commensurately lower performance than similar mutual funds with lower internal expenses. Pershing, at their sole discretion, may add or remove mutual funds from the FUNDVEST® program or may terminate the FUNDVEST® program without prior notice. To help mitigate any conflict of interest, we monitor financial advisors' sales activities to ensure that the products and services they offer to you are appropriate.

Broker-Dealers that participate in Pershing's FUNDVEST® program will be assessed by Pershing a short-term redemption fee if participating mutual funds are sold within one month. Similar short-term redemption fees may be charged by mutual fund short-term redemption fees are not charged to the client. Nevertheless, FUNDVEST® is not appropriate for short term traders. W&R may terminate investment advisory service agreements with clients that engage in short term trading of mutual funds within FUNDVEST®.

Waddell & Reed does not select other broker-dealers through which to execute securities transactions based on whether we receive client referrals from the other broker-dealer or a third party.

Flow Billing

As clients add and withdraw money from the MAPLatitude program described in this appendix, their accounts may not be charged immediately. At account inception, the amount billed will be contingent on the fee agreed upon between the client and financial advisor and the number of days remaining in the month. Thereafter, clients will be billed at the beginning of the month in advance. Flow billing refers to any deposits or withdrawals from the account of over \$1,000 during the month and after account inception. At the beginning of the month, an analysis is done to calculate the effect flows into and out of the account should have had on your fee for the previous month. The appropriate fee is then billed as an adjustment to your monthly fee. If you have questions about your fees charged in your Program account, please contact your financial advisor.

Minimum Account Value

The minimum account size to establish a Program account is \$25,000 for each Program account. Waddell & Reed has the right, in its sole discretion, to terminate the Service Agreement for Program accounts that fall below the minimum account value, require that additional assets be deposited in the Program account to bring the account up to the minimum, or change the minimum at any time.

Program Restrictions

To the extent that any Program account accumulates a concentrated position that exceeds 25% of the overall portfolio value, Waddell & Reed may require you to either sell a sufficient amount of the concentrated position to bring the position value below the concentration limit, or move a sufficient amount of the concentrated position into a commission based brokerage account. Waddell & Reed may terminate the Program account if removing a portion or all of the concentrated position would cause the Program account value to fall below the minimum balance. On a case-by-case basis, a greater than 25% position may be permitted in a security. Waddell & Reed may, in its sole discretion, terminate Program accounts that exhibit excessive trading, or terminate Program accounts that fail to trade at least periodically. Generally we will look for accounts with less than four (4) trades over the most recent eight (8) quarters (as calculated at each quarter end). These accounts may be terminated and the account converted to a traditional brokerage account.

Redemption Fees for Active Trading

Mutual funds purchased in Program accounts may charge redemption fees if shares are redeemed within a certain period of time after they are purchased (also known as active trading or market timing). These fees may also apply to the redemption side of a mutual fund exchange transaction where shares are exchanged among funds (whether through direct exchanges or sales and new purchases) in the same fund family more frequently than permitted by prospectus. Redemption fees and their application vary from fund to fund. Questions about redemption fee policies should be directed to your financial advisor.

Funding Program Accounts

You may fund Program accounts with cash, eligible securities (described below), ineligible securities or a combination. Eligible securities that do not fit within your investment objective may be liquidated by Waddell & Reed without notifying you. Ineligible securities that are permitted to be initially deposited into a Program account must be liquidated or moved to a non-advisory account that permits the holding of such securities within fifteen (15) days. Failure to do so may result in the termination of the Program Service Agreement. Although these transactions will be free of commissions, they may result in redemption/CDSC charges and taxable gains or losses. Waddell & Reed may not accept eligible securities into a Program account if the securities have not been owned by the client for a specified period. You must discuss these limitations with your financial advisor before selecting eligible securities for deposit into your Program account.

Eligible Securities

Mutual funds with a selling agreement, UITs*, US exchange-traded equities, US exchange-traded ADRs/Rights/Warrants, ETFs, exchange-traded grantor trusts, ETNs*, closed-end funds, BDCs, MLPs, exchange-traded REITs, OTC securities*, US treasuries, government agency notes/bonds, investment grade municipal securities, when issued bonds, investment grade corporate debt, high-yield corporate debt (non-investment grade, BB- or higher), brokered CDs, U.S. government agency mortgage backed securities, covered call writing, purchase calls / puts, options collars and spreads*.

*Restrictions apply

Options

Options contracts provide the ability to buy or sell a security, such as stocks, at a specified price within a specific period of time. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Options trading may not be appropriate for all individuals and certain activity and strategies may subject an investor to significant losses. Buying and selling put and call options are highly specialized activities and entail greater than ordinary investment risks that should be appropriately considered and understood before entering into this type of activity. In addition to discussion with your financial advisor we encourage you to read and understand the “Characteristics & Risks of Standardized Options” from The Options Clearing Corporation provided to you when you open an options account.

Margin

Clients may, if Waddell & Reed determines the client is creditworthy and suitable, use margin to purchase marginable securities in a Program account. Using margin in a fee-based investment advisory account is a more aggressive, higher risk approach to pursuing investment objectives. Before clients decide to use margin in a Program account, they must carefully consider whether or not they can afford, and want, to assume the additional risk in recognition that losses may be significantly greater than if borrowed funds were not used. The use of leverage will increase the cost, as well as the risks, associated with a Program account and may make it much more

difficult to achieve investment objectives. If margin is approved for a Program account, clients will pay interest to Pershing on outstanding loan balances but will not pay asset-based fees on such balances. Waddell & Reed may also receive a portion of the interest paid to Pershing. The decision to use margin rests solely with the client and should only be pursued to the extent that the client fully understands and appreciates the risks of margin borrowing, the impact of the use of borrowed funds on a Program account and how the use of margin may affect the Program account's performance; specifically, clients may lose more than their original investment. Likewise, positive or negative performance of a margined Program account, net of interest charges and asset-based fees, will be magnified by virtue of using margin. Clients will not benefit from using margin in a Program account unless the performance of the account exceeds the interest expense and asset-based fees.

Principal Transactions and Agency Cross Transactions

Advisors currently may not execute principal or agency cross transactions for Program accounts.

Execution of Transactions

Transactions in Program accounts will be executed exclusively through Waddell & Reed's clearing broker-dealer, Pershing. Waddell & Reed regularly monitors Pershing's execution quality. We believe Pershing provides highly competitive execution quality based on (i) speed and certainty of execution; (ii) price and size improvement; and (iii) overall execution quality.

Custody of Program Accounts

Assets managed in Program accounts will be custodied in brokerage accounts held by Pershing. Waddell & Reed has entered into a fully-disclosed clearing agreement with Pershing pursuant to which Pershing has agreed to custody the brokerage account assets of Waddell & Reed's clients and to execute certain securities transactions on behalf of those clients. Pershing will act as the sole custodian for all assets in Program accounts. Pershing will perform all custodial functions customarily performed for brokerage accounts, including but not limited to crediting of interest and dividends. You will retain ownership of all cash and securities in the Program accounts, which will be reflected on the books and records of Waddell & Reed. If you have other brokerage accounts at Pershing, any fees charged for maintenance of those accounts will be separate from and in addition to fees charged for Program accounts. You must consider before electing to participate in the Program that, by using Pershing as the custodian of your Program assets, you may pay higher account-related fees and execution charges, and may not always receive as favorable executions as investors who participate in fee-based asset management products similar to the Program but who have the ability to select the broker-dealer or other platform to custody their assets and execute their transactions.

Trade Errors

Waddell & Reed has a trade error procedure to resolve trading errors that may occur in Program accounts. Corrections are reviewed and approved by appropriate Operations personnel. Corrections will be processed in a timely manner and will not adversely affect a client in a material way. Waddell & Reed maintains an error account to facilitate handling trade errors. Gains may be offset by losses in the error account.

Valuation

Waddell & Reed relies primarily on third party quotation services, including services provided by Pershing to determine the value of securities in advisory program accounts. If a price is unavailable or believed to be unreliable, we may determine the value in good faith. If the your portfolio strategy includes Affiliated Mutual Funds, the shares will be valued at their respective net asset values on the valuation date calculated in accordance with the respective mutual fund's prospectus. Shares of unaffiliated mutual funds will be valued at their net asset values on the valuation date as provided by pricing sources that Waddell & Reed believes to be reliable. This pricing information may not be accurate, complete or provided in a timely manner. If the net asset value for a particular mutual fund's shares is not available for the valuation date, the most recent available net asset value may be used.

Benchmark Selection

Due to the non-discretionary nature of the Program, performance reviews with your financial advisor may illustrate the performance of your Program account using the historical performance of certain broad equity and fixed income market indexes that are readily recognized but which may not be absolutely correlated with the makeup of the Program account. Depending on the composition of a Program account and your chosen portfolio strategy, these broad indexes may not be an appropriate measure for comparison purposes. Therefore, you must understand that such comparisons are provided for illustration only. As a result, the performance of a particular portfolio strategy may vary significantly from the assigned index.

Variable Annuity Investment Option

Clients that deem it suitable may purchase a variable annuity structured for investment advisory accounts and link the annuity to an approved advisory account. Waddell & Reed currently offers only the Nationwide Destination Architect (NDA) variable annuity for investment advisory accounts. The primary features of and material costs associated with the NDA are highlighted below. Variable

annuities are sold only by prospectus. Waddell & Reed financial advisors will provide current copies of the NDA prospectus to interested clients. Clients must read the prospectus carefully and ask any question of their financial advisor before making a decision to invest money in the NDA. The purchase of the NDA will not alter the terms and conditions of the primary advisory account to which the NDA annuity is linked, other than as set forth herein and in an addendum to the Advisory Services Agreement, as applicable, that clients must sign when purchasing the NDA.

Purchase of NDA. Clients that invest in one of the approved advisory accounts and wish to include a variable annuity in their program will be required to purchase the NDA from Nationwide Life Insurance Company. The NDA carries no front-end sales charge and has no contingent deferred sales charge (CDSC). Clients can surrender the NDA at any time without paying a CDSC. Variable annuities are not suitable investments for all clients. Your financial advisor will ask you to complete various documents in connection with your NDA investment. The information you provide will enable you, your financial advisor and Waddell & Reed to decide whether the NDA is suitable for you and is an appropriate investment for your advisory program. Clients must carefully consider the objectives, risks, charges and features of the NDA and its investment sub-accounts before investing. This and other relevant information can be found in the current prospectus for the NDA and the underlying mutual funds into which the sub-accounts are invested. You may obtain a copy of the current prospectus from your financial advisor. Please read the prospectus carefully before investing in the NDA.

Minimum Investment. The minimum investment required to purchase the NDA is \$25,000. Nevertheless, the percent of the client's total investment in the advisory program relative to the amount allocated to the NDA is determined by the client after consultation with their financial advisor.

Impact of Terminating an Advisory Program with a NDA. Clients may terminate their Advisory account at any time as more fully discussed elsewhere in this Disclosure Brochure. Termination of an advisory program with a linked NDA has no impact on the client's NDA contract. The client will continue to own the NDA outside of an advisory relationship and the NDA benefits and riders, if any are purchased, remain intact. Upon termination of the linked advisory account, the asset based fee will no longer be charged on the assets in the NDA and the Addendum to the Waddell & Reed, Inc. Customer Agreement for NDA will be considered terminated upon the termination of a linked advisory program.

Primary NDA Contract Basic Benefits and Riders. The NDA annuity contains features and benefits including, but not limited to a basic death benefit, spousal protection, an available lifetime income rider and a joint option rider. These features and more specifically, the two riders discussed above are subject to and conditioned upon various definitions, terms and restrictions discussed more fully in the NDA prospectus. Clients are urged to read the NDA prospectus carefully and discuss any questions about these two riders with your financial advisor before investing.

NDA Contract Fees and Expenses. Nationwide Fees associated with the NDA annuity include a Mortality and Expense Risk Fee, Administration Fee, Lifetime Income Track Fees (if elected) and a Joint Option Fee (if elected). In addition, there are fees and expenses associated with the underlying sub-account investment options. These fees are described in detail in the NDA prospectus. In addition to the fees listed above, there is Investment Advisory asset based fee.

Asset Based Fee. The applicable asset based fee applied to assets invested in the client's linked advisory account will also be applied to the assets in the NDA per the Addendum to the Waddell & Reed, Inc. Customer Agreement for NDA. All asset based fees associated with the NDA annuity will be deducted from the linked advisory account. For more information regarding fees, please see the fee schedule for the applicable advisory program described elsewhere in this Disclosure Brochure.

NDA Investment Options. The NDA provides numerous investment options through Sub-Accounts. Clients receive underlying mutual fund prospectuses when they select their initial Sub-Account allocations. Underlying mutual funds in the Sub-Accounts are not publicly traded open-end mutual funds. They are only available as investment options in the NDA and other variable products sponsored by certain insurance companies. One of the mutual fund options is the Ivy Funds VIP Pathfinder Portfolios (Portfolios). The Portfolios are created and managed by and distributed by affiliates of Waddell & Reed. Therefore, your financial advisor will likely recommend that you invest some or all of your NDA assets in the Portfolios because they receive more training and education on the Portfolios. Waddell & Reed will also receive more overall compensation if clients invest in the Portfolios. This presents a conflict of interest between you and Waddell & Reed and your financial advisor that you should consider carefully before investing in the Portfolios. Please see Conflicts of Interest elsewhere in this Disclosure Brochure for more information about conflicts of interest. Clients should consider that the investment options available to clients that purchase the Lifetime Income Track rider are more limited and more conservative than investment options available to clients that do not purchase this rider.

Termination

The Program Service Agreement may be terminated at any time by the client upon written notice to Waddell & Reed as provided in the Service Agreement and upon thirty days prior written notice by Waddell & Reed. If you terminate the agreement, you will receive

a pro-rated refund of the asset-based fee. Upon termination, Waddell & Reed will, unless otherwise instructed by you, move the securities holdings in your Program account into a traditional brokerage account until you provide instructions to liquidate the securities, hold the securities in a brokerage account at Pershing LLC, or transfer the securities to another broker-dealer or custodian. This process may have adverse tax consequences for taxable accounts.

Important Disclosures Regarding Wrap Fee Programs

Certain services provided in connection with the Program are available to you outside the Program at no charge. Also, depending on your investment objective, you may find that the individual components of the Program are available to you outside the Program for more (or less) than you pay in the Program. You should discuss all of your investment options with your advisor before choosing to invest in the Program. Several factors may affect whether the Program costs are more or less than the costs of a traditional brokerage account, including trading strategy, types of securities purchased, whether the investments carry additional administrative or management fees, volume of trading, total expenses associated with trading the investments selected and the actual costs of the services utilized if purchased separately. Cash positions, including money market funds and sweep accounts, are subject to the Program fee. You should take this into account when selecting an appropriate investment objective.

Note: Waddell & Reed may change, modify or terminate the Program at any time in its sole discretion.

ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Account Requirements

Please read carefully “Services, Fees and Compensation” above for a detailed discussion of account minimums.

Client Types

Waddell & Reed typically provides investment advice to the following clients:

- Individuals
- Certain pension and professional plans
- Trusts, estates and charitable organizations
- Certain corporations and business entities not included in the categories above

PORTFOLIO MANAGER SELECTION AND EVALUATION

Advisory Services Generally

Waddell & Reed offers various types of investment advisory services, including:

- Financial Planning
- Asset Allocation Programs
- Wrap Fee Programs

We attempt to tailor each of our investment advisory services to your individual personal, financial and investment needs. We do this by requiring you to complete a new account paperwork that captures your personal financial information, risk tolerance and investment objectives, among other things.

You can impose reasonable restrictions on the securities in your Program account and on the investment style you pursue because you make all investment decisions and the Program provides multiple investment options.

Performance-Based Fees and Side-By-Side Management

Waddell & Reed does not charge performance-based fees or engage in side-by-side investment management.

Methods of Analysis, Investment Strategies and Risk of Loss

Waddell & Reed typically recommends a broad asset allocation strategy across a number of diverse asset classes.

Asset allocation is one investment style that may assist you in determining if you have an appropriate mix of investments for your personal investment needs. Development of a personalized asset allocation is designed to position your assets in accordance with your financial objectives, time horizon and risk tolerance.

If you have a substantial amount of your net worth concentrated in one or a small number of investment products or asset classes, the asset allocation process we use may prompt your financial advisor to recommend that you sell those investments and asset classes. It is always important to consult your tax and legal advisors before making significant changes to your investments because these changes may cause you to incur adverse tax consequences. Neither Waddell & Reed nor your financial advisor can provide the specialized, detailed legal and tax advice necessary to ensure that you avoid adverse tax consequences in these situations.

The Program enables you to assume much greater risk by selecting from a broad array of investments and by selecting and pursuing higher risk investment strategies. You have substantial freedom to choose the securities in which you invest and the investment strategy you pursue within the limits associated with the Program.

The Program, depending on the securities you select and the investment style(s) you pursue, may present a significant risk of loss. The securities you select may present significant or unusual risks of loss.

Voting Client Securities

Waddell & Reed does not accept authority to vote your securities proxies.

CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

You may only participate in the Program through your Waddell & Reed financial advisor. Your financial advisor is not the Program portfolio manager, because the Program is not managed on a discretionary basis except as discussed later in the “Investment Discretion” section. You, with the assistance of your financial advisor, make all investment decisions and product selections from the list of eligible securities. Please refer to “Services, Fees and Compensation”, “Description of the Program” and “Eligible and Ineligible Securities” above. You are encouraged to contact your financial advisor anytime you have a material change in your financial situation, investment objectives and/or risk tolerance.

CLIENT CONTACT WITH PORTFOLIO MANAGERS

Waddell & Reed places no restrictions on your ability to contact and consult with your financial advisor. You are encouraged to contact your financial advisor regularly and anytime you experience material changes in your financial situation, investment objectives and/or risk tolerance.

DISCIPLINARY INFORMATION

On January 15, 2013, a Letter of Acceptance Waiver and Consent (No. 2011029075101) was approved by FINRA relating to the failure of the firm to deliver purchase confirmations for a period of time. The firm failed to deliver numerous purchase confirmations for mutual-fund asset-allocation products accounts (MAP), during a period, and those confirmations would have confirmed multiple mutual fund share purchases that occurred in numerous investment-advisory accounts. Although the failure to deliver purchase confirmations resulted from the actions of a third-party service provider, the firm remained responsible at all times for compliance with its obligations under all applicable securities laws and regulations. The firm’s investment-advisory offerings include several MAP accounts. The firm contracts with its subsidiary to act as the transfer agent for the mutual funds that can be held in the MAP accounts and the subsidiary was obligated to send purchase confirmations on behalf of the firm to MAP-account customers. The firm’s subsidiary, in turn, contracts with a third-party service provider to generate and deliver those confirmations. Until a certain date, all purchase transactions in MAP accounts resulted in the delivery of contemporaneous trade confirmations. On that date, however, the third-party service provider made a coding change to the software system that it provided to the subsidiary and other entities. The third party did not intend for the coding change to affect the MAP accounts in any way, and neither the subsidiary nor the firm requested the change. Nonetheless, one effect of the coding change was to prevent customers from receiving confirmations when cash in a MAP account was allocated to individual mutual funds. Thereafter, a MAP-account customer contacted a representative of the firm to ask why the firm was no longer issuing fund-allocation confirmations. The representative contacted the subsidiary, but did not alert the firm’s compliance department of the situation. The subsidiary conducted an internal review and determined that the subsidiary’s coding change had created the problem. The subsidiary also did not apprise the firm’s compliance department of the situation at that time. Thereafter, the subsidiary began researching the issue and working on a solution. The subsidiary’s initial work did not completely solve the problem and it implemented a second fix, which through subsequent testing verified that the problem was fully resolved. Without admitting or denying FINRA’s allegations, Waddell & Reed agreed to a censure and fine of \$75,000 to settle the regulatory action.

On June 19, 2015 the State of New Hampshire, Department of State, Bureau of Securities (the “Bureau”) received a complaint from a New Hampshire resident and former client of Waddell & Reed, which raised concerns regarding certain financial planning fees

charged by an investment advisor representative of Waddell & Reed. Based on the content of the complaint, the Bureau initiated an investigation. During the course of its investigation, the Bureau determined that the investment advisor representative in question engaged in several violations of New Hampshire securities law, including verbally misrepresenting to his clients the nature of financial planning fees he charged those clients. The Bureau also noted certain deficiencies in Waddell & Reed's supervision of the investment advisor representative in question. The Bureau noted that over the past two years, Waddell & Reed has taken steps to enhance its supervision of the financial planning conducted by its investment advisor representatives and these enhancements will be finalized during the second quarter of 2017. All of the Bureau's allegations against Waddell & Reed are limited to investment advisory activities.

Pursuant to Waddell & Reed's Financial Planning Refund Program, Waddell & Reed agreed to refund a portion of certain financial planning fees paid by the clients of the investment advisor representative in question, in the amount of \$2,012,615.80. Waddell & Reed also agreed to pay the Bureau's costs of investigation in the amount of \$300,000, an administrative fine in the amount of \$300,000, and a contribution to the Bureau's investor education fund in the amount of \$300,000.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Waddell & Reed is dually registered as a broker-dealer and federally registered investment advisor. Your financial advisor may offer to sell you on a commission basis, either direct at the sponsor, including the Affiliated Funds, or in brokerage accounts held at Pershing, one or more of the individual securities listed below:

- Equities and ETFs
- Certain Municipal Securities
- Certain Commercial Paper
- Certain Corporate Debt Securities
- Certain Brokered CDs
- Variable Life Insurance
- Variable Annuities
- Mutual Fund Shares
- U.S. Government and Certain Agency Securities

Waddell & Reed has material relationships and arrangements that are material to the investment advisory programs discussed in this appendix with the following:

Pershing -Waddell & Reed clears its brokerage business exclusively through Pershing on a fully disclosed basis. Clients that establish brokerage accounts with Waddell & Reed must establish those accounts at Pershing. Clients will be subject to the various account and transaction related costs and fees assessed by Pershing, which may be higher than those charged by other broker-dealers for similar services. Also, Waddell & Reed receives a share of certain charges imposed by Pershing on the brokerage accounts they carry for us. For a list of these fees, please request the fee schedule from your financial advisor.

Affiliated Funds: Certain conflicts of interest may exist between you and Waddell & Reed and its affiliates if you purchase certain products or services recommended by your financial advisor, including the following:

- Generally, Waddell & Reed and its affiliates will receive more overall compensation when you purchase Affiliated Funds than when you purchase other mutual funds.
- Your financial advisor may receive concentrated training and information on products sponsored by affiliates of Waddell & Reed that may cause them to recommend Affiliated Funds rather than other mutual funds. Also, the investment managers for the Affiliated Funds are wholly owned subsidiaries of Waddell & Reed.

Lockwood Advisors, Inc.: Lockwood Advisors, Inc. is an affiliate of Pershing. Waddell & Reed uses Lockwood Advisors, Inc. as a platform for several of the fee-based asset allocation and wrap programs we offer as an investment advisor. Waddell & Reed pays various fees to Lockwood Advisors, Inc. for its services. Waddell & Reed also offers its clients SMA and UMA products sponsored and/ or managed by Lockwood Advisors, Inc. Waddell & Reed receives a portion of the fees you pay to participate in these programs.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Waddell & Reed has adopted a Code of Ethics. The Code of Ethics is primarily intended to establish specific standards of business conduct and to avoid any actual or potential conflict of interest or any abuse of the positions of trust and responsibility of certain persons considered "Access Persons."

Under the Code of Ethics, Access Persons are, among other things, required to report certain personal securities transactions and holdings, must pre-clear certain securities transactions, are restricted with respect to the timing of certain securities transactions, and are prohibited from making certain investments, all as more specifically provided in the Code of Ethics.

Waddell & Reed, its affiliates and their employees, directors and associated persons are prohibited from misusing, for their personal benefit or for the benefit of other, material nonpublic information.

Persons who violate any portion of the Code of Ethics, including the prohibitions against the misuse of nonpublic information, are subject to sanction, up to and including termination.

Our financial advisors may purchase or sell the same general securities (i.e. stocks and bonds) they recommend to you. We review transactions in these securities on an ongoing basis to determine whether our clients receive the best execution. We have guidelines in our Code of Ethics to ensure that you receive the most favorable price in these situations.

Waddell & Reed will provide a copy of its Code of Ethics to any client or prospective client upon written request. Copies of the Code of Ethics may be obtained by writing to:

Waddell & Reed, Inc.
Legal Department
Attention: Code of Ethics
6300 Lamar Avenue
Overland Park, KS 66202-4247

REVIEW OF ACCOUNTS

Waddell & Reed's multifaceted supervisory structure includes Designated Supervising Principals ("DSP") located in various field offices ("Field DSP") and the Financial Advisors Division Office of Supervisory Jurisdiction ("FAD OSJ DSP") located in the home office. Branch offices are part of a Complex structure, which in turn are part of a larger Market. Within this Complex and Market structure, the Field DSP could be a National Market Head, Complex Manager, Branch Manager, Executive Director or a Director having a Series 24 with supervisory responsibilities. Field DSPs are responsible for the general day-to-day supervision of all financial advisors assigned to his or her Branch office, Complex, or Market. FAD OSJ DSPs supervise the offer and sale of certain securities products sold through financial advisors, Field DSPs and home office registered persons with personal production.

Client accounts are reviewed and examined periodically at various supervisory levels of Waddell & Reed. The appropriate DSP conducts frequent reviews of client accounts for conformity with company policy and procedures.

Clients receive client statements (at least quarterly) with respect to their advisory accounts maintained through Waddell & Reed. Clients may also receive periodic reports from the individual securities or mutual fund shares they hold.

Financial advisors must meet with clients who maintain certain advisory accounts at least annually to determine whether their financial situations or investment objectives have changed or whether they want to impose or modify any reasonable restrictions on the management of their accounts. Such information is recorded and maintained by the clients' financial advisors and retained in the field or home office files.

CONFLICTS OF INTEREST

Waddell & Reed prefers to offer its Affiliated Funds within its investment advisory programs as described in this Disclosure Brochure. This preference creates a conflict of interest in that Waddell & Reed Financial, Inc., Waddell & Reed's corporate parent, receives more overall revenue due to Waddell & Reed offering its Affiliated Funds than it would from offering similar unaffiliated mutual fund products within its investment advisory programs. In addition, the operating and management expenses charged by the Affiliated Funds may be more expensive than the operating and management expenses of similar unaffiliated mutual fund products. You should

carefully consider this conflict of interest and thoroughly review the mutual fund prospectuses associated with our financial advisors' recommendations prior to investing in any of our investment advisory programs.

Waddell & Reed offers services to you through two separate channels of financial advisors: (1) Classic financial advisors and (2) Choice financial advisors. The availability of certain products and services may differ between our Classic and Choice financial advisor channels. Depending on your financial advisor's channel, the products and services offered to you may be limited to only those products and services available within your financial advisor's respective channel. The limitations of products and services offered to you through our financial advisor channels create a conflict of interest. You are encouraged to review the Disclosure Brochures for all available advisory programs Waddell & Reed offers. These Disclosure Brochures provide detailed descriptions of the products and services available to you. Upon your request, Waddell & Reed will refer a financial advisor that can offer the products and services of your choice.

Waddell & Reed offers certain sales incentive programs to its financial advisors. Such sales incentive programs may include reward trips, marketing compensation and services, meals, and other similar cash and non-cash compensation. Sales incentive programs are based on total sales production, or other similar qualifying factors, and not exclusively on one product or service. These sales incentive programs may create a conflict of interest in the products or services offered to you by your Waddell & Reed financial advisor. In an effort to qualify for sales incentive programs, your financial advisor may be incented to offer you products or services that yield higher sales production. In an effort to resolve this conflict, Waddell & Reed supervises and monitors its financial advisors' investment recommendations to reasonably ensure that such recommendations are in your best interest.

Waddell & Reed offers its affiliated money market fund through the Affiliated Funds within its investment advisory programs as described in this Disclosure Brochure. Accordingly, this creates a conflict of interest for you in that cash holdings may be invested in Waddell & Reed's affiliated money market fund. Waddell & Reed Financial, Inc. receives more revenue due to this arrangement than it would by Waddell & Reed using an unaffiliated money market fund for cash holdings within its investment advisory programs.

Financial advisors may qualify for a forgivable loan that is offered by Waddell & Reed. This loan does not increase the cost of advisory service fees charged to your account. However, a conflict of interest may exist for our financial advisors due to the structure of the forgivable loan. Certain financial advisors may qualify for a forgivable loan due to their production level, length of service, and loss of 12b-1 fees due to a conversion from load-waived A share class mutual funds to advisory or institutional share class mutual funds within Waddell & Reed's investment advisory service programs. In order for a qualifying financial advisor to have their loan forgiven, they must meet certain production and length of service requirements. As such, financial advisors may be incented to advise you to maintain your assets within advisory service programs or accounts in order to meet their production requirements.

CLIENT REFERRALS AND OTHER COMPENSATION

Please read carefully the "Conflicts of Interest" section above to learn more about how Waddell & Reed and your financial advisor may benefit when you purchase Affiliated Funds. Neither Waddell & Reed nor your financial advisor may compensate anyone directly or indirectly for client referrals.

Waddell & Reed has a financial interest in our clients' transactions and the recommendations we make to clients to buy or sell securities or investment products. Waddell & Reed has revenue sharing arrangements with certain available product companies outside of advisory programs. Although Waddell & Reed strives at all times to place the interest of its clients ahead of its own or those of its officers, directors or financial advisors ("affiliated persons"), these arrangements could affect the judgment of Waddell & Reed or its affiliated persons when recommending investment products. We believe the potential conflicts of interest that are created by these revenue sharing agreements are addressed through internal policies to prevent Waddell & Reed, in its capacity as investment adviser, and any affiliated person, from considering existing business relationships when selecting or recommending investment products.

Waddell & Reed has additional policies and procedures, including client disclosures, to address this conflict. For more information regarding revenue sharing, please visit <https://www.waddell.com/disclosures-privacy/important-client-documents> or request a revenue sharing disclosure document from your financial advisor.

INVESTMENT DISCRETION

In specific situations Waddell & Reed will allow limited investment discretionary services to be offered by qualified and approved advisors to specific approved clients. Within MAPLatitude, you may authorize your Waddell & Reed financial advisor to exercise limited investment discretion over your account. Your financial advisor must obtain written authorization from you prior to exercising discretionary authority over your account. This limited discretionary trading authority will be granted in writing in the appropriate

client services agreement or via a separate discretionary trading authorization form. In the event that your financial advisor has discretionary authority in your retirement account, and uses Affiliated Mutual Funds, the underlying management fee for those Affiliated Mutual Funds will be rebated back to you. These fee rebates will appear on your client statement.

If discretionary authority is granted, it is limited to the ability to purchase, sell and exchange mutual funds and buy or sell general securities within your chosen risk profile and investment model. If your risk profile or model choice needs to be modified, this will require you and your advisor to complete a new Risk Tolerance Questionnaire and a client services agreement prior to changes being made to your existing model. Your financial advisor may not withdraw funds or securities from your account without your express written permission.

All clients have the ability to place reasonable restrictions on the management of their account including restrictions on the type of securities that can be purchased in the account. Clients may also place reasonable limitations on the discretionary power granted to your financial advisor. Your financial advisor may aggregate securities to be sold and purchased for more than one client to obtain favorable execution to the extent permitted by Waddell & Reed policy. Waddell & Reed and your financial advisor will utilize an institutional average price account that will allocate the trade in a manner consistent with Waddell & Reed's fiduciary duty to its clients. This process ensures equal pricing to each client in that each client receives the average price for the aggregate order.

We encourage you to discuss with your financial advisor the positives and negatives of authorizing limited discretion on your MAPLatitude account.

FINANCIAL INFORMATION

Waddell & Reed neither requires nor solicits the prepayment of more than \$1,200 in advisory fees six months or more in advance from any client, and therefore has not included a balance sheet of its most recent fiscal year in this Part 2A Brochure. Waddell & Reed is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has it been the subject of a bankruptcy petition at any time during the past ten years. A copy of Waddell & Reed's Annual Report and Form 10-K can be found under Investor Relations at www.waddell.com.

