

MAP

Latitude

Appendix 1



COVER PAGE

Waddell & Reed, Inc.
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Appendix 1 of Part 2A of Form ADV
MAPLatitude
The date of this Appendix is: March 31, 2020

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 adviser and a broker-dealer and member of FINRA.

Note: Registration with the SEC as an Investment Adviser 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.
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Overland Park, KS 66202-4247

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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 a MAPLatitude account, your investments will be held in a brokerage account at Pershing LLC, a qualified custodian. Below is the address for Pershing LLC:

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, Inc. 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 to reflect an updated fee schedule.

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SERVICES, FEES AND COMPENSATION

Waddell & Reed, Inc. (“WRI”) sponsors a wrap fee investment advisory program known as MAPLatitude (the “Program”), as described in this brochure. WRI sponsors another wrap fee investment advisory program and offers other investment advisory programs and services. If you would like more information on these programs or would like to obtain brochures describing these programs, please contact us at 1-866-937-0010 and/or advisoryproducts@waddell.com.

The Program utilizes the Pershing Managed Investments (“PMI”) platform and is a 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, WRI 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 WRI 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. 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 may 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 WRI.

The Service Agreement provides that you and WRI 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 Program provides five general model portfolios: Conservative, Moderate Conservative, Moderate, Moderate Aggressive, and Aggressive.

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.

WRI will effect transactions for your Program account only as directed by you, except as provided herein. Neither WRI nor your financial advisor(s) will have any discretionary authority to effect transactions in a Program account except as discussed later in the “Investment Discretion” section.

Mutual fund shares purchased within the Program are not subject to a sales load. Class A shares, on which a load was originally paid and were acquired within three years prior to the execution of your Service Agreement, are generally not suitable to be transferred into the program accounts described in this Brochure.

Margin

Clients may, if WRI 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. WRI 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.

Investment Discretion

Within approved advisory programs, you may grant WRI limited discretionary trading authority over your investment advisory account. Written authorization granting this limited discretionary trading authority must be obtained from you prior to an investment adviser representative ("IAR") exercising any discretionary trading authority in your account. After your written authorization is received, WRI will appoint and approve an IAR to utilize limited discretionary trading in your account. WRI or the appointed IAR may not withdraw funds or securities from your account(s) without your express written permission.

In the event that WRI has discretionary trading authority in your retirement account and the IAR appointed by WRI to trade your account(s) uses Affiliated Mutual Funds, a portion of the underlying management fee for those Affiliated Mutual Funds may be rebated back to you. These fee rebates will appear on your client statement. This same fee rebate will not be applied to non-retirement accounts regardless of whether you have granted WRI discretion over your non-retirement account or not.

Fees and Other Charges

Upon reaching the program minimum, the initial fee will be assessed for the partial period from the time the program minimum was reached through the end of the billing period. Thereafter, the method used to calculate the advisory fee is monthly in advance. Advisory fees are computed based on the prior period's ending balance. Assets in hold-only securities will be excluded for the purposes of calculating the advisory fee.

Please see the Flow Billing section below for additional details.

Upon termination of a Service Agreement, the prorated advisory fee will be refunded to you.

You will pay an ongoing asset-based advisory fee (described below) to cover the cost of such services as consulting and administrative services, creation and continual maintenance of the proprietary tool used to select asset category percentages in each account, ongoing monitoring of and periodic revisions of the model portfolios. The advisory fee you will pay also covers services provided by your financial advisor, including annual and other periodic meetings for account reviews, answering your inquiries, assistance with annual tax reporting and meeting with you as required to reassess the propriety of your current asset allocation model selection. If, during any billing period, there is insufficient cash in an account to pay the advisory fee, WRI may in its sole discretion sell shares of the investments held in the account in amounts necessary to raise sufficient cash to pay the advisory fee. Advisory fees will be deducted automatically from the Primary Fund.

Assuming a client invests more than the first tier in any of the programs, the net effective fee will be a weighted average of the negotiated schedule fee rates, and may change with the account's asset level.

Assets transferred from existing program accounts into another program account will be charged current program fees.

WRI may change the advisory fees at any time in its sole discretion. Due to periodic changes in the fee schedules 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.

The Advisor Fee you pay is negotiable and is to be agreed to between you and your advisor taking into account your specific needs.

MAPLatitude Fee Schedule

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%	0.20%	2.45%
On the next \$300,000	2.25%	0.20%	2.45%
On the next \$2 million	2.25%	0.15%	2.40%
On assets in excess of \$3million	2.25%	0.10%	2.35%

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 or visit <https://www.waddell.com/disclosures-privacy/client-disclosures>.

Household Account Grouping

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

Flow Billing

As you add and withdraw money from programs described in this Brochure, your accounts may not be charged immediately. At account inception, the amount billed will be contingent on the fee agreed upon between you and your advisor and the number of days remaining in the month. Thereafter, you 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. These are then billed or credited as adjustments to your monthly fee.

If you have questions about your fees charged in any of our programs, please contact your financial advisor.

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 an appropriate available 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

WRI offers a wide range of mutual funds and is a participant in Pershing's FUNDVEST® program. Participating mutual fund sponsors pay a fee to Pershing to participate in this program. None of these additional payments is paid to WRI or to any WRI advisor who sell 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.

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. Never-the less, 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®.

Minimum Account Value

The minimum account size to establish a Program account is \$25,000 for each Program account. WRI 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, WRI 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. WRI 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. WRI 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), or hold-only securities (as defined by WRI; please consult with your financial advisor for additional details). Eligible securities that do not fit within your investment objective may be liquidated by WRI without notifying you. Ineligible securities that are permitted to be initially deposited into a Program account must be liquidated, moved to a non-advisory account that permits the holding of such securities, or transferred from WRI, within fifteen (15) business 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. WRI 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.

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 WRI’s clearing broker-dealer, Pershing. WRI 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. WRI has entered into a fully-disclosed clearing agreement with Pershing pursuant to which Pershing has agreed to custody the brokerage account assets of WRI’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 WRI. 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

WRI 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. WRI maintains an error account to facilitate handling trade errors. Gains may be offset by losses in the error account.

Valuation

WRI 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 WRI 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

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 make-up 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.

Termination

The Program Service Agreement may be terminated at any time by you upon written notice to WRI as provided in the Service Agreement and upon thirty days prior written notice by WRI. If you terminate the agreement, you will receive a pro-rated refund of the asset-based fee. Upon termination, WRI 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

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.

Note: WRI 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

WRI 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

WRI offers various types of investment advisory services, including:

- Financial Planning
- Asset Allocation Programs
- Wrap Fee Programs
- ERISA Retirement 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 new account paperwork that captures your personal financial information, risk tolerance and investment objectives, among other things.

Performance-Based Fees and Side-By-Side Management

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

Methods of Analysis, Investment Strategies and Risk of Loss

WRI 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 WRI 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

WRI does not accept authority to vote your securities proxies.

CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

You may only participate in the Program through your WRI 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

WRI 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.

ADDITIONAL INFORMATION

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, WRI 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 WRI, which raised concerns regarding certain financial planning fees charged by an investment adviser representative of WRI. Based on the content of the complaint, the Bureau initiated an investigation. During the course of its investigation, the Bureau determined that the investment adviser 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 WRI's supervision of the investment adviser representative in question. The Bureau noted that WRI has taken steps to enhance its supervision of the financial planning conducted by its investment adviser representatives. All of the Bureau's allegations against WRI are limited to investment advisory activities.

Pursuant to WRI's Financial Planning Refund Program, WRI agreed to refund a portion of certain financial planning fees paid by the clients of the investment adviser representative in question, in the amount of \$2,012,615.80. WRI 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

WRI is dually registered as a broker-dealer and federally registered investment adviser. 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

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

Pershing: WRI clears its brokerage business exclusively through Pershing on a fully disclosed basis. Clients that establish brokerage accounts with WRI 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, WRI 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 or visit <https://www.waddell.com/disclosures-privacy/client-disclosures>.

Affiliated Funds: Certain conflicts of interest may exist between you and WRI and its affiliates if you purchase certain products or services recommended by your financial advisor. Generally, WRI 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 WRI that may cause them to recommend Affiliated Funds rather than other mutual funds. Also, the investment manager for the Affiliated Funds is a wholly owned subsidiary of WRI.

Lockwood Advisors, Inc.: Lockwood Advisors, Inc. is an affiliate of Pershing. WRI uses Lockwood Advisors, Inc. as a platform for several of the fee-based asset allocation and wrap programs we offer as an investment adviser. WRI pays various fees to Lockwood Advisors, Inc. for its services. WRI also offers its clients SMA and UMA products sponsored and/ or managed by Lockwood Advisors, Inc. WRI 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

WRI has adopted a Code of Ethics, which 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, 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.

WRI, its affiliates and their employees, directors and associated persons are prohibited from misusing, for their personal benefit or for the benefit of others, 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.

WRI 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

WRI'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 Market structure, which in turn are part of a larger Region. Within this Market and Region structure, the Field DSP could be a Regional Vice President, Market Director, or an Area Sales Leader. Field DSPs are responsible for the general day-to-day supervision of all financial advisors assigned to his or her Branch office, Market, or Region. 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.

The appropriate DSP conducts reviews of client accounts for conformity with company policy and procedures.

You will receive client statements (at least quarterly) with respect to your advisory accounts maintained through WRI. You may also receive periodic reports from the individual securities or mutual fund shares you hold.

Your financial advisor must attempt to contact you to review your advisory account(s) at least annually to determine whether your financial situation or investment objectives have changed or whether you want to modify your current holdings or model.

Client Referrals and Other Compensation

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

WRI has a financial interest in our clients’ transactions and the recommendations we make to clients to buy or sell securities or investment products. WRI has revenue sharing arrangements with certain available product companies outside of advisory programs. Although WRI 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 WRI 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 WRI, in its capacity as investment adviser, and any affiliated person, from considering existing business relationships when selecting or recommending investment products.

WRI 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.

Financial Information

WRI neither requires nor solicits the prepayment of more than \$1,200 in advisory fees six months or more in advance from any Program clients, and therefore has not included a balance sheet of its most recent fiscal year in this Part 2A Brochure. WRI 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 Financial’s Annual Report and Form 10-K can be found under Investor Relations at www.waddell.com.

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