

Park Avenue Securities LLC

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September 23, 2019

Firm Brochure

This firm brochure ("Brochure") provides information about the qualifications and business practices of Park Avenue Securities LLC ("PAS"). If you have any questions about the contents of this Brochure or would like to obtain a free copy of this Brochure, please contact us at (888) 600-4667. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about PAS is also available on the SEC's website at www.adviserinfo.sec.gov.

PAS is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.



2. Material Changes

September 23, 2019 Update:

Item 14, Client Referrals and Other Compensation Information has been amended as follows:

- Added disclosure related to the specific incentive and recognition programs namely, Park Avenue Securities VIP Program, Pinnacle Council and Transition Services. The benefits of these programs are based upon sales production or Gross Dealer Concession (“GDC”). GDC is the revenue generated via agent sales to brokerage firms such as PAS for the sale of commissionable securities (i.e. stocks, bonds mutual funds) and advisory services (i.e., Proprietary Programs, Third Party Investment Advisory Programs and Financial Planning/Consulting).

August 5, 2019 Update:

Item 9, Disciplinary Information has been amended as follows:

- On July 16, 2019, PAS without admitting or denying the findings, was censured by the Financial Industry Regulatory Authority (“FINRA”) in its capacity as a broker-dealer for failing to reasonably supervise the application of sales charge waivers for mutual fund purchases made by certain retirement plan and charitable organization customers. By failing to reasonably supervise such mutual fund sales to ensure that eligible purchasers received the benefit of applicable sales charge waivers, FINRA found that PAS violated NASD Conduct Rule 3010 (for misconduct before December 1, 2014), FINRA Rule 3110 (for misconduct on or after December 1, 2014) and FINRA Rule 2010. As part of this settlement, PAS agreed to pay restitution to eligible customers on the terms specified below, which is estimated to total \$640,552 (i.e., the amount eligible customers were overcharged, inclusive of interest). PAS also agreed to ensure that waivers are appropriately applied to all future purchase transactions made by retirement plan and charitable organization customers. FINRA recognized the extraordinary cooperation of PAS for initiating an investigation prior to detection or intervention by FINRA to identify whether applicable customers received sales charge waivers, for promptly establishing a plan of remediation to customers and taking action to correct the violative conduct.

July 15, 2019 Update:

The Cover Page has been amended as follows:

- Park Avenue Securities LLC has changed its address to 10 Hudson Yards, New York, NY 10001.

Item 4, Advisory Business has been amended as follows:

- Added disclosure regarding the conflict of interest related to PAS IARs potentially paying ticket charges for certain clients in the Park Avenue Portfolio Select program.
- Added disclosure related to the potential costs incurred by clients when liquidating assets and transferring them into a PAS Proprietary or Third-Party Investment Advisory Program.

April 25, 2019 Update:

Item 4, Advisory Business has been amended as follows:

- Added disclosure regarding the Fiscalyze program which includes information regarding the ownership interest of Fiscalyze by PAS Investment Adviser Representatives and the conflicts of interest and additional compensation received as a result of the ownership interest.

The following is a summary of the material changes made to this Brochure since the annual update on March 28, 2018.

Item 4, Advisory Business has been amended as follows:

- Added disclosure regarding a new Subscription-Based Financial Planning program.
- Added disclosure regarding the SEI Institutional Program.
- Updated the Mutual Fund Share Class Selection in PAS Proprietary Programs section to describe the crediting of 12b-1 fees to client accounts and the use of cash management sweep account investment vehicles.
- Added disclosure regarding a new Retirement Plan Services (Non-Investment Advisory) program.
- Added disclosure that the Park Avenue Fund Select program is closed to new clients.
- Added disclosure to the PAS Wrap Fee Programs section describing portfolio manager “trading away” practices.

Item 5, Fees and Compensation has been amended as follows:

- An update was made to the Mutual Fund Share Class Selection in PAS Proprietary Programs section regarding the firm level conflicts of interest associated with PAS offering cash management sweep account investment vehicles.
- Added disclosure regarding additional compensation received by PAS for clients placed in the Dreyfus Insured Deposit (“DIDV”) bank sweep program. All clients who maintain a retirement account in a PAS Proprietary Program are defaulted into the DIDV program due to the fact that this sweep vehicle does not impose Rule 12b-1 fees. Clients in non-retirement accounts are also defaulted into the DIDV program if they do not select an alternate sweep vehicle. Depository institutions participating in the DIDV program pay a fee (“Deposit Fee”), not to exceed a total of .70% (70 basis points) annually, to the administrator of the DIDV program and to Pershing with respect to the balances they

receive through DIDV as compensation for the custodial, recordkeeping and other administrative tasks performed by the administrator and Pershing. The administrator and Pershing retain a portion of the Deposit Fee and pay a portion to PAS, not to exceed .40% (40 basis points) based on the total DIDV balances of PAS clients. These payments create a conflict of interest for PAS as it relates to clients who are placed into the DIDV Program.

- Added fee disclosure for the Retirement Plan Services (Non-Investment Advisory) program.
- Added disclosure regarding the SEI BusinessWise program.
- Added disclosure regarding marketing fees paid to PAS by Third Party Advisers.

Item 9, Disciplinary Information has been amended as follows:

- On April 11, 2018, The Financial Industry Regulatory Authority (“FINRA”) censured and fined Park Avenue Securities (“PAS”) \$300,000 in its capacity as a broker-dealer for failing to implement a supervisory system and written supervisory procedures reasonably designed to train and supervise Registered Representatives’ recommendations regarding the sale of multi-share class variable annuities, including L-Share contracts, to ensure their suitability. FINRA also found that PAS had no surveillance procedures to determine rates of variable annuity exchanges. FINRA found the foregoing to be in violation of NASD Rule 3010 and FINRA Rules 2330, 3110 and 2010.
- In March 2019, PAS without admitting or denying the findings, consented to the entry of an Order Instituting Administrative and Cease and-Desist Proceedings (“Order”) by the SEC. Pursuant to the Order, the SEC found that from January 1, 2014 through October 31, 2018 certain PAS clients participating in proprietary advisory programs were invested in mutual fund share classes with higher costs (in the form of Rule 12b-1 fees) without adequately disclosing that lower-cost share classes (without Rule 12b-1 fees) of those funds were available. Specifically, PAS did not adequately disclose conflicts of interest related to its receipt of Rule 12b-1 fees, and the availability of mutual fund share classes that did not pay such fees. PAS consented to the entry of the Order that it violated Sections 206(2) and 207 of the Investment Advisers Act of 1940 and agreed to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207. PAS agreed to pay disgorgement of \$508,083 and prejudgment interest of \$56,184 to affected clients. Additionally, as part of the Order, PAS has enhanced its disclosure regarding mutual fund share class selection, considered whether existing clients should be moved to a lower-cost share class, and updated its policies and procedures regarding mutual fund share class selection.

You can obtain a copy of the current version of this Brochure at any time, without charge, by contacting your Investment Adviser Representative or PAS directly at (888) 600-4667.

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4. Advisory Business

Firm Description

Park Avenue Securities LLC (“PAS”) is a dually-registered broker-dealer and investment adviser that provides investment advisory services through investment adviser representatives (each, an “IAR”). PAS has been registered with the SEC as an investment adviser since November 13, 2000. Additional information about PAS is available via the SEC’s website at www.adviserinfo.sec.gov. The SEC’s website also provides information about persons who are registered as IARs of PAS.

Principal Owners

PAS is a direct wholly-owned subsidiary of The Guardian Insurance & Annuity Company, Inc. (“GIAC”), a Delaware insurance company, and is an indirect wholly-owned subsidiary of The Guardian Life Insurance Company of America (“GLIC”), a New York mutual life insurance company. GLIC and its affiliates sell their products through a system of insurance agents, most of whom are also registered representatives and IARs of PAS.

Types of Advisory Services Offered

PAS offers access to both its own proprietary investment advisory programs (each, a “PAS Proprietary Program”) and select third-party investment advisory programs (each, a “Third-Party Investment Advisory Program”); together with PAS Proprietary Programs, the “Programs”). In addition, certain IARs may offer financial planning, consulting and education services to clients.

As a broker-dealer, PAS offers a variety of financial products and services and may render advice as to the value and/or advisability of purchasing or selling securities without receiving special compensation where such advice is solely incidental to the conduct of its business as a broker-dealer. PAS may offer general, impersonal investment advice in the form of publications and certain other services. PAS will not be deemed to be providing investment advisory services unless it has entered into a contract with the client for that purpose.

You should discuss with your IAR the benefits and costs associated with the different advisory programs available at PAS as well as the benefits and costs associated with a brokerage relationship. An advisory account may not be appropriate for low volume trading activity, if you have a long term buy-and-hold investment strategy or if you direct PAS to execute a significant amount of trades on your behalf. In these instances, a transaction-based brokerage account may be more appropriate. Trading activity and the costs and expenses associated with an investment product, among other things, should be considered when deciding whether an advisory account is appropriate for you.

Based on the following scenarios, a brokerage relationship may be right for you:

- You want an adviser to provide occasional advice and recommendations on certain investments and execute on your investment decisions;
- You plan to buy only a few securities and follow a buy-and-hold strategy over a longtime period without the need for ongoing advice from an adviser; and/or
- You wish to pay fees based on each transaction that you place and not for ongoing advice.

If you are seeking one or more of the following scenarios, an investment advisory relationship may be right for you:

- Discretionary management of your investment portfolio;
- Ongoing advice and investment services;
- Trading and rebalancing of your portfolio on a periodic basis; and
- An annual fee that is based on the amount of assets managed and is not tied to the number or type of transactions in the account.

In some cases, an investment advisory relationship may cost you more than a brokerage relationship and vice versa. You should periodically discuss the various options with your IAR.

PAS Investment Adviser Representatives (“IARs”) are compensated for servicing and providing investment advice for the Programs. The compensation paid to IARs for each of the Programs is generally comparable, except for VestWise™, the digital advisory program offered by PAS, which has a lower fee structure. This compensation may be more than what the IAR would receive if you pay separately for investment advice, brokerage, and other services.

Under PAS Proprietary Programs, clients must establish an account through PAS with Pershing LLC (“Pershing”). Pershing acts as the clearing firm and custodian for client assets within PAS Proprietary Programs. Accordingly, all trading activity under PAS Proprietary Programs will be processed through client accounts with Pershing performing centralized custody, bookkeeping and execution functions. Pershing handles the delivery and receipt of securities purchased or sold on behalf of PAS clients, receives and distributes dividends and other distributions, and processes exchange offers, rights offerings, warrants, tender offers and redemptions. Pershing sends statements of all activity in client accounts on no less than a quarterly basis.

Transferring an Existing Account to PAS Programs

There may be instances in which you have chosen to open a Program account that requires you to liquidate existing investment assets or accounts and transfer the proceeds to the Program in which you wish to participate.

In making the request to liquidate assets and transfer your proceeds, you may experience costs due to the requested liquidation. These costs may include, but are not limited to, account termination charges, contingent deferred sales charges, surrender charges, and commissions on the sale of stocks, bonds, exchange traded funds, closed end mutual funds, limited partnership shares or any other securities you hold in these accounts. If you redeem, surrender or sell existing

assets to fund an account you should carefully consider the costs and benefits of the transaction including any tax liability, the previously described charges. You should also ask your IAR if the sale of the assets used to fund your Program account will benefit your IAR in the form of a commission or fee payable to them and take that into consideration before you initiate the liquidation of any assets to fund your Program account. The liquidation of any investment may trigger taxable gains or losses, may potentially trigger the Alternative Minimum Tax (AMT), and may require additional quarterly estimated tax payments. Neither PAS nor your IAR provide tax advice or tax management services. You are responsible for any taxable events. You should always consult with your tax advisor for specific tax advice.

Tailored Client Relationships

For programs other than VestWise™, the digital advisory program offered by PAS, your IAR will request information from you regarding your financial background, investment experience, investment objectives, risk tolerance, and any reasonable restrictions that you wish to impose on investing in certain specific securities and types of securities and will provide important disclosures to you. Your IAR will work with you to help you determine your investment goals and will assist you in selecting one of the PAS Proprietary Programs or a Third-Party Investment Advisory Program. As your goals and objectives change over time, your IAR will update your records and client file and may provide new recommendations and advice that fit your needs. You should notify your IAR promptly if there are any changes in your financial situation, risk tolerance, investment objectives or account restrictions. Your IAR will periodically review performance and other periodic reports provided to you and will offer to meet with you at least annually to review your financial situation and investment objectives.

Client Advisory Agreement

If you select a PAS Proprietary Program, you will sign a client agreement which consists of a Statement of Investment Selection and Terms and Conditions (the “Client Agreement”). The Client Agreement will detail all of the important information pertaining to your account, including the management fee and the termination provisions. You are encouraged to read all of the terms of the Client Agreement.

In a Third-Party Investment Advisory Program, you will sign an investment advisory agreement directly with the third-party investment adviser or, in certain circumstances, a tri-party agreement with PAS and the third-party investment adviser, as described below under “Third-Party Investment Advisory Programs.”

Financial Planning and Consulting

Certain IARs are authorized by PAS to offer financial planning and consulting services. For these services, the IAR may negotiate a fee based upon the overall experience of the IAR, a client’s financial needs and investment objectives, the time necessary to develop a plan and the complexity of a plan. If you engage an IAR for financial planning or consulting services, at the

beginning of the relationship your IAR will provide you with a Financial Planning or Consulting Agreement, which will detail all of the important terms and conditions pertaining to the financial plan or consultation, including the fee.

Fee-based financial planning is a service that takes into account many different aspects of your financial circumstances, typically by utilizing a financial planning software program to create an overall plan that is designed to meet your goals and objectives.

Financial consulting is an open architecture process that requires your IAR to collect information from you and develop customized recommendations that are delivered to you within the parameters of an agreed upon scope of consulting services.

The financial planning and consulting services provide for ongoing consultation with your IAR, typically through a series of personal meetings and telephone calls. The services provided may include follow-up meetings with you and your other advisors (e.g., attorneys, accountants, etc.).

Depending on your needs and pursuant to the agreement with your IAR, your formal written financial plan or consultation recommendations may cover:

- General Financial Planning
- Goal Planning (e.g., Education Planning)
- Retirement Planning
- Risk Management
- Cash Flow Planning
- Wealth Transfer Planning
- Business Succession and Exit Planning
- Business Planning
- Corporate Retirement Planning
- Investment Analysis
- Insurance Planning

Your written financial plan or consultation will consist of observations, assumptions, strategies and recommendations. You will have the opportunity to renew the agreement and update your plan at least annually, or as your circumstances change. You may choose to implement all or any part of the financial plan or consultation recommendations through PAS, or through any other broker-dealer, investment adviser or service provider of your choice. Please note if you choose to implement all or part of the financial plan through PAS, your IAR will receive additional compensation for any product purchases or additional investment advisory services.

Subscription Based Financial Planning

Certain IARs are authorized by PAS to offer on-going financial planning services via Subscription-Based Financial Planning. The subscription arrangement will provide you with the ability to engage your IAR for financial planning services by paying an annual fee on either a monthly or quarterly

basis. Your agreement will renew annually unless you choose to terminate the agreement. Your IAR will provide you with analysis, recommendations, and ongoing monitoring based on your current financial situation and goals. On an annual basis you will receive a written summary of the terms of the engagement which will include an outline of your goals, both accomplished and future, a summary of the meetings with your IAR, your fee arrangement, and a reminder of the termination option within the agreement.

Listed below is an overview of the services that may be provided through the Subscription-Based Financial Planning Program. Included with the services is access to your IAR throughout the subscription period. A full description of each service can be found within the Subscription-Based Planning Agreement.

Core Services:

- Initial Consultation, including obtaining and organizing essential documents
- Cash Flow and Debt Planning Analysis
- Net Worth Statement
- Investment Analysis
- Risk Analysis

Advanced Planning:

- Charitable Planning
- Wealth Transfer Planning
- Goals-based Planning
- Education Planning and Funding
- Retirement Planning
- Tax Planning Strategies
- Life Events

It is important to note that if your IAR provides advice related to a separate brokerage account, advisory account or other investment as part of this engagement, the Subscription-Based Financial Planning fee will be in addition to any fees or commissions associated with those accounts. However, the advice provided within the Subscription-Based Financial Planning arrangement cannot solely be comprised of existing PAS accounts. Additionally, if you choose to implement recommendations from your IAR as part of this engagement, the fees or commissions associated with products purchased or sold will be in addition to your Subscription-Based Financial Planning fee.

Fiscalyze

When providing financial consulting services to business clients, certain IARs may utilize the services of The Advanced Practice Network LLC, doing business as Fiscalyze (“Fiscalyze”), a third-

party vendor who provides services to PAS IARs. Fiscalyze charges a fee for these services which is in addition to the fee that a client pays for the financial consulting services provided by the PAS IAR.

The services that Fiscalyze provides are not investment advice and consist of the following deliverables that are provided to the PAS IAR who then utilizes these deliverables when providing financial consulting services to a client:

- Inventory and Organization of Documents
- Annual Review of Objectives
- Personal & Family Checklist
- Enterprise Checklist
- Capital & Cash Flow Priorities Worksheet
- Personal & Family Concerns Assessment
- Enterprise Concerns Assessment
- Business Continuity Analysis to explore the most likely interruptions to the business.
- Qualified Plan Insights
- Executive Benefits and Carve-out Insights
- Employee Benefits Insights
- Professionally Adjusted Business Valuation (Enterprise Drivers) Reports.
- Margin Analysis (Profit Drivers)
- Cash Cycle Analysis (Cash Drivers)
- Lender Analysis
- Forecasting Analysis
- Capital Analysis
- Comprehensive Gap Analysis
- Industry Benchmarking Analysis
- An inventory of strategies which tracks progress over time

Fiscalyze is owned by Kelly Kidwell, Eric McDermott, Travis Hart and Matthew Shipman (the “General Agents”). The General Agents also own Pacific Advisors, LLC (“Pacific Advisors”). Pacific Advisors is a general agency of The Guardian Life Insurance Company of America (“Guardian”), and as such has entered into contracts with each of Guardian and its indirect, wholly-owned subsidiary PAS, pursuant to which the General Agents supervise and may influence the PAS IARs associated with Pacific Advisors. These contracts also provide for compensation, in the form of a certain percentage of the financial consulting fee (an “override”) that is charged to clients on the financial plans provided by PAS IARs who are associated with Pacific Advisors, to be paid to the General Agents. In addition to that override compensation, as owners of Fiscalyze, the General Agents also receive compensation directly from Fiscalyze when a PAS IAR uses the Fiscalyze tool to provide financial consulting services to a client. Thus, in the event a PAS IAR who is associated with Pacific Advisors uses Fiscalyze, these General Agents will receive two types of compensation, overrides based on the financial consulting fee and a portion of the fee that is paid to Fiscalyze for its services.

Subscription Based Business Financial Consulting

Certain IARs are authorized by PAS to offer on-going Subscription-Based business financial consulting services utilizing Fiscalize. The subscription arrangement will provide you with the ability to obtain ongoing financial consulting services for your business by paying an annual fee on either a monthly or quarterly basis. Your agreement will renew automatically on an annual basis unless you choose to terminate the agreement. Your IAR will provide you with analysis, recommendations, and ongoing monitoring based on the current financial situation and goals for you and your business. On an annual basis you will receive a written summary of the terms of the engagement which will include an outline of your goals, both accomplished and future, a summary of the meetings with your IAR, your fee arrangement, and a reminder of the termination option within the agreement.

Listed below is an overview of the services that may be provided through the Subscription Based Business Financial Consulting Program. Included with the services is access to your IAR throughout the subscription period. A full description of each service can be found within the Subscription Based Business Financial Consulting Agreement.

Personal Services

- Review of Personal Financial Objectives
- Personal & Family Concerns Assessment
- Capital & Cash Flow Priorities Assessment
- Personal & Family Inventorying and Organization of Documents
- Personal Balance Sheet and Cashflow Insights
- Personal Protection Insights
- Personal Investment Insights
- Sufficiency Insights
- Personal Insights Briefing, Debriefing, and Follow-Up Coordination
- An inventory of personal financial strategies which tracks progress over time

Enterprise Services

- Annual Review of Enterprise Financial Objectives
- Enterprise Inventorying and Organization of Documents
- Enterprise Concerns Assessment
- Business Continuity Analysis
- Enterprise Financial Performance Insights
- Census-Driven Insights
- Enterprise Insights Briefing, Debriefing, and Follow-Up Coordination
- An inventory of enterprise financial strategies which tracks progress over time

Corporate Financial Education Services

Certain PAS IARs can work with business clients to provide group financial education seminars for the employees of such businesses.

Business Exit Consulting

Certain IARs will analyze the financial situation of your business for the purpose of establishing business exit planning strategies and recommendations.

Your IAR will coordinate with your accounting and legal advisors as well as other professionals you deem appropriate or that your IAR recommends. These professionals are selected, retained and paid for by you. Any advice provided by these outside professionals is separate and distinct from the advice provided by your IAR and any fees paid to outside professionals are separate and distinct from the fee charged as part of the Business Exit Consulting Agreement.

You may choose either a Comprehensive Exit Plan or a Focused Exit Plan. A Comprehensive Exit Plan is a written action plan for accomplishing your objectives with regards to the growth of your business, the preservation and realization of maximum business value, and your ultimate departure from the business within established timelines and terms.

In a Focused Exit Plan, you will select your objectives from the following list:

- Business Valuation
- Incentive Planning
- Ownership Transfer Planning
- Business Continuity Planning
- Personal Wealth Management Planning
- Wealth Transfer Planning

Once the objectives have been established, the IAR will collect the requisite information to create the focused plan. Please note that a Focused Exit Plan cannot solely be made up of the Personal Wealth Management Planning or Wealth Transfer Planning. All of these components are more fully described within the Business Exit Consulting Client Agreement.

Retirement Plan Consulting Services (Investment Advisory)

In limited circumstances, PAS may enter into an agreement with an employer sponsored qualified retirement plan to provide investment advisory services to the plan. PAS, through its authorized IARs, will assist the named plan fiduciary in determining the investment lineup available to the plan's participants. Only appropriately credentialed IARs specifically approved by PAS are authorized to provide these services to plan sponsors. A summary of the services is provided below. Plan sponsors should refer to their written agreement with PAS for more details regarding the specific services to be provided as well as the fees charged.

Investment Option Recommendations – The PAS IAR will analyze the list of available investment options for the qualified plan and provide the plan sponsor with a recommended list of core asset classes that, when combined, constitute an investment lineup for a qualified plan seeking a basic level of complexity. The IAR will also provide definitions of additional asset classes/categories that, when combined with core asset classes, will constitute investment lineups for those plan sponsors

seeking more sophisticated levels of complexity. The IAR will identify for the plan sponsor's consideration one or more investment options from each asset class/category that are appropriate for long-term strategic asset allocations and will evaluate the investment options, including comparing their performance to appropriate benchmarks and peer group(s). The IAR will provide the plan sponsor with a "core list" of recommended investment options within each of the core asset class groups, as well as supplemental asset classes/categories and provide some general guidelines as to how many and what management type (active or passive) of investment options are appropriate to select with respect to each of the asset class groups to assist the plan sponsor in making its final investment option selections.

Monitoring of Investment Options – The IAR reviews investment option performance on a quarterly basis or on such other agreed-to basis. Each investment option will be reviewed, and investment options that do not meet the identified criteria will be placed on a watch list. The placement of an investment option on the watch list does not mean that it will be removed from the investment options but rather triggers further due diligence on the investment option. The purpose of the due diligence is to determine if the original reasons for selecting the investment option are still valid. The IAR shall provide the plan sponsor with a report summarizing its review. Once an investment option is on the watch list, it will remain on there until further due diligence indicates that it should be removed from the watch list or it is removed as an investment option. To be removed from the watch list, certain qualitative and quantitative measures must be met. If, after further due diligence, the IAR determines that the investment option no longer meets the criteria for remaining on the core list, the IAR will, to the extent available on the platform, identify one or more suitable replacements.

Additional Provisions – PAS and its IAR will not exercise any discretion or authority regarding the plan sponsor's selection of the specific securities, mutual funds, institutional funds or funds available through group annuity contracts and mutual funds that may be eligible investment options under the qualified plan. It is the sole responsibility of the plan sponsor or named fiduciary to determine the investment policy statement for the qualified plan, to select and retain the service provider, to determine the appropriate mix and number of asset classes to be included in the investment options available under the qualified plan and to select the specific mutual funds, institutional funds or funds available through group annuity contracts that will be investment options under the qualified plan. If a qualified plan contains a company stock or self-directed brokerage investment option, the IAR shall not be required to take such investment options into account with respect to its determinations or recommendations. Plan sponsor shall retain sole fiduciary responsibility with respect to such company stock or self-directed brokerage option. The plan sponsor will agree to review at least annually and to advise the IAR of any changes in the investment options that may be available under the qualified plan or to the demographic or other information previously provided to the IAR regarding the qualified plan. In providing these services to Plan Sponsors, PAS and its IARs may utilize software and other tools operated by Envestnet Retirement Solutions, LLC ("ERS"). PAS, its affiliates and IARs are not affiliated with or under common ownership, control or operation with ERS. PAS IARs may perform joint work or receive referrals from other PAS IARs. PAS' agreements with plan sponsors for plan investment advisory services do not include services provided by other PAS IARs, who may work separately with plan

participants in their individual capacity, including the provision of advice regarding rollovers. This Brochure also constitutes the disclosure required to be provided to plan sponsors under the regulations promulgated by the United States Department of Labor pursuant to Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The fee charged for these services and other important information relating to the fees for the investment advisory services shall be contained within the advisory services agreement. Please see the section entitled “ERISA Section 408(b)(2) Disclosure to Responsible Plan Fiduciaries of ERISA-Covered Qualified retirement Plans” later in this Brochure for further information. In addition to the program described above, in limited circumstances, certain PAS IARs may enter into joint work arrangements whereby such professionals refer plans to other PAS IARs who are credentialed to provide such plan investment advisory services. In such instances, the credentialed IAR will serve as the primary client contact. The referring IAR may receive initial and ongoing compensation for the referral. Please contact your IAR for more details.

Retirement Plan Services (Non-Investment Advisory)

PAS may enter into an agreement with an employer sponsored qualified retirement plan to provide certain non-investment advisory services to the plan. The PAS IAR will assist in assessing, analyzing and addressing the needs of the plan. Below are the services made available to the plan sponsor and/or the plan participants.

Plan Governance and Committee Education

- Reviewing retirement plan committee structure and requirements
- Assisting plan sponsor to determine plan objectives
- Reviewing participant education and communication strategy
- Assisting with responding to participant requests for additional information. Assisting the plan sponsor to develop and maintain a fiduciary audit file
- Coordination of data and plan design with the designated third-party administrator

Plan Service Provider Selection/Review and Vendor Management

- Assisting plan sponsor with his/her determination of the appropriate funding vehicle for the Plan
- Providing periodic benchmarking of fees and services to assist review for reasonableness
- Assisting the plan sponsor to generate and evaluate service provider requests for proposals (RFPs) and/or requests for information (RFIs)
- Assistance with service provider transition and/or plan conversion

Services to be provided to the Plan Participants

Employee Investment Education and Communication

- Providing group enrollment and investment education meetings for employees
- Providing periodic updates, upon request or via newsletter
- Assisting participants with retirement readiness

PAS Proprietary Investment Advisory Programs

PAS is the sponsor of the PAS Proprietary Programs. PAS Proprietary Programs offer a range of investment strategies, from conservative to ultra-aggressive growth.

The following description applies to all PAS Proprietary Programs other than VestWise™, the digital advisory program offered by PAS. An IAR will analyze your individual financial situation and make recommendations as to an appropriate program based on your individual needs and investment objectives. Prior to funding a PAS Proprietary Program account, your PAS IAR will help you complete an account application, a client questionnaire and/or other forms in order to determine your investment objectives and risk tolerance, also known as the Investor Risk Rating. The Investor Risk Rating is the level of risk a client is willing to take with their investments based upon questions asked within the client questionnaire. Your IAR will provide you with recommendations in the form of a proposal (“Proposal”) based on the information you provide. Your Proposal includes your recommended PAS Proprietary Program, which may include load-waived and no-load mutual funds, exchange-traded funds (“ETFs”), closed-end funds, stocks and bonds as well as separately managed accounts.

PAS Proprietary Programs include both discretionary and non-discretionary programs. In a discretionary program, PAS (for VestWise™), your IAR (for Park Avenue Signature PortfolioSM) or the applicable third-party strategist, investment manager, or overlay manager (in all other discretionary Proprietary Programs), manages your assets within the parameters of the program and model portfolio you select. Each discretionary Proprietary Program also allows PAS, the applicable IAR, strategist, investment or overlay manager to place trades for your account at its discretion without requiring your prior approval. This gives PAS, the applicable IAR, strategist, investment or overlay manager the authority to determine, without obtaining your specific consent, the securities to be bought or sold, and the amount of the securities to be bought or sold for your account. In a discretionary program, you have the ability to impose any reasonable restrictions or modify any existing restrictions on the management of your account.

The non-discretionary Proprietary Programs (Park Avenue Portfolio SelectSM and Park Avenue Fund SelectSM) have been designed to give you, the client, flexibility to use your account as you deem appropriate within certain prescribed limits. Your IAR shall make recommendations for portfolio transactions within the parameters of your strategy and Investor Risk Rating and must obtain your permission prior to effecting any transactions in your account, with the exception of automated rebalancing, if available. If you elect the automated rebalancing feature, PAS will rebalance your portfolio as scheduled without your prior approval.

For all PAS Proprietary Programs, either PAS or your IAR is available on an ongoing basis to assist you in evaluating your portfolio strategy and asset allocation. Your IAR will provide you with advice and guidance that is based on the information you provide at the time you open your PAS Proprietary Program account and as you update or amend it from time to time. To assist you in managing your account assets, PAS will provide you with:

- Periodic performance reports showing the performance of your PAS Proprietary Program

account assets; and

- Opportunities for you to engage in periodic account reviews with your IAR to address progress toward asset allocation and your investment objectives.

You may transfer securities from outside accounts into your PAS Proprietary Program account; however, your IAR may recommend that you sell some or all of the securities if he or she believes that holding such securities is not appropriate for the current recommended investment strategy. Any securities held in your account that are classified as Unsupervised Assets are not managed by PAS or your IAR. These may include securities transferred into your PAS Proprietary Program account from outside accounts that your IAR has identified to you as not appropriate for your current investment strategy for the particular account. These assets may remain in the account at your discretion but shall be classified as Unsupervised.

Unsupervised Assets are not included in the periodic performance reports for your PAS Proprietary Program account. PAS and your IAR do not provide investment advisory services of any kind with regard to Unsupervised Assets, do not charge an advisory fee on such assets and do not have any responsibility with respect to the management of any holdings classified as Unsupervised Assets. PAS, your IAR, Strategist or Investment Manager do not consider Unsupervised Assets when providing investment advice for your PAS Proprietary Program account.

Your account can be managed in a tax-sensitive manner; however, neither PAS nor your IAR may provide tax advice or tax management services. You are responsible for any taxable events in all instances. You should always consult with your tax advisor for specific tax advice.

Investnet Asset Management, Inc.

PAS has contracted with Investnet Asset Management, Inc. ("Investnet"), an SEC registered investment adviser, to provide a technology structure for PAS and its clients through Proprietary Programs other than VestWise™ to efficiently connect with third-party asset managers referred to as Investment Managers or Strategists and to act in some Programs as co-adviser to clients. Investnet provides overlay management services on a discretionary basis administering model portfolios developed by the Investment Manager or Strategist and taking directions from the Investment Manager or Strategist to adjust asset allocations, add, remove or replace securities in the account, and rebalance the account as it deems necessary. Investnet also provides advice related to program design and support, including the structure and design of asset allocation portfolios and underlying investment research on Separately Managed Accounts ("SMAs," which are portfolios of individually owned securities managed by an asset manager), mutual funds, and Exchange-Traded Funds ("ETFs") that may be available within certain of the PAS Proprietary Programs. However, Investnet is not responsible for the specific investment choices made with respect to the portfolios developed and maintained by the Strategist or Investment Manager. The IAR in consultation with their client is required to fill out a client questionnaire. Once the client questionnaire is completed, Investnet will be responsible for determining the suggested target asset mix.

For all PAS Proprietary Programs, you have the ability to impose any reasonable restrictions or modify any existing restrictions on the management of your account. Clients may impose new, or change any existing, investment restrictions at any time by contacting their IAR.

The following is a description of each of the PAS Proprietary Programs:

Park Avenue Fund SelectSM Program (closed to new clients)

- The Park Avenue Fund SelectSM program is a non-discretionary program that utilizes asset allocation models designed for a range of different investment objectives. Based upon your Investor Risk Rating, your IAR will recommend an asset allocation model. The asset allocation models range from capital preservation to ultra-aggressive growth. PAS may periodically adjust the asset allocation models available under the program based on risk/return profiles of each asset class. When there is a reallocation, PAS will change the asset class percentages in an asset allocation model for all clients in the model, without prior client approval and your account will rebalance to the new allocation during the next scheduled rebalancing of your account.
- Other than model reallocations, as described above, all transactions in your Park Avenue Fund SelectSM account will take place only upon your specific approval. You select the asset allocation model and choose the mutual funds and ETF investments within your portfolio. Your IAR will recommend investments from a pre-screened list of mutual funds and ETFs, which provides a wide array of investment options to fulfill each asset class in your recommended asset allocation model. Each investment will be cleared through Pershing, the custodian for the program, and will be allocated according to your chosen asset allocation. You are under no obligation to accept any investment recommendation or to authorize or implement transactions through PAS or the IAR.
- Any purchase or sale of mutual funds or ETFs in your account may cause your account to vary from your initial asset allocation and investment objectives. PAS will rebalance your account as scheduled on a quarterly, semi-annual or annual basis, according to the option you select. You must agree to automatic rebalancing according to one of these schedules.
- Client-Initiated Transactions – You may request your IAR to execute transactions that are initiated solely by you without a recommendation from your IAR (client-initiated transactions). These client-initiated transactions are solely your responsibility. PAS will not be responsible for the performance of these client-initiated transactions; however, such assets are included in the advisory fee calculation. The advice of your IAR is a key service of the Park Avenue Fund SelectSM program. A pattern of client-initiated transactions may indicate that this program is no longer appropriate for you as you would not be utilizing the advice of your IAR.
- If you have completed a client-initiated transaction and have acquired a security without the advice of your IAR, so long as you hold the position in your Park Avenue Fund SelectSM account, PAS will take that asset into consideration:

- as part of the overall account assets;
- when PAS gives you periodic asset allocation advice;
- when PAS values your account holdings; and
- when PAS provides analyses and reports on the account's performance.

PAS may also recommend that you consider selling the asset if, and when PAS deems it appropriate.

Park Avenue Portfolio SelectSM Program

- The Park Avenue Portfolio SelectSM program is a non-discretionary program where your selected IAR advises you on mutual funds, ETFs, stocks and bonds in accordance with your investment objectives and Investor Risk Rating, utilizing model portfolios for a range of investment objectives. Although your IAR will furnish you with advice and guidance, all transactions in your Park Avenue Portfolio SelectSM account will take place only upon your specific approval. You assume full responsibility for all trading decisions.
- Based upon your investment objectives, your IAR will recommend a model portfolio that is constructed with a variety of investments to fulfill your recommended strategic risk/return strategy. When building your portfolio, your IAR may recommend investments from a wide array of investment options, including: mutual funds, ETFs, equity securities, exchange-listed securities, over-the-counter securities, securities of foreign issuers (including American Depository Receipts (“ADRs”), European Depository Receipts (“EDRs”), and Global Depository Receipts (“GDRs”), corporate debt, commercial paper, certificates of deposit, United States government securities, and municipal securities. You are under no obligation to accept such recommendations or to authorize transactions through PAS or the IAR. A mutual fund-only option is also available under the program. Any purchase or sale of securities in your account may cause the account to vary from your initial asset allocation and investment objectives.
- Client-Initiated Transactions – You may request your IAR to execute transactions that are initiated solely by you without a recommendation from your IAR (client-initiated transactions). These client-initiated transactions are solely your responsibility. PAS will not be responsible for the performance of these client-initiated transactions; however, PAS will include such assets in the advisory fee calculation. The advice of your IAR is a key service of the Park Avenue Portfolio SelectSM program. A pattern of client-initiated transactions may indicate that this program is no longer appropriate for you as you would not be utilizing the advice of your IAR.
- If you have completed a client-initiated transaction and have acquired a security without the advice of your IAR, so long as you hold the position in your Park Avenue Portfolio SelectSM account, PAS will take that asset into consideration:
 - as part of the overall account assets;
 - when PAS gives you periodic asset allocation advice;
 - when PAS values your account holdings; and

- when PAS provides analyses and reports on the account's performance.
- PAS may also recommend that you consider selling the asset if, and when PAS deems it appropriate.

Park Avenue Portfolio Select typically assesses ticket charges to clients for the purchase and sale of certain securities in a client's account. IARs may elect to pay the ticket charges on a client's behalf. Park Avenue Portfolio Select clients should understand that their IAR may elect to pay ticket charges for the accounts of some but not all of their clients. If your IAR elects to pay your ticket charges, you should understand that the annual fee you pay may be higher than what you would otherwise pay if your IAR did not elect to pay ticket charges for your account, and your IRA may have a financial incentive to trade less for your account. Clients who choose to open a Park Avenue Portfolio Select account should carefully consider these factors and discuss the costs and benefits of whether they or their advisor should pay ticket charges.

PAS Wrap Fee Programs

FoundationsSM, Quantitative InnovationsSM, Park Avenue Strategist SelectSM, Park Avenue Strategist Select PlusSM, Park Avenue Separately Managed Account SelectSM, Park Avenue Unified Managed Account SelectSM, Park Avenue Signature PortfolioSM and VestWiseTM are PAS wrap fee programs. Under a wrap fee program, you pay a single asset-based fee for investment advisory services and execution of your transactions. Unless otherwise noted, administrative and investment advisory fees, along with transaction fees, are "wrapped" into one comprehensive fee, which is paid quarterly. A portion of the wrap fee is used to pay PAS and your IAR for investment advisory services.

Wrap fee program portfolio managers may employ "trading away" practices, in which they use a broker other than PAS to execute trades for which a commission or other transaction-based fee is charged, in addition to the wrap fee. Although transaction fees are usually included in the wrap program fee, sometimes you will pay an additional transaction fee for investments bought and sold outside the wrap fee program.

Each PAS wrap fee program has its own Wrap Fee Brochure which describes in detail the investment options and services for each program. To obtain a Wrap Fee Brochure for one of the programs listed, please request the brochure from your IAR or call PAS at (800) 600-4667. Below is a brief description of each PAS wrap fee program.

FoundationsSM and Quantitative InnovationsSM Programs

The Foundations and Quantitative Innovations programs are discretionary investment advisory programs sponsored by PAS that provide clients with access to model portfolios managed by Integrated Capital Management, Inc. ("iCM"), a third-party investment manager that has been retained by Envestnet Asset Management, Inc. ("Envestnet"). Envestnet provides overlay management of the iCM investment models by performing administrative and trading services,

such as directing the rebalancing of the portfolios invested in the models. By executing the Client Agreement (which includes the Statement of Investment Selection), you grant Envestnet the discretionary authority to invest, reinvest, and otherwise rebalance your account assets at Envestnet's discretion. Model portfolios are created and managed by iCM, which allocates the portfolios across investment asset classes to create a blend that fits your investment objectives and Investor Risk Rating. Envestnet performs administrative and/or trading duties at the direction of iCM via a licensing agreement between Envestnet and iCM. The portfolios are managed pursuant to one of the model portfolios created and maintained by iCM in a single account allocated among different mutual funds and/or ETFs. iCM provides ongoing management that includes the ability to adjust asset allocations, add, remove or replace securities in the account, and rebalance the account as it deems necessary. The Foundations program consists of mutual fund only portfolios (both standard and tax-sensitive), representing various investment styles and asset classes. The Quantitative Innovations program utilizes diversified model portfolios (both standard and tax-sensitive), composed of selected mutual funds and ETFs representing various investment styles and asset classes. iCM will continually monitor the portfolios, and at times make adjustments to the asset class percentages of the models as well as to the mutual fund and ETF allocations within each asset class in each model portfolio. The programs employ twenty (ten standard and ten tax-sensitive) model portfolios for Foundations and thirty (ten standard, ten tax-sensitive and ten ETF-only standard) model portfolios for Quantitative Innovations. These models are designed to reflect risk and volatility levels that range from conservative to ultra-aggressive.

Park Avenue Strategist SelectSM and Park Avenue Strategist Select PlusSM Programs

The Park Avenue Strategist Select and Strategist Select Plus programs are discretionary investment advisory programs sponsored by PAS that provide clients with access to third-party investment advisory firms, referred to as Strategists, that have been retained by Envestnet. These programs offer single asset allocation portfolios created and managed by the Strategist which use mutual funds and ETFs to create the portfolios. Envestnet provides overlay management of the investment models developed and maintained by the Strategist by performing administrative and trading services, such as directing the rebalance of the portfolios invested in the models. The Park Avenue Strategist Select Plus program offers additional Strategists that may use individual securities as well as separately managed accounts in addition to mutual funds and ETFs to create the portfolio.

Park Avenue Separately Managed Account SelectSM Program (SMA Select)

The SMA Select Program is a discretionary investment advisory program sponsored by PAS that provides clients with access to the investment strategies of third-party investment managers and advisory firms referred to as Investment Managers that have been retained by Envestnet. Envestnet provides SMA Select Program clients with the ability to access one or more Investment Managers, either directly using a separately managed account for each Investment Manager where the Investment Manager trades directly for the account or indirectly through the use of an investment strategy model created and maintained by the selected Investment Manager but administered by Envestnet by providing overlay management of the investment models through

the performance of administrative and trading services. An SMA Select Program account may contain one or multiple Investment Manager strategies, but each will be held in a separate custodial account.

Park Avenue Unified Managed Account SelectSM Program (UMA Select)

The UMA Select Program is a discretionary investment advisory program sponsored by PAS that provides clients with access to the investment strategies of third-party investment managers and advisory firms, referred to as Investment Managers, that have been retained by Envestnet. The UMA Select Program provides recommended asset allocation models which consist of asset allocation targets or sleeves across various asset classes and investment strategies. Based upon your investment objectives and Investor Risk Rating, your IAR will recommend Investment Manager(s) who may invest in mutual funds, ETFs, as well as individual stocks and bonds to fulfill your asset allocation targets based on the risk/return strategy. Your IAR may also recommend a Strategist portfolio from the Strategist Select/Strategist Select Plus program to populate an asset allocation sleeve. You will complete the UMA Select Program account by selecting which Investment Manager strategies to populate within each asset allocation sleeve.

Envestnet acts as the overlay manager and administers the UMA Select Program by implementing the model portfolios provided and maintained by the individual Investment Manager(s) selected (an "Investment Model") by you. An UMA Select Program account may contain one or multiple Investment Models investing in different asset classes according to the selected portfolio allocation strategy. The UMA Select Program account may also contain mutual funds, ETFs, individual stocks, bonds or strategist model portfolios to complete the strategy. The securities within the selected Investment Models, as well as any mutual funds, ETFs, or individual stocks and bonds outside of the Investment Models, will be held in a single custodial account. Your IAR has the ability to make changes to the Program Account within your Investor Risk Rating by removing or replacing one Investment Manager with another. By executing the Client Agreement, you grant Envestnet the authority to buy and sell securities and investments for the account pursuant to the direction of the Investment Manager and perform rebalancing or other such discretionary authorities you agree upon. In certain cases, the Investment Manager may directly trade client assets within the UMA Select Program instead of providing an Investment Model to Envestnet. In those instances, Envestnet shall be authorized to delegate the investment discretion described above to the Investment Manager.

Park Avenue Signature PortfolioSM Program

The Signature Portfolio Program is a discretionary investment advisory program whereby investment management services and advice are offered on a fully discretionary basis through the PAS IAR you select. You authorize PAS through your IAR to purchase and sell securities according to your investment objectives on a discretionary basis. Based upon your investment objectives and Investor Risk Rating, your IAR will build a model portfolio that is constructed with a variety of investments to fulfill your risk/return strategy. When building your portfolio, your IAR may select investments from a wide array of mutual funds, ETFs, and/or general securities (including,

but not limited to, individual stocks and bonds). Your IAR will have your permission to buy or sell securities, in quantity, price and at the time that your IAR sees fit without your prior consent in accordance with the investment objectives selected by you. Any purchase or sale of securities in your account may cause the account to vary from your initial asset allocation and investment objectives. Envestnet performs administrative and/or trading duties at the direction of your PAS IAR via a licensing agreement between PAS and Envestnet.

VestWise™

VestWise™ is the branded name for the PAS automated or digital (i.e., internet/web-based) investment advisory solution. The VestWise program consists of twenty-three Model Portfolios whose underlying holdings consist of a series of individual Exchange Traded Funds, (“ETFs”). WisdomTree, an investment adviser registered with the SEC, provides PAS with the Model Portfolios for the VestWise program, which are periodically updated by WisdomTree acting in the role of a “model provider.” PAS acts as the sponsor and the discretionary investment manager for this program, which means PAS is provided the authority to manage the securities held in your VestWise account without seeking prior trading approval from you. If you elect the recommended VestWise strategy (“Model Portfolio”) and open an account, PAS uses this discretion to make changes to the holdings within the account over time consistent with the selected Model Portfolio.

The VestWise program is intended to be a hybrid of a digital adviser (i.e., robo-adviser) and a traditional human adviser, and you may be assigned an IAR at the end of the account opening process. If you are assigned an IAR, the IAR will be available to assist you with the following:

- Reviewing the Model Portfolio VestWise has selected for you.
- Providing you with advice and guidance based on the information provided at the time you opened your VestWise account and as you update or amend it from time to time.

PAS will provide you with:

- Discretionary investment management of your VestWise account;
- Periodic performance reports showing the performance of VestWise account assets;
- Opportunities for you to engage in periodic account reviews to address progress toward your investment objectives and goals for the account; and
- Automated quarterly rebalancing at the end of each calendar quarter using rebalancing rules established by PAS.

Mutual Fund Share Class Selection in PAS Proprietary Programs

When negotiating and discussing your advisory fee, you should understand that mutual fund companies offer a variety of share classes with different expense levels. You should not assume that you will be invested in the share class with the lowest expense ratio for a fund because certain share classes have minimum account sizes for which you are not eligible or a particular mutual

fund company may not allow all share classes to be available in PAS Programs. The share class of a mutual fund offered by PAS can have higher expenses, including because of compensation paid to PAS, than other share classes of that mutual fund available to you through PAS or another financial institution. Consequently, there are instances where PAS clients will be invested in a mutual fund share class which pays a 12b-1 Service/Distribution or Service Fee to PAS when a share class that does not pay a 12b-1 Service/Distribution or Service Fee is available in that same fund.

An investor who holds a more expensive share class of a fund will pay higher fees over time – and earn lower investment returns – than an investor who holds a less expensive share class of the same fund. When evaluating the reasonability of fees and the total compensation PAS, you should consider not just the fees that you pay for investment advisory services through PAS, but also the additional compensation that PAS receives from the funds in your account.

In many instances, PAS makes available mutual funds in our advisory programs that offer shares designated as Class A Shares and Class I Shares. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Class I Shares. When an account purchases Class A Shares, PAS receives from the mutual fund 12b-1 Service/Distribution fees that are charged to you by the mutual fund. Class I Shares generally are not subject to 12b-1 Service/Distribution fees. Because of the different expenses of the mutual fund share classes, it is generally more expensive for you to own Class A Shares than Class I Shares. Because PAS earns additional revenue in connection with the purchase of Class A Shares in your Account, we have a financial incentive to recommend Class A Shares for your account even where Class I Shares are available in the same or a comparable mutual fund. However, to mitigate this conflict of interest, in instances when a 12b-1 Service/Distribution fee is charged to your account (with the exception of certain money market mutual funds purchased as a part of the cash management sweep program as described below), PAS will credit back such fee on either a monthly or quarterly basis depending on when the charge occurs from the mutual fund company. You should review the mutual fund prospectus and contact your IAR for questions and additional information.

Your IAR's assessment of the appropriate share class is based on many factors, including but not limited to: minimum investment requirements, the advisory fee that is charged, whether transaction charges are applied to the purchase or sale of mutual funds, limitations contained within the mutual fund prospectus, whether PAS has selling agreements with the mutual fund sponsors, the ability to access particular share classes through the custodian, and the availability of revenue sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares.

Cash Management Sweep Program

A Cash Management Sweep Program ("Sweep Program") is a service PAS makes available to clients which allows clients to automatically transfer free credit balances to either a money market fund product (the "Money Market Sweep") or an account at a bank whose deposits are insured by

the Federal Deposit Insurance Corporation (“Bank Sweep”). PAS Proprietary Program Accounts (“Accounts”) are eligible to participate in the Sweep Program. The Sweep Program is comprised of various sweep vehicles which were selected by PAS from a list of eligible options that its custodian, Pershing, offers on its platform.

PAS has a conflict of interest by offering the Sweep Programs. PAS receives an economic benefit when cash balances are swept into the Sweep Program, rather than being reinvested in other investment funds or securities. For the Bank Sweep, PAS receives a reduction of clearing expenses from Pershing based on the amount of assets placed within the Bank Sweeps. Also, some Money Market Sweeps have a 12b-1 fee that is paid to PAS from the money market fund.

At the time you open your Account, you have the option to select a Sweep Program if you are opening a non-qualified Account. If you do not select a specific Sweep Program, you shall default to the Dreyfus Insured Deposits Program (“DIDV”) Bank Sweep product which is an FDIC insured multi-bank deposit sweep program. Please note, Individual Retirement Accounts as well as employee retirement benefit plan Accounts will not be permitted to select the Money Market Sweep options. Free credit balances for these account types will be automatically invested in the DIDV Bank Sweep.

Assets held in any of the Sweep Programs will be included in the calculation of the client’s advisory fee, i.e., they are considered “billable assets”. Your Account may require a certain amount of cash to remain in the Sweep Program to cover for certain costs associated with your Account. Different Sweep Program vehicles may have different rates of return, may pay PAS a 12b-1 Service/Distribution Fee, have different costs, and have different terms and conditions, such as FDIC insurance or SIPC protection, depending on the sweep vehicle selected. The sweep vehicle selected is reflected on your account opening documents and on your statements. The selection of a more expensive share class of a Money Market Fund will negatively impact your overall investment returns. You may discuss with your IAR and select a different Money Market Sweep if available.

If any sweep vehicles designated within the Sweep Program become unavailable at any time for any reason, PAS will select an alternative in its discretion provided PAS gives you 30 days advance written notice of such change and you do not object. In this event, any or all of the free credit balances in your Account may be placed into the alternative Sweep Program option.

Certain Sweep Program options selected by you and your IAR pay PAS a 12b-1 Service/Distribution Fee as part of servicing and/or distribution fees paid by the fund. 12b-1 Service/Distribution Fees are deducted from fund assets held in your Account. There is a conflict because the receipt of 12b-1 Service/Distribution Fees gives us an incentive to recommend a Sweep Program option based on the compensation we receive instead of your needs. As a result, if you are invested in a Sweep Program option that pays a 12b-1 Service/Distribution Fee, the cost to you may be more than if you are invested in a non 12b-1 bearing Sweep Program.

As noted earlier, if your Account is an Individual Retirement Account or an employee retirement

benefit plan Account, you will be automatically invested in the Bank Sweep vehicle which does not charge a 12b-1 Service/Distribution Fee. PAS realizes an economic benefit from the Bank Sweep through a reduction of clearing expenses charged by Pershing based on the amount of assets placed into the Bank Sweep. For non-retirement Accounts which hold a sweep vehicle charging a 12b-1 Service/Distribution Fee retained by PAS, PAS does not share the 12b-1 Service/Distribution Fee with your IAR. Therefore, your IAR does not have a financial incentive to recommend a Sweep Program option based on whether it pays a 12b-1 Service/Distribution Fee or not.

For additional information on money market funds and FDIC-Insured Deposit Sweeps, including applicable 12b-1 Service/Distribution Fees, please see the fund prospectuses which are available on Pershing's website.

Non-Purpose Loan Program

You may apply for a non-purpose loan from Pershing LLC through the PAS Non-Purpose Loan Program using an eligible securities account as collateral. These eligible securities accounts may include one or more of your PAS Proprietary Program accounts. In order for PAS Proprietary Program accounts to be eligible to serve as collateral for a non-purpose loan, the account may not serve as collateral for any margin lending or reinvestment into any securities or insurance products. You will be required to open a brokerage account to support the loan and will receive a separate statement for this account.

Due to the fact your PAS Proprietary Program account will be pledged to support any loans extended under the Non-Purpose Loan Program, you will not be permitted to withdraw any of the assets in the account unless there is a sufficient amount of collateral otherwise supporting the loans (as determined by PAS in its sole discretion).

If you participate in the Non-Purpose Loan Program, you will pay interest to Pershing LLC in addition to any Program advisory fees charged.

In certain circumstances, your IAR may recommend and PAS may approve non-purpose loans in your advisory account.

You must meet certain eligibility requirements and complete loan documentation prior to applying for a non-purpose loan. Specifically, you will be required to execute loan documents with Pershing.

The decision to use PAS Proprietary Program account assets as collateral rests with you and should only be made if you understand:

- the risks of borrowing and the impact of the use of borrowed funds on advisory accounts;
- how the use of loans may affect your ability to achieve investment objectives;
- the risk that you may lose more than your original investment; and
- the possibility you may not benefit from collateralizing your account for a non-purpose loan in a Program account if the performance of your account does not exceed the interest

expense being charged on the loan plus the additional advisory fees incurred by your account as a result of the deposit of the loan proceeds.

Defaults – Non-purpose loans are full recourse, demand loans and clients with non-purpose loan accounts may need to deposit additional cash or collateral or repay part or all of the loan if the value of the portfolio declines below the required loan-to-value ratio. We may demand repayment at any time.

Failure to promptly meet a request for additional collateral or repayment or other circumstances (e.g., a rapidly declining market) could cause PAS, in our discretion, to liquidate some or all of the collateral account or accounts to meet the loan requirements. Depending on market circumstances, the prices obtained for the securities may be less than favorable. Any required liquidations may disrupt your long-term investment strategies and may result in adverse tax consequences. PAS does not provide legal or tax advice; you should consult your legal and tax advisors regarding the legal and tax implications of borrowing and using securities as collateral for a loan. You are personally responsible for repaying the loan in full, even if the value of the collateral is insufficient.

Neither PAS nor its IARs will act as investment adviser to you with respect to the liquidation of securities held in a PAS Proprietary Program account to meet a non-purpose loan demand. Those liquidations will be executed in PAS' capacity as broker-dealer and creditor and may, as permitted by law, result in executions on a principal basis in your account. In addition, as creditors, PAS may have interests that are adverse to your interests. Additional limitations and availability may vary by state.

There are substantial risks associated with the use of borrowed funds for investment purposes and securities as collateral for a loan. For further information, please see the Credit Advance Disclosure Statement, which is available from your IAR.

Third-Party Investment Advisory Programs

PAS offers various Third-Party Investment Advisory Programs in which PAS, unless otherwise noted, acts as a solicitor for an unaffiliated Third-Party Investment Adviser (each, a "Third-Party Investment Adviser") and receives a fee. In these programs, you will sign an investment advisory agreement directly with the Third-Party Investment Adviser or a tri-party agreement which shall include both PAS and the Third-Party Investment Adviser. Your IAR will provide you with the Third-Party Investment Adviser's Form ADV Part 2, which you are encouraged to review as it contains important information such as the program fees and expenses and any conflicts of interest of the Third-Party Investment Adviser which may exist. Following the approval of your application, the Third-Party Investment Adviser shall allocate your funds in accordance with the model portfolio you select. Depending upon the program, the Third-Party Investment Adviser shall provide one or more of the following: (i) construct model portfolios with various investment objectives; (ii) select and monitor mutual funds, ETFs, money managers and/or other securities as permitted, for inclusion in the program; and (iii) allocate, manage and, in some programs, rebalance assets in

accordance with the model portfolio selected. Please be aware that similar to any type of securities investing, when investing in a model portfolio developed by a Third-Party Investment Adviser, there is no assurance that your investment objectives will be achieved.

In its role as a solicitor, your IAR will work with you to select an appropriate Third-Party Investment Advisory Program based on a number of factors, including but not limited to your financial needs, preferences and cost. Once you have selected a Third-Party Investment Advisory Program, your IAR will gather information about your investment objectives, risk tolerance and other pertinent information through a client questionnaire typically provided by the Third-Party Investment Adviser to assist you in the selection of a model portfolio. You may accept or reject your IAR's recommendation of a Third-Party Investment Advisory Program or model portfolio.

Your IAR will answer all questions about the program and the Third-Party Investment Adviser and will educate you about the features, advantages, disadvantages, risks and costs associated with the Third-Party Investment Advisory Program selected. Your IAR will also assist you in completing the application and paperwork required by the Third-Party Investment Adviser and shall initiate the steps necessary for your participation in the Third-Party Investment Advisory Program. Your IAR will forward to PAS all account opening documentation and information, including any reasonable investment restrictions requested by you. PAS will then forward such documentation to the Third-Party Investment Adviser for review and approval. The Third-Party Investment Adviser is solely responsible for reviewing, accepting or rejecting and implementing any reasonable investment restrictions imposed by you.

If you have granted the Third-Party Investment Adviser discretion under an applicable Third-Party Investment Advisory Program, you have the ability to add or modify any previously requested investment restrictions imposed on the Third-Party Investment Adviser. Your IAR, on an ongoing basis, shall review and discuss your participation in the Third-Party Investment Advisory Program(s) and model portfolio(s) and shall communicate changes in your financial situation to the Third-Party Investment Adviser, as necessary. PAS will forward any updated information it receives from you to the Third-Party Investment Adviser for review and assist you in making any appropriate changes to your account, if necessary.

PAS does not serve as a broker-dealer for your Third-Party Investment Advisory Program account and does not place trades in connection with the securities held in your account.

The following is a list of Third-Party Investment Advisory Programs available through PAS, where PAS acts as a solicitor, or in some instances, as adviser or co-adviser:

Third-Party Investment Advisers

- SEI Investment Management Corp.
- AssetMark, Inc.
- Matson Money, Inc.
- Brinker Capital, Inc.
- Morningstar Investment Services, Inc.

- BNY Mellon
- OBS Financial Services, Inc.
- Stonebridge Capital Management¹
- Gould Asset Management LLC¹
- Silvercrest Asset Management Group LLC¹
- Efficient Advisors, LLC

Please note that from time to time one or more of the above-listed programs may not be available to new clients. Additional information about these Third-Party Investment Advisory Programs is available through your IAR, or you may access the Form ADV for each of these advisers via the SEC's website at www.adviserinfo.sec.gov. The primary Third-Party Investment Advisory Programs PAS offers are summarized below.

SEI Investment Management Corporation

SEI Investment Management Corporation ("SIMC") sponsors and is adviser to the SEI programs, which are offered through PAS for investment by its clients, such as high net worth individuals, trusts, endowments and foundations, and institutions. PAS offers two types of programs through SEI: (i) the SEI Asset Management Program which is an institutional mutual fund asset allocation program; and (ii) the SEI Managed Account Solutions program which is a wrap fee program that charges a bundled fee that includes advisory, brokerage and custody services.

SEI Asset Management Program (closed to new clients as of April 2, 2018)

For the SEI Asset Management Program, your IAR will assist you in the establishment of your account, which is custodied at SEI Trust Company. The relationship between you and SEI Trust Company is governed by a separate custodial agreement. Under the SEI Asset Management Program, you grant PAS limited authority with respect to reallocations in your account based on changes made by SIMC to the asset allocation models. PAS will direct SEI Trust Company to allocate your investments in accordance with the asset allocation policy adopted by you. You have the ability to impose any reasonable restrictions or modify any existing restrictions on the management of your account.

SEI Managed Account Solutions

Under the SEI Managed Account Solutions Program, SIMC enters into a tri-party investment advisory agreement with you and PAS, which provides for the management of your assets in accordance with the terms of the Investment Management Agreement. Pursuant to the Investment Management Agreement, you appoint PAS as your investment adviser for the purpose of assisting you in selecting an appropriate asset allocation strategy and selecting available sub-advisers that have been assigned to the strategy by SIMC. You appoint SIMC, through its manager-of-managers structure, as your investment adviser to manage the assets in each Managed Account

¹ The noted Third-Party Investment Advisory Programs are only offered through specific IARs of PAS. Please contact your IAR if you have questions regarding the programs offered through these firms.

Solutions portfolio in accordance with the strategy selected by you with the assistance of PAS. You may elect to invest in one or more of the Portfolios. Portfolios may include: (i) allocations to one or more asset classes managed through your selection of specific Portfolio Managers; (ii) allocation to investment models consisting solely of investments in SEI Funds (“SEI Fund Models”) or exchange traded funds or (iii) an allocation to a DFS Strategy, which are portfolios of SEI Funds or ETFs intended for investors in or near retirement.

You have the ability to impose any reasonable restrictions or modify any existing restrictions on the management of your account.

Under the SEI programs, PAS is responsible for gathering information about your current financial situation, risk tolerance, time horizon, and asset class preference. PAS uses tools made available by SEI, including SEI’s proprietary proposal tools, to develop the appropriate asset allocation strategy for you. Based upon your information, you will work with PAS to select from one of several asset allocation models developed by SEI, which may be composed of SEI mutual funds. SEI may provide PAS with assistance in developing client investment proposals using SEI mutual funds or managed accounts. Your IAR will continue to review the account for program suitability and your IAR will retain responsibility for an annual review of your account.

Any securities in your SEI account that are not managed under the SEI programs described above will be held in Client Directed Portfolios. Securities which are held in Client Directed Portfolios are not included in the periodic performance reports of the SEI program portfolio you have selected. PAS, SIMC and your IAR do not provide investment advisory services of any kind with regard to Client Direct Portfolios, do not charge an advisory fee on such assets and do not have any responsibility with respect to the management of holdings within Client Directed Portfolios. SEI does not take holdings held within Client Directed Portfolios into consideration when providing investment advice for your SEI program account.

SEI Institutional Program

PAS IARs are compensated for referrals to the SEI Institutional Group. SIMC offers investment management and investment advisory services directly to institutional clients through SEI’s business segment called Institutional Investors (the “Institutional Group”). SIMC’s Institutional Group delivers integrated retirement and non-profit investment solutions to institutional clients including, but not limited to, corporate and union sponsored pension plans, public plans, defined contribution plans (including 401(k) plans), endowments, charitable foundations, and hospital organizations (each a, “Client” and together the “Clients”). All investment advisory services regarding the Client’s SEI Institutional Group will be provided by the SEI Institutional Group pursuant to an agreement between the Client and SEI Institutional Group.

Please review the Fee Disclosure Statement or contact your representative at SEI for more information on SEI’s respective investment advisory practices.

AssetMark, Inc.

AssetMark, Inc. (“AssetMark”) is the sponsor and adviser of the AssetMark investment advisory programs (“AssetMark Platform”) and works with PAS to implement the AssetMark Platform for PAS clients. As part of its services, AssetMark provides account administration and has developed internet-based software, which provides PAS and its IARs with the ability to directly monitor client accounts, download information concerning changes in the AssetMark Platform, and access current information relating to the AssetMark Platform.

To establish an account on the AssetMark Platform, you will enter into a Client Services Agreement with AssetMark and PAS. In establishing your account, you may complete a questionnaire, or otherwise provide information to PAS, to enable you and PAS to identify your risk tolerance and investment objectives. You may be asked to provide information concerning your investment experience, anticipated need for liquidity, potential timing of the need for retirement funds, and other investment needs and parameters. This information will assist you and PAS in selecting the risk/return profile that is most closely aligned with your investment goals.

AssetMark makes a number of different investment options available to clients through the AssetMark Platform. These include: Mutual Fund Accounts, ETF Accounts, Guided Portfolios, Privately Managed Accounts and Unified Managed Accounts.

AssetMark’s Custom GPS Select – This product is available to eligible PAS IARs who are Series 7 licensed. Your IAR has the ability to make changes to the asset allocation and /or investment selection of the Custom GPS Select portfolio selected within your prescribed risk profile and investment objectives upon your approval. AssetMark retains responsibility for the management of your account and will confirm changes made to a pre-existing Custom GPS Select portfolio by your IAR to ensure any new allocation continues to align with your risk profile and investment objectives.

Your IAR will continue to review the account for program suitability and will retain responsibility for an annual review of your account.

Matson Money, Inc.

Matson Money, Inc. (“Matson”) sponsors and is adviser to the Matson Money Fund Platform, which is offered through PAS for investment by its clients. To establish an account through the Matson Money Fund Platform, you enter into an investment management agreement with Matson and PAS under which Matson is granted discretionary authority to invest your assets and PAS acts as the soliciting adviser. Under the Matson Money Fund Platform, you respond to a client questionnaire that assesses your risk tolerance and investment objectives. Based on your responses to the questionnaire, Matson will assign you to one of its various model portfolios.

Each model portfolio is composed of mutual funds managed by Matson, currently the Free Market U.S. Equity Fund, Free Market International Equity Fund and Free Market Fixed-Income Fund (the

“Matson Funds”). Each Matson Fund is a “fund of funds”, which invests primarily in shares of no-load mutual funds managed by Dimensional Fund Advisors (“DFA”) which, as sub-adviser to each Matson Fund, selects the underlying DFA mutual funds based on the investment characteristics specified by Matson and described in the Matson Funds prospectus. Each Matson Fund is designed to target specified percentages of certain asset classes in the Matson Fund’s applicable investment category to seek maximum portfolio diversification, enhanced return potential and diminished portfolio volatility. Matson reserves the right, in its sole discretion, to create, and allocate assets in client accounts to, additional Matson Funds in the future. Matson may also invest your assets in unaffiliated cash sweep vehicles for temporary or other defensive purposes. More complete information is available in the Matson Funds prospectus.

Your IAR will continue to review the account for program suitability and will retain responsibility for an annual review of your account.

Brinker Capital, Inc.

Brinker Capital, Inc. (“Brinker”) sponsors and is adviser to the Brinker programs, which are offered through PAS for investment by its clients. Brinker furnishes or arranges for investment management and supervisory services to meet individual client needs. To establish an account through Brinker you must enter into an investment management agreement with Brinker and PAS under which Brinker is granted discretionary authority to invest your assets and PAS acts as a solicitor. Your investment objectives will be determined based on answers to an investment strategy questionnaire.

Your IAR will continue to review the account for program suitability and will retain responsibility for an annual review of your account.

Certain Brinker programs are also available through Park Avenue Strategist SelectSM.

Morningstar Investment Services, LLC

Morningstar Investment Services LLC (“Morningstar”) is the sponsor and adviser to the Morningstar Managed Portfolios Program (the “Morningstar Program”) which is offered through PAS for investment by its clients. The Morningstar Program consists of multiple investment strategies with multiple portfolios intended for a range of clients based on such factors as age, financial situation, time horizon, risk tolerance, and any reasonable restrictions that you may place on the portfolio selected for your account.

The Morningstar Program includes various strategies consisting of mutual funds, exchange-traded funds, and equity securities; Morningstar or an affiliate provides discretionary management for the Morningstar Program strategies.

To establish an account, you enter into an investment management agreement with Morningstar under which Morningstar is granted discretionary authority to invest your assets. Your IAR will assist you with filling out a client questionnaire to assist in your selection of an appropriate

investment strategy from those available within the Morningstar Program (i.e., mutual fund strategies, stock basket strategies and exchange-traded funds strategies) and in determining whether any reasonable restrictions on the investment of your account assets should be imposed. This information will be provided to Morningstar before your account is opened including, when applicable, your basis for selecting a portfolio other than the one identified by the Morningstar Program questionnaire/proposal system.

PAS will continue to review the account for program suitability and your IAR will retain responsibility for an annual review of your account.

This program is also available through Park Avenue Strategist SelectSM.

OBS Financial Services, Inc.

OBS Financial Services, Inc. (“OBS”) is the sponsor and adviser of the OBS platform which enables PAS clients to participate in the OBS Efficient Frontier Series (“EFS”) program offered through Dimensional Fund Advisors (“DFA”). The EFS program consists of passively managed asset class portfolios that focus on reducing risk by diversification among asset classes.

To establish an account through OBS, you must enter into an investment management agreement with OBS and PAS under which OBS is granted discretionary authority to invest your assets. In addition, you must respond to a client questionnaire that assesses your risk tolerance and investment objectives and generates an Investment Policy Statement. Based on your responses to the questionnaire, OBS will assign you to one of its various model portfolios.

This program is also available through Park Avenue Strategist SelectSM program except for ERISA qualified plans which can only open accounts directly with OBS.

PAS IARs may also refer ERISA qualified plans to an OBS program in which OBS shall act as a fiduciary pursuant to § 3(38) of ERISA.

Efficient Advisors, LLC

PAS IARs may refer ERISA qualified plan assets to Efficient Advisors, LLC (“Efficient”). Efficient acts as an investment manager and controls the investment of plan assets. Efficient provides investment-related services to qualified plan assets as an investment adviser registered under the SEC and provides these services in its capacity as a fiduciary within the meaning of § 3(38) of ERISA.

Efficient provides the following services:

- Construct, maintain and monitor model asset allocation portfolios (Models) for Plan participants.
- Develop or assist with the development of an investment policy statement (IPS) for the Plan.
- Exercise full investment discretion with regard to buying, managing, and selling assets held in

Models.

- Monitor investment options.
- Meet with plan sponsor on a periodic basis to discuss the reports and the investment recommendations.
- Select a qualified default investment alternative under ERISA section 404(c)(5).
- Communicate to the plan's investment committee all significant changes pertaining to the assets it manages or the investment management firm itself.

PAS IARs may provide the following services to the plan sponsor:

- Assisting plan sponsor with completing all appropriate documentation to support plan implementation.
- Conducting enrollment meetings with participants and providing investment education services to plan participants.

BNY Mellon

PAS IARs are compensated for referrals to BNY Mellon. All investment advisory services regarding the client's BNY Mellon account will be provided by BNY Mellon pursuant to an agreement between the client and BNY Mellon. BNY Mellon provides the following services to clients:

- Strategically designed platform of investment solutions tailored for private clients.
- Actively managed investment strategies across a range of asset classes and styles.
- Customized objective-based allocation recommendations.

Please review the fee disclosure document or contact your representative at BNY Mellon for more information on BNY Mellon's respective investment advisory practices.

Stonebridge Capital Management

Certain PAS IARs are compensated for referrals to Stonebridge Capital Management ("Stonebridge"). All investment advisory services regarding the client's Stonebridge account will be provided by Stonebridge pursuant to an agreement between the client and Stonebridge.

Stonebridge may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Managers") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Stonebridge shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Stonebridge shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Please review Stonebridge's Form ADV Part 2A or contact your representative at Stonebridge for more information on Stonebridge's respective investment advisory practices.

Gould Asset Management LLC

Certain PAS IARs are compensated for referrals to Gould Asset Management LLC. ("Gould"). Gould provides investment management services, primarily through individually managed accounts for individuals and institutions. Unless otherwise noted, Gould constructs portfolios primarily or exclusively using mutual funds, including traditional open-end, exchange-traded and closed-end funds. Such mutual funds may be primarily or exclusively index or index-like funds, depending on the investment strategy.

Gould's management agreement with the client generally provides Gould with authority to act on a discretionary basis with client assets.

Please review Gould's Form ADV Part 2A or contact your representative at Gould for more information on Gould's respective investment advisory practices.

Silvercrest Asset Management Group LLC

Certain PAS IARs are compensated for referrals to Silvercrest Asset Management Group LLC ("Silvercrest").

Client accounts are generally managed on a fully discretionary basis where Silvercrest makes all decisions as to which securities are bought or sold and/or the total amount bought or sold. Silvercrest tailors its advisory services to the individual needs of its clients. Silvercrest's portfolio managers apply specific objectives and guidelines for each client portfolio which they are responsible for managing.

Please review Silvercrest's Form ADV Part 2A or contact your IAR for more information on Silvercrest's respective investment advisory practices.

Assets Under Management

As of December 31, 2018, PAS maintains \$4,022,487,394 of Regulatory Assets Under Management of which, \$2,802,812,014 are managed on a discretionary basis and \$1,219,675,380 are managed on a non-discretionary basis.

In its capacity as a solicitor or co-adviser, PAS maintains assets under administration of \$5,661,994,629 as of December 31, 2018.

5. Fees and Compensation

Fees paid to PAS are based on the value of the assets within your account and may be individually negotiated by the client. Discounts are not generally available to clients but may be offered to

family members and friends of associated persons of PAS. At its discretion, PAS pays a portion of the fee it receives to IARs. Fees earned by an IAR may vary by program, and an IAR may have an incentive to recommend one program over another.

There is no guarantee that the PAS investment advisory services offered will result in the client's goals and objectives being met. Nor is there any guarantee of profit or protection from loss. The fees and expenses in connection with these advisory services may be higher than the cost of similar services offered through other financial firms or the fees associated with other financial services. Use of asset-based fee or "wrap fee" programs may result in the payment of fees by clients in excess of the combined total of separate advisory fees and brokerage commissions paid on an individual transaction basis. In investment advisory accounts, the PAS IAR is not paid a sales commission or trail commission. Please note that a client may be able to purchase recommended no-load mutual funds outside of a PAS Proprietary Program at little or no transaction cost and without the payment of advisory fees; however, the client will not receive the benefit of the investment advice and other services that PAS provides to clients participating in its advisory programs.

In general, compensation payable to PAS in connection with investment advisory services is comparable to compensation charged by other full-service firms for the same services. In some cases, similar services may be available from other sources at lower fees and charges (which may have the effect of lowering the cost to the customer and/or increasing the return on the product). Often, but not always, firms that offer such products and services (which include, among others, discount brokers and direct marketers) do not provide the same level of personalized advice and/or service as PAS seeks to provide.

PAS and its IARs provide investment management advice to a variety of different clients. Certain types of clients and fee arrangements may create potential conflicts of interest for PAS. Some IARs provide advice or manage accounts "side by side" with accounts that have different characteristics. These IARs may have an incentive to favor some accounts over others.

PAS IARs may also provide advisory services to retail clients via other PAS advisory programs. VestWise, the digital advisory program offered by PAS, which has a lower advisory fee structure, may be invested in securities that are comparable to client accounts that are invested in other PAS advisory programs. You should carefully review the description of each program and the related fees and consider which program may be more appropriate. If you want a description of all advisory programs, please contact PAS or, alternatively, you may go to www.parkavenuesecurities.com to view all of the Firm Brochures available for PAS.

PAS is conscious of these potential conflicts. Overall, where we are providing fiduciary services, the goal of our policies and procedures is to act in good faith and to treat all client accounts in a fair and equitable manner over time, regardless of their strategy, fee arrangements or the influence of their owners or beneficiaries. These policies include those addressing the fair allocation of investment opportunities across client accounts and the best execution of all client transactions.

Advisory and Transaction Fees

The advisory fee for a PAS Proprietary Program is based on the average daily balance of assets in a client's account during the previous calendar quarter and is payable in advance for the following quarter. You will pay one total fee for the services provided in the program you have selected. Your fee is separated into different components, which vary depending on the program you have selected. The components of the total fee consist of the following:

- A fee for the advisory services provided by PAS and your IAR which ranges from .20% to 1.75% of assets under management.
- A fee for the technology related services and/or the advisory related services provided by Envestnet, and the brokerage services involved in purchasing and selling the securities in your account, as well as the custodial and clearing services provided by Pershing, a fee for the services provided by Envestnet and Pershing ranges in the aggregate from .05% to .30% of assets under management.
- A fee for the advisory services provided by Strategists and Investment Managers (as applicable) which ranges from .02% to .65% of assets under management.

The Total Client Fee does not include underlying expense ratios of any mutual funds and/or ETFs selected by an Investment Manager or Strategist. Information concerning these expense ratios as derived from the current prospectus for each mutual fund or ETF may be found in the Model Portfolio Fact Sheet contained within the Proposal. The total client fee is located in your Statement of Investment Selection.

If you choose a standard fee schedule rather than a negotiated fee, and your assets exceed a fee breakpoint or fall below a fee breakpoint, your advisory fee will be adjusted to the appropriate fee schedule in the subsequent quarter. The advisory fee does not include any investment management or other fees and expenses charged by the ETFs and/or mutual funds in which account assets are invested, all of which are fully disclosed in the ETF's and/or mutual fund's prospectus. If cash or cash-equivalent funds in your account are not sufficient to pay the fee or any of the other fees charged in connection with your account or transactions for your account, investments in your account may be liquidated in order to pay the outstanding fees. If your account is managed for only a portion of the quarter, the fee will be prorated accordingly. Other than in a wrap program, the advisory fee for a PAS Proprietary Program does not include costs or charges associated with liquidation of a client's account or transaction charges for securities transactions. The advisory fee also excludes other related charges, including but not limited to, express postage and handling charges, returned check charges, short-term mutual fund trading fees, fees listed in a mutual fund prospectus, Corestone Checking account fees, legal transfer fees, safekeeping fees, valuation fees, wire or transfer fees, transfer taxes or exchange fees or other fees mandated by law, or non-brokerage related fees such as Individual Retirement Account ("IRA") trustee or custodian fees and tax qualified retirement plan account fees, each of which is charged separately. A full listing of charges is listed in the Client Fee Schedule which can be found in your account opening documents, or, you may obtain a current version of the Client Fee Schedule by calling PAS at (888)-600-4667. Upon termination, you will receive a pro-rata refund representing the

period from termination date to the end of the quarter. No refunds are made in the case of a partial withdrawal from the account. The standard advisory fee schedule for each program is set forth below.

As broker-dealer of record for client accounts in PAS Proprietary Programs, PAS may charge clients for certain transactions as footnoted below. PAS transaction charges cover both the underlying Pershing transaction charges as well as administrative services provided by PAS in connection with the transactions.

Each PAS wrap fee program has its own Wrap Fee Brochure which describes in detail the investment options, services and fees for each program. To obtain a Wrap Fee Brochure for one of these programs, please request the brochure from your IAR or call PAS at (800) 600-4667.

Park Avenue Fund SelectSM (closed to new clients)

Assets Under Management	Maximum Client Fee
\$ 0 - \$499,999.99	1.95%
\$500,000.00 - \$999,999.99	1.90%
\$1,000,000.00 - \$1,999,999.99	1.85%
\$2,000,000.00 - over	1.80%

In addition, other administrative charges may apply, including:

- Ticket Charges: \$5.00 per transaction
- IRAs & Certain ERISA Plans: \$95.00 termination fee

Park Avenue Portfolio SelectSM

Assets Under Management	Maximum Client Fee
\$ 0 - \$499,999.99	2.05%
\$500,000.00 - \$999,999.99	2.00%
\$1,000,000.00 - \$1,999,999.99	1.95%
\$2,000,000.00 – over	1.90%

In addition, other administrative charges may apply, including:

- Ticket Charges: \$10.00 per transaction
- IRAs & Certain ERISA Plans: \$95.00 termination fee

Other Fees and Charges – Strategists or Investment Managers in the UMA/SMA Select or Strategist Select/Strategist Select Plus programs may execute trades in fixed income, thinly traded or illiquid securities. In order to obtain best execution and minimize market impact, these trades may be executed outside of Envestnet's trading process in order to gain best execution and minimize market impact. In some instances, trades under these circumstances are executed by

the Investment Manager or Strategist without any additional commission or markup or markdown. However, in other instances, the executing firm may impose a commission or a markup or markdown on the trade. If trades are placed with an executing firm that imposes a commission or equivalent fee on the trade, including a commission that may be imbedded in the price of the security, you will incur costs in addition to the wrap fee that is paid to PAS.

Fundvest Mutual Fund Short Term Trading Fees (PAS Proprietary Programs)

- \$50 – Sales of shares held less than 30 days.
- \$5 – Systematic Sales (shares held less than 30 days)

You should be aware that, in addition to the advisory fee paid by you for advisory services under a PAS Proprietary Program, each investment company (i.e., mutual fund) in the program also has its own separate investment management fees and other expenses. These funds may include funds managed as a sub-adviser by Park Avenue Institutional Advisers LLC (“PAIA”), an affiliate of PAS. Further, certain “load” mutual funds may be purchased in a client’s account at net asset value (“NAV”) without a sales charge to a client (“NAV Funds”). Certain mutual funds available through the PAS Proprietary Programs may make payments to broker-dealers, including PAS, with respect to sales of fund shares pursuant to Rule 12b-1 under the Investment Company Act of 1940 (“Rule 12b-1 Service/Distribution Fees”) or otherwise as administrative service fees. These fees are described in the prospectus for the respective mutual fund. Such payments are made from fund assets and have the effect of reducing fund performance. PAS does not negotiate these payments, which are made solely at the discretion of the fund. PAS credits any Rule 12b-1 Service/Distribution Fees it may receive to client accounts (with the exception of certain money market mutual funds and FDIC sweep vehicles).

Retirement Plan Consulting Services (Investment Advisory)

The fee range for this program ranges from .10% to 1.00% of plan assets. Alternatively, PAS may charge a fixed dollar amount that will equal no more than 1% of plan assets.

Retirement Plan Services (Non-Investment Advisory)

The fee range for this program ranges from .25% to 1.25% of plan assets. Alternatively, PAS may charge a fixed dollar amount that will equal no more than 1.25% of plan assets.

Third-Party Investment Advisory Programs:

PAS may receive fees with respect to Third-Party Investment Advisory Programs for advisory, solicitation or other services. Unless otherwise restricted by the Third-Party Adviser, PAS IARs may negotiate a fee for their services ranging from .50%-1.75% for assets under management. The specific paperwork for each Third-Party Investment Advisory Program will state the negotiated fee.

Each Third-Party Adviser program maintains its own Wrap Fee Brochure or ADV Part 2A which

describes in detail the investment options, services and fees for each program. Your IAR is required to give you this brochure at or before the time you open your account with the Third-Party Adviser. To obtain a Wrap Fee Brochure or Form ADV Part 2A for a Third-Party Adviser program, please request the brochure from your IAR.

Financial Planning/Subscription-Based Financial Planning/Financial Consulting/ Business Exit Consulting/Corporate Financial Education Services/Fiscalyze

Prospective clients have the opportunity to meet with an IAR for an initial consultation at no cost. If you decide to retain PAS for financial planning/consulting or business exit consulting services, you must sign a client agreement and will pay for such services either by hourly or flat fees as you and your IAR may mutually agree. Financial planning/consulting fees are negotiable. Hourly fees will generally range from \$100/hour to \$500/hour, and flat fees will generally range from \$500 to \$25,000 per agreement.

Subscription-Based Financial Planning will generally have a maximum annual fee of \$25,000 per agreement.

For Corporate Financial Education Services or business exit consulting services, the maximum fee is generally \$30,000 per agreement.

For consulting services utilizing Fiscalyze, the maximum fee is generally \$30,000 per engagement or on an annual basis.

In the case of termination of your relationship with PAS with respect to consulting or business exit consulting services, you will only be charged for services rendered prior to the termination of the engagement.

ERISA Section 408(b)(2) Disclosure to Responsible Fiduciaries of ERISA-Covered Qualified Retirement Plans

The federal law that regulates the administration and operation of retirement and other benefit plans, known as the Employee Retirement Income Security Act of 1974 or ERISA, requires “fiduciaries” of ERISA-covered plans (“Plans”) to act solely in the interest, and for the exclusive benefit, of plan participants and beneficiaries.

As part of this obligation, the “administrator” of each plan or another responsible fiduciary named by the plan document must make informed decisions in selecting plan services and investments. Regulations adopted by the U.S. Department of Labor (“DOL”), called the “section 408(b)(2) regulations,” require service providers to ERISA-covered retirement plans to describe in writing information about their services and compensation (“Disclosure”). This Disclosure is provided in connection with the section 408(b)(2) regulations and is intended to assist you, as the responsible fiduciary of your Plan (“you”), in reviewing the services and compensation of PAS and your IAR.

Services we provide to your plan

Advisory Services:

- *Proprietary Advisory Program* – Together with your IAR, PAS provides advisory services to you and to your Plan as described in our Statement of Investment Selection, Terms and Conditions, Advisory Account Application and this Firm Brochure (together, the "Investment Advisory Agreement") relating to your Plan. Please review those documents. If you do not have copies, please contact your IAR or PAS directly at 888-600-4667.
- *Third-Party Advisory Program* – Together with your IAR and PAS, the third-party advisory program sponsor provides advisory services to you and to your Plan as described in the third-party program's investment management agreement, account application, this Firm Brochure as well as the third-party advisory program sponsor's Firm Brochure (together, the "Third-Party Investment Advisory Agreement") relating to your Plan. Please review those documents. If you do not have copies, please contact your IAR, PAS directly at 888-600-4667 or the applicable third-party advisory program sponsor.

PAS acknowledges and agrees that, to the extent the advisory services provided to your Plan may include recommendations made by PAS or your PAS IAR with respect to investments that involve "investment advice" as defined under regulations issued under ERISA, we will be a "fiduciary" for ERISA purposes.

Please note that PAS does not and cannot provide legal, accounting or tax advice to you or to the Plan. You are responsible to maintain the Plan in compliance with requirements applicable to tax-qualified plans under the Internal Revenue Code, including, where applicable, receipt of a favorable determination letter, and PAS does not have any responsibility for such matters. PAS does not accept any responsibility for the administration of your Plan, including (without limitation) the timely transmission of required contributions, filing required governmental reports, preparing or providing notices and communications to your Plan's participants as required by applicable law and regulation, or notifying you that any such notices or communications are required. You should seek the advice of your legal and other advisors with respect to these and other matters that might arise relating to the operation and administration of the Plan.

Our Compensation for Services

The fees charged to your Plan for providing services are as described by either the Investment Advisory Agreement or the Third-Party Investment Advisory Agreement, whichever is applicable, relating to your Plan. PAS may pay between 35% and 85.5% of the advisory fees received in connection with the services provided for your account to your IAR. If you have questions about the compensation that is paid to PAS and the IAR, please ask your IAR or contact PAS at 888-600-4667.

Other Matters

If your Plan is a participant-directed Plan, your Plan's record-keeper and/or the investment provider that offers the investment platform through which your Plan's investments are processed is required to provide to you information to comply with DOL regulations that require the delivery of information to your Plan's participants about the Plan's designated investment alternatives. If requested, your IAR may assist you in coordinating with the record keeper and/or investment provider to obtain these materials. Your investment providers are responsible for ensuring that these materials are complete and accurate, and PAS does not make any representation as to the completeness and accuracy of these materials.

In providing services to your Plan, PAS relies on information provided by you and, if there is any material change in information pertaining to the Plan, you must promptly notify PAS in writing and provide relevant updated information. You are responsible for the exercise of proxy voting and other shareholder rights pertaining to investments held by the Plan. In addition, neither PAS nor your IAR may provide any investment or other advice with respect to assets of the Plan that may be invested in stock issued by the plan sponsor and/or a self-directed brokerage option that permits participants the opportunity to allocate some or all of their participant accounts to other investments, or with respect to continuing such investments as a part of the Plan.

All investments fluctuate in value and the value of the investments, when sold, may be greater or lesser than the original cost. PAS does not and cannot warrant or guarantee any level of performance by any of the investments or that any investment will be profitable over time. The Plan and its participants are assuming the market risk involved in the investment of Plan assets. Past investment performance does not guarantee any level of future investment performance. PAS provides advisory services for other clients and may give advice and take action in the performance of duties for such other clients (including those who may have similar retirement plan arrangements), which may differ from advice given, or in the timing and nature of action taken, with respect to your Plan. PAS has no obligation to advise you or the Plan in the same manner as we may advise any other clients of PAS. In addition, if PAS learns confidential information in providing services to another client, PAS cannot divulge any confidential information to you or act upon such confidential information in providing services to you and your Plan.

Some IARs engage in outside business activities that PAS does not supervise, such as (without limitation) providing retirement plan consulting, administration, recordkeeping or similar services with respect to retirement plans. PAS does not endorse or recommend any IAR or any other person to provide services to you or to the Plan that are not within the scope of services described by this Disclosure and the Investment Advisory Agreement with you relating to your Plan, and PAS will not supervise any IAR with respect to any such outside business activities. Therefore, if you engage your IAR to provide services other than the services described by this Disclosure and the Investment Advisory Agreement, it will be your responsibility to determine whether the services are appropriate for your Plan and to monitor the services.

If you have any questions relating to this Disclosure, please contact your IAR or PAS directly at

888-600-4667.

6. Performance-Based Fees and Side-By-Side Management

PAS does not use a performance-based fee structure (fees based on a share of capital gains or capital appreciation of the assets of a client).

7. Types of Clients and Account Requirements

PAS provides investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations and corporations.

Park Avenue Portfolio SelectSM

This program has a minimum initial investment requirement of \$25,000 for investments in mutual fund only, mutual fund and ETF hybrid and ETF only portfolios. Clients must maintain a minimum account balance of \$15,000.

This program's minimum initial investment requirement increases to \$50,000 if the account invests in individual securities. Clients who invest in individual securities must maintain a minimum account balance of \$25,000. Accounts that fall below the minimum balance are subject to closure by PAS, in its sole discretion. In addition, a client must maintain a minimum balance in one of the money market funds available within the program of an amount equal to 2% of the account balance as well as sufficient funds to cover check writing debits; otherwise, the account is subject to closure.

Park Avenue Fund SelectSM (Closed to New Clients)

This program has a minimum initial investment requirement of \$25,000. Clients must maintain a minimum account balance of \$15,000. Accounts that fall below the minimum balance are subject to closure by PAS, in its sole discretion. In addition, a client must maintain a minimum balance in one of the money market funds available within the program of an amount equal to 2% of the account balance as well as sufficient funds to cover check writing debits; otherwise, the account is subject to closure.

For account minimums in the Park Avenue Strategist SelectSM, Strategist Select PlusSM, FoundationsSM, Quantitative InnovationsSM, Park Avenue Unified Managed Account SelectSM, Park Avenue Separately Managed Account SelectSM, Park Avenue Signature PortfolioSM and VestWise programs, please refer to the applicable wrap fee brochure.

8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

PAS Proprietary Programs offer several investment strategies that involve investing in a wide

range of securities and other financial instruments, including:

- Equity securities
- Exchange Traded Funds
- Mutual Funds
- Exchange-listed securities
- Over-the-counter securities
- Securities of foreign issuers (including ADRs, EDRs and GDRs)
- Corporate debt
- Commercial paper
- Certificates of deposit
- United States government securities
- Municipal securities

Investment Strategies

PAS Proprietary Programs include FoundationsSM, Quantitative InnovationsSM, Park Avenue Fund SelectSM, Park Avenue Strategist SelectSM, Park Avenue Strategist Select PlusSM, Park Avenue Separately Managed Account SelectSM, Park Avenue Unified Managed Account SelectSM, Park Avenue Portfolio SelectSM, Park Avenue Signature PortfolioSM and VestWiseTM. PAS provides recommendations regarding asset allocation only in the Park Avenue Fund SelectSM program.

Clients utilizing the Park Avenue Fund SelectSM, Park Avenue Portfolio SelectSM or Park Avenue Signature PortfolioSM programs receive asset allocation and securities recommendations from the IAR(s) associated with their account.

Clients utilizing the FoundationsSM, Quantitative InnovationsSM, Park Avenue Strategist SelectSM and Park Avenue Strategist Select PlusSM programs receive asset allocation and securities solutions via portfolios created and maintained by the selected Investment Manager or Strategist.

Clients utilizing the Park Avenue Separately Managed Account SelectSM shall receive recommendations from their IAR on the Investment Manager(s) to manage the risk/return strategy. Clients will receive asset allocation and securities solutions via portfolios created and maintained by the Investment Manager.

Clients utilizing the VestwiseTM program shall receive recommendations from PAS. These recommendations are based on model portfolio recommendations provided to PAS from WisdomTree Asset Management, Inc.

Clients utilizing Park Avenue Unified Managed Account SelectSM shall receive recommendations from their IAR on the Investment Manager(s), mutual funds and/or ETFs to manage the risk/return strategy. Clients will receive asset allocation and securities solutions via portfolios created and maintained by the Investment Manager.

Asset allocation, often referred to as “tactical” or “strategic” asset allocation, is a strategy that

seeks to diversify assets across various types of asset classes which may include broad asset classes (such as equity or fixed income), or sub-asset classes (such as large cap, small cap, or international). The weights assigned to each asset class are expected to result in an overall portfolio with risk and return characteristics that meet the client's investment objectives. Asset allocation does not account for individual security risk.

"Strategic asset allocation" assumes that the mix of asset classes will remain fairly consistent over a long period of time. The client's asset allocation targets typically are not changed unless the client's circumstances or objectives change. There are risks associated with asset allocation. One such risk is that the client may not participate in sharp increases in a particular security, industry or market sector. Clients with a strategic asset allocation strategy may not achieve their investment objectives and may lose money.

"Tactical asset allocation" is a strategy that actively adjusts a portfolio's asset allocation based upon short-term trends that could include financial market trends, economic cycles and asset class valuations. Based upon short-term assumptions, the portfolio allocations to certain asset classes are increased, while the portfolio allocations to other asset classes are decreased. There are risks associated with tactical asset allocation.

Clients with a tactical asset allocation may not achieve their investment objectives and may lose money.

Tactical asset allocation does not account for individual security risk. At different points in time, the tactical asset allocation and structure of the client's portfolio vary significantly. There is no guarantee that a tactical asset allocation will correctly predict or track market movements or that it will provide comparable returns or decreased volatility relative to traditional strategic asset allocation programs. Clients in tactical asset allocations are relying significantly on the skills and experience of the manager's ability to correctly judge changes in market behavior and construct a portfolio that predicts market behavior. In addition, even if the portfolio is correctly positioned, there is no guarantee that the client will not experience substantial losses. The tactical asset allocation strategy may result in a portfolio that experiences more frequent trading in order to take advantage of anticipated changes in market conditions. A high level of portfolio turnover may negatively impact performance by generating greater tax liabilities and brokerage and other transaction costs.

PAS and IARs may also offer what are commonly known as focused/completion strategies. Focused/completion strategies are portfolios that are concentrated in a certain asset class or deploy a narrow strategy. Generally, focused/completion strategies are used to complement other holdings. There are unique risks associated with focused and completion strategies, such as increased volatility since portfolios are often concentrated in a particular asset class.

PAS recommends mutual funds and, in some cases, ETFs, individual equities, individual fixed income securities and managed accounts to fulfill the recommended client asset allocation strategy.

Tax Harvesting

Subject to meeting minimum balance requirements, you may direct PAS to employ a tax harvesting strategy in managing taxable accounts. This means that, once the tax harvesting threshold is met, PAS will sell securities in your account at a gain or loss to offset potential capital gains, although the type and amount of capital gains will not be monitored by PAS for this purpose. By authorizing tax harvesting, PAS will sell one or more securities in the account and will hold proceeds in cash to avoid the 30-day wash rule. Once 30 days have passed, the funds will be reinvested in the model. Within PAS Proprietary Programs, the Investment Manager or PAS may select another ETF not substantially comparable to the security harvested to replace the securities that have been purchased or sold in your account.

You should consult with your professional tax advisors or review the Internal Revenue Service (“IRS”) website at www.irs.gov regarding the consequences of tax harvesting in light of your particular circumstances and its impact on your tax return. If your IAR recommends a tax harvesting strategy for your account, that advice is not intended as tax advice. Neither PAS nor your IAR represent that any particular tax results will be obtained. You are responsible for monitoring any accounts in your household, or accounts for which you maintain control (at PAS or with another firm) to ensure that transactions in the same security or a substantially similar security do not create a “wash sale.” A wash sale is the sale at a loss and repurchase of the same security, or substantially similar security, within 30 days. If a wash-sale transaction occurs, the IRS may disallow or defer the loss for current tax reporting purposes. More specifically, the wash-sale period for any sale at a loss consists of 61 days: the day of the sale, the 30 days before the sale, and the 30 days after the sale (these are calendar days, not trading days). The wash-sale rule postpones losses on a sale if replacement shares are bought around the same time. The effectiveness of the tax harvesting strategy to reduce your tax liability will depend on your entire tax and investment profile, investments (e.g., taxable or non-taxable) or holding period (e.g., short-term or long-term).

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Clients may experience loss in the value of their account due to market fluctuations. There is no guarantee that a client’s investment objectives will be achieved by participating in any of the programs described in this Brochure. Prior to investing, clients should read carefully a copy of the current prospectus for each security, where a prospectus is available, or other offering documents associated with the particular investment. The prospectus or offering documents contains information regarding the fees, expenses, investment objectives, investment techniques, and risks of each particular investment. The investment returns on a client account will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by PAS or IARs concerning the benefits of participating in the programs described in this Brochure.

PAS and IARs do not provide legal or tax advice. Clients with tax or legal questions should seek a qualified independent expert.

Depending on the types of securities you invest in, you may be subject to the following investment risks including, but not limited to:

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market risks.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on discoveries of oil and then refining it, a lengthy process, before they can generate a profit. These companies carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Financial Risk: Excessive borrowing to finance business operations increases the risk of loss if the company is unable to meet the terms of its loan obligations. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Liquidity Risk: When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, client portfolios may be invested in illiquid securities, subject to applicable investment standards. Investing in an illiquid (i.e., difficult to trade) security may restrict the ability to dispose of investments in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities. Accounts may hold securities which are partnerships. Some partnerships are relatively liquid and may be either exchange listed or traded over-the-counter. However, most partnership securities are often illiquid and are subject to significantly less regulation than public investments.

Fixed Income Risks: Portfolios that invest in bonds and other fixed income securities are subject to certain risks, including but not limited to, interest rate risk, credit risk, prepayment risk and market risk, which could reduce the yield that an investor receives from his or her portfolio.

Foreign and Emerging Markets Risk: Investments in securities of foreign and emerging markets issuers involve different investment risks than those affecting obligations of U.S. issuers. Public information may be limited with respect to foreign and emerging markets issuers, and they may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or charge withholding taxes on income payable with respect to foreign and emerging markets securities, and the possible adoption of foreign governmental restrictions such as exchange controls. In addition, foreign currency exchange rates may affect the value of securities in the portfolio.

High-Yield Bond Risk: Investments in high-yielding, non-investment grade bonds involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities.

Structured Products Risk: These products often involve a significant amount of risk and should only be offered to clients who have carefully read and considered the product's offering documents, as their structure may be based on derivatives or other types of securities, which may be volatile. Structured products are intended to be "buy and hold" investments and are not liquid instruments.

Derivatives Risk: Derivatives are securities whose price is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. Derivatives may involve significant risks and are not suitable for everyone. Derivatives trading can be speculative in nature and carry substantial risk of loss, including the loss of principal.

Small/Mid Cap Risk: Stocks of small or mid-sized, emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

Diversification Risk: Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

Security Selection and Asset Allocation Risk: Securities selected from a particular asset class (e.g., stocks, bonds, money market instruments) may experience unusual market volatility or may not perform as expected. An asset allocation program does not guarantee achievement of a client's investment objective nor protect against loss.

ETF Risk: Exchange Traded Funds are subject to the following risks: (i) the market price of an ETF's shares may trade above or below the net asset value; (ii) there may be an inactive trading market for an ETF; (iii) the ETF may employ an investment strategy that utilizes high leverage ratios; (iv) trading of an ETF's shares may be halted, delisted, or suspended on the listing exchange; and (v) the ETF may fail to achieve close correlation with the index that it tracks.

Real Estate Risk: Investment in real estate and real estate related assets is subject to the risk of adverse changes in national, state or local real estate conditions (resulting from, for example, oversupply of or reduced demand for space and changes in market rental rates); obsolescence of

properties; changes in the availability, cost and terms of mortgage funds; and the impact of tax, environmental and other laws.

9. Disciplinary Information

The following is a chronological summary of material disciplinary events relating to PAS and its management personnel over the past 10 years.

6/10/2009 – In an Order to Show Cause (the “Order”), the Alabama Securities Commission alleged that PAS failed to reasonably supervise one of its registered representatives in Alabama in that the business activity performed under his “doing business as” (DBA) license, which was listed as a branch office of PAS, required proper registration of the representative in Alabama as an investment adviser representative and investment advisor. At an informal meeting with the staff of the Alabama Securities Commission on September 30, 2009, the Commission staff indicated that it would consider revising the Order in light of information provided by PAS showing that it did not fail to supervise the representative. The matter is still pending.

10/16/2009 – The Financial Industry Regulatory Authority (“FINRA”) initiated a regulatory action relating to the firm's form filings with CRD, including amendments to forms U4 and U5 with disclosure reporting pages. FINRA found that some of the Form U4 and U5 amendments with disclosure reporting pages filed by PAS were filed late as measured from 30 days after the firm knew or should have known of the event triggering a disclosure obligation. FINRA alleged that the firm failed to enforce its written supervisory procedures relating to its direct mutual fund and 529 plan businesses in that certain of its required forms for purposes of switching and breakpoints were not utilized. PAS consented to a censure and monetary fine of \$25,000 pursuant to an Acceptance, Waiver and Consent.

11/08/2011 – FINRA censured and fined PAS, in its capacity as a broker-dealer, \$175,000 for failing to: (1) adequately investigate certain registered representatives' involvement with a Ponzi scheme; (2) adequately investigate allegations made by two registered representatives that a member of the firm's supervisory staff had suggested that the two registered representatives destroy documents and provide misleading information in connection with PAS' internal investigation; and (3) establish an adequate supervisory system for reviewing certain emails.

10/20/2015 – FINRA censured and fined PAS \$300,000 in its capacity as a broker-dealer and ordered restitution of clients in the amount of \$443,255, for failing to: (1) apply rollover sales charge discounts to certain customers' eligible purchases of unit investment trusts (“UITs”) in violation of FINRA Rule 2010; and (2) establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to ensure that customers received rollover sales charge discounts on all eligible UIT purchases in violation of NASD Conduct Rule 3010 and FINRA Rule 2010.

11/18/2016 – In connection with the misappropriation of funds from two customers by an unregistered sales assistant, FINRA censured and fined PAS \$195,000 in its capacity as a broker-

dealer for failing to enforce its written supervisory procedures regarding the monitoring of customer trades and for failing to establish and maintain a supervisory system reasonably designed to follow up on the performance of its supervisors with regard to monitoring trade executions, in violation of NASD Rules 3010(a), 3010(b) and FINRA Rule 2010. FINRA noted that PAS also failed to establish, maintain and enforce a supervisory system reasonably designed to review and monitor the transmittal of funds from the accounts of its customers to third-party accounts and outside entities, in violation of NASD Rules 3010, 3012(a)(2)(B)(i) and FINRA Rule 2010.

4/11/2018 – FINRA censured and fined PAS \$300,000 in its capacity as a broker-dealer for failing to implement a supervisory system and written supervisory procedures reasonably designed to train and supervise Registered Representatives' recommendations regarding the sale of multi-share class variable annuities, including L-Share contracts, to ensure their suitability. FINRA also found that PAS had no surveillance procedures to determine rates of variable annuity exchanges. FINRA found the foregoing to be in violation of NASD Rule 3010 and FINRA Rules 2330, 3110 and 2010.

3/11/2019 – PAS without admitting or denying the findings, consented to the entry of an Order Instituting Administrative and Cease and-Desist Proceedings (“Order”) by the SEC. Pursuant to the Order, the SEC found that from January 1, 2014 through October 31, 2018 certain PAS clients participating in proprietary advisory programs were invested in mutual fund share classes with higher costs (in the form of Rule 12b-1 fees) without adequately disclosing that lower-cost share classes (without Rule 12b-1 fees) of those funds were available. Specifically, PAS did not adequately disclose conflicts of interest related to its receipt of Rule 12b-1 fees, and the availability of mutual fund share classes that did not pay such fees. PAS consented to the entry of the Order that it violated Sections 206(2) and 207 of the Investment Advisers Act of 1940 and agreed to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207. PAS agreed to pay disgorgement of \$508,083 and prejudgment interest of \$56,184 to affected clients. Additionally, as part of the Order, PAS has enhanced its disclosure regarding mutual fund share class selection, considered whether existing clients should be moved to a lower-cost share class, and updated its policies and procedures regarding mutual fund share class selection.

7/16/2019 – PAS without admitting or denying the findings, was censured by the Financial Industry Regulatory Authority (“FINRA”) in its capacity as a broker-dealer for failing to reasonably supervise the application of sales charge waivers for mutual fund purchases made by certain retirement plan and charitable organization customers. By failing to reasonably supervise such mutual fund sales to ensure that eligible purchasers received the benefit of applicable sales charge waivers, FINRA found that PAS violated NASD Conduct Rule 3010 (for misconduct before December 1, 2014), FINRA Rule 3110 (for misconduct on or after December 1, 2014 and FINRA Rule 2010. As part of this settlement, PAS agreed to pay restitution to eligible customers on the terms specified below, which is estimated to total \$640,552 (i.e., the amount eligible customers were overcharged, inclusive of interest). PAS also agreed to ensure that waivers are appropriately applied to all future purchase transactions made by retirement plan and charitable organization customers. FINRA recognized the extraordinary cooperation of PAS for initiating an investigation prior to detection or

intervention by FINRA to identify whether applicable customers received sales charge waivers, for promptly establishing a plan of remediation to customers and taking action to correct the violative conduct.

10. Other Financial Industry Activities and Affiliations

PAS may recommend mutual funds to clients that are managed by investment adviser affiliates of PAS. PAS is a direct wholly-owned subsidiary of The Guardian Insurance & Annuity Company, Inc. (“GIAC”), a Delaware insurance company, and is an indirect wholly-owned subsidiary of The Guardian Life Insurance Company of America (“GLIC”), a New York mutual life insurance company. PAS or its IARs may recommend mutual funds whose investment adviser is a PAS affiliate, such as Park Avenue Institutional Advisers LLC (“PAIA”) which is a Delaware limited liability company that, like PAS, is also an indirect wholly-owned subsidiary of GLIC. GLIC also wholly owns Guardian LEIM, LLC, a Delaware limited liability company that owns 85% of Broadshore Capital Partners, LLC (“Broadshore”), a Delaware limited liability company. PAIA and Broadshore are registered investment advisers. PAIA may earn mutual fund management fees.

Many IARs of PAS are also agents of GLIC and GIAC and may sell a wide range of products issued by those entities, such as life insurance and variable annuities. IARs receive no additional compensation for recommending insurance products or mutual funds managed by affiliates. An IAR may have an incentive to recommend a particular Third-Party Investment Advisory Program in favor of another because of the receipt of higher fees or non-cash benefits such as additional services, marketing support and training.

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

PAS has adopted a code of ethics (“Code of Ethics”) for all supervised persons of the firm, which governs the ethical standards of conduct and securities trading by supervised persons. The Code of Ethics includes provisions relating to, among other things, a prohibition on trading on the basis of material non-public information or confidential information, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons of PAS must acknowledge the terms of the Code of Ethics annually. PAS will provide a copy of the Code of Ethics to any client or prospective client upon request.

It is PAS policy that the firm generally will not affect any principal or agency cross transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to an advisory client. PAS may engage in principal transactions only in limited circumstances where it elects to buy “worthless securities” out of client accounts in order to facilitate the liquidation of such positions.

PAS also will not permit agency cross transactions between client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

PAS may recommend to clients' mutual funds that are managed or sub-advised by investment adviser affiliates of PAS. For more information, see "Other Financial Industry Activities and Affiliations".

12. Brokerage Practices

Directed Brokerage

Clients in a PAS Proprietary Program must establish an account through PAS with Pershing, which clears trades and acts as custodian for clients' assets under the PAS Proprietary Programs. Accordingly, all trading activity in connection with the PAS Proprietary Programs will be processed through clients' accounts with Pershing. Pershing acts in the capacity of a clearing firm and performs centralized custody, bookkeeping and execution functions. Pershing handles the delivery and receipt of securities purchased or sold on behalf of PAS' clients who are part of a PAS Proprietary Program, receives and distributes dividends and other distributions, and processes exchange offers, rights offerings, warrants, tender offers and redemptions. Although PAS negotiates the fee paid to Pershing for these services, PAS does not receive any special incentives for directing brokerage to Pershing.

Best Execution

Investment advisers are obligated to provide "best execution" of customer orders. "Best execution" refers to using reasonable diligence to obtain the best price to buy or sell a security under prevailing market conditions. PAS does not select other broker-dealers for processing of client transactions. PAS must transmit all trades to Pershing for execution. PAS's objective in executing client trades is to obtain best execution and to aggregate and allocate trades fairly and equitably across all its clients. PAS has adopted policies and procedures that are designed so that trading practices do not unfairly or systematically favor one client, group, or strategy over another. PAS regularly receives reports from Pershing which contain information regarding the trade order execution experience of Pershing for all of its customers. PAS undertakes an on-going review of its relationship with Pershing, including a quarterly review of trade order flows.

Investment Managers in the SMA and UMA Select programs may not utilize Envestnet to facilitate certain trades within their strategies and consequently the use of these strategies may result in the additional trade-away fees that are not included in the Program fee, or that may be in addition to the PAS wrap fee. Clients should consult with their IARs and review the Investment Manager's Form ADV Part 2A for information related to any additional fees. Clients should carefully consider

any additional trading costs the Client may incur before selecting an Investment Manager.

In certain instances, PAS may engage in riskless principal transactions for fixed income securities in the Portfolio Select program.

Soft Dollars

Soft dollars are defined as arrangements under which products or services other than the execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction of securities trades to the broker-dealer. PAS does not maintain any soft dollar arrangements.

Order Aggregation

Although each account is individually managed, PAS may buy and sell the same securities for many advisory accounts simultaneously when applicable. PAS may aggregate a transaction in the same security for many clients for whom PAS has discretion to trade.

If different prices are paid for securities in an aggregated transaction, each client in the transaction will typically receive the average price paid for the block of securities in the same aggregated transaction. If the client trade is aggregated with other client accounts and are executed at the same price, the client will receive the same price per unit. If we are not able to completely fill an aggregated transaction, we will normally allocate the filled portion of the transaction to our clients on a pro-rata basis.

Park Avenue SMA and UMA Select Trade Allocations

Some Investment Managers will not place Envestnet strategies in the same trade rotation as their non-Envestnet models or proprietary accounts. If Envestnet determines that such trade rotation policy does not provide equitable investment performance between the models and is creating a disadvantage to the client, the Investment Manager will be required to execute their trades through Envestnet. If the Investment Manager refuses to place their trades through Envestnet, they will no longer be approved on Envestnet's platform, and Envestnet will close the manager to new accounts.

Certain trade orders are created by the Investment Manager and sent directly to the appropriate custodian according to their own trade rotation policies. If the Investment Manager directs Envestnet to allocate orders within each custodian, the partial fill will be allocated pro-rata among the individual Client accounts. Investment Managers may aggregate Client trades with their own directed trades or trades for other Clients. Please refer to each Investment Manager's Form ADV for any policies they may have regarding aggregation of trades.

13. Review of Accounts

PAS, through its IARs, gathers information from a client about that client's financial situation, risk tolerance, investment objectives and any reasonable restrictions that the client wishes to impose upon the management of the account. Each IAR periodically reviews reports and otherwise consults with the client and contacts the client at least annually to review the client's financial situation and investment objectives. Clients should notify their IARs of any changes in their financial situation, risk tolerance, investment objectives or account restrictions.

PAS employs individuals who are registered with the Financial Industry Regulatory Authority ("FINRA") as principals (the "Registered Principals"), who review all accounts for suitability. Accounts are reviewed by the Registered Principals prior to being opened. PAS Proprietary Program Accounts are monitored on an ongoing basis by Registered Principals.

PAS monitors and tracks all financial planning and consulting. All financial plans must be submitted to PAS for review and approval prior to presentation to a client. If the plan or consultation is approved, the plan or consultation may be presented to the client.

PAS provides each client with a quarterly written performance report. Performance information is calculated for all portfolios custodied at Pershing. The quarterly analysis measures performance of the account by comparing such performance against relevant market indices.

14. Client Referrals and Other Compensation

Client Referrals

PAS and/or its IARs may receive compensation pursuant to solicitation agreements for introducing clients to the Third-Party Investment Adviser and for providing certain ongoing services. This compensation is typically equal to a percentage of the investment advisory fee charged by that investment adviser. Because IARs receive compensation from these investment advisers for referring clients and because such compensation may differ depending on the individual agreement with each investment adviser, the IAR may have an incentive to recommend one of these Third-Party Investment Advisers over another with which PAS has a less favorable compensation arrangement or alternative investment advisory programs. Full disclosure of all solicitation arrangements, including Part 2 of Form ADV and a solicitor's disclosure statement, will be given to the client at the time of solicitation in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

PAS has arrangements with a number of individuals ("Solicitors") under which the Solicitors introduce potential advisory clients to PAS in exchange for a referral fee. All such arrangements comply with the provisions of Rule 206(4)-3 under the Investment Advisers Act of 1940. Whenever PAS pays a referral fee, we require the prospective client to receive a copy of this Brochure and a separate disclosure statement that includes the following information: (1) the Solicitor's name and relationship with PAS; (2) the fact that the Solicitor is being paid a fee; (3) the amount of the

fee; and (4) whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor. In general, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of a referral.

Other Compensation (PAS Proprietary Programs)

Listed below are potential additional payments that PAS may receive and the potential conflicts of interest they create. You should consider these potential conflicts of interest prior to investing in the PAS Proprietary Programs as the receipt of such payments provides a financial incentive for PAS to recommend PAS Proprietary Programs over Third-Party Advisory Programs.

Pershing Additional Payments

Through an agreement with Pershing, PAS may earn the following payments from Pershing. These payments are not applicable to clients of Third-Party Advisory programs.

- 1) PAS receives payments from Pershing on the total amount of assets in client accounts placed on the Pershing custodial platform. The receipt of such payments from Pershing provides a financial incentive for PAS to recommend PAS Proprietary Programs over Third-Party Advisory Programs.
- 2) PAS earns payments on assets placed within cash management sweep vehicles. PAS may earn from 0.15 percent to 0.60 percent on assets held within these money market funds and FDIC-insured sweep vehicles. The receipt of such payments from Pershing provides a financial incentive for PAS to select these money market funds and sweep vehicles over others.
- 3) PAS earns interest payments on non-purpose loans that have interest rates above the Federal Funds Rate +1.50%. For example, if the interest rate on a non-purpose loan is 5% and the Federal Funds is 3%, PAS will earn .50% of what a client pays (5%-4.5%). The receipt of such payments provides a financial incentive for PAS to recommend and approve non-purpose loans.
- 4) Pershing agrees to share certain service fees received by Pershing from mutual funds that participate in the FundVest® program. The FundVest® program is an open architecture platform of mutual funds and no-transaction fee mutual funds offered by Pershing. These mutual funds are offered within PAS Proprietary programs. The percentage of service fees Pershing shares with PAS is based on the level of assets held by PAS clients within the FundVest® program and generally ranges between 50-55% of such services fees received by Pershing from participating mutual funds. Furthermore, PAS addresses this conflict by crediting back all FundVest® program fee payments that it receives to clients invested in the PAS Proprietary Programs. For additional details about Pershing's mutual fund no-transaction-fee program, or a listing of funds that pay Pershing networking or omnibus fees, please refer to www.pershing.com/mutual_fund.htm.

Dreyfus Insured Deposits Program

As mentioned above in Cash Management Sweep Program section, if you do not select a Bank Sweep vehicle or you are opening an account such as an Individual Retirement Account or an employee retirement benefit plan account, the account will be defaulted to the DIDV Program. Each month, depository institutions pay a fee ("Deposit Fee") to the administrator of the sweep program and to Pershing with respect to client balances received through DIDV as compensation for the custodial, recordkeeping and other administrative tasks performed by the administrator and Pershing. The administrator and Pershing retain a portion of the Deposit Fee and pay a portion to PAS based on the total DIDV balances of PAS clients. The Deposit Fee will not exceed a total of .70% (70 basis points) of total DIDV balances of PAS clients. The portion of the fee paid to PAS is ranges from .20 to .40% (20 - 40 basis points) of total DIDV balances of PAS clients.

In order to illustrate the effect of the Deposit Fee on a client's interest rate yield, please consider the following example. If the DIDV sweep is earning a gross interest rate yield of 3%, the .70% Deposit Fee will be paid to the administrator of the sweep program and to Pershing for the services listed above reducing the client interest rate yield to 2.3%. Subsequently, out of the remaining 2.3% interest rate yield, a fee of .20% to .40% may be paid to PAS netting an interest rate yield of 1.9% to 2.10%.

The receipt of this fee creates an incentive for PAS to select DIDV as the default cash sweep vehicle for the clients who do not select a Money Market Sweep vehicle or have an account which is automatically defaulted to DIDV, as it will result in additional compensation to PAS.

As disclosed in the Cash Management Sweep Program section, for non-retirement accounts, you may select Money Market Sweep products that pay a 12b-1 fee to PAS and will not be credited to your account. If one of these funds is selected as the cash portion of your portfolio PAS will receive both the advisory fee in addition to the 12b-1 fee. PAS IARs do not receive any portion of the 12b-1 fee and therefore do not have a conflict in recommending a Cash Management Sweep product which contains a 12b-1 fee. You are encouraged to speak to your IAR regarding the selection of a Cash Management Sweep Program vehicle for your account.

Payments from Mutual Funds

- 1) PAS receives Rule 12b-1 fees based on client investments in certain mutual funds. Rule 12b-1 fees are annual marketing or distribution fees on a mutual fund. The 12b-1 fee is considered an operational expense and, as such, is included in a fund's expense ratio.
- 2) PAS also has revenue sharing arrangements with American Funds and Oppenheimer Funds. These arrangements are based on PAS' total assets placed with these organizations. PAS may receive annual compensation of up to 0.25 percent on sales. Accepting this type of compensation presents a conflict of interest because PAS has an incentive to recommend these investment companies based on the compensation it receives, rather than client needs.

Guardian Club Credits

Certain IARs may receive “Club Credits” for the recommendation of PAS Proprietary Programs, Third-Party Investment Advisory Programs or Financial Planning/Consulting. These “Club Credits” are based upon sales production and count towards the attainment of various GLIC club memberships. Attainment of various club memberships may entitle IARs to attend GLIC-sponsored conferences.

Park Avenue Securities VIP Program

Certain IARs will qualify to receive service and financial support, as described in more detail below, based upon their overall sales production. The top 100 PAS sales agents qualify for the VIP program. The qualifications to achieve VIP status are based upon total sales production or Gross Dealer Concession (“GDC”). GDC is the revenue generated via agent sales of brokerage products (i.e. stocks, bonds, mutual funds) and advisory services (i.e., Proprietary Programs, Third Party Investment Advisory Programs and Financial Planning/Consulting). The attainment of this VIP status entitles an IAR to receive a dedicated support person called a Relationship Manager, full or partial waiver of state registration fees and PAS affiliation fees, and “Select Rewards Points”. The “Select Rewards Points” can be used to cover the cost of client account maintenance fees, termination fees, and/or service fees such as fed wire or overnight check fee. The decision to cover certain client costs is at the discretion of your PAS IAR and not all clients will receive this benefit.

Park Avenue Securities Pinnacle Council

IARs are also eligible to qualify for a club award program called Pinnacle Council. To qualify for Pinnacle Council, an agent must be in the top 20 for total sales production based on the prior year GDC rankings or earn \$1.5 million in GDC in the prior calendar year. The benefits of this club award include attendance at an annual recognition conference with paid travel accommodations (i.e. flight and hotel) and meals for the PAS Pinnacle Council qualifier and one guest .

These programs could create a conflict of interest by an IAR recommending certain products in attempt to qualify for these additional clubs and awards.

Transitional Assistance

In certain situations, PAS could offer a forgivable loan to an experienced IAR transitioning to PAS to help cover or defray the costs of transitioning from another investment adviser.

These transition assistance loans may be forgiven based on years of service with PAS, or its affiliates, assets under management, the amount of production with PAS or its affiliates or the number of clients brought over to PAS. This practice creates a conflict of interest as it provides a financial incentive for an IAR to recommend that a client engage PAS for advisory or brokerage services, and to recommend additional products from PAS or its affiliates.

The Park Avenue Securities Transition Team will work with an IAR to ensure a successful transition by providing everything from a customized transition plan, tailored training, account opening and account transfer support. The level of support and service received is dependent upon the IARs trailing twelve-month GDC with their prior firm. The highest level, Tier 1 is \$500,000 or greater, Tier 2 is \$150,001-\$499,999, and Tier 3 is \$150,000 or lower. In addition, if the prior firm does not clear through Pershing, Pershing will reimburse transfer and termination fees up to \$125.00 to each client account for all tier levels. Transition assistance presents a conflict of interest because of the incentive to affiliate with and recommend PAS to clients.

Payments Related to PAS Educational/Practice Management Conferences

Certain mutual fund product sponsors, Third Party Advisers, Envestnet, Strategists or Investment Managers (“Participating Sponsors”) may pay PAS a fee ranging from \$8,000 to \$75,000 to participate in PAS sponsored educational/practice management conferences for PAS IARs. In 2018, PAS received fees from the following Participating Sponsors:

- AssetMark
- BlackRock
- BNY Mellon
- Brinker
- City National Rochdale
- Efficient Advisors
- Envestnet
- iCM
- Lazard
- OBS
- Oppenheimer
- PIMCO
- SEI

You should also be aware that marketing or educational activities paid for with these payments may lead to greater exposure of Participating Sponsors’ products and services with PAS IARs. Therefore, these payments may create an incentive, or lead to a greater likelihood, for PAS or its IARs to recommend a product of a Participating Sponsor over the products or services of a firm which does not pay PAS a fee.

Other Compensation (Third-Party Advisory Programs)

Third- Party Advisor Payment Arrangements

PAS may also receive an additional fee from SEI, Brinker, OBS and AssetMark, as compensation for certain marketing and administrative services detailed as follows:

- 1) SEI will pay PAS annual compensation of up to 10% of the net advisory fee paid to SIMC

with respect to client accounts custodied at SEI.

- 2) Brinker will pay PAS an annual fixed dollar amount of \$240,000 for the facilitation of training and education of PAS IARs.
- 3) AssetMark will pay PAS .02% annually on assets under management referred to AssetMark by PAS and .04% of gross contributions for referred AssetMark accounts.
- 4) OBS will pay PAS an annual payment of \$138,000.

SEI Advisor Benefits Program

PAS IARs may receive reimbursement pursuant to SEI's Advisor Benefits loyalty program. This program offers additional levels of service, fee discounts, invitations to SEI conferences, and an annual marketing budget to PAS IARs as the assets placed by the applicable PAS IAR in these programs increase. Clients considering an investment in an SEI program should consider whether the potential receipt by a PAS IAR of program payments results in a conflict of interest. Clients are encouraged to speak with their IARs if they have any questions regarding the SEI Advisor Benefits Program. Not all PAS IARs may qualify to receive such benefits pursuant to this program.

SEI BusinessWise Program

SEI has designed a two-part program that provides technology, integration, and coaching to help PAS IARs who are "actively engaged" users of SEI to build more competitive and sustainable businesses. PAS IARs who participate in this program will receive discounted rates on certain client relationship management software, financial planning software and practice management webinars.

"Actively engaged" means:

- The IAR is regularly using the integrated technology;
- The IAR is regularly participating in coaching webinars and calls;
- The IAR is reasonably responsive to all SEI representatives; and
- The IAR is actively doing business with SEI, demonstrated through positive net new assets

Clients considering an investment in an SEI program should consider whether PAS IAR participation in this program results in a conflict of interest. Clients are encouraged to speak with their IARs if they have any questions regarding the SEI BusinessWise Program. Not all PAS IARs may qualify to receive such benefits pursuant to this program.

AssetMark Business Development Allowance Program for Financial Advisors

Under AssetMark's Business Development Allowance program, certain PAS IARs may receive a quarterly business development allowance for reimbursement of qualified marketing/practice development expenses incurred by PAS IARs. These amounts vary depending on the value of the assets on the AssetMark Platform held by clients of PAS.

Clients considering an investment in an AssetMark program should consider whether the potential receipt by a PAS IAR of program payments results in a conflict of interest. Clients are encouraged to speak with their IARs if they have any questions regarding the AssetMark Business Development Allowance Program for Financial Advisors. The table below reflects the quarterly reimbursements certain PAS IARs may be eligible for under this program.

Asset Level	Quarterly Reimbursement
\$ 25 mm	\$1,250
\$ 35 mm	\$1,750
\$ 50 mm	\$2,500
\$ 75 mm	\$3,750
\$ 100 mm	\$6,250
\$ 125 mm	\$8,750
\$ 150 mm	\$11,250
\$ 175 mm	\$13,750
\$ 200 mm	\$16,250
\$ 225 mm	\$18,750
\$ 250 mm	\$21,250
\$ 275 mm	\$23,750
\$ 300 mm	\$26,250

AssetMark Community Inspiration Award

In order to promote community involvement, AssetMark created the Community Inspiration Award to honor selected Financial Advisors across the United States. AssetMark will make a cash donation, subject to the published rules governing the program, to the PAS IAR’s nominated charity in accordance with the following: 1) the charitable organization is not a client or prospective client of the PAS IAR, 2) the PAS IAR will not receive a monetary award and 3) the charitable organization must not have the ability to contribute funds or services to a candidate for public office or to a Political Action Committee. There is no direct compensation paid to an honored PAS IAR. However, the existence of this program means that a PAS IAR may be inclined to place or retain client assets on the platform as a result of AssetMark’s contribution to their supported charitable organization.

AssetMark Discounted Fee Program

AssetMark may grant discounted fee schedules for client accounts associated with PAS offices that have attained certain assets levels with AssetMark. Clients considering an investment in an AssetMark program should ask their IAR whether their office has been granted such fee reduction, and if not, consider whether the discounted fees offered in other offices which have met certain

asset levels with AssetMark results in a conflict of interest. Clients are encouraged to speak with their IARs if they have any questions regarding the AssetMark Discounted Fee Program.

How PAS Addresses Conflicts of Interest Described in the Other Compensation Sections Above

- PAS discloses potential conflicts of interest to clients through documents such as this disclosure document, disclosures on the PAS website and other materials discussing the products and services offered.
- PAS credits 12b-1 fees and service fees from mutual funds and all FundVest® program fee payments to client accounts within PAS Proprietary Programs.
- PAS IARs do not receive any portion of the payments PAS receives under the agreement between PAS and Pershing.
- PAS IARs do not receive any portion of the revenue received mutual fund compensation arrangements, or mutual 12b-1 fees/service fees. PAS does not include within these revenue sharing arrangements assets held within plans covered by Title I of ERISA, or a plan described in Section 4975(e)(1) of the Internal Revenue Code.

15. Custody

PAS itself does not have actual custody of client assets. However, through systems access provided by the custodian Pershing, PAS may execute authorized transactions (such as debiting fees from client accounts, wire transfers, and check disbursements, etc.) on behalf of clients. To the extent that PAS is deemed to have “custody of client funds or securities” within the meaning of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, PAS will comply with the requirements of such rule, including the rule’s provision for a surprise annual audit to be conducted by an independent public accountant.

PAS provides quarterly performance reports to clients. Clients also should receive at least quarterly statements from Pershing. PAS urges you to carefully review such statements and compare such official custodial records to the quarterly performance reports that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Clients should be aware that the performance reports are not official account statements. It should be used only for informational purposes and should not be relied upon for making investment decisions or for tax purposes. Clients should promptly notify the Firm or his/her IAR upon discovery of any errors, discrepancies or irregularities.

16. Investment Discretion

FoundationsSM, Quantitative InnovationsSM, Park Avenue Strategist SelectSM, Park Avenue Strategist Select PlusSM, Park Avenue UMA SelectSM, Park Avenue SMA SelectSM, Park Avenue Signature PortfolioSM and VestWiseTM are discretionary advisory programs.

FoundationsSM, Quantitative InnovationsSM, Park Avenue Strategist SelectSM, Park Avenue Strategist Select PlusSM and VestWiseTM use model portfolios that invest in selected mutual funds, ETFs or other securities. In these programs, a client directs the applicable investment manager (PAS or a Platform-Manager or Strategist, depending on the program selected) to invest the client's program assets in accordance with the client's investment objectives and the model portfolio chosen by the client. The client further directs and authorizes the applicable investment manager at its discretion to reallocate or rebalance the client's investments in the account in accordance with adjustments made by the applicable investment manager to the model portfolio underlying the client's investment objectives. By executing the investment advisory agreement, the client appoints the applicable investment manager as the client's agent and attorney-in-fact with full discretion to execute the transactions within the client's account without first seeking approval from or discussing these investment decisions with the client. For all PAS Proprietary Programs, Envestnet is granted the authority to buy and sell securities and investments to perform rebalancing or other such discretionary authorities you agree upon. Envestnet shall be authorized to delegate the investment discretion described above to the Investment Manager. Each Investment Manager is responsible for selecting the securities for your investment in the investment strategy of such Investment Manager, including the share class if the investment strategy contains mutual funds. You also grant PAS authority to open multiple custodial accounts based upon one account application for each Investment Manager strategy you choose.

PAS and/or the applicable Platform Manager or Strategist receives discretionary authority from the client at the outset of a discretionary advisory relationship to make all investment decisions with respect to the client's account, consistent with the client's investment objectives. As permitted in the client's investment advisory agreement, a Platform-Manager or Strategist may act in the role of a model portfolio provider for FoundationsSM, Quantitative InnovationsSM, Park Avenue Strategist SelectSM or Park Avenue Strategist Select PlusSM. PAS may also periodically provide investment advice to the client, including recommendations related to the management of program assets by one or more Platform-Managers or Strategists, subject to the approval of the client. When selecting securities and determining amounts, PAS observes the investment policies, limitations and any reasonable restrictions placed by the client relating to the client's account.

For the UMA Select program you grant Envestnet the authority to buy and sell securities and investments for the account pursuant to the direction of the Investment Manager and perform rebalancing or other such discretionary authorities you agree upon. In certain cases, the Investment Manager may directly trade client assets within the UMA Select Program instead of providing an Investment Model. In those instances, Envestnet shall be authorized to delegate the investment discretion described above to the Investment Manager. The discretionary Investment Manager is responsible for selecting the securities for client investment, including the share class if the investment is in mutual funds. PAS may periodically provide investment advice to you on a non-discretionary basis only, subject to your approval, in a manner consistent with your investment objectives and Investor Risk Rating.

17. Voting Client Securities

As a matter of firm policy and practice, PAS does not have any authority to vote and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Each PAS wrap fee program has its own Wrap Fee Brochure which describes voting client securities for each particular program.

PAS clients will receive proxies directly from the custodian, Pershing. For questions regarding proxies, clients may contact PAS at (888) 600-4667.

18. Financial Information

A copy of PAS's most recent financial statement is attached. PAS does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. PAS has never been the subject of a bankruptcy.

If you have questions relating to any information contained in this disclosure, please contact your IAR or PAS directly at 888-600-4667.

19. Report of Independent Registered Public Accounting Firm



Report of Independent Registered Public Accounting Firm

To the Board of Managers
of Park Avenue Securities
LLC:

Opinion on the Financial Statement – Statement of Financial Condition

We have audited the accompanying Statement of Financial Condition of Park Avenue Securities LLC (the “Company”) as of December 31, 2018, including the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of this financial statement in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

New York, NY
February 28,
2019

We have served as the Company's auditor since 1999.
PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017
Telephone: (646) 471 3000, Fax: (646) 471 8320, www.pwc.com

20. Statement of Financial Condition

December 31, 2018

Assets

Cash and cash equivalents	\$ 24,587,245
Cash Segregated in compliance with federal and other regulations	1,100
Deposits with clearing organizations	270,000
Receivable from broker-dealer	6,201,960
Receivable from registered representatives, less allowance for bad debts of \$334,714	2,232,925
Commissions receivable	7,773,830
Deferred tax asset	233,706
Other assets	<u>1,965,389</u>
Total assets	<u>\$ 43,266,155</u>

Liabilities and Member's Equity

Due to Guardian Life	\$ 4,573,733
Commissions payable	12,559,031
Other liabilities	<u>1,559,212</u>
Total liabilities	<u>18,691,976</u>
Member's equity	<u>24,574,179</u>
Total liabilities and member's equity	<u>\$ 43,266,155</u>

See accompanying notes to financial statement.

21. Notes to Statement of Financial Condition

December 31, 2018

1. Organization and Nature of Business

Park Avenue Securities LLC (the “Company”) is a registered broker-dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investor Protection Corporation (“SIPC”). The Company is also a registered investment advisor under the Investment Advisers Act of 1940. The Company is a Delaware Limited Liability Company that is a wholly owned subsidiary of The Guardian Insurance and Annuity Company, Inc. (“GIAC”), which is ultimately a wholly owned subsidiary of Guardian Life Insurance Company of America (“Guardian Life”).

The Company, through its parent, GIAC, employs agencies as its distribution system through which all securities transactions are conducted. All agencies are subject to an Agency Agreement with GIAC that outlines the rights and responsibilities of GIAC and its affiliates. Registered representatives and investment advisors are agency employees whose rights and responsibilities are governed by a Registered Representative Agreement or Investment Advisor Representative Agreement, respectively, by and between the Company and the representative.

The Company’s business as a securities broker-dealer consists of selling products currently offered by GIAC as well as third party sponsors to retail customers. Such products include mutual funds, variable annuities, variable life insurance, 401(k) plans and investment advisory services.

Brokerage transactions are executed by the Company on behalf of its customers and are conducted on an agency or riskless principal basis and are introduced on a fully disclosed basis to Pershing LLC (the “Clearing Broker”). The Company does not carry customer accounts or perform custodial functions related to customer securities. Direct customer transactions are executed by third party sponsors, or GIAC on behalf of the customers. The Company also acts as a broker in the purchase and sale of securities which are conducted on a give-up basis.

2. Significant Accounting

Policies Basis of Presentation

The Company’s financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

Use of Estimates

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include amounts on deposit with banks and highly liquid investments with an original maturity of three months or less. They are reported at cost, which approximates fair value because of the relatively short period of time between their origination and expected maturity.

Cash segregated in compliance with federal and other regulations represents restricted cash segregated for the exclusive benefit of customers of Park Avenue Securities.

Receivable from Broker-Dealer

The Company clears certain customer transactions through the Clearing Broker. The Receivable from broker-dealer includes advisory fees, annual account fees and non-proprietary trail commission receivable.

Commissions Receivable

All transactions, other than those cleared through the Clearing Broker, represent activity conducted directly between the client and third-party sponsors. Commissions receivable include investment advisory service fees receivable from turnkey asset management programs (TAMPs), direct sponsor trailing commissions from mutual funds and revenue sharing receipts.

Receivable from Registered Representatives

Receivable from registered representatives relate to annual fees (registered representative fees) charged for support functions, such as technology tools, licensing, compliance and regulatory oversight, and administrative services. Receivables are stated net of an allowance for bad debt, which is estimated based upon the evaluation of accounts receivable aging, specific exposures and historical trends.

Other Assets

Other Assets include loans from the Company to registered representatives as well as prepaid licensing fees.

Due to Guardian Life Insurance Company of America

Amounts payable consist of general operating expenses payable and income tax payable to Guardian Life.

Commissions payable

The Company remits commissions payments to the registered representatives on behalf of the general agents. Commissions payable represents balances owed to the registered representatives.

Income Taxes

The Company is organized as a limited liability company and is treated as a disregarded entity for federal and state income tax purposes. The Company's results are included in GIAC's pro-forma federal income tax return, which is ultimately included in the consolidated federal income tax return with its Parent, Guardian Life. The Internal Revenue Code ("the Code") limits the amount of non-life insurance losses that may offset life insurance company taxable income. The consolidated income tax liability is allocated among the members of the group in accordance with a tax allocation agreement. The tax allocation agreement provides that each member of the group is allocated its share of the consolidated tax provision or benefit, determined generally on a separate company basis, but may, where applicable, recognize the tax benefits of net operating losses or capital losses utilizable in the consolidated group. For state tax purposes, since GIAC is an insurance company, it is generally subject to tax on gross premium rather than tax on income.

However, in those years where GIAC is subject to a state income tax, such income will be subject to the group's tax allocation agreement. Intercompany tax balances are settled quarterly

on an estimated basis with a final settlement within 30 days of the filing of the consolidated return.

Current Federal income taxes are charged or credited to operations based upon amounts estimated to be

payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years. Deferred Federal income tax assets ("DTA's") and liabilities ("DTL's") are recognized for expected future tax consequences of temporary differences between GAAP and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby GAAP and tax balance sheets are compared. Deferred income tax assets and liabilities are recognized for the future tax consequence of temporary differences between financial statement carrying amounts and income tax basis of assets and liabilities.

The Company determines whether it is more-likely-than-not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. The amount of tax benefit recognized for an uncertain tax position is the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Unrecognized tax benefits are included within the Statement of Financial Condition and are charged to earnings in the period that such determination is made.

Recent Accounting Pronouncements

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued guidance related to accounting for credit losses on financial instruments. The amendments replace current incurred loss impairment methodology with the expected credit loss methodology. Entities are required to estimate lifetime credit losses related to such financial assets and exposures based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The new guidance retains most of the existing impairment guidance for available-for-sale debt securities but amends the presentation of credit losses to be presented as an allowance as opposed to a write-down and permits the reversal of credit losses when reassessing changes in the credit losses each reporting period. In November 2018, the FASB issued Codification Improvements to Topic 326, Financial Instruments – Credit Losses which clarifies that receivables arising from operating leases are not within the scope of the credit loss standard. The standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently assessing the impact of the guidance on the Company's financial statements.

Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement

In August 2018, the FASB issued guidance to clarify the accounting for implementation costs related to a cloud-computing arrangement that is a service contract. The new guidance would align the accounting for such costs with the guidance on capitalizing costs associated with developing or obtaining internal-use software. This would allow all cloud computing arrangements classified as service contracts to capitalize certain implementation costs. The guidance also requires entities to disclose certain qualitative and quantitative information about implementation costs associated with internal-use software and all hosting arrangements. The standard is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted. The Company is currently assessing the impact of the guidance on the Company's financial statements.

3. Related Party Transactions

A significant portion of the Company's revenues and expenses relate to transactions with Guardian Life and its affiliates.

Pursuant to an expense sharing agreement, Guardian Life charges the Company for the services of certain employees of Guardian Life engaged in the Company's business and for the Company's use of Guardian Life's centralized services. The Due to Guardian Life under this agreement was \$4,573,733, which is inclusive of income tax payable of \$238,257. Refer to note 6 for Income Tax related party transactions. During the year, the Company earned revenues from GIAC for sales of GIAC's variable annuity and variable life insurance products. The receivable for such revenues was \$60,136 and is included in Commissions receivable.

4. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions based on internally developed data in the absence of observable market information. The guidance requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs when determining the fair value of an asset or liability. The statement classifies all assets and liabilities carried or disclosed at fair value in one of the following three categories:

Level 1 – inputs are quoted market prices available in active markets for identical assets or liabilities on the reporting date.

Level 2 – inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – significant inputs are unobservable where there is little or no market activity for the asset or liability and the Company makes estimates and assumptions based on internally derived information and other analytical techniques.

In determining fair value, the carrying value of Cash and cash equivalents, Cash segregated under federal regulations, receivable from broker-dealer, commissions receivable and payables arising in the ordinary course of business approximate fair value because of the relatively short period of time between their origination and expected maturity or because we expect the assets and liabilities to be settled within a period of one year.

5. Regulatory Matters, Contingencies and Other Liabilities

Other liabilities include reserves for loss contingencies and unpaid operating expenses.

The Company has accrued \$778,211 in other liabilities as its estimate for loss contingencies. See Note 9 for further discussion of Contingencies.

6. Income Taxes

The components of the net deferred tax asset were as follows:

Deferred Tax Assets	<u>12/31/2018</u>
Reserve for Litigation	\$163,418
Allowance for Bad Debt	<u>70,290</u>
Total Deferred Tax Assets	\$233,708
Net Deferred Tax Asset	<u><u>\$233,708</u></u>
Deferred Tax Liabilities	
Unrealized Gains	<u>2</u>
Total Deferred Tax Liabilities	2
Net Deferred Tax Asset	<u><u>233,706</u></u>

Deferred income taxes are generally recognized, based on enacted tax rates, when assets and liabilities have different values for financial statement and tax purposes.

A valuation allowance is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's management has concluded that the deferred tax assets are more likely than not to be realized. Therefore, no valuation allowance has been provided.

The Company recorded a current Federal income tax payable of \$238,257 due to Guardian Life in the accompanying Statement of Financial Condition and is included in due to Guardian Life.

GLIC files U.S. federal income tax returns along with various state and local income tax returns. The Company's federal income tax returns are routinely examined by the Internal Revenue service ("IRS") and provisions are made in the financial statements in anticipation of the results of these audits. In 2018, the IRS has completed its examinations for tax year 2011. There were no material effects on the Company's consolidated financial position and results of operations as a result of these examinations. Tax years 2012 through 2017 are subject to examination by the IRS. The Company believes that it has established adequate tax liabilities for uncertain tax positions for all open year.

7. Regulatory Requirements

The Company is subject to the Uniform Net Capital requirements of the SEC under Rule 15c3-1, which requires that the Company maintain net capital equal to the greater of \$250,000 or 6 2/3% of aggregate indebtedness. The Company had net capital of \$12,752,110, which was \$11,504,764 above the \$1,247,346 required to be maintained. The ratio of aggregate indebtedness to net capital was 1.5 to 1. The Company claims an exemption from Rule 15c3-3 of the Securities Exchange Act of 1934 under paragraphs (k)(2)(i) and (k)(2)(ii) of that rule.

8. Off-Balance Sheet Risk

In the normal course of business, securities transactions of customers are introduced and cleared through the Clearing Broker. Pursuant to an agreement between the Company and the Clearing Broker, the Clearing Broker has the right to charge the Company for certain losses that result from transactions with such customers.

Direct customer transactions executed by third party sponsors on behalf of the customers may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations and the Company has to sell the investment product at a loss.

The Company's policy is to monitor its customer and counter-party risk through the use of a variety of credit exposure reporting and control procedures, including reviewing, as considered necessary, the credit standing of each counterparty and customer with which it conducts business.

The Company, in its normal course of business, may enter into other legal contracts that contain several of these representations and warranties which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be against the Company that have not yet occurred. However, based on its experience, the Company expects the risk of loss to be remote.

9. Contingencies

The Company is subject to claims and lawsuits that arise in the ordinary course of business. The Company is also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies.

The Company believes it has strong defenses in all significant matters currently pending and is contesting any liability and any damages claimed. Nevertheless, some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, and the Company may also decide to settle a matter because of the uncertainty and risks of litigation. Based on current information and consultation with counsel, it does not appear reasonably possible that the outcome of any pending matter would be material to the financial condition, or cash flows of the Company but may be material to earnings in any one year. However, predicting the outcome of a litigation or regulatory matter is inherently difficult, requiring significant judgment and evaluation of various factors, including the procedural status of the matter and any recent developments; prior experience and the experience of similar cases; available defenses, including potential opportunities to dispose of a case on the merits of procedural grounds before trial (e.g., motions to dismiss for summary judgment); the progress of fact discovery; the opinions of counsel and experts regarding potential damages; potential opportunities for settlement and the status of any settlement discussions; and potential insurance coverage and indemnification.

It may not be possible to reasonably estimate potential liability, if any, or a range of potential liability until the matter is closer to resolution – pending, for example, further proceedings, the outcome of key motions or appeals, or discussions among the parties. Numerous issues may have to be evaluated, such as discovery of important factual matters and determination of threshold legal issues, which include novel or unsettled questions of law.

Reserves are established or adjusted or further disclosure and estimates of potential loss are provided as the matter progresses and more information becomes available. To the extent that the Company has outstanding claims, the Company maintains various forms of insurance that sufficiently mitigates potential losses.

10. Subsequent Events

The Company considers events occurring after the Statement of Financial Condition date but prior to February 28, 2019, the issuance date of the financial statements, to be subsequent events. There were no subsequent events through February 28, 2019, the date the financial statements were available to be issued.

STEP*forward* with Park Avenue Securities

Park Avenue Securities LLC (PAS) is an indirect, wholly-owned subsidiary of The Guardian Life Insurance Company of America (Guardian). PAS is a registered broker-dealer offering competitive investment products, as well as a registered investment adviser offering financial planning and investment advisory services. PAS is a member of FINRA and SIPC.

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