Park Avenue Securities LLC

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January 24, 2020

Park Avenue Signature Portfolio℠ Wrap Fee Program Brochure

This wrap fee program 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

January 24, 2020 Update:

Item 9, Additional Information, Other Financial Industry Activities and Affiliations has been amended as follows:

- Effective December 31, 2019, The Guardian Insurance & Annuity Company, Inc. (“GIAC”) sold its ownership interest in Park Avenue Securities LLC (“PAS”) to its parent company, The Guardian Life Insurance Company of America (“GLIC”). PAS is now a direct, wholly owned subsidiary of GLIC and continues to be an affiliate of GIAC.

September 23, 2019 Update:

Item 9, Additional 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 attributable to brokerage firms such as PAS generated from agent sales 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, Additional 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.

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

Item 4, Services, Fees and Compensation has been amended as follows:

- Updated the Mutual Fund Share Class Selection in PAS Proprietary Programs section regarding PAS crediting 12b-1 fees to client accounts as well as an additional disclosure regarding the firm level conflicts of interest when using Cash Management Sweep account investment vehicles.
- Added disclosure regarding the Minimum Platform Fee for the Park Avenue Strategist Select, Strategist Select Plus, and UMA/SMA Select programs.
- Added disclosure regarding Envestnet Tax Overlay Management Services.
- Added disclosure to the Program Fees sub-section describing portfolio manager “trading away” practices.

Item 9, Additional Information has been amended as follows:

- Added disclosure regarding payments received by PAS for assets placed within Cash Management Sweep vehicles held at Pershing. The receipt of such payments creates a conflict of interest for PAS when recommending or defaulting clients into a Cash Management Sweep vehicle.
- Added disclosure regarding revenue sharing agreements with American Funds and Oppenheimer Funds.
- Added disclosure regarding fees for short-term trading of FundVest mutual funds.
- Added disclosure regarding the payment of fees by Investment Managers, Strategists or Envestnet to PAS to support PAS educational conferences.
- Added disclosure regarding additional compensation received by PAS for clients placed in the Dreyfus Insured Deposits (“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) 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.
- On April 11, 2018, 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.
- On March 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.

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

3. Table of Contents

4. Services, Fees and Compensation

PAS makes available to you a number of proprietary and nonproprietary investment advisory programs and services. This Brochure provides you with information about the Park Avenue Signature Portfolio℠ Program ("Signature Portfolio") where PAS acts as the sponsor and your IAR acts as the discretionary investment manager. If you wish to learn about other investment advisory programs and services that PAS offers, you may contact PAS by calling (888) 600-4667 or your IAR to receive a similar disclosure brochure for those programs and services.

The Signature Portfolio program provides clients the ability to invest in a discretionary managed open architecture investment advisory account. PAS has entered into a clearing arrangement with its clearing broker-dealer, Pershing, LLC ("Pershing") to hold and value account owner's securities.

Signature Portfolio℠ is a wrap fee program. Wrap fee programs bundle together several service providers - an investment adviser, a broker-dealer, a clearing firm and a custodian - and offer most of these services for a single advisory fee. There are no individual ticket charges assessed to the client for trades within a wrap fee program. Some clients prefer having the various services "packaged" together within a wrap fee program; others prefer to select their own providers for the various services needed to manage their investment portfolios. Similarly, some clients prefer a fee structure that converts trading costs into an asset-based fee calculated on the same basis as advisory fees; others prefer trading costs to be assessed on a per trade basis. Depending on a number of factors, such as the number of transactions, number of shares, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than the fees and charges that would be charged if the same services were provided on a separate basis. 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 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 long-time 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 IARs are compensated for recommending, servicing and providing general investment advice for the Program; however, this compensation is not more than what a PAS IAR would receive for recommending another proprietary investment advisory program offered by PAS.

To invest in the Signature Portfolio program, you must establish an account through PAS with Pershing, which clears trades and acts as custodian for your assets. Accordingly, all trading activity in connection with Signature Portfolio will be processed through your accounts with Pershing. In its capacity as a clearing and custodial firm Pershing performs centralized custody, bookkeeping and execution functions. Pershing handles the delivery and receipt of securities purchased or sold on your behalf, 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 clients' accounts no less than quarterly.

For the Signature Portfolio program, PAS has contracted with Envestnet Asset Management, Inc. ("Envestnet"), a U.S. Securities and Exchange Commission ("SEC") registered investment adviser, to provide a technology structure for PAS and your IAR to utilize when trading your account. In this program, Envestnet performs administrative and/or trading duties at the direction of your PAS IAR via a licensing agreement between PAS and Envestnet.

If you choose to invest your assets in a Signature Portfolio account, you will sign a client agreement, which consists of the Statement of Investment Selection and Terms and Conditions (the "Client Agreement"), which will detail all of the important terms and conditions 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. Pursuant to the Client Agreement, you direct PAS to invest your funds in the account in accordance with your Statement of Investment Selection and the strategy chosen by you.

PAS believes investors are best served by constructing well diversified portfolios that are consistent with their risk tolerance and investment objectives. Prior to funding your account, your IAR will assist you in completing an account application, a Client Questionnaire ("Client Questionnaire") and/or other forms necessary 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. The Investor Risk Rating is calculated based upon your answers to the Client Questionnaire and is used to help map to a risk-based strategic asset allocation strategy. The base strategic asset allocation strategy will be outlined within your Statement of Investment Selection. The base strategic asset allocation policies are designed around exposures to broad asset classes such as stocks and bonds.

In the Signature Portfolio program clients may choose an asset allocation that is either one allocation higher or lower on the Investor Risk Rating than the allocation indicated by the results of the Client Questionnaire and Statement of Investment Selection. Asset Allocation 1 would be considered the most conservative allocation choice and Asset Allocation 10, the most aggressive. To illustrate, it is generally thought that a conservative type of account is one comprised primarily of fixed income securities. If a fixed income security is held to maturity, the investor receives payment of the coupon (principal) amount. Fixed income securities, of course, have risks related to interest rate movements, and other risks. On the other end of the scale, it is thought that the riskiest type of account (depending upon security selections) would be an account comprised primarily of equity securities (subject to market risks).

Signature Portfolio 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. As part of the Signature Portfolio program you delegate to your IAR all your powers with regard to the investment and reinvestment of your account assets and appoint your IAR as your attorney and agent in fact with full authority to buy, sell, or otherwise effect investment transactions involving your assets in the account. Your account may be invested in mutual funds, ETFs, and general securities (including but not limited to individual stocks and bonds). While PAS, through its IARs, may be granted discretionary authority by you over transactions that occur in your accounts, PAS and your IAR have no authority to direct withdrawals out of your account without your prior consent. You may make deposits to your account at any time and may make withdrawals on notice to your IAR; provided, however, that in the event your withdrawals cause the account value to fall below a level where PAS, in its sole discretion, determines the account is not suitable for you, the investment advisory agreement between you and PAS may be subject to immediate termination. Cash awaiting investment may be placed in money market funds that pay shareholder servicing and/or distribution fees.

Your IAR will periodically review performance and other periodic reports provided to you (i.e., quarterly performance reports) and will meet with you at least annually to review your financial situation and investment objectives and to determine whether you wish to impose any reasonable restrictions on the management of your account. Clients should be aware that these reports are not official account statements regarding the assets held in, and the transactions effected in, your account. They should be used only for informational purposes and should not be relied upon for making investment decisions or tax purposes. You should promptly notify PAS or your IAR upon discovery of any errors, discrepancies or irregularities in these reports.

Additionally, you are required to notify PAS or your IAR of any changes to your financial situation or investment objectives.

There is no guarantee that the objectives of any portfolio will be realized. In addition, a client may lose money by having their assets managed in accordance with any portfolio or strategy offered through the Signature Portfolio program.

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 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. 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.

For the Signature Portfolio program, any securities, positions or holdings identified by PAS as being ineligible securities will be considered Unsupervised Assets. Any securities held in your account that are classified as Unsupervised Assets are not managed by PAS or your IAR and your IAR will not consider Unsupervised Assets when providing investment advice to your Signature Portfolio program account. These may include securities transferred into your Signature Portfolio 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 Signature Portfolio 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.

The Signature Portfolio program is designed to comply with Rule 3a-4 under the Investment Company Act of 1940. Each account is managed on the basis of your financial situation and stated investment objectives, in accordance with reasonable investment restrictions imposed by you on the management of the assets in the account. Although we will accept reasonable restrictions as described above, we will not have any obligation to manage your account in accordance with any investment guidelines, policy statements or other documents unless we specifically agree to do so, in writing. In addition, your IAR shall conduct an annual review of the account(s) with you. Your IAR shall implement any changes you request to your investment objectives as a result of changes in personal or financial circumstances. Therefore, we ask that you keep your IAR fully informed of any changes in your personal and financial information in order for us to manage your account(s) appropriately.

PAS provides you with a range of investment advisory services including:

- Assistance in defining the parameters that will form the basis for the management of your account, including your financial and risk profile information and investment objectives;
- Recommendation and implementation of an investment strategy;
- Management of the account;
- Review of your account(s) to ensure adherence to the investment objectives;
- Paper and/or electronic reporting of your account performance on a quarterly basis;
- Provision of custody, trade execution, and confirmation and statement generation, through the custodian; and
- Year-end tax information.

Fees for the Signature Portfolio program are negotiable by mutual agreement between you and PAS. Subject to negotiation and upon approval of PAS, the maximum annual client advisory fee is 2.05%. Fees do not include underlying expense ratios of any mutual funds and/or ETFs selected by your IAR. These expense ratios may be found in the Model Portfolio Fact Sheet contained within the Proposal.

Fundvest Mutual Fund Short Term Trading Fees

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

The advisory wrap fee is based on the average daily balance of assets in a client’s account during the previous calendar quarter (or if the account is opened mid-quarter on a pro rata-basis) 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. The services include the brokerage and advisory services provided by PAS and your IAR, the technology related services provided by Envestnet, the advisory related services provided by Envestnet the brokerage services involved in purchasing and selling the securities in your account, and the custodial and clearing services provided by Pershing. Your fee is separated into different components, which vary depending on the program you have selected. The total client fee is located in your Statement of Investment Selection. The fee is calculated at the end of each quarter and is debited from the account on the 10th business day of the following quarter. 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. This 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, 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.

The advisory fee does not include costs or charges associated with liquidation of a client's account and related charges, including but not limited to, express postage and handling charges, returned check charges, wire or transfer fees, transfer taxes or exchange fees or other fees mandated by law, or non-brokerage related fees such as IRA trustee or custodian fees and tax qualified retirement plan account fees. In addition, Individual Retirement Accounts ("IRAs") will be assessed a $95.00 termination fee upon account termination. 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.

You should be aware that, in addition to the advisory fee paid by you for advisory services under the program, each investment company (i.e., mutual fund) in the Program also has its own separate investment management fees and other expenses. These investment companies may include mutual funds managed by Park Avenue Institutional Advisers LLC ("PAIA"), an affiliate of PAS, which would receive management fees of their advisory services. Further, certain mutual funds available through the program 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, and 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 (with the exception of certain money market mutual funds and FDIC sweep vehicles) that are attributable to the Program accounts.

Mutual Fund Share Classes 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 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 share in the earned income from Pershing based on the amount of assets placed within the Bank Sweeps. Also, some Money Market Sweeps have a 12b-1 Service/Distribution Fee that is paid to PAS from the money market fund. The receipt of the earned income from the Bank Sweeps and 12b-1s may be used to reduce the cost of custodial services provided by Pershing.

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 Signature Portfolio 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 Signature Portfolio 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).

In certain circumstances, your IAR may recommend and PAS may approve non-purpose loans in your Signature Portfolio account. Your IAR will benefit from a Non-Purpose Loan because you don't have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the potential fees and commissions that could be earned by your IAR from holding or engaging in future transactions with those assets. For example, with a fee-based account, by recommending a Non-Purpose loan to fund some purchase or financial need rather than liquidate securities, PAS and your IAR continue to earn fees on the full account value and may also earn revenue from the new loans.

If you participate in the Non-Purpose Loan Program, you will pay interest to Pershing LLC and PAS on the loan value in addition to any Signature Portfolio program advisory fees charged in the account being used as collateral. 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 Signature Portfolio 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.
- the possibility that you may not benefit from collateralizing your account for a non-purpose loan in a Signature Portfolio 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 us, 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 Signature Portfolio 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 a creditor PAS may have interests that are averse to your interests. Additional limitations and availability may vary by state.

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

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 the Signature Portfolio program, 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).

5. Account Requirements and Types of Clients

The Signature Portfolio program has a minimum initial investment requirement of $25,000 for accounts invested in mutual fund and ETFs only. Thereafter, clients must maintain a minimum balance of $15,000.

This program’s initial minimum is $50,000 for accounts invested in general securities (including but not limited to individual stocks and bonds). Thereafter, clients must maintain a minimum balance of $25,000. Accounts which fall below the minimum balance are subject to closure by PAS at its sole discretion.

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

6. Portfolio Manager Selection and Evaluation

PAS does not select, review or recommend outside portfolio managers for its Signature Portfolio program. Your PAS IAR is the sole portfolio manager available with respect to your account and you select the PAS IAR to manage the account. This may create a conflict of interest in that other investment advisory firms that use outside portfolio managers may charge the same or lower fees than our firm for similar services.

PAS generally requires that its IARs involved in discretionary asset management meet certain criteria established by PAS to be permitted into the program and go through a review and approval process. Each PAS IAR is also generally required to possess Financial Industry Regulatory Authority (FINRA) Series 7, 63 and 65 or 66 licenses.

PAS does not calculate the performance record of the IARs, however, PAS may at its discretion calculate and review such performance or use the services of a third-party vendor to calculate and review such performance. PAS does calculate performance for each account which is compared to certain selected benchmarks. Please see the Review of Accounts section for additional detail.

Each PAS IAR develops a unique strategy based on his or her knowledge, experience and understanding of your needs. As such, recommendations by the IAR for individual investment portfolios will differ. This individualized approach allows you and your IAR to work together to achieve your investment goals. PAS extends maximum latitude to you and your IAR, within this individualized approach, as to the method in which your account will be managed. You may impose restrictions in investing in certain securities or types of securities in accordance with your values or beliefs. You may call at any time during normal business hours to speak directly with your IAR about your account, financial situation, or investment needs.

There are no differences in management fees for the Signature Portfolio and other advisory accounts provided by PAS where your IAR acts as the portfolio adviser. A percentage of the asset-based fee paid by you is paid to PAS, a portion of which is paid to your IAR for services rendered. The remainder of the fee is retained by PAS for supervisory and administrative services.

Performance Based Fees and Side by Side Management

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

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. Clients with a PAS Signature Portfolio account may be invested in comparable securities as clients that are invested in other PAS advisory programs. Such clients should carefully review the description of each program and the related fees and consider which program may be more appropriate.

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.

Methods of Analysis, Investment Strategies and Risk of Loss

Depending on a client's particular situation, need and expectations, there are various methods of analysis and investment strategies that your IAR may use when managing assets.

PAS IARs generally use fundamental and technical analysis when analyzing securities. Fundamental analysis involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products, services, earnings, and financial structure. Technical analysis involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns. Sources of information for analysis include research material acquired from outside vendors, financial newspapers and magazines, annual reports, prospectuses, filings with the SEC and company press releases.
Each IAR manages, on PAS' behalf, client assets in the Signature Portfolio account, by employing his or her own investment strategy and methods of analysis, which may or may not include one or a combination of the following techniques: review of third party research reports, use of model investment portfolios, use of fundamental and

technical analysis to review securities, etc. PAS IARs are available to answer any questions that a client may have with respect to how a client's account is managed.

With regard to investment advisory services, PAS subscribes to various market and investment publications and services directly or indirectly through Pershing. PAS IARs also analyze the prospectuses and offering memoranda of mutual funds, ETFs and other securities where such documentation is available in developing and evaluating investment strategies. National conventions, professional meetings and membership in industry organizations also serve to provide PAS and its IARs with continuing access to the practical experiences of others and current developments.

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 its 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 a 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: ETFs 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.

Directed Brokerage

Clients in the Signature Portfolio program must establish an account through PAS with Pershing, which clears trades and acts as custodian for clients' assets under the PAS Advisory Programs. Accordingly, all trading activity in connection with the Signature Portfolio program 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 the Signature Portfolio 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 where the adviser has the responsibility to select broker-dealers to execute client trades. "Best execution" refers to using reasonable diligence to seek 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 the most favorable 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.

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 have any soft dollar arrangements.

Order Aggregation

Although each account is individually managed, your IAR may buy and sell the same securities for many advisory accounts simultaneously when applicable.

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 is executed at the same price, the client will receive the same price per unit.

PAS may aggregate trades unless it believes that aggregation is not consistent with its duty to seek best execution for clients in the aggregate and consistent with the terms of the client's investment advisory agreement. PAS may exclude from aggregation those client accounts that have relevant restrictions or pending client activity. If trades are not aggregated, clients may pay prices for the transactions that are different from what they may have paid had the trades been aggregated. When aggregating, PAS may, consistent with its policies and procedures and fiduciary duties, include proprietary and/or employee accounts in an aggregated order. If we are not able to completely fill an aggregated transaction, we will allocate the filled portion of the transaction following fair dealing principles, e.g., pro-rata, trade rotation.

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. PAS may, upon request, provide advice to clients regarding the clients' voting of proxies.

7. Client Information Provided to Portfolio Managers

PAS and your IAR will have access to your (i) account opening documents, which include, among other things, your investment objective, risk tolerance and any client-imposed restrictions on management of assets; (ii) online access to the account; (iii) confirmations; (iv) account statements; and (v) your quarterly performance reports.

8. Client Contact with Portfolio Managers

There are no restrictions placed on clients' ability to contact and consult with their PAS IAR regarding the Signature Portfolio program.

9. Additional Information

Disciplinary Information

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.

11/18/2011 – 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 (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, 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 the Firm had no surveillance procedures to determine and monitor 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 U.S. Securities and Exchange Commission ("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.

Other Financial Industry Activities and Affiliations

PAS is a 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.

PAS is an affiliate of The Guardian Insurance & Annuity Company, Inc. ("GIAC"), a Delaware 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, which 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") formerly known as Lowe Enterprises Investment Management, LLC, 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 issued by affiliates or mutual funds managed by affiliates than they would if they recommend insurance products or mutual funds issued by or managed by non-affiliates. An IAR may have an incentive to recommend a particular PAS Proprietary Investment Advisory Program or Third-Party Investment Advisory Program in favor of another because of the receipt of higher fees or non-cash benefits such as additional services which include marketing support and training provided by the sponsor of the Third-Party Advisory Program.

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 will not affect any principal or agency cross transactions for client accounts. PAS will not permit cross trades between 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 any advisory client. 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.

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. At the annual meetings or on a more frequent basis, the client's IAR will review the client's account. This review is designed to determine that the selected portfolio and the client's positions thereunder are still appropriate and consistent with the client's financial circumstances. In addition, the client has the ability to add or modify any reasonable investment restrictions, if applicable.

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 ("Registered Principals"), who review all PAS proprietary program accounts for suitability. Accounts are reviewed by the Registered Principals prior to being opened. Accounts are monitored on an ongoing basis by Registered Principals.

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.

<u>Other Compensation</u>

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 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 +1.75%. 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 bank participating in this program will pay the administrator and Pershing a fee of up to .70% (70 basis points) of the average daily deposit balance in your account that is held in the DIDV program which will reduce your interest rate. PAS may also retain a fee of up to .40% (40 basis points) of the total average daily deposit balance in your account that is held in the DIDV program. The amount of fees retained by the administrator of the program, Pershing and PAS will reduce the interest rate paid on the portion of your account which holds the DIDV program.

In order to illustrate the effect of the interest retained by Pershing, the administrator of the program and PAS on a client's interest rate yield, please consider the following example. If the DIDV sweep is earning a gross interest rate yield of 2%, the administrator sends 1.65% to Pershing (2% less .35% for the administrator's fees). The .35% Deposit Fee will be paid to the administrator of the sweep program for the services listed above. Subsequently, out of the remaining 1.65% interest rate yield, a fee of .35% is paid to Pershing. The remaining 1.3% is split between PAS and the client.

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 a revenue sharing arrangement with American Funds. This arrangement is based on PAS' total assets placed with this organization. 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 this investment company 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.

<u>Third- Party Advisor Payment Arrangements</u>

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

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

<u>How PAS Addresses Conflicts of Interest Described in the Other Compensation Section</u>

- 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.

Financial Information

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 petition.

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Park Avenue Securities

Park Avenue Securities LLC (PAS) is a 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.

Variable insurance products, their underlying investment options, mutual funds, and exchange traded funds are sold by prospectus only. Prospectuses contain important information, including fees and expenses. Please read the prospectus carefully before investing or sending money. You should consider the investment objectives, risks, fees and charges of the investment company carefully before investing. Please contact your investment professional or call 888-600-4667 for a prospectus, which contains this and other important information.

PAS is located at 10 Hudson Yards, New York, NY 10001.

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