

PARK AVENUE Securities®

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*FoundationsSM and Quantitative InnovationsSM
Wrap Fee Program Brochure*

Appendix 1

October 1, 2012

This wrap fee program 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, please contact us at (888) 600-4667 (Option 4). 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

The following is a summary of the material changes made to this brochure since the last annual update on March 31, 2011:

- PAS has updated the Disciplinary Information Section (Item 9) to reflect that on November 8, 2011, the Financial Industry Regulatory Authority (“FINRA”) censured and fined Park Avenue Securities (“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.
- PAS has updated the Fees and Compensation Section (Item 4) to reflect (1) that PAS transaction charges cover both the underlying transaction charges imposed by National Financial Services, LLC (“NFS”) as well as administrative services provided by PAS in connection with the transactions; (2) additional information related to minimum transaction charges; and (3) the receipt by PAS of additional fees from NFS based on account balances in certain funds.

You can obtain a current copy of this brochure at any time, without charge, by contacting PAS at (888) 600-4667, (Option 4).

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4. Services, Fees and Compensation

FoundationsSM and Quantitative InnovationsSM are discretionary advisory programs (“Discretionary Advisory Programs”) that assist clients with the development of diversified financial portfolios through investments in selected mutual funds and exchange-traded funds (“ETFs”). PAS investment advisory programs are approved by an investment committee composed of senior members of our management team (the “Committee”). The Committee reviews, analyzes and discusses the various factors that may affect the world financial markets and, in turn, the client portfolios we manage. The Committee’s review may include, for example, macroeconomic trends, Federal Reserve policy, inflation, currency influences, valuation metrics and risk/reward profiles for various markets and market sectors. The mutual funds and ETFs we select for our proprietary investment advisory programs are approved by the Committee and are subject to review and revision from time to time.

The Discretionary Advisory Programs’ employ model portfolios as follows: twenty (ten standard and ten tax-sensitive) model portfolios for FoundationsSM and thirty (ten standard, ten tax-sensitive and ten ETF-only standard) model portfolios for Quantitative InnovationsSM. These models are developed and maintained by PAS and are designed to reflect risk and volatility levels that range from conservative to ultra-aggressive (each, a “Strategy Portfolio”). PAS will evaluate and select the mutual funds and ETFs to be used in the Strategy Portfolios, will continually monitor the Strategy Portfolios and, at such times as PAS deems appropriate in its sole discretion will make adjustments to the percentages of a Strategy Portfolio as well as to the mutual fund and ETF allocations within each asset class in each Strategy Portfolio. Clients have the ability to impose any reasonable restrictions or modify any existing restrictions in a reasonable manner on the management of their account. The advisory 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. 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 of the account. The standard advisory fee schedule for each program is set forth below. Fees are negotiable by mutual agreement between the client and PAS.

Subject to negotiation, and upon approval of PAS, the advisory fee schedule for FoundationsSM and Quantitative InnovationsSM accounts established prior to October 1, 2012 (the client and the PAS Investment Advisory Representative (“IAR”) may negotiate a fee lower than the schedule) is as follows:

Quantitative InnovationsSM

Assets Under Management	Advisory Fee Annual Rate
\$ 0 - \$499,999.99	1.90%
\$500,000.00 - \$999,999.99	1.65%
\$1,000,000.00 - \$2,999,999.99	1.15%
\$3,000,000.00 - over	0.90%

In addition, other administrative charges may apply, including:
IRAs & Qualified Plans: \$35.00 annual maintenance fee
IRAs & Certain ERISA Plans: \$75.00 termination fee

FoundationsSM

Assets Under Management	Advisory Fee Annual Rate
\$ 0 - \$499,999.99	1.85%
\$500,000.00 - \$999,999.99	1.60%
\$1,000,000.00 - \$2,999,999.99	1.10%
\$3,000,000.00 - over	0.85%

In addition, other administrative charges may apply, including:
IRAs & Qualified Plans: \$35.00 annual maintenance fee
IRAs & Certain ERISA Plans: \$75.00 termination fee

Note: As of October 1, 2012, the FoundationsSM and Quantitative InnovationsSM programs are no longer available to new accounts/clients for a single asset-based fee, except for new accounts that are established on or before March 31, 2013 with assets that are directly transferred from Investor’s Blueprint®, ETF Managed Solutions®, PASSage® or PASSage.2® program accounts that are being closed (the “Transition Accounts”). For the Transition Accounts, the Maximum Client Fee is 2.10% for Quantitative InnovationsSM and 2.05% for FoundationsSM.

The advisory 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. The fee is calculated at the end of each quarter and is debited from the account on the 15th business day of the following 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 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.

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 Individual Retirement Account ("IRA") trustee or custodian fees and tax qualified retirement plan account fees.

Each discretionary advisory program bundles together several service providers - an investment adviser, a broker/dealer, a clearing firm and a custodian - and offers most of these services for a single advisory fee. Some clients prefer having the various services "packaged" together; 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 what these fees and charges would be if the same services were provided on a separate basis. PAS IARs are compensated for recommending the Discretionary Advisory Programs; however, this compensation is not more than what a PAS IAR would receive for recommending another advisory program offered by PAS.

Under its clearing arrangement with NFS, PAS earns a monthly distribution fee on all shares held by clients of PAS in the following Fidelity Money Market Sweep Fund portfolios: Prime Fund, Tax-Exempt Fund, and Treasury Fund (each, a "Portfolio"). Each Portfolio offers two classes of shares: Capital Reserves Class and Daily Money Class. The distribution fee is based on the average net assets (calculated daily) owned by PAS clients in each Portfolio at the following annual rates:

Capital Reserves Class	50 Basis Points
Daily Money Class	25 Basis Points

The distribution fee is based on the amounts that NFS receives from a Portfolio. If NFS does not receive a distribution fee from the Portfolio, NFS will not pay a distribution fee to PAS. PAS IARs do not receive any additional compensation as a result of this distribution fee.

In addition, PAS may receive fees based on account balances in non-Fidelity No Transaction Fee ("NTF") mutual funds, as follows:

Average Aggregate Balances	Basis Points Earned
\$0 – \$10 million	0 Basis Points
\$10 million and over	10 Basis Points

PAS IARs do not receive any additional compensation as a result of these additional fees.

5. Account Requirements and Types of Clients

The Discretionary Advisory Programs have a minimum initial investment requirement of \$25,000.00. Clients must maintain a minimum balance of \$15,000.00. Accounts which fall below the minimum balance are subject to closure by PAS at its sole discretion.

We provide investment advisory services for a variety of clients including individuals, corporations, trusts, defined contribution and defined benefit plans.

6. Portfolio Manager Selection and Evaluation

From time to time, PAS may use the services of third party investment advisers for investment research and recommendations with respect to the ETFs and mutual funds offered under the Discretionary Advisory Programs. The selection of ETFs and mutual funds is subject to the approval of the Committee.

ETF and Mutual Fund Managers

PAS' selection of ETF and mutual fund managers is geared toward finding securities that measure well with respect to the following characteristics:

1. Philosophy – The overriding core set of values that not only guide the investment process but also guide the organization.
2. Process – The process that is used repeatedly to create the portfolio. This includes a description of the starting universe, a detailed account of the screens employed and risk control mechanisms in place.
3. People – The quality and depth of talent that exists in the investment team, their tenure with the organization, and their compensation structure.
4. Portfolio –The portfolio should be a reflection of the stated investment philosophy and should show a consistent and repeatable investment process among different market environments. Style consistency in good and bad markets is critical.
5. Past Performance – The demonstration of investment skill in favorable and unfavorable market environments. While the term skill is normally associated with positive excess performance, a manager can demonstrate skill by maintaining a well-positioned portfolio while mitigating underperformance.
6. Passion – Managers should exhibit enthusiasm when discussing their portfolios and possess a genuine passion for the investment management industry as a whole.

Equity funds are grouped according to asset class, market capitalization, growth or value orientation, and geographic boundaries.

Fixed income funds are grouped according to whether the portfolio invests in taxable or tax-exempt securities, interest rate sensitivity, credit quality and geographic boundaries.

Criteria for Removing a Mutual Fund or ETF

The table below outlines some of the most common situations that may prompt a removal of a fund.

- | | |
|------------------------------------|--|
| 1. Material Style Drift | 6. Excessive Fees |
| 2. Asset Loss | 7. Undesirable Portfolio Characteristics |
| 3. Asset Growth | 8. Failure to be Forthright with Information |
| 4. Defection of Key Personnel | 9. Poor Performance |
| 5. Departure from Ethical Behavior | |

The investment vehicles offered through the Discretionary Advisory Programs are mutual funds and ETFs, the performance of which is determined based upon standard performance calculations used in the industry. Performance data is provided by third party vendors that are unaffiliated with the managers of the mutual funds and ETFs.

PAS may recommend to clients mutual funds 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 may purchase for its accounts mutual funds whose investment adviser is a PAS affiliate, such as RS Investment Management Co. LLC (“RS”), Guardian Investor Services LLC (“GIS”) and Guardian Baillie Gifford Limited (“GBG”). GIS, a Delaware limited liability company, is a wholly-owned subsidiary of GLIC. GBG, a Scottish company, is majority-owned by GIAC. RS, a Delaware limited liability company, is majority-owned by GIS. Each of RS, GIS and GBG is a registered investment adviser. GIS is also registered as a broker-dealer. RS, GIS or GBG may earn mutual fund management fees, while PAS earns a separate additional fee or fees for advisory and/or brokerage services as described in the relevant advisory or brokerage documents. PAS IARs receive no additional compensation for recommending mutual funds managed by affiliates.

7. Client Information Provided to Portfolio Managers

For each Discretionary Advisory Program, a PAS IAR assists the client in selecting an appropriate asset allocation strategy and investment portfolio suited to the client’s investment objectives, as reflected by a client questionnaire and personal investment profile. PAS clients may impose any reasonable restrictions or modify any existing restrictions in a reasonable manner on the management of their accounts. Client information is not passed along to any mutual fund or ETF sponsors.

The client’s portfolio(s) are chosen by the client, in consultation with their PAS IAR, and are based upon the agreed asset allocation strategy. The FoundationsSM portfolio will be based on one of twenty (ten standard and ten tax-sensitive) model portfolios which are comprised of mutual funds. The Quantitative InnovationsSM portfolio will be based on one of thirty (ten standard, ten tax-sensitive and ten ETF-only standard) model portfolios which are comprised of mutual funds and ETFs or ETFs only. ETFs and/or

mutual funds for both programs come from a list approved by PAS and the Committee, and is subject to change with the approval of the Committee. The client will receive individual advice from their PAS IAR based upon the results of the client questionnaire and personal investment profile. The twenty (ten standard and ten tax-sensitive model portfolios and ten ETF-only standard model portfolios, which are subject to change from time to time based upon review by PAS, are as follows:

- | | |
|-----------------------------------|---------------------------------------|
| 1. Capital Preservation Portfolio | 6. Conservative Growth Portfolio |
| 2. Conservative Income Portfolio | 7. Moderate Growth Portfolio |
| 3. Income and Growth Portfolio | 8. Dynamic Growth Portfolio |
| 4. Balanced Portfolio | 9. Aggressive Growth Portfolio |
| 5. Growth and Income Portfolio | 10. Ultra-Aggressive Growth Portfolio |

A client may choose a model portfolio that is either one model higher or lower on the risk reward horizon than the model indicated by the results of the client questionnaire and personal investment profile. Model Portfolio 1 would be considered the most conservative portfolio choice and Model Portfolio 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). 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 model portfolio offered through the Discretionary Advisory Programs.

PAS believes investors are best served by constructing well diversified portfolios that are consistent with their risk tolerance and return goals. Therefore, our process begins with identifying the correct balance between risk and return for each client via the Client Questionnaire which leads to a Personal Investment Plan. The client directs PAS to invest the client's funds in the account in accordance with the client's Personal Investment Plan and the Strategy Portfolio chosen by the client. Based upon the client's answers, PAS will recommend a base strategic asset allocation strategy portfolio from among the ten we generally offer. The base strategic asset allocation policies are designed around exposures to the broad asset classes such as stocks and bonds. It should be noted that the securities utilized to implement the strategic asset allocation policy will depend on the specific advisory program selected by the client and their IAR. The client further directs and authorizes PAS at its discretion to reallocate or rebalance the client's investments in the account in accordance with adjustments made by PAS to the Strategy Portfolio underlying the client's Personal Investment Plan. The client understands that there may be tax consequences as a result of any adjustments made to the account. By executing the investment advisory agreement, the client appoints PAS 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.

PAS may periodically adjust the composition of the client's portfolio within the model to increase the portfolio's exposure to asset classes that we believe offer the most attractive risk/return profiles or, conversely, to decrease the portfolio's exposure to asset classes that we believe have relatively unattractive risk/return prospects. Our asset allocation decisions will primarily be based upon fundamental research regarding the valuation of asset classes relative to their own long term histories, as well as other asset classes. We may also base our asset allocation decisions on our identification of thematic trends and/or based upon certain technical indicators.

The IAR is expected to meet with the client at least once per year to review the client's financial situation. Additionally, the client is required to notify PAS or their IAR of any material changes to the client's financial situation.

8. Client Contact with Portfolio Managers

There are no restrictions placed on clients' ability to contact and consult with PAS regarding the Discretionary Advisory Programs.

9. Additional Information

Disciplinary Information

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

09/05/2003 – The National Association of Securities Dealers (“NASD”) alleged that PAS failed to adequately enforce written supervisory procedures in connection with late and incorrect filings of form U4 amendments, and failed to adequately review criminal history disclosures of potential hires, specifically a tax-related criminal history disclosure (over 10 years old) of a registered representative. PAS consented to a censure and a fine in the amount of \$9,000 pursuant to an Acceptance, Waiver and Consent.

09/16/2003 – The Utah Division of Securities alleged, in a settled administrative proceeding, that PAS failed in certain specified respects, to adequately supervise its securities business in a Utah branch office, violated a Utah licensing regulation, failed to maintain current and correct records on the NASD's central registration depository (“CRD”) system, and failed to follow its own written supervisory procedures. On September 16, 2003, PAS entered into a consent order, was fined \$35,000 and agreed to implement corrective measures to address the deficiencies identified in the order.

09/16/2003 – The Utah Division of Securities alleged that PAS allowed an employee to solicit investment advisory business for PAS, to supervise the investment advisory activities of PAS agents, and to receive compensation for investment advisory services performed by PAS while not licensed; divided or split consideration with an unlicensed investment advisory representative; and failed to supervise investment activities of an unlicensed employee. PAS agreed to a consent order and paid a fine of \$30,000, and agreed to implement corrective measures to address the deficiencies identified in the order. Also, the New York State Insurance Department found that PAS violated section 2110(i) of the New York insurance law in that it failed to notify the department of this matter within 30 days.

01/24/2005 – The NASD alleged that from May 1999 to June 2003, PAS allowed an individual associated with PAS' Utah branch office to act in a supervisory capacity without the appropriate registrations. PAS, without admitting or denying the allegations, consented to resolve the matter as described. The individual involved was discharged in July 2003 for failure to follow PAS policy. PAS was censured and paid a fine of \$7,500 on February 10, 2005.

06/10/2009 – 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” license (“DBA”), 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.

Other Financial Industry Activities and Affiliations

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 may purchase for its accounts mutual funds whose investment adviser is a PAS affiliate, such as RS Investment Management Co. LLC (“RS”), Guardian Investor Services LLC (“GIS”) and Guardian Baillie Gifford Limited (“GBG”). GIS, a Delaware limited liability company, is a wholly-owned subsidiary of GLIC. GBG, a Scottish company, is majority-owned by GIAC. RS, a Delaware limited liability company, is majority-owned by GIS. Each of RS, GIS and GBG is a registered investment adviser. GIS is also registered as a broker-dealer. RS, GIS or GBG may earn mutual fund management fees, while PAS earns a separate additional fee or fees for advisory and/or brokerage services as described in the relevant advisory or brokerage documents. PAS IARs receive no additional compensation for recommending mutual funds managed by affiliates.

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 effect 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.

PAS may recommend to clients mutual funds that are managed by investment adviser affiliates of PAS.

Review of Accounts

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

PAS employs individuals who are registered with FINRA as principals (the "Registered Principals") who review all Discretionary Advisory Program accounts for suitability. Accounts are reviewed by the Registered Principals prior to being opened. All subsequent trading activities are also reviewed by the Registered Principals.

Client Referrals and Other Compensation

PAS and/or its IARs may receive compensation pursuant to cash solicitation agreements for introducing clients to the non-affiliated investment advisers 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 non-affiliated investment advisers over the other non-affiliated investment managers with which PAS has a less favorable compensation arrangement or alternative investment advisory programs. Full disclosure of all cash 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 under the Investment Advisers Act of 1940.

PAS has entered into a solicitor arrangement with Smith and Gesteland, LLP, a Wisconsin registered investment adviser. Smith and Gesteland will refer prospective clients to PAS on a non-exclusive basis for which PAS will compensate Smith and Gesteland. Smith and Gesteland will not provide investment advice on behalf of PAS. The advisory fee charged to prospective clients will not increase as a result of this solicitor arrangement. Additionally, certain IARs may receive compensation pursuant to cash solicitation agreements for introducing clients to the PAS Advisory Programs described in this brochure.

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.