



PARK AVENUE INSTITUTIONAL ADVISERS LLC

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Firm Brochure

March 28, 2019

This brochure provides information about the qualifications and business practices of Park Avenue Institutional Advisers LLC (“PAIA”). If you have any questions about the contents of this brochure, please contact Michael Bessel, Chief Compliance Officer, at (212) 919-2517. 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 PAIA is also available on the SEC’s website at www.adviserinfo.sec.gov.

PAIA 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 discussion of only the material changes since the last annual update dated March 29, 2018.

- **Assets under management.** Our total assets under management is \$4,387,612,575 as of February 28, 2019. Further information is available under the heading “Advisory Business” herein.
- **New CLO Portfolio.** PAIA is managing the investment assets of its third CLO portfolio, Park Avenue Institutional Advisers CLO Ltd 2018-1, which closed in November 2018.

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4. Advisory Business

Firm Description

PAIA is a Delaware limited liability company that has been registered with the SEC as an investment adviser since March 9, 2015. Additional information about PAIA is available via the SEC's web site at www.adviserinfo.sec.gov.

Principal Owners

PAIA is a direct wholly-owned subsidiary of Guardian Investor Services LLC, a Delaware limited liability company ("GIS") and is an indirect wholly-owned subsidiary of The Guardian Life Insurance Company of America, a New York mutual life insurance company ("Guardian").

Types of Advisory Services Offered

PAIA serves as the investment adviser to Guardian Variable Products Trust, an open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), on behalf of its series (each, a "Guardian Fund" and collectively, the "Guardian Funds"): Guardian Large Cap Fundamental Growth VIP Fund, Guardian Large Cap Disciplined Growth VIP Fund, Guardian Mid Cap Traditional Growth VIP Fund, Guardian Mid Cap Relative Value VIP Fund, Guardian Integrated Research VIP Fund, Guardian Diversified Research VIP Fund, Guardian International Growth VIP Fund, Guardian International Value VIP Fund, Guardian Large Cap Disciplined Value VIP Fund, Guardian Growth & Income VIP Fund and Guardian Core Plus Fixed Income VIP Fund). Each Fund is sub-advised by a third-party investment adviser. Further information about each Guardian Fund's investment objectives, policies and restrictions is contained in the current Prospectus and Statement of Additional Information (SAI) for the respective Guardian Fund.

PAIA also serves as the investment sub-adviser to certain open-end management investment companies registered under the 1940 Act and managed by Victory Capital Management Inc. (each, a "Victory Fund," and collectively, the "Victory Funds"). PAIA currently manages the assets of: Victory High Yield Fund, Victory Tax-Exempt Fund, Victory High Income Municipal Bond Fund, Victory Floating Rate Fund, and Victory Strategic Income Fund, each a series of Victory Portfolios; and Victory High Yield VIP Series, each a series of Victory Variable Insurance Funds. Further information about each Victory Fund's investment objectives, policies and restrictions is contained in the current Prospectus and Statement of Additional Information (SAI) for the respective Victory Fund.

PAIA also manages the investment assets of three portfolios of collateralized loan obligations (the "CLO portfolios") for CLO offerings issued by Park Avenue Institutional Advisers CLO Ltd 2016-1 ("PAIA CLO 2016-1"), Park Avenue Institutional Advisers CLO Ltd 2017-1 ("PAIA CLO 2017-

1”) and Park Avenue Institutional Advisers CLO Ltd 2018-1 (“PAIA CLO 2018-1”). These CLO portfolios are Cayman Islands limited liability companies (the “CLO issuers”). This brochure relates solely to the management of the CLO portfolios. Current and prospective investors and clients should refer to the applicable offering or private placement memorandum or other offering document, portfolio management agreement, collateral management agreement, investment management agreement, warehouse agreement or other relevant governing document for information on the investment objectives and investment restrictions and tests that are applicable to the investments being managed by PAIA in connection with the CLO offerings.

During the process of negotiating the CLO indenture, PAIA, along with other deal participants, including the placement agents, rating agencies and investors, will determine the parameters of the underlying loan collateral for the applicable CLO portfolio.

PAIA also serves as the investment adviser to an affiliate portfolio on behalf of Park Avenue Credit Opportunities LLC. Park Avenue Credit Opportunities LLC is a Delaware limited liability company that is also a direct wholly-owned subsidiary of GIS and currently operates entirely with proprietary capital of under \$10 million.

As of February 28, 2019, PAIA manages \$ 4,387,612,575 on a discretionary basis.

5. Fees and Compensation

As compensation for its services under Collateral Management Agreements with PAIA CLO 2016-1, PAIA CLO 2017-1 and PAIA CLO 2018-1, PAIA is entitled to receive “Collateral Management Fees,” consisting of the Senior Management Fee, the Subordinated Management Fee and the Incentive Management Fee. Collateral Management Fees are payable to PAIA in arrears in accordance with the Priority of Payments as set forth in the corresponding Indenture.

The “Senior Management Fee” will accrue quarterly in arrears for each Collection Period (or prorated portion thereof, if applicable), in an amount equal to 0.20% per annum for PAIA CLO 2016-1, 0.15% per annum for PAIA CLO 2017-1 and 0.15% per annum for PAIA CLO 2018-1 (calculated on the basis of a 360-day year consisting of twelve 30-day months) of the Fee Basis Amount at the beginning of such Collection Period; provided that, that the Senior Management Fee payable on any Payment Date shall not include any such fee (or any portion thereof) that has been waived by PAIA no later than the Determination Date immediately prior to such Payment Date pursuant to the Collateral Management Agreement.

The “Subordinated Management Fee” will accrue quarterly in arrears for each Collection Period (or prorated portion thereof, if applicable), in an amount equal to 0.20% per annum for PAIA CLO 2016-1, 0.35% per annum for PAIA CLO 2017-1 and 0.25% per annum for PAIA CLO 2018-1 (calculated on the basis of a 360-day year consisting of twelve 30-day months) of the Fee Basis Amount at the beginning of such Collection Period; provided that, the Subordinated Management

Fee payable on any Payment Date shall not include any such fee (or any portion thereof) that has been waived by PAIA no later than the Determination Date immediately prior to such Payment Date pursuant to the Collateral Management Agreement

The “Incentive Management Fee” will accrue quarterly in arrears from and after the Payment Date on which the Subordinated Notes issued on the Closing Date have realized an Internal Rate of Return (generally, the annualized rate of return computed using the “XIRR” function in Microsoft® Excel or an equivalent function in another software package, based on the assumption that the Subordinated Notes issued on the Closing Date have a purchase price of 100% of par) of at least 12%, in an amount equal to 20% of the remaining Interest Proceeds and Principal Proceeds that would otherwise have been available to make distributions on the Subordinated Notes.

In general, PAIA will be responsible for all of its ordinary expenses incurred in the performance of its investment management duties in respect of any CLO portfolio, including the expenses and fees of any third party retained by PAIA to assist in the performance of such duties. However, (i) transactional expenses (such as brokerage commissions, transfer fees, registration costs, taxes and other similar transaction-related expenses), (ii) legal and accounting expenses in connection with the CLO portfolio, (iii) extraordinary expenses (such as those incurred in connection with the default or restructuring of a collateral debt obligation or the defense of liability claims), and (iv) in some cases, expenses of unaffiliated third party technology vendors which are necessary to be incurred by PAIA to manage the vehicle will typically be payable out of the assets of the CLO portfolio subject to an Administrative Expense Cap as defined in the CLO indenture.

Pursuant to each CLO’s indenture, each CLO portfolio is also responsible for the trustee fees, administration fees, legal expenses and other administration expenses that it incurs subject to an Administrative Expense Cap as defined in the CLO indenture.

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

PAIA may charge both performance-based fees and asset-based fees. The management of accounts with performance-based fees have the potential to cause a conflict of interest by creating an incentive to favor accounts with performance-based fees in order to generate greater revenue for PAIA. A similar conflict may exist from managing client accounts paying a higher asset-based fee than other accounts or accounts containing assets owned by PAIA, its employees, or its owners. PAIA has adopted securities allocation policies and procedures to address these potential conflicts of interest. These policies and procedures are reasonably designed to monitor and prevent PAIA from inappropriately favoring one type of account over another. If an aggregated order is filled in its entirety, securities purchased in the aggregate transaction will be allocated among accounts participating in the trade in accordance with the original allocation prepared at the time of order entry. If the aggregated order is partially filled, the securities will be allocated pro rata based on the original target allocation prepared at the time of order entry. Portfolio managers may allocate

executed trades in a different manner than indicated on the original allocation prepared at the time of order entry (e.g., non-pro rata) only if all client accounts receive fair and equitable treatment. In such cases, alternative methods of allocations may be designed in consultation with Compliance and documented accordingly.

7. Types of Clients

PAIA provides investment advisory services to registered open-end management investment companies, a proprietary private fund and the CLO portfolios.

The CLOs that PAIA advises are securitized asset vehicles exempt from registering as investment companies under the Investment Company Act of 1940. The target par amount of the assets in each CLO portfolio is determined at the pricing of the liabilities of the CLO portfolio between PAIA and the investors in consultation with the CLO issuer, placement agent and rating agencies.

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

Methods of Analysis

The portfolio managers of PAIA adhere to a disciplined investment management process. Primary consideration is given to independent and proprietary credit research and analysis. In making investments for the CLO portfolios, portfolio managers review loan characteristics, covenants, relative value, and other factors, and perform cash flow modeling and other credit analysis. PAIA seeks to actively manage credit and portfolio risk by a process that combines active fundamental credit analysis and quantitative risk management and by portfolio diversification across various industry sectors and issuers. Active credit risk management involves independent fundamental analysis, and frequent credit reviews to manage risks effectively and on a timely basis.

PAIA employs a quantitative and rigorous risk management process consistent with industry best practices. Investment risks are analyzed daily. Daily performance measurements and weekly attribution analyses are conducted to provide portfolio managers, traders and analysts with an independent feedback mechanism. Both risk management and performance attribution are performed by an experienced team of quantitative risk analysts. Risk management professionals are independent from the portfolio management team. Portfolio performance, research and risk are evaluated daily using a variety of internal and external systems.

Investment Strategies and Risk of Loss

The CLO portfolios invest in various types of loans. The CLO portfolios typically invest in senior secured corporate loans. Floating rate loans are debt obligations of companies or other entities that have interest rates that adjust or “float” periodically, normally on a daily, monthly, quarterly, or semiannual basis by reference to a base lending rate (such as LIBOR) plus a premium. A floating rate loan is typically structured and administered by a financial institution that acts as the agent of

the lenders participating in the floating rate loan. The portfolios will typically acquire loans directly in a transaction arranged through an agent or by assignment from another holder of the loan.

Senior floating rate loans typically hold a senior position in the capital structure of the borrower, are typically secured by specific collateral, and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debtholders and stockholders of the borrower. While these protections may reduce risk, these investments still present significant credit risk. For example, the portfolios may be delayed or prevented from realizing on its collateral. A significant portion of floating rate investments may be issued in connection with highly leveraged transactions such as leveraged buyouts, leveraged recapitalization loans, and other types of acquisition financing. Obligations in these types of transactions are subject to greater credit risk (including default and bankruptcy) than many other investments.

The CLO portfolios also hold a portion of second lien loans (secured loans with a claim on collateral subordinate to a senior lender's claim on such collateral).

Investments in loans are generally subject to the same risks as investments in other types of debt securities, especially those rated below investment grade. They may be difficult to value and may be illiquid. Loans held through, or administered by, another financial institution can be subject to the credit risk of that financial institution. In addition, collateral securing a loan may be insufficient or unavailable, and the right to receive a return of collateral may be limited by bankruptcy or insolvency laws. There may be limited public information available regarding the loan. Transactions in loans often settle on a delayed basis, and the proceeds from the sale of a loan may not be received for a substantial period of time after the sale.

Lack of a ready market or restrictions on resale may limit the ability to sell a loan at an advantageous time or price. Adverse market or economic conditions, including rising interest rates, may adversely affect the liquidity of the portfolio's loan investments. In addition, the portfolio may hold a position in a loan that is large relative to the typical trading volume for that loan, which can make it difficult to dispose of the position at an advantageous time or price.

For additional risk disclosures relating to the CLO, current and prospective investors and clients should refer to the applicable offering document.

There is no guarantee that a client's investment objectives will be achieved. Investment returns will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by PAIA or its supervised persons concerning any of the investments described in this brochure.

PAIA does not provide legal or tax advice. Clients with tax or legal questions should seek a qualified independent expert for advice tailored to their specific circumstances.

9. Disciplinary Information

PAIA has no material legal or disciplinary events relating to the investment adviser or its supervised persons.

10. Other Financial Industry Activities and Affiliations

PAIA is a direct wholly-owned subsidiary of Guardian Investor Services LLC, a Delaware limited liability company ("GIS") and is an indirect wholly-owned subsidiary of The Guardian Life Insurance Company of America, a New York mutual life insurance company ("Guardian"). GIS is a wholly-owned subsidiary of Guardian. Park Avenue Securities LLC, a Delaware limited liability company ("PAS") is an indirect wholly-owned subsidiary of Guardian. Guardian also wholly owns Guardian Broadshore, LLC, a Delaware limited liability company that owns 85% of Broadshore Capital Partners, LLC, a Delaware limited liability company ("Broadshore"). PAS and Broadshore are registered investment advisers. PAS is also a registered broker-dealer. PAIA earns mutual fund management fees. In addition, Guardian's subsidiary, The Guardian Insurance & Annuity Company, Inc., is the issuer of variable annuity contracts and variable life insurance policies funded by the insurance company separate accounts that invest in one series of Victory Variable Insurance Funds that is sub-advised by PAIA and eleven series of Guardian Variable Products Trust that are advised by PAIA. Certain of PAIA officers and managers are registered representatives of PAS.

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

From time to time and in connection with a CLO offering, transactions in loans may be effected between a Guardian general account and a CLO portfolio, which may present a conflict of interest. Pursuant to Section 206(3) of the Advisers Act, PAIA has established policies and procedures and will obtain client consent prior to the completion of any such transaction. In addition, an independent third party will be used to provide pricing information in connection with any such transaction.

PAIA has a written code of ethics that requires its supervised persons, including persons with access to investment information ("Access Persons") to avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of clients. Access Persons must obtain prior clearance before engaging in personal transactions in all securities not exempt under the code of ethics. All Access Persons must file an initial report of their holdings in non-exempt securities and affiliated mutual funds, report all personal securities transactions in non-exempt securities, and file an annual statement with respect to their personal securities holdings, within the time periods prescribed by the code of ethics. Access Persons are prohibited from profiting from short-term trading. No Access Persons may make personal use of material non-public information or engage in a securities transaction available only by reason of

his or her position with PAIA or its affiliates; each investment opportunity by a PAIA client, including mutual funds, must first be made available to the client before the Access Person may take personal advantage of the opportunity. PAIA has policies and procedures in place to monitor the personal trading of all personnel involved in managing client portfolios. PAIA will provide a copy of the code of ethics to any client or prospective client upon request.

Portfolio managers of PAIA may also manage a portion of the general account assets of Guardian and its affiliates (the "Guardian Assets") in their capacity as employees of Guardian. Portfolio managers may make investment decisions and place trades for the Guardian Assets that are similar to those made for clients, or they may purchase or sell securities for one portfolio and not another, as appropriate in light of the investment objectives and strategies of each respective portfolio. Portfolio managers may place transactions on behalf of the Guardian Assets that are directly or indirectly contrary to investment decisions made on behalf of a client. To address these and other potential conflicts of interest, PAIA has adopted trade allocation policies and procedures, and has established monitoring procedures for compliance with each client's investment policies and with the code of ethics.

PAIA has adopted Insider Trading Policies and Procedures in accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), which PAIA believes are reasonably designed to detect and prevent the misuse of material non-public information. The Insider Trading Policies and Procedures operate in conjunction with PAIA's Code of Ethics.

12. Brokerage Practices

Research and Other Soft Dollar Benefits

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. At this time, PAIA does not obtain research through any third-party soft-dollar arrangements.

Brokerage for Client Referrals

PAIA does not consider client referrals in selecting or recommending broker-dealers.

Directed Brokerage

The allocation of brokerage is determined by PAIA's obligation to seek best execution. Although brokers provide research services that are ancillary to their business, PAIA does not rely solely on this research for its investment decisions. Guardian has extensive credit and quantitative research

teams that assist the portfolio managers in their investment decisions.

PAIA does not execute trades through any affiliated broker-dealers. Traders search for and seek to execute trades with the broker or dealer offering the best execution.

Best Execution

PAIA places orders with the overriding goal of obtaining best execution at a fair, competitive brokerage cost. PAIA believes that best execution is significantly impacted by the choice of brokers and dealers (collectively, "brokers") used to execute individual trades. Brokers are selected primarily on the basis of the execution capability and trading expertise consistent with the effective execution of the transaction. PAIA seeks to develop and maintain relationships with brokers it has determined to be competitive in the sourcing and pricing of loans that PAIA seeks to purchase or sell for a CLO portfolio. Other important factors considered in the selection of brokers for loan trades include, but are not limited to, the following: ability to execute and settle the trade in a prompt, orderly and satisfactory manner, market impact of the trade and confidentiality.

Order Aggregation

PAIA allocates purchase and sale transactions among its clients and the Guardian Assets in a manner that it deems fair and equitable. Each account is reviewed to determine whether the purchase or sale of a particular security is appropriate in light of the client's investment objectives and restrictions, cash position, need for liquidity, sector concentration and other objective criteria. PAIA strives to ensure that each transaction entered into is consistent with its duties to each client, including the duty of best execution. In general, the same investment personnel responsible for managing client assets are also responsible for managing Guardian Assets. If orders for more than one client are aggregated, the order ticket will reflect the allocation of the order (or indication of interest). If the entire order is filled, the securities or proceeds will generally be allocated among the participating clients. If there is an insufficient amount of securities or sale proceeds to satisfy all clients (a "partial fill"), the securities or proceeds will be allocated pro rata based on the allocation each participant would have received if the order had been filled in its entirety according to the original allocation, except in cases of rounding or immaterial quantities. Consideration is also given to accounts, which are ramping up or have sizable inflows or outflows of funds.

13. Review of Accounts

Each portfolio manager is responsible for managing their portfolios to meet each portfolio's stated investment objectives. The portfolio managers accomplish this by having an in-depth knowledge of the investment objectives, policies and restrictions of the portfolios they manage. Each portfolio manager monitors adherence with the portfolio's investment guidelines and restrictions through

ongoing access to a set of reports provided by internal systems, investment database, the pre-trade compliance system, and detailed risk reports provided daily by the quantitative risk team.

The compliance department, under the supervision of the Chief Compliance Officer, also monitors investment restrictions on a post-trade basis.

Investors in the CLO portfolios that PAIA advises generally have access to monthly portfolio analytics and holdings of the CLO portfolio investments on a data site operated by the independent trustee and collateral administrator of each such CLO portfolio. PAIA reviews each of these reports and reconciles the information in the reports against its records before the reports are finalized and made available to investors in the CLO portfolio. Among other things, the reports include the following information for each CLO portfolio: results of coverage tests, collateral quality tests and portfolio concentration limits; summaries of investments and cash positions; summaries of investments purchased and sold; summaries of ratings changes on underlying investments; and on a quarterly basis cash distributions made by the CLO portfolio.

In addition, the independent trustee and collateral administrator of each such CLO portfolio have daily access to the investment books and records of the CLO portfolio.

14. Client Referrals and Other Compensation

PAIA does not make client referrals or solicit clients, nor does it receive any compensation for client referrals or solicitations.

15. Custody

PAIA does not have custody of client assets within the meaning of Rule 206(4)-2 of the Advisers Act.

16. Investment Discretion

PAIA acts on behalf of each CLO portfolio on a discretionary basis, subject to the guidelines set forth in the indenture as administered by the independent trustee of the CLO administrator.

17. Voting Client Securities

The CLO portfolios do not intend to invest in securities having voting rights.

18. Financial Information

Item 18 is not applicable.