



## Disclosure Document for the Portfolio Solutions Program

An Investment Advisory Service of  
PNC Investments LLC

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Pittsburgh, Pennsylvania 15222  
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[www.pnc.com](http://www.pnc.com)  
March 30, 2021

This wrap fee program brochure ("Brochure") provides information about the qualifications and business practices of PNC Investments LLC and our Portfolio Solutions Program ("the Program"). If you have any questions about the contents of this Brochure, please contact us at (800) 622-7086. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

PNC Investments LLC, a registered investment adviser and broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"), is a wholly owned subsidiary of The PNC Financial Services Group, Inc. Registration does not imply a certain level of skill or training.

Additional information about PNC Investments LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Important Investor Information: Securities and insurance products:**

<p><b>Not FDIC Insured • Not Bank Guaranteed • Not A Deposit</b> <b>• Not Insured By Any Federal Government Agency • May Lose Value</b></p>
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## **MATERIAL CHANGES**

ADV Part 2A dated March 30, 2021

### **The following changes have been made to the PNC Investments Portfolio Solutions Program Brochure since the last annual update dated March 30, 2020:**

On May 18, 2020, PNC divested its entire holding of BlackRock, Inc. (“BlackRock”) and accordingly, Blackrock is no longer an affiliate of PNC Investments. Updates have been made throughout this Brochure to reflect that BlackRock is no longer an affiliate of PNCI.

*Page 6 – Before you open a Portfolio Solutions Account* – The Brochure has been updated to reference our Client Relationship Summary (“Form CRS”), and identify conflicts your Financial Advisor has when you open an Advisory Account.

*Page 8 – Review of Accounts* – The Brochure has been updated to clarify how we review accounts.

*Page 13 – Financial Advisor Compensation* – The Brochure has been updated to reflect how Financial Advisors are compensated for Reassigned Accounts, and the conflicts of interests it creates.

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## About PNC Investments LLC

PNC Investments LLC (“PNC Investments” or the “Firm”), is an investment adviser and also a registered broker-dealer and member of FINRA and SIPC. The Firm offers retail brokerage and investment advisory services. PNC Investments serves as the sponsor of, and in some cases as a portfolio manager for, wrap fee investment programs. PNC Investments is a wholly owned subsidiary of PNC Bank, National Association (“PNC Bank”) and is a part of The PNC Financial Services Group, Inc. (“PNC”) which is a diversified financial services institution with roots in commercial banking and investment management dating back to the early 1800s.

Throughout this document, the terms “client,” “you,” and “yours” are used to refer to the individual(s), institution(s) or organization(s) who contract with us for the services described here. “PNC Investments,” “we,” “our,” “us” and “the firm” refer to PNC Investments LLC, together (as applicable) with our affiliates, including but not limited to, PNC and its agents with respect to any services provided by those agents. Our affiliates include any entity that is controlled by, controls or is under common control with PNC Investments, including but not limited to our parent company, The PNC Financial Services Group, Inc. Each affiliate is a separate legal entity and not responsible for the obligations of any other affiliate.

“Account” means each brokerage and/or advisory account you open with us that is subject to the Portfolio Solutions Program investment management agreement (the “Investment Management Agreement”), including any and all mutual funds, exchange traded funds, money, securities, financial instruments and/or other property you have funded in such accounts.

“Business Day” means Monday through Friday, excluding New York Stock Exchange holidays.

“Wrap” refers to an Account that charges a quarterly or annual fee based on the average assets under management, where such fee covers administrative, commission, execution and management expenses.

## SERVICES, FEES AND COMPENSATION

This Brochure is being provided pursuant to Section 204 of the Investment Advisers Act of 1940, as amended, and deals solely with the Program. In addition to the Program, PNC Investments offers a variety of investment advisory services. These include, but are not limited to, the Capital Directions program, the PNC Directions program, the Portfolio Solutions Strategist program and the PNC Digital Advisor Program. More information about these programs and services is contained in the applicable PNC Investments brochure and is available upon request or through the SEC’s website at <https://adviserinfo.sec.gov/>. For more information about these or other services that are available from PNC Investments, please contact your Financial Advisor.<sup>1</sup> Other advisory services are offered by our affiliates.

### ***The Portfolio Solutions Program***

The Program is a non-discretionary wrap fee investment advisory program through which PNC Investments and your Financial Advisor<sup>1</sup> make investment recommendations to you, and provide continuous supervision over the assets in your Account. Our recommendations are based on your individual financial position and investment objectives. You retain full discretion over your Account and make all investment decisions.

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<sup>1</sup> We use the term “Financial Advisor” to refer to PNC Investments’ branch-based and centralized Financial Advisors, as well as Advisor Direct Financial Advisors and Investment Services Consultants.

You will select one of five core asset allocation models, each associated with a distinctive risk profile and comprised of a unique mix of investment assets. The models have been developed by PNC Bank's Asset Management Group and approved by PNC Investments' Product Development Oversight Committee (PDOC). Although each model is designed with the objective of minimizing volatility, relative to each risk profile, there can be no assurances that this objective will be achieved. Each model described below carries with it the potential for permanent loss of capital. Your ability to keep your funds invested in the Program throughout declining markets helps, but does not guarantee, the possibility of achieving the portfolio's long-term investment objective. The models are summarized below.

- **Conservative.** The primary objective of the Conservative model is to generate a modest amount of current income, and secondarily to provide a modest amount of long-term capital growth, which should help offset some of the effects of inflation. Long-term growth of principal will be aided by income reinvestment.

While the goal is to maintain a low-risk posture, investors should be willing to accept periodic declines in portfolio value. The model can generally be invested from 0% to 40% in equity securities. The portfolio's split allocation between equity and fixed income securities, along with an allocation to cash, exposes it to both the risk of rising interest rates and falling equity prices.

- **Moderate.** The objective of the Moderate model is to generate a moderate amount of current income with the potential for longer-term capital growth. The portfolio generally is evenly split between equity and fixed income securities, with a small allocation to cash, and is constructed to provide both long-term capital appreciation in excess of inflation and a moderate amount of current income.

While the current income generated could be available to meet your day-to-day expenses, reinvestment of income may help increase, but not guarantee, the portfolio's ability to exceed inflation over the long-term. The portfolio's split allocation between equity and fixed income securities, along with an allocation to cash, exposes it to both the risk of rising interest rates and falling equity prices.

- **Balanced.** The primary objective of the Balanced model is to provide long-term capital growth in excess of inflation, with a modest amount of current income as a secondary objective. The portfolio is split between equities and fixed income securities, with a higher allocation to a variety of equity securities. The portfolio also contains a small allocation to cash.

While the current income generated could be available to meet your day-to-day expenses, income reinvestment will increase the portfolio's ability to exceed inflation over the long-term. This portfolio maintains a somewhat aggressive risk posture, and you should be willing to accept periodic declines in portfolio value. Because the portfolio is largely invested in equities, it can experience fluctuations – up or down – in value over short time periods.

- **Growth.** The primary objective of the Growth model is long-term capital growth. It may secondarily generate a minimal amount of current income by including some fixed income securities. The portfolio is concentrated in equity investments in order to earn returns exceeding the rate of inflation over the long-term. A small allocation to fixed income securities, as well as cash, is included primarily to help dampen volatility over the long-term.

This portfolio maintains an aggressive risk posture, and you should be willing to accept potentially significant declines in portfolio value that may be similar to or exceed declines in the broader equity markets. Because the portfolio is predominantly invested in equities, it can experience sharp fluctuations – up or down – in value over short time periods.

- **Aggressive.** The primary objective of the Aggressive model is long-term capital growth. An Aggressive portfolio is concentrated in equity investments for long-term growth. Returns in excess of the underlying rate of inflation are necessary to increase both principal and purchasing power.

This portfolio maintains a highly aggressive risk posture, and you should be willing to accept potentially significant declines in portfolio value, similar to or greater than declines in the broader equity markets. The portfolio may contain a small allocation to fixed income securities as well as cash. Because the portfolio is predominantly invested in equity securities, it can experience sharp fluctuations – up or down – in value over short time periods.

Alternative strategy mutual funds (“Alternative Funds”) may also be available. The asset allocation models include an allocation to Alternative Funds that are registered with the SEC under the Investment Company Act of 1940 (the “Investment Company Act”). Alternative Funds can use one of many different strategies including, but not limited to, long/short, managed futures, or market neutral. PNC Investments will select the Alternative Funds that are available in the Portfolio Solutions Program and the allocation to Alternative Funds in the asset allocation models. You will have the ability to use the Alternative Funds up to a certain maximum percentage of the total assets in your account. You will not have the ability to modify the Alternative Funds that are available.

Alternative Funds seek to provide additional diversification benefits than a traditional portfolio of stocks and bonds. However, Alternative Funds are accompanied by risks that might be different from those associated with traditional investments, while seeking to provide additional diversification benefits to a stock and bond portfolio. When used as part of an overall solution, alternatives may help to meet a client’s investment needs.

Because Alternative Funds are regulated under the Investment Company Act, there are several ways in which they are structured to mitigate some liquidity risk, which may occur during severe market conditions, and differ from unregistered hedge funds and other alternative investments. You should carefully review the prospectus for any Alternative Fund you are considering for details on liquidity and other risks associated with them and review the manager’s ability to place limitations on liquidity. Alternative Funds are subject to:

- Limits on illiquid investments including a maximum of 15% of assets in illiquid investments;
- Limits on leveraging of no more than 33% of assets;
- Diversification requirements including a maximum of 25% of assets invested in one issuer; and
- Daily pricing and redeemability of fund shares.

Alternative Funds are also prohibited from charging the types of management and performance based fees (e.g., a “2/20” fee) charged by some hedge funds.

Before you open a Portfolio Solutions Account with us, you should carefully review our Client Relationship Summary (“Form CRS”) and consider whether an advisory relationship is right for your situation and circumstances. You may discuss any questions you have regarding our Form CRS or whether an advisory account is right for you with your Financial Advisor. Some things you may wish to consider are; your preference for a fee-based versus a commission based relationship, your preference for on-going support, costs and advice from your

Financial Advisor, and how much trading activity you expect to take place in your account. You should know that your Financial Advisor benefits when you open a Portfolio Solutions account, as described in more detail in the Financial Advisor Compensation section of this Brochure, and has a conflict of interest when recommending an advisory account to you. Once you decide that the Program is right for you, your Financial Advisor will help you complete an investor questionnaire that provides us with a comprehensive understanding of your financial situation, investment objectives, risk tolerance and investment time horizon. Based on the information collected in the questionnaire and ongoing discussions with you about your income, financial resources and investment goals, your Financial Advisor will recommend an investment strategy that is designed to help meet your investment objectives. Your Financial Advisors recommendation will be based on one of the five core allocation models defined above and may incorporate any of the following: equity securities, fixed income securities, certain options strategies, mutual funds, exchange traded funds ("ETFs"), unit investment trusts ("UITs"), Annuities, and/or Structured Products (Market-Linked CDs or Buffered/Structured Notes) for purchase or sale, subject to your approval.

With the exception of mutual funds and annuity sub-accounts, we will not include in our recommendations securities issued by or sub-accounts advised by any of our affiliates, including The PNC Financial Services Group, Inc. You will not be able to purchase those securities directly or own them in your Portfolio Solutions Account. Finally, our recommendations to you will be limited to those securities that have been approved by PNC Investments for sale under the Program.

The Portfolio Solutions Program is designed for investors who would like advice but wish to retain full discretion over the assets in their Account. Neither PNC Investments nor your Financial Advisor will make investment decisions on your behalf. We will contact you with recommendations, but any trading in the Account will require your prior approval. Transactions resulting from our recommendations will be "Qualifying Transactions." PNC Investments has an obligation to demonstrate value for the Program Fee (defined below in "Fees and Expenses") you pay us and, as a result, accounts without Qualifying Transactions over an extended period, generally 12-months or more, may be terminated, with 30-days written notice to you.

Although you will retain discretion to approve purchases or sales recommended by PNC Investments you will not have the ability to direct purchases in your Account but will retain the right to direct any sales from your Account. The Portfolio Solutions Program is not intended for market timing or excessive trading. We may limit the number of trades you can place in your account in a calendar quarter or year. We retain the right to terminate any account that is engaging in market timing or excessive trading activities with 30 days written notice. PNC Investments may define at its sole discretion the terms "market timing" and "excessive trading."

You may, at your election, choose an optional Dollar Cost Averaging ("DCA") feature when adding funds to your Program Account. With the DCA feature, you have the ability to deploy free cash to your allocation model over a defined period and in pre-determined amounts. The DCA feature can enable clients to slowly invest excess cash over time, rather than make one lump-sum investment. You have no obligation to complete scheduled DCA transactions and may terminate the DCA feature at any time, by providing notice to us, at least 5 business days prior to the next scheduled DCA transaction. You should know that if sufficient cash is not available in your Account at the time of a scheduled DCA transaction, that transaction, and all future scheduled DCA transactions will be canceled. You should also be aware that cash pending investment under an optional DCA plan will be treated as unallocated cash, and swept to a deposit account at our affiliate bank, as described below. The parameters of DCA requests are subject to our approval.

Our Portfolio Solutions advisory relationship with you is defined in the Investment Management Agreement.

When you are enrolled in the Program, we act as your investment advisor only for your Account and not for any other assets or accounts, unless otherwise separately agreed to by us in writing. Our advisory relationship with you begins when we enter into an Investment Management Agreement with you, which occurs at the later of the date of acceptance of the signed Investment Management Agreement by PNC Investments or the date on which you have contributed the required minimum level of assets to your Account. Preliminary discussions or recommendations before we enter into an Investment Management Agreement with you are not intended as investment advice under the Investment Advisers Act and should not be relied on as such. Portfolio Solutions accounts must meet minimum standards for portfolio diversification at the security and asset class level. If your account does not meet these minimum standards, your Financial Advisor will contact you to recommend corrective action. If you choose not to accept this recommendation, we may terminate your Account with 30-days written notice to you.

You will not be able to purchase securities on margin under the Program.

### ***Account Statements***

We will also provide you with periodic Account statements. You will be reminded quarterly to contact your Financial Advisor if you should have any questions, or if there have been material changes in your financial goals or needs that would affect your investment strategy.

### ***Account Termination***

Either party may terminate the agreement governing your Portfolio Solutions Program Account on 30 days' written notice to the other party. You are also entitled to terminate such agreement within five (5) business days of your execution of it without incurring a Program Fee, defined below; you may, however, be subject to certain other fees incurred with respect to the Account for the relevant period. Please see the agreement governing your Portfolio Solutions Program Account for more information.

### ***Review of Accounts***

When you open a Portfolio Solutions Program Account, we review and must approve your investment objectives and strategy for consistency with Program guidelines. Thereafter, we will monitor the Account to ensure it remains aligned to your investment goals and objectives. We will also monitor to ensure the Account remains in compliance with Program guidelines. Factors we monitor may include, but are not limited to, trading activity, alignment with the allocation model selected, and Account investment performance. Your Financial Advisor may contact you to suggest changes or updates to your Program Account when any issue is identified through our monitoring process. You are not required to accept any suggestions made to you, however, we may terminate your Account, with 30-days written notice to you, if our review finds that your continuation in the Program is not in your best interest.

We will attempt to contact you at least semiannually, including by mail or email (if you have authorized us to send you electronic communications), to request that you review your Account and inform us of any changes to your financial profile or investment objectives. You should promptly inform your Financial Advisor of any changes to your financial profile or investment objectives as they occur.

Finally, your Financial Advisor will be reasonably available to you for consultation about the Account. We encourage you to please contact your Financial Advisor if you have any questions.

The Investment Management Agreement will continue in effect until terminated by you or PNC Investments upon 30 days' written notice to the other party.

### ***Fees and Expenses***

The fee you pay to PNC Investments for the Portfolio Solutions Program (“Program Fee”) covers administrative, commission, execution and management expenses for your Account. The Program Fee covers the cost of brokerage commissions and other transaction fees only for transactions effected through our custodian, National Financial Services LLC (“National Financial”), on an agency basis. You should be aware that your account is subject to the Program Fee whether you make or lose money on the investments. The fee is charged quarterly in advance and will be based on the average daily market value in your Portfolio Solutions Account over the prior calendar quarter or portion thereof. In certain circumstances, the Program Fee may be negotiable. The Program Fee for Portfolio Solutions is in addition to any of the specific product fees and expenses that are discussed in more detail below and in the Annuity and Structured products section. You may be charged commissions or service charges for transactions executed prior to establishing your Portfolio Solutions account; you should discuss your options for funding your account with your Financial Advisor.

For purposes of calculating the Program Fee above, when an annuity is purchased as part of your Account, the annuity account value is determined by the aggregation of the values of subaccounts or index segments, and does not include any additional rider or death benefit values.

You may contact your Financial Advisor if you have any questions regarding the fees charged to your account. Upon your request we will provide you with a detailed explanation of the fee calculation, which will allow you to recalculate the fee should you so desire.

All of the fees incurred by your Account will be paid from the cash balance in the Account. If your Account does not have a sufficient cash, we will sell securities as necessary to pay the fees. Selling securities to pay fees is subject to the short-term trading policies of Funds and, if your account is taxable, will create tax consequences for you.

The Program Fee is based on the total assets under management, including any portion of the Account maintained in cash or in short-term vehicles including, but not limited to, unallocated cash swept to a deposit account at our affiliate, PNC Bank, or, money market funds. As the market value of the Program Account reaches a higher tier, as shown in the table below, the assets within that higher tier are charged a lower rate. Our standard Program Fee schedule is as follows:

Assets Under Management	Maximum Program Fee
First \$250,000	2.00%
Next \$250,000	1.75%
Next \$500,000	1.50%
Next \$1,000,000	1.25%
Next \$2,000,000	1.00%
Over \$4,000,000	Negotiable

From time to time, we offer discounting programs at our discretion.

Your Financial Advisor has discretion to negotiate a Program Fee that varies from the standard schedule above.

This can depend on certain factors, including the type and size of your Account, the range of services provided and the total amount you or other members of your household have invested with PNC Investments. The Program Fee for your Account is referenced in the fee schedule included as part of the Proposal completed and accepted by you. The minimum account size is generally \$250,000, however, the Program minimum for accounts that include a tactical allocation to variable annuities is \$275,000 with a minimum allocation of \$25,000 to the variable annuity. We may also charge an annual fee of \$35 for IRA accounts with a market value under \$25,000.

Fees are not prorated for contributions or withdrawals made during a calendar quarter, except in the case of account termination. If your Account is terminated by you or PNC Investments during a calendar quarter, the Program Fee for that quarter will be prorated over the number of days that the Account was open during the quarter. Any overpayment will be refunded to you after the Account is closed. If you terminate your Portfolio Solutions account within 90 calendar days of initial investment, PNC Investments reserves the right to charge you commissions, according to our standard schedule of fees, for transactions executed on your behalf during the time your account was managed, less any pro-rated advisory fee paid by you.

#### ***Additional Fees for Brokerage Services***

PNC Investments will charge its standard fees for additional brokerage account services that are not included in the Program. Such fees include, but are not limited to, ACAT (i.e., account transfer) fees, wire transfer fees, IRA fees and stop payment fees. You should be aware that in some cases, PNCI retains this entire fee or marks up the fee National Financial, PNCI's clearing firm, charges to PNCI for these services. This is a conflict of interest for us because PNCI has an incentive to utilize a clearing firm that allows us to mark up designated fees. PNCI also has incentive to recommend to you services that have been marked-up. Please refer to the Account Level Fees section of the PNC Investments Overview of Products and Services, which was provided to you at account opening, for details. You may also obtain a copy of our current Overview of Products and Services, at any time, by contacting your Financial Advisor or by contacting us at (800) 622-7086.

Your Financial Advisor will only recommend securities that have been approved through our due diligence process for inclusion in the Program. As an accommodation to you, PNC Investments may (but is not obligated to) allow you to hold certain securities in your account that are not on PNC Investments' list of approved securities for the Program (collectively "Un-Approved Securities"), for example if you transferred that security into the account or if we previously approved the security for inclusion in the Program. Un-Approved Securities are excluded from the billing calculation for your Account. Neither your Financial Advisor nor PNC Investments will perform due diligence on any Un-Approved Securities. Because your Financial Advisor's compensation with respect to your Account is based on the Program Fee we receive, you should be aware that your Financial Advisor has an incentive to recommend you replace your Un-Approved Securities with approved securities.

The Program Fee includes non-discretionary investment advice and services, custody and brokerage commissions, except as described below. The fee covers the cost of brokerage commissions and other transaction fees only for those transactions effected through PNC Investments.

We will not, however, negotiate brokerage fees or charges (including commissions) for transactions executed through PNC Investments, and volume discounts may not be obtained. Depending on the number of transactions that occur in your Account, the Program Fee may be more or less than commissions you would pay if commissions were negotiated and paid separately.

### ***Other Expenses***

Each of the mutual funds, including money market mutual funds, in which Program assets are invested pay separate operating expenses, management fees and distribution fees. As a shareholder of these funds, you, along with other shareholders of the funds, will bear a proportionate share of the funds' expenses, including, as permitted by applicable law, certain management and other fees which may be payable to PNC Investments or our affiliates. Each fund's prospectus or other disclosure document contains a description of its fees and expenses. Some mutual funds may also impose redemption fees to discourage short-term trading. Redemption charges are retained from the proceeds of the sale by the fund company. Redemption charges are in addition to the Program Fee paid to us and are reflected on your monthly statement. For specific information regarding other expenses related to variable annuities and structured products, please reference the "Fees and Expenses" section under the Annuity and Structured Products heading below.

PNC Investments will recommend for the Program only "Approved Share Classes" of mutual funds, which are share classes that make revenue sharing payments, as described below, to PNCI. PNCI will select Approved Share Classes that are either (i) share classes that trade on our custodian's Institutional No-Transaction Fee platform ("INTF Eligible" share classes); or (ii) if no such INTF Eligible share class is available, the least expensive non-INTF Eligible share class eligible for inclusion in the Program. PNC Investments uses INTF Eligible share classes in order to reduce PNC Investments' overall program trading costs. These selection criteria represent a conflict of interest for us because they may result in you purchasing a share class that is more expensive than other share classes of the same fund for which you may be eligible. A higher cost share class will adversely affect the investment performance of your account.

INTF Eligible share classes do not typically include 12b-1 fees. Please note that the mutual funds included in the Program may provide compensation such as fees for omnibus accounting, sub-administration, shareholder services, recordkeeping, print mail services or other related fees ("Mutual Fund Compensation"). While we do not expect to receive such fees, PNC Investments will credit to your Account any Mutual Fund Compensation or 12b-1 fees paid to us in connection with the holdings in your Account. Currently, the Lord Abbett F class charges a 12b-1 fee to shareholders, however, that fee is paid to the fund's distributor, not to PNC Investments and we will not credit your Account for that fee. As described more fully below, money market funds held in your Account typically charge 12b-1 fees, but we will rebate any such fees we receive. Our custodian or other entities not affiliated with PNC Investments may receive Mutual Fund Compensation. PNC Investments is not a party to such arrangements and we will not credit your Account for Mutual Fund Compensation received by such entities. Additionally, in limited circumstances, at your direction, PNC Investments may allow you to hold a mutual fund that is not an Approved Share Class in your Program account. We will credit to your account any 12b-1 fees we receive on such shares.

Purchasing securities in the Program may cost you more or less than purchasing the securities directly from the funds or through agents of the funds without enrolling in the Program, including through a brokerage account at PNC Investments. PNC Investments uses INTF Eligible share classes in order to reduce PNC Investments' overall program trading costs. This represents a conflict of interest for us because the INTF Eligible share class that we include in the Program may be more expensive than other share classes you may be eligible to purchase. From time to time, PNC Investments may convert non INTF Eligible share classes held in Program accounts to INTF Eligible share classes. The timing of any such conversion will be at the discretion of PNC Investments and will be completed without any cost or tax consequences to your account. This may result in your account converting to share classes that are more costly than what was previously held. You should consult with your Financial Advisor if you have any concerns about the impacts of any such conversion on your account. In addition, you

should know that our custodian may periodically modify the INTF Eligible list, which may change the lowest cost INTF Eligible share class.

PNC Investments receives additional compensation, referred to as revenue sharing, from the advisors or distributors of the mutual funds offered in the Program, which compensates us for administrative services we provide to them and is based on the amounts our customers invest in those mutual funds in the Program. Our independent due diligence process for selecting mutual funds for the Program is designed so that mutual funds are selected based on objective, investment related criteria and does not take into account compensation to PNC Investments. However, only funds for which we receive revenue sharing are considered for inclusion in this due diligence process. This is a conflict of interest for us because mutual funds that could otherwise meet our investment criteria are not included in the Program because their advisors or distributors do not offer revenue sharing to PNC Investments. Although we include only mutual funds whose sponsors pay PNCI revenue sharing, we believe this conflict is mitigated by the large and diverse universe of Funds we make available in our programs which meet our clients' needs. You should also be aware that we will discontinue due diligence coverage of mutual funds held in your Account if the advisors or distributors of those mutual funds discontinue their participation in our revenue sharing program. In such cases, those mutual funds will become Un-Approved Securities, as defined above. PNC Investments offers other advisory programs that include mutual funds whose advisors and distributors do not participate in revenue sharing. You can discuss our other advisory program options with your Financial Advisor if you wish to invest in mutual funds outside our revenue sharing program. Similarly, we will also only consider annuities for inclusion in the Program if their distributors participate in the revenue sharing program. We will not credit your Account for any revenue sharing payments we receive. For details on revenue sharing received by PNC Investments from advisors or distributors, please see the following link: <https://www.pnc.com/content/dam/pnc-com/pdf/personal/wealth-investments/PNCI/Additional-Compensation-Disclosure.PDF>

For more information around the compensation a particular mutual fund provider may pay, please refer to the mutual fund's prospectus and/or Statement of Additional Information.

Finally, your Account may be invested in mutual funds or annuity sub-accounts for which PNC Investments or one of our affiliates acts as an advisor, sub-advisor, or administrator, and receives a fee for such services. Therefore, PNC Investments or an affiliate receives fees for the services provided to the Funds. The level of advisory or sub-advisory fees paid to PNC Investments or its affiliates by such Funds, is disclosed in the Prospectus and/or Statement of Additional Information of such Funds. The maximum amount of your Account assets that may be invested in Funds, which pay advisory or sub-advisory fees to PNC Investments or its affiliates will depend on many factors, but in certain circumstances may reach 100% of your Account assets. You should ask your Financial Advisor about these advisory or sub-advisory fees, and you may terminate your Investment Management Agreement with PNC Investments at any time if you have any concerns about the level of these fees or the incentives that they create. PNC Investments has an obligation to invest your assets in a manner that considers your best interests first. To that end, PNC Investments will take steps to minimize potential conflicts of interest that arise from investing with Funds that pay PNC Investments or its affiliates advisory or sub-advisory fees, to the extent required by applicable federal or state laws. PNC Investments evaluates the appropriateness of investing your assets in Funds managed by affiliates of PNC Investments, in the same manner as it evaluates all other Funds available through the Program.

### ***Cash Balances***

Unallocated cash will be automatically swept through the Bank Deposit Sweep Program ("BDSP") into an Portfolio Solutions Program

March 30, 2020

interest-bearing deposit account (“Deposit Account”) at our affiliate, PNC Bank. BDSP is the only cash sweep option available to your Program Account. The only exception is in very limited situations where your account type is not eligible for BDSP (such as participant accounts of employer sponsored qualified plans). You should be aware that although assets held in the Deposit Account are protected by FDIC insurance neither PNC Investments nor PNC Bank will monitor whether BDSP deposits, individually or in combination with other deposits you hold at PNC Bank, exceed FDIC insurance limitations. You should review your cash balance held in the Deposit Account and other PNC Bank accounts to ensure that cash balances do not exceed FDIC insurance coverage levels, or alternatively, in the event your cash balance exceeds FDIC insurance limitations, that you are comfortable with the risks associated with having uninsured cash. The rate of return you receive on cash balances will, in certain market conditions, be less than the Program Fees attributable to such cash balances.

PNC Bank earns revenue in connection with lending activity on assets held in the BDSP program. In addition, PNC Investments receives revenue from PNC Bank based on the assets in the BDSP. We will not credit any portion of this fee to your Program Account. This revenue is in addition to, and will not reduce your Account’s fees. The revenue we receive is a conflict of interest for us, because we, and our affiliate, PNC Bank, obtain a financial benefit when you open a Program Account, as your unallocated cash is held through the BDSP in a Deposit Account. This financial benefit is greater than the financial benefit we would receive if your unallocated cash was held in your Program Account. Account assets invested through the BDSP typically will earn less interest – and in some market conditions, much less interest – than they would if invested in alternative sweep vehicles that are available to PNC Investments such as a money market fund. Accordingly, you should not participate in the Program if you wish to hold your unallocated cash in another sweep vehicle. Please note that while BDSP is used as the sweep option to hold unallocated cash, if your account has an investment allocation to cash, that allocation will typically be held in money market mutual funds or other short duration securities. If you are holding a significant cash allocation in BDSP, and you intend to retain that holding as an investment allocation, you should discuss with your Financial Advisor other investment options for excess cash held in your account. For more information regarding BDSP, including information about FDIC insurance limitations, please see the PNCI BDSP Disclosure Document.

### ***Financial Advisor Compensation***

A portion of the fees charged for Program services generally will be paid to your Financial Advisor in connection with opening your Account, as well as for providing client-related services within the Program. This compensation may be more or less than a Financial Advisor would receive if you transacted in a brokerage account, rather than a managed account in the Program, and paid separately for investment advice, brokerage and other services covered by the Program Fee. Therefore your Financial Advisor may have greater financial incentive to offer a managed product over a brokerage product. Occasionally, Program Accounts may be reassigned from the originating Financial Advisor to a new Financial Advisor because the originating Financial Advisor leaves our firm, takes a new position, or for other reasons. Financial Advisors receive less compensation for accounts reassigned to them (“Reassigned Accounts”) than accounts they originated and therefore have a conflict of interest because they have a financial incentive to provide better service to accounts that they have originated versus Reassigned Accounts. Financial Advisors receive additional compensation when clients add funds to Reassigned Accounts and have incentive to encourage additional deposits to Reassigned Accounts. PNC Investments has established policies and procedures reasonably designed to ensure that any recommendation made is suitable for your unique circumstances.

From time to time, PNC Investments initiates incentive programs for its employees, including Financial Advisors.

These programs include, but are not limited to, programs that compensate them for attracting new assets and clients or for referring business to our affiliates (such as referrals for mortgages, trusts or insurance services); programs that reward them for promoting investment advisory services, for participating in advanced training, and for improving client service; and programs that reward Financial Advisors who meet total production criteria.

Financial Advisors who participate in these incentive programs are rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. These programs may be partly subsidized by external vendors or our affiliates, such as mutual fund companies, insurance carriers or money managers. Therefore, our Financial Advisors have a financial incentive to recommend the programs and services included in these incentive programs over other available products and services that we offer.

### ***Annuity and Structured Products***

#### **Structured Products**

Structured products are debt securities in which returns are tied to the performance of an underlying reference asset such as a basket of stocks or a broad based index like the S&P 500. Structured products offer various levels of downside protection against losses and come in a variety of types such as market-linked CDs, principal protected notes and buffered notes. Structured products can be used to provide downside protection against losses for a portion of a client's overall investment portfolio while also providing the opportunity for upside gains based on the performance of the underlying reference asset. Downside protection varies by product type and may include full principal protection, FDIC Insurance coverage or partial downside protection against losses.

Structured products are intended to be held to full maturity. Selling a structured product prior to maturity will most likely result in receiving an amount less than the underlying security value. There is no guarantee of a secondary market to sell a structured product after you purchase it. The issuer may make a secondary market available but is not required to do so and can discontinue any such secondary market at any time. The statement value of your structured product will not be a prediction of the price you may be able to sell your structured product for in the secondary market.

You should carefully review our Structured Products disclosure document and discuss any structured products with your Financial Advisor to be sure you understand all features of the product before purchasing.

#### Market Linked CDs

Market Linked CDs (MLCDs) are issued by banks and may be sold by PNC Investments. MLCDs offer a return of an investor's original deposit at maturity along with the potential for a gain based on the performance of a specific market index or basket of stocks. Most MLCDs pay interest at maturity, but some may offer the opportunity to earn annual interest during the holding period of the investment. The terms of each MLCD are described in separate Term Sheets, which you should read prior to investing. Each MLCD is an obligation of the Issuing Bank, and not PNC Bank or any of its affiliates. Each MLCD is insured by the Federal Deposit Insurance Corporation (FDIC), up to applicable limits. **However, it is important for you to understand that FDIC insurance will not protect you against loss of principal if you sell this product prior to its maturity.**

- This product is not intended for use as a short term cash alternative and should be considered by investors as a long term investment that is held to maturity;
- There is no guarantee that the investment will produce positive returns;
- Purchasers of a Market Linked CD may receive less than their original investment amount if the product is sold prior to its maturity.

### Buffered Notes

Buffered Notes are issued by banks and may be sold by PNC Investments. Buffered Notes offer investors the opportunity to participate in the positive gains of a market index, while providing partial downside protection against losses. Each Buffered Note is an obligation of the Issuing Bank, and not PNC Bank or any of its affiliates.

**Buffered Notes are not FDIC Insured and payments depend on the issuing Bank's ability to pay interest and principal due at maturity and therefore you (the investor) are subject to the credit risk of the Issuer.**

**Investors in Buffered Notes may lose principal value below the buffer amount depending on the performance of the underlying reference asset. Principal protection is not guaranteed in a Buffered Note.**

The terms of each Buffered Note will be described in a term sheet and prospectus which you should read prior to investing. You may obtain these documents from your PNC Investments Financial Advisor or by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov).

- This product is not intended for use as a short term cash alternative and should be considered by investors as a long term investment that is held to maturity;
- The "Buffer" feature does not protect the principal amount of the investment against all market losses.
- Buffered Notes generally place a cap on market gains; investors may not receive the full amount of increases in the market during the holding period of the investment;
- Investors in Buffered Notes may receive less than their original investment amount if the product is sold prior to its maturity;
- Buffered Notes are not FDIC Insured and may lose value, including loss of principal at maturity;
- Payment of principal and interest at maturity depends on the Bank issuing the investment being in sound financial condition at the time of maturity; PNC does not guarantee the investment.

### Principal Protected Notes

Principal Protected Notes are issued by banks and may be sold by PNC Investments. Principal Protected Notes offer investors the opportunity to participate in the positive gains of a market index, while providing full downside protection against losses, if held to final maturity. Each Principal Protected Note is an obligation of the Issuing Bank, and not PNC Bank or any of its affiliates.

**Principal Protected Notes are not FDIC Insured and payments depend on the issuing Bank's ability to pay interest and principal due at maturity and therefore you (the investor) are subject to the credit risk of the Issuer.**

The terms of each Principal Protected Note will be described in a term sheet and prospectus which you should read prior to investing. You may obtain these documents from your PNC Investments Financial Advisor or by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov).

- This product is not intended for use as a short term cash alternative and should be considered by investors as a long term investment that is held to maturity;
- Principal Protected Notes generally place a cap on market gains; investors may not receive the full amount of increases in the market during the holding period of the investment;
- Investors in Principal Protected Notes may receive less than their original investment amount if the product is sold prior to its maturity;
- Principal Protected Notes are not FDIC Insured and may lose value, including loss of principal at maturity;
- Payment of principal and interest at maturity depends on the Bank issuing the investment being in sound financial condition at the time of maturity; PNC does not guarantee the investment.

### Variable Annuity

A variable annuity (VA) is a deferred annuity that provides investment returns based on the performance of market-based subaccounts or indexed-linked segments. VAs are flexible contracts that can provide clients with a variety of solutions, including the option to provide for guaranteed living and death benefits. VAs are market based and can lose value based on market performance. Before purchasing a VA, please review the product's prospectus in detail for all the features, risks, and benefits. Annuities are not FDIC insured and all guarantees are subject to the claims paying ability of the issuing insurance carrier. Annuity contracts are subject to federal income tax penalties for withdrawals prior to age 59 ½. Additionally, VAs held in a tax-qualified account (including IRAs) receive the same tax benefits as those held outside of a tax-qualified account. No additional tax benefits result from purchasing or holding an annuity in a tax qualified account.

If an annuity is purchased within the Account, you will retain a direct contract with the insurance company. Your Advisor will continue to act as the servicing agent on the contract, and will be entitled to all rights you assign to your Advisor as determined in the annuity contract. As a part of the managed account, your Advisor will recommend an asset allocation within your annuity contract in alignment with the previously described five core allocation models. As contract owner, you will retain the ability to reallocate your annuity contract directly with the carrier. Reallocations without PNC Investments input or oversight will limit PNC Investments' ability to effectively serve as Investment Advisor on the account, and may compromise performance. If material reallocations or changes to the annuity contract are identified, your Financial Advisor may contact you to recommend changes that will realign your annuity with the allocation model selected. If you choose not to accept this recommendation, we may terminate your Account with 30-days written notice to you. Subaccount transactions within your annuity account may also be subject to restrictions and/or limitations, please refer to the contract and/or product prospectus for details.

### ***Fees & Expenses***

If an annuity or structured product is purchased in your account, additional fees may be charged by the issuing company. VA contracts charge Mortality, Expense & Administration (sometimes referred to as M&E or M&E&A) fees and other fees assessed by the annuity carrier. Any additional riders may be subject to an additional fee. These charges are assessed against the contract's account value. M&E fees and other fees related to an annuity contract are explicitly outlined in each product's prospectus. Investment in the insurance company's subaccounts may also be subject to additional fund expense fees. The product's prospectus should be thoroughly reviewed for a full explanation of the assessment of all fees and expenses. All fees assessed by the annuity carrier are in addition to any Program Fees charged by PNC Investments.

In addition, if an annuity is purchased, the insurance company will provide trading and operational services for your contract held within a Portfolio Solutions accounts. The insurance company will provide the owner with annual or quarterly statements of the contract values, along with change confirmations and tax notifications. The value of your contract will also be reflected on your Portfolio Solutions account statement.

## **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### ***Account Minimums and Types of Clients***

The minimum account size is \$250,000, however, the Program minimum for accounts that include a tactical allocation to variable annuities is \$275,000 with a minimum allocation of \$25,000 to the variable annuity. We may also charge an annual fee of \$35 for IRA accounts with a market value under \$25,000. PNC Investments may terminate the advisory services on any Account that falls below minimum account value guidelines established by the firm on 30-days' written notice to the Account holder. To avoid termination, you may be required to

deposit additional assets in your Account to remain in the Program. Under certain limited circumstances, we may waive the minimum account size requirement.

PNC Investments generally provides investment advice to individuals, high-net-worth individuals, and corporations.

### ***Collateral Accounts and PNC Investment Line Of Credit***

Under certain circumstances you may elect to pledge the assets in your non-IRA/ERISA Account as collateral for a general purpose loan with our affiliate, PNC Bank (including the PNC Investment Line of Credit ("ILOC")), or other financial institution (collectively the "Lending Arrangements").

When your Account assets are pledged or otherwise used as collateral in connection with Lending Arrangements, you give the lender certain rights and powers over the assets in the Account. Importantly, lenders have the right to direct PNC Investments to sell or redeem any and all assets pledged as collateral for the loan. In the event of a collateral call on the Account, securities will be liquidated from the Account, which may be contrary to your interests and/or inconsistent with the investment strategy for the Account because positions may be redeemed or liquidated more rapidly (and/or at significantly lower prices) than might be desirable. You or your Financial Advisor may not be provided with prior notice of the liquidation of the securities in the Account. Furthermore, you and your Financial Advisor may not be entitled to choose the securities to be liquidated. After the execution of a collateral call, any remaining securities in the Account may be lower in value than the investment minimums required for the Portfolio Solutions Program and the Account may be subject to termination as described above.

You may wish to discuss with your Financial Advisor how a collateral call could impact you if your pledged Account makes up all, or substantially all, of your overall net worth or investible assets. Any action taken by us, or an affiliate, with respect to the assets held in your Account pursuant to the Lending Arrangements will not constitute a breach of our fiduciary duties as an investment adviser to you under the Portfolio Solutions Program.

The costs associated with the Lending Arrangements are not included in the Program Fee you pay under the Program. Your transaction costs may rise as a result of a collateral call, because securities may be liquidated under unfavorable market conditions. You should consult with your own independent tax advisor in order to fully understand the tax implications associated with the Lending Arrangements. The securities subject to the collateral call will not be liquidated in a manner that considers tax efficiency. PNC Investments does not provide legal, tax or accounting advice.

You are encouraged to speak with your Financial Advisor to the extent you have questions about the Program, the Lending Arrangements and how they may impact the management of your Account. You should be aware that PNC Investments and your Financial Advisor have a conflict of interest because PNC Investments and your Financial Advisor's compensation is based on the assets held in your account and benefits if you enter into a Lending Arrangement instead of withdrawing funds from your account. If you establish an ILOC account, you should be aware that PNC Investments and your Financial Advisor will be compensated based on the amounts you draw on the credit line. This is a conflict of interest for your Financial Advisor because he or she has an incentive to recommend the ILOC as opposed to other potential funding sources, because your Financial Advisor is not compensated for other options. In addition, PNC Bank generates revenue by charging interest on any loan underwritten by PNC Bank, which represents a further conflict of interest for PNC Investments.

Qualification criteria and requirements, including but not limited to, approval criteria, underwriting standards, loan to value requirements, maintenance requirements and asset eligibility vary by program. You should refer back to the Lending Arrangements and associated documents for the specific terms governing the Lending Arrangements.

## **PORTFOLIO MANAGER SELECTION AND EVALUATION**

The Portfolio Solutions Account is managed to diversify your investments and may include investments in equity and fixed-income securities, options, ETFs, mutual funds, money market instruments, annuities and structured products. Accounts are managed on an individual basis, and our asset allocation and investment recommendations are determined by and based on our understanding of your financial situation, investment objectives and risk tolerance. You may impose further reasonable restrictions and guidelines on your Account, but these will affect the composition and performance of your portfolio.

The mutual funds recommended under the Portfolio Solutions Program may include mutual fund portfolios advised by investment management affiliates of PNC Investments, which receives compensation for their investment advisory and other services. The services provided by our affiliates and the fees they collect for these services vary and generally are disclosed in each Fund's prospectus. These fees are paid directly by the Fund and affect the total return of a shareholder's investment. We will not treat those entities and Funds any differently from investment managers and Funds that are not affiliated with PNC Investments. Mutual funds recommended under the Program also include mutual funds sub-advised by affiliates of PNC Investments, which receive revenue for their sub-advisory services. Sub-advisory fees received by our affiliates are disclosed in each Fund's prospectus. These fees are paid directly by the Fund and affect the total return of a shareholder's investment. We will not treat those entities and Funds any differently from investment managers and Funds that are not affiliated with PNC Investments.

### ***PNC Investments and Other Service Providers to the Program***

PNC Investments was formed in 2003, and is a direct, wholly owned subsidiary of PNC Bank. PNC Bank is a wholly-owned subsidiary of The PNC Financial Services Group, Inc., a financial holding company.

PNC Investments does not receive performance-based fees calculated as a share of capital gains on, or capital appreciation of, the funds or any portion of the funds or other investments in a client's Account. National Financial provides trading, custody and operational services for the Portfolio Solutions Program. National Financial carries client Accounts, is the custodian for the investments in your Account, reports all the trades in your Account and effects many such trades. National Financial will provide you with trade confirmations, monthly statements, and income tax reporting.

PNC Investments has also engaged a service provider to perform certain support services in connection with the Program. Among other things, this service provider is responsible for calculating and preparing quarterly performance reports for client accounts.

All annuity contracts available in Portfolio Solutions are offered through the issuing insurance company. Details of the services provided are referenced in the "Annuity and Structured Products" section above.

### ***Risks of Investing in the Portfolio Solutions Program***

Investing in securities, including the investments offered through the Program, involves risk of loss that you should be prepared to bear. There is no guarantee that the elements of the Program, including the asset

allocation models, selection of individual investments or research recommendations will protect against such loss. Other risks include:

- **Market Risk.** Market risk is the risk that the price of securities will fall over short or extended periods of time. Historically, the prices of equity securities have moved in cycles and the value of an Account's investments will fluctuate from day to day. When individual companies are negatively impacted by industry or economic trends or report poor operating results, the price of securities issued by those companies will typically decline in response. These factors contribute to price volatility.
- **Allocation Risk.** A client Account is subject to the risk that asset allocation decisions will not anticipate market trends correctly. For example, weighting an Account too heavily in equities during a stock market decline may cause a loss of value. Conversely, investing too heavily in fixed income securities during a period of stock market appreciation may result in lower total returns.
- **Credit Risk.** The value of debt securities is affected by the ability of issuers to make principal and interest payments. If an issuer cannot meet its payment obligations or if its credit rating is lowered, the value of its debt securities will typically fall.
- **Interest Rate Risk.** The value of fixed-income investments will typically decline because of an increase in market interest rates.
- **Liquidity Risk.** The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Liquidity risk is typically reflected in unusually wide bid-ask spreads or large price movements (especially to the downside)
- **Stock-Specific (Unsystematic) Risk.** Unsystematic risk is unique to a specific company or industry. Also known as "nonsystematic risk," "specific risk," "diversifiable risk" or "residual risk," in the context of an investment portfolio, unsystematic risk can be reduced through diversification.

The Program is intended to be a long-term investment program and does not support market-timing or frequent trading. You will be limited to one model change per calendar quarter, except as warranted by changes to your financial situation as agreed by you and your Financial Advisor. Frequent or excessive trading in Portfolio Solutions accounts are grounds for account termination, with 30 days' written notice, by PNC Investments, even if the rules above are not violated. The determination of frequent and/or excessive trading is solely at the discretion of PNC Investments.

#### ***Proxy Voting***

You will retain proxy-voting authority over securities held in your Accounts.

### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

This item is not applicable to the Portfolio Solutions Program because portfolio managers are not used in administration of the Program. Your Financial Advisor will recommend an allocation of equity securities, fixed income securities, certain options strategies, mutual funds, exchange traded funds, unit investment trusts, Annuities, and/or Structured Products (Market-Linked CDs or Buffered/Structured Notes) in an effort to meet your investment objectives and financial goals. You retain full discretion over the Account.

### **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Your PNC Investments Financial Advisor will act as the sole investment advisor to your account. He or she will be solely responsible for recommending individual securities to you. As such, your account will not be managed by a separate portfolio manager. You may contact your Financial Advisor during normal business hours to discuss your account or to notify him or her of any changes to your financial profile or investment objectives.

## **ADDITIONAL INFORMATION**

### ***Disciplinary Information***

- On May 29, 2013, PNC Investments entered into a settlement (an "AWC") with FINRA. Without admitting or denying the findings in the AWC, PNC Investments consented to the entry of findings that between April 2007 and December 2008, the firm failed to maintain a supervisory system and procedures reasonably designed to achieve compliance with the registration requirements of federal securities laws, in violation of NASD rules. All of the conduct described in the AWC occurred at NatCity Investments ("NatCity") before it was acquired by PNC Investments' parent company. The AWC found that a customer of NatCity engaged in the unregistered distribution of over-the-counter securities, and that the firm's supervisory system and written supervisory procedures were inadequate to make necessary inquiry into the registration or exemption status of securities in the customer's account. Without admitting or denying these findings, PNC Investments consented to a censure and a fine of \$100,000.
- On September 11, 2013, PNC Investments entered into a settlement (an "AWC") with FINRA. Without admitting or denying the findings in the AWC, PNC Investments consented to an AWC finding that, during the period from October 2011 through January 2013, PNC Investments failed to establish, maintain and enforce a supervisory system that was reasonably designed to implement the firm's procedures to monitor transmittals of customer funds to locations other than the customer's primary residence, and customer changes of address, in violation of NASD Rules 3012(a)(2)(B)(i) and 3012(a)(2)(B)(ii). During this period, one of PNC Investments' registered representatives established a PNC Investments branch office as the mailing address for a customer's account and converted approximately \$128,000 from the customer's account. Without admitting or denying these findings, PNC Investments consented to a censure and a fine of \$100,000.
- On December 20, 2013, PNC Investments entered into a settlement (an "AWC") with FINRA in connection with the firm's sale of leveraged, inverse, and inverse-leveraged exchange-traded funds ("Non-Traditional ETFs") during the period from January 2008 through June 2009. Without admitting or denying the findings in the AWC, PNC Investments consented to findings that the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with applicable NASD and/or FINRA rules and failed to provide adequate formal training to its registered representatives and supervisors regarding Non-Traditional ETFs in violation of NASD Rules 3010 and 2110 and FINRA Rule 2010. PNC Investments also consented to a finding that the firm made unsuitable recommendations to certain customers by allowing registered representatives to recommend a Non-Traditional ETF without performing reasonable diligence to understand the associated risks and features in violation of NASD Rules 2310(a) and 2110 and FINRA Rule 2010. PNC Investments consented to the imposition of a censure, a fine in the amount of \$275,000, and restitution in the amount of \$33,183.72, plus interest.
- On December 31, 2013, PNC Investments entered into a settlement (an "AWC") with FINRA. Without

admitting or denying the findings in the AWC, PNC Investments consented to a finding that, during the period from about July 1, 2010 to June 30, 2012, the firm failed in 313 instances to apply a rollover or breakpoint discount to eligible unit investment trust (“UIT”) purchases for customers in violation of FINRA Rule 2010. Prior to entering into the settlement, PNC Investments voluntarily made restitution to all affected customers in the amount of \$52,040.12. PNC Investments also consented to a finding that during this same period the firm failed to adequately enforce its existing written supervisory procedures concerning rollover and breakpoint discounts to ensure proper application to all eligible purchases of UITs by customers in violation of NASD Rule 3010 and FINRA Rule 2010. PNC Investments consented to the imposition of a censure and a fine in the amount of \$90,000.

- On April 11, 2016, PNC Investments entered into a settlement (an “AWC”) with FINRA. Without admitting or denying the findings, PNC Investments consented to the entry of findings that it failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales and failed to apply such waivers to mutual fund purchases by certain retirement plan customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings also stated that PNC Investments failed to maintain adequate written policies and procedures or to provide adequate training to assist financial advisors in determining when sales charge waivers were available for retirement plan customers. PNC Investments was not required to pay a fine, but consented to be censured and to pay restitution to eligible customers who did not receive sales charge waivers for fund purchases since July 1, 2009.
- On April 6, 2018, PNC Investments entered into a settlement (“Order”) with the Securities and Exchange Commission (“SEC”). Without admitting or denying the findings, PNC Investments consented to the findings that, as a result of the conduct described below, PNCI willfully violated Sections 206(2), 206(4) and 207 of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 206(4)-7 thereunder. The Order finds that the violations resulted from the following conduct of PNCI: (1) PNCI, without adequate disclosure of the associated conflicts of interest, invested advisory clients in mutual fund share classes with 12b-1 fees instead of available lower-cost share classes of the same funds without 12b-1 fees; (2) PNCI did not disclose a conflict of interest regarding marketing support payments paid on such mutual fund share classes that charged 12b1 fees; (3) PNCI improperly charged advisory fees to client accounts where the investment adviser representative departed the firm (“Orphaned Accounts”) and where PNCI failed to assign a new investment adviser representative within thirty days; and (4) PNCI failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices and treatment of Orphaned Accounts.

The Order requires PNCI to cease and desist from committing or causing any violations and any future violations of Advisers Act Sections 206(2), 206(4), and 207 and Rule 206(4)-7; censures PNCI; and requires PNCI to pay disgorgement of \$5,234,856, and prejudgment interest of \$612,344, to compensate advisory clients who were affected by certain conduct detailed in the Order. PNCI will pay, in addition to the disgorgement and prejudgment interest described above, disgorgement of \$497,144 in marketing support fees and prejudgment interest thereon of \$63,426 to the SEC for the transfer to the general fund of the United States Treasury. Lastly, PNCI will pay a civil monetary penalty of \$900,000.

#### ***Other Financial Industry Activities and Affiliations***

PNC Investments’ principal business is that of a full-service, general securities broker-dealer and investment

adviser, registered with the SEC and as a member of FINRA. Our primary retail brokerage activities include the sale of corporate equities, corporate debt, municipal securities and funds, mutual funds, ETFs and annuities.

PNC Investments is part of a broad financial services organization and is therefore affiliated with other entities engaged in a variety of financial services businesses. In some cases, the firm has business arrangements with its affiliates that are material to its advisory business or to its clients. These are described in more detail below and, in some cases, cause PNC Investments' or a related person's interests to diverge from the best interests of our clients.

PNC Investments is affiliated with the following financial services entities through its parent, The PNC Financial Services Group, Inc.:

- **PNC Bank, National Association** is a wholly owned subsidiary of The PNC Financial Services Group, Inc., and provides regional banking accounts and services.
- **PNC Capital Advisors, LLC** is a wholly owned subsidiary of PNC Bank and provides discretionary fixed income investment advisory services to institutional accounts.
- **PNC Capital Markets LLC** is an indirect, wholly owned subsidiary of The PNC Financial Services Group, Inc. and offers loan syndication, public finance underwriting services, securities underwriting and trading, private placements, and asset securitization services.
- **PNC Insurance Services, LLC** is a wholly owned subsidiary of PNC Investments and a licensed insurance agency. It provides a variety of insurance products and advice.

Selected conflicts of interest that exist between PNC Investments and its affiliates are discussed below.

Although PNC Investments is committed to acting in the best interests of our clients, in some situations there are conflicts of interest between the firm's interests and a client's interests, or there are conflicts in the interests of multiple clients. Many of these conflicts of interest are inherent in operating an investment advisory business. For example, PNC Investments may have an incentive to resolve a matter in favor of clients that are affiliates of the firm over clients that are not affiliates of the firm. PNC Investments has adopted policies and procedures that it believes are reasonably designed to help mitigate these conflicts of interest.

Affiliates of PNC Investments provide advice to their clients with respect to investment strategies that are similar to or the same as strategies offered by PNC Investments. Those advisory affiliates may purchase on behalf of their clients the same securities that PNC Investments may purchase for our clients. As a result, the interests of PNC Investments' clients may conflict with the interests of the clients of these affiliated advisers. For example, if an investment adviser affiliate implements a portfolio management decision for its client ahead of, or contemporaneously with, a decision PNC Investments makes for its client(s), the market impact of the decision made by the firm's advisory affiliate could result in one or more of PNC Investments' clients receiving less favorable trading results than they otherwise would. PNC Investments' trade allocation and trade aggregation procedures do not typically apply to portfolio management decisions and trading executed by investment advisory affiliates for their clients that are not clients of PNC Investments.

### ***Affiliate Transactions***

PNC Investments or its affiliates may from time to time recommend investments in transactions in which PNC Investments or its affiliates act as financial advisor or a broker-dealer, or in securities which are underwritten, issued, packaged or serviced by an affiliate.

Moreover, PNC Investments may act as a broker in executing your purchase or sale for your account of a debt security from or to PNC Capital Markets, a brokerage affiliate. PNC Capital Markets receives compensation as a result of these transactions, if these transactions were to occur.

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

PNC Investments has adopted a Code of Ethics, which consists of certain general principles, including the following:

- Advisory personnel must place client interests before their own
- The personal securities transactions of our personnel must avoid even the appearance of a conflict with client interests
- Our personnel must avoid actions or activities that allow, or appear to allow, them to profit or benefit from their position with respect to clients, or that would otherwise bring into question their independence or judgment
- From time to time, PNC Investments personnel may accept training, business entertainment or gifts of de minimis value from product vendors. PNC Investments has adopted policies and procedures reasonably designed to ensure any such activity does not impact our personnel's ability to act in the best interests of our clients
- In addition, the Code of Ethics requires our employees to report their personal securities transactions and holdings. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

Our employees are also subject to the PNC Employee Conduct Policies, which cover matters including compliance with law, conflicts of interest, insider trading, outside activities and safeguarding confidential information.

### ***Client Reports***

As part of the Program, we will provide periodic reports to assist you in monitoring and assessing the performance of your Account. These reports will contain information regarding trades, investment return, and selected benchmark comparisons. These reports may also contain letters, notices and other important information regarding the Account during the period.

### ***Client Referrals and Other Compensation***

Your Financial Advisor may refer you to PNC Bank or other PNC Investments affiliates for additional products or services and will generally receive compensation for such referrals.

A portion of the fees charged for the Program services described in this Brochure may be paid to your Financial Advisor in connection with the introduction of Accounts as well as for providing client-related services within the Programs. This compensation may be more or less than a Financial Advisor would receive if you paid separately for investment advice, brokerage and/or other services.

Certain employees of PNC Bank's Wealth Management and or Private Client Group receive compensation in connection with referrals to PNC Investments.

PNC Investments has related persons who are investment advisers who act as general partners in partnerships in which our clients may be solicited. PNC Investments would not have knowledge of such solicitations should they occur, and consequently, would not be a participant in them, nor would we receive any compensation for them.

***Financial Information***

In certain circumstances, PNC Investments would be required to provide you with financial information or disclosures about our financial condition. Currently, no such circumstances exist for PNC Investments.

PNC Investments has no financial commitments that impair our ability to meet our contractual and fiduciary commitments to our clients and has never been the subject of a bankruptcy proceeding.