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March 15, 2023

VestWise™

Wrap Fee Program Brochure

This wrap fee program brochure ("Brochure") provides information about the qualifications and business practices of Park Avenue Securities LLC ("PAS"). If you have any questions about the contents of this Brochure or would like to obtain a free copy of this Brochure, please contact us at (888) 600-4667. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Additional information about PAS is also available on the SEC's website at www.adviserinfo.sec.gov.

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

PAS017974-VestWise (3/2023)





2. Material Changes

Pursuant to SEC rules, this item summarizes the specific material changes, if any, that have been made to this Park Avenue Securities LLC (“PAS”, “the Firm,” “we,” “our,” or “us”) Form ADV VestWise Wrap Fee Program disclosure brochure (“Brochure”) since the last annual update of this Brochure on March 16, 2021.

When required or appropriate, we will also provide clients interim summary updates of material changes to this Brochure. Clients may ask for a copy of our current Brochure, which includes all material changes since the previous Brochure, or a summary of material changes to the previous Brochure at any time, without charge, by contacting us at (888) 600-4667.

The following is a summary of material changes to this Brochure since the last annual update on March 16, 2022.

March 15, 2023 Annual Amendment Update

Item 9. Additional Information has been amended as follows:

- Introduction of the Park Avenue Securities Peak Council which is a PAS award program that certain PAS IARs are eligible to qualify for.

September 27, 2022 update

Item 9. Additional Information

- PAS has entered into a marketing and sponsorship agreement with First Trust Advisors, L.P. (“First Trust”), a Strategist in the Strategist Select and Strategist Select Plus programs and PAS approved mutual fund and ETF sponsor in the Park Avenue Signature Portfolio and Portfolio Select programs. PAS will receive a flat payment of \$50,000 per quarter for providing First Trust with opportunities to attend conferences with its IARs for training and education, marketing opportunities, and attendance at seminars involving PAS IARs and clients.

July 15, 2022 update

Item 4. Services, Fees and Compensation:

- The model provider of the VestWise program is changed from WisdomTree Asset Management, Inc. to Franklin Advisers, Inc., an investment adviser registered with the U.S. Securities and Exchange Commission. Please see section *Franklin Advisers, Inc* (“*Franklin Advisers*”) for additional information.

Item 6. ETF Selection and Evaluation

- The update provides a description of Franklin Advisers, Inc. model portfolio construction process and the VestWise Model Portfolio offering. Please see section *VestWise Model Portfolios* for additional information.

June 1, 2022 update

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

- The Cash Management Sweep Program ("Sweep Program") section was updated to describe changes to the Sweep Program offerings. Starting June 1, 2022, all client accounts will be defaulted to a new or amended Bank Sweep product at account opening. The Sweep Program shall also contain new money market funds which serve as overflow funds for accounts whose Bank Sweep product balance exceeds certain FDIC limits. All accounts, except for IRA and Retirement Plan Accounts, will be default to the Dreyfus Insured Deposits Program (DIDV). Balances in excess of the FDIC insured limit will be redirected to the Dreyfus Government Money (DGUXX). IRA and Retirement Plan accounts will default to DIDM—a design of the Dreyfus Insured Deposit Program specifically for IRA/Retirement Accounts. Balances in excess of the FDIC insured limit will be diverted to the Dreyfus Government Money Fund (DGVXX). PAS receives an economic benefit when cash balances are swept into DIDV and DGUXX. If you are invested in a Sweep Program option that pays PAS a fee, the cost to you may be more than if you are invested in a Sweep Program that does not pay PAS a fee. You may choose to opt out of the Sweep Program by contacting your IAR.

Item 9. Additional Information has been amended as follows:

- For the DIDV Bank Sweep, PAS, Pershing, and the third-party administrator receive a fee ("Deposit Fee") equal to a percentage of the average daily deposit balance in your deposit account(s) at banks participating in the program ("Program Banks"). Your IAR will not receive any portion of the fees paid to Program Banks. The amount of fee received by Pershing, PAS and any other service provider will affect the interest rate paid in your deposit account(s).

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4. Services, Fees and Compensation

PAS makes available to you a number of proprietary and non-proprietary investment advisory programs and services. VestWise™ is the branded name for the PAS automated or digital (i.e., internet/web-based) investment advisory solution. PAS acts as the sponsor and the discretionary investment manager for this program, which means PAS is provided the authority to manage the securities held in your VestWise account without seeking prior trading approval from you. If you elect the recommended VestWise strategy and open an account, PAS uses this discretion to make changes to the holdings within the account over time consistent with the strategy you have elected.

If you wish to learn about other investment advisory programs and services that PAS offers, you may contact PAS by calling (888) 600-4667 or go to www.parkavenuesecurities.com to receive a similar disclosure brochure for those programs and services.

VestWise is a wrap fee program. Wrap fee programs bundle together several service providers: an investment adviser, a broker-dealer, a clearing firm, and a custodian, and offer most of these services for a single advisory fee. Except as otherwise disclosed in this Brochure, there are no individual ticket charges assessed to the client for trades within a wrap fee program. Some clients prefer to have the various services "packaged" together within a wrap fee program; others prefer to select their own providers for the various services needed to manage their investments. Similarly, some clients prefer a fee structure that converts trading costs into an asset-based fee calculated on the same basis as advisory fees; others prefer trading costs to be assessed on a per trade basis. Depending on a number of factors, such as the number of transactions, number of shares, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis.

Understanding your Relationship with PAS

PAS is subject to the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and as a registered investment adviser, PAS, along with its IARs, have a fiduciary duty to you. This generally means that PAS and its IARs will act in your best interest when providing investment advice under the Advisers Act and will disclose or avoid material conflicts of interest. **Throughout the various sections of this Brochure PAS has identified material conflicts of interest where you see such language bolded or within specific sections identified as discussing material conflict of interest.** Within the advisory programs described in this Brochure, PAS provides services as an investment adviser under the Advisers Act.

In providing investment advice, your PAS Investment Adviser Representative ("IAR") can select from among different products and programs. This includes the advisory program described in this brochure and other advisory programs described in PAS Firm Brochure. Your IAR can also act in his or her capacity as a registered representative of PAS providing securities recommendations in a PAS brokerage account. This includes the recommendations and sales of products such as mutual funds, variable annuities, variable life, or individual stocks and bonds, if appropriately licensed. In each of these scenarios, your IAR provides different services and will be paid differently depending on the account type, product or program selected. There are important differences within these types of accounts/products in terms of ongoing services provided, costs and the obligations of your IAR and PAS.

You should discuss the benefits and costs associated with the different advisory programs available at PAS as well as what relationship may be best for you. This should include a discussion about the benefits and costs

associated with a brokerage versus an advisory relationship, the products offered within each relationship and the IARs ongoing obligations when acting as an IAR versus a registered representative.

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

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

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

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

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

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

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

The PAS IAR assigned to your account is compensated for servicing and providing general investment advice for the VestWise program. Because of the automated nature of this Program, compensation is expected to be less than what a PAS IAR would receive for recommending another proprietary investment advisory program offered by PAS, and may be more than what the IAR would receive if you pay separately for investment advice, brokerage, and other services.

Rollovers and Fiduciary Acknowledgement

When PAS and its IARs recommend to a) participants in ERISA-covered retirement plans to roll over assets into an IRA or b) owners of IRAs to roll over or transfer assets to another IRA, PAS and its IARs are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary status for this purpose does not necessarily mean PAS and its IARs are acting as fiduciaries for purposes of other applicable laws. This acknowledgement of fiduciary status does not confer contractual rights or obligations on you, PAS, or the IARs.

With respect to rollover transactions, certain portions of this Brochure disclosure are intended to comply with requirements under the U.S. Department of Labor's Prohibited Transaction Exemption 2020-02, specifically; (i) information regarding the scope of services provided by PAS and its IARs, (ii) the fiduciary acknowledgement above, and (iii) the description of the material conflicts of interest under which PAS and your IARs are operating.

Rollovers

PAS and your IAR get paid when you engage in a rollover transaction. PAS can recommend that you rollover assets from your workplace retirement plan or from an existing IRA into an IRA account with PAS. When you engage in a rollover to an IRA, PAS and your IAR will receive compensation in connection with the investments you will acquire for your IRA account and hold in the account. This compensation incentivizes PAS and your IAR to make a rollover recommendation.

Transferring an Existing Account to PAS Programs

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

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

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

Investing in VestWise™

To invest in VestWise, you must establish an account through PAS with Pershing LLC ("Pershing"), which clears trades and acts as custodian for your VestWise assets. Accordingly, all trading activity in connection with VestWise will be processed through your account with Pershing. In its capacity as a clearing and custodial firm, Pershing performs centralized custody, bookkeeping, and execution functions. Pershing handles the delivery and receipt of securities purchased or sold on your behalf, receives, and distributes dividends and other distributions, and processes exchange offers, rights offerings, warrants, tender offers, and redemptions. Pershing will send statements of all activity in your account no less frequently than quarterly.

PAS, together with the IAR assigned to your account, provide advisory services to you as described in the Client Application, VestWise Investment Advisory Agreement, Client Fee Schedule, Investment Policy Statement, and this Brochure. Please review those documents carefully. If you do not have copies, please contact your IAR or PAS directly at 888-600-4667.

Your IAR will periodically review performance and other periodic reports provided to you and will offer to meet with you at least annually to determine whether there have been any changes in your financial situation and investment objectives and whether you wish to impose any reasonable restrictions on the management of your account or reasonably modify existing restrictions. PAS IARs are available to assist you in articulating and quantifying your goals, organizing financial data, identifying needs and opportunities, evaluating alternative courses of actions, and determining whether and how VestWise can assist you with your financial goals. Additionally, you are required to notify PAS through the VestWise website or your IAR of any changes to your financial situation or investment objectives.

PAS utilizes a risk tolerance questionnaire ("RTQ") to determine an appropriate investment strategy for you. The RTQ has ten questions. VestWise uses an algorithm that scores your answers to the questionnaire and uses the score to determine your risk profile and then matches the risk profile with a Strategy Selection ("Model Portfolio") as indicated in the Investment Policy Statement ("IPS"). PAS believes the algorithm it uses indicates the most appropriate Model Portfolio for you, but other investment advisory programs may use different algorithms with different results. VestWise does not use any other information about you, such as other investments or your tax situation, to determine the most appropriate strategy for you. It is important to note that the VestWise program is not a comprehensive financial plan and the investment advice that is provided to you is targeted to meet the specific goals that you specify in your answers to the RTQ and does not consider your broader financial situation.

The IPS will contain the following:

- The responses to your RTQ.
- The VestWise program Model Portfolio selected for you, including the investments which comprise your Model Portfolio.
- The name of your IAR.
- Other relevant information, if any, provided by you during the RTQ process.

The VestWise program is intended to be a hybrid of a digital adviser combining an internet/web-based adviser and a traditional human IAR who is affiliated with PAS. As part of the VestWise program your IAR will be available to assist you, upon your request, with the following:

- Reviewing the Model Portfolio VestWise has recommended for you.
- Providing you with advice and guidance based on the information provided at the time you opened your VestWise account and as you update or amend it from time to time.
- Reviewing performance and other periodic reports provided to you and discussing whether there have been any changes in your financial situation and investment objectives.
- Assisting you as you seek to articulate and quantify goals, organize financial data, identify needs and opportunities, evaluate alternative courses of actions, and determine whether and how VestWise can assist you in determining your financial goals.

PAS will provide you with:

- Discretionary investment management of your VestWise account;
- Periodic performance reports showing the performance of VestWise account assets;
- Opportunities for you to engage in periodic account reviews to address progress toward your investment objectives and goals for the account; and
- Periodic rebalancing of the holdings in your account to align with your Model Portfolio using rebalancing rules established by PAS.

Important Documents, Electronic Signature and Electronic Delivery

If you choose to invest your assets in VestWise, you will sign a Client Application after you have had the opportunity to review the following documents which will detail all of the important terms and conditions pertaining to your account, including the advisory fee:

- This Brochure
- VestWise Investment Advisory Agreement
- PAS Brokerage Account Customer Agreement
- Client Fee Schedule
- Part 2B of Form ADV – Brochure Supplement containing information about your IAR.

You are encouraged to read all of the above referenced documents carefully before you open a VestWise account. Either party may terminate the Investment Advisory Agreement upon 30 days written notice to the other, or as otherwise provided in the Investment Advisory Agreement. Pursuant to the Investment Advisory Agreement, you direct PAS to invest your funds in a VestWise account in accordance with your IPS and the Model Portfolio that is selected based on your responses to the RTQ. You are required to notify PAS of any material changes to your financial situation or of any reasonable restrictions you wish to place on your account.

It is important to note that a condition of the VestWise program is that you consent to the DocuSign electronic delivery and electronic signature process. This consent is effective immediately and can be revoked at any time by contacting Support@VestWise.com. A detailed description of the electronic delivery and electronic signature process is contained in the DocuSign disclosure (titled “Electronic Record and Signature Disclosure”) that you will have the opportunity to review and consent to prior to opening your account with PAS. This DocuSign disclosure includes important information such as how to revoke your consent, how to update or change your email address for delivery, and a statement of hardware and software requirements. You will also have the opportunity to review the electronic delivery information that is contained in the PAS Brokerage Account Customer Agreement. You will receive electronically all communications that are delivered by PAS or its vendors related to your VestWise account. You will receive electronic notifications that documents are available for review in lieu of physical copies. These notifications will be sent to the email address that you have provided to PAS. All documents will be made available in the VestWise Client Portal Document Center. If you revoke your consent to the electronic delivery and/or electronic signature process, PAS will terminate your Investment Advisory Agreement no sooner than thirty (30) days after your revocation and transfer the ETFs in your Model Portfolio to a brokerage account established at PAS. Additional documents might need to be completed by you to effect this transfer. If you prefer, you can initiate the transfer of your assets to another financial institution by providing the receiving firm with valid transfer instructions.

Franklin Advisers, Inc. (“Franklin Advisers”)

The VestWise program consists of eleven Model Portfolios whose underlying holdings consist of a series of individual Exchange Traded Funds, (“ETFs”). Franklin Advisers, an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”), provides PAS with the Model Portfolios for the VestWise program, which are periodically updated by Franklin Advisers acting in the role of a “model provider.” Franklin Advisers reviews the ETF holdings in the Model Portfolios on an ongoing basis in light of sector exposure, currency exposures, credit quality and other measures and periodically considers changes in asset allocation and specific ETF holdings. Each Model Portfolio is built with a specific investment strategy and each is designed to be consistent with a specific risk tolerance level. For example, certain investment strategies are intended for investors who are seeking income generation, while others focus on market growth. Current market conditions are also taken into account. Based on its review of the Model Portfolio information provided to PAS by Franklin Advisers,

PAS will revise the asset allocation of the Model Portfolios by adding, removing, or otherwise changing the individual underlying ETFs in an existing Model Portfolio as instructed by Franklin Advisers. Additionally, when the Model Portfolio for your account is revised, PAS will use its discretionary authority to make trades to revise the holdings in your account to match the revised Model Portfolio.

The technology platform being utilized by PAS to provide the VestWise program is offered by AdvisorEngine, an affiliate of Franklin Advisers. PAS pays AdvisorEngine an annual technology fee that is calculated based on the assets under management on the platform.

The technology fee that PAS pays AdvisorEngine is waived related to the platform assets within the Franklin Templeton Core Multi Manager ETF Model Portfolios (ETFs) model.

This technology fee waiver creates a conflict of interest to PAS in recommending these models, however that conflict is mitigated as the recommendation of the model is based on the client's risk tolerance questionnaire score.

Program Fees

The annual client advisory fee agreed upon by you and PAS is indicated in the VestWise Investment Advisory Agreement. The maximum annual fee for the VestWise program is 0.45% paid quarterly in arrears. The fee is calculated quarterly, using the average daily balance of the assets held in the Model Portfolio for your account for the completed quarter. Your advisory fee is paid to PAS for the following services:

- The advisory services provided by PAS;
- The model management provided by Franklin Advisers;
- The technology-related services and/or the administrative services provided by PAS, and
- The brokerage services involved in purchasing and selling the securities in your account, as well as the custodial and clearing services provided by Pershing.

The advisory fee charged by PAS does not include internal expenses charged by the ETFs in which account assets are invested. All internal expenses are fully disclosed in the respective ETF prospectuses.

The advisory fee also does not include costs or charges associated with liquidation of a client's account and related charges, including but not limited to, express postage and handling charges, returned check charges, wire or transfer fees, transfer taxes or exchange fees, or other fees mandated by law, or non-brokerage related fees such as custodian fees and foreign transaction taxes, each of which is charged separately. In addition, Individual Retirement Accounts ("IRAs") will be assessed a \$125 termination fee upon account termination. These related charges are collected by Pershing; however, PAS marks up the noted charges by as much as 150% and retains the markup. For example, to process a domestic overnight check, Pershing charges PAS \$12, you will be charged \$15 (Pershing collects \$12, PAS collects \$3). The markup on these charges help defray our costs associated with maintaining and servicing client accounts. The additional compensation due to the markup presents a conflict of interest because PAS receives a financial benefit when it provides services in connection with maintaining and servicing your account. However, because your IAR does not share in these other account fees, your IAR does not have a financial incentive to recommend certain transactions or recommend that PAS provide such additional services.

If cash or cash-equivalent funds in your account are not sufficient to pay the fee, or any of the other fees charged in connection with your account, investments in your account may be liquidated in order to pay the outstanding

fees. If your account is managed for only a portion of the quarter, the fee will be prorated accordingly.

A full listing of charges is listed in the Client Fee Schedule which can be found in your account opening documents. At any time, you may obtain a current version of the Client Fee Schedule by calling PAS at (888)-600-4667.

Cash Management Sweep Program

If your VestWise account is funded with less than the required minimum initial investment amount as set forth in the “Account Requirements and Types of Clients” section of this Brochure, any funds deposited into the account will remain in the Cash Management Sweep Program (“Sweep Program”) until your account reaches the required minimum initial investment amount. Any debits in your VestWise account will also be covered automatically by redemptions from the Sweep Program to the extent you have a balance in the Sweep Program sufficient to cover the debit balance. When funds in your VestWise account reach the required minimum initial investment amount, PAS will invest all amounts in excess of the prescribed cash allocation amount pursuant to the Model Portfolio listed in the IPS. After you have reached the required minimum initial investment amount and your account has been invested in a Model Portfolio, PAS will review your VestWise account on each day that the New York Stock Exchange is open for trading to determine whether the cash position is within the prescribed cash allocation drift parameters for your VestWise account. In the event your cash position is no longer within the drift parameters, PAS reserves the right to adjust the positions in your account to comply with VestWise drift parameter rules.

The Cash Management Sweep Program is a service PAS makes available to clients which allows clients to automatically transfer free credit balances to either a money market fund product (the “Money Market Sweep”) or an account at a bank whose deposits are insured by the Federal Deposit Insurance Corporation (“Bank Sweep”). PAS Proprietary Program Accounts (“Accounts”) are eligible to participate in the Sweep Program. The PAS Sweep Program is comprised of a Bank Sweep product, which all clients shall be defaulted to at account opening, as well as specific money market funds which serve as overflow funds for accounts whose Bank Sweep product balance exceeds certain Federal Deposit Insurance (“FDIC”) limits.

At the time you open your Account, you shall be defaulted to one of two Bank Sweeps. All Accounts, except for IRA and Retirement Plan Accounts, will be defaulted to the Dreyfus Insured Deposits Program (DIDV). The default DIDV Bank Sweep product is an FDIC insured multi-bank deposit sweep program. Additionally, balances in DIDV within the same account which are in excess of the \$2.5 million FDIC insured limit will be automatically redirected to the Dreyfus Government Money Fund (DGUXX). IRA and Retirement Plan Accounts will default to DIDM—a design of the Dreyfus Insured Deposit Program specifically for IRA/Retirement Accounts. Any balances within the same IRA/Retirement Plan Account over the \$2.5 million in FDIC coverage will be diverted to the Dreyfus Government Money Fund (DGVXX).

PAS has a conflict of interest by offering the DIDV and DGUXX Sweep Programs. PAS receives an economic benefit when cash balances are swept into these Sweep Programs, rather than being reinvested in other investment funds or securities. For the DIDV Bank Sweep, PAS receives a share in the earned income based on the amount of assets placed within the Bank Sweep. PAS also receives a distribution from the DGUXX Money Market Sweeps used for overflow balances pursuant to the Fully Disclosed Clearing Agreement with its clearing firm, Pershing, LLC. The receipt of the earned income from the DIDV Bank Sweep and distribution from DGUXX deposits is used to reduce the cost of custodial services provided by Pershing. This conflict gives us an incentive to recommend a Sweep Program option based on the compensation we receive instead of your needs. As a result, if you are invested in a Sweep Program option that pays PAS a fee, the cost to you will be more than if you are invested in a Sweep Program that does not pay PAS a fee or if you opt out of the Sweep Program altogether. You may choose to opt out of the Sweep program by contacting your IAR.

For additional information regarding payments received by PAS regarding the DIDV Bank Sweep and Money Market alternative option, please review Item 14, Client Referrals and Other Compensation, specifically Other Compensation (PAS Proprietary Programs).

For more information on the Bank Sweep and Money Market overflow options as well as current yields and available bank lists please go to the following pages: <https://www.parkavenuesecurities.com/cash-management> and <http://www.pershing.com/rates>. Please note that PAS does not offer all of the sweep options listed on the Pershing website.

Assets held in any of the Sweep Programs will be included in the calculation of the client's Total Client Fee, (i.e., they are considered "billable assets"). Your Account may require a certain amount of cash to remain in the Sweep Program to cover for certain costs associated with your Account. Different Sweep Program vehicles may have different rates of return, may pay PAS a distribution fee, have different costs, and have different terms and conditions, such as FDIC insurance or SIPC protection, depending on the sweep vehicle. The sweep vehicle is reflected on your account opening documents and on your statements. The selection of a more expensive share class of a Money Market Fund will negatively impact your overall investment returns.

Sweep Program vehicles are not intended for use as a long-term investment option and are best used for short periods of time. You may be able to earn a higher yield through a different investment, and you should consult with your IAR about the available sweep options.

Federal Deposit Insurance Corporation insured bank deposits are not protected by Securities Investor Protection Corporation. Although a money market mutual fund seeks to preserve the value of your investment at \$1 per share, it may be possible to lose money by investing in a money market mutual fund. Shares of a money market mutual fund or the balance of a bank deposit product held in your account may be liquidated upon request with the proceeds credited to your account. Please see the money market fund's prospectus or the bank deposit product's disclosure document or contact your financial professional for additional information. Pursuant to SEC Rule 10b-10b(1) confirmations are not sent for purchases into money market mutual funds processed on the Sweep Program. Over any given period, the interest rates on cash balances in the Bank Sweep product may be lower than the rate of return on money market vehicles which are not FDIC insured or on bank account deposits offered outside the Sweep Program.

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

As noted earlier, all accounts will be automatically invested in a Bank Sweep vehicle. However, PAS realizes an economic benefit from the DIDV Bank Sweep by sharing in the earned income based on the amount of assets placed within the Bank Sweep. For Accounts which hold a sweep vehicle charging a distribution fee retained by PAS, PAS does not share the distribution fee with your IAR. Therefore, your IAR does not have a financial incentive to recommend a Sweep Program option based on whether it pays a distribution fee or not.

For additional information on money market funds and FDIC-Insured Deposit Sweeps, including applicable distribution fees, please see the fund prospectuses which are available on the following pages: <https://www.parkavenuesecurities.com/cash-management> and <http://www.pershing.com/rates>.

Lending Services

Non-Purpose Loan Program

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

If you participate in the Non-Purpose Loan Program, you will pay interest to Pershing in addition to any advisory fees charged by PAS for the VestWise program being used as collateral. PAS IARs do not receive any portion of the interest paid by clients for non-purpose loans.

Investment Credit Line

High net worth investors may apply for the Investment Credit Line (ICL), a flexible line of credit that provides liquidity for personal or business needs. The ICL is secured by qualifying liquid assets held in your investment account(s) custodied at Pershing, LLC. Many forms of collateral are accepted, such as bonds, domestic equities, mutual funds, and government securities. The minimum credit line size is \$1,000,000 requiring assets valued at least \$1,500,000 in Pershing accounts. Interest is paid only on the funds borrowed. For additional information about this program speak with your IAR.

Mortgage Program

High net worth clients may apply for mortgage programs provided by BNY Mellon, N.A. The minimum loan amount is \$500,000. Qualified borrowers may borrow up to 100% of the home's value by pledging qualifying assets held in accounts at Pershing, LLC in lieu of a cash down payment. Financing may be used for the purchase of single-family, primary and vacation homes, condos, and co-ops but not investment properties. For additional information about this program speak with your IAR.

Important Considerations relating to Lending Services

In certain circumstances, your IAR may recommend, and PAS may approve Lending Services in your advisory account. Your IAR will benefit from recommending Lending Services because you do not have to liquidate assets in your account to pay for items with cash, which would diminish the assets held in the account and the potential fees and commissions that could be earned by your IAR from holding or engaging in future transactions with those assets. For example, with a fee-based account, by recommending a Non-Purpose loan to fund some purchase or financial need rather than liquidate securities, PAS and your IAR continue to earn fees on the full account value. PAS will also receive a portion of the loan interest when you participate in the Pershing Non-Purpose Loan Program.

You must meet certain eligibility requirements and complete loan documentation prior to applying for Lending Services. Specifically, you will be required to execute loan documents with Pershing and/or BNY Mellon depending on the Lending Services being sought.

Funds borrowed and proceeds from any recommended Lending Service may not be used to purchase securities or fund brokerage accounts.

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

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

Due to the fact your PAS Proprietary Program account will be pledged to support any loans extended under the lending services program; you will not be permitted to withdraw any of the assets from the account unless there is a sufficient amount of collateral otherwise supporting the loan (as determined by PAS or Pershing in their sole discretion).

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

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

Defaults – Non-purpose loans, investment credit lines and the 100% financing mortgage option are full recourse, demand loans and clients with collateralized loan accounts may need to deposit additional cash or collateral or repay part or all of the loan if the value of the portfolio declines below the required loan-to-value ratio. Repayment may be demanded at any time.

There are substantial risks associated with the use of securities as collateral for a loan. For further information, clients should read carefully the application and disclosure information provided for the program selected.

5. Account Requirements and Types of Clients

The program's minimum initial investment requirement is \$5,000. However, there is no minimum dollar amount to open a VestWise account. You will not be charged investment advisory fees on your account until you meet the minimum initial investment requirements. Upon meeting the minimum initial investment requirement, your account will maintain a cash balance of at least 2%. Therefore, if you open your account with \$5,000, \$4,900 will be invested into the Model Portfolio selected for you and the remainder (\$100) will be deposited into the default cash sweep vehicle. If you open an account with less than the minimum initial investment requirement, any proceeds deposited into the account will be invested in the default cash sweep vehicle until such time that your account meets the minimum initial investment requirement and is invested in the Model Portfolio that is

identified on the IPS in response to your answers on the RTQ. Any assets that you have invested in the default cash sweep vehicle will not incur a PAS advisory fee.

PAS has discretionary authority to reallocate or rebalance assets in your account without your prior consent. Reallocation of assets may have tax consequences. PAS has established trading rules for the VestWise program that will be used to implement investment rebalancing for your Model Portfolio. Trading rules for the VestWise program will also apply to deposits and withdrawals that you make.

Additionally, neither PAS nor its IARs will provide investment advice to you regarding your VestWise™ account until you meet the minimum initial investment requirement. Your account will not be invested in a Model Portfolio, and therefore you will not experience investment gains or losses, until you reach the minimum initial investment requirement. There may be instances due to market fluctuations, fees charged, or your withdrawal of funds from a VestWise account that may cause an account to no longer be able to be rebalanced in accordance with your Model Portfolio. In those instances, PAS will contact you to either deposit additional proceeds or close your account. Clients will be notified of any changes in the VestWise account minimums. The minimums for the VestWise program may be modified or waived by PAS on a case-by-case basis. VestWise is available to natural person clients who wish to open individual or joint accounts.

6. ETF Selection and Evaluation

The Franklin Advisers, Inc. model portfolio construction process consists of an assessment of specific model parameters and goals, including allocation targets, volatility limits, income levels, and investable regions, as well as other objectives or constraints. Longer-term strategic asset allocation and shorter-term views provide an allocation framework for each model.

Your responses to the RTQ will determine which Model Portfolio will be recommended for you. Your RTQ answers and your Model Portfolio will be reflected in the IPS. VestWise does not use any other information about you, such as other investments or your tax situation, to determine the most appropriate strategy for you. As mentioned previously, the RTQ has ten questions. VestWise uses an algorithm that scores your answers to the RTQ, to determine your risk profile and then matches the risk profile with the Model Portfolio indicated in the IPS. PAS believes the algorithm it uses indicates the most appropriate Model Portfolio for you, but other investment advisory programs may use different algorithms with different results.

Your RTQ score will correlate to a Model Portfolio generally ranging from conservative to aggressive. To illustrate, it is generally thought that a conservative type of VestWise account is one comprised primarily of ETFs that invest in fixed income securities. Fixed income securities, of course, have risks related to interest rate movements, and other risks. On the other end of the scale, it is thought that the riskiest type of VestWise account (depending upon security selections) would be an account comprised primarily of ETFs that invest in equity securities (subject to higher market risk, among other risks).

You may impose any reasonable restrictions or modify any existing restrictions in a reasonable manner on the management of your VestWise accounts. There is no guarantee that the objectives of any Model Portfolio will be realized. In addition, you may lose money by having your assets managed in accordance with any Model Portfolio offered through the VestWise program.

Throughout the life of your account, if you make any changes to your RTQ, the algorithm will also evaluate whether a different Model Portfolio should be recommended for your account. It is important to note that in a taxable account, a rebalancing or different strategy may cause a taxable event.

Based on your RTQ, you will be matched to a Model Portfolio which corresponds to PAS standard investment objectives. There are eleven types of VestWise Model Portfolios as described below.

VestWise Model Portfolios

There are 11 Model Portfolios consisting of ETFs with investments ranging from 100% Fixed Income securities to 100% Equity securities that will be assigned to a client based on the results of their Risk Tolerance Questionnaire (RTQ). The Model Portfolios will increase or decrease their ETF exposure to Fixed Income or Equity securities in 10% increments, based on the outcome of your RTQ.

Franklin Advisers and its affiliates receive asset based and other fees for providing advisory and other services to the ETFs that they manage, including those ETFs that it may select to form a part of a Model Portfolio. Franklin Advisers therefore, will have an incentive to include one or more affiliated ETFs in any Model Portfolio. In addition, to the extent the profitability of a particular ETF is greater than the profitability of another product, Franklin Advisers, Inc. will have an incentive to include the most profitable product in the Model Portfolio. Franklin Advisers may construct Model Portfolios without considering ETFs not affiliated with Franklin Advisers. even though there may (or may not) be third party funds that are more appropriate for inclusion in such Model Portfolios, including available third party funds in the applicable asset classes that have lower fees and expenses, greater performance or other favorable terms relative to an affiliated ETF.

Performance Based Fees and Side by Side Management

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

Methods of Analysis, Investment Strategies and Risk of Loss

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

PAS and IARs do not provide legal or tax advice. If you have tax or legal questions, you should seek a qualified independent expert.

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

ETF Risk: ETFs are subject to the following risks: (i) the market price of an ETF's shares may trade above or below the net asset value; (ii) there may be an inactive trading market for an ETF; (iii) the ETF may employ an

investment strategy that utilizes high leverage ratios; (iv) trading of an ETF's shares may be halted, delisted, or suspended on the listing exchange; and (v) the ETF may fail to achieve close correlation with the index that it tracks.

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

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

Credit Risk: also known as default risk, is the possibility that a bond issuer will not pay interest as scheduled or repay the principal at maturity. Credit risk may also be a problem with insurance companies that sell annuity contracts, where your ability to collect the interest and income you expect is dependent on the claims-paying ability of the issuing insurance company.

Sociopolitical Risk: The possibility that instability or unrest in one or more regions of the world will affect investment markets. Terrorist attacks, war and pandemics are examples of events, whether actual or anticipated, that impact investor attitudes toward the market in general and result in system wide fluctuations in stock prices.

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

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

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

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

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

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

Fixed Income Risks: Portfolios that invest in bonds and other fixed income securities are subject to certain risks, including but not limited to, interest rate risk, credit risk, prepayment risk and market risk, which could reduce the

yield that an investor receives from his or her portfolio.

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

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

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

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

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

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

Security Selection and Asset Allocation Risk: Securities selected from a particular asset class (e.g., stocks, bonds, money market instruments) may experience unusual market volatility or may not perform as expected. An asset allocation program does not guarantee achievement of a client's investment objective or protect against loss.

Real Estate Risk: Investment in real estate and real estate related assets is subject to the risk of adverse changes in national, state, or local real estate conditions (resulting from, for example, oversupply of or reduced demand for space and changes in market rental rates); obsolescence of properties; changes in the availability, cost, and terms of mortgage funds; and the impact of tax, environmental and other laws.

Directed Brokerage

You must establish an account through PAS with Pershing, which clears trades and acts as custodian for your VestWise assets. Accordingly, all trading activity in connection with the VestWise program will be processed through your account with Pershing. Pershing acts in the capacity of a clearing firm and performs centralized custody, bookkeeping and execution functions. Pershing handles the delivery and receipt of securities purchased

or sold on behalf of PAS' clients, receives and distributes dividends and other distributions, and processes exchange offers, rights offerings, warrants, tender offers and redemptions. Not all investment advisory firms will require their clients to direct brokerage. By directing brokerage, PAS may be unable to achieve most favorable execution of your transactions, and this practice may cost you more money.

Best Execution

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

Client understands that if trades are not executed by Pershing, which may occur if Envestnet or an executing Investment Manager where applicable reasonably believes in good faith, and consistent with applicable fiduciary standards that another broker dealer will provide better execution considering all factors including but not limited to net price, client may be subject to fees and charges that are in addition to the total client fee. These additional costs are reflected in the net purchase or sale price shown on the trade confirmation clients receive for the particular trade but are not disclosed separately in the trade confirmation.

Soft Dollars

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

Order Aggregation

Aggregating multiple client orders together is particularly useful when PAS is utilizing model portfolio management strategies (multiple client accounts in the same model). PAS may aggregate trades unless it believes that aggregation is not consistent with its duty to seek best execution for clients in the aggregate and consistent with the terms of the client's investment advisory agreement. PAS will often aggregate the purchase or sale of multiple clients' securities together to help facilitate best execution and provide each client with the same execution price. If different prices are paid for securities in an aggregated transaction, each client in the transaction will receive the average price paid for the block of securities in the same aggregated transaction. If the client trade is aggregated with other client accounts and is executed at the same price, the client will receive the same price per unit. If we are not able to completely fill an aggregated transaction, we will normally allocate the filled portion of the transaction to our clients on a pro-rata basis.

PAS may exclude from aggregation those client accounts that have relevant restrictions or pending client activity. If trades are not aggregated, clients may pay prices for the transactions that are different from what they may have paid had the trades been aggregated. When aggregating, PAS may, consistent with its policies and

procedures and fiduciary duties, include proprietary and/or employee accounts in an aggregated order. If we are not able to completely fill an aggregated transaction, we will allocate the filled portion of the transaction following fair dealing principles, e.g., pro-rata, trade rotation.

PAS has invested \$460,000 into the Model Portfolios available through the VestWise program. The purpose of the investment is to ensure each Model Portfolio has an investment performance history. PAS will aggregate transactions in these accounts along with client accounts which also includes the rebalancing of accounts or model changes recommended by Franklin Advisers, Inc. PAS will receive the average price paid as described above.

Voting Client Securities

As a matter of firm policy and practice, PAS does not have any authority to vote and does not vote proxies on behalf of advisory clients.

7. Client Information Provided to Portfolio Managers

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

8. Client Contact with Portfolio Managers

There are no restrictions placed on your ability to contact and consult with PAS regarding the VestWise program. You should also contact your assigned IAR with any questions regarding VestWise. However, you may also contact the PAS customer support center at (888) 600-4667.

9. Additional Information

Disciplinary Information

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

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

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

11/18/2016 – In connection with the misappropriation of funds from two customers by an unregistered sales assistant, FINRA censured and fined PAS \$195,000 in its capacity as a broker-dealer for failing to enforce its written supervisory procedures regarding the monitoring of customer trades and for failing to establish and maintain a supervisory system reasonably designed to follow up on the performance of its supervisors with regard to monitoring trade executions, in violation of NASD Rules 3010(a), 3010(b) and FINRA Rule 2010. FINRA noted PAS also failed to establish, maintain, and enforce a supervisory system reasonably designed to review and monitor the transmittal of funds from the accounts of its customers to third party accounts and outside entities, in violation of NASD Rules 3010, 3012(a)(2)(B)(i) and FINRA Rule 2010.

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

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

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

Other Financial Industry Activities and Affiliations

PAS is a wholly owned subsidiary of The Guardian Life Insurance Company of America ("GLIC"), a New York mutual life insurance company. GLIC and its affiliates sell their products through a system of insurance agents, most of whom are also registered representatives and IARs of PAS. PAS is an affiliate of The Guardian Insurance & Annuity Company, Inc. ("GIAC"), a Delaware insurance company and Park Avenue Investment Advisory, LLC, doing business as Park Avenue Investment Advisory, an SEC registered investment adviser. Park Avenue Investment Advisory is an indirect wholly owned subsidiary of GLIC.

PAS or its IARs may recommend mutual funds whose investment adviser is a PAS affiliate, such as Park Avenue Institutional Advisers LLC ("PAIA") which is a Delaware limited liability company, which is also an indirect wholly owned subsidiary of GLIC. PAIA is the sub-adviser to certain mutual funds offered by Victory Capital. Therefore, we have an incentive and conflict to recommend certain products which are managed by PAIA due to the additional compensation earned by such affiliate. GLIC also wholly owns Guardian LEIM, LLC, a Delaware limited liability company that owns 85% of Broadshore Capital Partners, LLC ("Broadshore"), a Delaware limited liability company. PAIA and Broadshore are registered investment advisers. PAIA may earn mutual fund management fees.

Many IARs of PAS are also agents of GLIC and GIAC and may sell a wide range of products issued by those entities, such as life insurance and variable annuities. IARs receive no additional compensation for recommending insurance products issued by affiliates or mutual funds managed by affiliates than they would if they recommend insurance products or mutual funds issued by or managed by non-affiliates.

An IAR may have an incentive to recommend a particular PAS Proprietary Investment Advisory Program or Third-Party Investment Advisory Program in favor of another because of the receipt of higher fees or non-cash benefits such as additional services which include marketing support and training provided by the sponsor of the Third-Party Advisory Program. A description of these arrangements can be found in Item 14 of PAS' Firm Brochure.

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

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

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

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

transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Review of Accounts

PAS, through the VestWise website, gathers information from you through the RTQ about your financial situation, risk tolerance and investment objectives. In addition, during the VestWise account opening process, PAS will give you the opportunity to impose any reasonable restrictions upon the management of your account. You should notify PAS of any changes in your financial situation, risk tolerance, investment objectives or account restrictions. In the event of such changes, it may be appropriate for you to complete a new RTQ.

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

PAS provides you with a quarterly performance report which calculates the performance of the securities held within your VestWise Model Portfolio.

Client Referrals and Other Compensation

Client Referrals

PAS and/or its IARs may receive compensation pursuant to solicitation agreements for introducing clients to the Third-Party Investment Adviser and for providing certain ongoing services. This compensation is typically equal to a percentage of the investment advisory fee charged by that investment adviser. Because IARs receive compensation from these investment advisers for referring clients and because such compensation may differ depending on the individual agreement with each investment adviser, the IAR may have an incentive to recommend one of these Third-Party Investment Advisers over another with which PAS has a less favorable compensation arrangement or alternative investment advisory programs. Full disclosure of all solicitation arrangements, including Part 2 of Form ADV and a solicitor's disclosure statement, will be given to the client at the time of solicitation in accordance with Rule 206(4)-1 of the Investment Advisers Act of 1940.

PAS has arrangements with a number of individuals ("Promoters") under which the Promoters introduce potential advisory clients to PAS in exchange for a referral fee. All such arrangements comply with the provisions of Rule 206(4)-1 under the Investment Advisers Act of 1940. Whenever PAS pays a referral fee, we require the prospective client to receive a copy of this Brochure and a separate disclosure statement that includes the following information: (1) the Promoter's name and relationship with PAS; (2) the fact that the Promoter is being paid a fee; (3) the amount of the fee; and (4) whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Promoter. In general, the advisory fees paid to us by clients referred by Promoters are not increased as a result of a referral.

Other Compensation and Conflicts

How PAS Addresses Certain Compensation Related Conflicts of Interest

- PAS discloses potential conflicts of interest to clients through documents such as this disclosure document, disclosures on the PAS website and other materials discussing the products and services offered.
- PAS credits 12b-1 fees and service fees from mutual funds and all FundVest® program fee payments to client accounts within PAS Proprietary Programs.
- PAS IARs do not receive any portion of the payments PAS receives under the agreement between PAS

and Pershing.

- PAS IARs do not receive any portion of the revenue received from mutual fund compensation arrangements, or mutual 12b-1 fees/service fees. PAS does not include within these revenue sharing arrangements assets held within plans covered by Title I of ERISA, or a plan described in Section 4975(e)(1) of the Internal Revenue Code.

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

Pershing Additional Payments

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

- 1) PAS receives a recurring fixed payment from Pershing annually on the total dollar value of legacy assets transferred from PAS' previous custodian.
- 2) PAS receives payments from Pershing on the total amount of assets in client accounts placed on the Pershing custodial platform annually, and for asset growth year over year, which shall also include assets of PAS' affiliate, Park Avenue Investment Advisory. This payment excludes the total dollar value of legacy assets transferred from PAS' previous custodian. The receipt of such payments from Pershing provides a financial incentive for PAS to recommend PAS Proprietary Programs over Third-Party Advisory Programs.
- 3) PAS earns interest payments on non-purpose loans that have interest rates above the Federal Funds Rate +1.75%. For example, if the interest rate on a non-purpose loan is 5% and the Federal Funds is 3%, PAS will earn .25% of what a client pays (5%-4.5%). The receipt of such payments provides a financial incentive for PAS to recommend and approve non-purpose loans.

Pershing agrees to share certain service fees received by Pershing from mutual funds that participate in the FundVest® program. The FundVest® program is an open architecture platform of mutual funds and no-transaction fee mutual funds offered by Pershing. These mutual funds are offered within PAS Proprietary programs. The percentage of service fees Pershing shares with PAS is based on the level of assets held by PAS clients within the FundVest® program and generally ranges between 50-55% of such services fees received by Pershing from participating mutual funds. Furthermore, PAS addresses this conflict by crediting back all FundVest® program fee payments that it receives to clients invested in the PAS Proprietary Programs. For additional details about Pershing's mutual fund no-transaction-fee program, or a listing of funds that pay Pershing networking or omnibus fees, please refer to www.pershing.com/mutual_fund.htm.

- 4) PAS has an incentive to have IARs recruited to us transfer their client accounts to PAS because Pershing provides us with rebates for such account transfers. Pershing will reimburse us for out-of-pocket expenses associated with transfer and termination fees upon the successful onboarding of a newly hired IAR who transitions their client accounts from a financial services firm that does not clear through our clearing firm.

Dreyfus Insured Deposits Program

For the DIDV Bank Sweep each month, depository institutions pay a fee ("Deposit Fee") equal to a percentage of the average daily deposit balance in your deposit account(s) at the banks participating in the program ("Program Banks"). This fee, which is paid to PAS, Pershing, and the third-party administrator, may be as much as 400 basis points per year, on the average daily balances held in these deposit accounts. PAS may waive any

portion of the fee, or the fee in its entirety, received from Program Banks. Your IAR will not receive any portion of the fees paid to Program Banks. The amount of fee received by Pershing, PAS, and any other service provider, will affect the interest rate paid in your deposit account(s). Other than applicable fee imposed by PAS on your account (including fees charged on your Pershing, LLC IRAs) there will be no additional charges, fees, or commissions imposed on your account with respect to the DIDV Bank Deposit Sweep.

In order to illustrate the effect of the interest retained by Pershing, PAS and the administrator of the program please consider the following example. If the DIDV sweep is earning a gross interest rate yield of 2% and PAS, Pershing, and the administrator retains 1.65% for administration, then the client rate would be .35%.

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

As disclosed in the Cash Management Sweep Program section, the overflow Money Market Sweep products pay a distribution to PAS which will not be credited to your account. PAS IARs do not receive any portion of the distribution fee and therefore do not have a conflict in recommending a Cash Management Sweep product which pays a distribution. You are encouraged to speak to your IAR regarding the Cash Management Sweep Program vehicle used for your account.

Payments from Mutual Funds

- 1) PAS receives Rule 12b-1 fees based on client investments in certain mutual funds. Rule 12b-1 fees are annual marketing or distribution fees on a mutual fund. The 12b-1 fee is considered an operational expense and, as such, is included in a fund's expense ratio.
- 2) PAS also has a revenue sharing arrangement with American Funds. This arrangement is based on PAS' total assets placed with this organization. PAS may receive annual compensation of up to 0.008 percent on sales. Accepting this type of compensation presents a conflict of interest because PAS has an incentive to recommend this investment company based on the compensation it receives, rather than client needs.
- 3) PAS has entered into a marketing and sponsorship agreement with Fidelity and will receive a flat payment of \$50,000 per quarter for providing Fidelity marketing and educational opportunities, and a level of access to PAS Financial Professionals.
- 4) PAS has entered into a marketing and sponsorship agreement with First Trust Advisors, L.P. ("First Trust"), a Strategist in the Strategist Select and Strategist Select Plus programs and PAS approved mutual fund and ETF sponsor in the Park Avenue Signature Portfolio and Portfolio Select programs. PAS will receive a flat payment of \$50,000 per quarter for providing First Trust with opportunities to attend conferences with its IARs for training and education, marketing opportunities, and attendance at seminars involving PAS IARs and clients.

Guardian Club Credits

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

Park Avenue Securities VIP Program

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

Park Avenue Securities Pinnacle Council

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

Park Avenue Securities Peak Council

IARs are also eligible to qualify for a club award program called Peak Council. To qualify for Peak Council, an agent must be in the top 40 (21-40) for total sales production based on the prior year GDC. The benefits of this club award include attendance at an annual recognition conference with paid travel accommodations (i.e., flight and hotel) and meals for the PAS Pinnacle Council qualifier and one guest.

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

Transitional Assistance Program (TAP)

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

Moreover, some recruits may obtain "early asset bonuses" if they transfer between 50% and 80% of their assets to our Firm within a specific timeframe from becoming registered with our Firm, typically around 3 months. If an IAR has received one of these loans or bonuses, they are incentivized to encourage the transfer of your account to our Firm so that his or her loan will be forgiven, or an additional bonus can be obtained. This conflict is especially acute as your IAR approaches his or her milestone date.

The Park Avenue Securities Transition Team will work with an IAR to ensure a successful transition by providing everything from a customized transition plan, tailored training, account opening and account transfer support. The level of support and service received is dependent upon the IARs trailing twelve-month GDC with their prior firm. In addition, if the prior firm does not clear through Pershing, Pershing will reimburse transfer and termination fees up to \$125.00 to each client account.

Transition assistance presents a conflict of interest because of the incentive to affiliate with and recommend PAS to clients.

Third Party Payments

For some investments you purchase based on our recommendation, we receive payments from a third-party that are in addition to the advisory fee payments described in this document. For example, certain mutual fund issuers make ongoing payments based on invested assets (and not just new investments), such as 12b-1 fees, shareholder servicing fees or trail compensation. These third-party payments are described in further detail in the prospectus or offering materials for the investment, which will be made available to you in connection with any purchase. **Third-party payments incentivize PAS and your IAR to sell you or recommend you hold investments that bring about these payments rather than investments which do not or result in comparatively lower payments. To mitigate this conflict and as discussed more within this Brochure, PAS credits back to clients 12b-1 and other service fees it would otherwise receive from mutual fund products.**

There may be instances where the portfolio managers our IARs recommend periodically pay us based on the total amount of customer assets we direct to them. These payments are sometimes called “revenue sharing” payments and incentivize us to recommend you hold investments that bring about such payments rather than investments that do not or result in comparatively lower payments. Some third-party portfolio managers may also make payments to us to cover the costs associated with certain educational conferences or training seminars we host for our IARs and to be allowed to present their products during such conferences and seminars. These payments are typically for fixed amounts and are not tied to total sales or customer assets. **Even so, these payments incentivize us to recommend you hold investments by these managers that make these flat payments rather than managers that do not make these payments or make comparatively lower payments.**

Other IAR Conflicts

The individual office managers/supervisors are paid based on the performance of the branches or regions they supervise. Our managers and supervisors oversee the sales and marketing activities of our Firm. The compensation of our managers and supervisors is tied to the production levels of branches or regions over which they have managerial or supervisory responsibility. Tying managers’ and supervisors’ compensation to production generated by the branches or regions they supervise incentivizes them to spend more time on increasing production levels than on their supervisory responsibilities.

Some of our IARs receive additional training and support from certain managers. Certain managers and their affiliates provide some of our IARs or their branches with more training and administrative support services than others. If your IAR receives this additional training and support, his or her use of these managers’ higher level of training and administrative support services incentivizes your IAR to recommend managers that provide such training and services over issuers that do not.

Some of our IARs receive compensation in the form of cash compensation or other gifts from vendors or product sponsors to assist with, and defray the expenses associated with educational seminars and client events held by the IAR or a branch office. At times, the amount of compensation provided to a IAR or branch may be dependent on volume of business that individual or branch has attained. IARs may also receive business entertainment from vendors or product sponsors with whom they interact or are authorized to do business. Entertainment engagement may be based on the amount of business placed with the vendors or product sponsors and may incentivize the IAR to place business with that vendor or product sponsor.

IARs who are also representatives of the Firm's parent company, Guardian Life Insurance Company of America, receive employee benefits (i.e., health and pension benefits) that are subsidized by Guardian if the IAR reaches certain sales targets. This subsidization program creates a conflict of interest as it encourages more sales that result in your Financial Professional meeting these sales targets to obtain additional subsidies.

We have an incentive to recommend the product or account type that results in additional fees and revenues for us. We can recommend that you invest through different account type arrangements, such as through a brokerage account, an account directly held with the issuer of the investment (or its transfer agent), or an advisory account. Depending on factors such as the type and level of services you require as well as the frequency of trading in your account, one of these account types may be more cost-effective for you than the others. In addition, we receive miscellaneous account and service fees and other compensation (which are in addition to advisory fees) in connection with brokerage accounts or advisory accounts that we do not receive with a directly held account. We can also recommend that you invest in products that have higher up-front compensation along with ongoing trail payments. The availability of different products and account types incentivizes us and our IARs to recommend the product or account type that results in additional fees and revenues for us and your IAR even though another type of account may be more cost-effective for you.

Financial Information

PAS does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. PAS has never been the subject of a bankruptcy petition.

STEP*forward* with **Park Avenue Securities**

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

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

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

PAS017974-VestWise (3/23)