

March 27, 2023

## **PGIM Custom Harvest LLC Disclosure Documents**

This PDF document contains the following PGIM Custom Harvest LLC Disclosure Documents:

- I. Form ADV, Part 2A Disclosure Brochure
- II. Form ADV, Part 2B Portfolio Manager Supplements
- III. Privacy Notice
- IV. Proxy Voting Policy

I. Form ADV, Part 2A Disclosure Brochure

## **PGIM Custom Harvest LLC**

**(“PGIM Custom Harvest” or “Adviser”)**

**655 Broad Street Newark, New Jersey 07102**

**[www.pgim.com/investments/pgim-custom-harvest-sma-platform](http://www.pgim.com/investments/pgim-custom-harvest-sma-platform)**

**Form ADV Part 2A Firm Brochure (“Brochure”)**

**March 27, 2023**

**This brochure provides information about the qualifications and business practices of PGIM Custom Harvest. If you have any questions about the contents of this brochure, please contact us at 1-888-778-5471 or [picomoversightops@prudential.com](mailto:picomoversightops@prudential.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about PGIM Custom Harvest also is available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

PGIM Custom Harvest is a registered investment adviser. Registration does not imply a certain level of skill or training.

## Item 2 - Material Changes

This Item is used to provide our clients with a summary of significant updates that have been made to the Brochure since the last annual update to our Brochure dated March 24, 2022.

The following updates have been made to this Brochure:

- Item 4 has been updated to reflect PGIM Custom Harvest’s assets under management as of December 31, 2022. Item 4 also has been updated to reference a client’s ability to request a customized version of a PGIM Custom Harvest investment strategy.
- Item 7 has been updated to reflect that the account minimum for PGIM Custom Harvest’s hedged strategies is \$500,000 and that the account minimum for clients seeking to provide customized transition instructions in connection with PGIM Custom Harvest’s provision of Transition Plus services is \$1,000,000.
- Item 8
  - Item 8 has been updated to reflect that a client account with a customized version of a PGIM Custom Harvest strategy is likely to experience performance that is significantly different from the performance of the strategy’s composite and to experience significant tracking error relative to the strategy’s benchmark.
  - Item 8 has been updated to reflect that while PGIM Custom Harvest monitors client accounts on a daily basis for potential tax loss harvesting opportunities, it typically does not engage in tax loss harvesting in every market sector or country/region on each trading day. Rather, PGIM Custom Harvest exercises its discretion to prioritize and pursue those tax loss capture opportunities that it believes will have a meaningful impact across client accounts.
  - Item 8 has been updated to reference the factors considered by PGIM Custom Harvest in selecting exchanged-traded funds (“ETFs”) to implement its investment strategies and to reflect the ETF research arrangement that PGIM Custom Harvest has established with PGIM Investments LLC, an affiliate.
  - Item 8 has been updated to confirm PGIM Custom Harvest’s discretion to make changes in the ETFs that it utilizes in implementing its strategies on behalf of client accounts.
  - Item 8 has been updated to include additional information concerning Transition Plus services.
  - Certain updates and additions have been made to the “Material Risks” section of Item 8. Updates have been made to the following risk descriptions: Tax Risk, TLH Investment Approach Risk, Foreign Investing Risk, Emerging Markets Risk, Municipal Securities Risk (formerly, “Fixed Income Securities Risk”), ESG Investing Risk, Conflicts of Interest Risk, Market Disruption Risk, Risks Relating to Regulation, Sanctions and Related Considerations, Risks Relating to

Cybersecurity and Technology and Public Health Risk. The following risk descriptions have been added: Transition Plus Services – Additional Risks, Inflation Risk, Recent Banking Events, Sustainability Risk, and Social Media and Internet-Based Information Risk.

- Item 10 has been updated to reflect that PGIM Custom Harvest has established a relationship with the Strategic Investment Research Group (“SIRG”) of its affiliate, PGIM Investments LLC, pursuant to which it will receive information and research from SIRG concerning the ETFs that PGIM Custom Harvest utilizes in managing client accounts.
- Item 12
  - Item 12 has been updated to reflect that PGIM Custom Harvest might follow a trade rotation approach as an alternative to a simultaneous dissemination approach in seeking to treat clients fairly and equitably when communicating trade orders to multiple sponsors and custodians.
  - Item 12 has been updated to confirm that PGIM Custom Harvest reserves the ability to aggregate orders for clients across multiple sponsors and custodians and to “trade away” from a client’s sponsor or custodian if PGIM Custom Harvest determines that doing so would be in the best interest of its clients and consistent with its best execution obligations.
  - Item 12 has been updated to reflect that PGIM Custom Harvest might implement changes to its practices with respect to the selection of broker-dealers, order aggregation and the communication of trade orders as its business and client base grows and evolves over time when PGIM Custom Harvest determines that such changes are consistent with the best interests of its clients and the fair and equitable treatment of client accounts.
- Item 13 has been updated to clarify that while PGIM Custom Harvest monitors client accounts on a daily basis for tax loss harvesting opportunities, PGIM Custom Harvest typically does not engage in tax loss harvesting in every market sector or country/region on each trading day. Rather, PGIM Custom Harvest exercises its discretion to prioritize and pursue those tax loss capture opportunities that it believes will have a meaningful impact across client accounts.
- Item 17 has been updated to confirm that PGIM Custom Harvest will accept a clear delegation of proxy voting authority with respect to a client account. Item 17 also has been updated to reflect that PGIM Custom Harvest’s proxy voting authority does not extend to legacy securities held in an account that is receiving PGIM Custom Harvest’s Transition Plus services.

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## **Item 4 - Advisory Business**

PGIM Custom Harvest is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”) and has been in business since 2017. PGIM Custom Harvest is an indirect, wholly owned subsidiary of Prudential Financial, Inc. (Prudential), a publicly held company (NYSE Ticker “PRU”). When we use the terms “we,” “us” and “our” in this Brochure, we are referring to PGIM Custom Harvest and the functional groups that support PGIM Custom Harvest (i.e., compliance, law and finance). In addition, any references to “our employees” or “our officers” mean PGIM Custom Harvest’s officers or employees and employees who work in the functional groups.

As of December 31, 2022, PGIM Custom Harvest managed \$2,239,482,455 of regulatory assets under management on a discretionary basis and \$142,602,440 of regulatory assets under management on a non-discretionary basis.

PGIM Custom Harvest specializes in creating and managing portfolios invested across asset classes, indices and custom models while seeking to maximize after-tax returns using capital loss harvesting strategies. PGIM Custom Harvest provides tax-loss harvesting (“TLH”) investment advisory services to high net worth and other individuals, corporations/other businesses, registered investment advisers and other financial intermediaries such as broker-dealers.

### Discretionary Advisory Services (Direct and Sub-Advised Accounts)

PGIM Custom Harvest provides discretionary advisory services to clients that enter into an investment advisory agreement with PGIM Custom Harvest directly or through a sub-advisory or similar arrangement with the sponsor of a managed account program or another investment adviser. Under such arrangements, PGIM Custom Harvest has full authority to determine which securities to buy and sell in the client account including the execution of the securities transactions.

PGIM Custom Harvest’s investment philosophy in managing client accounts is that it is driven to meet the needs and expectations of its clients by providing tailored investment advisory services to each client. Clients may impose restrictions on investing in certain securities or types of securities, most of which will be honored unless it is not feasible for PGIM Custom Harvest to incorporate a requested restriction into the management of a client’s account, in which case the client will be notified of the issue. PGIM Custom Harvest or the client’s sponsor firm or financial professional consults with the client initially and on an ongoing basis to ascertain the client’s investment objectives and any restrictions that the client may request. Client portfolios are monitored on an ongoing basis to ensure that any restrictions on a client’s portfolio are maintained and complied with. A client also may request a customized version of a PGIM Custom Harvest strategy by establishing reasonable investment guidelines for management of the client’s account. Such guidelines may include allocation guidelines that vary significantly from those followed by PGIM Custom Harvest in managing non-customized client accounts. Most customization requests will be honored unless it is not feasible for PGIM Custom Harvest to comply with such guidelines in managing the client’s account, in which case the client will be notified of the issue.

### Non-Discretionary Advisory Services

In addition to providing discretionary advisory services, PGIM Custom Harvest might enter into an advisory agreement with a managed account program sponsor or another investment adviser to provide non-discretionary services. Under such arrangements, PGIM Custom Harvest provides investment recommendations to the program sponsor or another investment adviser and such party has the ultimate authority to follow or not follow such recommendations. Depending on the provisions of the agreement between PGIM Custom Harvest and the program sponsor or investment adviser and the degree, if any, to which PGIM Custom Harvest's advice is tailored to the circumstances of each of the program sponsor's or investment adviser's clients, PGIM Custom Harvest might or might not be treated as having its own advisory client relationship with program clients.

### Wrap Fee Programs

Certain of the managed account programs under which PGIM Custom Harvest offers its strategies and provides either discretionary or non-discretionary advisory services are unaffiliated third-party programs sponsored by registered broker-dealer firms that charge a bundled or wrap fee for investment advisory services and the execution of client trades ("Wrap Fee Programs"). The sponsor of a Wrap Fee Program is responsible for the execution of trades placed with the sponsor by the party with discretion over the client's account. Where PGIM Custom Harvest provides discretionary or non-discretionary advisory services under a Wrap Fee Program and does not contract directly with the client, PGIM Custom Harvest is compensated for its services by the program sponsor out of the bundled or wrap fee that is charged to the client's account. Accounts managed by PGIM Custom Harvest on a discretionary basis under a Wrap Fee Program are managed similarly to accounts managed by PGIM Custom Harvest on a discretionary basis that are not part of a Wrap Fee Program.

### Conflicts of Interest

Conflicts of interest or potential conflicts of interest commonly refer to activities or relationships in which the interests of PGIM Custom Harvest or its affiliates compete with the interests of PGIM Custom Harvest's clients. Like other investment advisers, PGIM Custom Harvest is subject to various conflicts of interest in the ordinary course of our business. When actual or potential conflicts of interest are identified we seek to address such conflicts through one or more of the following methods:

- Elimination of the conflict.
- Disclosure of the conflict; or
- Management of the conflict through policies, procedures, training or other mitigants.

To address potential conflicts, PGIM Custom Harvest follows Prudential Financial's standards on business ethics, inside information and information barriers. We also follow Prudential's Code of Conduct, "Making the Right Choices," which reflects Prudential's core



values and clarifies Prudential's expectations of acceptable behavior. PGIM Custom Harvest also has adopted its own code of ethics, gifts and entertainment policy, and proxy voting policy, among others, and has adopted supervisory procedures to monitor compliance with our policies. We cannot guarantee, however, that our policies and procedures will detect and prevent, or result in the disclosure of, every situation in which a conflict could arise.

*Affiliate Relationships:*

As an indirect wholly owned subsidiary of Prudential, PGIM Custom Harvest is part of a diversified, global financial services organization. We are affiliated with many types of financial service providers, including broker-dealers, insurance companies and other investment advisers. These relationships could present potential or actual conflicts of interest. For example, our affiliates have an incentive to seek to influence decisions relating to client investment strategies to, among other things, invest in products that are managed by an affiliate or otherwise sponsored by Prudential. Further, certain third-party ETFs in which we invest that seek to track the performance of certain market sectors could invest in turn in securities of PRU. We seek to mitigate the risk from this conflict through policies, procedures, communication protocols, and periodic conflicts training of applicable PGIM Custom Harvest personnel.

*Client Relationships:* PGIM Custom Harvest and its affiliates also derive certain indirect or incidental benefits from their advisory relationships with a client. Such benefits are generally benefits that PGIM Custom Harvest and its affiliates could receive, other than advisory fees, as a result of their relationship or association with clients. Please see "Item 14 – Client Referrals and Other Compensation" for examples of such indirect or incidental benefits.

*Employee Roles:* Some PGIM Custom Harvest senior management performs other duties for Prudential affiliates. Conflicts of interest could arise from time to time in connection with these duties with respect to allocating management time, services, or functions among PGIM Custom Harvest and other Prudential affiliates.

*Outside Business Activities:* From time to time, certain of our employees or officers could engage in an outside business activity. Any outside business activity is subject to prior approval pursuant to our personal conflicts of interest and outside business activities policy. Actual and potential conflicts of interest are analyzed during such approval process.

## **Item 5 - Fees and Compensation**

How PGIM Custom Harvest is compensated for its services depends on whether PGIM Custom Harvest provides services under an advisory agreement directly with the client (commonly referred to as “Dual Contract Arrangements”) or provides services pursuant to an agreement with a managed account program sponsor, including a Wrap Fee Program sponsor (commonly referred to as “Single Contract Arrangements”).

### Dual Contract Arrangements

Under Dual Contract Arrangements, PGIM Custom Harvest calculates investment advisory fees based upon a percentage of the value of the clients’ assets under management. The specific manner in which fees are charged by PGIM Custom Harvest is established in a client’s written agreement with PGIM Custom Harvest. PGIM Custom Harvest’s standard form of Client Service Agreement provides that PGIM Custom Harvest’s investment advisory fees are charged quarterly in arrears. In the future, PGIM Custom Harvest might enter into an agreement with one or more clients that provides for investment advisory fees to be charged in advance. PGIM Custom Harvest will only enter into such an agreement if it has adopted policies and procedures that provide for a pro rata refund of prepaid advisory fees upon account termination and that specify the manner in which such fee refund will be calculated.

PGIM Custom Harvest has adopted policies and procedures designed to ensure that assets in client accounts, including ETF holdings, are priced accurately for fee billing purposes and that advisory fees are calculated and debited correctly. PGIM Custom Harvest believes that such policies and procedures address any conflict of interest faced by PGIM Custom Harvest in calculating client advisory fees.

Fees might be paid directly to PGIM Custom Harvest by the client or might be withdrawn by the custodian from the client’s account. For client accounts from which fees are withdrawn by the custodian:

1. Clients must provide written authorization permitting fees to be withdrawn.
2. PGIM Custom Harvest will bill the custodian the amount of the fee, as calculated based on each client’s agreement with PGIM Custom Harvest.
3. The custodian will send to the client, at least quarterly, a statement that details the amounts disbursed from the account, including any advisory fees paid by the custodian directly to PGIM Custom Harvest. Clients who have authorized PGIM Custom Harvest to deduct its advisory fee from their account should compare any reports or account statements provided by PGIM Custom Harvest to the statements they receive from their custodian.

A client may terminate the client’s Client Service Agreement or other investment advisory agreement with PGIM Custom Harvest by providing notice to PGIM Custom Harvest in accordance with the provisions of the agreement. Investment advisory fees typically will accrue through the date of termination. However, certain investment advisory agreements

between PGIM Custom Harvest and its clients allow PGIM Custom Harvest to continue to collect advisory fees after the termination of the agreement, for the time period that PGIM Custom Harvest continues to provide discretionary management to the account.

Fees for all services for clients are generally negotiable depending on the selected investment strategy, the size of the client or the size of the overall relationship with the client’s financial adviser, the scope and complexity of the services and other factors. Because fees are negotiable, the actual fees paid by any client or group of clients might differ from the fees discussed below.

Standard Fee Schedule for Dual Contract Arrangements:

The table below reflects our standard fee schedule by type of strategy. PGIM Custom Harvest offers fee breakpoints based upon the account’s average asset size. Fees are typically charged quarterly in arrears.

<u>Assets Managed</u>	<u>Equity</u>	<u>Hedged Strategies</u>	<u>Fixed Income</u>
\$100,000 - \$100,000,000	40 basis points (0.40%)	60 basis points (0.60%)	25 basis points (0.25%)
\$100,000,001 - \$350,000,000	35 basis points (0.35%)	55 basis points (0.55%)	23 basis points (0.23%)
Over \$350,000,000	30 basis points (0.30%)	50 basis points (0.50%)	20 basis points (0.20%)

PGIM Custom Harvest does not have a standard fee schedule for its Transition Plus and Tax Loss Harvesting Overlay strategies. All such fees are subject to negotiation and will be set forth in the Client Service Agreement or other investment advisory agreement entered into with the client.

Single Contract Arrangements

Under Single Contract Arrangements, the program client compensates the sponsor for its investment advisory and other services, and the sponsor, in turn, compensates PGIM Custom Harvest for its investment advisory services.

The fees agreed to by PGIM Custom Harvest and a sponsor are negotiable and dependent upon a host of factors, including, without limitation, the size of the program, the strategies made available under the program, the sponsor’s administrative requirements and administrative charges, the sponsor’s parameters for compensating managers and investment advisers under the program, and the nature and extent of the respective responsibilities of the program sponsor and PGIM Custom Harvest under the program. Based on such factors, PGIM Custom Harvest and a program sponsor could agree to a fee rate that is outside the fee range for a strategy set forth in the table below. A program sponsor and PGIM Custom Harvest could agree to a fee rate with respect to a particular account that is lower than the standard fee rate at which PGIM Custom Harvest is compensated by the program sponsor. Such fee concessions are very unusual and agreed to by PGIM Custom Harvest only in

special circumstances. In addition, a program sponsor and PGIM Custom Harvest could agree to a fee rate with respect to a particular client that is higher than the fee rate at which PGIM Custom Harvest is ordinarily compensated based on such client’s unique servicing needs and requirements.

Standard Fee Schedule for Single Contract Arrangements

PGIM Custom Harvest generally receives, or anticipates receiving, fees from the program sponsor within the following ranges depending upon the strategy selected by the client:

<u>Equity</u>	<u>Hedged Strategies</u>	<u>Fixed Income</u>
Up to 40 basis points (0.40%)	Up to 60 basis points (0.60%)	Up to 25 basis points (0.25%)

In certain managed account programs, including Wrap Fee Programs, the program sponsor collects fees from client accounts in advance based on the value of quarter-end assets and actual number of days in the upcoming quarter and pays PGIM Custom Harvest for its services in advance. When these accounts terminate during a quarter, the pro rata portion of fees is reimbursed to the client for the remainder of the quarter.

Additional Fees and Expenses (Applicable to Dual Contract and Single Contract Arrangements):

In addition to fees for PGIM Custom Harvest’s advisory services, a client could also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to: fees charged by the client’s program sponsor, including Wrap Fee Program fees; margin account fees; custodial fees; brokerage commissions on transactions not covered by a Wrap Fee Program’s bundled fee; transaction fees; proxy voting fees and costs; charges imposed by an ETF purchased for the client’s account(s), which are disclosed in the ETF’s registration statement (*e.g.*, management fees and other ETF expenses); odd-lot differentials; transfer taxes; wire transfer and electronic fund fees; other fees and taxes on brokerage accounts and securities transactions; and fees and expenses paid indirectly through investment of cash balances in money market funds.

PGIM Custom Harvest, its supervised persons and its affiliates do not receive direct compensation for the sale of securities or other investments, including the sale of ETFs, to PGIM Custom Harvest’s clients.

For more information on brokerage costs, see “Item 12 - Brokerage Practices” below.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

PGIM Custom Harvest does not manage any accounts with a performance-based fee. Please refer to Item 11 for a discussion of PGIM Custom Harvest's management of proprietary accounts on a side-by-side basis with non-proprietary accounts and the policies and procedures that PGIM Custom Harvest follows to address conflicts of interest associated with such side-by-side management.

## **Item 7 - Types of Clients**

PGIM Custom Harvest generally provides TLH investment advisory services to high net worth and other individuals, corporations/other businesses, registered investment advisers and other financial intermediaries. Given the tax-oriented nature of its investment strategies, PGIM Custom Harvest's clients are predominantly U.S.-based. However, PGIM Custom Harvest may accept a non-U.S. based client in its discretion. PGIM Custom Harvest's minimum account size for strategies other than its hedged strategies is generally \$100,000. PGIM Custom Harvest's minimum account size for its hedged strategies is \$500,000. PGIM Custom Harvest's minimum account size for clients seeking to provide customized transition instructions in connection with PGIM Custom Harvest's provision of Transition Plus services is \$1,000,000. PGIM Custom Harvest may waive the applicable minimum for any one or more client accounts. In addition, PGIM Custom Harvest and a program sponsor may establish investment minimums for accounts under a particular sponsor program that are higher or lower than those indicated above.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

**As PGIM Custom Harvest's business and client base grows and evolves over time, PGIM Custom Harvest might implement changes in the processes described in this Item 8 that PGIM Custom Harvest determines are consistent with the best interests of its clients and consistent with the objectives of its investment strategies. Such changes may be implemented without the prior approval or consent of clients.**

### **Strategies and Services**

PGIM Custom Harvest offers the following strategies and services, each of which seeks to deliver tax benefits through TLH, as described below under "Tax Loss Harvesting":

- **PGIM Custom Harvest ETF-based strategies** provide low-cost, core benchmark index exposure while efficiently delivering tax benefits to clients. The strategies seek to closely track the risk profile and return of a broad market index. The strategies can be implemented on U.S. domestic equities, global equities, a targeted allocation of U.S. and global equities, a municipal bond portfolio or an equity hedged strategy. All the strategies are implemented using ETFs. PGIM Custom Harvest's ETF-based strategies include:

- U.S. Equity Plus
- Global Equity Plus
- U.S. Equity Plus 50% Hedged

- High Income Municipal Plus
- Quality Municipal Plus

Customized versions of the PGIM Custom Harvest strategies could be offered by PGIM Custom Harvest to clients on certain custodial platforms.

In addition, PGIM Custom Harvest makes its Wealth Manager strategy available to third party wealth management firms. The Wealth Manager strategy allows a wealth management firm to offer customized versions of PGIM Custom Harvest's strategies to clients of such firm.

Each of the PGIM Custom Harvest strategies are customizable to meet the specific needs of a particular client. However, a program sponsor might restrict or limit the ability of a program participant to request customization of a PGIM Custom Harvest strategy.

A client account managed in accordance with a customized PGIM Custom Harvest strategy is likely to experience performance that is significantly different from the performance of the strategy's composite and to experience significant tracking error relative to the relevant PGIM Custom Harvest strategy's benchmark.

- **PGIM Custom Harvest Loss Harvesting Overlay.** The tax loss overlay process employed involves an ongoing and continuous monitoring of a portfolio that is directly under the management of a third party. PGIM Custom Harvest's investment advisory services are intended to offset capital gains generated by the third-party manager elsewhere in the same portfolio or in other accounts owned by the same client. In implementing the tax overlay, PGIM Custom Harvest relies solely on the accuracy, completeness and timeliness of the portfolio information provided by the third-party manager. PGIM provides recommendations to harvest tax losses to the third-party manager on a non-discretionary basis, and the third-party manager has the discretion to follow or not follow such recommendations.

- **PGIM Custom Harvest Third-Party Model Management.** PGIM Custom Harvest partners with a third-party manager ("Model Provider") to create a tax-managed strategy based on the Model Provider's strategy, which may invest in various security types. PGIM Custom Harvest's investment advisory services are intended to provide a similar total return to the Model Provider's strategy while efficiently managing portfolio transactions to minimize transaction costs and capital gains and employ TLH to capture capital losses to offset portfolio capital gains. The Model Provider provides its model portfolio and recommendations for periodic changes, which PGIM Custom Harvest has full discretion to accept or reject.

- **PGIM Custom Harvest Transition Plus Services.** PGIM Custom Harvest Transition Plus services seek to provide a tax-sensitive conversion from a legacy securities portfolio with embedded gains to a PGIM Custom Harvest strategy. If you are planning on funding a PGIM Custom Harvest account with legacy securities, please refer to the description of PGIM Custom Harvest's Transition Plus services below.

### **Transition Plus Services**

**General.** Consistent with the tax-sensitive nature of its investment strategies, PGIM Custom

Harvest offers transition services to clients that fund their accounts, in whole or in part, on an in kind basis with securities. In providing transition services to clients, PGIM Custom Harvest seeks to sell the securities that are used to fund the account (referred to as “legacy positions” or “legacy securities”) in a manner that mitigates the tax impact of such sales instead of immediately selling such securities without regard to the tax impact of such sales.

Currently, PGIM Custom Harvest’s standard, “default” practice is to furnish “**estimated tax neutral**” transition services, as described below, for an account in the following circumstances:

- the client funds the account, in whole or in part, with securities; and
- such account meets PGIM Custom Harvest’s parameters for the receipt of transition services.

A client that does not wish to have PGIM Custom Harvest furnish transition services is encouraged to fund the client’s account solely with cash. Alternatively, a client may instruct PGIM Custom Harvest to promptly sell all securities contributed to an account without regard to the tax consequences of such sales.

PGIM Custom Harvest’s parameters for the receipt of transition services will be disclosed to potential clients and their financial professionals upon request. PGIM Custom Harvest might vary such parameters for a particular client account in its sole discretion.

If a client account does not meet its parameters for the receipt of transition services, PGIM Custom Harvest’s standard practice is to promptly sell securities that are used to fund the account, without regard to tax consequences and then invest the sales proceeds in accordance with the PGIM Custom Harvest strategy designated by the client.

**Estimated Tax Neutral Transition Services.** In providing estimated tax neutral transition services, PGIM Custom Harvest seeks: (i) promptly following account inception, to sell legacy securities that are in a loss position in order to realize losses as well as appreciated legacy securities where the realized gains can be matched against such losses, and (ii) on an ongoing basis, to continue to sell appreciated legacy positions as additional losses become available in the account that can be used to offset the gains from such sales. The proceeds from the sale of legacy positions are invested in accordance with the PGIM Custom Harvest strategy designated by the client. **A client that funds an account with securities but does not wish to receive estimated tax neutral transition services must provide alternative instructions to PGIM Custom Harvest.**

A client may request that PGIM Custom Harvest provide transition services other than in accordance with an estimated tax neutral approach by furnishing specific transition instructions to PGIM Custom Harvest. Such transition instructions could be accepted or rejected by PGIM Custom Harvest in its sole discretion.

Consistent with the nature of its investment strategies, PGIM Custom Harvest generally will continue, without further communication with the client, to harvest losses even if the amount of losses harvested exceed those requested in a transition instruction.

**Performance of Accounts Receiving Transition Services.** The performance of an account receiving transition services will differ from the performance of an account that is immediately

invested in accordance with a PGIM Custom Harvest strategy upon account inception and will deviate from the performance of the strategy's benchmark.

**No Investment Oversight of Legacy Positions.** PGIM Custom Harvest does not provide any investment oversight of the legacy positions (i.e., does not engage in any review or analysis of the investment merits of such positions) held in a client account receiving transition services. PGIM Custom Harvest's services with respect to legacy positions are limited to closely monitoring such positions from a tax perspective and effecting the sale of such positions to the extent that such sales can be implemented in a manner consistent with the client's transition instructions.

**No Adjustment of Asset Allocation by PGIM Custom Harvest to Account for Legacy Positions.** PGIM Custom Harvest does not take legacy positions into account when investing an account's investable assets in accordance with a designated PGIM Custom Harvest investment strategy, including when allocating account assets to particular sectors, regions or countries in accordance with the strategy. However, a client, working with the client's financial professional, may request that a particular market sector be restricted, in whole or in part, or that an account's asset allocation be customized by furnishing written allocation instructions to PGIM Custom Harvest.

**Fees.** PGIM Custom Harvest's fee is charged on all assets in a client account receiving transition services, including assets that are invested immediately in accordance with the designated PGIM Custom Harvest investment strategy and assets that are invested in legacy positions and transitioned to the designated strategy over time. While PGIM Custom Harvest does not provide any investment oversight with respect to legacy positions, the fee charged by PGIM Custom Harvest on such assets supports its close monitoring of such positions from a tax perspective for potential sale in accordance with the client's transition instructions. A client may withdraw a particular legacy position from the client's PGIM Custom Harvest account at any time in order to avoid continuing to pay a fee on such position.

### **Tax Loss Harvesting**

PGIM Custom Harvest's investment advisory services and investment strategies involve identifying effective TLH opportunities and then selling securities at a loss for the purpose of capturing, or "harvesting," a loss to offset a current or expected capital gain. PGIM Custom Harvest uses one basic technique for its strategies that invest on a long-only basis: selling a security (typically, one or more ETFs) and simultaneously replacing (swapping) the security with a similar security to attempt to maintain the client's exposure to the applicable market(s), which will differ for each swap.

For the hedged strategies that take long and short positions, PGIM Custom Harvest also sells one or more securities (typically, one or more ETFs) that the portfolio does not own to attempt to hedge market risk and provide the additional TLH opportunity of purchasing the shorted security in the future at a loss. The ETFs utilized for the "short" positions generally will not hold securities that have more than de minimis overlap with securities that are held in the ETFs selected for long exposure. For the hedged strategies, portfolio transactions, including the short positions that are used for hedging purposes, are effected through a margin account that the client is required to establish with the client's custodian or program sponsor.



PGIM Custom Harvest utilizes a proprietary SmartCapture methodology that generates estimated optimum tax loss capture based on tax loss thresholds established by PGIM Custom Harvest on a sector by sector or country/region by country/region basis. The sale of a security (or purchase of a security to close a short position) in order to harvest the loss is executed with the simultaneous purchase (or short sale) of a similar security to maintain the client's exposure to the desired broad market index.

While PGIM Custom Harvest monitors client accounts for TLH opportunities on an intra-day basis, PGIM Custom Harvest typically does not seek to harvest losses in each market sector or country/region every day. Rather, PGIM Custom Harvest exercises its discretion to prioritize and pursue those tax loss capture opportunities that it believes will have a meaningful impact across client accounts based on various factors, including sector and country/region weightings and market activity. PGIM Custom Harvest believes that prioritizing tax loss capture opportunities facilitates its ability to efficiently manage and trade client accounts across multiple sponsor and custodian platforms while capturing significant tax loss benefits on behalf of its clients.

### **ETF Selection**

PGIM Custom Harvest considers various fund-related factors in selecting ETFs to implement its ETF-based strategies, including, without limitation, the following: experience and reputation of the adviser, composition of benchmark index, fees and expenses, inception date, asset level, trading volume and liquidity, performance relative to benchmark index and similar ETFs, tracking error, risk exposures and fund closure risk. PGIM Custom Harvest has the discretion to make changes in the ETFs that it utilizes in implementing its strategies on behalf of client accounts, including the ETFs that it utilizes to establish short positions in connection with PGIM Custom Harvest's hedged strategies.

As described in Item 10 of this Brochure, PGIM Custom Harvest has entered into a research arrangement with the Strategic Investment Research Group ("SIRG") of PGIM Investments LLC, an affiliate of PGIM Custom Harvest. The arrangement allows PGIM Custom Harvest to supplement its own research and analysis by leveraging SIRG's expertise with respect to the identification, selection and monitoring of ETFs. PGIM Custom Harvest retains sole and exclusive responsibility for the management of client accounts, including all decisions regarding the purchase, holding and sale of ETF shares by PGIM Custom Harvest in connection with such management.

### **Material Risks**

As with all investments, you can lose money by investing according to any of PGIM Custom Harvest's strategies. Investing in securities involves the risk of loss of some or all of your investment. You should be prepared to bear the loss of your investment before investing.

TLH strategies and investments in ETFs are subject to all or some of the material risks discussed below. Each of these risks has the potential (individually or in any combination) to negatively affect the value of your account and cause you to lose money. It is not practical to list all possible risks and one or more risks that are not identified in this Brochure could result in losses for client portfolios. The prospectus for an ETF purchased and held in client accounts contains specific

information concerning such ETF's investment objective, risks, fees and expenses. ETF prospectuses can be obtained from your program sponsor or custodian.

**Tax Risk.** The tax consequences of PGIM Custom Harvest's TLH techniques are complex and uncertain and could be challenged by the Internal Revenue Service ("IRS"). PGIM Custom Harvest's TLH techniques involve purchasing an asset with similar exposure to the "harvested" security, but that is not "substantially identical" for purposes of the IRS's "wash sale" rule. The "wash sale" rule disallows a loss from selling a security if a "substantially identical" security is purchased 30 days after or before the sale. The IRS has not issued any guidance on whether and when two index ETFs would be considered to be "substantially identical." Therefore, although PGIM Custom Harvest purchases ETFs that it reasonably believes should not be considered by the IRS to be "substantially identical" to the ETF sold, there is no guarantee that the IRS will take that view. Under the wash sale rule, if the IRS deems the two index ETFs to be "substantially identical," it will not allow the loss, and therefore it cannot be used to offset the targeted capital gain.

Be aware that if the client and/or the client's spouse have other taxable or non-taxable investment accounts, and the client holds in those accounts any of the ETFs or other securities (including options contracts) held in the client's account at PGIM Custom Harvest, the client cannot trade any of those securities 30 days before or after PGIM Custom Harvest trades those same securities to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy.

Transactions in a client's accounts not managed by PGIM Custom Harvest could affect whether a loss is successfully harvested and, if so, whether that loss is usable by the Client in the most efficient manner.

The tax consequences of PGIM Custom Harvest's hedging techniques (i.e., the establishment of short positions in an account to hedge the market risk of the account's long positions) in connection with its hedged strategies are complex and uncertain and could be challenged by the IRS. If a client account's long and short positions in ETFs are deemed to constitute a "tax straddle", the client will be subject to negative tax consequences and the anticipated TLH benefits of a hedged strategy will not be achieved. While PGIM Custom Harvest will seek to establish long and short positions in ETFs in a manner that it reasonably believes should not be considered a tax straddle, there is no guarantee that the IRS will take that view.

**PGIM Custom Harvest does not provide legal or tax advice. You should consult your tax advisor as to the tax considerations of your investments, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.** Further, you and your tax advisor should consider any other tax issues arising from the arrangement, it being understood that the issues mentioned herein are not exhaustive of the tax and economic issues presented by the strategy, and that you are solely liable for any adverse tax consequences and associated risks associated with an investment. Clients and their tax advisors are responsible for how the transactions in the client's account are reported to the IRS or any other taxing authority. PGIM Custom Harvest assumes no responsibility to you for the tax consequences of any transaction, including any capital gains, wash sales or tax straddles that could result from its TLH and hedging strategies. The U.S. federal income tax considerations of your investments could be subject to adverse U.S. federal income tax consequences. PGIM Custom Harvest has made no representations to you as to the tax treatment of your account or any transactions therein. Federal,

state and local tax laws, rules, regulations and interpretations (collectively, the “Tax Law”) are subject to change. PGIM Custom Harvest is not responsible for advising client at any time of any developments or changes in the Tax Law or for monitoring the impact of any such developments or changes. This Brochure is not intended to be relied upon as legal, investment or tax advice in any form or for any specific client. The information provided does not take into account the specific objectives, financial situation or particular needs of any specific person. The tax consequences of the strategies are complex and could be subject to challenge by the IRS. This strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest.

**Reportable Transactions; Material Advisor Reporting.** Applicable Treasury regulations require taxpayers that participate in “reportable transactions” to disclose their participation to the IRS by attaching Form 8886 to their U.S. federal tax returns and to retain a copy of all documents and records related to the transaction. Generally, an investor is required to disclose a loss transaction to the IRS as a “reportable transaction” if the loss meets certain thresholds. For an individual, that threshold is \$2 million in any single tax year or \$4 million in any combination of six taxable years. Additionally, a person that acts as a “material advisor” to a reportable transaction also has reporting and recordkeeping obligations with respect to the reportable transaction. A material advisor is a person that makes any statement (including another person’s statement), oral or written, that relates to a tax aspect of a transaction that causes the transaction to be a reportable transaction and derives gross income from the transaction of at least \$50,000. A reportable transaction can have more than one material advisor, which could include the managed account program sponsor or custodian at which your PGIM Custom Harvest advised account is maintained. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer’s treatment of the loss is proper. The reporting requirements as they relate to the services PGIM Custom Harvest provides remain unclear, and if you have a loss that meets the threshold of a reportable transaction, you should discuss PGIM Custom Harvest’s services with your tax advisor. Since Custom Harvest’s strategies primarily rely upon ETFs that are taxed as regulated investment companies to pursue their objectives, an exception from the definition of reportable transactions for loss transactions when the taxpayer has qualifying basis in the asset might not apply.

**TLH Investment Approach Risk.** The TLH techniques employed by PGIM Custom Harvest, while designed to capture or harvest a loss to offset a current or expected capital gain, might not produce the desired results. There is no guarantee that PGIM Custom Harvest will be able to identify and implement effective TLH opportunities. Market conditions could limit PGIM Custom Harvest’s ability to capture tax losses for client accounts. In addition, PGIM Custom Harvest’s ability to capture losses for a client account could become limited over time if gains build up in the client account.

**Advisory Risk.** There is no guarantee that PGIM Custom Harvest’s judgment and investment decisions in implementing its investment strategies, including its selection of ETFs and replacement ETFs to include in client accounts, will produce the intended results.

**Software/Algorithm Risk.** PGIM Custom Harvest makes extensive use of software and algorithms, including its proprietary SmartCapture methodology, in providing advisory services. PGIM Custom Harvest rigorously designs, develops, tests and monitors the software and algorithms it

uses in managing client accounts. Notwithstanding PGIM Custom Harvest's rigorous oversight of the software and algorithms used in managing client accounts, it is possible that such software might not always perform as intended.

**Data Source Risk.** PGIM Custom Harvest uses a variety of proprietary and non-proprietary data to evaluate securities and formulate investment advice. If a data source is incorrect or unexpectedly becomes unavailable or unreliable, client accounts could be negatively impacted. PGIM Custom Harvest also subscribes to external data sources for various purposes and functions, including in making investment decisions. While PGIM Custom Harvest believes those third-party data sources to be generally reliable, it does not guarantee that the data received will be accurate or complete and is not responsible for errors by these sources.

**Tracking Error Risk.** Client accounts managed in accordance with one of PGIM Custom Harvest's ETF-based strategies that seek to closely track the risk profile and return of a broad market index are subject to tracking error risk. The performance of a client account might not match the performance of the benchmark index it is attempting to track, either on a daily or longer-term basis. Tracking error could result, among other reasons, from fees and trading costs and imperfect correlations between a portfolio's investments and the applicable benchmark index. Tracking error could cause the performance of a client account to be less than expected.

**ETF Risk.** In addition to the risks associated with the underlying assets held by an ETF, investments in ETFs are subject to the following additional risks: (1) the market price of an ETF's shares might trade above or below its net asset value; (2) an active trading market for the ETF's shares might not develop or be maintained; (3) trading an ETF's shares might be halted if the listing exchange's officials deem such action appropriate; (4) a passively managed ETF might not accurately track the performance of the reference asset; and (5) a passively managed ETF would not necessarily sell a security because the issuer of the security was in financial trouble unless the security is removed from the index that the ETF seeks to track. Investment in ETFs involves duplication of management fees and certain other expenses, as the client indirectly bears its proportionate share of any expenses paid by the ETFs in which it invests.

**Equity Market Risk.** PGIM Custom Harvest's strategies invest in ETFs that primarily hold equity securities that are traded on U.S. exchanges, although the issuers of the equity securities could be foreign companies. PGIM Custom Harvest Third-Party Model Management strategies might invest directly in equity securities. Market values of equity securities could fall, sometimes rapidly or unpredictably, or fail to rise. An issuer of an equity security could perform poorly, and the value of its securities could therefore decline, which would negatively affect the performance of an ETF holding the security. Poor performance of individual equity securities could be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, natural disasters or other events, conditions or factors.

**Large Capitalization Companies Risk.** The securities of large market capitalization companies could underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities, such as changes in technology and consumer tastes. Large market capitalization companies could be unable to attain the high growth rates of successful smaller companies, especially during periods of economic expansion.

**Mid-Capitalization Companies Risk.** Investments in mid-capitalization companies generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Mid-capitalization companies often have narrower commercial markets and more limited operating history, product lines, and managerial and financial resources than larger, more established companies. As a result, performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a portfolio. Generally, the smaller the company size, the greater these risks. Additionally, mid-capitalization companies could have less market liquidity than large capitalization companies, and they can be sensitive to changes in interest rates, borrowing costs and earnings.

**Small Capitalization Companies Risk.** Investing in the securities of small capitalization companies involves greater risk and the possibility of greater price volatility than investing in larger capitalization and more established companies. Since smaller companies may have limited operating history, product lines, and financial resources, the securities of these companies could lack sufficient market liquidity, and they can be particularly sensitive to expected changes in interest rates, borrowing costs and earnings.

**Foreign Investing Risk.** PGIM Custom Harvest's global strategies invest in ETFs that primarily hold equity securities issued by foreign companies or domestic companies with significant foreign operations. PGIM Custom Harvest Third-Party Model Management strategies might invest directly in equity securities entailing foreign investing risk. Investing in securities issued by foreign entities carries potential foreign exposure considerations, including but not limited to the risk of: (1) political and financial instability, (2) less liquidity, (3) lack of uniform accounting, auditing and financial reporting standards, and (4) increased price volatility. Global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region. A rise in protectionist trade policies, risks associated with the United Kingdom's departure from the European Union, the risks associated with ongoing trade negotiations with China, and the possibility of changes to some international trade agreements, could affect the economies of many nations, including the U.S., in ways that cannot necessarily be foreseen at the present time. The severity or duration of adverse economic conditions could also be affected by policy changes made by governments or quasi-governmental organizations. Foreign investments also are subject to the risk of fluctuations in the value of the U.S. dollar against the currencies in which such investments are denominated.

**Emerging Markets Risk.** Foreign investing risk is increased for securities issuers and markets in emerging markets countries. Emerging markets tend to have economic, political and legal systems that are less developed and less stable than those of the United States and other developed countries. In addition, securities markets in emerging markets could be relatively illiquid and subject to extreme price volatility. Securities in emerging markets also are subject to the risk of fluctuations in the value of the U.S. dollar against the currencies in which such investments are denominated.

**Municipal Securities Risk.** PGIM Custom Harvest's High Income Municipal Plus and Quality Municipal Plus strategies invest in municipal securities. Municipal securities are issued by states, territories or other local governments and their agencies. These securities can be backed by the issuer's general obligations, or by revenue from a particular project. They can be particularly

impacted by economic or political changes, such as legislative events, impacting the issuer. Further, the issuer's ability to pay can be impacted by litigation, or, in the case of securities backed by revenue from particular projects, issues collecting revenue on such projects. Like other fixed income securities, municipal securities are subject to various risks, including credit risk, interest rate risk and market risk, as well as uncertainties related to the tax status of the securities or rights of investors therein. Credit risk (sometimes referred to as "default risk") is the risk that the value of a fixed income security will decline due to investor perception that the security issuer or guarantor's payment of its obligations with respect to the security has become less likely or due to an actual default by the issuer or guarantor. Interest rate risk is the risk that market interest rates will rise, causing fixed income securities prices to fall. The risk of price declines caused by interest rate increases generally is higher for fixed income securities with longer maturities. Additionally, as compared to other issuers of securities, there is often a relative lack of information related to issuers of municipal securities.

***Inflation Risk.*** The United States, as well as various other countries, have recently experienced heightened levels of inflation. This rise in inflation has had, and could continue to have, negative effects on the global and United States economies. Such inflation is due, in part, to the economic effects of the COVID-19 pandemic, and measures taken to combat those effects. These measures have included fiscal policies involving significantly lower interest rates, direct investment into businesses, and loan forgiveness programs. There is no guarantee that any such policies will be successful. Further, reversals of such policies (such as increases in interest rates), particularly if not gradually effected, could lead to volatility in the financial markets. Thus, inflation could negatively affect the performance of client accounts.

***Recent Banking Events.*** Recent economic events in the U.S., such as increases in inflation and interest rates, have led to concerns regarding the solvency of certain banking institutions, particularly small and mid-sized regional banks. Two such banks were placed in receivership under the Federal Deposit Insurance Corporation in March 2023. Market concern with respect to these banks, as well as the risks posed to other similar-profile banks, created the potential for a domino effect across the U.S. banking sector. Despite government efforts to curtail the effects of this situation, concerns about the overall financial health and stability of the U.S. banking sector remain high, with many bank stocks trading at significantly lower prices than they did before the crisis began. Further governmental intervention may be required to stabilize the U.S. banking sector in the future if additional U.S. banks, particularly larger banks, appear to be at a risk of failure; it is unclear, however, whether the government would intervene in such circumstances and, if it did, whether such governmental intervention would be sufficient to forestall a full-blown banking crisis. It is also possible that further government intervention could result in other unforeseen adverse impacts on the economy over the short or long term. Relatedly, these events may cause the Federal Reserve Board to slow down future increases in interest rates, making it more difficult to combat inflation. Even if, ultimately, market concerns about the financial health and stability of the U.S. banking sector are successfully addressed, these events may increase the risk of a recession in the U.S. The market disruption caused by these banking events, and any associated potential recession, could negatively impact our client accounts. These events could have a material adverse effect on liquidity, current and/or projected business operations, financial condition and/or performance results, as applicable, for our portfolio investments, as well as on the value of our clients' investments that we manage.

***Sustainability Risk.*** Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a negative material impact on the value of investments. Sustainability risk can represent a risk on its own, and can contribute significantly to other risks, such as market risks, liquidity risks or operational risks. Sustainability risks could have a negative impact on the market price of securities, and thus on the return of a client account. For example, climate change could lead to increasing intensity and instances of severe weather, leaving issuers vulnerable to financial hardships such as work stoppages, decreases in revenues and increased insurance premiums (or, if the issuer is an insurer, increased claims). Thus, issuers abilities to repay debt, and value of equity securities, could be negatively impacted. Further, if issuers underestimate or fail to adequately assess sustainability risks, negative impacts of sustainability-related events on their securities would be heightened. In addition, reputational risks caused by unsustainable acts of an issuer could adversely affect the market price of its securities.

***ESG Investing Risk.*** If a client's account is customized to incorporate a ESG (Environmental, Social and Governance) strategy, which might select or exclude securities of certain issuers for reasons other than financial risk/return considerations (where consistent with applicable law or regulation), such account could have lower returns than accounts whose investment criteria are solely focused on seeking the highest risk-adjusted returns. The application of a ESG strategy could affect the account's direct or indirect exposure to certain sectors or types of investments, which could negatively impact the account's performance. ESG investing is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by PGIM Custom Harvest or an ETF in which account assets are invested, as applicable, or any judgment exercised by PGIM Custom Harvest or an ETF in which account assets are invested, as applicable, will reflect the beliefs or values of any particular client, and the ESG views of PGIM Custom Harvest or an ETF in which account assets are invested, as applicable, with respect to a particular investment could differ from the views of others. Socially responsible norms differ by region, and an issuer's ESG practices or PGIM Custom Harvest's or an ETF's assessment of an issuer's ESG practices could change over time. The screens or constraints related to certain ESG strategies could result in an account or ETF forgoing opportunities to make certain investments when it might otherwise be advantageous to do so. Successful application of an account or ETF's ESG strategy will depend on the skill of PGIM Custom Harvest or the ETF, as applicable, in identifying and analyzing material ESG issues and there can be no assurance that the strategy or techniques employed will be successful. The global regulatory environment applicable to ESG strategies is evolving and will lead to increased complexity and potentially conflicting regulatory regimes applying to us and the accounts we manage. Further, certain ESG-related regulations (including the European Union's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector), contain elements of subjectivity, which could lead to our regulatory and legal interpretation differing from that of others and could also result in the regulatory reclassification of products that we manage, changes to our account-level disclosures and changes to our internal policies, procedures and processes. Compliance with ESG-related regulations could lead to increased costs for relevant accounts.

***Conflicts of Interest Risk.*** Custom Harvest is subject to various conflicts of interest and potential conflicts in the ordinary course of its business. Conflicts of interest and potential conflicts of interest refer to activities or relationships in which the interests of PGIM Custom Harvest or its affiliates compete with the interests of PGIM Custom Harvest's clients. Please see Item 4 above

and Item 11 below for a description of certain conflicts and potential conflicts of interest and the manner in which PGIM Custom Harvest and its affiliates seek to address such conflicts.

***Market Disruption Risk.*** Geopolitical and other catastrophic events, including war, terrorism, natural disasters, economic uncertainty, trade disputes, pandemics, public health crises and related geopolitical events have led, and in the future could continue to lead, to instability in world economies and markets generally. This instability has disrupted, and could continue to disrupt, U.S. and world economies and markets. The impact of such crises or events could lead to negative consequences for the accounts we manage, including, without limitation, significant reduction in the value of such accounts, reduced liquidity of their investments, and restrictions on the ability to value or sell their investments. Market disruptions have caused, and could continue to cause, broad changes in market value, negative public perceptions concerning these developments, and adverse investor sentiment or publicity. Changes in value could be temporary or could last for extended periods.

***Trading Halt Risk.*** An exchange or market could close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which could result in a client's account or an ETF in which a client account invests being unable to buy or sell certain securities or financial instruments. In such circumstances a client's account or an ETF in which a client invests could incur trading losses and there could be increased volatility and illiquidity. In addition, in such cases the value of account holdings may decrease, and the accuracy of valuations could be impacted.

***Liquidity Risk.*** All investments are subject to liquidity risk, especially when markets are not functioning normally (see, "*Market Disruption Risk*" and "*Trading Halt Risk*"). Liquidity risk is the risk that PGIM Custom Harvest will be unable to acquire or dispose of holdings quickly or at prices that represent perceived market value. Examples of events that can lead to heightened liquidity risk include domestic and foreign economic crises, natural disasters, political instability and regulatory changes.

***Margin Account Risk.*** Effecting securities transactions in a margin account subjects a client's account to additional risks. Those risks should be disclosed to a client by the client's custodian at the time the client establishes a margin account with its custodian. A client should carefully read the margin disclosure statement provided to the client by its custodian and consult with the custodian and the client's professional advisors regarding margin account arrangements and documentation. The securities held in a margin account are collateral for loans made by the custodian to the client. If the securities in a margin account decline in value, the custodian can take action such as issuing a margin call and/or selling securities or other assets in the client's account in order to maintain the required equity in the Account. Clients that select one of PGIM Custom Harvest's hedged strategies, which involve establishing "short" positions in one or more ETFs for hedging purposes, are subject to increased Margin Account Risk. See "*Hedged Strategies – Additional Risks*" below.

### **Hedged Strategies - Additional Risks.**

***General.*** The U.S. Equity Plus 50% Hedged strategy and other hedged strategies implement the hedging component of the strategies by taking a "short" position in one or more index ETFs.



Short selling involves selling an index ETF that the client portfolio does not own, which exposes the portfolio to costs and risks that are not associated with owning securities long. A short position in an index ETF will lose money when the index that the ETF is tracking increases in value, a result that is the opposite from traditional strategies. These losses, when available, could add to the total loss capture for a client account. Any dividends paid by ETFs underlying the short position must be paid to the institution lending the security and thus will not generate income for a client's account. The ETFs utilized for the "short" position generally will not hold securities that have more than minimal overlap with securities that are held in the ETFs selected for long exposure, which increases the inverse correlation risk described below.

Short positions are established through a margin account that the client is required to establish with the client's custodian or program sponsor. Certain of the costs and risks associated with short selling are described in the margin disclosure statement provided to clients by the financial institution holding the margin account, and we encourage clients to discuss those risks and costs with their professional advisors.

*Inverse Correlation Risk.* A short position in an index ETF is intended to have an opposing or "inverse" relationship to the long positions in the client's portfolio. Generally, the short index position will lose money when the overall long portfolio is rising in value, and the short index position will increase in value when the long portfolio is losing money. This relationship provides the "hedging" aspect of the hedged strategies. PGIM Custom Harvest seeks to short one or more index ETFs that are expected to have a strong inverse relationship with the strategy benchmark. In most cases, the index ETFs being shorted will not track the same index(es) that are being tracked by the ETFs held in the long side of the portfolio. If a hedged strategy's short position in an index ETF deviates from the expected inverse correlation to the benchmark performance, then the hedged strategy will not perform as desired, and you could have limited TLH outcomes as well as low or negative portfolio returns. Although the short positions are intended as a hedge against negative or low returns of the markets, a hedged strategy's return could be negative.

*Margin Call Risk.* Portfolio losses could result in margin calls from the client's financial institution (see, "*Margin Account Risk*"). If PGIM Custom Harvest is instructed to sell portfolio assets in response to margin calls, such sales could generate taxable capital gains. Alternatively, clients will be required to add cash to the account in response to margin calls. Actions taken by PGIM Custom Harvest in response to margin calls could negatively impact PGIM Custom Harvest's ability to implement its investment strategy for the client's account.

*Liquidity Risk.* The ETFs that PGIM Custom Harvest sells short to implement the hedging component of a hedged strategy could experience periods of low trading volume or reduced liquidity, which would restrict the ability to enter short positions in such ETFs. In these periods, PGIM Custom Harvest can seek to enter short positions through other available transactions, which could have higher transaction costs. All investments are subject to liquidity risk, especially when markets are not functioning normally. If PGIM Custom Harvest is unable to acquire or dispose of holdings quickly or at prices that represent perceived market value, then a hedged strategy will be negatively impacted. Examples of events that can lead to heightened liquidity risk include domestic and foreign economic crises, natural disasters, political instability, and regulatory changes.

***Transition Plus Services – Additional Risks.***

*No Investment Oversight of Legacy Positions.* Please see discussion under “No Oversight of Legacy Positions” above.

*Client Bears Risk of Legacy Positions.* Legacy positions could decline in value prior to their sale by PGIM Custom Harvest in connection with its provision of transition services.

*Account will not be Fully Invested in Accordance with the Designated PGIM Custom Harvest Investment Strategy.* A client account will not be pursuing the designated PGIM Custom Harvest strategy with respect to account assets that are invested in legacy positions.

*No Adjustment of Asset Allocation by PGIM Custom Harvest to Account for Legacy Positions.* Please see discussion under “No Adjustment of Asset Allocation by PGIM Custom Harvest to Account for Legacy Positions” above.

*Highly Appreciated Positions.* While PGIM Custom Harvest seeks to complete the transition of client accounts as promptly as possible consistent with its provision of transition services, PGIM Custom Harvest could be limited in its ability to sell highly appreciated legacy positions, particularly those positions that continue to appreciate after being placed in an account.

*No Guarantee that Objectives of Transition Services will be Achieved.* PGIM Custom Harvest will use its reasonable efforts to implement the client’s transition instructions. However, there can be no assurance that an account’s transition-related objectives will be achieved.

*Anticipated Tax Loss Harvesting Opportunity could not Materialize.* Where a client requests transition services that include the realization of gains in anticipation, consistent with historical annual tax loss harvesting opportunities, of being able to realize future losses to offset such gains, the actual tax loss harvesting opportunity could be less than anticipated. In such event, there could be realized gains without offsetting realized losses.

***Risks Relating to Regulation.*** Laws and regulations affecting our business change from time to time, and we are currently operating in an environment of significant global regulatory reform. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.

***Sanctions and Related Considerations.*** Economic sanction laws in the United States and other jurisdictions prohibit us, our personnel and accounts we manage, and the ETFs in which client accounts are invested, from dealing or transacting with certain countries, organizations, companies, issuers, individuals, and investments. Economic sanctions, and other similar and related laws and regulations, could make it difficult for an account or an ETF in which the account invests to pursue certain investment opportunities and for portfolio investments to obtain or retain certain business, which could adversely impact, cause increased volatility and illiquidity and impact the accuracy of valuations.

In the United States (“U.S.”), the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which restrict or prohibit, among other things, direct and

indirect transactions with, and the provision of services to, certain non-U.S. countries, territories, individuals, and entities. These types of sanctions could significantly restrict or completely prohibit investment activities in certain jurisdictions, and violation of any such laws or regulations, could result in significant legal and monetary penalties, as well as reputational damage. OFAC sanctions programs change frequently, which could make it more difficult for us, our affiliates, or our clients to ensure compliance. Moreover, OFAC enforcement is increasing, which could increase the risk that we, our affiliates or our clients become the subject of such actual or threatened enforcement. In February 2022, Russian troops invaded Ukraine, and the two countries remain engaged in a full-scale military conflict. Shortly after the invasion, the U.S., Canada, and the European Union, among other jurisdictions and regulatory bodies, imposed economic sanctions related to this conflict, many of which remain in effect. Among other things, these sanctions consist of prohibiting certain securities trades, asset freezes and prohibition of certain business. Such sanctions could impair our ability to buy, sell, hold, receive or deliver impacted holdings, and could impact our relationship with, and/or business operations of, third parties with whom we conduct business and/or have invested client assets. There is no guarantee that any steps taken by us to mitigate any adverse impact of these sanctions will be successful, and your account could be impacted by, among other things, significantly decreased valuations, creditor default and illiquidity. It is impossible to predict the length, severity, and outcome of this conflict.

***Risks Relating to Cybersecurity and Technology.*** Investment advisers, including PGIM Custom Harvest, must rely in part on digital and network technologies to conduct their businesses and to maintain substantial computerized data relating to client account activities. These technologies include those owned or managed by PGIM Custom Harvest as well as those owned or managed by others, such as custodians, financial intermediaries, transfer agents and other parties to which PGIM Custom Harvest or they outsource the provision of services or business operations.

Like all businesses that use computerized data, PGIM Custom Harvest and its affiliates and their respective third-party service providers, and the systems such parties use, are, under some circumstances, subject to a variety of cybersecurity-related risks, including ransomware and other cyber or data extortion risks, and exposed to incidents or similar events that lead to the inadvertent disclosure of confidential personal, proprietary, or other non-public data to unintended parties, or are subject to the intentional misappropriation, misuse, disclosure, encryption, threat to disclose, or destruction of such data by unauthorized parties or malicious actors mounting an attack on computer systems. Various actors, such as for-profit criminal hackers, engage in cyberattacks against the financial services sector. PGIM Custom Harvest could experience cybersecurity attacks from numerous sources. These attacks would likely be aimed at our computers, systems, networks, and cloud operations.

Each of PGIM Custom Harvest and its affiliates are subject to an information technology security policy and program that includes certain technical and physical safeguards intended to protect the integrity, availability, and confidentiality of the data we have and the systems that store it. PGIM Custom Harvest takes other commercially reasonable precautions to limit the potential for cybersecurity incidents or similar events, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction. Nevertheless, despite reasonable precautions, cybersecurity incidents occur, and in some circumstances could result in unauthorized access to or acquisition of sensitive information about PGIM Custom Harvest or our clients. In addition, such incidents might cause damage to client accounts, data or systems or affect account management.

Furthermore, PGIM Custom Harvest's systems could fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our or others' control. Technology failures, whether deliberate or not, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on our business or our clients and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

***Social Media and Internet-Based Information Risks.*** In recent years, social media platforms have become a means for instantaneous information sharing. Given the relative lack of regulation of these platforms, they can be used as vehicles for dissemination of inaccurate information. Any such information related to issuers could negatively impact the value of their securities.

***Public Health Risk.*** Occurrences of epidemics and pandemics, depending on their scale, could cause different degrees of damage to the national and local economies. Global economic conditions could be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption could adversely affect investment returns. Since March of 2020, the global economy has grappled with the negative impact of the strain of coronavirus now commonly known as COVID-19. Despite advances in vaccinations against, and treatments for, COVID-19, global markets continue to feel the pandemic's effects. There can be no certainty as to how long those effects will continue, particularly as markets grapple with unintended consequences of fiscal and monetary policies designed to curb the COVID-19 pandemic's economic impact (such as inflation following interest rate reductions). Further, there can be no assurances that outbreaks of other diseases will not occur in the future and have similar negative effects on the global economy. These economic disruptions have negatively impacted the value and performance of investments in client accounts, and there is no way to predict the extent of any such future consequences for clients.

## **Item 9 - Disciplinary Information**

PGIM Custom Harvest does not have any legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of PGIM Custom Harvest's advisory business or the integrity of its management.

## **Item 10 - Other Financial Industry Activities and Affiliations**

As an indirect wholly-owned subsidiary of Prudential Financial, we are part of a diversified, global financial services organization. We are affiliated with many types of financial service providers, including broker-dealers, insurance companies and other investment advisers. Some of our employees are officers of some of these affiliates. Please refer to Item 4 for a discussion of actual and potential conflicts of interest faced by PGIM Custom Harvest, including as a result of such affiliate relationships, and the manner in which PGIM Custom Harvest seeks to address and mitigate such actual and potential conflicts of interest.

### Broker/Dealer Affiliates

PGIM Custom Harvest is affiliated with Prudential Investment Management Services LLC (PIMS) a registered broker-dealer (CRD-18353). Certain of our management persons and other employees are registered representatives of PIMS. PIMS does not execute securities transactions on behalf of PGIM Custom Harvest accounts. Certain registered representatives of PIMS also might assist in promoting Custom Harvest's advisory services to Wrap Fee Program sponsors and other financial intermediaries.

PGIM Custom Harvest might solicit broker-dealers, investment advisers and financial planners to invest selected client accounts through PGIM Custom Harvest and might act as a sub-adviser to such firms. The advisory fees for PGIM Custom Harvest's services might be in addition to fees charged by the broker-dealer, investment adviser or financial planner. PGIM Custom Harvest does not pay any compensation to the broker-dealers, investment advisers and financial planners in exchange for the investment of their client assets with PGIM Custom Harvest.

### Investment Adviser Affiliates

PGIM Custom Harvest is affiliated with PGIM Investments LLC (CRD 105670/File number 801-31104), a registered investment adviser. PGIM Investments provides administrative support in connection with the investment strategies that PGIM Custom Harvest provides. Certain of our management persons and other employees are officers of PGIM Investments.

PGIM Custom Harvest has entered into a research arrangement with the Strategic Investment Research Group ("SIRG") of PGIM Investments LLC. SIRG is comprised of experienced and specialized professionals who know and understand the participants in the global money management community. The research arrangement allows PGIM Custom Harvest to supplement its own research and analysis by leveraging SIRG's expertise with respect to the identification, selection and monitoring of ETFs. Under the research arrangement, SIRG provides PGIM Custom Harvest with information and research concerning ETFs identified by PGIM Custom Harvest that might be considered and used by PGIM Custom Harvest in selecting ETFs used by PGIM Custom Harvest in managing client accounts. PGIM Custom Harvest retains sole and exclusive

responsibility for its management of client accounts, including all decisions regarding the purchase, holding and sale of ETF shares by PGIM Custom Harvest in connection with such management.

### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

PGIM Custom Harvest adopted its Code of Ethics (the “Code”) pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended, in order to prevent persons who are actively engaged in investment advisory services for clients from participating in fraudulent, deceptive, or manipulative acts, practices or courses of conduct in connection with managing client accounts.

The Code establishes certain standards of business conduct to which certain persons of PGIM Custom Harvest are expected to adhere. In particular, the Code is designed to uphold the following principles: (1) that PGIM Custom Harvest’s duty at all times is to place the interests of PGIM Custom Harvest’s clients first; (2) that all personal securities transactions conducted by an officer or employee of PGIM Custom Harvest shall be conducted consistently with the provisions of the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of that individual’s position of trust and responsibility; and (3) that PGIM Custom Harvest’s officers and employees shall not take inappropriate advantage of their positions with PGIM Custom Harvest.

The Code outlines prohibited transactions and conduct by certain officers and employees of PGIM Custom Harvest and sets forth sanctions that could be imposed in response to any violations. The Code incorporates Prudential’s Personal Securities Trading Standards and Prudential’s U.S. Information Barrier Standards which are intended, among other things, to deter and prevent insider trading and contain detailed information barrier requirements pertaining to material nonpublic information. The Code, including Prudential’s Personal Securities Trading Standards and Prudential’s U.S. Information Barrier Standards, also contains restrictions on employee's personal security trading and reporting and certification requirements with respect to employee’s personal security holdings and transactions. Employees are required to report any Code violations to the Chief Compliance Officer.

PGIM Custom Harvest also implements an Insider Trading Policy that is designed to prevent the misuse of material, non-public information by PGIM Custom Harvest and its officers and employees. The Insider Trading Policy expressly forbids any officer or employee from either trading on material non-public information or communicating material non-public information to others in violation of federal law. PGIM Custom Harvest will provide a copy of the Code to any client or prospective client upon request and without charge.

PGIM Custom Harvest manages accounts for itself, its directors, officers, and/or employees. These accounts could or could not be required to pay advisory fees to PGIM Custom Harvest. Whether fee-paying or not, all such accounts are considered proprietary accounts. PGIM Custom Harvest could have an incentive to favor proprietary accounts over other client accounts. PGIM Custom Harvest could also have an incentive to disproportionately allocate partially filled orders to proprietary accounts.

PGIM Custom Harvest implements a trade aggregation policy that requires proprietary accounts to be traded alongside other discretionary client accounts. All trades for proprietary accounts shall be aggregated with client trades (to the extent permitted by clients) and allocated in accordance with the trade allocation procedure.

Employees of PGIM Custom Harvest are permitted to buy or sell securities that PGIM Custom Harvest recommends to clients, but such purchases and sales are governed by PGIM Custom Harvest's Code and Prudential's Personal Securities Trading Standards.

Please refer to Item 4 for additional information concerning actual and potential conflicts of interest faced by PGIM Custom Harvest, including those relating to the outside business activities of its employees and officers, and the manner in which PGIM Custom Harvest seeks to address and mitigate such conflicts.

Please refer to Item 14 for information concerning the policies and procedures, including a gifts and entertainment policy, that have been adopted by PGIM to address and mitigate the potential receipt by PGIM Custom Harvest of marketing benefits and the potential receipt by PGIM Custom Harvest's employees of meals, gifts and entertainment from the sponsors of ETFs that are held, or proposed to be held, in client accounts.

## Item 12 - Brokerage Practices

**As PGIM Custom Harvest's business and client base grows and evolves over time, PGIM Custom Harvest might implement changes to the practices described in this Item 12, including with respect to the selection of broker-dealers, order aggregation and the communication of trade orders, that PGIM Custom Harvest determines are consistent with the best interests of its clients and the fair and equitable treatment of client accounts. Such changes may be implemented without the prior approval or consent of clients.**

### Selection of Brokers and Dealers; Best Execution

Except in the case of directed brokerage clients (see "Directed Brokerage" below), PGIM Custom Harvest is authorized to select brokers or dealers to execute the transactions for the purchase or sale of portfolio securities for its clients and to determine the commission rates to be paid for such services.

PGIM Custom Harvest has full authority and discretion to engage any broker or dealer to execute securities transactions for the client that, in PGIM Custom Harvest's opinion, is capable of providing best execution. In selecting broker-dealers to effect client transactions, PGIM Custom Harvest considers a number of factors, including: any fees charged by client custodians for trading with other brokers; price of securities; commissions; market conditions; ability to provide prompt execution of orders; abilities and financial wherewithal of the broker-dealer; and, in connection with particularly difficult transactions, the broker-dealer's expertise with respect to such transactions. PGIM Custom Harvest does not consider client referrals from a broker-dealer or other parties as a factor in the selection of broker-dealers to execute a client's portfolio transactions.

Clients in Wrap Fee Programs and other managed account programs could be charged added costs in the form of brokerage commissions or other transaction fees (which could be assessed on a flat fee or per share basis) on any trades that PGIM Custom Harvest executes away from the sponsor. In discharging its duty of best execution in placing orders for such clients, PGIM Custom Harvest considers these costs against the potential benefits of executing trades away from the sponsor. In general, PGIM Custom Harvest deems these costs to outweigh the benefits of trading away and thus generally trades all Wrap Fee Program and other managed account program clients through the respective sponsor.

Certain direct and sub-advised clients maintain their accounts on a broker-dealer platform and subscribe to the broker-dealer's brokerage and custody services. Under such arrangements, the broker-dealer could charge the client a fee (which could be assessed on a flat fee or per share basis) when a trade is executed at another broker-dealer. This fee would be charged to the client in addition to the brokerage commission charged to the client for the trade, and PGIM Custom Harvest has no ability to negotiate the amount of the fee. In discharging its duty of best execution in placing orders for such clients, PGIM Custom Harvest considers these costs against the potential benefits of executing trades away from the client's broker-dealer custodian. In general, PGIM Custom Harvest deems these costs to outweigh the benefits of trading away from the broker-dealer custodian. To further its best execution duty to these clients, PGIM Custom Harvest attempts to identify ETFs for its strategies that do not entail brokerage commissions on trading platforms, although its ability to do so is dependent on brokerage platforms continuing to offer commission-



free trades for ETFs.

As noted above, PGIM Custom Harvest's standard practice currently is to execute trades with each program client's sponsor or broker-dealer custodian due to the considerations relating to "trading away" described above and anticipates continuing to do so in the ordinary course. However, PGIM Custom Harvest reserves the ability to "trade away" from a client's sponsor or broker-dealer custodian where it determines that doing so would be in the best interest of such clients and consistent with its best execution obligations. Please see discussion under "Order Aggregation" below.

### Order Aggregation

Transactions for client accounts generally are effected independently unless PGIM Custom Harvest is purchasing or selling the same securities for several clients at the same sponsor or broker-dealer custodian at approximately the same time. PGIM Custom Harvest may (but is not obligated to) combine or "batch" such orders to seek best execution, to negotiate more favorable commission rates, or to more efficiently communicate such transactions to the broker-dealer. This could result in differences in prices and commissions or other transaction costs from those that might have been obtained had such orders been placed independently. If purchases or sales of portfolio securities by client accounts at the same sponsor or broker-dealer custodian are executed at or about the same time, transactions in such securities will be allocated among the clients in a manner deemed equitable to all participating accounts by PGIM Custom Harvest.

Where PGIM Custom Harvest determines to aggregate orders for the purchase or sale of the same security for groups of clients at multiple sponsors and custodians and to place such aggregated orders with each sponsor or broker-dealer custodian, PGIM Custom Harvest seeks to transmit such aggregated orders to each sponsor and custodian in a manner that treats clients at the different sponsors and custodians fairly and equitably with respect to the timing of trade execution. In seeking to treat clients fairly and equitably, PGIM Custom Harvest's standard practice currently is to follow a "simultaneous dissemination" approach. However, with respect to one or more trades, PGIM Custom Harvest might choose to follow a trade rotation approach or such other approach as PGIM Custom Harvest determines is in the best interest of its clients and consistent with its fiduciary obligations.

Under a simultaneous dissemination approach, PGIM Custom Harvest seeks to transmit a trade to each sponsor and custodian at the same time. Under a trade rotation approach, PGIM Custom Harvest communicates a trade to each sponsor and custodian in a sequential manner and in accordance with trade rotation procedures designed to treat clients fairly and equitably in relation to one another. While PGIM Custom Harvest will seek to complete any trade rotation as promptly as practicable, a trade rotation approach could lead to greater differences in execution prices obtained for client accounts and greater performance dispersion across client accounts, and negatively impact PGIM Custom Harvest's ability to take full advantage of tax loss harvesting opportunities.

PGIM Custom Harvest's standard practice currently is to not aggregate or "batch" orders for the purchase or sale of the same securities for clients with different sponsors and broker-dealer custodians due to the considerations relating to "trading away" described above. However, PGIM

Custom Harvest reserves the ability to aggregate orders for the purchase or sale of the same securities for clients with different sponsors and custodians into a “block trade” in circumstances in which PGIM Custom Harvest believes that the benefits of doing so outweigh any incremental costs to clients associated with such trades. In addition to the incremental costs to clients associated with trading away, factors considered by PGIM Custom Harvest in deciding whether to aggregate trades for clients across different sponsors and custodians into a single “block trade” include the execution quality, liquidity and commissions rates that can be obtained from the executing broker or trading venue selected by PGIM Custom Harvest, the nature of the security being traded and market conditions. An aggregated order could cover client accounts at all sponsors and custodians or only clients at certain sponsors and custodians, as determined by PGIM Custom Harvest in its discretion and giving consideration to the factors noted above. If an aggregated order covers only clients at certain sponsors and custodians, PGIM Custom Harvest will communicate the aggregated order to the executing broker-dealer and orders to sponsors and custodians whose clients are not included in the aggregated order following either a simultaneous dissemination or trade rotation approach, as described above.

### Directed Brokerage

A client may direct PGIM Custom Harvest to use a particular broker or dealer to execute transactions for the client’s account. Any such direction is subject to acceptance or rejection by PGIM Custom Harvest in its sole discretion. In this circumstance, the client’s direction must be in written form authorizing PGIM Custom Harvest to execute all or certain transactions with the particular broker or dealer, and the client will provide PGIM Custom Harvest with a written acknowledgment that the client understands that: (A) in directing PGIM Custom Harvest to use a particular broker or dealer, PGIM Custom Harvest might not be in a position where it can freely negotiate commission rates or spreads, obtain volume discounts, or select brokers or dealers on the basis of best execution; (B) such directed brokerage transactions might not be commingled or “batched” for purposes of execution with orders for the same securities for other accounts managed by PGIM Custom Harvest; and (C) accordingly, the client’s direction of a particular broker or dealer to execute transactions for the account might result in higher commissions, greater spreads, or less favorable net prices than might be the case if PGIM Custom Harvest were empowered to freely negotiate commission rates or spreads, or to select brokers or dealers on the basis of best execution. In these circumstances, the client should recognize that a disparity in commission charges may exist among clients of PGIM Custom Harvest.

### Research and Other Soft Dollar Benefits

PGIM Custom Harvest does not utilize research, research related products or other brokerage services on a soft dollar commission basis.

### Trade Errors

Consistent with PGIM Custom Harvest’s fiduciary duties, contractual obligations, and applicable law, PGIM Custom Harvest has a responsibility to effect investment decisions correctly, promptly and in the interests of its clients and to verify that placed orders are correct and properly executed. Although PGIM Custom Harvest strives to assure proper execution of investment decisions, errors could occur in the trading process. Consequently, PGIM Custom Harvest has adopted a policy with

respect to the identification, escalation, and resolution of trade errors (the “Trade Error Policy”). The Trade Error Policy seeks to confirm that appropriate care is taken in implementing investment decisions on behalf of client accounts, any potential trade errors are identified and reported promptly to compliance, and each identified error is corrected on a timely basis. The Trade Error Policy generally applies only to the extent that PGIM Custom Harvest has control of resolving errors in client accounts. For many investment programs, the program sponsor maintains control over the resolution of errors on the part of participating managers.

### **Item 13 - Review of Accounts**

PGIM Custom Harvest employs its proprietary SmartCapture methodology to identify TLH opportunities within market sectors and countries/regions, as described in Item 8. PGIM Custom Harvest monitors client accounts on an intra-day basis. PGIM Custom Harvest typically does not seek to harvest tax losses in each market sector or country/region every day. Rather, PGIM Custom Harvest exercises its discretion to prioritize and pursue those tax loss opportunities that it believes will have a meaningful impact across client accounts. In addition, client accounts are reviewed on a periodic basis by the portfolio management team, supervised by the Chief Investment Officer.

Clients investing through financial intermediaries typically will be provided regular account statements or reports by their financial institutions. PGIM Custom Harvest will provide performance reports to financial intermediaries and direct clients upon request.

### **Item 14 - Client Referrals and Other Compensation**

PGIM Custom Harvest does not receive any direct compensation for providing investment advisory services to its clients other than the investment advisory fees received from its clients or program sponsors pursuant to investment advisory agreements. PGIM Custom Harvest’s supervised persons are permitted to receive meals, gifts and entertainment from the sponsors of ETFs that are held, or proposed to be held, in client accounts, subject to compliance with PGIM Custom Harvest’s gifts and entertainment policy. From time to time, ETF sponsors will provide marketing benefits to PGIM Custom Harvest, such as by hosting client events or sponsoring PGIM Custom Harvest’s participation in conferences. PGIM Custom Harvest has implemented policies and procedures to mitigate the risk that it or its supervised persons would select ETFs for client accounts based on the receipt of these benefits rather than based strictly on clients’ best interests. For example, PGIM Custom Harvest regularly screens available ETFs based on defined characteristics to support the selection of certain ETFs for client portfolios.

PGIM Custom Harvest might compensate its employees or third parties for client referrals. Any person receiving compensation will be appropriately registered as an investment adviser or investment adviser representative under the laws of any state requiring such persons who receive compensation for client referrals to be registered as such. If PGIM Custom Harvest provides compensation for client referrals, it will do so in compliance with applicable laws and regulations and internal policies.

In addition, PGIM Custom Harvest and its affiliates might make payments for marketing, promotional and related expenses and provide related benefits to intermediary firms and their personnel that recommend or offer PGIM Custom Harvest’s services. If PGIM Custom Harvest or

its affiliates make such payments or provide such benefits, they will do so in compliance with applicable laws and regulations and internal policies.

### **Item 15 – Custody**

PGIM Custom Harvest does not maintain custody of the securities or ETFs in its clients' accounts. A client that contracts directly with PGIM Custom Harvest may authorize PGIM Custom Harvest to directly debit fees from their account held at the custodian for credit to PGIM Custom Harvest subject to applicable regulations. Under this circumstance, PGIM Custom Harvest is deemed to have custody of client assets. Clients should receive statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. PGIM Custom Harvest urges its clients to carefully review such statements.

### **Item 16 - Investment Discretion**

PGIM Custom Harvest usually receives discretionary authority from a client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In the case of direct clients of PGIM Custom Harvest, the grant of discretionary authority is provided for in the investment advisory contract that PGIM Custom Harvest asks each client to sign in order to establish the investment adviser relationship. In the case of managed account programs where PGIM Custom Harvest provides discretionary advisory services pursuant to an agreement with the program sponsor or another investment adviser but does not contract directly with the client, the grant of discretionary authority typically is provided for in the investment advisory or similar agreement between PGIM Custom Harvest and the program sponsor or investment adviser. PGIM Custom Harvest intends to exercise discretion over each client account in a manner that is consistent with the investment objectives of such account.

When exercising investment discretion over client accounts, PGIM Custom Harvest observes the client's reasonable investment policies, limitations, and restrictions. Investment guidelines, limitations and restrictions must be provided to PGIM Custom Harvest in writing and accepted by PGIM Custom Harvest.

### **Item 17 - Voting Client Securities**

PGIM Custom Harvest will accept a clear delegation of authority to vote proxies with respect to securities over which it has investment discretion. PGIM Custom Harvest will not accept or exercise proxy voting authority with respect to legacy security positions in an account receiving Transition Plus services, as described in Item 8.

Instead of delegating proxy voting authority to PGIM Custom Harvest, a client may rely on the client's primary investment adviser or the client's sponsor or custodian to vote proxies, or the client may elect to receive proxies from their sponsor or custodian and to vote such proxies on its own. Where the client chooses to vote proxies on its own, the client typically will receive proxies and other related solicitation materials for securities in their accounts from the custodian. PGIM Custom Harvest will not provide advice or recommendations to the client with respect to such proxy solicitations.

PGIM Custom Harvest has adopted proxy voting policies and procedures designed to implement

its duty to vote proxies in the best interests of any client account for which PGIM Custom Harvest has proxy voting authority.

For routine proposals that will not materially change the strategy, structure, bylaws or operations of an ETF or other issuer, PGIM Custom Harvest's general policy is to support management; however, each proposal will be considered individually focusing on the financial interests of client accounts.

Non-routine proposals, such as board elections, advisory contract and distribution plan approvals, and mergers, will generally be reviewed on a case-by-case basis with PGIM Custom Harvest first and foremost considering the effect of the proposal on client accounts.

When PGIM Custom Harvest or one of its employees also invests in a security alongside a client, PGIM Custom Harvest's or the employee's interests could be conflicted with the client's interests in deciding how to vote a proxy proposal for that security. To avoid the appearance of a conflict of interest in these cases, PGIM Custom Harvest will either vote the proposal in accordance with the recommendation of the issuer's board of directors or will seek a consensus among PGIM Custom Harvest's CEO and portfolio managers before voting against the board's recommendation. If other potential conflicts of interest are identified when voting a proxy, PGIM Custom Harvest will follow this same procedure.

A copy of PGIM Custom Harvest's proxy voting policies and procedures is available upon request using the contact information located on the first page of this Brochure. A client may also contact PGIM Custom Harvest to receive a detailed record of any proxies voted on its behalf.

### **Item 18 - Financial Information**

A balance sheet is not required to be provided because PGIM Custom Harvest does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

As of the date of this Brochure, PGIM Custom Harvest has no financial commitment that impairs its ability to meet contractual commitments to clients, and PGIM Custom Harvest has not been the subject of a bankruptcy proceeding.

## II. Form ADV, Part 2B Portfolio Manager Supplements

Robert C. Holderith

**PGIM Custom Harvest LLC  
655 Broad Street  
Newark, New Jersey 07102  
888-794-2783  
March 27, 2023**

**This Brochure Supplement provides information about Robert C. Holderith that supplements the PGIM Custom Harvest LLC Brochure. You should have received a copy of that Brochure. Please contact us at (888) 794-2783 if you did not receive the Brochure or if you have any questions about the contents of this Supplement.**

### **Item 2 - Educational Background and Business Experience**

**Robert C. Holderith** (born 1960) is Vice President and Head of PGIM Custom Harvest. Mr. Holderith has been with PGIM Custom Harvest (and its predecessor company formerly known as Green Harvest Asset Management LLC) since founding it in 2017. Mr. Holderith is responsible for determining the general investment advice to be given to clients. Prior to founding PGIM Custom Harvest, Mr. Holderith was a Managing Member and President of Emerging Global Advisors, LLC, and a Trustee and President of EGA Emerging Global Shares Trust and a portfolio manager for the series of EGA Emerging Global Shares Trust. Mr. Holderith was previously a Managing Director at ProFund Advisors and a senior member of UBS's wealth management team, where he helped develop the firm's first ETF models and an advisory ETF Portfolio Management platform.

### **Item 3 - Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. We have no facts or events to report in response to this Item.

### **Item 4 - Other Business Activities**

If a supervised person is actively engaged in any other investment-related business or occupation, we are required to disclose this fact and describe the business relationship, if any, between our advisory business and the other business, and if that creates a material conflict of interest with clients, describe the nature of the conflict and how we address it. Also, if a supervised person receives compensation based on sales of securities or other investment products, we must make disclosures and explain resulting incentives. We have no information to report in response to this Item.

### **Item 5 - Additional Compensation**

If someone who is not our client provides an economic benefit to our supervised person for providing advisory services, we are required to describe the arrangement. Economic benefits include sales awards or other prizes or a bonus that is based at least in part on the number or

amount of sales, client referrals or new accounts. We have no information to report in response to this Item.

#### **Item 6 - Supervision**

Robert C. Holderith reports to Joel Sauber, Executive Vice President of PGIM Custom Harvest. Mr. Sauber's telephone number is 973-367-6012.

Mr. Holderith oversees the personnel who manage the day-to-day operations of PGIM Custom Harvest and execution of the firm's investment strategies.

Mr. Sauber is kept up to date on the activities of Mr. Holderith through meetings with and reports provided by Mr. Holderith. Mr. Sauber provides input to and requests additional information from Mr. Holderith as he deems appropriate.



Jeffrey J. Conway

**PGIM Custom Harvest LLC  
655 Broad Street  
Newark, New Jersey 07102  
888-794-2783  
March 27, 2023**

**This Brochure Supplement provides information about Jeffrey J. Conway that supplements the PGIM Custom Harvest LLC Brochure. You should have received a copy of that Brochure. Please contact us at (888) 794-2783 if you did not receive the Brochure or if you have any questions about the contents of this Supplement.**

#### **Item 2 - Educational Background and Business Experience**

**Jeffrey J. Conway** (born 1970) is the Chief Investment Officer of PGIM Custom Harvest. Mr. Conway previously served in the same capacity at PGIM Custom Harvest's predecessor firm, Green Harvest Asset Management LLC. Prior to his current position, Mr. Conway served in a leadership capacity at Rye Global Advisors, LLC. Previously, he held executive director positions at UBS Securities and Morgan Stanley's institutional equity division. Mr. Conway earned a B.A. in Economics from the University of New Hampshire and an MBA with a concentration in Financial Engineering from the Massachusetts Institute of Technology. He is a CFA® charterholder.

#### **Item 3 - Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. We have no facts or events to report in response to this Item.

#### **Item 4 - Other Business Activities**

If a supervised person is actively engaged in any other investment-related business or occupation, we are required to disclose this fact and describe the business relationship, if any, between our advisory business and the other business, and if that creates a material conflict of interest with clients, describe the nature of the conflict and how we address it. Also, if a supervised person receives compensation based on sales of securities or other investment products, we must make disclosures and explain resulting incentives. We have no information to report in response to this item.

#### **Item 5 - Additional Compensation**

If someone who is not our client provides an economic benefit to our supervised person for providing advisory services, we are required to describe the arrangement. Economic benefits include sales awards or other prizes or a bonus that is based at least in part on the number or amount of sales, client referrals or new accounts. We have no information to report in response

to this item.

#### **Item 6 - Supervision**

Jeffrey J. Conway reports to Lisa Hanes, Chief Operating Officer of PGIM Custom Harvest. Ms. Hanes' telephone number is 973-802-8580.

Mr. Conway is responsible for investment strategy and portfolio management activities for PGIM Custom Harvest.

Ms. Hanes is kept up to date on the activities of Mr. Conway through meetings with and reports provided by Mr. Conway. Ms. Hanes provides input to and requests additional information from Mr. Conway as she deems appropriate.

### III. Privacy Notice

# Privacy Notice

Prudential values your business and your trust. We respect the privacy of your personal information and take our responsibility to protect it seriously. This privacy notice is provided on behalf of the Prudential companies listed at the end of this notice and applies to our current and former customers. **This notice describes how we treat the information we receive about you, including the ways in which we will share your personal information within Prudential and your right to opt out of such sharing.**

## Protecting Your Personal Information

We maintain physical, electronic, and procedural safeguards to protect your personal information. The people authorized to access your personal information need it to do their jobs, and we require that they keep your information secure and confidential.

## Personal Information We Collect

We collect your personal information from you, such as when you fill out applications and other forms, when you visit or enter personal details on our websites, when you respond to our emails, and when you provide information over the telephone. We also collect personal information about you that others give to us. Collectively, this personal information includes, for example:

- Name
- address, email address, telephone number, and other contact information
- employment and occupation, demographic, income, and financial information
- Social Security number
- transaction history
- medical information for insurance applications
- consumer reports from consumer reporting agencies
- participant information from organizations that purchase products or services from us for the benefit of their members or employees
- video and audio recordings, and biometric data
- information gathered from your internet or network activity

## Using Your Information

We use your personal information for various business purposes, including:

- normal everyday business purposes, such as providing services to you and administering your account or policy
- business research and analysis
- data analytics, modeling, and the deployment of automated tools
- marketing products and services of Prudential and other companies that may interest you
- detecting and preventing identity theft, fraud, or misuse of your accounts
- as required by law

## Sharing Your Information

We may share your personal information, including information about your transactions and experiences, among Prudential companies and with other non-Prudential companies who perform services for us or on our behalf, for our everyday business purposes, such as providing services to you, administering your account or policy. We may also share your personal information with another financial institution if you agree that your account or policy can be transferred to that financial company.

We may share your personal information among Prudential companies so that the Prudential companies can market their products and services to you. We may also share consumer report information among Prudential companies which may include information about you from credit reports and certain information that we receive from you and from consumer reporting agencies or other third parties. You can limit this sharing by following the instructions described in this notice. For those customers who have one of our products through a plan sponsored by an employer or other organization, we will share your personal information in a manner consistent with the terms of the plan agreement or consistent with our agreement with you.

We may also share your personal information as permitted or required by law, including, for example, to law enforcement officials and regulators, in response to subpoenas, and to prevent fraud.

Unless you agree otherwise, we do not share your personal information with non-Prudential companies for them to market their products or services to you. We may tell you about a product or service that other companies offer and, if you respond, that company will know that we selected you to receive the information.

### **Limiting Our Sharing – Opt Out/Privacy Choice**

You may tell us not to share your personal information among Prudential companies for marketing purposes, and not to share consumer report information among Prudential companies, by “opting out” of such sharing. To limit our sharing for these purposes:

- visit us online at: <https://www.prudential.com/links/privacy-center>
- call us at: 1-877-248-4019

**If you previously told us since 2016 not to share your personal information among Prudential companies for marketing purposes, or not to share your consumer report information among Prudential companies, you do not need to tell us not to share your information again.**

You are not able to limit our ability to share your personal information among Prudential companies and with other non-Prudential companies for servicing and administration purposes.

### **Questions**

If you have any questions about how we protect, use, and share your personal information or about this privacy notice, please call us. The toll-free number is 1-877-248-4019.

We reserve the right to modify this notice at any time. This notice is also available anytime at [www.prudential.com](http://www.prudential.com).

This notice is being provided to customers and former customers of the Prudential companies listed below.

#### Insurance Companies and Insurance Company Separate Accounts

The Prudential Insurance Company of America; Pruco Life Insurance Company; Pruco Life Insurance Company of New Jersey; Prudential Legacy Insurance Company of New Jersey; Insurance company separate accounts that include the following names or are otherwise identified as maintained by an entity that includes the following names: Prudential or Pruco (except for insurance company separate accounts sponsored by Prudential Retirement Insurance and Annuity Company (PRIAC), which were transferred to Empower as part of the sale of PRIAC to Empower Annuity Insurance Company of America and are no longer affiliated with Prudential)

#### Insurance Agencies

Prudential Insurance Agency, LLC; Assurance IQ, LLC

#### Broker-Dealers and Registered Investment Advisers

AST Investment Services, Inc.; Prudential Annuities Distributors, Inc.; Pruco Securities, LLC; PGIM, Inc.; Prudential Investment Management Services LLC; PGIM Investments LLC; PGIM Private Placement Investors, L.P.; Prudential Select Strategies LLC; PGIM Quantitative Solutions LLC; Jennison Associates LLC; PGIM Custom Harvest LLC

#### Bank and Trust Companies

Prudential Trust Company

#### Investment Companies and Other Investment Vehicles

PGIM Funds; Prudential Insurance Funds; All funds that include the following names: Prudential, PCP, PGIM, PEP, PCEP, or PSLO

#### Other Companies

Prudential Workplace Solutions Group Services, LLC; Prudential Mutual Fund Services LLC

**Vermont Residents:** We will not share information about your creditworthiness among Prudential companies, other than as permitted by Vermont law, unless you authorize us to make those disclosures.



#### IV. Proxy Voting Policy

# PROXY VOTING POLICY AND PROCEDURES

Most Recently Revised: July 7, 2022

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## *Background*

Rule 206(4)-6 under the Advisers Act requires each registered investment adviser that exercises proxy voting authority with respect to client securities to:

- Adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes client securities in the clients' best interests. Such policies and procedures must address the manner in which the adviser will resolve material conflicts of interest that can arise during the proxy voting process;
- Disclose to clients how they may obtain information from the adviser about how the adviser voted with respect to their securities; and
- Describe to clients the adviser's proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures.

Additionally, paragraph (c)(2) of Rule 204-2 imposes additional recordkeeping requirements on investment advisers that execute proxy voting authority.

## *Policies and Procedures*

Proxy voting is an important component of investment management and must be performed in a dutiful and purposeful fashion in order to secure the best long-term interests of clients who have delegated voting authority to Custom Harvest. Therefore, these Proxy Voting Policy and Procedures have been adopted by Custom Harvest.

Because Custom Harvest exclusively purchases ETFs on behalf of clients, the policies and procedures set forth below set forth typical ETF voting matters to direct its votes on behalf of clients.

### **Policies**

**1. Routine Proposals** - Routine proxy proposals are most commonly defined as those that do not change the structure, bylaws, or operations of the ETF to the detriment of its shareholders. These proposals are consistent with industry standards as well as the corporate laws in the state of organization. Custom Harvest's policy is to **support** management on these routine proposals, but care must be exercised that each vote is weighed on its own merits. All situations will be viewed individually and independently with the focus on the financial interest of the client.

**2. Non-routine proposals** - Issues in this category are more likely to affect the structure and operation of the ETF, and therefore have a greater impact on the value of the shareholders' investment. All situations will be viewed individually and independently with the focus on the financial interest of the client.

Various factors will contribute to the decision-making process assessing the financial interest of the client. However, consideration should be given first and foremost to the ETF's board of trustees. The board of trustees oversees the management of the ETF, makes decisions on the most important issues and is a

representative of the shareholders. To the degree that the board is independent, support generally should be for the board's recommendations. However, all situations will be reviewed on a case-by-case basis.

Management's record, strategy and tenure will contribute to the decision-making process. The tendency will be to side with management if, in the past, it has shown the ability to maximize shareholder wealth over the long term. Again, we emphasize that management will not be judged on a quarter-by-quarter basis but judged on decisions that are consistent with the long-term interests of the shareholders of the ETF.

Finally, decisions on non-routine proposals may be based on the sponsor of the proposal, percentage of ownership in the ETF and/or other relevant factors. Again, all situations will be reviewed on a case-by-case basis with the focus on the financial interest of the client.

The following are some specific non-routine voting matters that might directly impact the financial interest of a client.

#### **A. Board of Trustees**

**a. Uncontested elections** - will be evaluated on a case-by-case basis; however, Custom Harvest will generally **support** candidates in uncontested elections, particularly if the candidate was nominated by the independent directors and is not an "interested person" of the ETF, as defined in the Investment Company Act of 1940.

**b. Contested elections** - will be evaluated on a **case-by-case** basis. Both slates of candidates will be evaluated based on a thorough analysis of each contesting side. Custom Harvest will in part consider the board's proportion of independent directors and how each candidate would affect this proportion if elected.

**c. Board diversity (inclusiveness)** - Proponents argue that greater efforts should be made in seeking qualified women and minority candidates for directors' seats to increase their representation on ETF boards. Opponents contend that it is the duty of all directors to serve all the ETF's shareholders. All situations regarding board diversity will be evaluated on a **case-by-case** basis and will consider the availability of qualified women and minorities.

**d. Minimum director ETF ownership** - Proponents contend that a director's interests will be more aligned with shareholders if the director has a personal stake in the ETF. Opponents contend that minimum ETF ownership requirements will restrict the search to qualified, wealthy board candidates. This could eliminate less-than-wealthy candidates who may not be able to meet the minimum investment. All situations regarding minimum director ETF ownership will be evaluated on a **case-by-case** basis.

#### **B. ETF Contracts and Policies**

**a. Investment Advisory Contracts** - All proposals regarding new investment advisory/sub-advisory contracts or amendments to existing contracts will be reviewed on a **case-by-case** basis. Due to the complex and varied nature of these proposals, the principal emphasis will be on the financial ramifications of the proposal for the ETF's shareholders and particularly, the client.

**b. Fundamental Objectives / Policies** - All proposals regarding the fundamental investment objectives or policies of an ETF will be reviewed on a **case-by-case** basis. Due to the complex and varied nature of these proposals, the principal emphasis will be on the financial ramifications of the proposal for the ETF's shareholders and particularly, the client.



**C. ETF Mergers and Other Restructurings** - These transactions involve fundamental changes in the structure and allocation of an ETF's assets. Financial considerations are foremost in these transactions, but an offer can be rejected if it is believed that the long-term interests of the shareholders will be best served by the company continuing as is. All situations regarding mergers or restructurings will be reviewed on a **case-by-case** basis. Due to the complexity and company-specific nature of these proposals, the principal emphasis will be on the financial ramifications of the proposal for the client.

**D. Shareholder Proposals** - Custom Harvest will review and vote on shareholder proposals on a **case-by-case** basis. Custom Harvest will support shareholder proposals if the requested action would increase shareholder value, mitigate risk or enhance shareholder rights but generally would recommend voting against those that would not ultimately impact performance.

3. **Other Business** – Custom Harvest will **support** management with respect to “Other Business.”

All other issues will be decided on a **case-by-case** basis. As with other non-routine proposals, decisions will be based primarily on management's and the board's responsiveness to enhancing shareholder wealth.

### **Procedures**

1. **Voting** - Items to be evaluated on a case-by-case basis and proposals not contemplated in the Policies set forth above will be assessed by Custom Harvest. In these situations, Custom Harvest will use its judgment to vote in the best interest of the client and will implement changes to the Policies when appropriate. For all proposals, especially controversial or case-by-case evaluations, Custom Harvest will be responsible for individually identifying significant issues that could impact the investment performance of the client.

2. **Conflicts of Interest** – Custom Harvest and its employees may invest alongside clients in ETFs. Although interests are significantly aligned when Custom Harvest and clients are both shareholders of an ETF, Custom Harvest is sensitive to the fact that Custom Harvest or a particular employee may from time to time have a differing interest than a client. To address these potential conflicts, proxies involving an ETF that is owned by both Custom Harvest or an employee and a client will either be voted: a) in accordance with the ETF board's recommendation or b) based on consensus agreement among Custom Harvest's Proxy Voting Committee and Portfolio Managers to reject the board's recommendation. If other potential conflicts of interest become apparent to Custom Harvest when voting a proxy for a client, Custom Harvest will follow the same procedure.

### **Recordkeeping**

Records pertaining to all votes cast by Custom Harvest will be maintained for a period of at least five years (two years in its office). Such documentation will include a) a copy of the proxy statement; b) Custom Harvest's recommendations along with pertinent supporting comments, letters and research; c) the Policy; d) the final vote cast by Custom Harvest on behalf of the client; e) a record of all votes that represented a material conflict of interest and how this conflict was addressed; f) A record of any votes cast in contravention to the proxy voting guidelines set forth in this policy, along with the rationale and the approval of the Proxy Voting Committee; and g) Agenda of Proxy Voting Committee meetings with supporting documentation.. In addition, Custom Harvest will maintain records of correspondence with its clients regarding the Policy or proxy voting record.