
Important Information Regarding “Trading Away” Practices

This document provides information about the trading practices of third-party investment managers that are available through the Unified Managed Account Wrap Fee Program (“PruUMA”), and of Envestnet Asset Management, Inc. (“Envestnet”) as a platform provider to Pruco (each a “Manager” and together, the “Managers”). Third-party investment managers provide trading services under their trading discretion authority in connection with PruUMA. Envestnet provides trading services under its limited discretionary authority in connection with the PruChoice Wrap Fee program (“PruChoice”), the PruStrategist Portfolios® program (“PSP”), and Unified Managed Account Wrap Fee Program (“PruUMA”). This document describes the potential trading costs that clients or prospective wrap fee clients (“clients”, “you” or “your”) incur when Managers do not direct trades for execution through Pruco Securities, LLC (“Pruco”), a practice known as “trading away.” Please review this information carefully to better understand the trading methods employed by the Managers available through the Programs.

Pruco provides investment advisory programs and services under the marketing name of Prudential Financial Planning Services (“PFPS”). In this document, PFPS is used to refer to the Program-related services that Pruco offers in its capacity as an investment adviser, and Pruco is used to refer to the brokerage account-related services that Pruco provides in its capacity as a broker-dealer in relation to the brokerage account that you open to participate in a Program.

Best Execution Obligation

Managers that manage client accounts under a Program have investment discretion over your account, which allows them to decide which securities to buy and sell for your account and to select the broker-dealers that will execute trade orders for your account. Additionally, by signing a program agreement to participate in a Program, you authorize Managers to buy or sell securities, in some instances under an applicable Program, for your account and select the broker-dealers other than Pruco to execute trade orders. As an investment adviser, Managers have an obligation to seek “best execution” when negotiating transactions for client accounts. “Best execution” means that the Manager must place client trade orders with those broker-dealers that it believes are capable of providing the best qualitative execution of client trade orders under the circumstances. When a Manager chooses to place a trade with Pruco, Pruco will act in its capacity as broker-dealer to execute the trade through National Financial Services, LLC (“NFS”).

In complying with its best execution obligation, a Manager may take into account a full range of factors that reflect on the quality of the trade execution of the broker-dealer. The Manager may consider, among others, the value of the research provided (if any); the broker-dealer’s execution capabilities; the nature of the security, and size and type of transaction; the nature and character of relevant markets; the cost of the trade; the broker-dealer’s financial responsibility; and the importance of speed, knowledge, efficiency, consistency and anonymity provided by the executing broker. Additional trading costs associated with “trading away,” as described below, may be one of several factors that a Manager may assess when fulfilling its best execution obligation. A Manager’s best execution obligation does not require the Manager to solicit competitive bids for each transaction or to seek the lowest available price. Further, each Manager may consider different factors, or place different emphasis on the factors it uses, when meeting its best execution obligation.

Trading Away and Step-Out Trades

When participating in a Program, clients pay a single wrap fee (“Program Fee”) for the investment advisory services offered through a Program, the execution of transactions through Pruco in its capacity as broker-dealer, and other administrative and custodial services. You will not pay any additional trading costs when a Manager executes trade orders in your account through Pruco. Because the Program Fee covers all execution costs for transactions that Pruco executes for a Managers through NFS, and because you generally would incur trading costs in addition to the Program Fee for trade orders that are executed by another broker-dealer firm, Managers may determine that placing trade orders for your account with Pruco is the most favorable option for your account.

However, Managers may choose to execute trades with a broker-dealer other than Pruco if the Manager reasonably believes that another broker-dealer can obtain more favorable execution under the circumstances. This practice is known as “trading away,” and transactions that are executed away from the broker-dealer of a wrap program sponsor such as Pruco are referred to as “step-out” trades. For the Programs, step-out trades are executed at another broker-dealer and cleared and settled in your custodial account held at NFS through Pruco. You should be aware that if a Manager does execute trades with a broker-dealer other than Pruco, in many cases the executing broker-dealer will assess a commission or other charges to the transaction for which you will be responsible. These additional expenses will not be covered by, and will be in addition to, the Program Fee. The additional expenses charged by the broker-dealer executing the transaction may include commissions, mark-ups, mark-downs or “spreads” paid to market makers. Additionally, if a foreign currency transaction is required, a foreign broker-dealer may receive compensation in the form of a dealer spread, mark-up or mark-down. There may be other exchange or similar fees, including but not limited to foreign ordinary conversion and creation of American Depositary Receipts (“ADRs”) charged by third parties as well as foreign tax charges. In many cases, the commission, mark-up, mark-down or other additional expenses charged by the executing broker-dealer will be embedded in the purchase or sale price of such transactions, as reflected on your Pruco trade confirmations and brokerage account statements.

You should be aware that some Managers have historically executed nearly all client trades for certain investment strategies with broker-dealer firms other than Pruco. In particular, Managers that specialize in fixed-income, international growth, real estate investment trust (“REIT”), American depository receipt (“ADR”) and American depository share (“ADS”) investment strategies are more likely to execute trades away from Pruco due to market dynamics, liquidity, exchange availability, institution specialty or other factors the Manager deems relevant in satisfying its best execution obligation. As a result, these Managers and investment strategies are likely to be more costly to you than Managers that primarily place client trade orders with Pruco for execution.

You should review a Manager’s Form ADV Part 2A Brochure, inquire about the Manager’s trading practices, and refer to the information below regarding each Manager’s trading practices before choosing to invest in a Program or selecting any Manager. Additionally, you should review PFPS’s Form ADV Part 2A, Appendix I for the applicable Program.

Trade Aggregation and Rotation Practices

Managers may participate in other wrap fee programs sponsored by firms other than PFPS and may also manage institutional and other separately managed accounts not part of a wrap fee program. In certain instances, a Manager may determine that the purchase or sale of a particular security is appropriate for more than one client account. To avoid buying or selling the same security for all client accounts through multiple broker-dealers, the Manager may aggregate all such client transactions into one or more “block trades” that are executed through one broker-dealer. This practice is intended to allow a Manager to obtain more favorable execution, including a more advantageous net price, than would otherwise be available if orders were not aggregated. It also assists the Manager in potentially avoiding an adverse effect on the price of the security that could result from simultaneously placing a number of separate, successive or competing client orders. In many cases aggregating client transactions results in a Manager “trading away” from Pruco, as described previously.

Further, some Managers use a trade rotation process where one group of the Manager’s clients has a transaction effected in a particular security before or after another group of clients. Managers that implement their client trades using a trade rotation process do so in order to minimize the market impact of transacting in a particular security. A Manager’s trade rotation practices may result in a transaction being effected for your account near or at the end of the Manager’s rotation, which can result in your account bearing the market price impact, if any, of those trades executed for the Manager’s other clients earlier in the rotation. This may result in your receiving a less favorable net price for the trade. However, the Manager’s trade rotation policies are typically designed to ensure clients are treated equitably and fairly over time. Additional information regarding a particular Manager’s trade rotation policies, if any, is available in the Manager’s Form ADV Part 2A Brochure.

Information on Trading Away in PFPS-Sponsored Programs

Below is a list of Managers participating in the Programs that have informed Pruco that they exercised their discretionary authority to trade away from Pruco between January 2023 and December 2023. The table below uses data supplied to Pruco by each Manager for this period and reflects the dollar-weighted frequency of trades executed by each Manager in its available strategies at another broker-dealer. The average additional cost that clients incurred on a per trade/share basis is also represented.

The information presented below is based solely on information that has been provided to PFPS by each Manager. PFPS has not independently verified any of the information provided by the Managers, including the frequency, timing, and cost data associated with trading activity that they have reported. Please note that this information reflects historical data and may not be indicative of the current frequency with which Managers may trade away, or the related costs of such trades. A Manager's past trading away practices is not a guarantee that such Manager will follow the same practice in the future. All Managers have discretion to trade away from Pruco unless otherwise specifically noted in the relevant Program agreement. It is possible that Managers not listed below will trade away from Pruco in the future or that Managers listed below will trade away more frequently or at a higher cost to clients. Thus, a client's trading costs relating to step-out trades could be greater than shown below.

Clients should contact their PFPS financial advisor to obtain additional information about a Manager's trading away practices. The information below is current as of the date shown. Also, this document, including the grid below, may be updated by PFPS from time to time without notice to you. For the latest copy of this disclosure, including Manager trading away frequency and cost, please contact your PFPS financial advisor or PFPS at 1- 800-235-7637.

PFPS Advisory Programs – Trading Away Activity (January 2023 to December 2023)		
Manager Name and Strategy	Dollar-Weighted Percentage of Trading Away Activity	Average Additional Costs Incurred by Clients Due to Trading Away Activity
Alliance Bernstein		
US Large Cap Growth Managed Account	No Trading Away Activity	Not Applicable
Anchor		
All Cap Value Wrap Managed Account	No Trading Away Activity	Not Applicable
Baird		
MidCap Growth Managed Account	No Trading Away Activity	Not Applicable
Boston Common		
International Equity SRI Managed Account	No Trading Away Activity	Not Applicable
Brown Advisory		
U.S. Large-Cap Growth Equity Managed Account	No Trading Away Activity	Not Applicable
Chartwell		
Small Cap Value Managed Account	No Trading Away Activity	Not Applicable

ClearBridge		
International Growth ADR ESG Portfolios	No Trading Away Activity	Not Applicable
International Growth ADR Portfolios	No Trading Away Activity	Not Applicable
Large Cap Growth ESG Portfolios	No Trading Away Activity	Not Applicable
Large Cap Value Portfolios	No Trading Away Activity	Not Applicable
Columbia		
Dividend Income Managed Account	No Trading Away Activity	Not Applicable
Congress		
Mid Cap Growth Managed Account	No Trading Away Activity	Not Applicable
Copeland		
Small Cap Dividend Growth Managed Account	No Trading Away Activity	Not Applicable
Delaware		
Large Cap Value Managed Account	No Trading Away Activity	Not Applicable
Kayne Anderson Rudnick		
Small Cap Quality Value Managed Account	No Trading Away Activity	Not Applicable
Lazard		
U.S. Equity Select Managed Account	No Trading Away Activity	Not Applicable
Logan		
Dividend Performers Managed Account	No Trading Away Activity	Not Applicable
Martin Currie		
Emerging Markets Portfolios Managed Account	No Trading Away Activity	Not Applicable
Neuberger Berman		
International ADR Mdg Acct	No Trading Away Activity	Not Applicable
Polen Capital		
Focus Growth Managed Account	No Trading Away Activity	Not Applicable

Raub Brook		
Dividend Growth Managed Account	No Trading Away Activity	Not Applicable
Riverbridge		
All Cap Growth Managed Account	No Trading Away Activity	Not Applicable
Templeton		
International ADR Equity Portfolios	No Trading Away Activity	Not Applicable
The London Company		
Small Cap Core Managed Account	No Trading Away Activity	Not Applicable
SMD Managed Account	No Trading Away Activity	Not Applicable
Trillium		
ESG Core Equity	No Trading Away Activity	Not Applicable
WCM		
Focused Growth International Managed Account	No Trading Away Activity	Not Applicable
Envestnet ⁽¹⁾		
Equity	13.98% all strategies (In aggregate)	Commissions: \$0.00028 cps to \$0.11 cps
Fixed Income		Mark-up/downs: \$0.00 to \$583.00 per bond

⁽¹⁾ Envestnet provides trading services under its limited discretionary authority in connection with PruChoice, PSP, and PruUMA. Envestnet may place trades in accordance with its authority as summarized in this document but explained in greater detail in the Program Agreement. You should review Envestnet's Form ADV Part 2A to understand the circumstances under which Envestnet will place trades for execution in your account and how Envestnet selects the executing broker-dealer(s). Illustrated percentages represent the trade volume weighted percentage of trading away activity against the overall number of trades processed by Envestnet for the programs. Data for average additional costs is for January 2023 to December 2023 only.

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