Form ADV Part 2A

Firm Brochure

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This brochure provides information about the qualifications and business practices of Brown Advisory LLC. If you have any questions about the contents of this brochure, please contact us at 410-537-5400 and/or compliancegroup@brownadvisory.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Brown Advisory LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

We are a registered investment adviser with the U.S. Securities and Exchange Commission. The use of the terms "registered investment adviser" or "registered" by us does not imply by itself any level of skill or training. The oral and written communications we provide to you, including this brochure, is information you can use to evaluate us (and other advisers), which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

ITEM 2 MATERIAL CHANGES

This brochure is the annual updating amendment to the prior brochure dated March 29, 2019. There have been no material changes from the last update to the brochure. However, this brochure contains updated and expanded disclosures in the following areas:

- Item 4 – Advisory Business
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss
- Item 10- Other Financial Industry Activities and Affiliations
- Item 14 - Client Referrals and Other Compensation

Clients may request a copy of the Form ADV Part 2A at any time without charge by sending a written request to our Chief Compliance Officer at our Baltimore address or by e-mail to compliancegroup@brownadvisory.com.

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ITEM 4 ADVISORY BUSINESS

GENERAL DESCRIPTION OF BROWN ADVISORY

Brown Advisory LLC ("Brown Advisory", "the firm", or "we") provides investment management services to individuals, institutions, investment companies, high net worth individuals and families, endowments, foundations, other charitable organizations, public/government-related clients, pension and profit-sharing plans, insurance companies, corporations, individual retirement plans, trusts, estates, and other taxable individual plans. We provide active equity, active fixed income and balanced portfolio investment strategies. We also provide strategic advisory services to certain high net worth clients. We are registered with the Securities and Exchange Commission ("SEC") as an investment adviser. These values do not include client assets under management or advisement by any of our affiliated firms, including Brown Investment Advisory & Trust Company, Brown Advisory Trust Company of Delaware, LLC, Brown Advisory Securities, LLC, Brown Advisory Limited, Brown Advisory Investment Solutions Group LLC, NextGen Venture Partners, LLC ("NextGen"), Meritage Capital, LLC, and Signature Financial Management, Inc. (doing business as Signature Family Wealth Advisors).

Brown Advisory was launched in 1993 as an investment management division of Alex. Brown & Sons. Alex. Brown & Sons was a Baltimore-based investment bank founded in 1800. In 1998, Brown Advisory became independently owned through an employee-led buyout.

We are a wholly owned subsidiary of Brown Advisory Management LLC ("BAM"). Brown Advisory's controlling entity is Brown Advisory Incorporated ("BAI"), which is organized as a Maryland corporation. BAI is the managing member of BAM.

DESCRIPTION OF ADVISORY SERVICES

Typically, when providing investment management services we have full discretion to select securities to buy and sell for a client's account. However, from time to time clients may impose reasonable restrictions, limitations or other requirements with respect to their individual accounts. Any limitations on our discretionary authority to manage securities accounts on behalf of clients would be initiated and imposed by the client. Typically, we will work with a client to accommodate investment guidelines and restrictions so long as they do not interfere materially with a portfolio manager's ability to implement the investment and portfolio construction process.

Our equity investment strategies generally seek to provide clients with long-term capital appreciation by actively selecting securities for investment in concentrated portfolios. For each of our equity strategies, we employ the same investment process and methods of analysis. What differentiates our equity strategies from each other are (1) the market capitalization range of each strategy's portfolio holdings, (2) the geographic focus of each strategy, and (3) the underlying style of each strategy (i.e. growth, value, opportunistic, income or consideration of environmental, social and governance ("ESG) criteria). In addition to our internally managed equity strategies, we offer several sub-advised strategies to our clients through U.S.-registered open-ended mutual funds. Our fixed income process seeks bonds with capital appreciation potential that is not related to the general movement of interest rates. This philosophy is applied to our long-only fixed income strategies within the context of maintaining a core stability of principal value. What differentiates each of our long-only strategies is the maturity or duration band in which each strategy operates, the allowance of below investment-grade bonds, the focus on taxable or tax-exempt bonds, and consideration of ESG criteria. Our Strategic Bond Strategy uses fundamental, bottom-up research and proprietary risk-pricing to make allocations to various fixed income sectors. This strategy aims to earn a return without reliance on the direction of interest rates.

Both our equity and fixed income investment strategies employ a bottom-up, fundamental research approach in their security selection process. Our strategies strive to outperform their respective benchmarks over the long term.

We offer the following equity investment strategies:

- Large-Cap Growth — invests primarily in the common stock of domestic, predominantly large market capitalization companies (typically greater than $2 billion at the time of purchase) that we believe have prospects for above-average, sustainable earnings growth.
- Flexible Equity — invests primarily in the common stock of predominately large market capitalization companies (typically greater than $2 billion at the time of purchase) that we believe are value-creating businesses trading at discounts to their intrinsic worth. This strategy may invest up to 20% of assets in fixed income securities.
- Equity Income — invests primarily in the common stock of high-quality companies with medium and large market capitalizations (typically greater than $2 billion at the time of purchase) with above-average dividend yields and the potential for dividend growth. This strategy may invest up to 20% of assets in fixed income securities.
- Small-Cap Growth — invests primarily in the common stock of domestic, small market capitalization companies (typically those with a market capitalization at the upper limit of $6 billion or the maximum capitalization of companies in the Russell 2000 Growth Index at the time of purchase) that have prospects for above-average sustainable earnings growth.
- Small-Cap Fundamental Value — invests primarily in the common stock of domestic, small market capitalization companies (typically less than $6 billion at the time of purchase) that we believe are mispriced by the market relative to a fundamental assessment of their underlying value.
- Mid-Cap Growth — invests primarily in the common stock of medium market capitalization ("mid-cap") companies that we believe have prospects for above-average, sustainable earnings growth. The strategy defines mid-cap companies as those whose market capitalization falls within the range of the Russell Midcap Growth Index.
- Large-Cap Sustainable Growth — invests primarily in the common stock of medium and large market capitalization companies (typically greater than $2 billion at the time of purchase) that we believe have prospects for above-average, sustainable earnings growth. The strategy focuses on companies we believe have sustainable business advantages (SBA), defined as sustainable strategies or characteristics that tangibly impact financial performance and stock valuation.
- All-Cap Socially Responsible Investing—invests primarily in the common stock of large and medium market capitalization companies which our ESG research indicates do not have controversial business involvement as determined by us. This strategy seeks outperformance relative to a broad market benchmark while seeking to invest within the confines of what we consider to be the socially responsible investment universe.
- Emerging Markets Select— invests primarily in the common stock of companies that are established or operating in emerging market countries in Latin America, Asia ex-Japan,

Eastern Europe, Africa and the Middle East. The strategy is not bound by a specific market capitalization range. This is a sub-advised strategy offered through a U.S.-registered open-ended mutual fund.

- Strategic European Equity — invests primarily in the common stock of companies established or operating in Europe. The strategy is not bound by a specific market capitalization range. This is a sub-advised strategy offered through a U.S.-registered open-ended mutual fund.
- Global Leaders — invests primarily in the common stock of companies that, in the portfolio manager's view, deliver market-leading customer outcomes and demonstrate strong leadership within their industries. This strategy is not bound by geographic considerations. The manager focuses on companies with the potential to deliver high relative return on invested capital (RoIC) over time.
- Latin America Equity—seeks to achieve capital growth by investing in a concentrated portfolio of common shares of high-quality Latin American growth companies, primarily in Brazil, Mexico, Colombia, Chile, Peru and Argentina. The strategy seeks high absolute returns over the long term and minimizes the level of long-term risk by choosing well-capitalized, high-quality investments at reasonable valuations.
- U.S. Large-Cap ESG — a concentrated, high-active share basket of securities that have undergone ESG screening and are assembled into a portfolio that exhibits low tracking error relative to the Russell 1000® Index.
- U.S. Small-Cap ESG — a concentrated, high active share basket of securities that have undergone ESG screening and are assembled into a portfolio that exhibits low tracking error relative to the Russell 2000® Index.
- Optimal Yield — an all-cap solution seeking to achieve maximum yield through a concentrated portfolio of equities, with a focus on diversification, risk management, and reduced factor correlation of underlying securities.
- Customized and Client-Driven Solutions —these investment solutions draw from the universe of securities that are covered by our fundamental research to build portfolios that are intended to meet various needs, including absolute return, low-tracking error, actively screened sustainable and values-based, and multi-asset. These strategies are available as institutional composites and separate accounts for private clients.

We offer the following fixed income strategies:

- Intermediate Income – invests primarily in high-credit-quality taxable fixed income securities in portfolios of an intermediate maturity, between one and 10 years or an average duration between three and five years.
- Core Fixed Income –invests primarily in high-credit-quality taxable fixed income securities in portfolios with target durations between four and seven years. The strategy may invest up to 20% of assets in high-yield fixed income securities.
- Limited Duration – invests primarily in high-credit-quality taxable fixed income securities in portfolios with target durations between three and five years.
- Intermediate Municipal – invests primarily in high-credit-quality tax-exempt securities in portfolios with target durations between three-and-a-half and five-and-a-half years. The strategy may invest up to 20% of assets in high-yield fixed income securities.
- Enhanced Cash – invests primarily in high-credit-quality taxable fixed income securities in portfolios with target durations between zero and two years.

- Mortgage Securities – invests primarily in investment grade mortgage-related securities. The strategy may invest in derivative instruments, such as options, futures contracts, and options on futures. This strategy will typically invest in fixed income instruments which pay principal over time. Portfolio securities typically have an expected duration in the range of two to eight years.
- Total Return Strategy – seeks a high level of current income consistent with preservation of principal, by investing primarily in U.S. Government securities, corporate fixed income securities (including high-yield bonds), mortgage-backed and asset-backed securities, and municipal securities. The Strategy will invest across a wide range of maturities, and may access a variety of instruments such as high-yield securities; derivatives including futures, interest rate swaps and credit default swaps; bank loans; and, securities denominated in non-U.S. currencies.
- Strategic Bond Strategy – seeks income and capital appreciation with low correlation to interest rate movements by investing in various fixed income sectors, including municipal bonds, corporate bonds (including high-yield bonds), U.S. Treasury bonds, Treasury Inflation Protected Securities (TIPS), non-U.S. dollar bonds, mortgage-backed securities, asset-backed securities, bank loans, collateralized loan obligations, and cash equivalents. The strategy may invest in securities of any maturity and/or credit quality rating, and is not limited in terms of how much it invests in high-yield securities. Additionally, the strategy may use derivatives including credit default swaps, other swaps, futures and options.
- Sustainable Core Fixed Income – invests primarily in high-credit-quality taxable fixed income securities in portfolios with target durations between four and seven years. The strategy may invest up to 20% of assets in high-yield fixed income securities. The strategy seeks to identify bonds and bond issuers whose social and environmental characteristics have the potential for enhanced returns or reduced risk over time. This framework supplements the fundamental credit research used to evaluate the quality and return potential of any bond considered for the portfolio. The strategy also seeks bonds whose proceeds are used to fund projects that we believe have a positive social and environmental impact.
- Tax-Exempt Sustainable Fixed Income – invests primarily in high-credit-quality tax-exempt securities in portfolios with target durations between three and six years. The strategy may invest up to 20% of assets in non-rated securities. It seeks to identify bonds and municipalities whose ESG characteristics offer the potential for enhanced returns or reduced risk over time. The strategy also seeks bonds whose proceeds are used to fund projects that we believe have a positive social and environmental impact.
- Sustainable Short Duration – seeks to provide risk-adjusted returns by allocating capital to fixed income issuers we believe demonstrate competitive advantages and tangible impact driven by positive environmental and social factors.
- Municipal Bond – seeks to provide tax-advantaged total return based on a portfolio built on a foundation of core stability.

We offer the following multi-asset strategies:

- Sustainable Balanced - offers a balanced portfolio of high-conviction, fossil fuel-free individual securities and fixed income securities. Using fundamental research, integrated

ESG analysis and tactical asset allocation, the portfolio is composed of companies with strong fundamentals and sustainability opportunities.

For those clients who want to be invested in both equities and fixed income, we provide balanced portfolio management. We also offer asset allocation advice for clients who want to pursue other investment strategies, such as alternatives and private equity.

In addition to internally managed strategies, our clients also have access to outside managers through an Investment Solutions platform. This service provides clients access to a range of investment opportunities and asset classes, including international equities, emerging market equities, global fixed income, high-yield fixed income, private equity, commodities, hedge funds and real estate. By combining our selective Investment Solutions platform with our in-house resources, we seek to optimize our customized portfolio management capabilities for clients.

For institutional clients who want both consultative advice and discretionary investment management, we offer Balanced Institutional services, an integrated solution that seeks to develop and refine appropriate investment policies for various institutions—primarily endowments and foundations—given each client's goals, liabilities and constraints, and then create actively managed portfolios tailored to those policies through a combination of in-house investment strategies and external managers available through our Investment Solutions platform. We serve our Balanced Institutional clients in a variety of ways, ranging from consultative relationships to fully discretionary outsourced chief investment officer (OCIO) mandates.

In addition to our investment management services, we serve as the managing member of private funds that primarily invest in publicly-traded equity securities. We also offer strategic advisory services for clients with complex financial, investment, and fiduciary circumstances. These services include but are not limited to tax planning, intergenerational wealth transfer (including trust and estate planning), philanthropic planning, family business advisory and wealth structuring.

CUSTOMIZATION OF ADVISORY SERVICES

We work closely with our clients to provide investment advice that meets their goals and objectives. For clients with specific investment guidelines, we provide customized portfolios. Any client-imposed limitations or guideline restrictions are defined and outlined in the client's initial documentation with the firm and updated as necessary.

We may also maintain investment policy statements or written investment guidelines for institutional clients. These documents address a client's guidelines and objectives in greater detail. Many of our institutional clients have their own investment policy statements. When clients provide us with their own investment policy statements, we confirm that the language reflects our investment management responsibility. When necessary, the language is adjusted and approved by both the client and Brown Advisory before management of the account begins.

When Brown Advisory is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions generally are not tailored to the needs of individual investors in those vehicles. Rather, they are described in the offering documents for the vehicles.

WRAP FEE PROGRAMS

Brown Advisory is retained by sponsors of certain bundled "wrap-fee" arrangements. The sponsors have primary responsibility for client communications and service and for executing portfolio transactions. We provide investment management services to the clients of the sponsors. Generally, clients pay a single, all-inclusive (or "wrap") fee charged by the sponsor that covers asset management, trade execution, custody, performance monitoring and reporting through the sponsor. The sponsor typically pays Brown Advisory a portion of the wrap fee based on the assets of clients invested in the applicable Brown Advisory strategy in the wrap fee program.

Brown Advisory may also provide investment advisory services for select model-based separately managed account programs of unaffiliated managers and financial advisors. In these programs, we typically provide a non-discretionary model portfolio to the program manager, who is then responsible for executing transactions and coordinating account guidelines and restrictions with the underlying separate account client. In exchange for these services, we receive a fee from the unaffiliated manager or financial advisor. In these cases, fees are unbundled for the various services, including investment management, custody and trading.

Wrap accounts and model delivery accounts may not be managed identically to institutional accounts. Purchases and sales that are implemented for institutional accounts will not always be reflected in wrap and model delivery accounts. The sponsors and the managers of these programs generally retain the ultimate discretion over how trades are implemented in client accounts. In addition, the sponsors and managers may impose guidelines and restrictions that are different from those governing the strategy. For these reasons, clients should expect the holdings of wrap and model delivery accounts to differ from one another and from that of the relevant strategy.

ASSETS UNDER MANAGEMENT

As of December 31, 2019, Brown Advisory LLC had $64.0 billion in regulatory assets under management. Of that total, approximately $57.2 billion represents assets managed on a discretionary basis and $6.8 billion represents assets managed on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

STANDARD FEE SCHEDULES FOR PRIVATE CLIENTS

We manage assets for Private Clients seeking discretionary portfolio management services. Each client receives personalized investment management services based on an analysis of the client's financial circumstances, income requirements, risk tolerance, investment objectives and other pertinent factors.

Clients typically pay advisory fees based on a percentage of assets in their account(s). Fees may be negotiated depending on the particular circumstances of the client, scope of services provided, size of account(s), service levels, reporting and other arrangements as agreed with specific clients. In those instances, a client may pay more or less than the fees on our standard fee schedules, and more or less than similar clients.

We receive management fees from our clients typically on a quarterly basis. Although most of our clients pay in arrears, several of our clients pay in advance. We will accept both. Fees do not include fees for services performed by the client's custodian.

We have an experienced team of Institutional Portfolio Managers and Research Analysts dedicated to the various investment disciplines offered by the firm. These investment teams also work cooperatively with our Strategic Advisors and Portfolio Managers to provide balanced account management services.

Although we typically accept clients with $5 million of investable assets or more, from time to time we will accept clients of smaller assignments depending on the client relationship, client service requirements and certain circumstances.

Provided below are the standard annual fee schedules for the investment management services we currently offer for Private Clients:

PRIVATE CLIENT PORTFOLIOS GREATER THAN $5 MILLION
1.00% on the first $5 million under management
0.75% on the next $5 million under management
0.50% on the next $15 million under management
0.35% on the next $75 million under management
0.30% on amounts over $100 million under management

In circumstances where a minimum is waived the following standard schedule applies:

PRIVATE CLIENT PORTFOLIOS LESS THAN $5 MILLION
1.25% on the first $3 million under management
1.00% on the next $2 million under management

AFFILIATED PRIVATE POOLED INVESTMENT FUNDS

Brown Advisory and its affiliates sponsor private investment funds organized primarily as private equity fund-of-funds; venture capital funds and special purpose vehicles; and hedge fund-of-funds.

Investors in private equity fund-of-funds managed by the firm or one of its affiliates typically are subject to a 0.40% per annum administration fee on capital committed to Brown Advisory-sponsored private equity funds, unless otherwise noted in the vehicle's private placement memorandum or other offering documents. Administration fees are typically paid by or on behalf of an advisory client by requiring investors in firm-sponsored funds to make capital contributions in respect of such fees or withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such advisory client. Private equity investments by clients of the firm, including firm-sponsored and non-firm-sponsored investments, are typically subject to the firm's account-level management fee, which may be negotiated and which typically are based on client assets under management or advisement.
Investors in private funds managed by the firm or one of its affiliates to facilitate venture capital investments typically are subject to a management fee of 2% on capital commitments and are

charged a 20% carried interest with respect to such investments. Investors in private funds managed by the firm or one of its affiliates formed to facilitate a single venture capital investment typically are subject to an annual administrative services fee per investor as set forth in the applicable offering documents and are charged carried interest which can range from 0% to 20%. The manner of calculation and application of the management fee, administrative services fee and the carried interest allocations are disclosed in the offering documents for each such fund. Management fees are typically paid by or on behalf of an advisory client by requiring investors in firm-sponsored funds to make capital contributions in respect of such fees or withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such advisory client. Carried interest allocations are typically deducted from investment proceeds that would otherwise be distributable to the investors in the venture capital fund.

The firm typically charges investors in the hedge fund-of-funds it manages a management fee, and from time to time also may charge an incentive fee. The management fees typically range from 0.40% to 1.25% of the net asset value of the alternative fund per year, typically are calculated and payable monthly in arrears and are deducted from accounts in the alternative funds. The incentive fees typically range from 5% to 10% of each such fund's yearly performance and are calculated annually, are typically subject to high water marks and are deducted from accounts in the relevant fund. Each fund's private placement memorandum or other offering document describes its fee structure in detail. Hedge fund-of-fund investments by clients of the firm, including with respect to firm-sponsored and non-firm-sponsored alternative funds, also may be subject to an account-level management fee, which may be negotiated and which typically is based on client assets under management or advisement, as described in the fund's offering document or the relevant investment management agreement between the firm and the client.

The administration, management and incentive fees charged by private funds sponsored by Brown Advisory and its affiliates are in addition to fees and expenses charged by the underlying funds and investments, as applicable, details of which are set forth in the funds' private placement memoranda or offering documents. In addition, administration, management, account-level fees and carried interest allocations are subject to modification, waiver or reduction, at the election of Brown Advisory or its affiliates.

In general, investors in private funds sponsored by Brown Advisory or its affiliates must make a minimum investment in the fund, typically $100,000, as set forth in the offering document. However, the minimum investment is subject to waiver at the discretion of Brown Advisory or its affiliates. Additionally, all investors in these funds must meet specific suitability and investor eligibility requirements in order to invest and specific opportunities may require higher levels of investment. Finally, investors in both affiliated and unaffiliated alternative investments may bear additional, account-level fees imposed by Brown Advisory in respect of their investments.

STANDARD FEE SCHEDULES FOR INSTITUTIONAL CLIENTS

We manage assets for Institutional clients seeking discretionary portfolio management services. Each client receives investment management services based on agreed upon investment objectives and policies.

Clients typically pay advisory fees based on a percentage of assets in their account(s). Fees may be negotiated depending on the particular circumstances of the client, scope of services provided, size of account(s), service levels, reporting and other arrangements as agreed with specific clients. In those instances, a client may pay more or less than the fees on our standard fee schedules, and more or less than similar clients.

Depending on the billing parameters, we receive management fees from our clients on a monthly, quarterly, semi-annual or annual basis. Although most of our clients pay in arrears, several of our clients pay in advance. We will accept both. For those that pay in arrears, if the management of the account commences at any time other than the beginning of a calendar quarter, the first management fee is prorated based on the number of days of such calendar quarter during which this agreement was in force. If an account terminates during a calendar quarter, a pro-rata fee will be assessed based on the number of days in the quarter that the account was under management. For those clients who pay in advance and terminate their accounts, a final prorated fee will be calculated and the difference between the prepayment and calculated fees earned will be refunded to the client. Fees do not include fees for services performed by the clients' custodian.

We have an experienced team of portfolio managers and research analysts dedicated to the various investment disciplines offered by the firm. These investment teams also work cooperatively with our Balanced Institutional portfolio managers to provide balanced account management services.

Although we typically accept Balanced Institutional clients and single strategy institutional clients with a minimum of $5 million of investable assets (unless a higher minimum is indicated), from time to time we will waive the account minimum depending on the client relationship, client service requirements and certain circumstances.

Provided below are the standard annual fee schedules for the investment management services we currently offer for Institutional Clients:

BALANCED INSTITUTIONAL PORTFOLIOS GREATER THAN $5 MILLION
1.00% on the first $5 million under management
0.75% on the next $5 million under management
0.50% on the next $15 million under management
0.35% on the next $75 million under management
0.30% on amounts over $100 million under management

LARGE-CAP GROWTH, EQUITY INCOME AND LARGE-CAP SUSTAINABLE GROWTH SEPARATE ACCOUNTS
0.80% on the first $10 million under management
0.65% on the next $15 million under management
0.50% on the next $25 million under management
0.40% on amounts over $50 million under management

FLEXIBLE EQUITY
0.60% on the first $25 million under management
0.50% on the next $25 million under management

0.45% on the next $50 million under management
0.40% on amounts over $100 million under management

MID-CAP GROWTH
0.90% on the first $25 million under management
0.80% on the next $25 million under management
0.70% on the next $50 million under management
0.60% on amounts over $100 million under management

SMALL-CAP GROWTH AND SMALL-CAP VALUE SEPARATE ACCOUNTS
1.00% on the first $25 million under management
0.90% on the next $25 million under management
0.80% on the next $50 million under management
0.70% on amounts over $100 million under management

GLOBAL LEADERS SEPARATE ACCOUNTS (MINIMUM OF $50 MILLION)
0.80% on the first $50 million under management
0.55% on the next $50 million under management
0.45% on the next $50 million under management
0.40% on amounts over $150 million under management

LATIN AMERICA EQUITY SEPARATE ACCOUNTS (MINIMUM OF $10 MILLION)
1.00% on all assets

U.S. LARGE-CAP ESG SEPARATE ACCOUNTS (MINIMUM OF $250,000)
0.55% on all assets

U.S. LOW VOLATILITY SEPARATE ACCOUNTS (MINIMUM OF $250,000)
0.35% on all assets

U.S. SMALL-CAP ESG SEPARATE ACCOUNTS (MINIMUM OF $250,000)
0.65% on all assets

OPTIMAL YIELD SEPARATE ACCOUNTS (MINIMUM OF $100,000)
0.50% on all assets

SUSTAINABLE BALANCED SEPARATE ACCOUNTS (MINIMUM OF $1 MILLION)
0.60% on all assets

FIXED INCOME TAX-EXEMPT SEPARATE ACCOUNTS (MINIMUM OF $250,000)
0.375% on the first $10 million under management
0.25% on the next $15 million under management
0.20% on amounts over $25 million under management

FIXED INCOME TAXABLE SEPARATE ACCOUNTS (MINIMUM OF $2 MILLION)
0.375% on the first $10 million under management

0.25% on the next $15 million under management
0.20% on amounts over $25 million under management

<u>Fixed Income Strategic Bond Separate Accounts (Minimum of $25 million)</u>
0.40% on all assets

<u>Limited Duration Separate Accounts (Minimum of $250,000)</u>
0.375% on the first $10 million under management
0.25% on the next $15 million under management
0.20% on amounts over $25 million under management

<u>Sustainable Short Duration (Minimum of $250,000)</u>
0.375% on the first $10 million under management
0.25% on the next $15 million under management
0.20% on amounts over $25 million under management

<u>Advisory Services to Unaffiliated Financial Services Firms</u>
We have several proprietary equity and fixed income investment strategies that are managed by our team of portfolio managers and analysts. In addition to offering these strategies directly to our clients through the mutual funds and separate account solutions that we manage, we distribute separate account and mutual fund investment solutions domestically and internationally to a variety of unaffiliated financial services firms. These include but are not limited to:

- Insurance companies
- Banks
- Unaffiliated broker-dealers
- Unaffiliated registered investment advisers

Since our clients could simultaneously be clients of the unaffiliated financial services firms with which we have relationships, they could have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us.

We currently maintain contractual agreements with a number of unaffiliated financial services firms. For these firms, we do one or more of the following:

- Serve as a sub-adviser and provide investment management services in connection with the management of a mutual fund by another registered investment adviser;
- Provide investment management and advisory services in connection with an unaffiliated registered investment adviser’s use of our investment strategies for their separately managed account program;
- Provide investment advisory services in the form of model portfolios for investment strategies to other unaffiliated managers and financial advisers; and
- Allow investors from fee-based mutual fund programs of other registered investment advisers to access and invest in our proprietary mutual funds through specially designated share classes.

When we provide investment management and/or advisory services to unaffiliated financial firms, we are typically compensated through a contractually agreed-upon fee schedule. The fee schedules and arrangements with these firms may vary depending on several factors. These factors include but are not limited to the amount of assets under management, client servicing requirements, the client type and the investment strategy for which investment management or advisory services are provided.

When we allow investors from unaffiliated firm mutual fund programs to access our proprietary mutual funds through specially designated share classes, we will typically compensate the unaffiliated financial firm based on a contractually agreed-upon fee schedule. The fee schedules and arrangements with these firms may vary depending on several factors. These factors include but are not limited to the amount of assets under management, client servicing requirements and the investment strategy for which investment management or advisory services are provided.

FEE PAYMENT OPTIONS

There are two options clients may select to pay for our services:

- Direct debiting (preferred): At the inception of the relationship and each billing period thereafter, we will notify the client's custodian of the amount of the management fee due and payable to us through our fee schedule and contract. If clients choose this method, they must provide written authorization to the custodian permitting our management fee to be paid directly from the account(s) held by an independent custodian. The custodian does not validate or check our fee or its calculation on the assets on which the fee is based. The custodian will deduct the fee from the account(s) or, if the client has more than one account, from the account designated to pay our advisory fees. Clients will receive statements directly from their custodian showing all transactions, positions and credits/debits into or from their account(s), including the advisory fee paid by the client to us.
- Pay-by-check or wire: At the inception of the relationship and each billing period thereafter, we will issue clients an invoice for our services. Clients will pay us by check or wire transfer upon receipt of the invoice.
- Fees may be payable in advance or arrears, depending on each client's agreement.

ADDITIONAL FEES AND EXPENSES

Advisory fees payable to us do not include all the fees the client will pay when we purchase or sell securities for the client's account(s). The fee schedule pertains to separate account management and does not include custody fees, any third party administration expenses, brokerage charges, fund expenses or related transaction costs. Custody fees will vary depending on the custodian. All brokerage charges and related transaction costs are charged to the account(s) as they occur. See Item 12 for additional information about our brokerage practices.

All fees paid to us for portfolio management services are separate from the fees and expenses borne by any mutual funds, limited partnerships or private funds in which client assets may be invested, including funds or partnerships advised by Brown Advisory or one of our affiliates. Clients paying a Brown Advisory account-level investment advisory fee are typically rebated an amount equal to the client's allocable share of management fees charged by firm-sponsored mutual funds in which the client invests, up to the amount of the applicable account-level investment advisory fee. Typically, any such rebating occurs on a quarterly basis. Although clients do not bear any sales load for any affiliated funds, they may be charged a sales load for any unaffiliated funds.

Clients invested in alternative investment strategies bear the following expenses in addition to any management or similar fees paid in respect of the investment:

- Organizational, offering and marketing expenses;
- All costs, fees or expenses incurred in connection with:
  - due diligence reviews of the investment or manager;
  - negotiating, financing and documenting the investment or any sale or recapitalization of the investment;
  - all brokers, accountants, tax advisors, administrators, lawyers, investment bankers, consultants, auditors and other advisors;
  - all regulatory filings or any claim, action, suit, proceeding or litigation of any kind or nature;
  - the administrator, the custodian, the depositary or any other fund service providers; and
  - any line of credit or borrowing incurred by the fund.

The foregoing examples of expenses associated with alternative investments is not exhaustive. For details on private fund expenses, please refer to the offering documents for the funds.

In addition, we may receive fees from clients with respect to certain non-advisory services that we may provide to clients. In these cases, a client has the option to receive the service and will agree upon the fee to be charged. Such services may include reporting on private equity holdings and other investments held outside of Brown Advisory, providing administrative services to certain clients, such as accounting and tax reporting, and providing due diligence reports and other information with respect to investments in private funds and unaffiliated advisers.

There are many fees and/or expenses that clients may pay directly to third parties for any securities purchased, sold or held in their account(s) under our management. Except as discussed in Item 14 – Client Referrals and Other Compensation below, we do not receive, directly or indirectly, any portion of these fees charged to the client. They are paid to the client's broker, custodian or the mutual fund(s) or other investment(s) the client holds. These fees may include brokerage commissions, transaction fees, exchange fees, regulatory fees, advisory fees and administrative fees charged by mutual funds, exchange traded funds, private funds or private equity vehicles, custodial fees, deferred sales charges on mutual funds or annuities, odd-lot differentials, transfer taxes, wire transfer and electronic fund processing fees, legal fees and commissions or mark-ups/mark-downs on security transactions.

PREPAYMENT OF FEES

In the event a client's investment advisory agreement is terminated, any fees paid in advance will be refunded on a pro rata basis as of the termination date. Similarly, any accounts that contractually pay management fees in arrears will be billed the pro-rata portion for the time the assets were under management. Brown Advisory will be responsible for refunding fees paid in advance in respect of services that are terminated.

COMPENSATION FOR SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS AND CONFLICTS OF INTEREST

We may compensate employees for business development activity, including the attraction or retention of client assets. In addition, certain colleagues receive a year-end incentive that is derived from the accounts they manage. Certain employees (and non-employees post-employment with Brown Advisory) may be eligible to receive performance-based compensation for certain transactions initiated and executed by the Private Equity and Venture Capital teams. This compensation arrangement has the potential to incentivize members of the applicable investment teams to pursue certain transactions. The performance bonus portion of a portfolio manager's compensation is based primarily on the overall performance returns of the portfolios he/she manages and secondarily on his/her ability to retain and grow client assets. These factors are used to establish each manager's portion of the bonus pool. The size of the bonus pool is determined each year based upon the profitability of the firm. Additionally, equity is a vital part of the overall compensation mix. Brown Advisory awards equity to investment professionals in order to align our interests with those of our clients, as we believe that equity in an investment management firm is ultimately an investment in the performance of the underlying securities in clients' portfolios.

FEES FROM AFFILIATED FUNDS

If Brown Advisory manages a balanced account for a client, and in other circumstances, proprietary registered and private funds as well as non-proprietary registered and private funds may be used. Fees associated with these vehicles are detailed in the corresponding prospectus and fund offering documents. When clients hold Brown Advisory-sponsored mutual funds in an account that is charged an investment advisory fee by Brown Advisory or any of its affiliates, Brown Advisory typically credits the client's pro-rata share of the management fee paid to Brown Advisory by the mutual fund or funds as an offset against the client's investment advisory fee, unless otherwise noted in the fund's prospectus or offering document or otherwise negotiated. Exceptions to this practice may apply if a fund is operating over its expense cap or to the extent that the allocable share of the management fee exceeds the client's investment advisory fee. In cases where any such mutual fund has exceeded its expense cap, the firm will cover the excess expenses and reduce the quarterly rebate to clients to the extent of the expenses incurred. If the firm incurs expense recoupment from the funds, it will not increase the rebate amount over the advisory fee. When clients hold private funds sponsored by Brown Advisory or its affiliates in an account, no such rebate or refund is made.

Within mutual funds, other fees, including business management or shareholder servicing fees may be charged. An affiliate may receive fees in the form of a shareholder servicing fee and a business management fee for proprietary registered funds. Shareholder servicing fees are utilized to cover expenses related to on-going management and servicing of existing shareholders. The business management fees are utilized to cover business related expenses incurred by the Funds; some examples of these expenses include but are not limited to Board of Trustee relations, technology expenses, and overhead.

For purposes of charging shareholder servicing fees to its clients, the firm classifies its internally managed and sub-advised mutual funds into two categories based on the inception date of the mutual fund. For mutual funds incepted prior to 2013, Brown Advisory typically provides rebates to its clients, up to the amount of the investment advisory fee to be paid by the client, an amount necessary to provide the client with a net expense ratio equivalent to that available for the lowest fee class shares, typically the institutional share class. For funds incepted in 2013 and thereafter, clients typically are invested in the share class offering the lowest net expense that is available to the client. Certain custodians may not offer the lowest fee share classes offered in Brown

Advisory's mutual funds and sub-advised mutual funds on their platforms. In these cases, clients will be invested in the lowest share class available on the custodian's platform, which may not be the lowest share class offered by Brown Advisory. Therefore, clients should not assume that their assets will be invested in the share class with the lowest possible expense ratio.

Mutual funds may also be subject to distribution (12b-1) fees. The expenses that are incurred by an investment adviser to a mutual fund that could properly be categorized as Rule 12b-1 expenses are: (1) prospectus fulfillment, (2) some platform/distribution expenses, (3) marketing materials and advertising, (4) website maintenance, (5) broker, (6) compensation and related expenses, (7) conferences and memberships expenses, and (7) distributor fees. (Institutional Shares do not charge 12b-1 fees and are not considered eligible for 12b-1 plan distribution expenses reimbursement.)

For both registered and private funds, it is common for different share classes to maintain different fees. Certain share classes may receive more favorable fee structures. There is no guarantee that a client will be invested in the lowest share class offered or receive terms as favorable as those received by other clients of the firm. In addition, depending on the circumstance from time to time, share class or fund minimums (either for private or mutual funds managed by Brown Advisory or one of its affiliates) are waived or lowered. Examples of these circumstances may include clients that maintain additional accounts or have a long-standing relationship with the firm or employees who are also clients of the firm.

Please refer to the prospectus or offering documents of the corresponding Funds for additional details.

Collateralized Loans

Clients may elect to use some or all of their separate account assets to collateralize a loan (referred to below as a "credit line loan" or "loan"), provided these clients meet certain eligibility requirements. Specifically, clients will be required to execute separate loan documents with U.S. Bank or another lender (referred to below as the "lender").

Clients are responsible for independently evaluating if the loan is appropriate for their needs, the lending terms are acceptable, and whether the loan will have potential adverse tax consequences to the client. The decision whether to arrange a loan or draw down on a loan and how loan proceeds are used is not encompassed within the client's advisory relationship with Brown Advisory. That relationship is governed exclusively by the loan documentation between the client and the lender.

Since a client's separate account or subaccount will be pledged to support any loans extended under the credit line program, clients will not be permitted to withdraw any of the assets in the separate account unless there is a sufficient amount of collateral otherwise supporting the loans (as determined by the lender in its sole discretion).

If a client participates in the credit line program, the client will pay interest and fees to the lender separately and in addition to any separate account fees charged by Brown Advisory, which results in compensation to the lender and not Brown Advisory. The fees and interest rate charged in connection with a credit line loan from U.S. Bank or a different lender of the client's choosing may be higher than that charged by other lenders.

As Brown Advisory is compensated primarily through advisory fees paid on client accounts, we have an incentive for clients to draw down on a credit line loan to meet liquidity needs rather than sell securities in its advisory account which would reduce Brown Advisory's advisory fee. This presents a potential conflict of interest when addressing a client's needs for liquidity. Brown Advisory mitigates this potential conflict by training and supervising personnel to make investment decisions that are in the client's best interest.

In order to preserve sufficient collateral value to support the loan and avoid a margin call which would reduce fee-based account assets, we may be inclined to invest the account in more conservative investment choices, which may result in lower performance in certain market conditions. We mitigate this conflict of interest through polices and supervisory procedures designed to ensure that investment decisions are consistent with the client's investment strategies.

In general, credit line loans extended by U.S. Bank and other lenders are full recourse demand loans and are "margin loans" subject to collateral maintenance requirements. If the required collateral value is not maintained, the lender typically can require a client/borrower to post additional collateral (commonly referred to as a "margin call"), or repay part or all of your loan and/or sell your securities. With such loans, clients are personally responsible for repaying the credit line loan in full, regardless of the value of the collateral.

Failure to promptly meet a request for additional collateral (a margin call) or repayment or other circumstances (e.g., a rapidly declining market) could cause the lender to liquidate or instruct Brown Advisory to liquidate some or all of the collateral to meet the credit line requirements or to repay all or a portion of the outstanding margin or credit line obligations. It is possible that neither Brown Advisory nor the client will be provided advanced notice of a liquidation or transfer of securities that have been pledged as collateral. Furthermore, it is possible that neither Brown Advisory nor the client may be entitled to choose the securities to liquidated or transferred. Depending on market circumstances, the prices obtained for the securities may be less than favorable.

Any required liquidations may result in adverse tax consequences. Neither Brown Advisory nor the lender provide legal or tax advice. Clients should consult legal and tax advisors regarding the legal and tax implications of margin borrowing and using securities as collateral for a loan.

In the event of a forced liquidation described above, Brown Advisory will not act as investment adviser to the client with respect to the liquidation of securities held in a separate account to meet a credit line loan demand. The lender has the right to protect its own commercial interests and take actions that may adversely affect the management of your account and related performance.

Securities backed financing involves special risks (including, without limitation, being subject to a margin call if certain collateral value requirements are not met) and is not suitable for everyone. For further information, please see the lender's Disclosure Statement. Clients are encouraged to speak to Brown Advisory to the extent they have questions about how their account may be used in connection with a credit line loan and how such arrangement should be taken into consideration when discussing the management of the client's account.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

From time to time we will accept institutional clients that wish to pay performance-based fee schedules. In addition, private funds advised by Brown Advisory or one of its affiliates may charge carried interest or a performance fee. The Private Placement Memoranda or other offering documents for a private vehicle should be consulted for additional information.

Since most of our clients maintain tiered, asset-based fee schedules, this means some portfolio managers are managing accounts for clients that compensate the firm according to an asset-based fee schedule at the same time they are managing accounts for clients that compensate the firm according to a portfolio's investment performance relative to its benchmark or based on the appreciation of a client's investment within a given fund. By managing these two types of fee-paying accounts at the same time, a portfolio manager is faced with certain potential conflicts. These include:

- An incentive for the portfolio manager to favor accounts for which the firm receives a performance-based fee,
- An increased chance that the portfolio manager's strategy will experience style drift or take on excessive risk if his or her compensation is tied to performance; and
- An incentive for the portfolio manager to allocate scarce investment opportunities to clients that pay performance-based fees.

Brown Advisory maintains and enforces written policies and procedures designed to ensure that all similarly situated accounts are treated equitably over time regardless of the fee arrangement. In addition, we have adopted trading practices designed to address potential conflicts of interest inherent in proprietary and client discretionary trading, including bunching and allocation.

To mitigate and manage these risks, we employ the following practices:

- Subject to client guidelines and restrictions, accounts managed according to a particular strategy are incorporated into the same trade group for trade execution and allocation purposes. This ensures that trading in an investment strategy is aggregated across all related accounts to facilitate best execution. For equity strategies, we typically will aggregate orders for the same security across multiple accounts into a "block trade." We believe this process provides equal treatment of all clients, provides ease of administration and facilitates the avoidance of information leakage that may be detrimental to client trades. The average price per share of a block trade will be allocated to each account that participates in the block trade. If a block order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day will be allocated in a manner that is consistent with the initial pre-allocation. This must be done in a way that does not consistently advantage or disadvantage particular client accounts. For example, partial fills typically are allocated pro rata among participating accounts. The trading desk may allocate a partial fill using a random fill function of the trading system in such cases where it is deemed to be fair and equitable. When limited offering amounts are available for particular securities, our portfolio managers determine which accounts could best utilize the security based on a number of factors. Once this is determined, the security is allocated on a pro-rata basis among these particular accounts.

- The portfolio managers review each account on a continuous basis. Reviews are undertaken to confirm that the portfolio conforms to client suitability standards as well as to determine if any security changes need to occur. Fund portfolio managers continually review investments to confirm that they are consistent with the Fund's objectives.
- The firm's Chief Investment Officers meet regularly with the investment team to review performance and portfolio activity to ensure that portfolios are managed to stated investment philosophies. Sector and security selection analysis, current portfolio composition, trading activity and style-based portfolio analysis are considered during the review process.
- With respect to fixed income, the fixed income team meets regularly to discuss market- and sector-specific events and strategies. All team members are active participants in the review and strategy formulation process. Meetings usually include a macro-level market review as well as sector-specific valuation comments with performance detail and anticipated market reactions. Strategies are reviewed during these investment meetings. Allocation of fixed income securities across accounts can vary.
- Aggregation and allocation procedures across fixed income portfolios have been designed to ensure fair and equitable treatment across all accounts. Portfolio Managers attempt to block multiple orders for the same security on the same side of the market prior to releasing an order. In the event orders eligible for aggregation are not aggregated, the Fixed Income Desk will use its best efforts to block these orders together. Orders received after the full execution of an order (a done trade) are not blocked. Block orders that are executed in their entirety will be allocated to each account that participated at the trade execution price. If a block order cannot be executed in full at the time, the securities actually purchased or sold will be allocated in a manner that is consistent with the initial pre-allocation. This must be done in a way that does not consistently advantage or disadvantage particular accounts. For example, partial fills typically are allocated pro rata among participating accounts.
- From time to time, certain Brown Advisory strategies may invest in private investments or limited investment opportunities. In addition, Brown Advisory or its personnel or affiliates may be presented with an opportunity to invest in various alternative investment opportunities where the amount available for investment is limited or fixed. If it is determined that such limited investment opportunities are suitable for certain clients (which may include officers, directors and employees of the firm), the allocation of these investments across such clients is typically executed on a pro rata basis, while also considering investor suitability, account size, risk tolerance, liquidity needs, as well as other factors. Our processes are designed to equitably and appropriately allocate these limited investment opportunities while balancing the additional risk with the client's investment profile and investor suitability. In this regard, some private investments or limited investment opportunities may not be appropriate to allocate to some clients, depending on various factors, including minimum investment size, account size, risk profiles, investor eligibility, liquidity needs, relationship and investment history with a particular manager, and diversification requirements. In addition, Brown Advisory may elect to exclude clients and other investors who do not pay an account-level fee (e.g., certain private equity-only accounts). Accordingly, an account may not be allocated such

investments. If an investment cannot reasonably be allocated on a pro rata basis, it may be allocated based on an alternate approach, including an approach based on one or more of the factors above, random selection, or another methodology deemed fair and equitable. Finally, employees, officers and directors of Brown Advisory and its affiliates may participate in such limited investment opportunities, which will reduce the amount of investment available to clients.

It is important to note that certain employees may be eligible to receive performance-based compensation for certain transactions initiated and executed by the Private Equity and Venture Capital teams. The policies described above are designed to address other potential conflicts of interest that may arise from this compensation as well.

ITEM 7 TYPES OF CLIENTS

We typically provide investment management services to individuals and institutions. These include:

1. High net worth individuals and families
2. Pooled vehicles, including registered investment companies, UCITS and private funds
3. Endowments
4. Foundations
5. Charitable organizations
6. Public/government-related clients
7. Pension and profit-sharing plans
8. Insurance companies
9. Corporations
10. Individual retirement plans
11. Trusts
12. Estates
13. Religious institutions
14. Other taxable individual accounts

Although we typically accept institutional or high net worth clients with a minimum of $5 million of investable assets, from time to time we will waive the account minimum depending on the client relationship, client service requirements and other circumstances.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

As an investment adviser, we provide investment management services to individuals and institutions through a variety of investment vehicles. These include mutual funds, separate accounts and private funds. Different factors, including account type and size, may be used to determine which vehicle is most appropriate for the client. We utilize different methods of analysis that are tailored to our investment strategies. As a general matter, we employ fundamental, bottom-up research utilizing proprietary and non-proprietary analysis and data to formulate investment advice. For strategies that incorporate ESG and sustainability criteria, we build investment solutions that take into account ESG factors while also remaining focused on delivering investment returns. Our ESG strategies are actively managed with a focus on fundamental research and due diligence, coupled with values alignment through a combination of exclusionary screens and proprietary ESG assessments.

Set forth below are the primary investment strategies and methods of analysis that we utilize in formulating investment advice or managing assets.

EQUITIES

Our equity investment strategies seek to provide clients with long-term capital appreciation by actively selecting securities for investment in relatively concentrated portfolios. Our equity strategies strive to outperform relevant benchmark indices over the long-term. For each of our equity strategies, we employ a similar investment process and method of analysis. What differentiates our equity strategies from each other are (1) the market capitalization and (2) the underlying style (growth, value, opportunistic, income or sustainability focused growth). We employ a bottom-up, fundamental research approach to the identification, examination and eventual selection of securities for our portfolios. Individual position weightings are largely a function of our conviction regarding a security's long-term appreciation potential; securities with the greatest upside potential relative to downside risk tend to be the largest positions in our portfolios. We manage position sizes actively, trimming fully valued holdings and deploying that capital into existing or new holdings with more attractive valuations, in an effort to consistently optimize the portfolio from a risk/reward perspective.

We offer the following equity investment strategies:

Large-Cap Growth—invests primarily in the common stock of domestic, medium and large market capitalization companies (typically greater than $2 billion at time of purchase).The strategy seeks capital appreciation through a concentrated portfolio of fundamentally sound companies that we believe have prospects for above-average, sustainable earnings growth. Stock selection is driven by bottom-up, fundamental research that focuses on adding companies to the portfolio based on the merits of their business models, their position within their respective industries, as how we believe they will be influenced by the macroeconomic environment. Typically, stocks are purchased with the intent of owning them for a multiyear period. The strategy is benchmarked to the Russell 1000 Growth Index.

Flexible Equity—invests primarily in the common stock of domestic medium and large market capitalization companies (typically greater than $2 billion at the time of purchase) we believe have good long-term economics and a capable management team on a bargain basis. This strategy expands the bargain-hunting concept of traditional value investing to a broader range of investment opportunities and is designed for investors seeking long-term growth of capital through a moderately concentrated portfolio. With value defined as the present value of estimated future cash flows, the strategy seeks bargains in "value" as well as "growth" stocks. The strategy seeks to own companies whose valuations do not fully reflect the opportunity of their core business operations by: (1) taking advantage of temporary adversity or market disfavor, (2) identifying an underappreciated change that may improve business prospects, (3) seeking overlooked or undiscovered opportunities the market is not focused on and (4) finding scenarios offering compressed valuations for premium businesses. This strategy may invest in REITS, convertible securities and ADRs. The strategy is benchmarked to the S&P 500 Index.

Equity Income— invests primarily in the common stock of domestic medium and large market capitalization companies (typically greater than $2 billion at the time of purchase) that offer a combination of high quality, above-average dividend yields, potential for dividend growth and reasonable valuations. The manager defines "high-quality" companies as those with above-average and consistent return on equity, manageable debt levels and relatively stable profitability. Stock selection involves screening for yield, fundamental research and an assessment of a company's dividend policy. This strategy may invest up to 20% in fixed income. This strategy may invest in REITS, convertible securities and ADRs. The strategy is benchmarked to the S&P 500 Index.

Small-Cap Growth—invests primarily in the common stock of domestic small market capitalization companies (typically those with a market capitalization at the upper limit of $6 billion or the maximum capitalization of companies in the Russell 2000 Growth Index at the time of purchase) possessing above-average growth potential. The strategy seeks long-term capital appreciation through a concentrated portfolio of diversified, high-quality business models with above-average growth, sound management and favorable competitive positioning. The managers employ a disciplined, long-term investment process that focuses on careful analysis of business fundamentals relative to the price of the security, with the goal of identifying situations where we believe a stock's growth potential is not fully recognized by the market. The strategy is benchmarked to the Russell 2000 Growth Index.

Small-Cap Fundamental Value—invests primarily in the common stock of domestic small market capitalization companies (typically less than $6 billion at the time of purchase), focusing on stocks that the manager believes that the market has mispriced relative to a fundamental assessment of the long-term enterprise value of the company. The strategy seeks long-term capital appreciation through a concentrated portfolio of companies that generate high levels of sustainable free cash flow and that have management teams that effectively allocate capital. Fundamental analysis and valuation discipline are used to select undervalued investments for the portfolio. This strategy is benchmarked to the Russell 2000 Value Index.

Mid-Cap Growth—invests primarily in the common stock of domestic medium market capitalization companies (typically within the range of the Russell Midcap Growth Index) that in the manager's view have the potential to produce above-average earnings growth. The strategy seeks long-term capital appreciation through a concentrated portfolio of companies with substantial addressable markets, strong market share (or potential to grow market share), differentiated business models, strong returns on capital and high-quality management teams. This strategy is benchmarked to the Russell Midcap Growth Index.

Large-Cap Sustainable Growth—invests primarily in the common stock of domestic medium and large market capitalization companies (typically greater than $2 billion at the time of purchase) that demonstrate the potential for above-average growth. The strategy seeks long-term capital appreciation through a concentrated portfolio of companies we believe have sustainable business models, long-term competitive advantages, strong ESG performance and opportunities to benefit financially from sustainability-driven strategies. The strategy adheres to a valuation discipline based on analysis of upside potential versus. downside risk. This discipline is a consideration in both stock selection and determining a position's relative size within the portfolio. This strategy is benchmarked to the Russell 1000 Growth Index.

Emerging Markets Select—invests primarily in the equity securities of companies of any size capitalization established in or operating in emerging market countries, principally in Asia ex-Japan, Eastern Europe, the Middle East, Africa and Latin America and denominated in non-U.S. currency. The strategy seeks total return through a portfolio of companies that the manager believes are well-capitalized, large-cap companies that have the potential for long-term growth or earnings improvement. This strategy may invest up to 20% in fixed income and is benchmarked to the FTSE Emerging Markets Index. This is a sub-advised strategy offered through a U.S.-registered open-ended mutual fund.

All-Cap Socially Responsible Investing—invests primarily in the common stock of large and medium market capitalization companies which our ESG research indicates do not have controversial business involvement as determined by us. This strategy seeks outperformance relative to a broad market benchmark while seeking to invest within the confines of what we consider to be the socially responsible investment universe.

Strategic European Equity—invests primarily in equity securities issued by companies established or operating in Europe and denominated in non-U.S. currency. These include equity securities of companies which are domiciled in or exercise the predominant part of their economic activity in Europe. The strategy seeks long-term returns through a moderately concentrated portfolio of companies that have the structural potential to generate earnings and cash flow growth above market averages and that stand to benefit from secular trends. Stock selection is driven by bottom-up, primary research. Stocks are typically purchased with the intent of owning them for a multiyear period. The strategy is benchmarked to the MSCI Europe Net Total Return Index. This is a sub-advised strategy offered through a U.S.-registered open-ended mutual fund.

Global Leaders—invests primarily in companies that we believe will deliver market-leading customer outcomes and demonstrate strong leadership within their industries. This strategy is not bound by geographic considerations. The manager focuses on companies with the potential to deliver high relative return on invested capital (RoIC) over time. The strategy may invest in common stock, preferred stock, equity-equivalent securities such as stock futures contracts and equity options, other investment companies, American Depositary Receipts ("ADRs"), Global

Depositary Receipts ("GDRs"), and exchange traded funds ("ETFs"). The equity securities in which the strategy may invest will typically be issued by mid- and large-capitalization companies. In addition to those securities, the strategy may also invest in convertible bonds, Rule 144A securities, U.S. Treasury bills, fixed and/or floating rate U.S. government securities, real estate investment trusts and unlisted securities.

Latin America Equity - seeks to achieve capital growth by investing in a concentrated portfolio of common shares of high-quality Latin American growth companies, primarily in Brazil, Mexico, Colombia, Chile, Peru and Argentina. The strategy seeks high absolute returns over the long term and minimizes the level of long term risk by choosing well-capitalized, high quality investments at reasonable valuations. The strategy is a concentrated portfolio created with a bottom-up approach to stock selection. The strategy's portfolio managers believe that a concentrated portfolio of companies with sound, sustainable business models has the potential to deliver attractive risk-adjusted returns over time. The strategy's benchmark is the MSCI Emerging Markets Latin America Index.

Optimal Yield - seeks to generate a dividend yield that exceeds that of both the S&P High Yield Dividend Aristocrats® Index. The portfolio focuses on securities from the universe of covered securities in our global equity research platform with above-average yield and emphasizes those that are likely to increase their dividends in the future. The resulting portfolio of securities from across the market cap spectrum are the highest-conviction yield-producing securities in the research coverage universe. The portfolio focuses on diversification, risk management, and reduced factor correlation of underlying securities.

U.S. Large-Cap ESG – seeks capital appreciation through investing in a concentrated portfolio of securities selected because of their ESG profile and their fundamental characteristics. The portfolio focuses on securities from the universe of covered securities in our global equity research platform that meet certain liquidity, qualitative and quantitative criteria. This portfolio is designed to have low tracking error to its benchmark, the Russell 1000 ® Index.

U.S. Small-Cap ESG – seeks capital appreciation through investing in a concentrated portfolio of securities selected because of their ESG profile and their fundamental characteristics. The portfolio focuses on securities from the universe of covered securities in our global equity research platform that satisfy certain liquidity, qualitative and quantitative criteria. This portfolio is designed to have low tracking error to its benchmark, the Russell 2000 ® Index.

FIXED INCOME

Our fixed income process is to seek bonds with capital appreciation potential that is not related to the general movement of interest rates. We apply this philosophy to our long-only fixed income strategies within the context of maintaining a core stability of principal value. What differentiates each of our long-only strategies is the maturity or duration band of each strategy's portfolio, of the extent to which the strategy allows below investment-grade bonds, and the focus of the strategy on taxable bonds, tax-exempt bonds or both. Our process begins by examining various potential macroeconomic scenarios. We then look across those scenarios, and consider how various types of bonds may perform in each one, and finally look for bonds that can perform well in multiple scenarios. In this process, we are much more focused on specific bonds or bond structures rather than broad sector weightings. We seek to concentrate our investments in a relatively concentrated portfolio of high-conviction ideas.

Intermediate Income—invests primarily in taxable investment-grade bonds with maturities of up to 10 years. Allocations are identified through fundamental and quantitative analysis and concentrated on our best ideas. Sector weightings relative to the benchmark are a secondary concern. Primary sectors utilized include government bonds, mortgage-backed securities, corporate bonds, asset-backed securities, and taxable municipal bonds. The strategy is benchmarked to the Bloomberg Barclays Intermediate Aggregate Bond Index.

Core Fixed Income—invests primarily in taxable investment-grade bonds with maturities of up to 30 years. The strategy may invest up to 20% in high-yield bonds. Allocations are identified through fundamental and quantitative analysis and concentrated on our best ideas. Sector weightings relative to the benchmark are a secondary concern. Primary sectors utilized include government bonds, mortgage-backed securities, corporate bonds, asset-backed securities, and taxable municipal bonds. The strategy is benchmarked to the Bloomberg Barclays Aggregate Bond Index.

Municipal Bond— seeks to provide tax-advantaged total return based on a portfolio built on a foundation of core stability.

Limited Duration—invests primarily in short-term fixed income securities, identified through fundamental analysis and focused on core stability of principal. The strategy seeks returns greater than prevailing money market rates while still maintaining a high level of principal stability. Allocations are identified through fundamental and quantitative analysis and concentrated on our best ideas. Sector weightings relative to the benchmark are a secondary concern. Primary sectors utilized include government bonds, mortgage-backed securities, corporate bonds, asset-backed securities, and taxable municipal bonds. The strategy is benchmarked to the Bloomberg Barclays 1-5 Year Government/Credit Index.

Enhanced Cash—invests primarily in short-term fixed income securities, identified through fundamental analysis and focused on core stability of principal with maturities of up to two years. Securities with longer maturities are considered if they offer features that greatly mitigate interest rate risk. The strategy seeks performance in line with or slightly greater than prevailing money market returns, while avoiding material principal fluctuation. Primary sectors utilized include money market instruments, government bonds, mortgage-backed securities, corporate bonds, asset-backed securities, and taxable municipal bonds. The strategy is benchmarked to the Merrill Lynch 0-3 Month T-Bill Index.

Mortgage Securities—invests primarily in investment-grade mortgage-related securities. The fund seeks long-term capital appreciation within the context of capital preservation. The strategy invests in securities of various maturities and durations. This strategy will typically invest in fixed income instruments which pay principal over time. The strategy is benchmarked to the Bloomberg Barclays Mortgage-Backed Securities Index.

Total Return - seeks a high level of current income consistent with preservation of principal, by investing primarily in U.S. Government securities, corporate fixed income securities (including high-yield bonds), mortgage-backed and asset-backed securities, and municipal securities. The Strategy will invest across a wide range of maturities, and may access a variety of instruments such as high-yield securities; derivatives including futures, interest rate swaps and credit default swaps; bank loans; and, securities denominated in non-U.S. currencies.

Strategic Bond - seeks income and capital appreciation with a low correlation to interest rate movements by investing in various fixed income sectors, including municipal bonds, corporate bonds (including high-yield bonds), U.S. Treasury bonds, Treasury Inflation Protected Securities (TIPS), non-U.S. dollar bonds, mortgage-backed securities, asset-backed securities, bank loans, collateralized loan obligations, and cash equivalents. The Strategy may invest in securities of any maturity and/or credit quality rating, and is not limited in terms of how much it invests in high-yield securities. Additionally, the strategy may use derivatives including credit default swaps, other swaps, futures and options. The managers allocate capital to investment ideas they believe offer the best risk-adjusted return, which may lead to the strategy holding relatively concentrated positions in certain investments and may result in higher portfolio turnover.

Sustainable Core Fixed Income – seeks to identify bonds and bond issuers whose social and environmental characteristics have the potential for enhanced returns or reduced risk over time. This framework supplements the fundamental credit research used to evaluate the quality and return potential of any bond considered for the portfolio. The strategy also seeks bonds whose proceeds are used to fund projects that we believe have a positive social and environmental impact. This strategy is benchmarked to the Bloomberg Barclays Aggregate Bond Index.

Tax-Exempt Sustainable Fixed Income— seeks income and capital appreciation from a portfolio of primarily tax-exempt investment-grade bonds with maturities of up to 12 years. The portfolio is constructed in a similar manner as our Intermediate Municipal strategy; allocation is guided by both fundamental and quantitative analysis, as well as the manager's level of conviction regarding individual bonds, and sector weightings relative to the benchmark are a secondary concern. The strategy may invest in non-rated bonds. Like our Core Sustainable Fixed Income strategy, this strategy seeks bonds with social and environmental characteristics that offer the potential for enhanced returns or reduced risk over time, with additional focus on the social and environmental commitments of the underlying municipal issuers. The strategy also seeks bonds whose proceeds are used to fund projects that we believe have a positive social and environmental impact, with a specific focus on identifying attractive bonds issued under the Green Bond Principles.

Sustainable Short Duration – seeks to provide risk-adjusted returns by allocating capital to fixed income issuers we believe demonstrate competitive advantages and tangible impact driven by positive environmental and social factors.

MULTI ASSET

Sustainable Balanced - is a multi-asset portfolio of individual equity and fixed income securities. The strategy begins with a strategic allocation of 70% equity and 30% fixed income, but may deviate from those targets through market movement or through tactical asset allocation recommendations from our Investment Solutions Group (ISG). The portfolio typically seeks low tracking error against its equity benchmark and seeks to generate the majority of its equity return from active stock picking. All securities in the portfolio undergo additional ESG analysis to ensure their applicability to the strategy and to confirm no fossil-fuel exposure.

BALANCED PORTFOLIO MANAGEMENT

For those clients who want to be invested in both equities and fixed income, we provide balanced portfolio management. We also offer asset allocation advice for clients who want to pursue other investment strategies, such as alternatives and private equity.

We also provide our clients with access to outside managers through an Investment Solutions program. This service provides clients greater access to a wider range of investing opportunities and asset classes, including international equities, emerging-markets equities, global fixed income, high yield fixed income, private equity, commodities, hedge funds and real estate. By combining our selective Investment Solutions initiative with our extensive in-house resources, we enhance our customized portfolio management capabilities for clients.

Our selective Investment Solutions Program provides clients with access to external investment management capabilities. To establish the list of managers, we:

- Follow a disciplined process of research, selecting and monitoring investment managers;
- Identify strategies and managers that we believe have the potential to add value to a client's total portfolio;
- Are proactive in identifying, researching and executing opportunities around the globe; and
- Leverage our network to access ideas and investing opportunities. Our network includes but is not limited to attorneys and accountants, industry connections, foundations and endowments, national and local government officials, research universities, board directors and members, executives and business owners, consultants, investment bankers, venture capital and private equity firms, and national and local decision makers.

BALANCED INSTITUTIONAL SERVICES

We provide Balanced Institutional services to institutions—primarily but not exclusively endowments and foundations—that seek a comprehensive investment management solution that may encompass elements of asset allocation, manager selection, portfolio construction and support for other fiduciary responsibilities. The nature of these relationships vary. In some we serve as an advisor and consultant, with the client retaining discretion over investment decisions. In others we take on full discretion and serve as an institution's outsourced chief investment officer, or "OCIO," serving their Board of Directors and Investment Committees as an extension of their internal investment operation. We seek to contribute value at each stage of the investment process—from developing and refining investment policy statements to strategic asset allocation, portfolio construction and ongoing analysis and interaction with the organization, its investment committee members and stakeholders.

STRATEGIC ASSET ALLOCATION

As an independent investment advisory firm, we are committed to serving our clients' needs and goals. For those clients who are looking for a balanced approach to their investment portfolios, we offer strategic asset allocation. To determine the appropriate asset allocation for a client, we begin with an analysis of each client's financial situation, risk tolerance and investment objectives and subsequently allocate the client's assets into three components: an Operating Account, a Core Portfolio and an allocation to certain Opportunistic Investments when such opportunities are available. This approach seeks to provide clients with a comfortable cushion of liquid assets, such that they do not feel pressure to dip into assets that have been invested for the long term.

Once this broad allocation is in place, we develop a more detailed investment plan that is tailored to each client's goals and is adjusted accordingly when client circumstances change or when markets present extraordinary risks or opportunities. For many clients, we oversee a full portfolio of investable assets. In other scenarios, we may manage just a single asset class for a client. This may occur because the client maintains a distinct investment philosophy as a value investor or a growth investor, or because we complement the client's other managers. Strategic asset allocation includes long-term investments in a mix of financial instruments. These include but are not limited to equity securities, fixed income securities, money market instruments, mutual funds, funds of funds and other alternative investments.

Strategic asset allocation seeks to meet a client's return, cash flow and risk tolerance criteria. It also takes into account other issues including: tax liability; income/yield requirements; real estate holdings; business objectives; time horizon; family/generational issues; single-stock risk; family issues; and philanthropic intentions. A client's strategic asset allocation plan is reviewed and adjusted from time to time and takes into account changes in a client's financial and family circumstances. Using various simulation models, we estimate the future value of each proposed portfolio over varying periods of time and under various market conditions and assumptions with regard to the client's cash flow requirements and spending patterns. Once the optimal plan is identified for a particular client, we commit the strategic plan to writing and agree on the objective criteria for judging its success in meeting the client's objectives.

ALTERNATIVE INVESTMENTS

Our Investment Solutions and Strategic Asset Allocation capabilities include alternative investments. Brown Advisory has a dedicated team responsible for sourcing and managing the firm's alternative investment and private equity strategies. Our alternative investment program covers venture capital, private equity, leveraged buyout, private credit, real estate, hedge funds and other strategies.

While we believe that opportunistic investments, which allow for tactical and/or higher risk and illiquidity, are important aspects of balanced portfolios, we also adhere to the belief that alternative investment strategies must be tailored to each client's long-term goals and risk tolerance. Accordingly, among the factors we consider in recommending alternative investment options are liquidity needs and concerns, risk tolerance, long-term performance of private equity, hedge funds and venture capital vis-à-vis the major market indices, cyclicality of investment cycles, attractiveness/timeliness of industries and strategies, consideration of the higher fees that typically accompany alternative investments, tax issues, alignment of interests and the ability to enhance returns through value creation.

As we assess the merits of alternative investment managers, we apply our knowledge of the sectors in which we participate. We leverage our in-house research expertise, as well as the insight of partner firms in industry sectors, and experienced partners who participate on endowment, university and private school investment committees with active alternative investment programs, to identify attractive industries and markets. In addition, we typically meet with the sponsors and managers of recommended alternative investment opportunities; conduct on-site visits and interviews; and, as applicable, conduct portfolio reviews, financial analysis and legal diligence.

STRATEGIC ADVISORY SERVICES

For many clients, we offer what we term "strategic advisory services," which we define as the wide range of tax planning, intergenerational wealth transfer, philanthropic planning, family business advisory, wealth structuring and other services that are required along with sound investment planning in order to provide a comprehensive financial solution. Most of our strategic advisors are attorneys or former attorneys who previously specialized in trust and estate law or tax law and are experienced in working cooperatively with our clients' attorneys, accountants, executive and family members, portfolio managers and account administrators to deliver clients an integrated solution. We attend regular client meetings, provide proactive anticipatory advice on investment and tax issues, and coordinate activity with a client's legal counsel, accountants and other outside advisors. We communicate regularly with clients and continually review their overall situations, including discussion of any business issues or estate-planning vehicles being considered. As we actively manage a client's portfolio of individual securities, we will evaluate alongside the client whether investment decisions are appropriate and in their best interest. At all times we will manage clients' assets and cash flow needs according to their investment, risk and wealth-transfer objectives. Brown Advisory charges no additional fee for these services.

As part of our strategic advisory services, from time to time we may assist clients with various types of family advisory or family office services. Such services may include, but are not limited to, guidance with charitable and/or gift planning and philanthropic activities, as well as assistance with budgeting and/or administration issues or tasks related to a family office or family foundation.

RISK OF LOSS

All investments in securities include a risk of loss of the principal invested amount and any profits that have not been realized. There is a risk that clients could lose all or a portion of their investment in any of the above-mentioned strategies. An investment in a strategy is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Financial markets fluctuate substantially over time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. Although we do our best to manage and mitigate the risks, there may be some risks that we cannot control. We cannot guarantee any level of performance or that clients will not experience a loss in their account assets. Provided below is a description of the different risks to which an investor may be exposed. Depending on the investment strategies employed, different risks will be more applicable. Please note that the below risks do not purport to be a complete explanation of all risks involved. Potential investors should read the mutual fund prospectus or private placement memorandum in its entirety before investing in any of our mutual funds or private funds.

EQUITY AND GENERAL MARKET RISK

Each equity strategy may invest in common stock. Common stock represents an equity (ownership) interest in a company and usually possesses voting rights and earns dividends. Dividends on common stock are not fixed but are declared at the discretion of the issuer. Common stock typically has the greatest appreciation and depreciation potential because increases and decreases in earnings are usually reflected in a company's stock price. The fundamental risk of investing in common and preferred stock is the risk that the value of the stock might decrease. Stock values fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. The market value of all securities, including common and preferred stocks, is based on the market's perception of value and not necessarily the book value of an issuer or other objective measures of a company's worth. If clients invest in an equity strategy, they should be willing to accept the risks of the stock market and should consider an investment in the strategy only as a part of their overall investment portfolio.

VALUE COMPANY RISK

Value investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be appropriately priced. The determination that a stock is undervalued is subjective; the market may not agree, and a stock's price may not rise to what we believe is its full value. If the market does not consider the stock to be undervalued, then the value of a strategy's holdings may decline, even if stock prices typically are rising. The value of a strategy may also decrease in response to the activities and financial prospects of an individual company.

GROWTH COMPANY RISK

An investment in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. Growth stocks typically have little or no dividend income to cushion the effect of adverse market conditions and may be particularly volatile in the event of earnings disappointments or other financial difficulties experienced by the issuer. Securities of growth companies can be more sensitive to the company's earnings and more volatile than the market in general.

MEDIUM CAPITALIZATION COMPANY RISK

Medium capitalization company stocks may have greater fluctuations in price than the stocks of large companies. Further, stocks of mid-sized companies could be more difficult to liquidate during market downturns compared to larger, more widely traded companies. Medium capitalization companies may have limited product lines or resources and may be dependent on a particular market niche. Additionally, securities of many medium capitalization companies are traded in the over-the-counter markets or on a regional securities exchange, potentially making them thinly traded and less liquid and their prices more volatile than the prices of the securities of larger companies.

SMALLER COMPANY RISK

If a strategy invests in smaller companies, an investment in that strategy may have the following additional risks:

- Analysts and other investors typically follow these companies less actively, and therefore information about these companies is not always readily available;
- Securities of many smaller companies are traded in the over-the-counter markets or on a regional securities exchange, potentially making them thinly traded and less liquid and their prices more volatile than the prices of the securities of larger companies;

- Changes in the value of smaller company stocks may not mirror the fluctuation of the general market; and
- More limited product lines, markets and financial resources make these companies more susceptible to economic or market setbacks.

MICRO-CAP RISK

The prices of micro-cap securities are typically more volatile and their markets are less liquid relative to larger market capitalization securities. Therefore, strategies investing in micro-cap securities may involve considerably more risk of loss, and their returns may differ significantly from strategies investing in larger capitalization companies or other asset classes.

FOREIGN SECURITIES/EMERGING MARKET RISK

If a strategy invests in foreign securities and ADRs, an investment in that strategy may have the following additional risks:

- Foreign securities may be subject to greater fluctuations in price than securities of U.S. companies because foreign markets may be smaller and less liquid than U.S. markets;
- Changes in foreign tax laws, exchange controls, investment regulations and policies on nationalization and expropriation as well as political instability may affect the operations of foreign companies and the value of their securities;
- Fluctuations in currency exchange rates and currency transfer restitution may adversely affect the value of the strategy's investments in foreign securities, which are denominated or quoted in currencies other than the U.S. dollar;
- Foreign securities and their issuers are not subject to the same degree of regulation as U.S. issuers regarding information disclosure, insider trading and market manipulation;
- There may be less publicly available information on foreign companies, and foreign companies may not be subject to uniform accounting, auditing and financial standards as are U.S. companies;
- Foreign securities registration, custody and settlements may be subject to delays or other operational and administrative problems;
- Certain foreign brokerage commissions and custody fees may be higher than those in the U.S.;
- Dividends payable on foreign securities contained in a strategy's portfolio may be subject to foreign withholding taxes, reducing the income available for distribution; and
- Prices for stock or ADRs may fall over short or extended periods of time.

If a strategy invests in emerging markets, an investment in that strategy may have the following additional risks:

- Information about the companies in emerging markets is not always readily available;
- Stocks of companies traded in emerging markets may be less liquid, and the prices of these stocks may be more volatile than the prices of the stocks in more established markets;
- Greater political and economic uncertainties exist in emerging markets than in developed foreign markets;
- The securities markets and legal systems in emerging markets may not be well developed and may not provide the protections and advantages of the markets and systems available in more developed countries;

- Very high inflation rates may exist in emerging markets and could negatively impact a country's economy and securities markets;
- Emerging markets may impose restrictions on a strategy's ability to repatriate investment income or capital;
- Certain emerging markets impose constraints on currency exchange, and some currencies in emerging markets may have been devalued significantly against the U.S. dollar;
- Governments of some emerging markets exercise substantial influence over the private sector and may own or control many companies. As such, governmental actions could have a significant effect on economic conditions in emerging markets; and
- Emerging markets may be subject to less government supervision and regulation of business and industry practices, stock exchanges, brokers and listed companies.

CURRENCY RISK

The value of investments in securities denominated in foreign currencies increases or decreases as the rates of exchange between those currencies and the U.S. dollar change. Currency exchange rates can be volatile and are affected by factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls and speculation.

REIT AND REAL ESTATE RISK

The value of a strategy's investments in real estate investment trusts ("REITs") may change in response to changes in the real estate market. A strategy's investments in REITs may subject it to the following additional risks: declines in the value of real estate, changes in interest rates, lack of available mortgage funds or other limits on obtaining capital and financing, overbuilding, extended vacancies of properties, increases in property taxes and operating expenses, changes in zoning laws and regulations, casualty or condemnation losses, and tax consequences of the failure of a REIT to comply with tax law requirements. A strategy will bear a proportionate share of the REIT's ongoing operating fees and expenses, which may include management, operating and administrative expenses.

CONVERTIBLE SECURITIES RISK

A convertible security is a bond, debenture, note, preferred stock, right, warrant or other security that may be converted into or exchanged for a prescribed amount of common stock or other security of the same or a different issuer or cash within a particular period of time at a specified price or formula. A convertible security typically entitles the holder to receive interest paid or accrued on debt securities or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities typically have characteristics similar to both debt and equity securities. Convertible securities ordinarily provide a stream of income with typically higher yields than those of common stock of the same or similar issuers and typically rank senior to common stock in a corporation's capital structure but are usually subordinated to comparable nonconvertible securities. Convertible securities typically do not participate directly in any dividend increases or decreases of the underlying securities, although the market prices of convertible securities may be affected by any dividend changes or other changes in the underlying securities. A strategy's investments in convertible securities may subject it to the risks that prevailing interest rates, issuer credit quality and any call provisions may affect the value of the strategy's convertible securities.

DERIVATIVES RISK

Derivatives are financial instruments that have a value which depends on, or is derived from, a reference asset, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. Derivatives may result in investment exposures that are greater than their cost would suggest; in other words, a small investment in a derivative may have a large impact on a strategy's performance. The successful use of derivatives typically depends on the manager's ability to predict market movements.

A strategy may use derivatives in various ways. It may use derivatives as a substitute for taking a position in the reference asset or to gain exposure to certain asset classes; under such circumstances, the derivatives may have economic characteristics similar to those of the reference asset, and a strategy's investment in the derivatives may be applied toward meeting a requirement to invest a certain percentage of its net assets in instruments with such characteristics. A strategy may use derivatives to hedge (or reduce) its exposure to a portfolio asset or risk. A strategy may use derivatives for leverage or to manage cash.

Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, credit risk and general market risks. A strategy's use of derivatives may entail risks greater than, or possibly different from, such risks and other principal risks to which a strategy is exposed, as described below. Certain of the different risks to which a strategy might be exposed due to its use of derivatives include the following:

> Counterparty risk is the risk that the other party to the derivative contract will fail to make required payments or otherwise to comply with the terms of the contract. In the event that the counterparty to such a derivative instrument becomes insolvent, a strategy potentially could lose all or a large portion of its investment in the derivative instrument.
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> Hedging risk is the risk that derivative instruments used to hedge against an opposite position may offset losses, but they also may offset gains.
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> Correlation risk is the risk that derivative instruments may be mispriced or improperly valued and that changes in the value of the derivatives may not correlate perfectly with the underlying asset or security.
>
> Volatility risk is the risk that because a strategy may use some derivatives that involve economic leverage, this economic leverage will increase the volatility of the derivative instruments, as they may increase or decrease in value more quickly than the underlying currency, security, interest rate or other economic variable.
>
> Credit derivatives risk is the risk associated with the use of derivatives, which is a highly specialized activity that involves strategies and risks different from those with ordinary portfolio security transactions. If the portfolio manager is incorrect in its forecast of default risks, market spreads or other applicable factors, a strategy's investment performance would diminish compared with what it would have been if these techniques were not used. Moreover, even if the portfolio manager is correct in its forecast, there is a risk that a credit

derivative position may correlate imperfectly with the price of the asset or liability being hedged. A strategy's risk of loss in a credit derivative transaction varies with the form of the transaction.

Segregation risk is the risk associated with any requirement, which may be imposed on a strategy, to segregate assets or enter into offsetting positions in connection with investments in derivatives. Such segregation will not limit a strategy's exposure to loss, and the strategy may incur investment risk with respect to the segregated assets to the extent that, aside from the applicable segregation requirement, the strategy would sell the segregated assets.

DEBT/FIXED INCOME SECURITIES RISK

The value of an investment in a fixed income strategy may change in response to changes in interest rates. An increase in interest rates typically causes a fall in the value of the debt securities in which the strategy invests. The longer the duration of a debt security, the more its value typically falls in response to an increase in interest rates. The value of an investment in a fixed income strategy may change in response to the credit ratings of the strategy's portfolio of debt securities. The degree of risk for a particular security may be reflected in its credit rating. Typically, investment risk and price volatility increase as a security's credit rating declines. The financial condition of an issuer of a debt security held by a strategy may cause it to default or become unable to pay interest or principal due on the security. A strategy cannot collect interest and principal payments on a debt security if the issuer defaults.

NON-INVESTMENT GRADE SECURITIES RISK

Securities rated below investment grade, i.e., BA or BB and lower ("junk bonds"), are subject to greater risks of loss of money than higher-rated securities. Compared with issuers of investment grade fixed income securities, junk bonds are more likely to encounter financial difficulties and to be materially affected by these difficulties.

CREDIT RISK

If a strategy invests in fixed income securities, the value of the client's investment in the strategy may change in response to the credit ratings of that strategy's portfolio securities. The degree of risk for a particular security may be reflected in its credit rating. Typically, investment risk and price volatility increase as a security's credit rating declines. The financial condition of an issuer of a fixed income security held by a strategy may cause it to default or become unable to pay interest or principal due on the security. A strategy cannot collect interest and principal payments on a fixed income security if the issuer defaults. Investments in fixed income securities that are issued by U.S. government-sponsored entities such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Federal Home Loan Banks involve credit risk, as they are not backed by the full faith and credit of the U.S. government.

INTEREST RATE RISK

If a strategy invests in fixed income securities, the value of the client's investment in that strategy may change in response to changes in interest rates. An increase in interest rates typically causes a fall in the value of the securities in which a strategy invests. The longer the duration of a fixed income security, the more its value typically falls in response to an increase in interest rates.

LIQUIDITY RISK

Certain fixed income securities held by a strategy may be difficult (or impossible) to sell at the time and at the price the portfolio manager would like. As a result, a strategy may have to hold these securities longer than it would like and may forego other investment opportunities. There is the possibility that a strategy may lose money or be prevented from realizing capital gains if it cannot sell a security at a particular time and price.

INVESTMENT COMPANY AND ETF RISK

Investments in open-end and closed-end investment companies, including exchange traded funds ("ETFs") (which may, in turn, invest in bonds and other financial vehicles), involve substantially the same risks as investing directly in the instruments held by these entities. However, the investment may involve duplication of certain fees and expenses. By investing in an investment company or ETF, the strategy becomes a shareholder of that fund. As a result, investors in a strategy that invests in ETFs or an open-end or closed-end investment company are indirectly subject to the fees and expenses of the individual ETFs or funds. These fees and expenses are in addition to the fees and expenses that investors in the strategy directly bear in connection with the strategy's own operations. If the investment company or ETF fails to achieve its investment objective, the strategy's investment in the fund may adversely affect its performance. In addition, because ETFs and many closed-end funds are listed on national stock exchanges and are traded like stocks listed on an exchange, (1) the strategy may acquire ETF or closed-end fund shares at a discount or premium to their NAV, and (2) the strategy may incur greater expenses since ETFs are subject to brokerage and other trading costs. Since the value of ETF shares depends on the demand in the market, we may not be able to liquidate the holdings at the most optimal time, adversely affecting performance.

MORTGAGE-RELATED SECURITIES RISK

Mortgage-related securities are subject to prepayment risk as well as the risks associated with investing in debt securities in general. If interest rates fall and the loans underlying these securities are prepaid faster than expected, the strategy may have to reinvest the prepaid principal in lower yielding securities, thus reducing the strategy's income. Conversely, if interest rates increase and the loans underlying the securities are prepaid more slowly than expected, the expected duration of the securities may be extended, reducing the cash flow for potential reinvestment in higher yielding securities.

TO BE ANNOUNCED ("TBA") TRANSACTIONS RISK

TBA purchase commitments involve a risk of loss if the value of the security to be purchased declines prior to settlement date or if the counterparty does not deliver the securities as promised.

U.S. GOVERNMENT SECURITIES RISK

Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, including, for example, Ginnie Mae pass-through certificates, are supported by the full faith and credit of the U.S. Treasury. Other obligations issued by or guaranteed by federal agencies, such as those securities issued by Fannie Mae, are supported by the discretionary authority of the U.S. Government to purchase certain obligations of the federal agency, while other obligations issued by or guaranteed by federal agencies, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Treasury. While the U.S. Government provides financial support to such U.S. Government-sponsored federal agencies, no assurance can be given that the U.S. Government will always do so, since the U.S. Government is not so obligated by law.

MUNICIPAL SECURITIES RISK

Municipal securities risk generally depends on the financial status and credit quality of the issuer. Changes in a municipality's financial condition could cause the issuer to fail to make interest and principal payments when due. A period in which a municipality experiences lower tax revenues, decreased funding from state and local governments or a sustained economic downturn may increase the risk of a credit downgrade or default. If such events were to occur, the value of the security could decrease or be lost entirely and it may be difficult or impossible to sell the security at the time and the price that normally prevails in the market. Interest on municipal obligations may not be exempt from the federal alternative minimum tax.

EMERGING MARKETS RISK

Investments in emerging markets may carry more risk than investing in developed foreign markets. Risks associated with investing in emerging markets include limited information about companies in these countries, greater political and economic uncertainties compared to developed foreign markets, underdeveloped securities markets and legal systems, potentially high inflation rates, and the influence of foreign governments over the private sector. They are often particularly sensitive to market movements because their market prices tend to reflect speculative expectations. Low trading volumes may result in a lack of liquidity and in extreme price volatility. Investors should be able to tolerate sudden, sometimes substantial, fluctuations in the value of their investments. Emerging market countries may have policies that restrict investment by foreigners or that prevent foreign investors from withdrawing their money at will.

NON-DIVERSIFICATION RISK

If a strategy is "non-diversified," its investments are not required to meet certain diversification requirements under federal law. A "non-diversified" strategy is permitted to invest a greater percentage of its assets in the securities of a single issuer than a diversified strategy. Thus, the strategy may have fewer holdings than other strategies. As a result, a decline in the value of those investments would cause the strategy's overall value to decline to a greater degree than if the strategy held a more diversified portfolio.

MANAGEMENT RISK

Our strategies are actively managed, and our performance in these strategies may reflect our ability to make decisions that are suited to achieving a strategy's investment objective. As a result, a strategy may not meet its investment objective based on the success or failure of the portfolio managers to implement investment strategies and could underperform other similar strategies with comparable investment objectives managed by other advisers.

ESG RISK

ESG risk is the risk that a strategy managed to explicitly consider ESG criteria could underperform compared to similar strategies that do not utilize ESG criteria. The strategy may forego opportunities to buy certain securities when it might otherwise be advantageous to do so or may sell securities for ESG-related reasons when it might be otherwise disadvantageous for it to do so. ESG strategies may also focus on particular ESG investment themes, which presents increased risk over a more diversified portfolio by focusing investment choices within specific sectors that may or may not perform as well as other industry sectors. There is a risk that the companies selected for an ESG strategy may not perform as expected in addressing ESG considerations. A company's ESG performance could vary over time, which could cause the strategy to fail to comply with ESG objectives. Interpretations of ESG criteria, and therefore our investment decisions, may vary over time or may be inconsistently applied. In making investment decisions, Brown Advisory relies on information, data and value judgments that could be incomplete or erroneous.

PORTFOLIO TURNOVER RISK

High portfolio turnover involves correspondingly greater expenses to a strategy, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities and may increase a client's tax obligations.

PRIVATE PLACEMENT RISK

Privately issued securities are restricted securities that are not publicly traded. Accordingly, the market liquidity for specific privately issued securities may vary. Delay or difficulty in selling such securities may result in a loss to the strategy.

SHORT SELLING

Short selling involves selling securities that are not owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows a portfolio to profit from declines in market prices to the extent that such declines exceed the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short-selling exposes a portfolio to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise.

PRIVATE FUND RISK

Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are typically restricted to certain qualified purchasers, it could be difficult for a client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies.

CYBER SECURITY RISK

The firm's technology systems, and those of our critical third parties such as administrators, custodians and auditors, may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, floods, tornadoes, hurricanes and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if our systems are compromised, become inoperable or cease to function properly, the firm and its affected advisory clients may have to make a significant investment to fix or replace them. The failure of these systems and/or of a disaster recovery plan for any reason could cause a significant interruption in the operations of the firm and its clients and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to clients. Such a failure could harm a person's reputation and subject the firm to legal claims, regulatory finds and impair business and financial performance.

ITEM 9 DISCIPLINARY INFORMATION

Neither Brown Advisory nor any of our supervised persons have been involved in any legal or disciplinary events (i.e., criminal or civil action in a domestic, foreign or military court, administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or self-regulatory organization) that are material to evaluating our advisory business or the integrity of the our management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Brown Advisory Group Holdings LLC (“BAGH”), a Delaware limited liability company, serves as the parent company of Brown Advisory Incorporated (“BAI”) and Brown Advisory Management LLC (“BAM”). BAI, which is organized as a Maryland corporation, serves as the manager of BAGH and the managing member of BAM. BAM, a Maryland limited liability company, is a holding company that serves as the parent company to several Brown Advisory subsidiaries.

Brown Advisory is a registered investment adviser with the SEC and is a wholly owned subsidiary of BAM.

Brown Advisory is also registered as a Municipal Advisor with the SEC and the Municipal Securities Rulemaking Board (“MSRB”) and is eligible to conduct registerable activities in Ontario in reliance on the International Adviser Exemption.

BROKER-DEALER REGISTRATION STATUS

Brown Advisory is affiliated with Brown Advisory Securities, LLC (“BAS”). BAS is a wholly owned subsidiary of BAM and an SEC-registered investment adviser and broker-dealer. It is also a member firm of the Financial Industry Regulatory Authority ("FINRA"). Brown Advisory is not registered as a broker-dealer; however certain employees and members of management may serve as registered representatives or in other capacities for BAS.

FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR, COMMODITY TRADING ADVISOR REGISTRATION STATUS

Brown Advisory is not registered with the U.S. Commodity Futures Trading Commission (the “CFTC”) as a Commodity Trading Advisor (“CTA”) or (“CPO”). Certain employees and members of management may serve as “associated persons” of affiliates of Brown Advisory that are registered with the CFTC as a CTA or CPO or are exempt from such registration.

Brown Advisory Investment Solutions Group LLC (“BAISG”) is registered with the CFTC as a CPO and as a CTA and has a membership with the National Futures Association in connection with such CFTC registration.

Meritage Capital, LLC (“Meritage”) is registered with the CFTC as a CPO and has a membership with the National Futures Association in connection with such CFTC registration.

Signature Financial Management, Inc., doing business as Signature Family Wealth Advisors ("Signature") is a member of the National Futures Association as an exempt CPO and exempt CTA.

RELATED PERSONS

Brown Advisory has certain relationships or arrangements with related person that are material to its advisory business or its clients. Below is a description of such relationships and some of the conflicts of interest that arise from them. Brown Advisory has adopted policies and procedures reasonably designed to prevent, limit or mitigate conflicts of interest that may arise between Brown Advisory and its affiliates.

AFFILIATIONS WITH BROKER-DEALERS

BAS is a FINRA member and is dually registered as a broker-dealer and an investment adviser with the SEC. Although BAS may recommend or effect transactions for clients it shares with Brown Advisory, Brown Advisory does not transact with BAS unless a client has specifically directed it to do so.

AFFILIATIONS WITH INVESTMENT COMPANIES OR OTHER POOLED INVESTMENT VEHICLES

Brown Advisory has arrangements that are material to its advisory business with affiliated investment companies. Brown Advisory serves as the investment adviser to affiliated mutual funds, Collective Investment Trusts and Ireland-domiciled UCITS funds. We also serve as the managing member of private funds that may invest in public and private securities.

Brown Advisory has arrangements to serve as sub-adviser to investment companies and pooled investment vehicles sponsored by other unaffiliated financial services firms. As a sub-adviser for these firms, we serve as an investment manager for vehicles that are subsequently marketed to the clients of other firms. Although we manage portions of the funds, the names of the funds typically reflect the name of the unaffiliated firm. While other investment companies and pooled investment vehicles are clients of ours, the underlying clients in the funds are clients of the unaffiliated firm.

Brown Advisory (Ireland) Limited is authorized by the Central Bank of Ireland to operate as a management company for the purposes of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations.

AFFILIATIONS WITH OTHER INVESTMENT ADVISERS

Brown Advisory is affiliated with Brown Advisory Ltd., a UK-based investment adviser which is authorized and regulated by the UK Financial Conduct Authority and is also an SEC-registered investment adviser.

Brown Advisory (Singapore) Pte. Ltd. is Singapore private company that provides distribution and marketing activities in connection with the firm's UCITS funds.

Brown Advisory has the following other investment advisory affiliates:

> BAISG is an SEC-registered investment adviser and wholly owned subsidiary of BAM, specializing in alternative investments and offering both discretionary and non-

discretionary investment advice primarily to various private investment funds it manages, individuals and institutional separate accounts. Brown Advisory Direct Investments GP, LLC, acts as a relying adviser with respect to certain funds managed by BAISG. I

NextGen (collectively with certain special purpose vehicles formed to serve as general partners of its funds, "NextGen") is a relying adviser of BAISG and serves as the general partner or managing member for certain private investment funds.

Meritage is a Delaware limited liability company. Meritage is an SEC-registered investment adviser that provides investment advisory services to private pooled investment vehicles and investment advisory and sub-advisory services on a discretionary and non-discretionary basis to separately managed accounts and to an investment company. Meritage and Meritage Capital GP, LLC, a wholly-owned subsidiary of Meritage, each serve as the general partner for certain private investment funds managed by Meritage.

Signature is a Virginia corporation and an SEC-registered investment adviser. Signature provides integrated wealth management services to high net worth individuals and their families, and to a small number of charitable trusts and foundations. Signature also serves as the general partner for certain private investment.

AFFILIATIONS WITH BANKING OR THRIFT INSTITUTIONS

Brown Advisory is affiliated with Brown Investment Advisory & Trust Company ("BIATC") and Brown Advisory Trust Company of Delaware, LLC ("BATCDE").

BIATC is a Maryland non-depository trust company that is subject to regulatory oversight by the Office of the Commissioner of Financial Regulation of the State of Maryland. BIATC is a wholly owned subsidiary of BAI and bears certain administrative and operating expenses on behalf of its affiliates.

BATCDE is a Delaware limited-purpose trust company that is subject to regulatory oversight by the Office of the State Bank Commissioner of the State of Delaware. BATCDE is a wholly owned subsidiary of BAM. BALLC provides investment management services to trust clients of BATCDE.

BIATC and BATCDE provide trust and estate administration and related services to certain of Brown Advisory's clients.

AFFILIATIONS WITH SPONSORS OR SYNDICATORS OF LIMITED PARTNERSHIPS

Certain of our affiliates serve as the general partner, managing member, and/or investment manager of private vehicles and limited partnerships formed to facilitate investment opportunities for clients. These vehicles may invest in both public and private equity securities. We and our affiliates may solicit clients to invest in these vehicles. In addition, we, or an affiliate may receive management and/or administrative fees for investments made in the private partnerships and also may be entitled to receive carried interest and other incentive fees and allocations.

BAISG, NextGen, Signature and Meritage provide investment advisory services to private pooled investment vehicles.

<u>Other Relationships or Affiliations</u>

We have arrangements with select unaffiliated investment advisers whereby they serve as sub-adviser to investment companies and pooled investment vehicles sponsored by Brown Advisory. These strategies are subsequently marketed to our clients. In these arrangements, Brown Advisory engages an external manager to provide investment management services for strategies that are outside the area of expertise of the internal investment team. For these relationships, the sub-adviser receives a fee equal to a rate in accordance with an agreed upon annual management fee schedule.

We also maintain a relationship with Savano Direct Capital Partners, LLC, through an ownership interest in Brown Savano JV, LLC ("BrownSavano"). BrownSavano was founded for the sole purpose of providing partial liquidity and asset diversification to individual shareholders in market-leading, later-stage private companies. BrownSavano Direct GP, LLC, which is owned by BrownSavano, serves as the General Partner for the BrownSavano Direct Capital Partners, L.P. private fund, a Delaware limited partnership. It focuses on providing partial liquidity to company founders, angels, active or departed employees, and corporate strategic investors. Certain employees of BALLC provide services to BrownSavano under an agreement between BrownSavano and BAI.

Brown Advisory is affiliated with Blueprint Local Investments LLC ("Blueprint Local Investments"). Blueprint Local Investments was founded as a platform to launch pooled investment vehicles intended to qualify as "qualified opportunity funds," as defined under the U.S. Tax Cuts and Jobs Act of 2017. Blueprint Local Investments is exempt from registration with the SEC as an "Exempt Reporting Adviser". Brown Advisory receives a financial benefit, including a share of the management fees and any carried interest that may accrue, as a result of this joint venture relationship.

<u>Material Conflicts of Interest Relating to Other Investment Advisers</u>

Brown Advisory, as the adviser to affiliated mutual funds, Collective Investment Trusts and UCITS funds, delegates some or all of its responsibilities as adviser to other affiliated and unaffiliated advisers. Brown Advisory typically compensates other advisers out of the advisory fees it receives from the relevant funds. In addition, Brown Advisory recommends and invests certain client accounts and funds in its proprietary mutual funds, Collective Investment Trusts and UCITS funds. As described in Item 5 – Fees and Compensation, Brown Advisory generally does not charge dual-level fees in connection with such recommendations and investments. We are incentivized to allocate assets to affiliated funds where we do not share management fees with sub-advisers. We address this conflict by adopting policies designed to ensure that client assets are invested in line with their investment guidelines.

Brown Advisory also recommends to and invests certain client accounts and funds in unaffiliated advisers. We generally do not receive compensation, either directly or indirectly, from those advisers that would create a material conflict of interest. However, Brown Advisory is incentivized to allocate assets to unaffiliated advisers that are themselves (or whose principals and

employees are) clients of Brown Advisory or its affiliates. We address this conflict through our allocation policies and trading practices.
Brown Advisory receives compensation in connection with the management of private investment funds managed by Brown Advisory or one of its affiliates. Such compensation includes management fees, carried interest, incentive allocations and account-level advisory fees. Brown Advisory has an incentive to recommend affiliated private investment funds over externally-managed private investment funds for which it does not receive any compensation. In addition, Brown Advisory is incentivized to recommend that its clients invest in affiliated private investment funds that impose higher fees relative to other affiliated private funds.

Brown Advisory and its principals and employees may receive notice of, or offers to participate in, investment opportunities offered by unaffiliated advisers and their affiliates. Such opportunities will generally not be required to be offered to clients unless a determination has been made that any such opportunity is suitable for certain clients.

ITEM 11 CODE OF ETHICS, PARTICIPATION/INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

OVERVIEW OF OUR CODE OF ETHICS

We are committed to maintaining the highest standards of professional conduct and ethics in order to discharge our legal obligations to our clients, to protect our business reputation and to avoid even the appearance of impropriety in our investment activities on behalf of clients. While we strive to avoid conflicts, we are cognizant that conflicts will nevertheless arise, and it is our policy to fully and fairly disclose known material conflicts to our clients.

Our Code of Ethics details certain minimum expectations that we have for our employees. All personnel, regardless of role, are expected to conduct the firm's business in full compliance with both the letter and the spirit of the law and any other policies and procedures that may be applicable. On an annual basis, we require that each employee certify in writing that he or she has read, understands and complies with the policies and procedures of the Code of Ethics. Any violations regarding the Code of Ethics must be brought to the attention of the Chief Compliance Officer. If it is determined that an employee has violated the Code of Ethics, we will take such remedial action as is deemed appropriate. Sanctions will vary but may include censure, limitation or prohibition of personal trading, suspension or termination of employment.

We will provide a copy of our Code of Ethics to any client or prospective client upon request. Clients may request a copy by contacting us at the address, telephone number or email on the cover page of this document.

PERSONAL TRADING

Since we recognize that our employees should have an opportunity to develop investment programs for themselves and their families, our Code of Ethics does not prohibit personal trading by employees. As a result, we, our affiliates or related personnel may purchase or sell the same or similar securities for our own accounts that we purchase, sell or recommend for client accounts.

Potential conflicts that could arise as a result include but are not limited to:

- Employees engage in unethical behavior.
- Personal trading of employees misuses material nonpublic information.
- Personal trading of employees is not supervised.
- Clients receive less favorable trading terms than our advisory employees.
- Abusive trading on the part of our advisory employees, including market timing.

While advisory personnel are permitted to trade within their own brokerage accounts, we have several policies and procedures in place designed to ensure that their personal trading does not violate our fiduciary obligations to clients, including any related mutual fund clients. Our Code of Ethics sets forth standards of conduct expected of employees and addresses conflicts that arise from personal trading by employees. It provides policies and procedures designed to ensure that employees conduct their personal securities transactions in a manner that complies with the securities laws, rules and regulations and that does not raise the appearance of impropriety. In addition, it sets forth controls designed to avoid actual or potential conflicts of interest between clients and our employees. Controls in place include blackout periods for certain employees, pre-clearance of employee trades, holdings disclosure and other trading restrictions.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND OTHER CONFLICTS OF INTEREST

We, our affiliates or related personnel may recommend to clients, or purchase or sell for client accounts, securities in which we, our affiliates or related personnel have a material financial interest. These include situations in which we, our affiliates or related personnel act as general partner in a partnership in which we solicit client investments and/or act as an investment adviser to an investment company that we recommend to clients. Brown Advisory, its affiliates and their respective employees and officers may invest for their own accounts in various opportunities appropriate for investment by clients.

Potential conflicts that could arise include but are not limited to:

- Officer, Director and Advisory Board Conflicts—Conflicts that involve a transaction to be entered into by us for ourselves, or by us on behalf of our clients, in which one of the officers, directors or advisory board members of Brown Advisory Incorporated has a financial interest;
- Equity Holder Conflicts—Conflicts that involve a transaction to be entered into by us for ourselves, or by us on behalf of our clients, in which an equity holder of BAGH has a financial interest;
- Client Conflicts—Conflicts that involve a transaction to be entered into by us for ourselves, or by us on behalf of our clients, in which a client has a financial interest; and
- Situations where employees engage in unethical behavior and misuse material inside information.

To address these potential conflicts and protect and promote the interests of clients, we employ the following policies and procedures:

- We have adopted trading practices designed to address potential conflicts of interest inherent in proprietary and client discretionary trading, including bunching and pro-rata allocation.
- To further protect and promote the interests of clients, the Board of Directors of Brown Advisory Incorporated has established a Corporate Governance and Conflicts Committee

that assists it in its oversight of potential material conflicts of interest. The members of the Corporate Governance and Conflicts Committee are chosen by the independent members of the Board of Directors.

- If we enter into a transaction on behalf of our clients that presents either a material or non-material conflict of interest, the conflict should be disclosed to the client prior to the consummation of such transaction.
- Employees must comply with our policy on the handling and use of material non-public information. Employees are reminded that they may not purchase or sell, or recommend the purchase or sale, of a security for any account while they are in possession of material inside information. In addition, employees may not disclose confidential information except to other employees who "need to know" that information to carry out their duties to clients.
- Employees are required to report to our Compliance Department all outside business activities. These include board/committee memberships and obligations, employment commitments, non-profit commitments, government commitments and other outside business commitments.
- To ensure that there is not intentional or unintentional front-running of purchasing securities in client accounts, we may restrict trading stocks of companies in which we are actively performing due diligence as potential candidates for purchase in our portfolios.

CONFLICTS OF INTEREST

Personal interests both inside and outside of Brown Advisory that could be placed ahead of our obligations to clients could be the source of actual or potential conflicts of interest. Employees must remain aware that just the opportunity to act improperly may create the appearance of conflict and that conflicts may exist even in the absence of wrongdoing. Employees are required to make a full and timely disclosure of any situation that could result in a potential conflict or the appearance of a conflict of interest.

To identify potential sources of conflicts of interest and to assess how those conflicts are addressed by our compliance program, we perform regular reviews. This process has been developed and improved, since our inception, with the input from and oversight by the Board of Directors of Brown Advisory Incorporated and its Audit Committee and Corporate Governance and Conflicts Committee. The potential conflicts of interest that may be evaluated are (1) potential conflicts between the firm and our clients, (2) potential conflicts between our employees and our clients, and (3) potential conflicts between different clients.

Primary potential conflicts between the firm and our clients include:

- Misuse of brokerage commissions
- Transactions benefiting affiliates, including 10f-3 and 17e-1 transactions
- Misleading or deceptive marketing
- Misleading or deceptive trading practices
- Improper valuation
- Errors and corrections

Ameliorative practices:

Soft-dollar policies and procedures, Policy Banning Reciprocal Arrangements, Policy on Best Execution and oversight by Best Execution Committee, Avoidance of Participation by affiliated broker-dealer in participating in underwriting or selling syndicates, adoption of policies on 10f-3 and 17e-1 transactions, Policy on Marketing, GIPS procedures, Policies on Window Dressing and Portfolio Pumping, Operation of Pricing Committee and adoption of pricing guidelines, Adherence to a Trading Policy including bunching, fair allocation and rotation procedures, Policy on Errors and Corrections, and disclosures to clients.

Primary potential conflicts between our employees and our clients include:

- Misuse of non-public information including front-running
- Misdirection of investment opportunities
- Participation in investment opportunities by employees

Ameliorative practices:
Code of Ethics, including personal trading restrictions, Policies on Gifts, Entertainment and Political Contributions, Supervisory Policy and business-line procedures, and Corporate Governance and Conflicts Committee of the Board of Directors of Brown Advisory Incorporated.

Primary potential conflicts between our clients include:

- Allocation of investment opportunities
- Trading between client accounts
- Errors/Incidents

Ameliorative practices:
Cross Trading Policy, Adherence to Trading Policy including bunching, fair allocation and rotation procedures, Oversight by Best Execution Committee, supervisory review of client accounts, and Error/Incidents Policy.

Additional conflicts of interest include:

- As a result of differences in client objectives, strategies and risk tolerances, Brown Advisory may give different investment advice or make different recommendations to clients that are authorized to invest in the same securities. In addition, investment advice given to clients may differ between our affiliates and from portfolio manager to portfolio manager.
- Certain of our service providers (including investment advisers, accountants, administrators, custodians, lenders, bankers, attorneys and independent directors) provide goods or services to, or have business, personal, financial or other relationships with Brown Advisory and its affiliates. We have adopted policies designed to ensure that service providers are evaluated and selected based on the quality of the services they provide.
- Directors, officers and employees of Brown Advisory and its affiliates may serve on the board of directors or hold another senior position with a corporation in which Brown Advisory makes an investment on behalf of its clients. In such cases, the investment opportunity available to clients may be limited or wholly restricted.
- In allocating limited investment opportunities, Brown Advisory has an incentive to allocate opportunities to larger clients, clients with whom we would like to develop a new relationship, and clients paying a higher fee. We have adopted allocation policies designed

to ensure a fair and equitable allocation of limited investment opportunities while preserving our ability to account for a range of considerations in making such determinations.

In addition, as a registered Municipal Advisor with the SEC and the Municipal Securities Rulemaking Board ("MSRB"), Brown Advisory may provide advice to state and local governments and other entities concerning the issuance of municipal securities, the investment of the proceeds of municipal securities, guaranteed investment contracts, the use of municipal derivatives and municipal escrow investments. To avoid any related conflicts of interest, the firm will not invest in any new issues of municipal securities where the firm provides public finance advisory services to the issuer of the securities. The firm may purchase such securities in the secondary market when such new issues are free to trade.

ITEM 12 BROKERAGE PRACTICES

FACTORS CONSIDERED IN SELECTING OR RECOMMENDING BROKER-DEALERS FOR CLIENT TRANSACTIONS

We believe that fair treatment of all clients is paramount in the implementation of the portfolio manager's objectives. Thus, we are committed to achieving the best price and quality in the marketplace based on the information available at the time of the trade, without systematically disadvantaging one client over another.

Unless clients direct us otherwise or choose to use a custodian that requires all trades to be directed to its platform, such as First Clearing, Charles Schwab or Fidelity, we allocate transactions to unaffiliated broker-dealers for execution on markets at prices and commission rates that we determine will be in the best interests of the client. We will select the broker-dealer to be used for best execution based on a number of factors. Obtaining best execution is the top priority. To the extent relevant under the circumstances, the following factors may apply to our best execution determination: price, commission, size of the order, difficulty of execution, degree of skill required by the broker-dealer and trading/execution/clearing/settlement capabilities. The trading desk also takes into account the following considerations:

- The procurement of the lowest possible net cost, comprising the level of execution and brokerage commission;
- A decision by the trader as to the broker-dealer most qualified to provide superior execution capabilities;
- That all broker-dealer business allocated for research services will be provided at a commission rate comparable to rates that are for execution only; and
- The ability to settle trades in a timely manner.

We may also take into account factors that are relevant to the specific broker-dealer, such as financial stability, reputation, past history of prompt and reliable execution of client trades, operational efficiency with which transactions are effected, access to markets, access to capital to accommodate trades, ability to maintain confidentiality, market knowledge, willingness and ability to make a market in a particular security, brokerage and research services provided or the ability to accommodate third-party research arrangements, and overall responsiveness to our needs/willingness to work with us.

All client trades are allocated to a broker-dealer on our “Approved Broker List,” which is a list of broker-dealers that the Best Execution Committee has approved for use as executing brokers for client securities transactions. The Approved Broker List is maintained to facilitate the orderly and consistent use of suitable broker-dealers for client transactions. In selecting broker-dealers, we do not adhere to any rigid formulas but rather make a subjective determination after weighing a combination of the factors listed above. The ultimate determination as to the broker-dealer to select from the Approved Broker List on any given trade is made by the trader(s) responsible for executing the transaction.

Our Best Execution Committee oversees the implementation of our best execution obligation. The Committee was formed with the purpose of developing, implementing and evaluating our trade management policies and procedures in order to satisfy our duty to seek best execution.

Since fixed income securities trade over-the-counter and do not trade on a centralized exchange, we use the brokerage services from a variety of Wall Street and regional firms. We will use those firms that are direct issuers, underwriters or market-makers in specific fixed income sectors. The broker-dealers with whom we trade fixed income securities are also on an Approved Broker List. In order to obtain best execution, our fixed income traders place dealers in competitive situations, utilizing offerings and bids from numerous local and national broker-dealers. The fixed income traders review the market environment, the new issue calendar, secondary offerings and historical relationships to help determine a competitive price for the bonds they are trading. The quality of execution is ascertained by reviewing the bids and offerings received relative to recent pricing data.

On a quarterly basis we review broker-dealer performance. We focus our best execution evaluation efforts on how the broker-dealer performed over time. This takes into consideration such qualitative factors as research provided, promptness of execution, ability of the broker to execute and clear, market coverage provided by the broker and consistent quality of service from the broker. As a complement to our periodic review of broker-dealers on the “Approved Broker List,” we employ a third-party service provider to provide an independent source of quantitative evaluations of equity trade execution information for the Committee. Reports typically examine aggregate trading performance on a quarterly basis.

Where Brown Advisory is retained as an investment adviser under Wrap Programs sponsored by broker-dealers or other financial institutions, transactions generally are executed by or through the sponsor. In these cases, brokerage commissions are generally included in the “wrap” fee charged to the client. Brown Advisory is unable to negotiate commissions or transaction costs because the program sponsor is responsible for the execution of brokerage transactions, custody and reporting services. Participation in wrap fee programs may cause clients to incur higher commissions or transaction costs or receive less favorable net prices. Brown Advisory relies on an outsourced investment operations provider to execute certain wrap trades and to communicate certain updates to its model delivery clients.

Research and Other Soft Dollar Benefits Overview

The safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934 allow investment managers and advisers to receive research and additional products and services beyond execution from broker-dealers and third parties in connection with client securities transactions - a practice commonly known as soft dollar benefits. In selecting broker-dealers for trade execution, we consider not only available security prices and commission rates, but other relevant factors such as the execution capabilities, research and other services that broker-dealers provide. We believe this research and these additional services enhance our general portfolio management capabilities. If research services are a factor in selecting a broker-dealer, we must evaluate the commission paid in the context of the value of the brokerage and research services we receive from the broker-dealer and determine that the amount is reasonable.

When we use client brokerage commissions (also referred to as soft dollars) to obtain research or other products and services, we receive a benefit since we do not have to pay for the research, products or services via hard dollars. In exchange for allocating commissions to certain broker-dealers, we may be credited for payment of expenses for which we might otherwise be charged directly.

We can use soft dollar credits to pay for the research products and services provided by or paid for by such broker-dealers. This creates an incentive for us to allocate more commission business to broker-dealers who also provide research products and services than to broker-dealers who only effect securities transactions.

Soft dollar credits may be:

- Used to obtain research products and services that are proprietary to and prepared by the broker-dealer selected to effect a particular transaction;
- Used to obtain third-party research products and services prepared or developed by an independent research provider or
- Allocated to a pool of "credits" as part of a commission sharing arrangement.

In recognition of the value and benefit of the research and product services provided to us by a particular broker-dealer, we may, consistent with our duty to seek best execution, effect securities transactions through a broker-dealer that may cause a client to pay commissions higher than those charged by another broker-dealer. For the broker-dealers with whom we maintain a soft dollar relationship, we periodically determine the fair value of the research products and services (proprietary or independent third party) we expect to receive and, as a result, may establish target levels of directed commissions that are reasonable in relation to the value of the brokerage services and research products and services we receive.

In using research and related services from broker-dealers on a soft dollar basis, we are confronted with several inherent risks. These include:

- We may choose a broker-dealer to execute trades that charges a higher commission than other possible broker-dealers;
- We may choose a broker-dealer for a client's transaction that generates soft dollar credits that will be used to benefit the adviser, or other clients, but not the client involved in the transaction; and

- The amount of client commissions paid is not reasonable in light of the value of the products received or services rendered.

To manage and mitigate these risks, we have developed soft dollar policies and procedures to comply with Section 28(e) of the Securities Exchange Act of 1934. Our policy is that all soft dollar transactions/arrangements will:

- Comply with our best execution obligations, applicable law and individual client guidelines;
- Be approved in writing by our Best Execution Committee following a good-faith determination that the amount of commissions to be paid to the broker-dealer is reasonable in relation to the value of services provided;
- Be an appropriate use of clients' commissions considering available alternatives; and
- Be reviewed, including with respect to any "mixed-use" allocation, at least annually by the Committee.

From a payment perspective, all soft dollar payments are made through the equity trading desk in a competitive execution process. Fixed income portfolios do not generate soft-dollar credits.

Types of Research Products and Services

The types of research products and services received from third-party research and consulting firms and/or broker-dealers include but are not limited to:

- Information services that report on the availability and potential buyers or sellers of securities
- Meetings with management representatives of issuers and other analysts
- Quantitative analytical software and other research-oriented software
- Communications services pertaining to the execution, clearing and settlement of transactions
- Platforms for accessing company information and financials
- Research or fundamental analysis on individual companies, securities and/or sectors
- Bond analytics on fixed income portfolios, including duration, yield to maturity and convexity
- Credit ratings, research and risk analysis on municipals
- Macro-economic research, including weekly reports and quarterly conference calls
- Global market news services and financial publications
- Securities quotation and data systems for capital markets
- Expert network provider services that assist us in locating hard-to-find industry experts

Commission Sharing Arrangements

From time to time, we may request that broker-dealers that effect transactions for our clients allocate a portion of their commissions to a pool of soft dollar credits maintained by the introducing or executing broker-dealer. At our direction, the introducing or executing broker-dealer will pay independent research providers (including other broker-dealers) for research products and services from this pool of soft dollar credits. This type of arrangement is called a commission sharing arrangement because the introducing or executing broker-dealer will share its commission with an independent research provider to pay for research products and services. Commission sharing arrangements may be used to pay for proprietary and third-party research products and services.

For example, an introducing broker-dealer may offer access to a network of many executing broker-dealers through which we can trade. In this case, rather than paying the individual broker-dealer for research and services by placing trades, we may direct the trade to the introducing broker-dealer and request that the introducing broker-dealer pay the research provider from the pool of "credits" accumulated. Because commission sharing arrangements help separate the execution decision from the research decision, we believe that commission sharing arrangements can help us achieve best execution for clients.

ALLOCATION OF SOFT DOLLAR BENEFITS

Research provided by broker-dealers is used for a broad range of accounts for which we have investment management responsibility. We do not require that the use of soft dollar research be limited to the accounts that generated the commissions. Research provided by broker-dealers is commonly used to service accounts other than those paying for it directly. Although not all research from broker-dealers will be useful to or benefit every account, we do not restrict soft dollar benefits to service only those accounts that paid for the benefits. Client accounts may differ with regard to whether and to what extent they pay for research and brokerage services through commissions. Subject to applicable law, brokerage and research services may be used for the benefit of any or all client accounts, including client accounts that do not pay commissions to the broker-dealer relating to the brokerage and research service arrangements.

With respect to trading, our primary focus is on achieving best execution. Any soft dollar benefits received as a result of trade execution are secondary. Since soft dollar research may be used to service accounts other than those paying for it directly, we do not allocate soft dollar benefits to client accounts according to the soft dollar credits the accounts generate.

SOFT DOLLAR OVERSIGHT

We have policies and procedures in place for dealing with information received from third-party firms. All research products and services, including any "mixed use" research products and services between hard and soft dollars, must be approved by the Best Execution Committee, which is responsible for determining whether the product or service falls within the safe harbor requirements of Section 28(e), reviewing soft dollar payments versus budget and determining if any adjustments need to be made. Trading practices, including broker selection and best execution, are reviewed regularly by the Best Execution Committee to ensure adherence to firm policy. On an annual basis, the Committee conducts a review of our soft dollar commitments, including the allocation of any mixed-use research products and services between "hard" and "soft" dollars. If a service or product has a non-research or execution function, such as administration or marketing, as well as a research or execution component (i.e., the service or product is for a "mixed use"), the Committee will assign an allocation percentage to the research and the non-research component. Only the research or execution portion may be paid by soft dollars. The non-research component will be paid in hard dollars.

CLIENT REFERRALS

We do not allocate commissions to any person or company on the basis of business they might direct to us. We will select broker-dealers to execute client orders that are able to procure the lowest possible net cost, that provide superior order execution and research services— provided that the commission rates charged are comparable to rates charged for execution services only —

and that present low counter-party risk. It is against firm policy for any employee to suggest to any third party that in return for referring business to us, we will direct brokerage commissions to that third party or its affiliates.

Under no circumstances may any of our employees enter into an arrangement with any financial institution, broker-dealer, prime broker, investment adviser or investment vehicle for the purpose of directing brokerage commissions in exchange for either the sale of our products or investing assets with us, including indirect compensation through "step outs" or similar arrangements.

This policy does not prohibit directing portfolio transactions of any managed account or fund to broker-dealers that also sell shares of our funds, provided that the broker-dealer fully meets best execution criteria and the selection of that broker-dealer is not influenced by any arrangement to sell shares of any of our investment products or any of our affiliates' investment products or funds. This policy also does not prohibit directed brokerage arrangements whereby a client of ours has directed us to use a specific broker-dealer for a portion or all of that client's transactions.

DIRECTED BROKERAGE

In certain cases, clients choose to retain discretion over the broker-dealer used to execute transactions and/or the commission rate that the client will pay with respect to all or a portion of the transactions to be effected by us. If a client directs the use of a specific broker-dealer for execution of securities transactions, or selects a custodian that requires the direction of trades, we will direct such transactions to the specified broker-dealer including our affiliate even when we might be able to obtain a more favorable price and execution from another broker-dealer for a transaction on behalf of such client's account.

When a client instructs us to direct a portion of the transactions for its account to a designated broker-dealer, the client has made a decision to retain some control over broker-dealer selection and services. We will treat the direction as a decision by the client to retain, to the extent of the direction, the discretion that otherwise would be given by the client to us to select broker-dealers to effect transactions and the other terms of the trade for the client's account. In some cases, the client may have negotiated the commissions to be charged by the designated broker-dealer.

When clients direct us to use a specific broker-dealer for the execution of securities transactions or selects a custodian that requires the direction of trades, the commissions charged may not be the lowest available rates and may not be as low as the rate that we would have obtained for the client had we been authorized to select the broker-dealers for the transactions. The client may not receive the potential benefits that other clients may derive from aggregation of orders. In these situations, we may be unable to obtain most favorable execution of client transactions. Since directed brokerage accounts may not be able to aggregate orders to reduce transaction costs, the client may receive less favorable prices and pay higher brokerage commissions. With respect to execution, trades for accounts with directed brokerage arrangements are often executed after block trades for accounts not having directed brokerage arrangements have been aggregated and executed. Trades with directed brokers do not provide soft dollar benefits, such as research, to Brown Advisory and its client accounts.

TRADE AGGREGATION AND ALLOCATION

In many instances, groups of accounts will need to effect a transaction in the same security or securities. Subject to client guidelines and restrictions, accounts managed according to a particular strategy are incorporated into the same trade group for trade execution and allocation purposes. This ensures that trading in an investment strategy is aggregated across all related accounts to facilitate best execution. For equity strategies, we typically will aggregate orders for the same security by multiple accounts into a "block trade." We believe that this process provides equal treatment of clients, provides ease of administration and facilitates the avoidance of information leakage that may be detrimental to client trades. The average price per share of a block trade will be allocated to each account that participates in the block trade. Discretionary advisory accounts of our employees, affiliates and associated persons may participate in block trades. Such persons will receive the same average price as any other participant in the block trade.

If a block order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day will be allocated in a manner that is consistent with the initial pre-allocation. This must be done in a way that does not consistently advantage or disadvantage particular client accounts. For example, partial fills typically are allocated pro rata among participating accounts. The trading desk may allocate a partial fill using a random fill function of the trading system in such cases where it is deemed to be fair and equitable.

With respect to accounts having socially responsible guidelines or other restrictions, it is possible that these accounts will not be included in the block trade. Often times, the initial purchase of a security in an account with socially responsible guidelines will occur after similar trading has been executed for the accounts participating in the block trade. This may result in accounts with certain guidelines or restrictions receiving different terms for trades in the same or similar securities. Depending on the circumstance, additional research may be required to determine if the security is congruent with client guidelines. Every effort is made to ensure that securities are not purchased in accounts with socially responsible guidelines until it has been determined their purchase would not violate existing client investment guidelines.

Aggregation and allocation procedures across fixed income portfolios have been designed to ensure fair and equitable treatment across all accounts. Portfolio Managers attempt to block multiple orders for the same security on the same side of the market prior to releasing an order. In the event orders eligible for aggregation are not aggregated, the Fixed Income Desk will use its best efforts to block these orders together. Orders received after the full execution of an order (a done trade) are not blocked. Block orders that are executed in their entirety will be allocated to each account that participated at the trade execution price. If a block order cannot be executed in full at the time, the securities actually purchased or sold will be allocated in a manner that is consistent with the initial pre-allocation. This must be done in a way that does not consistently advantage or disadvantage particular accounts. For example, partial fills typically are allocated pro rata among participating accounts.

When limited offering amounts are available for particular securities, our portfolio managers determine which accounts could best utilize the security based on duration/maturity and sector targets. Once this is determined, the security is allocated on a pro-rata basis among these particular accounts.

From time to time, certain Brown Advisory strategies may invest in private investments or limited investment opportunities. The allocation of these investments across client portfolios invested in these strategies is typically executed on a pro rata basis, while also considering investor suitability, account size, risk tolerance, as well as other factors. Our processes are designed to equitably and appropriately allocate these limited investment opportunities across clients invested in the strategy while also balancing the additional risk with the client's investment profile and investor suitability. In this regard, some private investments or limited investment opportunities may not be appropriate to allocate to some accounts, depending on factors such as minimum investment size, account size, risk profiles, relationship investment history with a particular manager, and diversification requirements. Accordingly, an account may not be allocated such investments. Clients who use a custodian and/or broker-dealer that charge clients "trade away" fees or cannot accommodate the purchase of limited offerings through a particular underwriter may not receive an allocation. Clients who do not pay an account-level fee (e.g., private equity-only accounts) may not receive an allocation in capacity constrained situations. If an investment cannot reasonably be allocated on a pro rata basis, it may be allocated based on an alternate approach, including random selection, selection based on relationship size with Brown Advisory, or another methodology deemed fair and equitable.

Certain limited investment opportunities may be deemed appropriate for investment by commingled fund-of-funds vehicle managed by Brown Advisory. In such cases, where capacity is constrained, an affiliated fund-of-funds vehicle may be allocated its target investment allocation before separate feeder funds or individual accounts. Brown Advisory believes this allows a broader population of qualified clients to receive exposure to such limited investment opportunities.

TRADING PRACTICES OF MODEL PORTFOLIO RELATIONSHIPS

In addition to providing investment advisory services via separate accounts, private funds, pooled investment vehicles and investment companies, Brown Advisory also provides investment advisory services to select model-based separately managed account and unified managed account programs of unaffiliated managers and financial advisors.

The following procedure describes the sequencing practices for delivering models to unaffiliated model program sponsors and is applied on a strategy-specific basis. Brown Advisory seeks to treat all clients fairly and equitably by communicating strategy trade instructions to its trading desk and commencing delivery of corresponding model changes to model-based program sponsors in a contemporaneous fashion. This means that, at typically the same time that trade instructions are communicated to its trading desk, Brown Advisory commences its sequential model delivery process. Brown Advisory maintains a list of all model-based program sponsors in a proprietary database. Each is assigned a number indicating the sequential order by which it will receive investment model changes on a given day. The sequential order of the program sponsors rotates on a regular basis. Once the delivery process is initiated, Brown Advisory delivers investment model changes to program sponsors in successive order until all deliveries are complete. In circumstances where no deliveries occur, a notation is made in the database to indicate that the review occurred. At the end of each business day, a supervisor reviews the model delivery database for completeness and accuracy.

When a relationship with a new model delivery program sponsor commences, that program sponsor is placed at the end of the delivery list and is incorporated into the sequence without restarting the rotation. If a model delivery program sponsor terminates its relationship with Brown Advisory, that program sponsor is removed from the checklist and the rotation continues in successive order without restarting the rotation.

If there are circumstances in which Brown Advisory determines not to transmit investment instructions to all relevant parties at the same time, Brown Advisory will execute the trade using rotation procedures designed to ensure the fair and equitable treatment of clients. These circumstances may occur with respect to program sponsors with unique delivery criteria (such as program sponsors that apply restrictions to the Model Portfolio but have not established a separately managed account with Brown Advisory that applies the same restrictions).

Although Brown Advisory is responsible for providing the model portfolio, the firm typically is not responsible for the unaffiliated manager's or financial advisor's portfolio implementation with their respective clients. Given the simultaneous transmission of model portfolios to unaffiliated managers and strategy trade instructions to the Brown Advisory trading desk, trades executed by Brown Advisory's trading desk may compete with trades placed by unaffiliated managers and financial advisors for a given strategy. This competition has the potential to expose trades to price movements, particularly with large orders or where securities are thinly traded, and may therefore negatively impact clients. These competition concerns are mitigated where the securities involved have significant trading volume and are highly liquid.

CROSS TRADING

A cross trade is typically defined as the matching of buy and sell orders for the same security between different accounts. Cross trades are also deemed to include any prearranged or orchestrated transactions between two accounts that are executed through external brokers. With respect to cross trading, we typically will allow cross trading where the transaction would comply with our policy and client-specific guidelines, and be fair and equitable to both accounts. When an account is subject to ERISA, no cross trades shall be permitted unless allowed by applicable regulations.

Cross trading can significantly reduce the transaction costs for both the buying and selling accounts and may allow for other beneficial efficiencies to clients. However, where an investment adviser has discretion on each side of a transaction, cross trading presents a potential fiduciary conflict of interest. Cross trading may be appropriate if we meet our fiduciary obligations to clients on both sides of the transaction and where best execution requirements are met.

ITEM 13 REVIEW OF ACCOUNTS

FREQUENCY AND NATURE OF PERIODIC REVIEWS OF CLIENT ACCOUNTS

Portfolio managers review their accounts on a regular basis. Reviews are undertaken to confirm that portfolios conform to client suitability standards as well as to determine if any security changes need to occur. Portfolio managers continually review investments to confirm that they are consistent with outlined investment objectives.

With respect to internally managed strategies and recommended externally managed strategies, our Investment Solutions Group ("ISG") performs regular reviews. ISG focuses on manager selection and asset allocation. Criteria evaluated by ISG with respect to managers may include: investment philosophy, portfolio construction, performance, and other operational and investment diligence factors. ISG provides updates to the firm on a regular basis. In addition, our Chief Investment Officers oversee the investment programs for both our private client and institutional business. Chief Investment Officers are charged with reviewing strategies and portfolios from an investment and risk oversight perspective, independent of the portfolio managers and other policy decision makers. Supervisory responsibilities of our Chief Investment Officers also include oversight of institutional portfolio managers, research analysts and related functions. The Chief Investment Officers meet regularly with portfolio managers and members of the investment team to review performance and portfolio activity to ensure that the teams are managing the portfolios to stated investment philosophies. Sector and stock selection analysis, current portfolio composition, trading activity and style-based portfolio analysis are all considered during the reviews. Additionally, Compliance reviews a selection of portfolios to monitor for window dressing, portfolio pumping and trade allocation across single investment strategies.

On a quarterly basis, fixed income client accounts are formally reviewed and monitored for performance and deviation/variance. At this time, the portfolio team meets to review performance in detail in each portfolio. Accounts that deviate from similarly managed accounts are investigated for sources of deviations. Variance reconciliation is required for every portfolio with an agreed course of action. If necessary, steps are taken to eliminate deviations.

FACTORS THAT TRIGGER A MORE FREQUENT REVIEW OF CLIENT ACCOUNTS

On a regular basis, we internally review our clients' accounts to ensure compliance with client investment guidelines and policies.

Additional reviews may be triggered by changes in market conditions, by changes in client needs and by maturity of client investments. We provide clients with personalized service in the management of their securities portfolios. Since the size, structure and investment objectives of accounts vary widely, the attention that must be given to accounts also varies.

With respect to fixed income, the fixed income team meets regularly to discuss market- and sector-specific events and strategies. All team members are active participants in the review and strategy formulation process. Meetings usually include a macro-level market review as well as sector-specific valuation comments with performance detail and anticipated market reactions. Strategies are reviewed during these meetings.

Frequency and Content of Regular Reporting to Clients

We provide reporting to clients on a quarterly basis unless specified otherwise by the client. The standard sample reporting package that we prepare for clients typically includes the following documents: relationship asset summary, asset allocation, performance summary, performance detail, change in portfolio, portfolio summary, fixed income analysis, common stock analysis (if relevant), realized gains and losses statement, income and expenses statement, purchase and sale statement, and portfolio appraisal. At a minimum, the reports show assets held, current market value and original cost. We also include an economic and market overview section in the reporting package.

As desired, clients have the ability to access their statements as well as other communication deliverables via TouchPoint, our client Web portal. Whenever possible, TouchPoint is used to transmit sensitive documents, financial statements or other information pertaining to a client's Brown Advisory investment relationship.

Clients' reporting needs often vary in frequency and content. More frequent and customized reporting is available upon request. Customized reports may also include more specialized reports, such as attribution analysis, sector- and security-level contribution to return and portfolio turnover (additions and deletions). We typically meet with our institutional and private clients at least once a year. The portfolio manager or product specialist for the account will typically attend client meetings. Other members of the investment team, client service team or messaging team who are involved with the account may also attend. Portfolio managers also communicate with clients by letter, email and telephone as needed.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

We may enter into written solicitation arrangements with third parties. From time to time, brokers employed by other firms will refer clients to us, in which case we will compensate the broker for making the introduction. Historically, we have compensated the broker based on a percentage of the client's annual management fee. The range of compensation has included a recurring payment of 25% to 33% of the client's annual management fee. The payment is made quarterly based on our billing cycle. These referral fee payments do not cause an increase in the advisory fee paid by the client.

We may also compensate our employees for business development activity, including for referring, attracting and retaining client assets.

From time to time, we may receive indirect compensation from service providers or third-party vendors in the form of entertainment, tickets to sporting events and gift cards. When received, these occasions are evaluated to ensure they are reasonable in value and customary in nature to ensure their occurrence does not present any conflicts of interest.

CUSTODY ARRANGEMENT

Brown Advisory clients have the option to use any custodian they believe appropriate, however, Brown Advisory typically recommends that clients use Fidelity Family Office Services ("Fidelity") or U.S. Bank as a custodian to take advantage of pre-negotiated custody fee rates and operational efficiencies.

In 2010, Brown Advisory negotiated with U.S. Bank a favorable custody fee arrangement and enhanced custody services for our clients and certain of our affiliates' clients. As part of this arrangement, Brown Advisory migrated client accounts to U.S. Bank, incurring significant technology expenses in the process. U.S. Bank has agreed to reimburse Brown Advisory for the cost of the migration by paying Brown Advisory approximately 0.20 basis points annually on non-retirement client assets held by U.S. Bank as custodian, until such time as all costs are covered. If a client chooses to use U.S. Bank, Brown Advisory will benefit from the payment described above

In addition, Brown Advisory may receive compensation or other benefits in the form of marketing support or other arrangements from Fidelity or one of its affiliates, which will accrue to the benefit of Brown Advisory and its affiliates. Brown Advisory has entered into an agreement with a Fidelity affiliate under which the affiliate may, in its discretion, pay certain third parties for services or software used by Brown Advisory that are intended to facilitate interoperability between Fidelity and Brown Advisory technology systems. The Fidelity affiliate, when it makes or declines to make these payments, is obligated to do so without regard to the volume or value of brokerage transactions executed through Fidelity or its affiliates or the volume or value of accounts under custody of Fidelity or its affiliates. This compensation, as well as the expense recoupment described above, may create an incentive for Brown Advisory to recommend custody services provided by U.S. Bank or Fidelity to its clients when other custodians may be better suited for a particular client or offer better services or fees. Brown Advisory mitigates this conflict by evaluating the custody services provided by U.S. Bank and Fidelity Services solely on quality of services provided and the operational efficiencies that may be achieved.

Cash Management Options

From time to time, Brown Advisory uses money market funds and cash sweep products offered by banks and broker-dealers, as cash management options for discretionary client accounts. For clients that agree to custody their accounts at U.S. Bank, Brown Advisory will, unless otherwise instructed, use as cash sweep vehicles First American Funds treasury and government money market funds, which are managed by a U.S. Bank affiliate. Brown Advisory believes these money market funds offer competitive fees and performance for our clients, as well as administrative efficiencies because of their operational connection to the Bank. Because of these efficiencies, the U.S. Bank affiliate has agreed to pay Brown Advisory a fee based upon the value of client assets invested in those funds, other than ERISA and IRA account assets, which are excluded from the arrangement. The arrangement applies only to client accounts custodied at U.S. Bank. This payment provides Brown Advisory with an incentive to use the First American Funds money market funds as cash sweep options and thus creates a conflict of interest. Brown Advisory mitigates this conflict by evaluating these and all other funds and cash sweep options solely on their investment merits, initially and on an ongoing basis.

Soft Dollars

We receive compensation from other parties ("indirect compensation") in the form of research paid with "soft dollars" generated through a client account's trading commissions. In accordance with the investment management agreements we maintain with our clients, we make reasonable efforts to see to it that a client account's overall cost for securities trades is as low as possible and that we do not pay a trading commission that is higher than reasonable in light of the services provided in order to receive "soft dollar" credit.

Item 15 Custody

Custody

Situations where the firm is deemed to have custody of client assets include employees serving as trustee or co-trustee of client accounts, where the firm operates under a standing letter of authorization or instructs custodians on a client's instruction to move assets to third parties, or where the firm or its employees otherwise may have access to client assets. In such cases, we undergo an annual surprise examination of client assets by an independent auditor.

In addition, in many cases we have the authority to debit our clients' custodial accounts for management fees. We are deemed to have custody of those assets if, for example, we are authorized and instructed by a client's custodian to deduct our advisory fees directly from the account or if we are granted authority to move money from a client's account to another person's account. At all times, the custodial bank maintains actual custody of those assets.

Management Fee Direct-Debiting Process

During the account set-up process, clients identify in their custodial account agreement if they want to pay their management fee directly from their custodial account or if they prefer a different method. If they authorize us to initiate the withdrawal from their custodial account, they also indicate the form of payment: either check from the custodian or wire from the custodian. In these cases, we are deemed to have custody of their assets even though the custodian maintains actually custody of the assets. If we are given the authority by the client, we typically initiate the management fee withdrawal process during the third week following a quarter-end period.

STATEMENTS SENT TO CLIENTS

At the end of each quarter, account statements and appraisals are sent to our clients. These account statements and appraisals typically include the following information:

- Account name and number
- Cash balances
- Name of each security held
- Quantity of each security held
- Market value of each security held

Additional reports are provided upon request.

In addition to our statements and appraisals, clients receive account statements directly from their custodian on a quarterly basis. Our statements and appraisals include a legend urging clients to compare custodial account statements to the periodic account statements and portfolio reports received from us.

DIFFERENCES BETWEEN OUR STATEMENTS AND CUSTODIAL STATEMENTS

The statements clients receive from us can differ from the statements clients receive from their custodian. Every month, we reconcile client accounts according to the security holdings and transactions provided by their month-end custodial statement. Although security holdings and transactions are reconciled, market values are not reconciled and can be different. This is primarily a result of the method by which our portfolio accounting system associates prices to securities. While the prices of fixed income securities tend to differ more across custodians, the price of equity securities can differ across custodians as well. Since the same security can be priced differently at different custodians, a standardized pricing hierarchy must be imposed on the portfolio accounting system to ensure accurate, consistent and transparent reporting across clients. Our pricing system has a pricing hierarchy whereby pricing vendors and custodians are ranked by priority. If a security is valued by multiple vendors or custodians, the ultimate price assigned to the security in the portfolio accounting system reflects the price used by the pricing provider with the highest ranking. This means that if two accounts hold the same security and have different custodians, our portfolio accounting system will value the security based on the price used by the pricing provider that is higher up in the pricing hierarchy. The price will then be applied to all accounts that hold the security. A client may discuss any questions regarding account statements with us and/or their custodian.

ITEM 16 INVESTMENT DISCRETION

We accept discretionary authority to manage securities accounts on behalf of our clients. Typically, we manage client assets on a discretionary basis with the authority to determine for each client what investments are made, as well as when and how they are made. For certain clients, their assets may be invested in one or more model portfolios. Typically, there are no limitations on the securities we will purchase or sell, the amount of the securities we will purchase or sell, the broker or dealer we will use to execute a transaction and commission rates paid.

LIMITATIONS ON DISCRETIONARY AUTHORITY

Clients may impose reasonable restrictions, limitations or other requirements with respect to their individual accounts. Any limitations on our discretionary authority to manage securities accounts on behalf of clients would be initiated and imposed by the client. Examples of common guideline restrictions include:

- Limitations prohibiting the purchase of certain securities or industry groups;
- Limitations on the purchase or sale of a particular type of security (taxable/tax-exempt);
- Limitations on the purchase or sale of securities within a particular sector;
- Limitations with respect to the weighted average maturity or duration for a portfolio; and
- Limitations with respect to asset allocation for balanced portfolios.

Specific client investment restrictions may limit our ability to manage those assets like other similarly managed portfolios. This may impact the performance of the account relative to other accounts and the benchmark index. These clients are informed that their restrictions may impact performance.

PROCEDURES TO ENSURE GUIDELINE COMPLIANCE

Client-imposed investment limitations or guideline restrictions are defined and outlined in their initial documentation with the firm. We also may maintain investment policy statements for our institutional clients, which address a client's guidelines and objectives in greater detail. When clients provide us with their own investment policy statements, we make sure that the language is reflective of our investment management responsibility. When necessary, the language is adjusted and approved by both the client and us before management of the account begins. Pre-trade restrictions are coded in our trade order entry/compliance system to the extent possible. As aggregated orders are entered, the portfolio manager is alerted to any potential guideline violations. The portfolio manager is responsible for the oversight of this process. Additionally, the firm has invested in software that works with our trade order management system to help manage and monitor client guidelines. This system provides automated guideline monitoring, which allows efficient and effective implementation of client and regulatory requirements while reducing risk and increasing transparency. Post-trade compliance testing is conducted daily.

OTHER POTENTIAL LIMITATIONS ON DISCRETIONARY AUTHORITY

Brown Advisory has an agreement in place with McKinley Capital Management, LLC ("McKinley"), a registered investment adviser, pursuant to which McKinley provides advice and services to Brown Advisory with respect to security selections in certain strategies managed by Brown Advisory. Although McKinley has no investment discretion with respect to such strategies, and Brown Advisory retains sole discretionary authority over these strategies, Brown Advisory's discretion may be deemed to be limited to extent of McKinley's research and analysis. McKinley typically employs a quantitative screening process with a qualitative overlay in delivering these services to Brown Advisory. The use of quantitative analysis involves certain risks, including the risk that models and/or the securities selected using such models may perform differently than expected for various reasons, including as a result of incomplete, inaccurate or stale data, formula errors, erroneous assumptions, or other factors.

ITEM 17 VOTING CLIENT SECURITIES

GENERAL GUIDELINES

Brown Advisory receives proxy ballots on behalf of clients and votes such proxies consistent with the Policy, which sets forth the firm's standard approach to voting on common proxy questions. In general, this Policy is designed to ensure that we vote proxies in the best interest of our clients, so as to promote the long-term economic value of the underlying securities. Clients may receive a copy of the Proxy Voting Policy at any time upon request. Clients may, at any time, opt to change their proxy voting authorization. Upon notice that a client has revoked Brown Advisory's authority to vote proxies, we will forward any relevant research obtained to the party that will assume proxy voting authority, as identified by the client.

To facilitate the proxy voting process, Brown Advisory has engaged Institutional Shareholder Services Inc. ("ISS"), an unaffiliated, third-party proxy voting service, to provide proxy research and voting recommendations. In addition, Brown Advisory subscribes to ISS's proxy vote management system, which provides a means to receive and vote proxies, as well as services for recordkeeping, auditing, reporting and disclosure regarding votes. On a regular basis, our portfolio managers are supplied with a list of upcoming proxies issued for companies that are actively recommended by the firm. Except in situations identified as presenting material conflicts of interest, the portfolio manager who follows an issuer may make the final voting decision based on a variety of considerations, including their review of relevant materials, their knowledge of the company, and ISS recommendations. In circumstances where the firm's managers do not provide a vote recommendation, proxies will be voted according to ISS recommendations, unless specific guidelines provided to ISS by the firm specify otherwise. Proxies are typically voted in accordance with ISS recommendations for all client types, as described further herein.

In keeping with its fiduciary obligations to clients, Brown Advisory considers each proxy voting proposal on its own merits and an independent determination is made based on the relevant facts and circumstances. Proxy proposals include a wide range of matters. The firm typically votes with management on routine matters and takes a more case-by-case approach regarding non-routine matters. Examples of routine matters include election of directors, appointment and rotation of auditors, changes in state of incorporation and changes in capital structure. Examples of non-routine matters include executive compensation, shareholder action, proposals affecting shareholder rights, corporate restructurings, corporate mergers and acquisitions, anti-takeover issues, and social, environmental and governance issues. For socially responsible investing ("SRI" or "green") clients, Brown Advisory follows ISS guidelines that focus on environmental, social and governance practices (which ISS calls "SRI Guidelines"). For Taft-Hartley clients, Brown Advisory follows the ISS Taft-Hartley Guidelines. Although ISS guidelines are typically followed, we may depart from these guidelines when we deem such departure necessary in the best interest of the client.

MANAGEMENT RECOMMENDATIONS

Since the quality and depth of management is a primary factor considered when investing in an issuer, the recommendation of the issuer's management on any issue will be given substantial weight. Although proxies with respect to most issues are voted in line with the recommendation of the issuer's management, Brown Advisory will not blindly vote in favor of management. We will not support proxy proposals or positions that compromise clients' best interests or that we determine may be detrimental to the underlying value of client positions.

CONFLICTS OF INTEREST

Above all else, we respect the investment interests, objectives and preferences of our clients. Although we take every effort to avoid conflicts of interest, from time to time unavoidable conflicts of interest arise with respect to proxy voting. When voting a proxy for a particular issuer, a conflict of interest can occur when we, our employees, our officers, our directors, our affiliates or our mutual funds engage in the following:

- Conduct business with an issuer or a company closely affiliated to the issuer;
- Receive compensation from the issuer or a company closely affiliated to the issuer or
- Sit on the board of the issuer or a company closely affiliated to the issuer.

Conflicts of interest will be resolved in the best interest of the client.

Brown Advisory votes proxies relating to such issuers in accordance with the following procedures:

ROUTINE MATTERS AND IMMATERIAL CONFLICTS

The firm may vote proxies for routine matters, and for non-routine matters that are considered immaterial conflicts of interest, consistent with this Policy. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence the firm's decision-making in voting a proxy. Materiality determinations will be made by the Chief Compliance Officer or designee, if necessary in consultation with counsel, based upon an assessment of the particular facts and circumstances.

MATERIAL CONFLICTS AND NON-ROUTINE MATTERS

If the firm believes that (a) it has a material conflict and (b) that the issue to be voted upon is non-routine or is not covered by this Policy, then to avoid any potential conflict of interest:

- in the case of a Fund, the firm shall contact the Fund board for a review and determination;
- in the case of all other conflicts or potential conflicts, the firm may "echo vote" such shares, if possible, which means the firm will vote the shares in the same proportion as the vote of all other holders of the issuer's shares; or
- in cases when echo voting is not possible, the firm may defer to ISS recommendations or confer with counsel to ensure that the proxy is voted in the best interest of the client.

If the aforementioned options would not ameliorate the conflict or potential conflict, then Brown Advisory may abstain from voting, as described below.

ABSTENTION

In recognition of its fiduciary obligations, Brown Advisory typically endeavors to vote all proxies it receives. However, the firm may abstain from voting proxies in certain circumstances. For example, we may determine that abstaining from voting is appropriate if voting may be unduly burdensome or expensive, or otherwise not in the best economic interest of the clients, such as (by example and without limitation) when foreign proxy issuers impose unreasonable or expensive voting or holding requirements or when the costs to effect a vote would be uneconomic relative to the value of the client's investment in the issuer.

RECORDKEEPING

We will maintain files relating to our proxy voting procedures in an easily accessible place. Records will be maintained and preserved for six years, with records of the most recent two years kept on site. We will retain the following:

- Copies of the proxy voting procedures and policies, including any amendments;
- A copy of each proxy statement received;
- A record of each vote cast;
- A copy of any material documentation supporting our decision;
- A copy of each written client request for information on how we voted; and
- A copy of any written response to any written or oral client request for information on how we voted a proxy.

Clients can obtain a copy of our proxy voting policies and information on how we have voted proxies by calling 1-800-645-3923. If a client requests this information, the Chief Compliance Officer or designee will prepare a written response to the client that lists for each specific request:

- The name of the issuer,
- The proxy proposal voted on, and
- How the client's proxy was voted.

Item 18 Financial Information

We have never been the subject of a bankruptcy petition and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to our clients.

FORM ADV PART 2B
BROCHURE SUPPLEMENT

Karina Funk

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12/31/2015

This brochure supplement provides information about Karina Funk that supplements the Brown Advisory LLC brochure. You should have received a copy of that brochure. Please contact us at 410-537-5400 and/or compliancegroup@brownadvisory.com if you did not receive Brown Advisory LLC's brochure or if you have any questions about the contents of this supplement.

ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

KARINA FUNK

BORN 1972

EDUCATION

PURDUE UNIVERSITY, B.S. (CHEMICAL ENGINEERING) 1994
MASS. INSTITUTE OF TECHNOLOGY – M.S. (CIVIL & ENVIRONMENTAL ENGINEERING) 1997
MASS. INSTITUTE OF TECHNOLOGY – M.S. (TECHNOLOGY & POLICY) 1997
ÉCOLE POLYTECHNIQUE, FRANCE – POST-GRADUATE DIPLOMA, MGMT. OF TECHNOLOGY 1998

BUSINESS EXPERIENCE

CAP GEMINI ERNST & YOUNG – 1999-2003
STRATEGY CONSULTANT
MASSACHUSETTS RENEWABLE ENERGY TRUST – 2003-2006
EMERGING TECHNOLOGIES INVESTMENT MANAGER
CHARLES RIVER VENTURES – 2006
PRINCIPAL
WINSLOW MANAGEMENT COMPANY – 2007-2009
EQUITY RESEARCH
BROWN ADVISORY LLC – 2009 – PRESENT
PORTFOLIO MANAGER & HEAD OF SUSTAINABLE INVESTING STRATEGIES

In 2009, Winslow Management Company, LLC joined Brown Advisory Incorporated. Effective January 11, 2011, Winslow Management Company, LLC ("Winslow") merged into Alex. Brown Investment Management, LLC. Effective January 1, 2012, Alex. Brown Investment Management, LLC merged into Brown Advisory, LLC.

Karina Funk is registered as an Investment Adviser Representative for Brown Advisory LLC.

ITEM 3 DISCIPLINARY INFORMATION

The supervised person included in this brochure supplement does not have any legal or disciplinary events that require disclosure.

ITEM 4 OTHER BUSINESS ACTIVITIES

The supervised person included in this brochure supplement does not have any other business activities that require disclosure.

ITEM 5 ADDITIONAL COMPENSATION

As a portfolio manager, the performance bonus portion of this supervised person's compensation is based primarily on the overall performance returns of the portfolios she manages and secondarily on her ability to retain and grow client assets. These factors are used to establish each manager's portion of the bonus pool. The size of the bonus pool is determined each year based upon the profitability of the firm. Additionally, we believe equity is a vital part of the overall compensation mix. We award equity to our investment professionals in order to align our interests with those of our clients, as we believe that equity in an investment management firm is ultimately an investment in the performance of the underlying securities in clients' portfolios.

ITEM 6 SUPERVISION

The head of each group has responsibility for developing and implementing procedures designed to provide for the reasonable supervision of all employees in that group and their activities. In addition, the head of each group and all other employees in a supervisory capacity are responsible for providing assurance that employees and their activities are conducted in compliance with applicable laws, regulatory requirements, client restrictions, and firm policies.

The elements of reasonable supervision and supervisory responsibility generally require each supervisor to maintain the following:

1. Documentation of roles and responsibilities – Ensure that each employees reporting lines, roles and responsibilities are clear and documented through functional organizational charts or other reasonable means.
2. Training – Ensure that employees receive adequate training to provide reasonable assurance that employees have a working understanding of the laws, regulations and policies that apply to the business unit's activities. This includes, among other things, communicating that compliance with the law is every employee's responsibility, and that clients' interests are of primary concern.
3. Group Procedures – Establish, maintain and implement written policies and procedures covering the group's activities which are designed to reasonably ensure that violations of the law, regulations, and firm policy will be prevented and detected. The procedures should be tailored to the group's operations, and should be clear and straightforward.
4. Monitoring – Implement a system of monitoring and oversight to reasonably ensure that employees of that group are not violating applicable laws, regulations and firm policies. Such monitoring includes promptly investigating any questionable circumstances, "red flags" or other indications of potential irregularities, and taking appropriate actions.
5. Evidence – Each group must implement reasonable measures to demonstrate evidence of supervision.
6. Violation Reporting – Report and document all violations of applicable laws, regulations and the firm's policies when violations are suspected or detected. Violations should be reported to the Chief Compliance Officer and escalated, as appropriate, up the supervisory reporting chain until the problem has been investigated and resolved.
7. Correction and Disciplinary Action – Take prompt and appropriate disciplinary and/or corrective action when violations are detected, in order to (i) minimize the risk that any violation is repeated and (ii) reasonably ensure that the group's procedures continue to be effective.

Although informal reviews are held throughout the year, formal employee reviews are held on an annual basis.

Karina Funk is supervised by Timothy Hathaway, Director of Research. He can be reached via phone at 410-537-5400.

FORM ADV PART 2B
BROCHURE SUPPLEMENT

David B. Powell

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9/30/2015

This brochure supplement provides information about David B. Powell that supplements the Brown Advisory LLC brochure. You should have received a copy of that brochure. Please contact us at 410-537-5400 and/or compliancegroup@brownadvisory.com if you did not receive Brown Advisory LLC's brochure or if you have any questions about the contents of this supplement.

ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

DAVID B. POWELL

BORN 1974

EDUCATION

BOWDOIN COLLEGE – B.A. 1997

BUSINESS EXPERIENCE

T. ROWE PRICE – 1997 - 1999

INVESTOR RELATIONS

BROWN ADVISORY LLC – 1999 – PRESENT

PORTFOLIO MANAGER & RESEARCH ANALYST

David B. Powell is registered as an Investment Adviser Representative for Brown Advisory LLC.

ITEM 3 DISCIPLINARY INFORMATION

The supervised person included in this brochure supplement does not have any legal or disciplinary events that require disclosure.

ITEM 4 OTHER BUSINESS ACTIVITIES

The supervised person included in this brochure supplement does not have any other business activities that require disclosure.

ITEM 5 ADDITIONAL COMPENSATION

As a portfolio manager, the performance bonus portion of this supervised person's compensation is based primarily on the overall performance returns of the portfolios he manages and secondarily on his ability to retain and grow client assets. These factors are used to establish each manager's portion of the bonus pool. The size of the bonus pool is determined each year based upon the profitability of the firm. Additionally, we believe equity is a vital part of the overall compensation mix. We award equity to our investment professionals in order to align our interests with those of our clients, as we believe that equity in an investment management firm is ultimately an investment in the performance of the underlying securities in clients' portfolios.

ITEM 6 SUPERVISION

The head of each group has responsibility for developing and implementing procedures designed to provide for the reasonable supervision of all employees in that group and their activities. In addition, the head of each group and all other employees in a supervisory capacity are responsible for providing assurance that employees and their activities are conducted in compliance with applicable laws, regulatory requirements, client restrictions, and firm policies.

The elements of reasonable supervision and supervisory responsibility generally require each supervisor to maintain the following:

1. Documentation of roles and responsibilities – Ensure that each employees reporting lines, roles and responsibilities are clear and documented through functional organizational charts or other reasonable means.
2. Training – Ensure that employees receive adequate training to provide reasonable assurance that employees have a working understanding of the laws, regulations and policies that apply to the business unit's activities. This includes, among other things, communicating that compliance with the law is every employee's responsibility, and that clients' interests are of primary concern.
3. Group Procedures – Establish, maintain and implement written policies and procedures covering the group's activities which are designed to reasonably ensure that violations of the law, regulations, and firm policy will be prevented and detected. The procedures should be tailored to the group's operations, and should be clear and straightforward.
4. Monitoring – Implement a system of monitoring and oversight to reasonably ensure that employees of that group are not violating applicable laws, regulations and firm policies. Such monitoring includes promptly investigating any questionable circumstances, "red flags" or other indications of potential irregularities, and taking appropriate actions.
5. Evidence – Each group must implement reasonable measures to demonstrate evidence of supervision.
6. Violation Reporting – Report and document all violations of applicable laws, regulations and the firm's policies when violations are suspected or detected. Violations should be reported to the Chief Compliance Officer and escalated, as appropriate, up the supervisory reporting chain until the problem has been investigated and resolved.
7. Correction and Disciplinary Action – Take prompt and appropriate disciplinary and/or corrective action when violations are detected, in order to (i) minimize the risk that any violation is repeated and (ii) reasonably ensure that the group's procedures continue to be effective.

Although informal reviews are held throughout the year, formal employee reviews are held on an annual basis.

David B. Powell is supervised Timothy Hathaway, Director of Research. He can be reached via phone at 410-537-5400.

Confidentiality and Privacy Policy (Regulation S-P and S-AM Notice)

Brown Advisory takes the confidentiality of your personal information and the privacy of your account very seriously. Our commitment to safeguard your personal information goes beyond our legal obligation to process your transactions accurately and securely. Whether we serve you online, in person, on the telephone or by mail, the principles that guide the way in which we conduct business are built upon our core values of trust and integrity.

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include physical, electronic and procedural safeguards that are designed to protect your personal information, including various measures to protect such information while it is stored electronically. We train and consistently remind all employees to respect client privacy (including the identity of our clients) and to recognize the importance of the confidentiality of such information. Those who violate our privacy policy are subject to disciplinary action.

Federal law (Regulations S-P and S-AM) requires us to inform you that we have on record personal information about you and that we obtain such information from you directly (e.g., information you provide to us on account applications and other forms, such as your name, address, Social Security number, occupation, risk tolerance, assets and income) and indirectly (e.g., information on our computer systems about your transactions with us, such as your account balance and account holdings). All personal information is kept confidential.

Like all investment firms, in order to better serve clients, Brown Advisory needs to share certain non-public personal information in the normal conduct of our business with other members of the Brown Advisory corporate group and with unaffiliated companies with whom we have service agreements. We may share your personal information in order to process transactions, maintain your accounts(s) and offer our services to you. This sharing allows us to: (i) provide better and more complete investment and strategic advice; (ii) develop new services that meet additional needs you may have; and (iii) comply with legal and regulatory requirements. When we share information with unaffiliated companies that are under contract to perform services on our behalf, such as vendors that provide services directly related to your account relationship with us, our agreements with these companies require that they keep your information confidential and not use such information for any unrelated purpose. We may also be required to share non-public personal information to respond to court orders and legal investigations and in connection with regulatory requirements.

We do not sell information about you to third parties, we do not jointly market with non-affiliated companies, and we do not otherwise disclose information about you to non-affiliates so they can market to you.

For U.S. Persons Only: If you are a new client, we can begin sharing your information internally for marketing purposes 30 days from the date you are provided with this notice. When you are no longer our client, we continue to share your information as described in this notice. You may limit our ability to share information internally with other members of the Brown Advisory corporate group for marketing purposes by calling 410-537-5380 or by emailing optout@brownadvisory.com. If you opt out, your selection will be treated as permanent unless you tell us otherwise.

Additional information for UK and EU/EEA residents is available at https://www.brownadvisory.com/us/additional-information-uk-and-eueea-residents. ”

Pursuant to Section 503 of the Gramm-Leach-Bliley Act, this notice may be reduced or eliminated in future years. However, our Confidentiality and Privacy Policy will remain in effect and is available for your review at any time at https://www.brownadvisory.com/us/disclosures or by contacting your Client Service team. We will provide notice to you in case the Policy changes or as otherwise required by law.