

Form ADV Part 2A

Firm Brochure

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March 30, 2023

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, 2022.

Immaterial changes include updated Item 10 – Other Financial Activities and Affiliations – to note that Brown Advisory Securities, LLC, an affiliate of Brown Advisory, LLC, ceased doing business and consequently has withdrawn its broker-dealer and investment adviser registration status.

This brochure also contains updates and expanded disclosures including in the following areas:

- Item 4 – Advisory Business
- Item 5 – Fees and Compensation
- Item 8 – Methods of Analysis; Investment Strategies and Risk of Loss
- Item 17 – Voting Client Securities

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

This Brochure relates to the investment advisory services offered by Brown Advisory LLC ("Brown Advisory", "the firm", or "we"). Brown Advisory is registered with the Securities and Exchange Commission ("SEC") as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended.

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.

Brown Advisory is a wholly owned subsidiary of Brown Advisory Management LLC ("BAM"). BAM is a wholly-owned subsidiary of Brown Advisory Group Holdings LLC. 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

Brown Advisory provides investment management services to 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. Certain of these strategies incorporate environmental, social and governance ("ESG") research in their investment processes. We also provide strategic advisory services to certain high net worth clients.

Typically, when providing investment management services, we have discretion to select securities to buy and sell for a client's account, subject to certain restrictions, limitations or other requirements clients may impose with respect to their individual accounts. 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. We also provide non-discretionary advisory services.

Our equity investment strategies generally seek to provide clients with long-term capital appreciation by actively selecting securities for investment in concentrated portfolios. Our equity strategies are differentiated by (1) the market capitalization range of each strategy's portfolio holdings, (2) the geographic focus of each strategy, (3) the underlying style of each strategy (i.e. growth, value, opportunistic, or income), or (4) consideration of 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 and separately managed accounts.

Our fixed income investment strategies generally seek to provide clients with long-term capital appreciation by allocating capital to bonds that we believe have the potential to maximize risk-adjusted returns. 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 for certain strategies.

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.

The following are some of Brown Advisory's significant traditional equity strategies:

- Flexible Equity
- Equity Income
- Large-Cap Growth
- Mid-Cap Growth
- Small-Cap Growth
- Small-Cap Fundamental Value
- Emerging Markets Select
- Strategic European Equity

The following are some of Brown Advisory's significant traditional fixed income strategies:

- Intermediate Income
- Core Fixed Income
- Limited Duration
- Municipal Bond
- Enhanced Cash
- Mortgage Securities

The following are some of Brown Advisory's significant strategies that incorporate ESG research:

- Sustainable Equity Strategies
 - Large-Cap Sustainable Growth
 - Large-Cap Sustainable Value
 - Sustainable Small-Cap Core
 - Sustainable International Leaders
 - Global Leaders
- Sustainable Fixed Income Strategies
 - Global Sustainable Total Return Bond
 - Sustainable Core Fixed Income
 - Tax-Exempt Sustainable Fixed Income
 - Sustainable Short Duration

In addition, Brown Advisory offers various customized and client-driven solutions. These investment solutions draw from the universe of securities that are covered by our fundamental and ESG research to build portfolios that are intended to meet various needs, such as value-based investing, outcome-based investing and thematic investing. These strategies are available as separate accounts for both institutional and private clients.

For those clients who engage us for multi-strategy or balanced portfolio management, including asset allocation and manager selection, we seek investments across asset classes which we believe

offer the ability to achieve the client’s long-term goals and outperform an applicable benchmark on a risk-adjusted basis over a full market cycle. We can use a combination of active and passive strategies, liquid and illiquid, and an array of managers in a manner we believe serves each client’s needs, subject to their investment guidelines, restrictions and other considerations.

Our balanced portfolio management clients have access to outside managers and internally managed strategies through an Investment Solutions platform. This service provides clients access to a range of investment opportunities and asset classes, including global equities, emerging market equities, global fixed income, high-yield fixed income, private investments, 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.

In addition to our investment management services, Brown Advisory serves as the managing member of private funds that primarily invest in publicly-traded equity securities. Affiliates of Brown Advisory manage private funds that invest in private equity and hedge fund managers and in venture capital investments.

For institutional clients who want both consultative advice and discretionary investment management, we offer Endowments and Foundations services, an integrated solution that seeks to develop and refine appropriate investment policies for various institutions—primarily endowments and foundations—given each client’s risk and return objectives, mission-related objectives, liabilities and spending constraints, and then create actively managed portfolios tailored to those policies. We serve our Endowments and Foundations clients in a variety of ways, ranging from consultative relationships to fully discretionary outsourced chief investment officer (“OCIO”) mandates.

We also offer family office as well as strategic advisory services for clients with complex financial, investment, and fiduciary circumstances. These services include services such as tax planning, intergenerational wealth transfer (including trust and estate planning), philanthropic planning, family business advisory and wealth structuring. Within our Endowments and Foundations business, these services include services such as spend rate planning, planned giving support and other services.

CUSTOMIZATION OF ADVISORY SERVICES

We work closely with our clients to provide investment advice that meets their goals and objectives. Any client-imposed limitations or guideline restrictions are defined and outlined in the client's investment documentation and updated as necessary. 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 or one of its affiliates 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 AND MODEL DELIVERY

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 also provides 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 are not 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, 2022, Brown Advisory had \$98.3 billion in regulatory assets under management. Of that total, approximately \$84.9 billion represents assets managed on a discretionary basis and \$13.4 billion represents assets managed on a non-discretionary basis. 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 Limited, Brown Advisory Investment Solutions Group LLC, NextGen Venture Partners, LLC (“NextGen”), and Signature Financial Management, Inc. (doing business as Brown Advisory) (“Signature”).

ITEM 5 FEES AND COMPENSATION

PRIVATE CLIENTS AND ENDOWMENTS AND FOUNDATIONS CLIENTS

We manage assets for Private Clients and Endowments and Foundations clients seeking discretionary portfolio management services. Each client receives personalized investment management services from their respective Portfolio Managers 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, clients also may pay fees in advance. We will accept both. Fees do not include fees for services performed by the client's custodian. 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.

Although we typically accept Private Clients and Endowments and Foundations clients with \$5 million of investable assets or more, we 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 generally 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

ENDOWMENTS & FOUNDATIONS CLIENT PORTFOLIOS

For Endowments & Foundations clients, fees are negotiated with clients and vary by client size, complexity and other factors. Maximum fees are generally 0.75% of assets 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 management fee on an investor's (i) capital commitments or, (ii) after the end of the investment period, on the market value of capital account, unless otherwise noted in the vehicle's private placement memorandum or other offering documents. Management fees are typically paid 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 fee in addition to fees charged by the fund. Account-level fees may be negotiated and 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 that generally ranges from 1.5% to 2% on capital commitments and generally are charged 20% carried interest with respect to such investments. Investors in private funds managed by NextGen 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 also are charged carried interest which can range from 0% to 20%, as negotiated by the investor. 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 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 or long equity partnerships it manages a management fee. From time to time, an incentive fee is charged in addition to the management fee, as set forth in the applicable offering documents. The management fees typically range from 0.40% to 1.25% of the net asset value of the applicable fund per year, typically are calculated and payable monthly in arrears and are deducted from an investor's capital account in the fund. Each fund's private placement memorandum or other offering document describes its fee structure in detail. Hedge fund-of-fund or long equity partnership 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 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 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 in which each such fund invests, as applicable, details of which are set forth in the funds' private placement memoranda or offering documents. In addition, 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. Specific opportunities may require higher levels of investment. Finally, investors in both affiliated and unaffiliated alternative investments bear additional, account-level fees imposed by Brown Advisory in respect of their investments.

SEPARATELY MANAGED ACCOUNTS

For our Private Clients and our Endowments and Foundations clients, Portfolio Managers may construct portfolios by opening separate accounts to utilize the firm's Institutional strategies. Brown Advisory has imposed minimum account requirements for these separate accounts. These account minimums differ from the minimum investment requirements to open a separate account for an Institutional client. In many cases, Private Client account minimums needed to establish a separate account are higher than those required for Institutional clients. In all cases, minimum account sizes may be negotiated or waived entirely. Brown Advisory will take into account the total relationship size, the anticipated size of the relationship, the fees paid by the client and other factors in determining whether a minimum account size will apply. If a client does not satisfy the minimum account size required to open a separate account, the applicable Brown Advisory mutual fund will be utilized. In such cases, the client will pay an advisory fee in respect of such investment and will bear their allocable share of fees and expenses of the affiliated mutual fund, as set forth in each fund's prospectus, subject to the management fee rebate procedures set forth below under "Fees from Affiliated Funds". Brown Advisory has the right to adjust or amend account minimum requirements from time to time, without notice to our clients.

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 requirements and other arrangements as agreed with specific clients. In those instances, clients 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, clients also may pay fees 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.

Brown Advisory retains full discretion to negotiate minimums and fees in consideration of asset levels, service requirements, and any other factors deemed relevant. Clients with multiple accounts managed by Brown Advisory or clients who access Brown Advisory strategies through intermediaries may receive a lower account minimum or lower effective rate due to the combined level of assets.

Provided below are the standard annual fee schedules for certain of the significant single strategy investment management services we currently offer for Institutional Clients:

LARGE-CAP GROWTH (ACCOUNTS BELOW \$150M)

0.70% on the first \$25 million under management
0.50% on the next \$25 million under management
0.40% on the next \$100 million under management

LARGE-CAP GROWTH (ACCOUNTS ABOVE \$150M)

0.465% on the first \$150 million under management
0.30% on the next \$100 million under management
0.25% on the next \$250 million under management
0.20% on amounts over \$500 million under management

LARGE-CAP SUSTAINABLE GROWTH

0.80% on the first \$10 million under management
0.60% 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 (ACCOUNTS BELOW \$150 MILLION)

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
0.35% on the next \$50 million under management

FLEXIBLE EQUITY (ACCOUNTS ABOVE \$150 MILLION)

0.45% on the first \$150 million under management
0.275% on the next \$100 million under management
0.25% on the next \$250 million under management
0.20% on amounts over \$500 million under management

MID-CAP GROWTH (ACCOUNTS BELOW \$150 MILLION)

0.75% on the first \$50 million under management

0.50% on the next \$50 million under management
0.475% on the next \$50 million under management

MID-CAP GROWTH (ACCOUNTS ABOVE \$150 MILLION)

0.58% on the first \$150 million under management
0.45% on the next \$100 million under management
0.425% on the next \$250 million under management
0.35% on amounts over \$500 million under management

SMALL-CAP GROWTH, SMALL-CAP FUNDAMENTAL VALUE , SUSTAINABLE SMALL-CAP CORE

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 (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

SUSTAINABLE INTERNATIONAL LEADERS (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

LARGE-CAP SUSTAINABLE VALUE (MINIMUM OF \$500,000)

0.60% ON THE FIRST \$25 MILLION UNDER MANAGEMENT
0.50% ON THE NEXT \$25 MILLION UNDER MANAGEMENT
0.40% ON THE NEXT \$50 MILLION UNDER MANAGEMENT

FIXED INCOME STRATEGIES:

ENHANCED CASH (MINIMUM OF \$2 MILLION)

0.20% on the first \$50 million under management
0.15% on the next \$50 million under management
0.10% on amounts over \$100 million under management

SUSTAINABLE SHORT DURATION (MINIMUM OF \$2 MILLION)

0.25% on the first \$50 million under management
0.20% on the next \$50 million under management
0.15% on amounts over \$100 million under management

LIMITED DURATION (MINIMUM OF \$2 MILLION)

0.25% on the first \$50 million under management

0.20% on the next \$50 million under management
0.15% on amounts over \$100 million under management

INTERMEDIATE INCOME (MINIMUM OF \$2 MILLION)

0.30% on the first \$50 million under management
0.25% on the next \$50 million under management
0.20% on amounts over \$100 million under management

CORE FIXED INCOME (MINIMUM OF \$2 MILLION)

0.30% on the first \$50 million under management
0.25% on the next \$50 million under management
0.20% on amounts over \$100 million under management

SUSTAINABLE CORE FIXED INCOME (MINIMUM OF \$2 MILLION)

0.30% on the first \$50 million under management
0.25% on the next \$50 million under management
0.20% on amounts over \$100 million under management

MORTGAGE SECURITIES (MINIMUM OF \$25 MILLION)

0.30% on the first \$50 million under management
0.25% on the next \$50 million under management
0.20% on amounts over \$100 million under management

MUNICIPAL BOND (MINIMUM OF \$2 MILLION)

0.325% on the first \$10 million under management
0.30% on the next \$15 million under management
0.25% on amounts over \$25 million under management

TAX-EXEMPT SUSTAINABLE FIXED INCOME (MINIMUM OF \$2 MILLION)

0.325% on the first \$10 million under management
0.30% on the next \$15 million under management
0.25% on amounts over \$25 million under management

Brown Advisory waives minimum investment requirements from time to time, in its discretion. Minimum investment requirements may apply to some clients and not to others.

ADVISORY SERVICES TO UNAFFILIATED FINANCIAL SERVICES FIRMS

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
- Broker-dealers
- 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; and
- Provide investment advisory services in the form of model portfolios for investment strategies to other unaffiliated managers and financial advisers.

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 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.

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, fees and expenses associated with collateral loans, any third party administration expenses, brokerage charges, fund expenses, taxes or transaction costs related to the purchase and sale of securities for a client's account, including available cash sweep options. 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 are 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 approximately 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 are charged applicable sales loads 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 depository 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 are not exhaustive. For details on private fund expenses, please refer to the offering documents for the funds.

In addition, we receive fees from clients with respect to certain non-advisory services that we 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 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, certain family office services, 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 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 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 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) are 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, affiliated registered and private funds as well as unaffiliated registered and private funds may be used. Fees associated with these vehicles are detailed in the corresponding prospectuses 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 approximate pro-rata share of the management fee paid to Brown Advisory by the affiliated mutual fund as an offset against, and to the extent of, the client's investment advisory fee for the applicable billing period, unless otherwise noted in the fund's prospectus or offering document or otherwise negotiated. Exceptions to this practice apply if a fund is operating over its expense cap or to the extent that the allocable share of the management fee to be deducted exceeds the client's investment advisory fee for the applicable billing period. 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 by the affiliated mutual fund. If the firm subsequently is able to recoup any such expenses allocable to an affiliated mutual fund in excess of an expense cap, the firm will not increase the rebate amount over the investment advisory fee; these recouped expenses will be borne by the client. 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 are charged. Brown Advisory or an affiliate receives 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 ongoing 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, in 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 do 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 is 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.

Both affiliated and unaffiliated mutual funds are 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) brokerage, (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 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 circumstances, and 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 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 conflict of interest when addressing a client’s needs for liquidity. Brown Advisory mitigates this 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 have an incentive to invest the account in more conservative investment choices, which could result in lower performance in certain market conditions. We mitigate this conflict of interest through policies 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 the loan and/or sell 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 is entitled to choose the securities to liquidated or transferred. Depending on market circumstances, the prices obtained for the securities could 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.

Although Brown Advisory does not receive direct compensation from U.S. Bank which is specifically tied to collateral loans, please also see the disclosure regarding other compensation arrangements set forth in Item 14 – Client Referrals and Other Compensation; Custody Arrangements and Cash Management Options.

Alternative Investments – Limited Allocations

Certain Brown Advisory funds invest in private investments or limited investment opportunities. In addition, from time to time, Brown Advisory or its personnel or affiliates are presented with an alternative investment opportunity 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 profile, 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 will not be allocated such investments. If an investment cannot reasonably be allocated on a pro rata basis, it will 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 participate in such limited investment opportunities, which will reduce the amount of investment available to clients.

Private Equity Funds – Firm Line of Credit

An affiliate of Brown Advisory provides a line of credit to the private funds it sponsors that facilitate investments in private equity managers, hedge fund managers and direct venture capital and private equity investments. Brown Advisory can determine, in its sole discretion, to extend credit to a private fund; however, it is not under an obligation to extend credit to a private fund and some private funds may participate in the line of credit while other private funds are not given the opportunity to borrow against the line of credit. In addition, Brown Advisory receives a fee in the form of interest payments in respect of money loaned to a private fund under the line of credit. This fee is borne by the investors in the fund and is in addition to the other fees payable to Brown Advisory or one of its affiliates as the managing member, general partner or investment adviser to the private fund. Payments made by a private fund to satisfy an interest or maturity payment will decrease the amount of capital in the private fund available for investment and will not produce any returns for the investors. Brown Advisory can modify the maturity date or interest due on a loan at any time in its sole discretion. These actions will disadvantage the private fund and its investors if they cause a fund to forgo an investment opportunity in whole or in part in order to satisfy an interest payment or payment due at term.

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, certain private funds advised by Brown Advisory or one of its affiliates 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 and applicable minimum investment requirements for separate accounts, accounts managed according to a particular strategy

are incorporated into the same trade group for trade execution and allocation purposes. This is designed to ensure that trading in an investment strategy is aggregated across all related accounts to facilitate best execution. For equity strategies, we typically 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 would 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. Under special circumstances, the trading desk can allocate a partial fill using a random fill function 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.

- 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 regularly review investments to confirm that they are consistent with the Fund's objectives.
- The firm's Chief Investment Officers meet regularly with the relevant investment teams 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. 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 applicable 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 reasonable 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.

IT IS IMPORTANT TO NOTE THAT CERTAIN EMPLOYEES ARE 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 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, collective investment trusts 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 Endowments and Foundations and high net worth clients with a minimum of \$5 million of investable assets, 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, commingled investment trusts, model delivery, separate accounts and private funds. Different factors, including account type and size, are 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 arrive at investment advice. Several of our institutional strategies incorporate ESG research as part of their investment analysis. Certain of these strategies, which seek to deliver investment returns taking into consideration ESG risks and sustainable opportunities as a factor in the investment analysis, are considered to be part of our sustainable investment platform and include both equity and fixed income solutions. Some of our sustainable investing strategies employ exclusionary screens.

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 the strategy's (1) market capitalization range, (2) geographic focus, (3) underlying style (growth, value, opportunistic, or income), and (4) consideration of ESG criteria for certain strategies. We employ a bottom-up, fundamental research approach to the identification, examination and eventual selection of securities for our portfolios. Research is conducted by research analysts whose primary focus is to research and analyze industries and companies. Portfolio managers utilize the research provided by the research analysts and their own investment insights to buy and sell equity securities and construct 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, seeking to trim fully valued holdings and deploying that capital into existing or new holdings with more attractive valuations, in an effort we believe will optimize the portfolio from a risk/reward perspective.

The following are some of Brown Advisory's significant traditional equity strategies:

- Flexible Equity
- Equity Income
- Global Leaders
- Large-Cap Growth
- Large-Cap Sustainable Growth
- Mid-Cap Growth
- Small-Cap Growth
- Small-Cap Fundamental Value
- Emerging Markets Select
- Strategic European Equity
- Sustainable Small-Cap Core
- Sustainable International Leaders
-

FIXED INCOME

Our fixed income strategies seek to invest in 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, the focus of the strategy on taxable bonds, tax-exempt bonds or both, and consideration of ESG criteria for certain strategies. Our process begins by examining various potential macroeconomic scenarios. We then look across those scenarios, and consider how various types of bonds are expected to perform in each one, and finally look for bonds that can perform well in multiple scenarios. In this process, we are more heavily 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.

The following are some of Brown Advisory's significant traditional fixed income strategies:

- Intermediate Income
- Core Fixed Income
- Sustainable Core Fixed Income
- Limited Duration
- Sustainable Short Duration
- Municipal Bond
- Enhanced Cash
- Mortgage Securities
- Tax-Exempt Sustainable Fixed Income
- Global Sustainable Total Return Bond

SUSTAINABLE INVESTMENTS

Our sustainable investment strategies are those strategies that intentionally incorporate ESG research alongside fundamental research to achieve the strategy's investment objective. What differentiates each of our sustainable investment strategies from one another are the strategy's (1) focus on equity or fixed income securities, or a combination of the two, (2) geographic focus, (3) for fixed income strategies, a focus on taxable bonds, or tax-exempt bonds, and (4) the desired ESG characteristics of the strategy identified through an analysis of ESG risks and sustainable opportunities. Strategies designated as sustainable investment strategies are those where holdings are vetted for both ESG risks and the presence of sustainability characteristics that we believe have the potential to drive positive outcomes in terms of financial performance and/or environmental and social impact.

Brown Advisory's ESG equity and fixed income research analysts are a core component of the firm's broader equity and fixed income investment research team, and work together across asset classes. The ESG research team conducts bottom-up research on individual securities held in our sustainable investment strategies; third-party data is utilized as a supplement to this fundamental research or to facilitate certain exclusionary screens as agreed to with an applicable client. ESG research capabilities include, as applicable, ESG risk assessments, sustainable opportunity assessments, as well as labeled bond assessments and thematic and sector-focused investigative research where applicable. In many instances, information gathered through ESG-focused engagements with issuers or other stakeholders informs ESG research. Although the firm's ESG research is integrated into the investment process for our sustainable investment strategies, all of the firm's portfolio managers have the option to leverage our ESG research capabilities as part of their investment decision-making process. Portfolio managers may elect to integrate ESG research to varying degrees, if at all, for client portfolios.

The following are some of Brown Advisory significant sustainable investments strategies:

- Global Leaders
- Large-Cap Sustainable Growth
- Large-Cap Sustainable Value

- Sustainable Small-Cap Core
- Sustainable International Leaders
- Sustainable Core Fixed Income
- Tax-Exempt Sustainable Fixed Income
- Sustainable Short Duration
- Global Sustainable Total Return Bond

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, private equity and specific values-focused investments

We also provide our clients with access to our institutional strategies as well as to outside managers through our Investment Solutions Group. 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 investments, commodities, hedge funds, real estate, and sustainable investing solutions across a variety of asset classes. By combining our external manager research process with our extensive in-house resources, we enhance our customized portfolio management capabilities for clients

Our Investment Solutions Group 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.

Brown Advisory and its affiliates sponsor private funds that provide exposure to alternative investments and managers, including private equity, venture capital, private credit real estate, global macro and event-driven strategies. In the fund-of-fund business, the firm focuses on investing with established, performance-oriented managers and firms.

ENDOWMENTS AND FOUNDATIONS SERVICES

We provide investment advisory services to institutions—primarily but not exclusively endowments and foundations—that seek a comprehensive investment management solution that can 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, risk tolerance criteria, and in some cases, values or mission-based criteria. It also takes into account other issues including: tax liability; income/yield requirements; real estate holdings; organizational objectives; time horizon; family/generational issues; single-stock risk; family issues; philanthropic mission; capital requirements; and required distributions. A client's strategic asset allocation plan is reviewed and adjusted from time to time and takes into account changes in a client's individual needs and objectives. 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 relative to major market indices, cyclicity 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 interviews; and, as applicable, conduct portfolio reviews and financial analysis.

STRATEGIC ADVISORY SERVICES

For many clients, we offer what we term "strategic advisory services," which we define as the wide range of services to assist with tax planning, intergenerational wealth transfer, philanthropic planning, family business advisory, and wealth structuring . Most of our strategic advisors are current or former attorneys or certified professional accountants who previously specialized in trust and estate, tax, accounting or non-profit matters and are experienced in working cooperatively with our clients' attorneys, accountants, executive and family members, board and committee members, staff, 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. As we actively manage a client's portfolio, we will evaluate alongside the client whether investment decisions are appropriate and in their best interest. At all times we seek to manage clients' assets and cash flow needs according to their investment, risk and individual needs and 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 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 are 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 is exposed depending on their portfolio holdings. 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.

MARKET CONDITIONS

An investment strategy's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007, the Great Financial Crisis and the COVID-19 pandemic. Declining economic conditions may result in weak financial results in investments. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for our strategies, our ability to make investments, the performance and/or valuation of investments, and/or a the ability to dispose of investments. Such conditions could result in substantial or total losses for certain investments. In an economic slowdown, holding periods may also become longer. The value of publicly traded securities may be volatile and difficult to sell as a block. Uncertainty around future political, legislative or administrative developments may cause volatility in the U.S., as well as global economies and financial markets more generally, which in turn may have an adverse effect on the values of investments and on our ability to execute on our investment strategies.

INFLATION RISK; BANK EXPOSURE

Inflation risk is the risk that inflation diminishes the value of an investment over time. Over time, the prices of resources and end-user products generally increase at the rate of inflation which at times can outpace the expected return on an investment and cause the value of the investment to fall or underperform even if it generates positive income on an absolute basis. Although inflation

risk is particularly acute for bonds and other fixed income investments, it can also impact investments in equity securities and other instruments where the underlying issuer is sensitive to inflation risk. For example, issuers in manufacturing industries that rely on suppliers are directly impacted by inflation in the form of increased cost of supplies needed to manufacture their products. This can result in lower margins or losses, which in turn can cause losses in the value of the company's stock.

In addition, issuers such as banks and financial institutions that hold fixed income instruments can be negatively impacted by periods of inflation, which can reduce the value of such holdings and result in a loss of confidence in the institution. In such event, loss of depositor confidence can lead to panic and ultimately could result in the affected bank becoming insolvent or facing bankruptcy. In the event of a bank insolvency or bankruptcy, (i) equity investors in the bank or its parent entity will lose all or nearly all of the value of their investment, (ii) debt investors in the bank or its parent entity will suffer losses of all or a portion of their investment, and (iii) depositors could lose up to the amount of their uninsured deposits with the bank. Conditions causing such losses can develop rapidly and without warning, making it impracticable or impossible to withdraw funds from or dispose of investments in such institutions before realizing losses. This risk is particularly applicable to investments and deposits held in regional banks and banks that are not systematically important to the U.S. economy.

More generally, periods of inflation, which are difficult to predict or hedge, can have a negative impact on the overall equity and fixed income markets, which can lead to portfolio losses.

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 is 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 has 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 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 has 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 has 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.

SANCTIONS RISK

Economic sanctions laws in the United States and other jurisdictions prohibit Brown Advisory from transacting with or in certain countries, with certain individuals and companies and dealing in certain securities and instruments. These types of sanctions restrict Brown Advisory's investment activities and preclude us from trading in certain securities, including those securities subject to sanctions that are held in client portfolios. Any failure by Brown Advisory to comply with applicable sanctions could result in significant liability and reputational damage to the firm.

Recently, the United States and various other countries imposed broad sanctions in response to the Russian Federation's invasion of Ukraine. These sanctions are designed to isolate Russia from the global financial system. Brown Advisory's compliance with these sanctions laws means that client portfolios will experience a loss to the extent that securities and instruments subject to sanctions are held in the portfolios. In addition, these sanctions are likely to have a material adverse effect on companies whose businesses are linked to Russia. Client portfolios with exposure to these companies will experience a loss in the near term.

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 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.

Hedging risk is the risk that derivative instruments used to hedge against an opposite position may offset losses, but they also may offset gains.

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 changes 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 typically changes 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 can 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 typically changes 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 will 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 are 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 forego other investment opportunities. There is the possibility that a strategy would 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 involves 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 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.

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. ESG strategies 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 from its internal research teams as well as third party data providers that could be incomplete or erroneous.

Investing on the basis of ESG criteria is qualitative and subjective by nature, and there can be no assurance that the process utilized by Brown Advisory will reflect the beliefs or values of any particular client. The data informing this process is derived from a variety of sources, including the companies themselves and third party sources. The data and qualitative information are inherently subject to interpretation, restatement, delay and omission outside of Brown Advisory’s control.

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 generally are not registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There is 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.

DATA AND INFORMATION RISK

Although Brown Advisory obtains data and information from third party sources that it considers to be reliable, Brown Advisory does not warrant or guarantee the accuracy and/or completeness of

any data or information provided by these sources. Brown Advisory does not make any express or implied warranties of any kind with respect to such data.

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 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 eligible to conduct registerable activities in Ontario and Quebec in reliance on the International Adviser Exemption.

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 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.

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 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 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 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.

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. Various entities formed to serve as general partners of BAISG and NextGen sponsored private funds are also relying advisers of BAISG.

Signature Financial Management, Inc. (doing business as Brown Advisory) (“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 invest in both public and private equity securities. We and our affiliates 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 are entitled to receive carried interest and other incentive fees and allocations in respect of certain funds.

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

OTHER RELATIONSHIPS OR AFFILIATIONS

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

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 accrues, as a result of this joint venture relationship.

MATERIAL CONFLICTS OF INTEREST RELATING TO OTHER INVESTMENT ADVISERS

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. In certain circumstances, Brown Advisory or one of its affiliates receives a financial benefit in the form of a share of the management fee and carried interest allocations, as described in the applicable offering documents. 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, or that have a carried interest allocation to Brown Advisory, its personnel or one of its affiliates, relative to other affiliated private funds.

Brown Advisory and its principals and employees 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 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 are permitted to 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 board members of Brown Advisory Incorporated has a material 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 material 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 material 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 certain material conflicts of interest.
- If we enter into a transaction on behalf of our clients that presents a material conflict of interest, we have policies in place requiring that the conflict is disclosed to the client or otherwise mitigated 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 team 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 near-term prospective 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 certain principal and affiliate 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, adoption of policies on 10f-3 and 17e-1 transactions, Marketing Rule Policy, 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.

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 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 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 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 orders 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 are 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 are:

- 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 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, 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 can choose a broker-dealer to execute trades that charges a higher commission than other possible broker-dealers;
- We can 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 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 request broker-dealers that effect transactions for our clients to 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 are 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 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 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 are 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 are 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 will 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 reliable order execution and research services 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 will not receive the potential benefits that other clients derive from aggregation of orders. In these situations, we may be unable to obtain most favorable execution of client transactions. Since directed brokerage accounts are not 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 could 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 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.

There are several circumstances in which client accounts may not be traded in the block, and will not receive the benefits of trade aggregation. For example, client-directed trades generally are not traded in a block trade, nor are accounts with investment guidelines that materially deviate from the strategy, accounts that have substantial cash or liquidity requirements and accounts that do not meet investment minimums required to participate in a strategy trade. In addition, significant inflows and withdrawals generally are handled outside of an aggregated trading block. Trading for these accounts generally requires individual analysis to ensure violations do not occur, and this trading occurs after a block trade. From time to time, accounts are added to or omitted from a block trade, depending on the level of analysis that we think is required to confirm whether an account is eligible to participate in a given trade. With respect to accounts having ESG or socially responsible investment 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 ESG or socially responsible investment guidelines will occur after similar trading has been executed for the accounts participating in the block trade. Depending on the circumstances, additional research will 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 ESG or socially responsible investment guidelines until it has been determined their purchase would not violate existing client investment guidelines. In cases when a trade for a particular security occurs after a block trade, the accounts that are traded outside of the block will receive different terms for trades in the same or similar securities, which terms can be less advantageous than those received by the larger block trade. Similarly, the block trade itself generally will disadvantage client accounts that are traded outside of the block.

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 fixed income 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 invest in private investments or limited investment opportunities, such as initial public offerings and direct listings. 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.

Non-proportional allocations occur in various situations, including in fixed-income securities due to the availability of multiple appropriate or substantially similar investments in fixed income strategies. In addition, that fact that certain personnel of Brown Advisory are dedicated to certain client accounts is in certain cases a factor in determining the allocation of opportunities. The implementation of a client's trading strategy depends on a variety of factors, including the Portfolio Managers involved in managing the account. Similarly, administrative or operational considerations are taken into consideration in determining an allocation process. For example, limited investment opportunities that require prompt execution or specialized custodian support or expertise will not be allocated to certain clients or groups of clients. In such cases, allocation decisions will take into account methods for executing transactions efficiently and in a manner that is designed to benefit as many suitable clients as possible given the particular constraints. One or more funds or other client accounts are intended to be Brown Advisory's primary investment vehicles focused on, or receive priority with respect to, a particular strategy or type of investment (as determined in Brown Advisory's discretion) as compared to other funds or client accounts.

Finally, allocations are adjusted under certain circumstances, for example where pro rata allocations would result in de minimis positions or odd lots.

If an investment cannot reasonably be allocated on a pro rata basis, it will 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 private investment funds managed by Brown Advisory. In such cases, where capacity is constrained, an affiliated private fund that invests in multiple underlying managers and funds will be allocated its target investment allocation before separate, single-manager feeder funds or individual accounts are eligible to receive an allocation, if at all. 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. Because strategy trades and changes to the model are communicated contemporaneously to the Brown Advisory trading desk and the model program sponsors, there is no assurance that Brown Advisory trading on behalf of its clients will not be disadvantaged by the trading activity of model program sponsors.

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 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, which would 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 applicable law, 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 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 periodically 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 includes: 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 directly or indirectly compensate third parties for client referrals. enter into written solicitation arrangements with third parties, in which case we compensate the third party for making a client introduction. This compensation is typically based on a percentage of the client's annual management fee. 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 also compensate our employees for business development activity, including for referring, attracting and retaining client assets.

From time to time, we 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 ARRANGEMENTS

Brown Advisory clients have the option to use any custodian they believe appropriate. However, Brown Advisory 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/or operational efficiencies.

Brown Advisory has an agreement with U.S. Bank pursuant to which U.S. Bank serves as a preferred custodian for our clients. Clients of the firm and its affiliates who select U.S. Bank as their custodian benefit from a favorable custody fee schedule and operational efficiencies that have been developed over the approximately ten years that U.S. Bank has served as one of the firm's primary custodians. In exchange, U.S. Bank pays Brown Advisory a fee approximately equal to 0.21% annually on non-retirement client assets held by U.S. Bank as custodian. If a client chooses to use U.S. Bank, Brown Advisory will benefit from the payment described above.

Brown Advisory and its affiliates have other relationships and agreements with U.S. Bank pursuant to which Brown Advisory and its affiliates receive fees from U.S. Bank or receive services from U.S. Bank in exchange for payments Brown Advisory makes to U.S. Bank. In addition to the cash management arrangement described below, U.S. Bank is one of the lenders in the lending syndicate

that provides the firm's credit facility. Under the credit facility, U.S. Bank receives interest payments and other fees payable in connection with the credit and lending provided to Brown Advisory and certain of its affiliates. In addition, U.S. Bank served as the placement agent in a private placement of notes Brown Advisory Management issued in 2021. U.S. Bank was paid a fee by Brown Advisory Management for its role as placement agent.

Brown Advisory receives 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, in its discretion, pays 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 fee arrangement with U.S. Bank described above, create an incentive for Brown Advisory to recommend custody services provided by U.S. Bank or Fidelity to its clients when other custodians could 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 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 that ranges from .13% to .135% and is based upon the value of client assets invested in those funds, other than certain retirement 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 actual 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 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 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 confirm 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 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 perform differently than expected for various reasons, including as a result of incomplete, inaccurate or stale data, formula errors, erroneous assumptions, or other factors.

Please also see the disclosure provided in Item 5 – Fees and Expenses – Collateralized Loans.

ITEM 17 VOTING CLIENT SECURITIES

GENERAL GUIDELINES

Brown Advisory receives proxy ballots on behalf of clients and votes such proxies consistent with its Proxy Voting Policy, which sets forth the firm’s standard approach to voting on common proxy questions. In general, the Proxy Voting 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. Our proxy voting is informed by both financial and extra-financial data, including material ESG information, with the objective of maximizing long-term value for our clients. Clients may receive a copy of the Proxy Voting Policy at any time upon request. The Proxy Voting Policy also is available on Brown Advisory’s website. 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 a list of upcoming proxies issued for companies that are held within our institutional equity strategies are provided to the institutional portfolio managers and research analysts. Except in situations identified as presenting material conflicts of interest, the portfolio manager who follows an issuer will make the final voting decision based on a variety of considerations, including their review of relevant materials, their knowledge of the company, input from research analysts, and ISS recommendations. Fundamental research analysts guide vote recommendations on management

proposals and ESG research analysts guide vote recommendations on shareholder proposals, with both groups working together to think through the relevant issues.

In keeping with its fiduciary obligations to clients, Brown Advisory considers each proxy voting proposal related to holdings in the firm's institutional strategies on its own merits and an independent determination is made based on the relevant facts and circumstances, including both fundamental and ESG information. 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.

Voting preferences of clients may differ based on their values. The firm seeks to provide clients with the opportunity to have proxies voted in line with these values. From time to time, clients may prefer to select alternative voting guidelines that better align with their values. In these cases, the firm will work with ISS to identify an appropriate alternative policy. Where no appropriate alternative policy is available, the firm will endeavor to work with the client to set up appropriate guidelines and procedures to vote case-by-case.

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 we believe compromise clients' best interests or that we determine will be detrimental to the underlying value of client positions.

ESG ISSUES

Shareholder proposals regarding environmental, social and governance issues, in general, are supported, especially when they would have a clear and direct positive financial effect on shareholder value, are not unduly encroaching on management's responsibilities, and would not be unduly burdensome or impose unnecessary or excessive costs on the issuer. The ESG proposals we generally support often result in increased reporting and disclosure, which deepens our understanding of the risks and opportunities pertaining to a specific company. Although policy decisions are typically better left to management and the board, in cases where the firm believes a company has not adequately mitigated significant ESG risks, the firm may vote against directors.

Brown Advisory broadly supports proposals that encourage the following considerations that we believe are in the best long-term economic interest of our clients:

Environment

- Climate change and emissions reporting, goal setting, and action
- Water quality, accessibility, and management
- Responsible and effective waste management

- Energy efficiency and renewable, lower-carbon energy sourcing

Social

- Social justice
- Human rights and responsible labor management
- Data privacy and AI ethics

Governance

- Executive compensation measures that are linked to ESG metrics
- Diverse and inclusive board composition
- Transparency with regard to political spending

With respect to our private clients, the firm's Proxy Voting Policy is assigned by default, unless otherwise agreed with a particular client. Clients may direct us to vote proxies in a particular solicitation, including client requests to attend a meeting and vote, vote in line with a specific request or ask us to take no action or to abstain. In addition, clients may prefer to select voting guidelines that better reflect their values. In these cases, the firm will work with ISS to identify an appropriate alternative policy. We seek to implement such client preferences to the extent possible.

CONFLICTS OF INTEREST

A "conflict of interest" means any circumstance when the firm or one of its affiliates (including officers, directors and employees), or in the case where the firm serves as investment adviser to a registered mutual fund, when such fund or the principal underwriter, or one or more of their affiliates (including officers, directors and employees), knowingly does a material amount of business with, receives material compensation from, or sits on the board of, a particular issuer or closely affiliated entity and, therefore, may appear to have a conflict of interest between its own interests and the interests of clients or Fund shareholders in how proxies of that issuer are voted. For example, a perceived conflict of interest may exist if an employee of the firm serves as a director of an actively recommended issuer, or if the firm is aware that a client serves as an officer or director of an actively recommended issuer. Conflicts of interest will be resolved in a manner the firm believes is 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 votes proxies for routine matters, and for non-routine matters that are considered immaterial conflicts of interest, consistent with this its Proxy Voting 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 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, abstain or vote in a manner the firm, in consultation with the General Counsel, believes to be in the best interest of the client.

If the aforementioned options would not ameliorate the conflict or potential conflict, then Brown Advisory will abstain from voting.

Clients can obtain a copy of our proxy voting policies and information on how we have voted proxies by calling 1-800-645-3923 or by visiting the Brown Advisory website. 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.