

## **Brown Advisory Securities, LLC Customer Relationship Summary – Form CRS (6.19.2020)**

Brown Advisory Securities, LLC (“BAS”, the “Firm”, “us”, “our”, or “we”) is a registered broker-dealer with the Securities and Exchange Commission (“SEC”), Financial Regulatory Authority (“FINRA”) and Securities Investor Protection Corporation (“SIPC”), and an investment adviser registered with the SEC. It is important to understand that broker-dealer services and fees differ from those offered by an investment adviser. Free and simple tools are available for you to use at [Investor.gov/CRS](http://Investor.gov/CRS), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.

### **What investment services and advice can you provide me?**

We offer brokerage services and investment advisory services to retail investors, which include analysis, research and recommendations with respect to various money managers in specified investment strategies on a fee basis.

#### **Brokerage Services**

Our brokerage services include buying, selling, or holding securities on your behalf or at your direction, and making recommendations to you regarding the buying, selling, or holding of securities.

- **Proprietary Products:** You have the option to invest in mutual funds advised by our affiliates.
- **Monitoring:** We do not offer monitoring as part of our brokerage services.
- **Investment Authority:** Unless otherwise agreed to in writing, our brokerage services are provided on a non-discretionary basis. For non-discretionary services, you make the ultimate decision regarding the purchase or sale of all investments.
- **Limited Investment Offerings:** There are no material limitations on the brokerage services we may provide to clients.
- **Account Minimums:** There may be account minimums for brokerage services based on certain factors, such as the account and the investment type.

#### **Investment Advisory Services**

Generally, our investment advisory services are offered through a wrap fee program. A wrap fee program is a service by which you may receive research and analysis from us, portfolio management services from us or various unaffiliated money managers, and execution of transactions for a single specified fee. Wells Fargo Clearing Services, LLC (“WFCS, LLC”) is the unaffiliated money manager we partner with to provide our clients with the wrap fee program. The agreement between us and WFCS, LLC makes available the following programs for you to choose from:

- i. **Masters Investment Consulting Program (“Master Program”), Private Advisor Network (“Network Program”) and Personalized Unified Managed Account Program (“UMA Program”):** Working in consultation with you, we will choose from a pool of investment advisers provided by WFCS, LLC that together we believe best suit the needs of your investment goals. Under each of these programs, you will be provided periodic portfolio monitoring services. The minimum initial investment into any of these three programs is \$100,000.
- ii. **Compass Program:** WFCS, LLC will provide us with model investment portfolios that can be offered to you in accordance with your investment needs. You will also receive monitoring and reporting of portfolio performance on a periodic basis. The minimum initial investment into this program is \$50,000 to \$250,000, depending on the investment strategy selected.
- iii. **FundSource Program:** WFCS, LLC will provide us with a universe of model investment portfolios tailored to your needs, or accept instructions from you with respect to a custom blend in various funds. The minimum initial investment into this program is \$25,000.
- iv. **CustomChoice Program:** A non-discretionary client-directed advisory program that allows you to construct your own asset allocation from a broad universe of institutional share class, no-load and load-waived mutual funds. The minimum initial investment into this program is \$25,000.

#### **Conversation Starters** | Questions you might wish to ask when considering our services:

- **Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?**

- v. **Private Investment Management (“PIM”) Program:** One of our financial advisers determines an asset allocation and security selection consistent with your investment objectives. You will also receive monitoring and reporting of portfolio performance on a periodic basis. The minimum initial investment into this program is \$50,000.
- vi. **Asset Advisor Program:** A non-discretionary investment advisory program where you ultimately make the investment decisions regarding what to buy, sell and hold within your account, which includes advisory services and custodial/transaction costs in a single, asset-based fee. You will also receive monitoring and reporting of portfolio performance on a periodic basis. The minimum investment into this program is \$25,000.
  - **Monitoring:** Each wrap fee program provides periodic monitoring as a standard service of the program.
  - **Investment Authority:** All of our wrap fee programs are discretionary, except where otherwise indicated above. Discretionary authority may be limited by your investment management agreement with us. For non-discretionary services, you make the ultimate decision regarding the purchase or sale of all investments.
  - **Limited Investment Offerings:** Programs in which investment options or advisers are provided by WFCS, LLC are limited to only those investment options or advisers provided by WFCS, LLC. Therefore, you may be limited as to the pool investments you are able to choose from within the wrap fee program.
  - **Account Minimums:** Minimum account size needed to open an account may vary depending on the type of wrap fee program you choose.

For additional information regarding our brokerage and investment advisory services and programs, please see [our Form ADV Part 2A](#)

## What fees will I pay?

The fees you will pay for brokerage services are different than the fees you will pay for investment advisory services. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

### Conversation Starters | Questions you might wish to ask when considering our services:

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

## Brokerage Services

You will pay commission fees to us based upon the volume of trading activity that occurs in your account and the commission fee schedule set forth in your brokerage agreement. The more trades that occur in your account, the more fees you pay to us. Therefore, we have an incentive to increase the frequency of trades in your account. In certain instances, these fees include 12b-1 fees for the purchase of unaffiliated mutual funds or management fees with respect to investments in mutual funds managed by our affiliates. If you have a brokerage account with us, you may be subject to other fees, such as a custodian fees, account maintenance fees, and internal expenses of the mutual fund products.

## Investment Advisory Services

You will pay a wrap account fee depending on the wrap program you select. Generally, fees are paid on a quarterly basis.

- i. **Master Program Fees:** Fees for the Master Program are only offered on a wrap fee basis. These fees cover execution, consulting and custodial services, as well as the management fee paid to the selected advisers. WFCS, LLC pays a portion of the fee to each adviser who advises on your account based on the total aggregate value of your accounts in the program. Breakpoint discounts may lower the fees you pay as your account value grows. Therefore, WFCS, LLC has an incentive to recommend advisers who have negotiated higher fee percentages. Additionally, some program advisers may be WFCS, LLC affiliates. Therefore, WFCS, LLC has an incentive to recommend WFCS, LLC affiliated advisers for the program. The standard annual fee may be up to 2.50% of the total account value.
- ii. **Network Program Fees:** You have a choice of selecting between two payment schedules for our services: (i) Standard Fee Schedule and (ii) Execution Fee Schedule.
  - a. **Standard Fee Schedule:** You will pay a tiered, annual fee, negotiated at the time of account opening, which will be based on the value of your account. Any services provided by the Network Program adviser will be billed separately by the Network Program adviser.
  - b. **Execution Fee Schedule:** You will pay commissions on trades, including mark-ups and mark-downs on principal transactions. Any services provided by the Network Program adviser will be billed separately by the Network Program adviser.

- iii. **UMA Program Fees:** Fees for UMA program accounts are only offered on a wrap fee basis and cover execution, consulting and custodial services, as well as the management fee paid to the selected advisers. WFCS, LLC pays a portion of the fee to each adviser who advises on your account based on the total aggregate value of your accounts in the program. Breakpoint discounts may lower the fees you pay as your account value grows. Therefore, WFCS, LLC has an incentive to recommend advisers who have negotiated higher fee percentages. The standard annual fee may be up to 2.50% of the total account value.
- iv. **Compass Program Fees:** You will pay a wrap fee for investment advice and commissions for the trade executions. The standard annual fee may be up to 2.50% of the total account value.
- v. **FundSource Program and CustomChoice Program Fees:** The standard annual fee may be up to 2.00% of the total value of the accounts in the program. You may also pay other fees, such as commissions, 12b-1 fees and management fees to third parties or in connection with the mutual funds held in your account and as disclosed in your account agreement and each mutual fund's prospectus.
- vi. **PIM Program Fees:** Fees for PIM accounts are offered only on a wrap fee basis and cover all of BAS execution, consulting and WFCS, LLC's custodial services. The standard annual fee may be up to 3.00% for the first \$250,000, 2.50% for the next \$750,000 and 2.00% on all excess over \$1,000,000.
- vii. **Asset Advisor Program Fees:** You will pay a wrap fee on program assets that covers advisory execution, custodial and reporting services. Additionally, you will pay all of our usual and customary commissions, 12b-1 fees and other charges for transactions on assets that are not included in the program. The standard annual fee may be up to 3.00% for the first \$250,000, 2.50% for the next \$750,000 and 2.00% on all excess over \$1,000,000.

**Other Fees and Costs:** You may pay costs and transaction fees arising out of transactions effected by entities other than us or our affiliates and agents or attributable to dealer mark-ups and mark-downs that are not otherwise covered by the wrap fee program. Such fees and costs may include custodian fees, account maintenance fees, fees related to mutual funds, and other transactional fees.

For additional information regarding our fees, please see [our Form ADV Part 2A](#)

## **What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does the Firm make money and what conflicts of interest do you have?**

### **Standard of Conduct**

*When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money may conflict with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.*

### **Brokerage Services: Examples of Ways We Make Money and Conflicts**

When you use our brokerage services you may pay us a transaction fee, per transaction, an annual commission fee also known as a 12b-1 fee, and/or a management fee depending on the type of investment.

- i. **Proprietary Products:** If you hold mutual funds managed by our affiliates within a brokerage account outside of the WFCS, LLC wrap programs, you will pay a management fee to us. Therefore, we have an incentive to recommend investment products and options managed by our affiliates.
- ii. **Third-Party Payments:** We are paid a transaction fee by a third party any time you buy or sell mutual fund shares that are not advised by our affiliates. This is in addition to the commission fee you will pay to us for the purchase or sale of any security not advised by our affiliates, including mutual funds, equities, fixed income securities and options. Therefore, we have an incentive to recommend third party mutual funds.
- iii. **Margin:** We receive a percentage of the interest paid on margin accounts our clients hold with WFCS, LLC. Therefore, we have an incentive to recommend you open and maintain margin accounts.
- iv. **Money Market:** WFCS, LLC will provide you with an automated sweep account option through a variety of money market funds at no additional cost to you. We will receive a monthly rebate from WFCS, LLC based on the value of your money market sweep account assets. Therefore, we have an incentive to recommend that you use a sweep account and recommend certain money market funds that pay the highest rebates.

- v. **Churning:** We are paid every time you make a transaction. Therefore, we have an incentive to increase your trading frequency.

### Investment Advisory Services: Examples of Ways We Make Money and Conflicts

Generally, we earn revenue through a revenue sharing agreement with WFCS, LLC. We receive a percentage based on the balance of your margin account, and money market sweep account.

- i. **Margin Account Balances:** We receive a percentage of the interest paid on margin accounts our clients hold with WFCS, LLC. Therefore, we have an incentive to recommend you open and maintain margin accounts.
- ii. **Money Market Fund Account Balances:** WFCS, LLC will provide you an automated sweep account option through a variety of money market funds at no cost to you. We will receive a monthly rebate from WFCS, LLC based on the value of your money market sweep account assets. Therefore, we have an incentive to recommend you use a sweep account and to recommend certain money market funds that pay the highest rebates.
- iii. **Proprietary Products:** If you hold mutual funds managed by our affiliates within certain WFCS, LLC wrap programs, we will provide a credit to you to offset the management fee charged by each such affiliated fund each quarter, up to the amount of the advisory fees then due from you.

For additional information regarding our brokerage services and programs, please see [our Form ADV Part 2A](#)

### How do your financial professionals make money?

Our financial advisers are compensated either via an annual salary or based on a non-salaried compensation model.

Additionally, our financial advisers may be provided a discretionary year-end bonus.

- i. **Annual Salary Compensation:** Most of our financial advisers receive an annual salary as compensation for various client related services, including managing client assets, holding client meetings and introducing new and prospective clients to investment-related services offered by the WFCS, LLC programs.
- ii. **Non-Salaried Compensation:** Our financial advisers who do not receive an annual salary generally receive a percentage of the fees you pay for the following services:
  - a. **Brokerage Services:** The adviser receives a percentage of commission and mutual fund fees depending upon your trade volume and mutual fund account balances.
  - b. **Investment Advisory Services:** The adviser receives a percentage of your wrap account fee, depending upon the type of wrap fee program you select.
- iii. **Year-End Discretionary Bonus:** We may compensate your financial adviser with a year-end discretionary bonus that is based on various factors, including the performance of the Firm and your adviser.

For additional information regarding employee compensation and related conflicts, please see [our Form ADV Part 2A](#)

#### Conversation Starters | Questions you might wish to ask when considering our services:

- How might your conflicts of interest affect me and how will you address them?

### Do you or your financial professionals have legal or disciplinary history?

Yes. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals. In addition, [Brokercheck.finra.org](http://Brokercheck.finra.org) is a free tool to research the background and experience of financial brokers, advisers and firms.

### Where can I find additional information?

You can always ask your financial adviser for more information and request a copy of this Relationship Summary at [complianceonly@brownadvisory.com](mailto:complianceonly@brownadvisory.com). You may also call (410) 537-5400 or visit [www.brownadvisory.com/us/disclosures](http://www.brownadvisory.com/us/disclosures) for more information.

#### Conversation Starters | Questions you might wish to ask when considering our services:

- As a financial professional, do you have any disciplinary history? For what type of conduct?
- Who is my primary contact person?
- Is he or she a representative of an investment adviser or broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?