

2023 Notice to Clients

# **Brown Advisory**

*At Brown Advisory, we believe that you deserve frank and open communication on all aspects of our relationship. In this spirit, we provide this annual summary of our policies relating to confidentiality, privacy of client information, identity theft program, mutual funds, conflicts of interest, trading commissions, proxy voting and Form ADV annual notices.*

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

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

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

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

In addition to the personal information described above, we collect certain information about your use of our online services, such as IP addresses and the information on our websites that you access. As explained in more detail in our [Cookie Policy](#), we use cookies to collect and store this and other information about your visit to, or use of, our online services.

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

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

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

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

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

### **Identify Theft Program (Regulation S-ID)**

Federal regulators have adopted rules and guidelines that require certain regulated entities to establish programs to address risks of identity theft. These “Red Flags Rules” require certain SEC-regulated entities to develop and implement a written program designed to detect, prevent and mitigate identity theft in connection with certain customer accounts.

Brown Advisory’s policy is to protect you and your accounts from identity theft and to comply with the SEC’s Red Flags Rules. Our identity theft program is designed to identify relevant identity theft red flags, detect those red flags, respond appropriately to any red flags that are detected, and prevent and mitigate identity theft. Brown Advisory’s identity theft policies, procedures and internal controls are reviewed periodically and updated as necessary to ensure that they account for changes both in regulations and in our business. This program overlaps with and leverages other relevant firm policies and programs, such as our Anti-Money Laundering Program (“AML”) and policies and procedures pursuant to Regulation S-P, among others.

To identify relevant identity theft red flags, Brown Advisory considers general factors, such as types of client accounts and the methods by which such accounts can be opened or accessed. Detection of red flags is based on the methods of obtaining information regarding clients or transactions and verifying such information pursuant to AML or other procedures. Brown Advisory has in place policies, procedures and practices with respect to confidentiality, safeguarding of client information and system controls which, among other purposes, are designed to prevent and mitigate identity theft. However, even the most well-designed controls cannot guarantee complete protection. The best protection against identity theft is vigilance and care by both Brown Advisory and clients.

Upon detecting an incident of actual or attempted identity theft, we will notify you and may report the incident to relevant regulatory or law enforcement agencies, as appropriate. Brown Advisory’s senior management and board of directors receive reports on a periodic basis regarding issues pertaining to this program.

### **Mutual Funds**

Brown Advisory’s mutual funds are available to the public, but are also used in connection with clients who have existing relationships with Brown Advisory. The Brown Advisory mutual funds are governed by an independent board of trustees.

When clients hold these funds in an account that is charged an investment advisory fee by Brown Advisory, we typically credit the client’s approximate pro rata share of the net management fee paid to Brown Advisory by the fund or funds as an offset against and to the extent of the client’s advisory fee for the applicable billing period, unless otherwise agreed with the client. Separately, the funds will pay a fee for shareholder services provided to the funds by financial institutions, including Brown Advisory, or other fees including business management charges. Brown Advisory receives fees in the form of a shareholder servicing fee and a business management fee in respect of its mutual funds. The funds will also pay a fee under a 12b-1 plan as compensation for distribution and shareholder services provided by entities including Brown Advisory. Because the Brown Advisory mutual funds are governed by an independent board of trustees, these practices and fees are subject to change. Please refer to the funds’ prospectus for up-to-date details on fees, risk factors and other important information.

Brown Advisory clients also may invest in private funds sponsored by the firm and its affiliates, provided that the clients satisfy investor eligibility requirements. Fees associated with these vehicles are detailed in the fund offering documents and are in addition to a client's investment advisory fees.

### **Conflicts of Interest**

Since our inception, it has been our policy to avoid practices that are adverse to our clients' interests and to avoid or mitigate conflicts of interest. This policy is evident in our code of ethics, which applies to investments by our employees for their own accounts. 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 you. Please refer to Form ADV Part 2A and Part 3 for current disclosure of potential conflicts and other important information about our policies and practices.

### **Trading Practices**

Unless a client uses a custodian that requires trades to be directed to its platform (such as Fidelity or Charles Schwab), or unless otherwise directed by the client, when Brown Advisory places orders for the execution of portfolio transactions for a client, 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. It is Brown Advisory's longstanding practice not to allocate commissions to any person or company on the basis of business they might direct to us. In the selection of broker-dealers, Brown Advisory takes into consideration not only the available prices of securities and rates of brokerage commissions, but also other relevant factors such as execution capabilities, research, and other services provided by broker-dealers that are expected to enhance the general portfolio management capabilities of Brown Advisory.

If research services are a factor in selecting a broker-dealer, Brown Advisory must determine that the amount of commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer. The types of research services received from broker-dealers include fundamental analysis of particular companies or securities, technical analysis, economic information, market news services, securities quotation and data systems, and other relevant materials affecting investment decisions. To the extent that research and related services of value are provided by broker-dealers with whom Brown Advisory executes portfolio transactions, Brown Advisory will be credited for payment of expenses which might otherwise be charged directly to Brown Advisory. Research provided by such broker-dealers is used for a broad range of accounts for which Brown Advisory has investment management responsibility.

Brown Advisory does not require that such research be limited to or used by the accounts that generated the commissions that were allocated to such broker-dealers. However, if a client specifically directs the use of a specific broker-dealer for execution of securities transactions, we will direct such transactions to the specified broker-dealer. Further details on our trading practices may be found in our Form ADV Part 2A.

### **Proxy Voting**

For clients that have delegated voting authority to Brown Advisory, our policy governing the voting of proxies is designed to ensure that the firm votes client's securities in the best interest of our clients. Brown Advisory seeks to vote proxies 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 environmental, social and governance factors. Brown Advisory maintains a proxy voting policy that lays out our standard approach to voting on common proxy questions. When votes are considered contrary to our standard policy, we will consider the proposals on their own merits. Although Brown Advisory believes that the recommendation of management should be given substantial weight on routine voting matters, Brown Advisory takes a more case-by-case approach regarding non-routine matters. A record of proxy votes is available upon request.

## Form ADV

Annually, clients of our registered investment adviser entities will receive updates to Form ADV Part 2A in one of two ways: 1) a complete copy of or link to Form ADV Part 2A accompanied by a summary of material changes, or when appropriate, 2) a summary of material changes along with an offer to provide a complete copy of Form ADV Part 2A upon request. Additionally, in the event of any material changes to Form ADV Part 3, clients will receive updates to Form ADV Part 3 in one of two ways: 1) a complete copy of or link to Form ADV Part 3 accompanied by a summary of material changes, or when appropriate, 2) a summary of material changes. Clients may request a copy of Form ADV Part 2A or Part 3 at any time without charge by sending a written request to our Chief Compliance Officer at our Baltimore address, or by email to [compliancegroup@brownadvisory.com](mailto:compliancegroup@brownadvisory.com).

## Custody

Brown Advisory does not seek to hold actual custody of client assets; however, regulations deem certain activities, including the firm serving as general partner to pooled investment vehicles, employees serving as trustee for client accounts, and other ways the firm may assist clients in receiving or moving assets, as "custody." Clients may be asked to confirm asset movement or other information by an independent auditor engaged to comply with regulations and ensure the safety of client assets.

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. In exchange, U.S. Bank pays Brown Advisory a fee annually on non-retirement client assets held by U.S. Bank as custodian. Brown Advisory has other financial arrangements in place with U.S. Bank, as further described in its Form ADV Part 2A.

In addition, Brown Advisory receives compensation or other benefits in the form of marketing support or other arrangements from Fidelity or one of its affiliates. Brown Advisory has entered into an agreement with Fidelity under which Fidelity may, in its discretion, pay certain third parties for services or software used by Brown Advisory that are intended to facilitate interoperability between Fidelity and Brown Advisory technology systems. Fidelity, 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, may create an incentive for Brown Advisory to recommend custody services provided by U.S. Bank or Fidelity to its clients when other custodians may be better suited for a particular client or offer better services or fees. Brown Advisory mitigates this conflict by evaluating the custody services provided by U.S. Bank and Fidelity solely on quality of services provided and the operational efficiencies that may be achieved.

## Cash Management Options

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

### **Fraud and Identify Theft Assistance**

If you believe you are a victim of fraud or identity theft, please contact your Brown Advisory Client Service Team for assistance. This may include placing holds on your accounts or changing account number information. Additional measures you can take include the following:

- Contact all financial services firms with whom you maintain accounts for assistance, such as placing holds on your accounts.
- Contact the Inspector General's fraud hotline at 1-800-269-0271 to report fraudulent use of your identification information, or report online at <https://oig.ssa.gov/>.
- Report the incident as quickly as possible to each of the credit reporting agencies below:

<b>Experian</b>	<b>1-888-397-3742</b>
<b>Equifax</b>	<b>1-800-525-6285</b>
<b>TransUnion</b>	<b>1-800-680-7289</b>
- File a police report in your local jurisdiction and retain the report number and the name of the officer who took the report.
- File a complaint with the Federal Trade Commission (FTC) by contacting the FTC's Identify Theft Hotline: 1-877-IDTHEFT

### **Information Technology Security**

We employ robust protective measures to safeguard your personal and other information from unauthorized access or use. We are committed to maintaining security designed to protect our systems from malicious activity.

If you have reason to believe that your interaction with us has been compromised, please contact your Brown Advisory Client Service Team for assistance.

In addition to Brown Advisory taking steps to protect clients in their interactions with us, your Brown Advisory Client Service Team can offer helpful tips and tools to help you protect your personal data and enhance your information security generally.

### **How to Protect Yourself**

We recommend that you follow these security measures to protect and help prevent potential misuse of personal information about you:

- Protect and properly dispose of your account records.
- Do not share account information, passwords, user IDs, PINs, code words or other confidential information with others.
- Do not provide confidential information by telephone to unknown callers.
- Do not provide confidential information online unless you initiate the contact, know the party with whom you are dealing, and provide the information through a secure channel.
- Do not send sensitive information via unencrypted email.
- When conducting business over the Internet, always use a secure browser, exit online applications as soon as you finish using them, and make sure you keep your computer and software up to date with the latest security software.
- Monitor your financial accounts often for suspicious activity.
- Monitor your credit report for accuracy. By law, you are entitled to receive one free credit file disclosure every 12 months from each of the nationwide consumer credit reporting companies. To learn more or request a copy of your credit report, visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228.

### **Contact Your Brown Advisory Team With Questions**

We welcome the opportunity to answer any questions you may have about this statement or the safeguarding and confidentiality of client information. Please contact your Brown Advisory Client Service Team for additional information or to discuss any concerns.