



Signature Family Wealth Advisors

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This brochure provides information about the qualifications and business practices of Signature Financial Management, Inc., doing business as Signature Family Wealth Advisors (“Signature”). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Signature also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Signature’s CRD number is 106375.

Signature is a registered investment adviser with the SEC under the Investment Advisers Act of 1940, as amended. The use of the terms “registered investment adviser” or “registered” by us does not imply by itself any level of skill or training. The oral and written communications we provide to you, including this brochure, is information you can use to evaluate us (and other advisers), which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

ITEM 2: MATERIAL CHANGES

This brochure is the annual updating amendment to the prior brochure dated March 29, 2019. This brochure contains material changes regarding additional investment options available from our Brown Advisory affiliates as well as additional proxy voting services that are now available. In addition, this brochure contains updated and expanded disclosures including the following:

- Item 5 – Fees and Compensation
- Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading
- Item 17 – Voting Client Securities

Clients may request a copy of the Form ADV Part2A at any time without charge by sending a written request to our Chief Compliance Officer at 901 S. Bond Street, Suite 400, Baltimore, Maryland 21231 or by email to compliancegroup@brownadvisory.com

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ITEM 4 ADVISORY BUSINESS

A. General Description of the Advisory Firm. Signature was founded in 1994 in Norfolk, Virginia. Signature is a wholly owned subsidiary of Brown Advisory Incorporated, a Maryland corporation, and an affiliate of Brown Advisory LLC (collectively, and together with its affiliates, “Brown Advisory” or the “firm”). Additional information about Brown Advisory LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

B. Description of Advisory Services. Signature provides integrated wealth management services to high net worth individuals and their families, and to a small number of charitable trusts and foundations. These services are designed to assist our clients in identifying and realizing their personal and financial objectives in coordination with their other professional advisors. Our offerings include the following:

Investment Management

Signature’s approach to investing is long-term, generally defined as a full market cycle, lasting 7 to more than 10 years. We invest globally in both active and passive strategies. We invest in active strategies with managers we believe to have an identifiable edge in their investment process. Investments in passive strategies generally include ETFs and index funds, capturing market exposure with lower fees. We focus on risk as well as return, managing risk primarily by diversification and attention to valuation and we are willing to sacrifice on the upside in order to protect the downside. Across all strategies, Signature seeks to manage fees and taxes as part of our investment process.

Strategic Planning and Family Governance

Signature assists clients in developing a strategic plan with measurable outcomes. This plan often includes documenting goals for future generations, outlining a process and implementing a plan for business succession, organizing family meetings, and educating children about financial matters.

Cash Management

Our cash management services include developing and tracking budgets, providing bill-paying services and expense summaries, funding trusts and monitoring their distributions, and administering the processes around minimum required distributions and charitable giving.

Income Tax Organization

We assist in aggregating data for both individual and entity tax preparation by client CPAs and participate in tax planning with CPAs and other advisors.

Risk Management

Signature reviews certain security needs, analyzes insurance policies, assists in developing risk reduction strategies, and coordinates the details of insurance titling with estate plan and asset protection in mind.

Estate and Wealth Transfer Planning

We coordinate estate planning with other advisors and integrate a strategy of investments consistent with that plan, prepare illustrations and summaries of documents for grantors, trustees, and beneficiaries, and assist in estate settlement.

Household Administration

We assist in household administration, including employee confidentiality agreements, regulatory compliance, payroll processing, and health and retirement plan implementation for staff.

Philanthropic Planning

Signature advises on various charitable strategies, organizes and implements impactful giving plans, and coordinates execution tactics with legal and accounting advisors.

C. Availability of Tailored Services for Individual Clients. Because each client's planning needs are different, Signature tailors its services to match the needs of each individual client. We design client portfolios to reflect different levels of risk and return, as well as a client's need for liquidity, tolerance for concentrated positions in illiquid investments, and time horizon. Clients may impose restrictions on investing in certain securities or types of securities. We offer to meet with each client as often as necessary for the client to feel comfortable with the investment process and call each client to meet at least annually.

D. Wrap Fee Program. Signature does not participate in wrap fee programs.

E. Assets Under Management. As of December 31, 2019, Signature had approximately \$6,594,088,907 in assets under management, of which \$6,433,670,103 is discretionary, and \$160,418,804 is non-discretionary.

ITEM 5 FEES AND COMPENSATION

A. Advisory Fees. Signature enters into a written investment advisory agreement with its clients. The advisory agreement contains the fee arrangement. Either party may cancel the advisory agreement without penalty upon thirty days' written notice. The client may also cancel the advisory agreement within five days of receiving this Form ADV Part 2A and Form ADV Part 2B. Signature charges investment advisory fees as a percentage of assets under management or as a flat fee. Fees are generally billed quarterly in arrears. If the fee is asset based, the fee is calculated on the value of the portfolio as of the last day of the quarter. Signature's standard fee is 1.00% per year on the first \$1,000,000; 0.75% on the next \$2,000,000; 0.65% on the next \$2,000,000; and 0.50% on assets greater than \$5,000,000. Signature negotiates fees for accounts depending on the size and type of account, the investments in the account, and the services required.

B. Payment of Fees. Investment clients generally authorize Signature to take payment of fees as they become due out of the client's account. Signature has the discretion to redeem at the then-current price or current net asset value a sufficient number of account securities in order to pay these fees. Fees are deducted quarterly. Some clients choose to pay by check. The custodian of the client's investment assets provides a written confirmation of the fees taken, but

does not calculate nor verify the accuracy of the fees. Signature provides a detailed quarterly billing statement so that the client can confirm the accuracy of the fee calculation.

C. Other Fees and Expenses. Investment advisory fees payable to Signature do not include all the fees the client will pay when we purchase or sell securities for the client's account(s). Investment advisory fees cover investment management. Clients also are responsible for paying custody fees, any third party administration expenses, brokerage charges, fund expenses or related transaction costs. Custody fees will vary depending on the custodian. All brokerage charges and related transaction costs are charged to the account(s) as they occur. See Item 12 for additional information about our brokerage practices.

Mutual funds, money managers, and private placement vehicles also charge investment management fees in addition to Signature's fees. The fund prospectus, the private placement documents, or the separate agreement between the money manager and the client explain these fees.

All investment advisory fees paid to us for portfolio management services are separate from the fees and expenses incurred in respect of any mutual funds, limited partnerships or private funds in which client assets may be invested, including funds or partnerships advised by us or Brown Advisory. Clients paying an investment advisory fee to Signature are typically rebated an amount equal to the client's allocable share of management fees charged by Brown Advisory-sponsored mutual funds in which the client invests, up to the amount of the applicable account-level investment advisory fee. Typically, any such rebating occurs on a quarterly basis. Although clients do not bear any sales load for any affiliated funds, they may be charged a sales load for any unaffiliated funds. Clients are not rebated any fees in respect of investments made in privately offered funds offered by us or any of our affiliates. As such, investors in such affiliated funds will pay three levels of fees and expenses as discussed in *Item 6 Performance-Based Fees and Side-By-Side Management*: (1) to the underlying fund managers or private equity entities; (2) to Signature as general partner, with limited exceptions; and (3) to Signature as investment advisor.

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

For purposes of charging shareholder servicing fees to its clients, Brown Advisory 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 may not offer the lowest fee share classes offered in Brown Advisory's mutual funds and sub-advised mutual funds on their platforms. In these cases, clients will be invested in the lowest share class available on the custodian's platform, which may not be the lowest share class offered by Brown Advisory. Therefore, clients should not assume that their assets will be invested in the share class with the lowest possible expense ratio.

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

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

In the case of affiliated pooled investment vehicles, the investors in such vehicles typically are required to pay all costs and expenses related to the operation of the vehicle. These costs and expenses can include organizational and offering expenses, including, without limitation, legal, accounting, travel, meeting, printing, federal or state securities law filings and other fees and expenses incidental thereto. In addition to the organizational and offering expenses, investors pay all of the operating expenses of such funds, including but not limited to: (i) any sales taxes or other taxes, fees, penalties or government charges of any kind which may be assessed against the funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the funds; (ii) commissions or brokerage fees or similar charges incurred in connection with the purchase or sale of securities (including any fees payable to third parties and whether or not any such purchase or sale is consummated); (iii) interest on and fees and expenses arising out of all permitted borrowings made by the funds; (iv) all costs and expenses (including legal fees, judgments and amounts paid in defense and settlement) relating to litigation and threatened litigation involving the funds, including, without limitation, settlements of claims and indemnification expenses; (v) expenses incurred in connection with distributions made by the funds; (vi) expenses associated with preparation and distribution of financial statements, tax returns and filings and the funds' (and any qualified custodian's) reports to their investors; (vii) expenses incurred in connection with the purchase, holding, sale or proposed sale of any investment (whether or not consummated); (viii) all fees and expenses attributable to normal and extraordinary investment banking, commercial banking, accounting, third-party administration, auditing, appraisal, legal, custodial, registration services, and valuation services provided to the funds; (ix) premiums for insurance to protect the fund, the

general partner of the fund, the officers, directors and members of the general partner and any of their respective partners, members, stockholders, officers, directors, managers, trustees, employees, agents, consultants and affiliates in connection with the activities of the funds; (x) fees and expenses associated with any federal or state securities law filings incurred in connection with the ongoing operations of the funds; (xi) out-of-pocket expenses of members of any advisory committee; (xii) liquidation expenses; (xiii) auditors' expenses; and (xiv) any other reasonable out-of-pocket expenses related to the business of the funds, as determined by the firm in its sole discretion. Each fund's share of the aggregate operating expenses is determined by the firm in a manner it deems equitable.

In addition, we engage fund administrators and other service providers to perform certain functions for Brown Advisory-sponsored investment funds, including but not limited to fund administration, custody, execution, record keeping, investor correspondence, performance reporting, capital calls and distributions, data collection for various regulatory reporting, and tax filings. These expenses are borne by the investors in the advisory client investment funds.

Signature and Brown Advisory, and funds sponsored by Signature and our affiliates, may engage common service providers, such as administrators, lenders, attorneys, and custodians. In such circumstances, there may be a conflict of interest between the firm and its affiliates, on the one hand, and the investment fund it sponsors, on the other hand, in determining whether to engage such service providers, including the possibility that the firm or its affiliates will favor the engagement or continued engagement of such persons if they receive a benefit from such service providers, such as lower fees or continuity of services, that it would not receive absent the engagement of such service provider by the sponsored funds. In addition, the firm and its personnel, as well as investment funds it sponsors, may have investments in certain service providers. In such cases, the firm may be incentivized to engage the service provider in order to benefit its investment. In certain circumstances, service providers, or their affiliates, charge different rates or have different arrangements for services provided to the firm or its affiliates, including other funds sponsored by the firm and its affiliates, which may result in the firm or its affiliates receiving more favorable rates or arrangements with respect to services provided to it by a common service provider than those payable by the advisory client funds. In most cases, the funds' allocable share of the costs and expenses of these service providers will be borne (directly or indirectly) by the funds and their respective investors (and not the firm).

D. Fees Payable in Advance. Signature charges some clients quarterly in advance. In these cases, Signature refunds a portion of the fee, prorated on a daily basis, to the client should the contract be cancelled during the billing period.

E. Compensation for Sale of Securities or Other Investment Products. Neither Signature nor any of its supervised persons receives compensation for the sale of securities or other investment products.

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

Signature sponsors investment limited partnerships available only to investors who meet specified financial qualifications. Generally, these investors are Signature advisory clients. Signature, its owners, officers, and employees have also invested in these partnerships, some of

which provide for performance-based fees in addition to quarterly management fees. Such performance-based fees may create an incentive for the General Partner to favor those accounts over those that provide for asset-based or flat fees. Signature does not use discretionary investment management authority to invest client funds in Signature-sponsored partnerships nor does it require any client to invest in Signature partnerships. Signature offers alternative investment opportunities with non-affiliated funds to clients who prefer not to invest in Signature partnerships.

ITEM 7 TYPES OF CLIENTS

Signature generally has two categories of clients:

Family Office clients generally are families with \$20 million or more in net worth who have complex financial issues and require financial services beyond investment management, such as strategic planning and family governance, cash management, tax organization and analysis, risk management, trust and estate planning and administration, philanthropic consulting, bill-paying and household employee administration, and concierge service analysis.

Family Wealth clients generally are families with \$5 to \$20 million in net worth whose services may include some of the above but without the same level of complexity. Signature generally requires that accounts must hold at least \$5 million in investment assets in order to be accepted for management.

Although Signature clients are predominantly individuals, their families and family entities, Signature also advises a select number of charitable organizations. Signature does not directly advise outside pension or profit-sharing plans, but provides investment advice to individual clients with respect to the self-directed portion of their retirement plans.

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

A. Methods of Analysis and Investment Strategies. Signature seeks to achieve client investment objectives by allocating cash among asset classes, choosing affiliated strategies and funds, as well as non-affiliated money managers, monitoring the money managers' performance, and employing certain risk management or other techniques designed to enhance returns. Signature diversifies the assets in client accounts as its primary risk management tool. Signature invests client portfolios in several asset classes, including public and private equities, fixed income, real assets, and hedge funds. Signature's client portfolios are intended to reflect the client's risk and return desires, time frame, liquidity constraints and other applicable limitations.

Signature develops asset allocation strategies based on its independent research and its understanding of current economic conditions. Signature uses analytic tools from sources such as Morningstar and Bloomberg and commentary and analysis from various financial institutions.

Signature uses both affiliated and non-affiliated managers to invest various portions of a portfolio in accordance with a client's asset allocation. Investments may be in the United States, developed countries, or emerging markets, and the allocation among markets will change from time to time depending on underlying economic conditions and perceived risks and opportunities. Portfolios may include investments in companies of all sizes and in any sector, public and private, including investments in energy, natural resources, distressed securities, real estate, venture capital and buy-out, and other private equity, as well as any other business sectors or types of investments. In some cases, managers may invest in futures contracts, derivative instruments, duration investments, and other securities and financial instruments and may employ hedging or other non-traditional investing techniques, such as long and short equity investing, relative value and event driven arbitrage strategies, distressed securities investing, trading and short selling strategies, opportunistic investing in global equity and fixed income investing, and specialized equity investing.

Signature chooses managers for their expertise in particular investment strategies. Signature seeks to select managers that have demonstrated the ability to achieve risk adjusted rates of return greater than those available through traditional public equity investing and puts particular emphasis on managers who engage in extensive research and fundamental analysis.

In selecting managers, Signature considers a number of factors, including the following:

- Strong consistent historical returns,
- Well-articulated and understandable investment strategies,
- Reasonable expenses,
- Tax efficiency,
- Transparency,
- Manageable downside risk, and
- A strong cohesive team that is aligned with investor interests.

Signature generally compares the historical investment results of comparable managers, evaluates written information supplied by the money managers and others, and conducts face-to-face interviews with individuals who would actually manage money for clients.

Signature's investment strategy and method of operation involve risk of loss to clients.

B. Material Risks Related to Investment Strategies. Signature recommends investment vehicles that are primarily mutual funds and private placement vehicles. The subscription materials for each private placement vehicle fully describe its associated risks.

Loss of Capital

All securities investments involve the risk of the loss of capital. The market value of a security may increase or decrease over time. These fluctuations can cause a security to be worth less than the price originally paid for it or less than it was worth at an earlier time. Market risk may affect a single issuer, an entire industry, or the market as a whole. Although Signature believes that its investment program will moderate this risk to some degree through a diversification of asset

classes, investment strategies, and multiple investment managers, Signature does not represent or guarantee that the program will be successful. A client's portfolio may include the use of investment managers who use such investment techniques as limited diversification, short sales, leverage, and uncovered option transactions, which practices can, in certain circumstances, maximize the adverse impact on invested assets and can result in a loss of the entire investment. To the extent the investment managers pursue investment opportunities in undervalued securities and "special situations," there is an inherent uncertainty in the appraisal of future values and a risk of loss of capital.

Use of Leverage

Some managers may use leverage by purchasing instruments with the use of borrowed funds, or by trading options or futures contracts. Although such techniques increase the opportunity for a higher return on investment, they also increase the risk of loss.

Increased Costs of Frequent Trading

Some of the strategies employed by the investment managers may involve frequent trading. Portfolio turnover and brokerage commission expenses may therefore significantly exceed those of other investment entities of comparable size.

Volatility of Financial Markets

Financial markets are occasionally subject to material changes in price volatility. Spikes in price volatility are typically commensurate with unexpected changes to macroeconomic or geopolitical conditions or other idiosyncratic events. Signature cannot predict the timing of these events. Heightened levels of volatility could disrupt Signature's investment strategy.

Foreign Investments

Foreign investments involve certain special risks, including risks associated with political and economic developments, higher operating expenses, foreign withholding and other taxes that may reduce investment return, possibility of expropriation of assets, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. issuers. Other risks include those resulting from fluctuations in currency exchange rates, revaluation of currencies, and the possible imposition of currency exchange blockages. Securities of foreign issuers may be less liquid and their prices more volatile than those of securities of comparable domestic issuers. Transaction costs for foreign securities are generally higher than in the United States. Exchange controls and tax or other regulations may affect the value and marketability of, and the returns derived from, the foreign investments.

Emerging Markets Risks

Signature invests assets in securities issued by emerging markets companies. Securities of many issuers in emerging markets may be more volatile and less liquid than securities of domestic issuers and the risks of investing in foreign securities are often greater for investments

in emerging markets. These risks include the possibility of: expropriation, nationalization, confiscatory taxation, imposition of foreign taxes on income and gains from securities such as imposition of dividend or interest withholding, foreign exchange controls, currency blockages or transfer restrictions, military coups or other adverse political or economic developments, default in foreign government securities, less government supervision and regulation of securities exchanges, brokers and listed companies, and difficulty of enforcing obligations in other nations. In addition, investments in emerging market securities involve special considerations due to more limited information, higher brokerage, custodial and other costs, different accounting standards and thinner trading markets. Communication between the United States and emerging markets may be less reliable than within the United States, increasing the risk of delayed settlements of portfolio transactions or loss of certificates for portfolio securities.

Currency and Derivatives Risks

A decline in the value of a foreign currency relative to the U.S. dollar will reduce the value of securities denominated in that foreign currency.

Futures, options, swaps, and forward foreign currency exchange contracts are forms of derivatives. Signature may use derivatives to gain exposure to a market sector or country, to invest cash temporarily in a fund's primary asset class, or to adjust the duration of a fixed income portfolio. Signature also may use derivatives to hedge a portfolio's currency or interest rate risk. Signature's use of derivatives presents several risks:

- the risk that Signature, the manager or the fund will not correctly anticipate the direction of movements in interest rates, securities prices, and foreign currency exchange rates;
- the imperfect correlation between the price of a derivative and that of the underlying securities, interest rates, or currencies being hedged;
- the possible absence of a liquid secondary market for a particular derivative;
- the risk that the other parties to a derivatives contract may fail to meet their obligations (credit risk); and
- the risk that adverse price movements in a derivative can result in a loss greater than the fund's initial investment in the derivative (in some cases, the potential loss is unlimited).

Short Selling

Some underlying investment managers may engage in selling securities short. Short selling exposes the seller to unlimited risk due to the lack of an upper limit on the price to which a security may rise.

Lack of Liquidity in Markets

Despite the heavy volume of trading in securities and futures, the markets for some securities and futures have limited liquidity and depth. This lack of depth could disadvantage an investor, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Investment in Non-Marketable Securities

Managers of private equity, venture capital, and some real asset funds may invest capital in non-marketable securities as provided in each of their governing instruments. As a result, the investment manager may have to hold such security despite an adverse price movement.

Fund of Funds

Unregistered investment funds offered by Signature and its affiliates to provide exposure to alternative investments typically are formed for the purpose of investing in underlying, externally managed funds. Investors in firm-sponsored funds will not be limited partners of any underlying funds, will have no direct interest in any underlying funds, will have no voting rights in any underlying funds, will not be party to any underlying fund's governing documents and may not bring an action for breach of any such governing documents. Returns, if any, to investors in such sponsored funds sponsored by us or our affiliates will be lower than returns, if any, to direct investors in the underlying funds as a result of the fees and expenses charged by the firm-sponsored funds. In addition, underlying funds in which firm-sponsored funds invest may take direct investors. Therefore an investment in a fund offered by Signature or one of its affiliates may not be necessary to participate in one or more underlying funds.

Successor Funds and Previous Investments

The firm and its affiliates typically are not restricted from investing in, sponsoring, managing or advising investment vehicles which in some cases may compete with our existing funds. In addition, certain pooled investment vehicles sponsored by Signature and its affiliates may invest in underlying funds and investments, and in the affiliates and predecessor funds offered by such underlying funds and investments, on terms and conditions that may be more favorable than those on which its other advisory clients may invest. These earlier investments may have been on terms and conditions that are more favorable than the terms and conditions offered to advisory client funds making subsequent investments or investments in later vintage funds offered by the underlying manager. In addition, the firm and its affiliates may give advice and recommend the purchase of securities and other investments to other funds and clients it manages which may differ from the advice given to or the purchases and sales made on behalf of its other advisory clients, even though their investment strategies may be the same or similar.

THE FOREGOING RISKS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT PROGRAM. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND ANY APPLICABLE OFFERING MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

C. Risks Associated with Types of Securities that are Primarily Recommended. See *Item 8.B.*

ITEM 9 DISCIPLINARY INFORMATION

Signature has incurred no disciplinary events or proceedings to date.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

Signature is not registered as a broker-dealer. Signature is affiliated with Brown Advisory Securities, LLC (“BAS”). BAS is a wholly owned subsidiary of BAM and an SEC-registered investment adviser and broker-dealer. It is also a member firm of the Financial Industry Regulatory Authority (“FINRA”).

B. Futures Commission-Merchant, Commodity Pool Operator, Commodity Trading Advisor

Signature is not registered as a commodity pool operator or commodity trading adviser.

C. Related Persons

Brown Advisory Group Holdings LLC (“BAGH”), a Delaware limited liability company, is 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. Signature is a wholly-owned subsidiary of BAI.

Affiliations with Broker-Dealers and other Investment Advisers

Signature is an affiliate of Brown Advisory LLC, an SEC registered investment adviser and a wholly owned subsidiary of BAM. Brown Advisory LLC is also registered as a Municipal Advisor with the SEC and the Municipal Securities Rulemaking Board (“MSRB”) and is eligible to conduct registerable activities in Ontario in reliance on the International Adviser Exemption. Brown Advisory LLC serves as the investment adviser to affiliated mutual funds, Collective Investment Trusts, and Ireland-domiciled UCITS funds. Brown Advisory LLC also serves as the managing member of a private fund that invests in public and private securities.

Signature is affiliated with Brown Advisory Securities, LLC (“BAS”). BAS is a wholly owned subsidiary of BAM and an SEC-registered investment adviser and broker-dealer. It is also a member firm of the Financial Industry Regulatory Authority (“FINRA”).

Signature is affiliated with Brown Advisory Ltd., a UK-based investment adviser which is authorized and regulated by the UK Financial Conduct Authority (“FCA”). It is a wholly owned subsidiary of BAM. Brown Advisory Ltd. is also an SEC-registered investment adviser.

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Brown Advisory Investment Solutions Group LLC (“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 private investment funds, individuals and institutional separate accounts. BAISG is registered with the U.S. Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and as a commodity trading advisor and has a membership with the National Futures Association in connection with such CFTC registration. We are also affiliated through common ownership with NextGen Venture Partners LLC (“NextGen”), NextGen Fund I GP, LLC, NextGen Fund II GP, LLC, NextGen Opportunity Fund I GP, LLC and Brown Advisory Direct Investments GP, LLC each of which acts as a relying adviser with respect to certain funds managed by BAISG. NextGen focuses on direct investing in early to mid-stage companies.

Signature is affiliated with Meritage Capital, LLC (“Meritage”), which is a Delaware limited liability company located in Austin, Texas. Meritage is an SEC-registered investment adviser that provides investment advisory services to private pooled investment vehicles, investment advisory services and sub-advisory services on a discretionary and non-discretionary basis to separately managed account and investment advisory or sub-advisory services to investment companies. Meritage is registered with the CFTC as a commodity pool operator and has a membership with the National Futures Association in connection with such CFTC registration.

Affiliations with Investment Companies or Other Pooled Investment Vehicles

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

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.

Brown Advisory LLC, BAISG, and NextGen provide investment advisory services to private pooled investment vehicles. Meritage Capital, LLC provides investment advisory services to private pooled investment vehicles and investment advisory and sub-advisory services to investment companies.

Affiliations with Banking or Thrift Institutions

Signature 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.

Affiliations with Sponsors or Syndicators of Limited Partnerships

Brown Advisory LLC, BAISG, NextGen and Meritage serve as the general partner, managing member, and investment manager of private vehicles and limited partnerships formed to facilitate investment opportunities for clients. These vehicles may invest in both public and private equity securities.

One of our affiliates maintains an ownership interest in 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 some financial benefit, including a share of the management fees and any carried interest that may accrue, as a result of this joint venture relationship.

We and our affiliates may solicit clients to invest in these vehicles. In addition we or an affiliate may receive management fees and carried interest allocations for investments made in these vehicles.

D. Material Conflicts of Interests Relating to Other Investment Advisers

Signature and its affiliates recommend to their clients investments in certain unaffiliated advisers. We generally do not receive compensation, either directly or indirectly, from those unaffiliated advisers that would create a material conflict of interest. However, Signature and its affiliates are incentivized to allocate assets to unaffiliated advisers that are themselves (or whose principals and employees are) clients of Signature or its affiliates. We address this conflict through our allocation policies.

Signature and its affiliates receive compensation in connection with the management of our sponsored private investment funds and mutual funds advised by Brown Advisory LLC. Such compensation includes management fees, carried interest, incentive allocations and account-level advisory fees. Signature and its affiliates have an incentive to recommend affiliated private investment funds and affiliated mutual funds over externally-managed funds for which we do not receive any compensation. In addition, Signature and its affiliates are incentivized to recommend that our clients invest in affiliated private investment funds that impose higher fees relative to other affiliated private funds.

Affiliates of Signature may offer clients more competitive fee schedules and a broader investment platform. In addition, our affiliates have the ability to select the brokers and other counterparties to be used for client transactions and to negotiate commission rates and other monies paid by clients. We attempt to address this conflict primarily through disclosure in this brochure and in the brochures of our affiliated invested advisers.

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

The employees and personnel of Signature and its affiliates may serve on the boards of directors of portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to the portfolio company may conflict with the interests of a client.

Signature and its affiliates are not restricted in investing in, sponsoring, managing or advising other investment vehicles which in some cases may in some cases compete for investments with other affiliated funds. In addition, certain affiliated funds may invest in portfolio companies and other funds on terms and conditions that may be more favorable than those on which other affiliated funds have invested. Affiliated funds may give advice and recommend the purchase and sale of investments that may differ from the advice given to other funds and clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

A. Code of Ethics. Signature is committed to maintaining the highest standards of professional conduct and ethics 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 of Brown Advisory. 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, and suspension or termination of employment.

Signature will provide a copy of our Code of Ethics to any client or prospective client upon request. We will provide clients with a copy of our complete Code of Ethics 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

Because 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, and 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 require employees to obtain prior written approval from the Chief Compliance Officer before acquiring any securities in an initial public offering or private placement and before serving on the boards of directors of public or private companies. Signature approves these actions only if it determines that the acquisition or board service would be consistent with the interests of our clients and any securities laws.

B. Participation or Interest in Client Transactions. We, our affiliates or related personnel may recommend to clients, or purchase or sell for client accounts, securities in which we, our affiliates or related personnel have a material financial interest. These include situations in which we, our affiliates or related personnel act as general partner in a partnership in which we solicit client investments or act as an investment adviser to an investment company that we recommend to clients.

C. Investing in Securities Recommended to Clients. Signature and its related persons will sometimes simultaneously engage in the purchase or sale of certain investments that are also being traded for clients. To achieve the desired level of diversification, client portfolios include mutual funds and managed accounts, in addition to direct investments in ETFs, closed end mutual funds, and stocks of broadly diversified holding companies. Signature's related persons frequently invest alongside and in line with client portfolios and are included in the aggregation process as described in *Item 12: Brokerage Practices*.

D. Cross Trades. Signature will occasionally direct a cross trade of securities, whereby Signature arranges for one client account or pooled investment fund managed by Signature or one of its affiliates to purchase securities directly from another client or fund, only if we determine that (1) it is in the best interest of the clients and (2) no client will be disadvantaged by the transaction

D. Additional Conflicts of Interest. Potential conflicts that could arise include:

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

In addition to the foregoing, we face other conflicts of interest including:

- As a result of differences in client objectives, strategies and risk tolerances, Signature and its affiliates 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 Signature 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 Signature and its affiliates may serve on the board of directors or hold another senior position with a company in which we make an investment on behalf of our clients. In such cases, the investment opportunity available to clients may be limited or wholly restricted.

In allocating limited investment opportunities, Signature and its affiliates have 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.

Signature or its personnel or affiliates may be presented with an opportunity to invest in various alternative investment opportunities where the amount available for investment is limited or fixed. If it is determined that such limited investment opportunities are suitable for certain clients (which may include officers, directors and employees of the firm and its affiliates), the allocation of these investments across such clients is typically executed on a pro rata basis, while also considering investor suitability, account size, risk tolerance, liquidity needs, as well as other factors. Our processes are designed to equitably and appropriately allocate these limited investment opportunities while balancing the additional risk with the client's investment profile and investor suitability. In this regard, some private investments or limited investment opportunities may not be appropriate to allocate to some clients, depending on various factors, including minimum investment size, account size, risk profiles, investor eligibility, liquidity needs, relationship and investment history with a particular manager, and diversification requirements. In addition, Signature and its affiliates may elect to exclude clients and other investors who do not pay an account-level fee (e.g., certain private equity-only accounts). Accordingly, an account may not be allocated such investments. If an investment cannot reasonably be allocated on a pro rata basis, it may be allocated based on an alternate approach, including an approach based on one or more of the factors above, random selection, or another methodology deemed fair and equitable. Finally, employees, officers and directors of Brown Advisory and its affiliates may participate in such limited investment opportunities, which will reduce the amount of investment available to clients.

In addition to the foregoing, we employ the following policies and procedures to address these potential conflicts and protect and promote the interests of clients:

- 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 at Brown Advisory Incorporated has established a Corporate Governance and Conflicts Committee that assists it in its oversight of potential material conflicts of interest. The members of the Corporate Governance and Conflicts Committee are chosen by the independent members of the Board of Directors of Brown Advisory Incorporated.
- If we enter into a transaction on behalf of our clients that presents either a material or non-material conflict of interest, the conflict should be disclosed to the client prior to the consummation of such transaction.
- Employees must comply with our policy on the handling and use of material non-public information. Employees are reminded that they may not purchase or sell, or recommend the purchase or sale, of a security for any account while they are in possession of material non-public information.
- Employees are required to report to our Compliance team outside business activities. These include board and committee memberships and obligations, employment commitments, non-profit commitments, government commitments and other outside business commitments.
- To ensure that there is not intentional or unintentional front-running of purchasing securities in client accounts, we may restrict trading stocks of companies in which we are actively performing due diligence as potential candidates for purchase in our portfolios.

ITEM 12 BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions. Signature has discretion to specify the types and amounts of securities to be bought or sold in client accounts. Signature chooses unaffiliated broker-dealers through whom securities are traded and the commission rates at which these transactions are effected. Under the provisions of its written investment advisory agreement, Signature's policy is to secure for its clients the best overall execution of buy or sell orders at the most favorable net prices in securities transactions, consistent with a determination as to the business qualifications of the various broker-dealer firms with which Signature does business. Among the factors Signature considers in selecting a broker-dealer are price, efficiency in effecting the transactions, reliability and financial stability, custody, quotation and recordkeeping services.

Research and Other Soft Dollar Benefits

Signature custodies client assets primarily with Charles Schwab & Company and BNY Mellon and generally uses these companies to trade for client accounts. Clients pay the custodian through commissions and other transaction-related or asset-based fees for securities trades that the custodians execute. Signature frequently negotiates lower transaction costs than are typically available to retail investors as a result of the level of custodied assets. In addition to lower transaction costs, Signature will sometimes receive a discount from Schwab on maintenance of portfolio software contingent upon placing or maintaining a specific level of assets at Schwab, which software allows Signature to execute trades electronically on behalf of clients. Schwab provides Signature the support necessary to provide this service, such as access

to client account data, pricing information and other market data, as well as back-office support, recordkeeping and client reporting.

In addition to brokerage, institutional services include research, and access to mutual funds and other investments that are otherwise available only to institutional clients. Signature also receives educational opportunities and occasional business entertainment of personnel.

It is not Signature's practice to negotiate execution only commission rates; therefore, the client may be deemed to be paying for these other benefits provided by the custodian which are included in the commission rate. These products and services obtained by the use of commissions arising from client portfolio transactions will be used to facilitate the management of all client accounts. Signature does not attempt to allocate these benefits to client accounts proportionately to the commissions generated by the accounts.

In evaluating the choice of custodian, Signature may take into account the availability of some of the foregoing products and services, in addition to the cost and quality of custody or brokerage services. For this reason, the use of client commissions to obtain these products and services presents a potential conflict of interest in creating an incentive for Signature to select a custodian based on its interest in receiving those products and services.

Brokerage for Client Referrals

Signature does not select or recommend broker dealers based on whether we receive client referrals from such broker-dealer.

Directed Brokerage

Signature permits clients to direct their brokerage. If clients choose to do so, Signature will not be able to negotiate commissions for those accounts, and, as a result, these clients might pay higher commission rates.

Cross Trading

A cross trade is generally 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 generally will allow cross trading where the transaction would comply with our policy and client-specific guidelines, and be fair and equitable to both accounts. When an account is subject to ERISA, no cross trades shall be permitted unless allowed by applicable regulations.

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

B. **Order Aggregation.** While each client is advised independently and transactions directed in accordance with such advice, Signature will sometimes aggregate orders to reduce execution

costs. If Signature aggregates orders, Signature allocates the securities in the order among client accounts so as not to systematically favor any client account over another. Signature determines which accounts will participate in an aggregated order on a case by case basis in the best interests of the client and considers such factors as account size, suitability, taxes, diversification and/or cash availability. Participating accounts share the benefit, if any, of aggregation pro rata. If aggregated orders are not completely filled on the day on which they are placed, Signature completes the allocation on the next business day when the order is filled at the average price for trades on both days. Each participating client should receive the average share price on the transaction day and costs should be allocated pro rata.

ITEM 13 REVIEW OF ACCOUNTS

Signature's client management team manages client relationships. The team generally consists of Relationship Managers, Client Service Associates, and members of the Investment Team. The Relationship Managers are primarily responsible for financial planning and work closely with the client to establish and work toward investment objectives.

Signature's Executive Committee reviews client accounts throughout the year to determine whether it believes the investment strategy being utilized is an appropriate strategy in light of the client's objectives, risk tolerance, and restrictions. The Executive Committee considers the client's profile along with factors that may affect the account's performance, including changes in the market and current tax laws, then recommends adjustments to the account's asset allocation if needed.

Signature provides quarterly reports to our clients which reflect deposits and withdrawals from the account and investment performance net of fees and costs.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

Signature is not compensated by any non-client in connection with providing advice to clients. Signature does not directly or indirectly compensate any individual or entity for client referrals.

Our affiliate, Brown Advisory has arrangements with certain custodians to provide custodian services to our clients at pre-negotiated fees. Fidelity Family Office Services ("Fidelity") and U.S. Bank are the custodians that offer these rates and with whom the firm has achieved some operational efficiencies.

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

In addition, Brown Advisory may receive compensation or other benefits in the form of marketing support or other arrangements from Fidelity or one of its affiliates, which will accrue

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

From time to time, we may use 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, we 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 U.S. 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.

ITEM 15: CUSTODY

Signature clients receive account statements at least quarterly from the qualified custodian of the client's assets. Signature encourages clients to carefully review and compare the information in the custodian's statements with the information in Signature's quarterly statements for consistency.

Signature's private investment limited partnerships are subject to annual audits by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"). Audited statements are delivered to investors within 180 days of fiscal year-end.

Signature offers a bill-paying service to clients and is subject to an annual surprise audit by a PCAOB independent public accountant in accordance with SEC regulations.

ITEM 16 INVESTMENT DISCRETION

Signature clients enter into a written investment advisory agreement that sets forth the scope of Signature's discretion. Unless otherwise directed by the client and except with respect to private placements that must be authorized by the client, Signature has the authority to invest client assets, including the investment and reinvestment of interest, dividends and capital gains, and to exercise authority granted under a limited power of attorney included in their custodial account agreement.

Signature has the power under the limited power of attorney to direct the transfer of funds for investment purposes or to the client personally and will send checks, wire funds, and otherwise transfer funds held in the client's accounts (1) to other accounts of identical registration, (2) to the client, or (3) as otherwise directed by the client in writing.

Signature clients must complete certain documents and provide written authorizations, including a Subscription Agreement, to invest in any of Signature's private placements.

ITEM 17: VOTING CLIENT SECURITIES

Signature generally does not vote proxies solicited by or with respect to the issuers of securities in which client accounts are invested and will not take any action or render any advice on investments in client accounts which become subject to class actions or related litigation or other matters such as mergers, acquisitions, tender offers, bankruptcy proceedings or other similar events.

Pursuant to an agreement with a client, Signature will accept authority to vote proxies on behalf of clients. In such cases, proxies will be voted consistent with the Brown Advisory Proxy Voting Policy. In general, this policy is designed to ensure that Brown Advisory votes proxies in the best interest of our clients, so as to promote the long-term economic value of the underlying securities. Clients may receive a copy of the Proxy Voting Policy at any time upon request. Clients may, at any time, opt to change their proxy voting authorization. Upon notice that a client has revoked Brown Advisory's authority to vote proxies, we will forward any relevant research obtained to the party that will assume proxy voting authority, as identified by the client.

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

Proxies are typically voted in accordance with ISS recommendations for all client types, as described further herein.

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

Management Recommendations

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

Conflicts of Interest

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

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

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

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

Routine Matters and Immaterial Conflicts

The firm may vote proxies for routine matters, and for non-routine matters that are considered immaterial conflicts of interest, consistent with this policy. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence the firm’s decision-making in voting a proxy. Materiality determinations will be made

by the Chief Compliance Officer or designee, if necessary in consultation with counsel, based upon an assessment of the particular facts and circumstances.

Material Conflicts and Non-Routine Matters

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

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

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

Abstention

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

Recordkeeping

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

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

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

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

ITEM 18: FINANCIAL INFORMATION

Signature is unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitment to our clients.