

Form ADV Part 2A Appendix 1

Wrap Fee Program Brochure

Brown Advisory Securities, LLC

801-61427

901 South Bond Street

Baltimore, MD 21231-3340

Phone: (410) 537-5400

Email: compliancegroup@brownadvisory.com

Web: www.brownadvisory.com

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

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

We are a registered investment adviser with the U.S. Securities and Exchange Commission. The use of the terms "registered investment adviser" or "registered" by us does not imply by itself any level of skill or training. The oral and written communications we provide to you, including this brochure, is information you 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

In this annual amendment filing, the financial industry activities and affiliations section has been updated to reflect an investment Brown Advisory Management, LLC made in 2012 in another investment adviser registered with the SEC: CDK Investment Management, LLC.

While the material changes to this brochure have been highlighted above, clients may request a copy of the Form ADV Part 2A, Appendix 1 in its entirety at any time without charge by sending a written request to our Chief Compliance Officer at our Baltimore address or by e-mail to compliancegroup@brownadvisory.com.

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ITEM 4 SERVICES, FEES AND COMPENSATION

OVERVIEW

Brown Advisory Securities, LLC ("Brown Securities", "BAS", "the firm", "us" or "we") is a Maryland limited liability company that was formed in April, 2002. We are registered as a securities broker-dealer with the Securities and Exchange Commission ("SEC") and are a member firm of the Financial Industry Regulatory Authority ("FINRA"). We are also registered as an investment adviser with the SEC. As of December 31, 2012, Brown Advisory Securities had \$623.0 million in assets under management in wrap programs. Of that total, approximately \$220.7 million represents assets managed on a discretionary basis and \$402.3 million represents assets managed on a non-discretionary basis. These values do not include client assets under management or advisement by any of our affiliated firms, including Brown Advisory, LLC and Brown Investment Advisory & Trust Company.

Among the services that we offer to clients, we provide analysis, research and recommendations with respect to various money managers in specified investment strategies on a fee basis. We may suggest to clients that their assets be managed by an affiliated or non-affiliated money manager as part of a wrap fee program. Through these programs clients may receive research and analysis from us, portfolio management services from various unaffiliated money managers and execution of transactions for a single specified fee. The wrap fee programs in which we participate are described in this brochure. It is important to note that our investment advisory revenues are from these wrap fee programs.

Those clients electing to have their assets managed by an affiliated investment manager of Brown Advisory Securities may participate in the Brown Advisory Pathway Program ("Pathway"). For this wrap program, Brown Investment Advisory and Trust Company serves as the investment manager for accounts opened before October 15, 2008 and for retirement accounts opened at any point. Brown Advisory, LLC serves as the investment manager for non-retirement accounts opened on or after that date. This program offers clients access to a wide range of investing opportunities, including domestic and international equities, fixed income, commodities and real estate. Under the program, we offer clients the opportunity to have an affiliated investment manager manage a separately managed account in the Large-Cap Value, Large-Cap Growth, Small-Cap Growth, Small-Cap Fundamental Value, Equity Income, Large-Cap Sustainability or Flexible Value investment style on a discretionary basis. These services are based on an asset allocation model determined by the client with the advice of the client's Brown Advisory Securities representative and incorporate the client's investment objectives. If clients select a multi-asset class account, they may be invested in affiliated and unaffiliated mutual funds, instead of separately managed accounts, for certain asset classes. These funds include proprietary Brown Advisory mutual funds as well as externally managed funds offered through Brown Advisory's Open Architecture Program.

Those clients electing to have their assets managed by an unaffiliated investment manager of Brown Advisory Securities may participate in a variety of wrap fee programs offered by Wells Fargo Advisors, LLC ("WFALLC"). We have entered into an agreement with Wells Fargo Advisors, LLC, pursuant to which WFALLC provides advisory services with respect to certain of the unaffiliated wrap fee programs. In addition, we have entered into an agreement with First Clearing, LLC (the "Clearing Agent") for the execution, clearance, settlement and custody of client assets. We are not related to or affiliated with WFALLC or the Clearing Agent. We, WFALLC and the Clearing Agent each reserves the right to reject and not provide services to any client or any client account for any reason. The agreement between us and WFALLC provides, among other things, the following:

- In the case of Masters Investment Consulting Program ("Masters"), Private Advisor Network Program ("Network") and Diversified Managed Allocations Program ("DMA"), WFALLC will provide to Brown Advisory Securities a universe of investment advisors that are evaluated by WFALLC's Consulting Services Group ("CSG") and meet CSG's minimum quantitative and qualitative research criteria as defined by WFALLC. Brown Advisory Securities, in consultation with the client, will then choose investment advisors from that list to suit the needs of the individual client. In DMA, WFALLC will provide to Brown Advisory Securities a universe of optimal blends of said DMA investment advisors that are designed as optimal combinations of

different styles and investment classes based on the client's investment objectives and the amount the client will invest.

- In the case of Compass, WFALLC will provide to Brown Advisory Securities model investment portfolios that can be offered to clients according to their investment needs.
- In the case of FundSource, WFALLC will provide to Brown Advisory Securities a universe of optimal blends of model investment portfolios or accept instructions from the client with respect to a Custom Blend in various FundSource Funds. These are based on an evaluation of a client's financial goals, circumstances and risk tolerance. The portfolios are designed for a specific investor. The FundSource Funds include only open-end mutual funds that offer shares at net asset value through advisory services. Some of the FundSource Funds may be advised by, or otherwise affiliated with, Brown Advisory Securities, WFALLC or the Clearing Agent.
- In the case of CustomChoice, clients are allowed to construct their own asset allocations from a broad universe of institutional share class, no-load and load-waived mutual funds. It is a non-discretionary mutual fund program where the client- with the assistance of the financial advisor- will choose an asset allocation and a selection of mutual funds consistent with the client's goals and objectives. There are no predetermined model portfolios in CustomChoice.
- In the case of Private Investment Management ("PIM"), asset allocation and securities selection are determined by the financial advisor in conjunction with client objectives. This is a discretionary program where the financial advisor is the portfolio manager. It is offered to financial advisors with prior portfolio management experience and allows them to manage portfolios based on their own personal investment styles.
- In the case of Asset Advisor, the client ultimately makes the investment decisions regarding what to buy, sell and hold within their account. Asset Advisor is a non-discretionary investment advisory program that includes advisory services and custodial/transaction costs in a single asset-based fee.

Investment professionals of Brown Advisory, LLC, Brown Investment Advisory & Trust Company, and Brown Advisory Trust Company of Delaware, LLC who determine asset allocations for portfolio accounts and security selections for specific investment strategies within those accounts may perform similar services for other clients of Brown Advisory, LLC, Brown Investment Advisory and Trust Company, or Brown Advisory Trust Company of Delaware, LLC. They may recommend or establish different asset allocations, may buy or sell different securities or different amounts of the same securities, and may use different investment approaches (including alternative investment funds) for client accounts that do not participate in Pathway.

Similarly, WFALLC and their affiliates may recommend or establish different asset allocations and model portfolios, may buy or sell different securities or different amounts of the same securities and may use different investment approaches for other client accounts. This includes advice given by Masters, Network, or DMA advisors; model portfolios provided by Compass; optimal blends of model portfolios provided by FundSource; asset allocation and security selection ideas provided by PIM; a broad universe of institutional share class, no-load and load-waived mutual funds provided by CustomChoice; and full service investment advisory services provided by Asset Advisor. Additionally, WFALLC and their affiliates may, from time to time, not be free to divulge or act upon certain information in their possession in connection with investment banking or other confidential sources.

The Clearing Agent provides Brown Advisory Securities with certain administrative, computer software and documentation services. These services enable Brown Advisory Securities to provide the Program services described below. The Clearing Agent does not provide any of the advisory or evaluation services to Brown Advisory Securities' clients with respect to any program described herein. Brown Advisory Securities compensates the Clearing Agent pursuant to a brokerage clearance fee schedule.

Under Network, PIM and Asset Advisor, clients generally appoint Brown Advisory Securities as sole and exclusive broker for the execution of transactions. In connection with these transactions, Brown Advisory Securities may act as agent or principal. It is disclosed and clients acknowledge that Brown Advisory Securities performs no discretionary acts and has no day-to-day investment management responsibility with respect to a client's Network and Asset Advisor account (except as may be otherwise permitted

under any other agreement between the client and Network regarding the account). Under Masters and DMA, Brown Advisory Securities is not responsible for the day-to-day investment management of client accounts. Under Masters, Network, and DMA, Brown Advisory Securities effects only transactions as instructed by the investment advisers and clients who are solely responsible for the management of a client's portfolios. Brown Advisory Securities is not obligated to effect any transaction for a client account that it believes to be improper under applicable law, rule or regulation. In the CustomChoice and Asset Advisor programs, Brown Advisory Securities only effects transactions as instructed by the client. Brown Advisory Securities does not perform any discretionary acts with respect to Asset Advisor accounts. Clients may trade in their account, but neither Brown Advisory Securities, WFALLC, and the Clearing Agent, nor its affiliates, are responsible for any losses resulting from such trading or for any transactions that have not been recommended to the client.

Clients authorize Brown Advisory Securities as their agent, to effect and execute brokerage transactions, including on a national exchange, as permitted by current provisions of Section 11(a) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and rules promulgated thereunder and any future amendments or changes to such statutes and rules. It is Brown Advisory Securities' practice, when feasible, to aggregate for execution as a single transaction orders for the purchase or sale of a particular security for the accounts of several PIM clients in order to seek a lower commission or more advantageous net price. The benefit, if any, obtained as a result of such aggregation generally is allocated pro-rata among clients' accounts that participated in the aggregated transaction.

If aggregated orders for Compass accounts are not completely filled on the day on which they are placed, Brown Advisory Securities records the securities overnight in an "average price account" for the benefit of previously designated Compass clients and completes the allocation of these securities on the next business day, when the order is filled, at the average share price for trades on both days.

For the Masters, Network, and DMA programs described in this brochure, Brown Advisory Securities provides clients with consulting services in connection with the selection and retention of investment advisors.

Each client under Masters, DMA, Compass, and PIM has the ability to impose reasonable restrictions on the management of the client's account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable and Brown Advisory Securities, or, if applicable, an adviser believes that the instructions are inappropriate for the client, Brown Advisory Securities notifies the client that unless the instructions are modified it may cancel the client's account. A client is not able to provide instructions that prohibit or restrict the investment adviser of a mutual fund with respect to the purchase or sale of specific securities or types of securities within the mutual fund. In addition, Brown Advisory Securities reserves the right to cancel a client's account for, among other things, excessive transactions. Brown Advisory Securities does not guarantee the future performance of a client's Program account or any specified level of performance or the success of the overall management of the client's Program account. Brown Advisory Securities also does not guarantee that a client's Program investment objectives will be met. A client's Program account is subject to various market, currency, economic, political and business risk, and there is a risk that an account may lose money.

Clients may withdraw securities or cash from their Program account subject to any applicable provisions in their agreement or any agreement with the custodian for such securities or cash. Clients have the right to proceed directly as a security holder against the issuer of any security in a client's account and are not obligated to join any person involved in the operation of the Program, or any other client of the Program, as a condition precedent to initiating such proceeding.

SERVICES, FEES AND COMPENSATION

PATHWAY PROGRAM

Under the Pathway program, we offer clients access to a wide range of investing opportunities, including domestic and international equities, fixed income, commodities and real estate. More specifically, we offer clients the opportunity to have an affiliated investment manager manage a portfolio in the Large-Cap

Value, Large-Cap Growth, Small-Cap Growth, Small-Cap Fundamental Value, Equity Income, Large-Cap Sustainability or Flexible Value investment style through a separate account vehicle. In addition, clients with at least one separate account may choose to have the affiliated investment manager manage other asset classes. Under this program, we provide investment management services to clients in different asset classes and strategies. These services are based upon an asset allocation model determined by the client with the advice of the client's Brown Advisory Securities representative and incorporate the client's investment objectives. The Program offers the flexibility to invest client accounts across several different asset classes and strategies within a single account. If clients select a multi-asset class account, they may be invested in affiliated and unaffiliated mutual funds, instead of separately managed accounts, for certain asset classes. These funds include proprietary Brown Advisory mutual funds as well as externally managed funds offered through Brown Advisory's Open Architecture Program. The funds selected for investment by the client are generally dependent upon the asset class and the total amount invested.

Affiliated mutual funds include any Brown Advisory Fund. Brown Advisory, LLC serves as the investment adviser to affiliated mutual funds and is paid an investment advisory and shareholder servicing fee by the funds.

The program is designed to enable Brown Advisory Securities, LLC clients to pursue their investment objectives and strategies by utilizing the various investment styles listed above. Investors with at least one separately managed account may also choose to invest in a menu of Brown Advisory Funds for a minimum investment of \$25,000 per Brown Advisory Fund.

Prior to engaging us to provide services related to the Pathway Program, clients are required to enter into a formal Agreement with Brown Advisory Securities setting forth the terms and conditions under which Brown Advisory Securities will provide such services. Program accounts may be terminated upon 30 days' written notice and a *pro rata* refund of any Program fees will be given. Upon termination, Brown Advisory Securities will have no obligation to take any action with respect to the client's assets.

PATHWAY FEES

The Pathway Program fee schedule is as follows:

<u>Account Asset Value</u>	<u>Annual Fee</u>
Less Than \$5,000,000	1.25%

The asset value of the account is calculated on the last business day of the previous calendar quarter. If the advisory agreement is terminated during a quarter, a pro-rata fee will be assessed based on the number of days in the quarter that the client was in the Program. We receive 50 basis points (or 0.50%) out of the applicable fee. The remainder of the fee is remitted to Brown Advisory Securities for its services to the client and any Brown Advisory Securities representative receiving a referral fee. All fees are subject to negotiation and could vary depending on the client's specific circumstances. Fees typically are billed quarterly in arrears based on one-fourth of the annual rate. The advisory fee does not cover fees for services performed by the client's custodian.

Shareholders of Brown Advisory's mutual funds may pay a fee of up to 0.05% of the average daily assets of each Fund's Institutional Shares for shareholder services provided to the Funds by financial institutions, including Brown Advisory. The Funds also may pay a fee of up to 0.25% of average daily net assets of the Advisory Shares, as applicable, under a Rule 12b-1 plan as compensation for distribution-related and shareholder services provided by intermediaries including Brown Advisory. Please refer to the Funds' prospectus for additional details.

The Program fee represents the total compensation to be received by: (1) Brown Advisory Securities for investment advisory services, and (2) its affiliates, Brown Advisory, LLC, Brown Investment Advisory and Trust Company and Brown Advisory Trust Company of Delaware, LLC for active discretionary management of client accounts. The Program fee does not include fees and charges associated with the execution of brokerage transactions.

MASTERS INVESTMENT CONSULTING PROGRAM

In the Masters Program, Brown Advisory Securities assists each client in reviewing investment objectives, risk tolerances and any investment restrictions designated by the client. In addition, Brown Advisory Securities assists clients in selecting one or more compatible investment advisors from a universe of investment advisors provided to Brown Advisory Securities by WFALLC (each a "Masters Advisor" and together the "Masters Advisors"). Brown Advisory Securities or its agent notifies each Masters Advisor of the client's selection and is provided with information regarding the client. The Masters Advisors are responsible for the day-to-day management of the client's account(s).

The factors influencing CSG's inclusion of a Masters Advisor in the Masters Program may include the following with respect to the Masters Advisor:

- Past record,
- Management style,
- Location,
- Number and continuity of investment professionals and
- Client servicing capabilities.

CSG reviews candidates for the list of Masters Advisors based on a number of criteria, which may include:

- A completed questionnaire,
- Database information on the firm,
- Statistical analysis of the firm's track record and
- An interview with a member of the investment manager.

Members of CSG's Research Committee are set forth in WFALLC's disclosure document.

A Masters Advisor may be removed from an account at the client's election. WFALLC reserves the right to remove a Masters Advisor from the Masters Program without prior notice to Brown Advisory Securities. Factors involved in the removal of a Masters Advisor may include:

- A failure to adhere to management style or client's objectives,
- A material change in the professional staff of the Masters Advisor,
- Unexplained poor performance,
- Dispersions of client account performance or
- WFALLC's decision to no longer include the advisor on its list of Masters Advisors.

Any such factors may not be determinative or material under the circumstances.

Brown Advisory Securities also reserves the right to remove a Masters Advisor from an account without prior notice to the applicable client. Factors involved in the removal of a Masters Advisor by Brown Advisory Securities may also include:

- A failure to adhere to management style or client's objectives,
- A change in the professional staff of the advisor,
- Unexplained poor performance or
- Dispersions of client account performance.

Any such factors may not be determinative or material under the circumstances.

Masters Advisors manage all Masters accounts and Brown Advisory Securities has no discretionary trading authority with respect to such accounts. Brown Advisory Securities does not assume responsibility for the conduct of Masters Advisors selected by clients, including their performance or compliance with laws or regulations. Information collected by WFALLC regarding Masters Advisors is believed to be reliable and accurate but WFALLC does not necessarily independently review or verify it on all occasions. While performance results are generally reported to WFALLC through consultants or managers on a standard gross of fees or commission basis, WFALLC does not audit or verify that these

results are calculated on a uniform or consistent basis as provided by an advisor directly to WFALLC or through the consulting service utilized by WFALLC.

MASTERS FEES

Fees for Masters accounts are only offered on a wrap fee basis covering all of Brown Advisory Securities' execution, consulting and custodial services as well as each Masters Advisor's management fee for the advisor's services. WFALLC negotiates each Masters Advisor's management portion of the client fee with the Masters Advisor based on a variety of factors including the amount of data processing facilities, software, marketing and other overhead interface believed necessary. Currently, WFALLC compensates advisors from 0.15% to 0.80% annually based on total aggregate client dollars in Masters for each objective. Breakpoints lower the advisory fees as aggregate assets increase. Therefore, WFALLC has a potential conflict of interest to recommend selections of management styles and advisors that would result in a lower percentage of advisory fees being paid to the Masters Advisor. WFALLC intends, however, to make all recommendations independent of such fee consideration and based solely on its obligations to consider a client's objectives and needs. Certain of WFALLC's affiliates are currently included as advisors under Masters. Thus, WFALLC or its affiliates receive the entire Masters fee when such affiliates are selected as advisor for a client account.

The following standard fees, which are negotiable, are charged for the Masters accounts:

<u>Total Account Value*</u>	<u>Equity and Balanced Accounts Annualized Fee</u>	<u>Fixed Income Accounts Annualized Fee</u>
First \$500,000	2.75%	1.50%
Next \$500,000	2.50%	1.25%
Next \$1,000,000	2.0%	1.00%
Over \$2,000,000	Negotiable	Negotiable

* Calculated as the value of the account on the last business day of the previous calendar quarter.

The client authorizes Brown Advisory Securities and the Clearing Agent to deduct quarterly, in advance, from each client's account(s) the Masters fees at the rate indicated in the fee schedule. The initial fee under the Masters fee schedule is calculated as of the date that the client executes the Masters agreement and covers the remainder of the calendar quarter. Subsequent fees are determined for calendar quarter periods and are calculated on the basis of the market value of the securities and cash held for the particular account of the client on the last business day of the prior calendar quarter. Should cash and/or securities be added between billing periods, a proportionate fee is charged on the value added as of the date of the addition.

There is no refund of fees previously paid with respect to withdrawals of cash and/or securities. In the event of cancellation of client agreements, fees previously paid pursuant to the fee schedule are refunded on a pro-rata basis, as of the date notice of such cancellation is received by the non-canceling party.

Whenever there are changes to the fee schedule, the schedule charges previously in effect continue until the next billing cycle. Established fees may not be increased unless the applicable client executes a new agreement.

PRIVATE ADVISOR NETWORK PROGRAM

Through Network, Brown Advisory Securities assists clients in identifying an investment advisor to advise and counsel a client regarding the investment of assets (the "Network Advisor"). In the Network Program, Network Advisors are solely responsible for managing the Network accounts and Brown Advisory Securities has no discretionary trading authority with respect to such accounts. Brown Advisory Securities' services may include:

- Assisting clients in preparing an investment policy statement in connection with anticipated advisory needs,
- Matching personal and financial data provided by a client with Network Advisors,

- Conducting periodic evaluation and comparison of account performance and
- Evaluating investment performance and objectives.

Within the Network Program, clients have access to a universe of managers appearing on WFALLC's "Cleared List". Each manager on the "Cleared List" must meet minimum standards established and maintained by WFALLC. These include:

- Minimum assets under management,
- A verifiable track record,
- A defined investment style and
- Discipline.

When the client selects a manager from the "Cleared List", a contract is signed with WFALLC and the client. This documents that the client has knowledge of, and responsibility for, the manager chosen. Brown Advisory Securities provides information to clients on Network Advisors that appear to meet the client's needs. Screening criteria may include the Network Advisor's past record, management style, location, and the size of account. The client, possibly with the assistance of a Brown Advisory Securities financial advisor, then chooses one or more Network Advisor(s). Brown Advisory Securities may recommend, if appropriate, the services of its affiliate, Brown Advisory, LLC which if chosen, receives a portion of the wrap fee.

Clients are also provided with a quarterly portfolio monitoring service. Brown Advisory Securities furnishes each client, and/or the Network Advisor selected by the client, with a statistical presentation of the performance of the client's Network account and ongoing comparisons of such performance with selected industry indices. The client selects the comparative indices, after a discussion with Brown Advisory Securities, to determine their appropriateness in light of the client's investment objectives and Network Advisors' investment styles. Information collected by Brown Advisory Securities regarding Network Advisors is believed to be reliable and accurate but Brown Advisory Securities does not independently verify such information. Brown Advisory Securities does not assume responsibility for the conduct of Network Advisors selected by clients, including their performance or compliance with laws or regulations. While performance results are generally reported to us through advisors or managers on a standard gross of fees or commission basis, we do not audit or verify that that these results are calculated on a uniform or consistent basis as provided by the advisor directly to us or through the consulting service utilized by us.

NETWORK FEES

Clients have a choice of selecting between two payment schedules for Brown Securities' services:

Option #1 – Fee Schedule

The standard fee schedule for option #1 is as follows:

<u>Total Account Value*</u>	<u>Annualized Fee</u>
First \$250,000	2.50%
Next \$750,000	2.00%
Excess over \$1,000,000	1.75%

* Calculated as the value of the account on the last business day of the previous calendar quarter.

For this option there is a separate charge for the investment management services provided by the Network Advisor, but no separate charge for execution services when transactions are effected through Brown Advisory Securities and the Clearing Agent except investment company, money market or Bank Deposit Account ("BDA") purchases, if any. The client receives management fee information from the Network Advisor once a selection has been made. Such fees are charged separately and billed to the client.

Option #2 – Execution Schedule

For this option, commissions are charged on trades, including mark-ups and mark-downs on principal transactions. There is a separate charge for the investment management services provided by the Network Advisor. The client receives management fee information from the Network Advisor once a selection has been made. Such fees are charged separately and billed to the client.

Payment of Network Fees

If a client selects the Network Fee Schedule, the client authorizes Brown Advisory Securities and the Clearing Agent to deduct quarterly, in advance, from the account of the client the fee at the rate indicated in the fee schedule. If the client selects the Execution Schedule, payment for execution services is due at the time of each transaction and is deducted from the account. In addition, the client may authorize Brown Advisory Securities or the Clearing Agent to pay the Network Advisor's fee by debiting the client's account(s) accordingly. In this case, Brown Advisory Securities or the Clearing Agent has no responsibility to determine if any such invoice is proper or the amount of fee charges is accurate.

The initial fee under the Network Fee Schedule is calculated as of the date that the Network agreement is accepted and covers the period to the end of the full calendar quarter occurring thereafter. This initial fee is deducted in two installments: the first on the date of acceptance based on the initial value of the account; the second installment and subsequent fees are determined for calendar quarter periods and are calculated on the basis of the market value of the securities and cash held for the account of the applicable client on the last business day of the prior calendar quarter. Should cash and/or securities be added between billing periods, a proportionate fee is charged on the value added as of the date of the addition.

There is no refund of fees previously paid with respect to withdrawals of cash and/or securities. In the event of cancellation of client agreements, fees previously paid pursuant to the fee schedule are refunded on a pro-rata basis.

Whenever there are changes to the fee schedule, the schedule of charges previously in effect shall continue until the next quarterly billing cycle. Established fees may not be increased unless the client executes a new agreement.

DIVERSIFIED MANAGED ALLOCATIONS PROGRAM

Under DMA, Brown Advisory Securities assists each client in reviewing the client's investment objectives, including any investment restrictions designated by the client. In addition, Brown Advisory Securities assists the client in selecting two or more investment advisors from a roster of investment advisors, based on the client's financial situation, investment objectives and risk tolerance. All DMA accounts are managed by the independent advisor. DMA also provides monitoring and reporting of portfolio performance to clients on a periodic basis.

The intent of the Program is to offer a competitive roster of high-quality investment advisors representing a broad array of investment classes and styles. WFALLC formulates this roster of investment advisors by evaluating a broad range of asset classes and investment styles and identifying classes or styles that perform differently under varying market conditions and that are complementary to one another. From these various classes and styles, WFALLC uses quantitative and qualitative measures to identify several investment advisors in each of these various classes and styles. The factors influencing the inclusion of an advisor on WFALLC's roster of DMA investment advisors may include the following with respect to the advisor:

- Past record,
- Management style,
- Location,
- Number and continuity of investment professionals and
- Client servicing capabilities.

WFALLC reviews candidates for the roster of DMA investment advisors based on a number of criteria, which may include:

- A completed questionnaire,
- Database information on the firm,
- Statistical analysis of the firm's track record and
- An interview with a member of the investment advisor.

From this roster of investment advisors, WFALLC has created a number of Optimal Blends, that represent certain investment advisors and target allocations recommended by WFALLC for a number of investment strategies based on the client's investment objectives and the amount the client will invest in the account. WFALLC believes these combinations represent an optimal blend of investment classes and styles using the roster of DMA investment advisors.

The client's investment advisory needs, as well as other objectives and risk tolerances, are first reviewed with our financial advisors. Based on the client's financial situation, investment objectives and risk tolerance, WFALLC recommends either an Optimal Blend, or another target allocation of investment advisors, known as a Customized Blend, that is appropriate for the client. Based on WFALLC's recommendations, the client selects a target allocation of two or more investment advisors to handle the day-to-day management of the client's account. Brown Advisory Securities notifies each selected advisor of a client's selection and provides the advisor with appropriate Client Profile information. Each selected advisor manages a "sub-account" of the client's account.

For both Optimal Blends and Customized Blends, WFALLC reserves the right to remove and replace an investment advisor with another investment advisor with a similar management style and to, in such a case, to amend the investment advisors selected by the client without the client's consent. Any securities repositioning affected by the client's new advisor may cause the client to incur tax consequences.

Factors involved in the removal of an advisor may include:

- A failure to adhere to management style or client's objectives,
- A material change in the professional staff of the advisor,
- Unexplained poor performance,
- Dispersions of client account performance or
- WFALLC's decision to no longer include the advisor on its roster of DMA investment advisors.

WFALLC determines whether any or all of these factors are material when deciding whether to make this recommendation. In addition to replacing an investment advisor within an Optimal Blend, WFALLC may also adjust the target allocation within an Optimal Blend from time to time without client's consent. An advisor may also be removed from an account at the client's election.

Other than in connection with its consulting responsibilities, neither WFALLC nor Brown Advisory Securities assumes responsibility for the conduct of investment advisors selected by the client, including their performance or compliance with laws or regulations. Clients are advised and should understand the following:

- An advisor's past performance is no guarantee of future results;
- Market and/or interest rate risk may adversely affect any advisor's objectives and strategies, and could cause a loss in client's account;
- Initially an advisor's past performance does not reflect management of any DMA account, the performance of which may vary according to a number of factors, including the size, timing of account investment, individual client investment limitations and the process whereby Brown Securities effects trades based on the advisors' instructions and
- A client's risk parameters or comparative index selections provided to Brown Advisory Securities are guidelines only; there is no guarantee that they will be met or exceeded.

All DMA accounts are managed by the selected investment advisors and Brown Advisory Securities has no discretionary trading authority with respect to such accounts, except that transactions may be directed in the following circumstances:

- Rebalancing the account as directed by the client to maintain compliance with the client's target allocation when the actual allocation within sub-accounts varies by more than certain established

percentages from the target allocation, whether as a result of market changes or additions to, or withdrawals from, the account;

- Any gain or loss selling that may be requested by the client;
- Selling securities being added to the account, initially or during the term of the service, that are not compatible with an investment advisor's investment model for any sub-account; and
- Liquidating the account as requested by the client upon termination of the account in the DMA Program.

Information collected by WFALLC regarding DMA advisors is believed to be reliable and accurate, but WFALLC does not necessarily independently review or verify it on all occasions. While performance results are generally reported to WFALLC through consultants or advisors on a standard gross of fees or commission basis, WFALLC does not audit or verify that these results are calculated on a uniform or consistent basis as provided by an advisor directly to Brown Advisory Securities or through the consulting service utilized by Brown Advisory Securities.

The target allocation among the selected investment advisors applies at the time the account is established in the DMA Program. Additions to and withdrawals from the account generally are allocated based on the target allocation. Fluctuations in the market value of assets, as well as other factors, however, affect the actual allocation in the sub-accounts at any given time. In order to maintain a client's overall account with Brown Advisory Securities in compliance with the client's target allocation among sub-accounts, WFALLC automatically rebalances, or directs the rebalancing of, the account periodically if the levels of the sub-accounts vary by more than certain established percentages from the target allocation. If the account is managed pursuant to a Customized Blend, the client may opt out of rebalancing. Brown Advisory Securities may rebalance or direct the rebalancing of a client's account when requested by the client.

After a DMA account has been established, WFALLC's policy is generally to immediately liquidate a client's preexisting securities portfolio and bring the account into compliance with the advisors' current models or guide accounts. Brown Advisory Securities will comply with any reasonable restrictions given by the client concerning the management of the account. Clients who desire to hold positions for tax or investment purposes should consider holding these positions in a separate account. The DMA advisors chosen by that client will, subject to best execution obligations, execute that client's securities transactions through Brown Advisory Securities.

DMA FEES

Fees for DMA accounts are only offered on a wrap fee basis covering execution, consulting and custodial services as well as each advisor's management fee for the advisor's services. WFALLC negotiates each advisor's management portion of the client fee with the advisor based on a variety of factors including the amount of data processing facilities, software and other overhead interface believed necessary. WFALLC compensates advisors from 0.20% to 0.60% annually based on total aggregate client dollars with each advisor. Breakpoints lower the advisory fee as aggregate assets increase. Therefore, WFALLC has a potential conflict of interest to recommend selections of management styles and advisors that would result in a lower percentage of advisory fees. WFALLC intends, however to make all recommendations independent of such fee consideration and based solely on our obligation to consider the client's objectives and needs. There is a minimum quarterly fee requirement of \$500.

The following standard fees, which are negotiable, are charged for the DMA Accounts:

<u>Total Account Value*</u>	<u>Annualized Fee</u>
First \$250,000	2.75%
Next \$750,000	2.50%
Excess over \$1,000,000	2.00%

*Calculated as the value of the account at the beginning of the calendar quarter.

WELLS FARGO COMPASS ADVISORY PROGRAM

Through the Compass Program, Brown Advisory Securities provides investment advisory and brokerage services to client accounts. Brown Advisory Securities has entered into an agreement with WFALLC, pursuant to which WFALLC furnishes to Brown Advisory Securities its model portfolios of investments, each designed for a specific type of investor. Brown Advisory Securities generally uses the model portfolios furnished directly by WFALLC to assist it in making recommendations on investments to a client, but from time to time may add and subtract securities to or from the model portfolios consistent with the portfolios' objectives before making recommendations to the client. Brown Advisory Securities does not provide independent analysis on individual securities comprising the portfolios. The Compass Program also provides monitoring and reporting of portfolio performance to clients on a periodic basis. With respect to the model portfolio, the WFALLC Advisory Services Group generally relies on fundamental securities analysis with some emphasis on utilizing charting or cyclical analysis as well. Each Advisory Services Group portfolio manager follows a specific investment philosophy that details the mix of these analysis methods. Program quality and concentration requirements are established to provide an overall discipline and structure to the Program. Such strategies ordinarily include long and short-term purchase of equity and fixed income securities, exchange-traded funds ("ETFs") and closed-end funds. However, in special circumstances the strategies may also include option strategies. The performance is monitored and calculated by WFALLC personnel.

Investment decisions for Compass clients are derived from disciplined model portfolios provided to Brown Advisory Securities by WFALLC that are based on established guidelines as modified to satisfy the individual investment objectives and needs of each client.

Asset Allocation – Growth & Income Portfolios provide the client with three strategies from which to choose. Assets are allocated into one of the model portfolios according to the client's Investment Policy Statement, as provided by the account opening questionnaire. Once invested, portfolios are managed on a discretionary basis with automatic re-balancing done by the portfolio manager.

Fixed Income Portfolio strategies are designed to serve as part of the fixed income component within the client's overall asset allocation mix. Three fixed income portfolio models are currently offered – Taxable, Intermediate Taxable and Tax-Exempt. When constructing a bond portfolio, the portfolio manager looks for quality bonds with maturities consistent with the specific portfolio objectives.

ETF Portfolios are constructed primarily of Exchange Traded Funds ("ETFs") which are baskets of securities that are traded like individual stocks on an exchange. The portfolios are actively managed and include asset allocation strategies that strive to provide not only strategic asset allocation, but also tactical adjustments in an attempt to exploit market opportunities.

COMPASS FEES

Compass accounts are charged a wrap fee for investment advice and commissions. The fee is based on account size and an assumed active equity portfolio. The standard Compass fee schedule, which is negotiable, is as follows:

<u>Total Account Value*</u>	<u>Individual, Asset Allocation & ETF Strategies Annualized Fee</u>	<u>Fixed Income Strategies Annualized Fee</u>
First \$500,000	2.50%	1.50%
Next \$750,000	2.00%	1.25%
Over \$1,000,000	1.50%	1.00%

* Calculated as the value of the account on the last business day of the previous calendar quarter.

The initial fee under the Compass fee schedule is calculated as of the date that the agreement is accepted by Brown Advisory Securities, based on the initial value of the account, and covers the remainder of the calendar quarter. Subsequent fees are determined for calendar quarter periods and are calculated on the basis of the market value of the securities and cash held for the account of the client on the last business day of the prior calendar quarter. No fee adjustments are made during any fee period

for appreciation or depreciation in account asset value during that period. No adjustments or refunds are made with respect to partial withdrawals by a client during that period. Should cash and/or securities be added between billing periods, a proportionate fee is charged on the value added as of the date of the addition.

Whenever there are changes to the fee schedule, the schedule of charges previously in effect continue until the next quarterly billing cycle. Established fees may not increase unless the client executes a new agreement. If the Compass agreement is terminated during a quarter, upon written notice from the client, a pro-rata refund is made to the client less reasonable start-up costs, if applicable. The Compass agreement may be terminated by either the client or Brown Advisory Securities at any time upon written notice. Currently, Brown Advisory Securities compensates Financial Advisors from 40% - 51% of the agreed upon fee.

FUNDSOURCE PROGRAM

FundSource is a discretionary mutual fund advisory program. FundSource is intended to offer a competitive roster of mutual funds representing a broad array of investment classes and styles that are complementary to one another. From this Recommended Fund Roster, WFALLC has created a number of Optimal Blends. The Optimal Blends represent certain mutual funds and target allocations recommended by WFALLC for a number of investment strategies based on the client's investment objectives. Brown Advisory Securities believes that these combinations represent an optimal blend of investment classes and styles.

The service begins with a consultation by our financial advisor with the client to review the client's investment objectives, financial circumstances and risk tolerance. The client is asked to complete a client objectives questionnaire ("Client Profile") to document the results of this assessment. WFALLC then recommends either an Optimal Blend or another target allocation of Recommended Funds, known as a Customized Blend, that is appropriate for the client. Based on WFALLC's recommendations, the client selects the mutual funds for the Customized Blend target allocation.

For both Optimal Blends and Customized Blends, WFALLC reserves the right to remove and replace a mutual fund with another fund with a similar management style and, in such a case, amend the mutual funds selected by the client without the client's consent. Any fund replacements effected by WFALLC may cause the client to incur tax consequences. Factors involved in the removal of a mutual fund may include:

- A failure to adhere to management style or client's objectives,
- A material change in the professional staff of the mutual fund,
- Unexplained poor performance and/or
- WFALLC's decision to no longer include the mutual fund on its Recommended Fund Roster.

WFALLC determines whether any or all of these factors are material when deciding whether to make this replacement. In addition to replacing a mutual fund within an Optimal Blend, WFALLC may also adjust the target allocation within an Optimal Blend from time to time without client consent. A mutual fund may also be removed from an account at the client's election.

The target allocation among the selected mutual funds applies at the time the account is established in the FundSource Program. Additions to and withdrawals from the account are generally allocated based on the target allocation. Fluctuations in the market value of assets, as well as other factors, however, affect the actual allocation at any given time. In order to maintain a client's overall account with Brown Advisory Securities in compliance with the client's target allocation, Brown Advisory Securities automatically rebalances the account periodically (generally annually, unless market conditions or client otherwise directs) if actual allocations vary by more than certain established percentages from the target allocation. If the account is managed pursuant to a Customized Blend, the client may opt out of auto-rebalancing. Brown Advisory Securities may also rebalance the client's account when requested by the client.

Brown Advisory Securities also complies with any reasonable restrictions given by the client concerning the management of the account. Reasonable instructions generally include prohibitions on the recommendation of particular mutual funds or funds in a sector. The policy of Brown Advisory Securities generally is to immediately liquidate a client's preexisting securities portfolio and bring the account into compliance with the target allocations. Clients who desire to hold positions for tax or investment purposes should consider holding these positions in a separate account.

WFALLC's FundSource Research Committee, and in some instances the financial advisor, make the investment recommendations in the FundSource Program. The committee meets at least quarterly, and more frequently if necessary, to review the current FundSource recommendations and make appropriate changes to the current asset allocation models and/or the list of research recommended mutual funds.

CUSTOMCHOICE CONSULTING PROGRAM

The CustomChoice Consulting Program ("CustomChoice") is a non-discretionary investment advisory service designed to provide recommendations that assist clients in allocating their assets among open-ended mutual funds in accordance with each client's individual investment goals, objectives and expectations.

The service begins with a consultation by our financial advisor with the client to review the client's investment objectives, financial circumstances and risk tolerance. The client is asked to complete a client objectives questionnaire ("Client Profile") to document the results of this assessment. WFALLC then recommends an appropriate mix of various open-end mutual funds and money market funds that include both the Recommended and Allowable Funds mentioned below (collectively referred to as "CustomChoice Funds"). A client may authorize Brown Advisory Securities to rebalance an account using our automated rebalance trading system ("Rebalance Trading System") in order to maintain the client's portfolio in compliance with the client's target asset allocation. The client may select a quarterly, semi-annual or annual rebalance option.

Brown Advisory Securities complies with any reasonable instructions given by the client when making recommendations for the account. Reasonable instructions generally include prohibitions on the recommendation of particular mutual funds or funds in a sector. The client has the option of accepting any recommendations given, or selecting an alternative combination of investments. Brown Advisory Securities implements the client's investment decisions, but does not have investment discretion over the client's account. Over time, as changes occur in the financial markets and in the client's investment objectives or circumstances, Brown Advisory Securities may recommend changes in the client's portfolio. In making such investment recommendations, Brown Advisory Securities takes into account the information contained in the Client Profile.

Clients are advised that investment decisions relating to such mutual fund transactions may have tax consequences that should be discussed with the client's tax advisor.

FUNDSOURCE AND CUSTOMCHOICE FEES

The standard fee schedule, which may be negotiable, is as follows:

<u>Total Account Value*</u>	<u>Annualized Fee</u>
First \$250,000	1.75%
Next \$750,000	1.50%
Excess over \$1,000,000	1.15%

* Calculated as the value of the account at the beginning of the calendar quarter.

Unless agreed upon otherwise, Program clients authorize Brown Advisory Securities to deduct from their account(s) a quarterly fee, in advance, calculated at the rate indicated in the fee schedule for that Program. For the purposes of calculating the Program fees, "value of the account" shall mean the sum of the long market value of all Program eligible mutual funds. Margin debit balances do not reduce the value of the account. In valuing the account, WFALLC uses the fund's most current net asset value, as

computed by the fund company. In so doing, WFALLC utilizes information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, WFALLC determines prices in good faith so as to reflect our understanding of fair market value.

The initial fee is calculated as of the date that the account is accepted into the Program and covers the remainder of the calendar quarter. Subsequent fees are determined for calendar quarter periods and are calculated on the basis of the market value of the securities and eligible cash held for the particular account of the client on the last business day of the prior calendar quarter.

No fee adjustments are made during any fee period for appreciation or depreciation in the value of assets in the client's account during that period. The account is charged or refunded a pro-rated quarterly fee on any net additions or net withdrawals in the account during a month. Fees are charged or refunded if the net addition or net withdrawal generates a fee or refund of at least \$40 for that quarter. Fees are assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in the client's account and neither WFALLC nor Brown Advisory Securities are compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the client (i.e., performance fee).

Whenever there are changes to the fee schedule, the schedule charges previously in effect continue until the next billing cycle. Brown Advisory Securities may modify or change any provision of the agreement after 15 days written notice to the client.

If a non-Program fund is transferred into the account and becomes a Program Fund, Program fees are applied to that Fund and it may become subject to the Rebalance Trading System.

RECOMMENDED AND ALLOWABLE FUNDS IN THE FUNDSource & CustomChoice PROGRAMS

Mutual Funds utilized in the Programs are classified by WFALLC as either Recommended Funds or Allowable Funds. Recommended Funds are those funds used by WFALLC in the discretionary investment advisory service, the FundSource Program. WFALLC research analysts use both quantitative and qualitative criteria when evaluating funds for inclusion on the Recommended Fund Roster ("Roster"). Clients are offered a larger fund selection through the non-discretionary investment advisory service, the CustomChoice Program, where clients may select from both the Recommended Funds and Allowable Funds. WFALLC research analysts do not provide quantitative and qualitative analysis on the Allowable Funds. Certain mutual funds may not be available to some clients because of account types, fee schedules, geographic availability or other factors.

WFALLC reviews candidates for the Roster based on a number of criteria. WFALLC research analysts typically arrange meetings with the portfolio managers or representatives of these candidate Recommended Funds to discuss the underlying investment philosophy of the fund manager and how that philosophy is manifested in security buy and sell decisions. The WFALLC research analysts seek to understand the capabilities of the portfolio manager and to assess how the investment philosophy performs in different market environments. Additional factors influencing the inclusion of a mutual fund on our Recommended Fund Roster may include the following with respect to the fund:

- Past record,
- Management style,
- Location,
- Number and continuity of investment professionals,
- Client servicing capabilities,
- Results of a completed questionnaire,
- Database information on the firm,
- Statistical analysis of the firm's track record and
- Interviews with members of the mutual fund firm.

Funds that survive this process are considered suitable for inclusion on the Roster. This process is a continuing one, and funds may be added or removed from the Roster based on many factors, either internal or external to the fund's management.

Recommended funds for the strategic allocation portfolios are generally classified into five broad asset classes:

- Large-capitalization equities,
- Mid-capitalization equities,
- Small- capitalization equities,
- International equities and
- Fixed income.

Funds whose holdings have a price-to-book ratio less than the median within the large-, mid-, and small-capitalization equity universes are considered "value" funds; funds above the median are considered "growth" funds. International funds must be primarily invested in foreign securities and broadly diversified by country. For the strategic asset allocation portfolios, fixed income funds must be primarily invested in high-quality, domestic-fixed income securities and have short- to intermediate-term average maturities. Manager due diligence and monitoring for the Roster for FundSource is a multi-step research process conducted by Advisory Services Group (ASG). This group focuses on the quantitative and qualitative aspects of a given manager for the initial fund selection as well as ongoing review. Funds that pass both the qualitative and quantitative screens may be considered for inclusion on the Roster.

In addition to the strategic asset allocation approach described above, WFALLC also offers alternative investment strategies that utilize mutual funds whose portfolio managers, as permitted in the individual fund's prospectus, have the flexibility to diversify beyond the asset class, capitalization and style categories, duration and quality as described above. These portfolio managers are under the same research scrutiny as the portfolio managers selected for the asset allocation strategies.

Other than in connection with our consulting responsibilities, Brown Advisory Securities does not assume responsibility for the conduct of mutual funds selected by clients, including their performance or compliance with laws or regulations. Clients are advised and should understand that:

- A mutual fund's past performance is no guarantee of future results;
- There is a certain market and/or interest rate risk which may adversely affect any mutual fund's objectives and strategies and could cause a loss in a client's account; and
- Client risk parameters or comparative index selections provided to Brown Advisory Securities are guidelines only and there is no guarantee that they will be met or exceeded.

Clients should be aware that shares of any particular fund may fluctuate in value and when redeemed may be worth less than their original cost; and that there is no guarantee that the client's target allocation or FundSource fund research recommendations will protect against such loss of investment.

WFALLC utilizes information from a variety of sources to provide data on mutual funds and other financial data and investment research. Information collected by WFALLC regarding Recommended Funds is believed to be reliable and accurate, but Brown Advisory Securities does not necessarily independently review or verify it on all occasions.

PRIVATE INVESTMENT MANAGEMENT ("PIM") PROGRAM

In PIM, certain of Brown Advisory Securities' financial advisors provide investment advisory and brokerage services to client accounts on a discretionary basis. The PIM financial advisors develop portfolios based upon the client's investment objectives and individual needs. Through the oversight of Brown Advisory Securities, PIM also provides monitoring and reporting of portfolio performance to clients on a periodic basis. PIM financial advisors generally rely on fundamental securities analysis and may also utilize charting or cyclical analysis.

Clients are responsible for voting proxies for securities held in their accounts. Brown Advisory Securities' sole obligation with respect to any such proxy solicitation is to forward to the client, or the person designated by the client, within a reasonable period of time, any materials or other information with respect to any such proxy solicitation received from the issuer or third parties.

PIM FEES

Fees for PIM accounts are offered only on a wrap fee basis covering all of Brown Advisory Securities' execution, consulting, and Clearing Agent's custodial, services. The following standard fees, which are negotiable, are charged for PIM accounts:

Total Account Value*	Annualized Fee
First \$250,000	3.00%
Next \$750,000	2.50%
Next \$1,000,000	Negotiable

* Calculated as the value of the account on the last business day of the previous calendar quarter.

Fees are charged quarterly in advance. If the PIM agreement is terminated during a quarter, which may be done at any time upon written notice from the applicable client, a pro-rata refund is made to the client less reasonable start-up costs, if applicable. Whenever there are changes to the fee schedule, the schedule charges previously in effect continue until the next billing cycle. Established fees may not be increased unless the applicable client executes a new agreement. Currently, Brown Advisory Securities compensates financial advisors from 40% - 51% of the agreed upon fee.

ASSET ADVISOR PROGRAM

In the Asset Advisor program, Brown Advisory Securities' financial advisors provide client accounts with non-discretionary investment recommendations. The client must accept and approve the recommendation before Brown Advisory Securities enters the order. Clients may accept Brown Advisory Securities' recommendations or select alternative investments for their accounts. A client's acceptance of any non-discretionary recommendation is not presumed by the client's silence. Clients may purchase and sell securities that have not been recommended by Brown Advisory Securities in their account, but Brown Securities will not be responsible for any losses resulting from such purchases or sales that it has not recommended to the client. Brown Advisory Securities offers periodic rebalancing of the mutual funds in the client's account, at the client's request. Rebalancing is available at predetermined intervals (e.g., annually) or upon the client's direction. Brown Advisory Securities also provides monitoring and reporting of portfolio performance to clients on a periodic basis.

Brown Advisory Securities, through its agents, may recommend stocks, bonds or other assets of any kind, consistent with the client's investment objectives and restrictions set forth in the Client Profile that clients complete with assistance from their financial advisor. Financial advisors provide non-discretionary recommendations on the basis of research and analysis that Brown Advisory Securities reasonably deems to be reliable. Clients are asked to promptly notify Brown Advisory Securities in writing of any changes in their Client Profile or other information relevant to their account.

Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to:

- Common and preferred stocks,
- Exchange traded funds,
- Closed-end funds,
- Fee-based unit investment trusts,
- Corporate and government bonds,
- Certificates of deposit,
- Options and
- Certain mutual funds whose shares can be purchased at net asset value (collectively, "Program Assets").

Program Assets do not include:

- Annuities,
- Limited partnership interests and
- Mutual funds that cannot be purchased at net asset value (collectively, "Excluded Assets").

Clients may purchase or sell Excluded Assets in their account, but incur commissions or charges on these transactions.

WFALLC has initiated a new Alternative Strategies ("AS") Platform for the Asset Advisor Program. The catalyst for the new platform was an extensive asset allocation analysis performed by Wells Fargo's Chief Investment Officer, which demonstrated the diversification and performance enhancing characteristics of alternative investments. In order to present this expanded asset class in the simplest format, WFALLC developed a multi-manager, multi-strategy offering within a single offering document. The Alternative Investment Platform consists of five basic strategies:

- Hedge Funds,
- Managed Futures,
- Private Equity,
- Commodities and
- Real Estate.

Any or all of the strategies can be accessed through a single private placement offering memorandum. The managers within each discipline will oversee a "fund of funds" structure, which will allow for a high level of diversification. The minimum investment into the program is \$250,000; the minimum for each "fund of funds" manager is \$100,000. In order to participate in the AS platform, the client must be a "qualified investor". For individuals, a qualified investor must have at least \$5 million in investable assets.

An Asset Advisor account may not be used for market timing strategies or activities for mutual funds or any extreme trading activity that Brown Advisory Securities or Clearing Agent, in its sole discretion, deems detrimental to the interest of average fund shareholders or contrary to the policies or interest of mutual fund companies with whom Brown Advisory Securities or Clearing Agent maintains relationships. Brown Advisory Securities or Clearing Agent reserves the right to reject any transactions or to assess a redemption fee on certain liquidations.

ASSET ADVISOR FEES

Asset Advisor accounts are charged an all-inclusive "wrap fee" on Program Assets that covers advisory, execution, custodial, and reporting services on eligible assets. Clients pay all of Brown Advisory Securities' usual and customary commissions, transaction fees and other charges for transactions in excluded assets. Commissions and fees on excluded assets and other charges are assessed against a client's account on or about the transaction date or such other date as assessed by Brown Advisory Securities or the Clearing Agent.

The following standard fees are for Program Assets. This rate is used to determine each quarterly fee and is recalculated each quarter based on the current quarter-end market values attributed to Program Assets. Fees are calculated and charged in arrears. Currently, Brown Advisory Securities compensates financial advisors from 40% - 51% of the agreed upon fee.

<u>Eligible Assets Value*</u>	<u>Annualized Fee</u>
First \$250,000	3.00%
Next \$750,000	2.50%
Excess over \$1,000,000	2.00%

* Calculated as the value of the account on the last business day of the prior calendar quarter.

COST OF THE PROGRAM IF PURCHASED SEPARATELY

Clients acknowledge that the wrap fee charged to client's account(s) under the Programs may be higher than those otherwise available if the services were provided separately for a discrete fee or if an investment advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. All Brown Advisory Securities investment consulting standard fee schedules and commissions described herein may be subject to negotiation depending on a range of factors

including, but not limited to, account size and overall range of services requested. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability or other factors.

The Program may cost the client more or less than purchasing such services separately. A client may invest in many of the various Recommended or Allowable Funds directly with the applicable fund without incurring the Program fee. In addition, certain institutional investors may directly purchase a class of shares of certain Recommended or Allowable Funds that do not charge shareholder services, sub-accounting or other related fees. Certain funds are also available for purchase through Brown Advisory Securities' broker-dealer services. A client may also invest in a single fund family and obtain "breakpoints" that may lower the cost of the funds. However, when an investor purchases fund shares through Brown Advisory Securities' broker-dealer services, or directly with the applicable fund, the investor does not receive the asset allocation and portfolio monitoring services provided by WFALLC and Brown Advisory Securities under the Programs and some mutual funds may impose a sales load on direct investments.

To the extent that cash used for investment in the Program comes from redemption proceeds of client's mutual fund investments, clients should consider the cost, if any, of sales charges previously paid on such mutual funds, which are in addition to the Program fee on the same assets.

From time to time, one or more of the Recommended Funds or other mutual funds held in a Program account may experience relatively large investments or redemptions due to the WFALLC's Research Committee's decisions to purchase, sell or exchange these mutual funds. These transactions may adversely affect these mutual funds, since the mutual funds that experience redemptions may have to sell portfolio securities. Additionally, mutual funds that receive additional cash may have to invest such cash. WFALLC, representing the interests of its clients, may, but is not required to, take measures to minimize the impact of these transactions to the extent consistent with the investment objectives of clients participating in the Programs.

FEES INCURRED BY CLIENT IN ADDITION TO WRAP FEE

As a general matter, Brown Advisory Securities considers it appropriate to use its own or its agent's execution services for the purchase and sale of securities involved in the Masters, DMA, Network, PIM, Compass and Asset Advisor services. On occasion, clients or a Masters, DMA or Network advisor may designate other broker-dealers or other legal requirements may dictate the use of other broker-dealers. Costs and transaction fees arising out of transactions effected by entities other than Brown Advisory Securities or its agent or attributable to dealer mark-ups, mark-downs or "spreads" (in transactions where an entity acts as principal for its own account) are separately borne by clients. The Clearing Agent does not assess or collect from Brown Advisory Securities or clients any transaction fees for its services upon the purchase or sale of any securities for a client's account in a Program.

The Clearing Agent or its agent generally maintains custody of all client assets with respect to Brown Advisory Securities' client accounts invested in unaffiliated wrap programs. Each client expressly authorizes the Clearing Agent or its agent to debit fees of Brown Advisory Securities, WFALLC, the Clearing Agent and any applicable investment advisors from client's account(s).

Brown Advisory Securities utilizes unaffiliated money market funds or a Bank Deposit Account ("BDA") as temporary investment vehicles for the cash balances in all Program accounts depending on the type of client account. A BDA is available only to individuals, certain non-profit organizations and certain fiduciary and trusts, provided that the beneficiaries are individuals or otherwise eligible. Accordingly, accounts in the name of business entities, including corporations, limited liability corporations and partnerships, and certain non-profit corporations, are not eligible for a BDA. Clients are advised and understand that overall fees charged on account values include these money market or BDA balances. Where permitted by law, in order to provide concise reporting and administration of such money market or

BDA balances for its clients, Brown Advisory Securities or the Clearing Agent or its affiliate has arrangements with the money market funds or BDA to provide advisory, administrative, distribution and/or other services subject to applicable restriction. Where permitted by law, Brown Advisory Securities or the Clearing Agent or its affiliate receives a fee for these specialized services from the money market fund or BDA or its service providers that is in addition to the fees paid by clients under the described programs. For clients who are subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or the prohibited transaction provisions of the Internal Revenue Code, applicable law may limit the extent to which such fees may be retained, and may require a fee offset. As a shareholder of a money market fund, the client bears a proportionate share of the fund's expenses, including the investment management fees that are paid to the fund's investment advisor and bears any other charges levied by a fund (e.g., redemption fees). These are in addition to the fees paid by a client to Brown Advisory Securities under a Program. For more information about such a money market fund, see its prospectus. For more information about a BDA, refer to its disclosure statement.

Asset Advisor or PIM advisors may recommend closed-end and open-end funds as well as certain money market mutual funds for a client's portfolios for which there are similar fund expenses in addition to fees paid to Brown Advisory Securities or Asset Advisor or PIM advisors.

FundSource and CustomChoice clients should be aware that, in addition to the wrap fee, as shareholders of mutual funds, they bear proportionate shares of the funds' expenses including advisory fees paid to the FundSource or CustomChoice Funds' investment advisors, which may be Brown Advisory Securities or one of its affiliates, or WFALLC or an affiliate, and bear any other charges levied by a FundSource or CustomChoice Fund (e.g., redemption fees). For more information about these funds, refer to the applicable funds' prospectuses or ask a Brown Advisory Securities' financial advisor. Clients should consult a fund's prospectuses for a complete description of the fund and its expenses and fees.

The fees charged in connection with the Pathway program do not include custody fees and those fees and charges associated with the execution of brokerage transactions. Unless arrangements are made to the contrary, U.S. Bank, N.A. generally serves as the custodian of the client's assets. Clients should carefully read and consider U.S. Bank's account documentation before participation in the Program. For the Pathway Program, the affiliated investment manager executes trades through various broker-dealers. In selecting broker-dealers, it seeks to obtain best execution on behalf of its clients. In seeking best execution, it gives consideration to the full range and quality of a broker-dealer's services, including, among other things, the price of the security, the rate of the commission, the size and difficulty of the order and the reliability, integrity, financial condition, general execution and operational capabilities of competing brokers. Clients may pay commissions higher than those obtainable from other broker-dealers, provided that the affiliated investment manager believes, in good faith, that the commissions are reasonable in terms of the research or other products or services provided by the broker-dealer. If research services are a factor in selecting a brokerage firm, the affiliated investment manager must make a good faith determination 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 brokerage firms include fundamental analysis of particular companies or securities, technical research, 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 that execute portfolio transactions, the affiliated investment manager may be relieved of expenses that might otherwise be charged directly to it. Therefore, the use of soft dollar broker-dealers presents a conflict of interest. Research provided by such broker-dealers is used for a broad range of accounts for which the firm has investment management responsibility; the firm does not require that such research be limited to or used by the accounts which generated the commissions that were allocated to such broker/dealers.

Other expenses that clients could incur include, but are not limited to:

- Regulatory fees,
- Transfer taxes,
- Exchange fees,
- Deferred sales charges on mutual funds or annuities,

- Odd-lot differentials,
- Wire transfer and electronic fund processing fees and
- Legal fees.

COMPENSATION RECEIVED BY PERSON RECOMMENDING THE WRAP FEE PROGRAM

We may pay compensation to financial advisors in connection with the introduction of accounts and/or the provision of client-related services for the Programs as described. This compensation may be more than Brown Advisory Securities financial advisors would receive if clients participated in any of our other programs or paid separately for investment advice, brokerage and other services. Therefore, Brown Advisory Securities financial advisors may have a financial incentive to recommend the Compass, PIM, or Asset Advisor Programs over other programs or services. More specifically, with respect to Compass, PIM and Asset Advisor Programs, Brown Advisory Securities compensates its financial advisors from 40% - 51% of the agreed upon fee.

ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

To participate in the Pathway Program, clients must generally have a minimum initial investment for each separate account of \$250,000 per investment style. Investors with at least one separate account may also choose to invest in a Brown Advisory Fund for a minimum investment of \$25,000 per fund.

To participate in the Masters or Network Programs, clients must have a minimum initial investment of \$100,000.

To participate in the DMA Program, clients must have a minimum initial investment of \$150,000.

To participate in the Compass Program, clients must have a minimum initial investment of \$50,000 to \$250,000 depending on the strategy selected.

To participate in the FundSource or CustomChoice Programs, clients must have a minimum initial investment of at least \$25,000. The minimum account size may be different for IRA accounts. Under certain circumstances the minimum may be waived.

To participate in the Asset Advisor or PIM Program, clients must have a minimum initial investment of \$50,000.

Under certain circumstances the minimum initial investment required to participate in a Program may be waived.

We will generally make the Programs available to our individual and institutional clients. We provide advisory services to high net worth individuals; pension and profit sharing plans; individuals including trusts, estates, 401(k) plans and IRAs; charitable organizations; corporations or other business entities. The Programs are also available to clients referred by third-party firms.

ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

We have selected WFALLC to provide advisory services with respect to certain of the unaffiliated wrap fee programs. WFALLC is a non-bank affiliate of Wells Fargo & Company that provides advisory services, asset management, brokerage services, estate planning strategies, retirement planning, portfolio analysis and monitoring and other financial services. We also maintain an agreement with First Clearing, LLC, for execution, clearance, settlement and custody of client assets. First Clearing, LLC is an affiliate of Wells Fargo & Company.

We selected WFALLC to provide these services to our clients since the suite of wrap programs they offer are best suited to meet our clients' needs. Through the various advisor fee-based programs and other third party money manager programs offered by WFALLC, we are able to offer our clients a range of investment options. As part of our agreement with WFALLC, we outsource the due diligence of the outside managers participating in the unaffiliated wrap program to their investment professionals. Brown Advisory Securities, in cooperation with members of the Brown Advisory research team dedicated to assessing third-party managers selected for open architecture investing, will engage in periodic due diligence reviews of investment managers that WFALLC has selected for the programs by assessing WFALLC's due diligence process and cooperatively working with WFALLC to review their selections for the wrap fee programs. While the wrap fee programs under WFALLC are responsible for providing performance reporting to any of our clients invested in the plans they offer, we perform semi-annual reviews of our client accounts to make sure the portfolios are in alignment with outlined investment objectives. During these reviews we evaluate a portfolio's performance relative to its benchmark.

While performance results are generally reported to WFALLC through consultants or managers on a standard gross of fees or commission basis, neither we nor WFALLC audit or verify that these results are calculated on a uniform or consistent basis.

Through the PIM Program and Pathway Program, related persons of BAS can serve as a client's portfolio manager. Through PIM, BAS financial advisors with previous portfolio management experience are able to provide discretionary asset management services to our clients. Through Pathway, our financial advisors are able to offer clients a separately managed account in the Large-Cap Value, Large-Cap Growth, Small-Cap Growth, Small-Cap Fundamental Value, Equity Income, Large Cap Sustainability or Flexible Value investment styles offered by our Brown Advisory affiliates. As a result of this arrangement, two potential conflicts could arise:

- The occurrence of front running or trading ahead, whereby a financial advisor could enter an order with the knowledge that a pending order that has not yet been entered or executed may affect the market price of the security in question.
- The increased chance that a financial advisor will have a financial incentive to recommend either of these two wrap programs over others as they may receive compensation in connection with accounts managed according to these two programs.

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

- Our Policy Manual, which includes our Code of Ethics, sets forth certain minimum expectations that we have for our employees. As detailed in this manual, employees may not engage in front running or trading ahead on their own behalf or on behalf of any customer or other person. We are committed to maintaining the highest standards of professional conduct and ethics in order to discharge our legal obligations to our clients, to protect our business reputation, and to avoid even the appearance of impropriety in our investment activities on behalf of clients. We have strict controls in place to prevent and monitor this behavior. 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.
- Any compensation received by a BAS financial advisor is controlled through a standard payout process.

ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

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

Like all investment firms, in order to serve our clients better, we need to share non-public personal information in the normal conduct of our business with affiliates and with companies not affiliated with us. We may share a client's personal information in order to process transactions, maintain accounts(s), and offer our products and services. This sharing allows us to:

- Provide better and more complete investment and strategic advice;
- Develop new services that meet additional needs clients may have and
- Comply with legal and regulatory requirements.

When we share information with companies not affiliated with us who are under contract to perform services on our behalf, such as vendors that provide services directly related to an account's relationship with us, our agreements with these companies require that they keep client information confidential and not use such information for any unrelated purpose. We may share non-public personal information if required to respond to court orders and legal investigations.

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

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

ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

At all times, our clients have the ability to contact and consult our financial advisors directly regarding their accounts.

We consider the following factors when recommending a wrap fee program to our clients:

- The account size;
- Our access to the investment manager, including its portfolio management team, research team, and administrative team;
- The stability of the investment manager's performance;
- A client's investment objectives and philosophy and
- Other related factors.

In order to assist the client in making its determination of whether to participate in a wrap fee program and engage us as the client's investment manager, we present the client with certain information, including information related to the investment manager's assets under management, investment process description, portfolio characteristics, portfolio returns and fees. Clients are given the opportunity to impose reasonable restrictions on the management of their account in the wrap fee program of their choice.

At least annually, we contact our clients to determine whether there have been any changes in a client's financial situation or investment objectives, and whether a client wishes to impose any reasonable restrictions on the management of the client's account or reasonably modify existing restrictions. At least quarterly, we remind clients in writing to contact us of any changes in a client's financial situation or investment objectives or if a client wishes to impose any reasonable restrictions on the management of the client's account or reasonably modify existing restrictions.

With respect to Pathway, the Brown Advisory Securities registered representative is the primary contact for questions including, among other things, performance and fee information and asset allocation. In addition, the representative has access to a client's account information in order to provide the services contemplated by the Pathway Program including portfolio monitoring and review. However, Brown Advisory Securities and all persons associated with Brown Investment Advisory and Trust Company, or Brown Advisory, LLC who are knowledgeable about the related wrap fee program are reasonably available for consultation. Upon reasonable request, a member of the portfolio management team is available to consult with the client.

With respect to the WFALLC wrap fee programs, clients have the ability to contact and consult their Brown Advisory Securities financial advisors at any time regarding their account(s). Clients do not have the ability to contact the portfolio managers of the WFALLC wrap fee programs directly. For information regarding those programs, clients must communicate directly our financial advisors.

ITEM 9 ADDITIONAL INFORMATION

DISCIPLINARY INFORMATION

We do not have any legal, financial or other "disciplinary" items to report. We are obligated to disclose any disciplinary events that would be material to our clients when evaluating us to initiate a Client/Adviser relationship or to continue a Client/Adviser relationship with us.

This statement applies to our firm and every employee.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Brown Advisory's controlling entity is Brown Advisory Incorporated ("BAI"), which is organized as a Maryland C corporation and serves as the firm's parent company. Prior to January 1, 2012, BAI was previously named Brown Advisory Holdings Incorporated.

We are a wholly owned subsidiary of Brown Advisory Management, LLC ("BAM") and an SEC-registered investment adviser and broker-dealer. We are also a member firm of the Financial Industry Regulatory Authority ("FINRA"). As a broker-dealer, a significant number of our management persons are registered representatives of our firm. From time to time as new financial advisors join our firm, we have applications pending to register them as representatives of our firm.

AFFILIATIONS WITH BROKER-DEALERS AND/OR OTHER INVESTMENT ADVISERS OR FINANCIAL PLANNERS

We are the sole broker-dealer under the BAI umbrella.

We are affiliated with Brown Advisory, LLC ("BALLC"), which is a registered investment adviser with the SEC. BALLC is also a wholly owned subsidiary of BAM. In addition to its traditional investment management activities, BALLC also serves as the general partner, managing member, and/or investment manager of private vehicles and limited partnerships formed on behalf of clients to invest in both public and private equity securities.

BALLC is also registered as a Municipal Adviser with the SEC and the Municipal Securities Rulemaking Board ("MSRB"). As such, BALLC may provide advice concerning the issuance of municipal securities, the investment of the proceeds of municipal securities, guaranteed investment contracts, the use of municipal derivatives and municipal escrow investments. The extent to which BALLC may engage in municipal adviser activity is minimal.

In February 2012, Brown Advisory acquired a 49% investment in CDK Investment Management, LLC ("CDK"). In December 2012, Brown Advisory acquired the remaining 51% in the firm after which CDK became a wholly owned subsidiary of BAM. CDK is a New York-based investment adviser specializing in alternative investments and offers both discretionary and non-discretionary investment advice primarily to private investment funds, individuals and institutional separate accounts.

CDK owns CDK Investments Ltd., CDK Capital Ltd., and CDK Capital LLC, each of which serves as GP to private funds.

We are also affiliated with Brown Advisory Ltd., a UK-based investment adviser that is regulated by the UK Financial Services Authority ("FSA"). It is a wholly owned subsidiary of BAI.

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. BALLC serves as the investment adviser to affiliated mutual funds and Ireland-domiciled UCITS funds.

BALLC also has arrangements to serve as sub-adviser to investment companies and pooled investment vehicles sponsored by other unaffiliated financial services firms. As a sub-adviser for these firms, BALLC serves as an investment manager for vehicles that are subsequently marketed to the clients of other firms. Although BALLC manages portions of the funds, the names of the funds generally reflect the brand name of the unaffiliated firm. While other investment companies and pooled investment vehicles are clients of BALLC, the underlying clients in the funds are clients of the unaffiliated firm.

AFFILIATIONS WITH BANKING OR THRIFT INSTITUTIONS

We are affiliated with Brown Investment Advisory & Trust Company ("BIATC") and Brown Advisory Trust Company of Delaware, LLC ("BATCODE").

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.

BATCODE 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. BATCODE is a wholly owned subsidiary of BAM. BALLC provides investment management services to trust clients of BATCODE.

AFFILIATIONS WITH INSURANCE COMPANIES OR AGENCIES

We are affiliated with Brown Advisory Insurance Agency ("BAIA"), a state-licensed insurance agency and a wholly owned subsidiary of BAM that provides services to a limited number of BAS clients.

AFFILIATIONS WITH SPONSORS OR SYNDICATORS OF LIMITED PARTNERSHIPS

Brown Advisory, LLC serves as the general partner, managing member, and/or investment manager of private vehicles and limited partnerships formed on behalf of clients to invest in both public and private equity securities. BALLC and its affiliates may solicit clients to invest in these vehicles. In addition, BALLC, or an affiliate may receive management and/or administrative fees for investments made in the private partnerships.

OTHER RELATIONSHIPS OR AFFILIATIONS

We may recommend or select other investment advisers and their products for our clients. We do not receive compensation, either directly or indirectly, from those advisers that would create a material conflict of interest, other than arrangements previously disclosed, such as the receipt of administrative services fees.

We also maintain a relationship with Savano Direct Capital Partners, LLC, through BAI's 50% ownership interest in Brown Savano JV, LLC ("BrownSavano"). BrownSavano was founded for the sole purpose of providing partial liquidity and asset diversification to individual shareholders in market-leading, later-stage private companies. BrownSavano Direct GP, LLC, which is owned by BrownSavano, serves as the General Partner for the BrownSavano Direct Capital Partners, L.P. private fund, a Delaware limited partnership. It focuses on providing partial liquidity to company founders, angels, active or departed employees, and corporate strategic investors. Certain employees of BALLC provide services to BrownSavano under an agreement between BrownSavano and BAI.

BAM maintains a minority, non-voting ownership interest in, and a revenue sharing agreement with, NSB Advisors LLC ("NSB"), an investment advisory firm. Although previously an affiliate, as of December 17, 2010, NSB is no longer an affiliate.

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

OVERVIEW OF OUR CODE OF ETHICS

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

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

PERSONAL TRADING

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

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

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

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

Our Code of Ethics includes the following general tenets:

- Within 10 days of commencing employment, each employee must submit an Initial Holdings Report to the Chief Compliance Officer or designee with information current as of a date no more than 45 days prior to the date the employee becomes an employee.
- Every year, each employee must submit an Annual Holdings Report to the CCO or designee. The information must be current as of a date no more than 45 days before the report is submitted.
- All employee security transactions require pre-approval or pre-clearance, except for accounts over which the employee has vested investment discretion to a third party or transactions that are exempt, including but not limited to open-end mutual fund shares, dividend reinvestment plans and U.S. government obligations.
- Employees must report securities transactions in employee-related accounts. This requirement may be satisfied by the Compliance Department receiving duplicate copies of confirmations of

account activity for review. Outside brokerage accounts must be approved by the Compliance Department before opening.

- The Head Trader and CCO are responsible for monitoring personal securities trading for compliance with the Code of Ethics and any indications of violations or unusual trading activity or patterns of transactions. Pending Trades—Employees may not purchase or sell a security in an employee-related account on a day during which any client or Fund has a pending order in the same (or an equivalent) security. This restriction applies until the client or Fund order has been executed or cancelled.
- Securities under Consideration—Employees may not purchase or sell a security in an employee-related account if such employee is aware that a transaction in the same (or an equivalent) security is being considered for any client or that a decision has been made to effect such a transaction.
- Fund Trades—Employees may not purchase or sell a security in an employee-related account for a period of four business days before and after a Fund trades the same (or an equivalent) security.
- Gray or Restricted Lists—Employees may not purchase or sell a security in an employee-related account if such security is restricted from employee trading on the firm's Gray or Restricted Lists.
- With respect to the handling and use of material non-public information, employees are prohibited from purchasing, selling or recommending the purchase or sale of a security for any account while they are in possession of material inside information. Any employee who comes into possession of inside information is obligated to bring such information to the attention of the CEO, Chief Compliance Officer or Head of Investments.
- Employees may not profit from the purchase and sale, or sale and purchase, of the same (or an equivalent) security on Brown Advisory's proprietary research list within 30 calendar days.
- All employees are prohibited from acquiring securities in an initial public offering.
- Employees may not acquire securities in an outside private placement without prior written approval of the CCO or designee.

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.

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 and/or act as an investment adviser to an investment company that we recommend to clients.

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

- Officer and Director 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 or directors has a financial interest;
- Shareholder 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 shareholder has a financial interest;
- Client Conflicts—Conflicts that involve a transaction to be entered into by us for ourselves, or by us on behalf of our clients, in which a client has a financial interest; and
- Situations where employees engage in unethical behavior and misuse material inside information.

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

- We have adopted trading practices designed to address potential conflicts of interest inherent in proprietary and client discretionary trading, including bunching and pro-rata allocation. To further protect and promote the interests of clients, we have a Conflicts Committee that is charged with reviewing certain transactions or arrangements that may represent a conflict of interest. The members of the Conflicts Committee are chosen by the independent members of the Board of Directors.

- Transactions to be entered into by us for ourselves or on behalf of our clients that present a material conflict of interest must be authorized, approved or ratified by the affirmative vote of a majority of Directors on the Conflicts Committee. In the case of Director conflicts, a majority of disinterested Directors must authorize, approve or ratify the transaction.
- Transactions to be entered into by us for ourselves or on behalf of our clients that present a non-material conflict of interest must be approved or ratified by our Chief Executive Officer.
- 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 prominently disclosed to the client prior to the consummation of such transaction.
- Employees must comply with our policy on the handling and use of material inside information. Employees are reminded that they may not purchase or sell, or recommend the purchase or sale, of a security for any account while they are in possession of material inside information. In addition, employees may not disclose confidential information except to other employees who “need to know” that information to carry out their duties to clients.
- Employees must report securities transactions in any employee-related account.
- Employees may not serve on the Board of Directors of any public or private company other than a Brown Advisory entity without prior written approval of the CEO or designee. An employee who is a director of a company may not participate in investment decisions involving that issuer’s securities.
- Employees are required to report to our Compliance Department all outside business activities. These include board/committee memberships and obligations, employment commitments, non-profit commitments, government commitments and other outside business commitments.
- To ensure that there is not intentional or unintentional front-running of purchasing securities in client accounts, we may restrict trading stocks of companies in which we are actively performing due diligence as potential candidates for purchase in our portfolios.

CONFLICTS OF INTEREST

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

To identify potential sources of conflicts of interest and to assess how those conflicts are addressed by our compliance program, we perform regular reviews. This process has been developed and improved, since our inception, with the input from and oversight by our Board of Directors and Audit Committee.

REVIEW OF ACCOUNTS

FREQUENCY AND NATURE OF PERIODIC REVIEWS OF CLIENT ACCOUNTS

With respect to all of the Programs, Brown Advisory Securities or its agent provides to each client quarterly portfolio performance reports of the client's account. This includes a review and evaluation of the client's portfolio in light of the client's investment goals and objectives. At least annually, we contact each Program client to determine if there have been any material changes in the client's financial situation, investment objectives or other information and whether a client wishes to impose any reasonable restrictions on the management of the client's account or reasonably modify existing restrictions. At least quarterly, we remind clients in writing to contact us regarding any changes in financial situation, investment objectives or other relevant informational areas. Each client agrees to inform us in writing of any material change in financial circumstances that might affect the manner in which the client's assets should be invested. Those changes deemed material or appropriate are forwarded to any applicable adviser under the particular Program.

AUTO-REBALANCE SYSTEM

With respect to the FundSource or CustomChoice Programs, a Rebalance Trading System periodically or on demand reviews a client's FundSource or CustomChoice account. In addition to those reviews conducted upon client demand and when WFALLC or Brown Advisory Securities deems appropriate, the rebalance review generally is conducted annually for FundSource accounts. Clients can select either an annual, semi-annual or quarterly rebalance review option for CustomChoice accounts and on a case-by-case basis, may also select this alternative rebalance period for FundSource accounts. For FundSource accounts, clients may direct WFALLC or Brown Advisory Securities to refrain from rebalancing periodically. Subject to certain minimum constraints, WFALLC generally initiates rebalancing by creating sell and buy transactions if any funds in a client's account varies by more than 40% (30% for retirement accounts) from the target allocation. These percentages may be changed without notice to the client. Also, if a client so directs, whenever deposits are made to or withdrawals are taken from a client's account, the Rebalance Trading System may be used to allocate the contribution or withdrawal among the funds in the account based on the account's fund targets. The Rebalance Trading System does not rebalance any assets that are not offered through the Programs. Any transactions that occur from rebalancing these assets may cause the client to incur tax consequences.

FACTORS THAT TRIGGER A MORE FREQUENT REVIEW OF CLIENT ACCOUNTS

On a regular basis we internally review our clients' accounts to ensure compliance with client investment guidelines and policies. Factors that may trigger additional reviews include: changes in market conditions, changes in client needs, changes in a client's financial situation and investment objectives, and maturity of client investments. We provide clients with personalized service in the management of their securities portfolios. Because the size, structure and investment objectives of accounts vary widely, the attention that must be given to accounts also varies.

FREQUENCY AND CONTENT OF REGULAR REPORTING TO CLIENTS

Brown Advisory Securities provides its investment consulting clients with periodic reports of relevant activity. For Masters, DMA, Network, PIM, and Asset Advisor clients, Brown Advisory Securities, through the Clearing Agent, transmits to clients (and where appropriate to the applicable investment adviser) the following reports:

- Trade confirmations reflecting all transactions in securities; provided, however, that periodic statements of account activity may be furnished in lieu of transaction by transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act;
- Monthly statements of a client's account itemizing all transactions in cash and securities, and all deposits and withdrawals of principal and income during the preceding calendar month;
- Statements of securities in custody, listing securities held in the account, submitted at least quarterly; and
- An annual summary of transactions, and dividend and interest statements.

Brown Advisory Securities provides FundSource and CustomChoice clients with periodic reports of relevant activity. Each FundSource client and each CustomChoice account receives:

- Trade confirmations reflecting all transactions in securities; provided, however, that periodic statements of account activity may be furnished in lieu of transaction by transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act;
- Monthly statements of the account; and
- Annual summary of transactions, and dividend and interest statements.

With respect to all of the Programs, Brown Advisory Securities or its agent provides to each client quarterly portfolio performance reports of the client's account. This includes a review and evaluation of the client's portfolio in light of the client's investment goals and objectives.

With respect to Compass, the performance report includes performance comparisons to relevant selected market indices. Such reports may contain Brown Advisory Securities' investment recommendations for the client's account, where applicable.

Under Network, the services provided include a periodic review and monitoring of the selected investment adviser's performance by the Brown Advisory Securities' financial advisor.

Under PIM, the services provided include a periodic review of and monitoring of the selected Brown Advisory Securities financial advisor's performance by the financial advisor's manager or the manager's designee.

With respect to FundSource and CustomChoice, the performance report includes a review and evaluation of the funds comprising the client's FundSource or CustomChoice portfolio with respect to the client's investment goals and objectives.

With respect to Pathway, we receive a copy of the quarterly performance reports provided to the client, review and provide analysis on the performance reports and discuss any issues relating to the reports with clients. The manner in which performance information is presented to clients may vary depending upon client needs. However, the same methodology is used to calculate each client's performance. The reporting generally includes:

- Monthly time-weighted returns for each portfolio shown against an appropriate benchmark,
- Asset allocation of the client's total account,
- Percentage of the client's assets allocated between various investment managers or securities,
- A cash flow summary, and
- The standard deviation of returns versus an appropriate benchmark.

Depending on the frequency chosen by the client (monthly, quarterly or annually), the client receives an account statement from the custodian reflecting account activity, all fees and expenses charged to the account, and value and description of positions held in the account at the beginning and end of the reporting period.

CLIENT REFERRALS AND OTHER COMPENSATION

PATHWAY

With respect to the Pathway Program, Brown Advisory Securities receives a portion of any fee paid to Brown Advisory, LLC or Brown Investment Advisory & Trust Company for managing client assets. Therefore, Brown Advisory Securities has an economic incentive to recommend its affiliated firms for managing client assets. We intend, however, to make all recommendations independent of such fee consideration and based solely on our obligation to consider client objectives and needs.

CLIENT REFERRALS

From time to time, we receive client referrals. If a client is introduced to us for investment advisory services related to a wrap fee program by either an affiliated or unaffiliated solicitor, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 under the Advisers Act, and any corresponding state securities law requirements. Any such referral fee is paid solely from the portion of the Program fee received by Brown Advisory Securities and does not result in any additional charge to the client. Generally, the referral compensation takes the form of payment of a percentage of the annual fees described in the particular wrap fee program contract.

If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, discloses the nature of the solicitor relationship and provides each prospective client with a copy of this Program Brochure and a written disclosure statement to the client disclosing the terms of the solicitation arrangement between Brown Advisory Securities and the solicitor, including, but not limited to, the compensation to be received by the solicitor from Brown Advisory Securities. Any affiliated solicitor of Brown Advisory Securities discloses his or her relationship to Brown Advisory Securities to prospective clients at the time of the solicitation and provides prospective clients with a copy of this Program Brochure.

FINANCIAL INFORMATION

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We have not been the subject of a bankruptcy petition at any time during the past 10 years.