



BROWN CAPITAL MANAGEMENT

BROWN CAPITAL MANAGEMENT, LLC

Part 2A of Form ADV

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March 28, 2019

This Brochure provides information about the qualifications and business practices of BROWN CAPITAL MANAGEMENT, LLC. If you have any questions about the contents of this Brochure, please contact us at (410) 837-3234. 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.

BROWN CAPITAL MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about BROWN CAPITAL MANAGEMENT, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated March 28, 2019, updates and replaces the version dated February 25, 2019. Our last annual amendment was filed on March 28, 2018. The following updates were made since our last annual amendment:

- Item 4: As of January 31, 2019, Brown Capital Management, LLC had a total of \$10,989,068,022 in assets under management.
- Items 5.C, 5.E. and 10.C.: Additional details added regarding Brown Capital Management's receipt of 12b-1 fees from The Brown Capital Management Mutual Fund Investor Shares.
- Item 10.A: Registration of Brown Capital Management employees as licensed representatives of a broker/dealer.
- Item 13.A.: Portfolio manager titles were updated as needed.

We will provide you with a new Brochure, as required, based on changes or new information, at no charge.

Our Brochure may be requested, at any time, by contacting Robert E. Burks, Jr., Chief Compliance Officer at (443) 573-6430 or rburks@browncapital.com.

Item 3 – Table of Contents

| | |
|----------------------------------------------------------------------------|-----|
| Item 2 – Material Changes | ii |
| Item 3 – Table of Contents..... | iii |
| Item 4 – Advisory Business | 4 |
| Item 5 – Fees and Compensation..... | 5 |
| Item 6 – Performance-Based Fees and Side-By-Side Management..... | 8 |
| Item 7 – Types of Clients | 8 |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss | 9 |
| Item 9 – Disciplinary Information..... | 12 |
| Item 10 – Other Financial Industry Activities and Affiliations | 12 |
| Item 11 – Code of Ethics | 13 |
| Item 12 – Brokerage Practices..... | 14 |
| Item 13 – Review of Accounts..... | 17 |
| Item 14 – Client Referrals and Other Compensation | 18 |
| Item 15 – Custody..... | 19 |
| Item 16 – Investment Discretion | 19 |
| Item 17 – Voting Client Securities | 19 |
| Item 18 – Financial Information | 20 |

Item 4 – Advisory Business

4. A. Advisory Firm Description

Brown Capital Management, LLC (“BCM”) is an independent investment management firm founded in 1983 by Eddie C. Brown. Under Mr. Brown’s leadership, BCM provides professional investment management services to institutions and individuals.

BCM’s sole member is Brown Capital Management Holdings, Inc. (“BCM Holdings”).

BCM is wholly owned by an ESOP Trust that allocates shares to all eligible firm employees, making BCM 100% employee owned. Minorities represent at least 70% of the firm’s workforce.

BCM’s management implemented the ESOP structure in 2016 to facilitate ownership by employees serving BCM.

4.B. Types of Advisory Services

Clients may employ Brown Capital Management for the following distinct separate account investment services: a U.S. Large Cap Service, a U.S. Mid Company Service, a U.S. Small Company Service which includes a Medical/Healthcare All Cap Equity Sector product, an International Equity Service, and an International Small Company Service. For each service, a portfolio of securities is constructed and continuously monitored and supervised to meet the agreed upon objectives. In addition, Brown Capital Management also provides four BCM Mutual Funds that correspond to our Small Company Service, Mid Company Service, International Equity Service and International Small Company Service. BCM may also serve as a sub-adviser to other managers.

4.C. Client Investment Objectives/Restrictions

BCM provides investment services to clients on an individual basis, taking into consideration each client's investment objectives, goals, circumstances, and investment needs. BCM assists clients in understanding their individual risk tolerances, and establishing written investment guidelines and objectives appropriate for each client.

When selecting securities and determining the total amount to be purchased or sold, BCM observes the investment policies, limitations and restrictions of the client accounts for which it advises.

4.D. Wrap-Fee Programs

BCM does not currently participate in any wrap-fee programs.

4.E. Assets Under Management as of 01/31/2019:

Discretionary basis: \$ 10,989,068,022

Non-Discretionary basis: \$0

Item 5 – Fees and Compensation

5.A. Adviser Compensation

For the U.S. Large Cap Equity Accounts the fee is based upon the following annual rate:

0.60% on all assets

For U.S. Balanced Accounts the fee is based upon the following annual rate:

0.50% on all assets

For the U.S. Mid Company Service the fee is based upon the following annual rate:

0.55% on first \$100 million of assets

0.45% on assets in excess of \$100 million

For the U.S. Small Company Service the fee is based upon the following annual rate:

1.00% of all assets under management

For the Medical/Healthcare All Cap Equity Sector Product (a product under the Small Company Service), the fee is based upon the following annual rate:

1.50% on all assets

For the International Equity Service, the fee is based upon the following annual rate:

0.75% on first \$50 million of assets

0.65% on assets between \$50 and \$100 million

0.55% on assets between \$100 and \$150 million

0.50% on assets between \$150 and \$300 million

0.45% on assets in excess of \$300 million

For the International Small Company Service, the fee is based upon the following annual rate:

1.00% on all assets

For the Brown Capital Management Small Company Fund Institutional Shares
1.00% management fee on all assets

For the Brown Capital Management Small Company Fund Investor Shares
1.00% management fee on all assets

For the Brown Capital Management International Equity Fund Institutional Shares
0.90% management fee on all assets

For the Brown Capital Management International Equity Fund Investor Shares
0.90% management fee on all assets

For the Brown Capital Management Mid Company Fund Institutional Shares
0.75% management fee on all assets

For the Brown Capital Management Mid Company Fund Investor Shares
0.75% management fee on all assets

For the Brown Capital Management International Small Company Fund Institutional Shares
1.00% management fee on all assets

For the Brown Capital Management International Small Company Fund Investor Shares
1.00% management fee on all assets

These fees are negotiable.

Fees for sub-advisory relationships are negotiated on a case by case basis, but would always be lower than the standard fee schedule for the respective service.

5.B. Direct Billing of Advisory Fees

Fees for separately managed accounts are billed quarterly. Based on contractual agreements, some clients are billed in advance and some in arrears. We request, with appropriate authorization, such fees be paid via our firm's invoicing of the custodian and the custodian debiting the client's accounts and remitting such fees to our firm; however, we do permit payments by check. BCM takes steps to ensure that statements sent by the custodian detail transactions in an account, including management fees paid.

Management fees for the Mutual Funds are paid monthly in arrears.

5.C. Other Non-Advisory Fees

In addition to the fees paid to BCM, Clients may incur other fees. These fees may be assessed by custodians, brokers, and other third parties. They may include commissions, custodial fees, odd-lot differentials, taxes, wire transfer and electronic fund fees, as well as other miscellaneous fees. Mutual funds also charge internal management fees, which are disclosed in a fund's prospectus.

BCM suggests certain clients utilize Wilmington Trust (M&T Bank) for custodial services. This custodian provides BCM with electronic access to client custodial statements and data. In addition, BCM clients receive a negotiated rate for custodial services from this custodian. BCM receives no fees, payments, or other remuneration in return for suggesting custodial services. Furthermore, utilization of suggested custodial services is not a condition of utilizing BCM's investment advisory services.

Shareholders in the Investor Class shares of The Brown Capital Management Mutual Funds pay 12b-1 distribution fees. As the investment adviser to the funds, in addition to the management fee paid to BCM by the funds, BCM receives a portion of the 12b-1 fees to cover expenses related to marketing the funds' shares. Such payments create a conflict of interest by giving BCM an incentive to recommend its own funds and the Investor Share Class over other investment companies or share classes. BCM's policies require that all BCM separately managed account ("SMA") clients who purchase The Brown Capital Management Mutual Funds are invested in the Institutional Class shares, which is the lower cost share class for those funds. BCM will verify this process quarterly. BCM is committed to reducing conflicts of interest through the training of its personnel, conducting periodic reviews of investment selections made by its supervised persons, and providing appropriate disclosure and notification to clients about BCM's investment practices. For information on additional expenses you would incur for an investment in The Brown Capital Management Mutual Funds, please see the respective prospectus, which can be obtained by calling (877) 892-4226.

The factors that BCM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g. commissions) is explained in this Brochure in the section entitled Brokerage Practices.

5.D. Required Advance Payment of Fees

For accounts that are billed quarterly, in advance, the fee is determined by applying the quarterly rate to the market value of all accounts on the last day of the calendar quarter immediately preceding the billing date. Clients may authorize the deduction of fees directly from the appointed custodian. The custodian will remit the applicable fees to BCM.

The investment services may be terminated at any time by either party by giving the other 30 days prior written notice of such termination. Fees paid in advance will be pro-rated to

the date of termination specified on the notice of termination, and any unearned portion will be refunded to the client.

5.E. No Compensation for Sale of Securities or Other Investment Products

BCM's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. As previously mentioned, BCM receives a portion of the 12b-1 distribution fees in the Investor Class shares of The Brown Capital Management Mutual Funds to cover expenses related to marketing the funds' shares. Please see Item 5.C. for additional details and how BCM addresses the related conflicts of interest.

Item 6 – Performance-Based Fees and Side-By-Side Management

In addition to offering a fee schedule based on a percentage of assets under management, for clients that desire it, we are willing to offer a performance based fee that may be negotiated.

Generally, the criteria are a "base fee" around a fulcrum, plus a certain number of basis points on a graduated scale depending on the outperformance in relation to a specified market index.

Although BCM manages accounts that have a performance based fee arrangement, as well as those that are not charged a performance fee, they are managed in a similar manner. BCM does not take any more risk with, nor does it show preferential treatment to, accounts under a performance based fee arrangement, than it would any other account managed with similar investment objectives.

Item 7 – Types of Clients

BCM provides portfolio management services primarily to individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, investment companies, trusts, and estates.

Minimum Investment Levels

For the U.S. Small Company Service Brown Capital Management generally requires that new investment advisory clients have a minimum portfolio market value of \$20,000,000. For the U.S. Large Cap Service, U.S. Mid Company Service, Medical/Healthcare All Cap Equity Product, the International Equity Service, and the International Small Company Service, Brown Capital Management generally requires that new investment advisory clients have a minimum portfolio market value of \$5,000,000. Minimums may be waived at BCM's discretion and a minimum fee may apply.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

8.A. Methods of Analysis and Investment Strategies

Brown Capital Management evaluates the economic and investment environment to identify the most attractive companies for investment and desired market exposure. BCM's approach is primarily one of fundamental analysis in evaluating securities. Past and prospective earnings and dividends, cash flow, return on equity and invested capital, asset value, and debt/equity ratio are among the individual company factors considered in evaluating securities.

Industry factors are also considered as part of the fundamental analysis, including competitive position versus peer groups worldwide, product cycles, barriers to entry, and global supply & demand conditions. For international securities, country factors include macroeconomic conditions, along with government, regulatory and cultural influences. Various measures such as earning strength, and coverage and leverage ratios are used to evaluate the credit worthiness of debt securities. Valuation analysis is utilized for securities to make a judgment whether the security is a superior investment value in both an absolute sense and relative to alternative rates of return in the financial markets on a risk adjusted basis. BCM seeks to reduce the risks associated with investing in the economy of only one country through diversification. However, investment in securities is subject to investment risks, including the possible loss of the principal amount invested. Portfolios will also be subject to market risk. Market risk refers to the risk related to investments in securities in general and the daily fluctuations in the securities markets. Performance will change based on many factors, including fluctuation in interest rates, the quality of the instruments in each investment portfolio, national and international economic conditions, and general market conditions.

Brown Capital Management utilizes financial newspapers, magazines, and periodicals to keep abreast of information of a general nature. For specific security analysis, company prepared information (i.e., annual and quarterly reports, prospectuses, filings with the Commission, press releases, and proxy statements) and information from other sources, such as Factset and Bloomberg, are utilized. Research provided by brokerage firms and others, and corporate rating services are used in a supportive manner. Discussions are held with brokerage analysts, corporate officers, and customers. Several brokerage sponsored investment seminars are attended each year, where top management of a number of companies make formal presentations regarding their company, and are available for formal and informal questions and discussion. For U.S. small company and international investment services, Brown Capital Management conducts comprehensive company visits on a continuous basis.

The investment strategy employed by Brown Capital Management generally involves establishing long term positions. The principal drivers for BCM's sell discipline are: (1)

when the fundamentals that spurred the original investment change adversely; (2) the security becomes overvalued, or; (3) it is determined that the security has been an investment mistake. Short sales, margin transactions and options (in all forms) are not utilized.

Investing in securities involves risk of loss that clients should be prepared to bear.

8.B. Material Risks of Investment Strategies or Methods of Analysis

There can be no guarantee of success of the strategies offered by BCM. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment. These strategies may not employ limitations on particular sectors, industries, countries, regions or securities. Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Management Risk – Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Mid and Small Sized Company Risk – Investing in the securities of mid and small sized companies generally involves greater risk than investing in larger, more established companies. Although investing in securities of medium and small-sized companies offers potential above average returns if the companies are successful, the risk exists that the companies will not succeed and the prices of the companies' shares could significantly decline in value. The earnings and prospects of smaller companies are more volatile than larger companies, and smaller companies may experience higher failure rates than do larger companies. The trading volume of securities of smaller companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make prices fall more in response to selling pressure than is the case with larger companies. Smaller companies may also have limited markets, product lines, or financial resources, and may lack management experience. BCM would deem a small company to be a company with operating revenues of \$250 million or \$500 million or less at the time of the initial investments domestically and internationally, respectively. While BCM portfolios are not managed to invest in companies in terms of market capitalization but rather based on company revenues, BCM

portfolios may nonetheless hold securities the issuer of which is considered to be mid or small-sized company in terms of capitalization.

Sector Focus Risk - The portfolios may be heavily invested in certain sectors, which may cause the value of its shares to be especially sensitive to factors and economic risks that specifically affect those sectors and may cause the value of the portfolio to fluctuate more widely than a more broadly diversified benchmark.

8.C. Security Recommendation Risks

The investment strategies discussed herein utilize both long-term and short-term purchases in equities, warrants, corporate debt, commercial paper, municipal securities and U.S. government securities. Investment in these types of securities involves risk and the loss of capital. Equity and fixed income securities have distinct risks, which must be considered when investing. It is also important to keep in mind that past performance of a security is not indicative of future results.

Equity Market Risk – Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

Preferred Equity Market Risk – These securities generally increase or decrease in value based on changes in interest rates. If rates increase, the value of preferred securities generally declines. On the other hand, if rates fall, the value of preferred securities generally increases.

Foreign Securities Risk – Investments in foreign securities may be volatile and can decline significantly in response to foreign issuer political, regulatory, market or economic developments. Foreign securities are also subject to interest rate and currency exchange rate risks. These risks may be magnified in securities originating in emerging markets. Foreign securities may also be subject to additional or complex tax issues. Security values may fluctuate based on events such as technological developments, government regulation, competition and outbreaks of war or terrorist acts which are beyond BCM's control.

Micro Companies Risk – Micro-company stocks may be very sensitive to changing economic conditions and market downturns because the issuers often have narrow markets for their products or services, fewer product lines, and more limited managerial and financial resources than larger issuers. The stocks of micro- companies may therefore be more volatile and the ability to sell them at a desirable time or price may be more limited.

Emerging Markets Securities Risk – Investments in the securities of developing or emerging markets may entail additional risks than investments in foreign securities, including: less social, political and economic stability; smaller

securities markets and lower trading volume, which may result in less liquidity and greater price volatility; restrictions on investment opportunities, including restrictions on investments in issuers or industries, or expropriation or confiscation of assets or property; and less developed legal structures governing private or foreign investment.

Credit Risk – In preferred equities, there is a risk that issuers and counterparties will not make payments on the securities they issue. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

For information on the risks associated with an investment in one of the Mutual Funds, please see the respective prospectus, which can be obtained by calling (877) 892-4226.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BCM or the integrity of BCM's management. BCM has no legal or disciplinary events applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

10.A. Registration of Licensed Representatives

BCM does have management persons registered or with a pending registration as registered representative of a broker/dealer, however BCM management persons do not accept compensation for the sale of investment products. As a result, BCM believes this minimizes the potential conflicts that may arise.

10.B. No Other Registrations

BCM's management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

Investment Company. As discussed in other sections, BCM does serve as investment adviser to the Brown Capital Management Mutual Funds. Keith A. Lee, a principal of BCM, serves as a Trustee and holds the offices of President and Principal Executive Officer of the Trust, Robert L. Young III, serves as Vice-President of the Trust, and Cecil E. Flamer serves as Treasurer and Principal Financial Officer of the Trust.

BCM recommends the purchase of its Mutual Funds for certain potential clients based on the size of the account, cost efficiency, the need for daily valuation or other factors. BCM does not charge an additional management fee when recommending its Mutual Funds, and its compensation is based on fees earned as investment adviser to its Mutual Funds, including the receipt of 12b-1 fees that are paid by shareholders of the funds' Investor Shares. BCM has a potential conflict of interest to the extent that the fees it earns from managing its Mutual Funds may be different than the fees for a similar separately managed account. BCM also has a conflict of interest when it receives 12b-1 fees from its Mutual Funds in addition to its management fee. A portion of the 12b-1 fees received from its Mutual Funds that are not paid to a third party are used for marketing research expenses. As discussed in Item 11 below, the firm has adopted a Code of Ethics for its supervised persons that requires them to act in the best interest of BCM's clients. BCM has also adopted supervisory procedures to further mitigate these conflicts, including the regular review of accounts to ensure that clients are in the best available share class of its Mutual Funds, as applicable.

10.D. Recommendation of Other Investment Advisers

BCM does not recommend or select other investment advisers for clients.

Item 11 – Code of Ethics

11.A. Code of Ethics

Brown Capital Management has adopted a Code of Ethics pursuant to SEC Rule 204-1. Its purpose is to ensure that employees maintain the highest standards of professional conduct and ethics. A basic tenet of BCM's Code of Ethics is that the interests of clients are always placed first. The Code of Ethics covers Standards of Conduct for conflicts of interests, confidentiality, political contributions, personal securities trading and the

handling of material non-public information. You may obtain a copy of our Code of Ethics upon request.

11. B. Recommendations of Securities and Material Financial Interests

Brown Capital Management recommends that certain clients purchase shares of mutual funds managed by BCM. As this could present a conflict of interest and promote duplication of advisory fees, BCM deducts the value of any BCM managed fund from the client's account balance prior to the calculation of advisory fees. Additionally, the fees earned as investment adviser to the fund may be higher than if the assets were managed as a separate account. BCM would make the determination to invest in the funds based on what it feels would best suit the individual needs of the client.

11.C. Personal Trading

BCM's employees invest in the same securities that are recommended to clients. The firm has policies and procedures to ensure that personal securities trading does not harm clients. Employees are required to notify the CCO prior to buying or selling securities and approval is only granted if the CCO is able to determine that no conflicts appear to exist. Employees are also required to report quarterly transactions and annual holdings in order that these reports can be reviewed. This is typically done by providing copies of all brokerage statements.

11.D. Timing of Personal Trading

BCM policies and procedures are designed to prevent the appearance that a BCM employee personally benefited from a securities transaction at the expense of a client or fund shareholder. No Employee shall buy or sell a reportable security within seven days after any trades in the security are made for Client accounts or if the security is subsequently bought or sold in the next seven days for Client accounts, unless an applicable exception applies. The CCO monitors employee personal trading by requiring all employees to obtain preclearance prior to engaging in any personal transaction in covered securities not eligible for an exemption. Daily purchases/sales of \$50,000 or less in equity securities with a market cap of \$1 billion or more are not subject to the pre-clearance rules or the 7 day blackout period.

Item 12 – Brokerage Practices

12.A. Selection of Broker/Dealers

BCM has discretion to place orders for security transactions. There are several factors that determine which broker/dealers are selected to effect such transactions. Consideration is given to such factors as the rate of commission, the price of the security, the size of the order, the execution and operations capability of the broker/dealer, the research services

provided, and the reliability, integrity, and financial condition of the broker/dealer. BCM seeks best execution, i.e., the best combination of price and commission rate in effecting security transactions. Commission rate levels in the industry are continuously monitored.

Research and Soft Dollars

BCM uses soft dollars to pay for products or services that provide both research and non-research services. BCM as a matter of policy utilizes research, research-related products and other brokerage services on a soft dollar commission basis. BCM's soft dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid. BCM also maintains soft dollar arrangements for those research products and services which assist BCM in its investment decision-making process. In the event BCM obtains any mixed-use products or services on a soft dollar basis, BCM will make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which does not qualify. The portion eligible as research or other brokerage services is paid for with discretionary client commissions and the non-eligible portion, e.g. computer hardware, accounting systems, etc., which is not eligible for the Section 28(e) safe harbor is paid for with BCM funds. For any mixed-use products or services, BCM maintains records of its good faith determinations of its reasonable allocations. BCM periodically reviews the firm's soft dollar arrangements, budget allocations and monitors the firm's policy.

BCM views commissions generally, including soft dollars as something that should only be used for the ultimate beneficiaries of the client monies under our stewardship. Therefore, we only use soft dollars to pay for research related services that can be unquestionably identified as being of value in our investment decision making process. BCM does not use soft dollars to pay for equipment, magazine and newspapers subscriptions, etc. The soft dollars received by BCM are used for research; therefore, the benefits are of service to all Clients, even though certain Clients may be restricted from paying for soft dollars.

BCM could have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than in the clients' interest in receiving the least costly execution. This conflict may cause clients to pay commissions to brokers that are higher than the commissions another broker would have charged for the same transaction provided that BCM makes a good faith determination that the commission is reasonable in relation to the value of brokerage and research services provided. As long as BCM uses its best efforts to obtain the best combination of commission rate and execution price, BCM may consider the fact that a broker/dealer has provided research, statistical information, credit analysis, data, or other services that are of value to our clients. Research services provided by broker/dealers that execute transactions for a particular account may not necessarily be used specifically for that account and may be used to benefit all BCM clients. The number of soft dollar arrangements that we have are limited. Currently BCM's soft dollar products are:

Bloomberg -- computer software that allows BCM to stay abreast of security prices, retrieve news stories and other valuable research.

Factset -- screening software that allows BCM to screen companies that meet the investment criteria and monitor performance related to the investment decision making process and access to Wall Street analysts, company and industry research reports.

MSCI, Standard & Poor's, Russell-Mellon -- all provide statistical research data on equity securities which feeds into Factset to assist in the investment decision making process.

ITG -- provides traders with information on trading to achieve best execution.

Gartner Research -- is the world's leading provider of fundamental analysis on technology companies and market trends.

NYSE Quotes -- New York Stock Exchange quotes.

Brokerage for Client Referrals

As a business practice, BCM does not receive client referrals from broker/dealers; however, should this occur, it would not use this as a basis to select a particular broker/dealer.

Directed Brokerage

Brown Capital Management's clients may elect to have a portion of their commissions directed through a specific broker. Directed brokerage requests should be made in writing, and are subject to acceptance and approval at BCM's discretion. Any directed brokerage transactions effected by BCM must adhere to BCM's objective of obtaining the best overall price and execution quality at competitive commission rates. Those clients who elect to have any portion of their commissions directed through a specific broker may incur higher transaction costs and may not be able to achieve best execution. BCM may be unable to aggregate trades with those of other clients. The inability to aggregate trades may result in directed trades being executed after other BCM client trades and may be executed at a price less favorable than other BCM clients.

Brown Capital Management may also use step-outs to execute directed brokerage transactions. Step-outs allow BCM to aggregate directed trades with other client trades to receive the same price as other BCM clients while adhering to the clients request to direct trades to a specific broker. No client is disadvantaged by BCM's use of step-outs.

12.B. Aggregation of Orders

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally on a pro-rata basis.

As a matter of policy, an adviser's allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. BCM's policy prohibits any allocation of trades in a manner that BCM's proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts. BCM's policy for the fair and equitable allocation of transactions is to allocate all trades on a pro-rata basis.

Item 13 – Review of Accounts

13.A. Periodic Review of Accounts

The firm's U.S. Large Cap and U.S. Mid Company accounts are reviewed by Eddie Brown, Founder, Chairman, & CEO & /Sr. Portfolio Manager and/or Walton Pearson, Managing Director/Sr. Portfolio Manager and/or Kayode Aje, Managing Director/Sr. Portfolio Manager and/or Kwame Webb, Managing Director/Sr. Portfolio Manager on a weekly basis.

The firm's U.S. Small Company accounts and the Medical/Healthcare All Cap Equity Sector Product accounts are reviewed by Keith Lee, President and COO/Sr. Portfolio Manager and/or Robert Hall, Managing Director/Sr. Portfolio Manager and/or Kempton Ingersol, Managing Director/Sr. Portfolio Manager and/or Daman Blakeney, Managing Director/Sr. Portfolio Manager and/or Damien L. Davis, Managing Director/Sr. Portfolio Manager and/or Andrew F. Fones, Managing Director/ Sr. Portfolio Manager and/or Chaitanya Yaramada, Director and Portfolio Manager/Senior Analyst on a weekly basis.

The firm's International Equity all-cap accounts and International Small Company accounts are reviewed by Maurice Haywood, Managing Director/Sr. Portfolio Manager and/or Duncan Evered, Managing Director/Sr. Portfolio Manager and/or Kabir Goyal, Managing Director/Sr. Portfolio Manager/Senior Analyst on a weekly basis.

All accounts are also reviewed on a weekly basis to compare investment performance and determine reasons for significant variation if any, for accounts with similar objectives. A number of factors can trigger a specific review, e.g., changes in investment objectives, or circumstances, developments in the investment environment that alter the desired market exposure, developments in specific portfolio holdings that necessitate investment action, cash flow that alters asset mix significantly from desired level. There is no set sequence for

reviewing accounts. These accounts will also be reviewed on a weekly basis to compare investment performance and determine reasons for significant variation if any, for accounts with similar investment objectives.

13.B. Non-Periodic Review of Accounts

In addition to regular reviews, the BCM portfolio teams review accounts based upon triggering events, such as a client meeting, economic news, national or world events, or other similar factors.

13.C. Client Reports

Brown Capital Management submits a report to clients each quarter which gives the following information for U.S. securities accounts: quantity, securities held, cost, market value, percentage of assets, yield on market, projected annual income and percentage of assets by industry. Reports for International Equity securities accounts include: quantity, securities held, cost, market value on local U.S. currency, percentage of assets, yield on market, percentage of assets by country and industry weightings. Performance is also given for the most recent quarter, year to date, and since inception. A quarterly letter is sent to clients that discusses our economic and market outlook, investment strategy, and other issues relevant to anticipated domestic and international investment action and direction. These reports are supplemented by telephone conversations and semi-annual or annual meetings.

Mutual Fund shareholders are provided with quarterly statements, a semi-annual report and an annual report including a commentary from BCM management.

Item 14 – Client Referrals and Other Compensation

14.A. Compensation from Non-Clients

BCM does not currently receive compensation from non-clients.

14.B. Referral Arrangements

BCM does not currently have, but may enter into a third party solicitor arrangement.

BCM employs four marketers to promote BCM's services. Compensation for BCM employees in this capacity does not affect the fee that a client pays to BCM for investment advisory services.

Item 15 – Custody

Clients receive, at least quarterly, statements from the broker/dealer or other qualified custodian that holds and maintains client's investment assets. BCM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

BCM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, BCM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, BCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to BCM in writing.

Item 17 – Voting Client Securities

Proxy Voting Policies and Procedures

Where contractually obligated, Brown Capital Management has detailed policies and procedures for voting client and fund proxies. Our policy is to vote proxies for portfolio securities consistent with the best economic interests of our clients. Glass Lewis is a leading research and professional services firm assisting institutions globally that have investment, financial or reputational exposure to public companies. The firm provides research and analysis that specializes in providing a variety of fiduciary level proxy related services to institutional investment managers, plan sponsors, custodians, consultants, etc. BCM subscribes to the Glass Lewis Standard Voting Policy. Members of the BCM investment staff individually determine how each proxy ballot will be voted. Glass Lewis's research, analysis and voting recommendations are used as a guideline only. BCM outsources the recordkeeping of the voting to Glass Lewis.

In the event BCM has discretion to vote proxies for a Client, and a Client requests that BCM vote a proxy matter in a particular way, BCM would attempt to honor the request with respect to shares held by that Client.

Clients with separately managed accounts may request a copy of this policy, or how the proxies related to their securities, were voted by contacting BCM directly (410-837-3234). Investors in the Brown Capital Management Family of funds may request a copy of this policy or the Funds proxy voting record upon request, without charge, by calling the Funds' administrator at (877) 892-4226.

Item 18 – Financial Information

BCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.