

## Advisory Program Supplement

This Advisory Program Supplement (“Supplement”) supplements and is part of Client’s Client Relationship Agreement (the “Agreement”) with Robert W. Baird & Co. Incorporated (“Baird”). Client has retained the Private Wealth Management department of Baird (“PWM”) to provide the types of investment advisory services that Client may from time to time select in accordance with and subject to the terms of the Agreement and this Supplement. Capitalized terms used but not defined herein shall have their respective meanings ascribed to them in the Agreement.

### 1. Summary of Advisory Programs and Services

This Supplement applies to certain Advisory Programs and Advisory Services that Baird PWM provides to Client (collectively, the “Advisory Programs”) and each Client Advisory Account enrolled in an Advisory Program (an “Account”). The Advisory Programs that Baird PWM offers to Client through this Supplement include the following:

- discretionary programs, whereby Client gives Baird (including Baird PWM’s home office investment professionals or Client’s Baird Financial Advisor) full discretionary authority to manage Client’s Account (“Discretionary Programs”);
- non-discretionary programs, whereby Baird provides investment advice and recommendations but Client retains full authority with respect to the management of Client’s Account (“Non-Discretionary Programs”);
- separately managed account (“SMA”) programs and services, whereby investment managers, which may include third party investment managers unrelated or related to Baird (“Other Managers”) or Baird, manage Client’s Account according to a strategy (each, an “SMA Strategy”) with full discretionary authority, and Baird provides additional consulting services to Client (collectively “SMA Programs”); and
- unified managed account (“UMA”) Programs, whereby Client gives Baird and an overlay management firm, Envestnet Asset Management, Inc. (the “Overlay Manager”), selected by Baird authority to manage Client’s Account according to a strategy (each, a “UMA Strategy”) selected by Client (“UMA Programs”).

Depending on Client’s particular needs or objectives, Client may use one or more of these Programs.

The Discretionary Programs include: ALIGN Strategic Portfolios; BairdNext Portfolios; Private Investment Management (“PIM”); and Russell Model Strategies. The Non-Discretionary Programs include: ALIGN Custom Portfolios and Baird Advisory Choice. The SMA Programs include: Baird Affiliated Managers (“BAM”); Baird Recommended Managers; Baird SMA Network (“BSN”); and Dual Contract (“DC”). The UMA Programs include: ALIGN UMA Select Portfolios and Unified Advisory Select (“UAS”) Portfolios.

The SMA Programs are generally offered under a “single contract” arrangement. Under a single contract arrangement, Client enters into an advisory agreement with Baird and Baird, in turn, enters into a subadvisory or similar agreement with the investment manager on Client’s behalf. This type of arrangement is frequently referred to as a

single contract arrangement because there is only one contract between Client and Baird; Client does not have an agreement directly with Client’s investment manager. Under the Dual Contract Program, Client has a “dual contract” arrangement, meaning Client has two contracts; one contract with Baird and another contract with Client’s investment manager.

The UMA Programs allow Client to invest in a combination of mutual funds, exchange traded products (“ETPs”), primarily exchange traded funds (“ETFs”) and exchange traded notes (“ETNs”), SMA Strategies, and groups of mutual funds and ETFs (referred to as “sleeves”) and other model portfolios of securities managed by Baird PWM (such sleeves and model portfolios collectively, “PWM-Managed Portfolios”) using a single Account.

Baird has engaged the Overlay Manager to provide certain subadvisory services in connection with certain SMA Programs and the UMA Programs. The SMA and UMA Programs make available two types of SMA Strategies: (1) manager-traded strategies, whereby the manager itself manages Client’s Account and conducts the trading to implement the SMA Strategy selected by Client (a “Manager-Traded Strategy”); and (2) model-traded strategies, whereby the manager does not manage Client’s Account (a “Model Provider”) but instead provides a model portfolio (“Model Portfolio”) to an overlay management firm, which may include the Overlay Manager, Baird or other third party firm (each, an “Implementation Manager”), that in turn manages Client’s Account and conducts the trading to implement the SMA Strategy selected by Client (a “Model-Traded Strategy”). If Client selects a Model-Traded Strategy, the Model Provider will provide the Model Portfolio and updates to the Implementation Manager, and the Implementation Manager will manage Client’s Account with full discretionary authority according to the strategy selected by Client. Otherwise, if Client selects a Manager-Traded Strategy, the investment manager will directly manage Client’s Account with full discretionary authority as more fully described below.

Baird generally provides the Advisory Programs described in this Supplement under a “wrap fee” arrangement. This means that in addition to the investment advisory services that Baird provides in connection with each Advisory Program, Baird, in its capacity as broker-dealer, also provides Client with trade execution, custody and other standard brokerage services for a single fee (“Advisory Program Fee”). By opening an Advisory Account, Client authorizes and directs Baird to execute trades for, and perform other Brokerage Services to, Client’s Advisory Accounts. *Client should note that Client may incur costs in addition to the Advisory Program Fee. See Section 16(b) of this Supplement for more information.*

Certain Advisory Programs make available asset allocation investment strategies. Asset allocation strategies involve investing in one or more categories of assets, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash, and one or more subcategories of assets, called asset classes. Asset allocation strategies have varying investment objectives and investment strategies. Asset allocation strategies may be implemented using a variety of investment types, such as individual securities, mutual funds and ETPs, including ETFs and ETNs. The amount allocated to an asset class or investment type varies by strategy, and some

strategies may have little or no allocation to one or more asset classes or types of investments described above.

The Advisory Programs make available investment products and services offered by parties that are not related to Baird. Some Advisory Programs make available investment products and services offered by parties related to Baird, including: Baird Advisors and Baird Equity Asset Management, investment management departments of Baird; Chautauqua Capital Management (“CCM”), a division of Baird Equity Asset Management; GAMMA Investing, LLC (“GAMMA”), Greenhouse Funds LLLP (“Greenhouse”), Riverfront Investment Group, LLC (“Riverfront”), and Strategas Asset Management, LLC (“Strategas”), investment managers that are affiliated with Baird; Baird Trust Company (“Baird Trust”), a trust company that is affiliated with Baird; and mutual funds offered by Baird Funds, Inc. (the “Baird Funds”), which is affiliated with Baird. Those affiliated investment products and services generally consist of mutual funds, ETPs or other funds offered by Baird or parties related to Baird (“Affiliated Funds”) and SMA Strategies offered by Baird or parties related to Baird (“Affiliated SMA Strategies”). For more information about these and other related parties, see the *Client Relationship Booklet* and *Important Account Disclosures* document.

Client understands and acknowledges that Baird generally does not permit Client to include assets in Client’s Advisory Account that are held by a third party custodian or that are otherwise held outside of a Baird account (“Held-Away Assets”).

## 2. Discretionary Programs

### (a) ALIGN Strategic Portfolios Program

If Client participates in the ALIGN Strategic Portfolios Program, Client authorizes Baird to manage Client’s Account with full discretionary authority according to the proprietary model strategic asset allocation strategy developed by Baird (each such model an “ALIGN Strategic Portfolio”) that is selected by Client. The ALIGN Strategic Portfolios Program offers model asset allocation portfolios that have different investment objectives and use different strategic investment strategies. Each ALIGN Strategic Portfolio provides for specific levels of investment across different asset classes, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. Each Portfolio generally uses mutual funds and ETPs, primarily ETFs, in order to implement the model asset allocation strategy. The amount allocated to an asset class or type of investment varies by Portfolio, and some Portfolios may have little or no allocation to one or more asset classes or types of investments described above.

Client understands and agrees that: Baird constructs each ALIGN Strategic Portfolio and adjusts the asset allocation of each ALIGN Strategic Portfolio from time to time; Baird also determines the mutual funds and ETPs that are available in the ALIGN Strategic Portfolios Program, including the percentage each mutual fund or ETP comprises in each asset class within an ALIGN Strategic Portfolio; and Baird may make changes to an ALIGN Strategic Portfolio from time to time as it deems appropriate and without providing prior notice to, or obtaining the consent of, Client.

The ALIGN Strategic Portfolios include certain element portfolios (“ALIGN Elements Portfolios”). Client understands that the ALIGN Elements Portfolios are designed for clients with smaller accounts and as such do not invest in as many mutual funds or ETFs compared to other ALIGN Strategic Portfolios and that if Client is able to satisfy

applicable account minimums for other ALIGN Strategic Portfolios, Client is encouraged to discuss with Client’s Financial Advisor whether another portfolio may be a more appropriate choice for Client.

Client further understands and agrees that Baird may replace investments in Client’s Account, rebalance Client’s Account assets to be consistent with Client’s chosen ALIGN Strategic Portfolio strategy, change Client’s asset allocation, or engage in tax management strategies in certain circumstances. See Sections 11 and 13 of this Supplement for more information.

The Baird Brochure contains additional important information about the ALIGN Strategic Portfolios, including the Portfolios’ investment objectives and investment strategies and the risks associated with investing in those Portfolios. Client understands and acknowledges that Client should review the Baird Brochure before investing in an ALIGN Strategic Portfolio.

Important Information about Affiliated Funds. *Some of the mutual funds offered by Baird Funds, which is affiliated with Baird, have been selected by Baird for inclusion in certain ALIGN Strategic Portfolios. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document. By participating in the ALIGN Strategic Portfolios Program, Client understands and agrees that: (a) Baird offers other investment advisory programs that do not involve managers, funds or products affiliated with Baird, and Client may obtain additional information about them by contacting Client’s Baird Financial Advisor; and (b) Client is free at any time to choose another investment option or participate in another investment advisory program offered by Baird that does not use investment managers, funds or products affiliated with Baird.*

### (b) BairdNext Portfolios Program

If Client participates in the BairdNext Portfolios Program, Client authorizes Baird to manage Client’s Account with full discretionary authority according to the proprietary model asset allocation strategy developed by Baird (each such model, a “BairdNext Portfolio”) that is selected by Client. The BairdNext Portfolios Program offers model asset allocation portfolios that have different investment objectives and use different strategic investment strategies. Each BairdNext Portfolio provides for specific levels of investment across different asset classes, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. Each Portfolio generally uses mutual funds and ETPs, primarily ETFs, in order to implement the model asset allocation strategy. The amount allocated to an asset class or type of investment varies by Portfolio, and some Portfolios may have little or no allocation to one or more asset classes or types of investments described above.

Client understands and agrees that: Baird constructs each BairdNext Portfolio and adjusts the asset allocation of each BairdNext Portfolio from time to time; Baird also determines the mutual funds and ETPs that are available in the BairdNext Portfolios Program, including the percentage each mutual fund or ETP comprises in each asset class within a BairdNext Portfolio; and Baird may make changes to a BairdNext Portfolio from time to time as it deems appropriate and without providing prior notice to, or obtaining the consent of, Client.

Client understands that the BairdNext Portfolios Program is designed for clients with smaller accounts and as such does not invest in as many mutual funds or ETFs compared to other Advisory Programs and that if Client is able to satisfy applicable account minimums for other Advisory

Programs, Client is encouraged to discuss with Client's Financial Advisor whether another Advisory Program may be a more appropriate choice for Client.

Client further understands and agrees that Baird may replace investments in Client's Account, rebalance Client's Account assets to be consistent with Client's chosen BairdNext Portfolio strategy, change Client's asset allocation, or engage in tax management strategies in certain circumstances. See Sections 11 and 13 of this Supplement for more information.

The Baird Brochure contains additional important information about the BairdNext Portfolios, including the Portfolios' investment objectives and investment strategies and the risks associated with investing in those Portfolios. Client understands and acknowledges that Client should review the Baird Brochure before investing in a BairdNext Portfolio.

Important Information about Affiliated Funds. *Some of the mutual funds offered by the Baird Funds, which is affiliated with Baird, have been selected by Baird for inclusion in certain BairdNext Portfolios. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document. By participating in the BairdNext Portfolios Program, Client understands and agrees that: (a) Baird offers other investment advisory programs that do not involve managers, funds or products affiliated with Baird, and Client may obtain additional information about them by contacting Client's Baird Financial Advisor; and (b) Client is free at any time to choose another investment option or participate in another investment advisory program offered by Baird that does not use investment managers, funds or products affiliated with Baird.*

#### **(c) Private Investment Management ("PIM") Program**

If Client participates in the PIM Program, Client grants full discretionary authority and management of Client's Account to Baird and Client's Baird Financial Advisor who has been approved by Baird to manage client accounts in the PIM Program (a "PIM Manager").

In the PIM Program, Client's PIM Manager seeks to meet Client's particular investment needs by identifying or developing an investment strategy based upon guidelines that are jointly established by Client and Client's PIM Manager. At the commencement of services, Client's PIM Manager reviews Client's investment objectives and risk tolerance. Based upon that review and other information provided by Client, the PIM Manager makes a subsequent recommendation to Client as to which investment strategy the PIM Manager believes is best suited for Client. Some PIM Managers use model portfolios, which may include proprietary model asset allocation portfolio strategies developed by Baird, or other investment strategies. Some PIM Managers take a "counseled" or more customized approach to management of client accounts. Client understands and agrees that Client makes the final decision as to which investment strategy is chosen for Client's Account.

A PIM Manager may make investments in various types of securities, including, but not limited to, equity securities, fixed income securities, Non-Traditional Assets, certain Alternative Investment Products and mutual funds and ETPs that in turn invest in those investments. All or a portion of the assets in Client's Account may be held in cash or cash equivalents, including securities issued by money market mutual funds or may be deposited in interest-bearing bank accounts.

Additional information about how the PIM Manager will manage Client's PIM Account and the types of investments the PIM Manager

may use for Client's PIM Account is contained in the Brochure Documents that have been or will be delivered to Client.

Client understands and agrees that Baird may remove any PIM Manager or strategy from the PIM Program at any time and transfer day-to-day management responsibility of Client's Account to another PIM Manager or Baird Financial Advisor at any time without providing prior notice to, or obtaining the consent of, Client.

Important Information about PIM Accounts. *Client should note that PIM Managers may engage in strategies that involve: concentrated and less diversified portfolios of securities; leverage; and frequent trading for client accounts. In addition, PIM Managers may invest Client's Accounts in illiquid securities, community bank stocks and Complex Investment Products. These types of strategies and investments involve special, sometimes significant, risks and are not appropriate for all clients. Client should understand those risks before engaging in those strategies or investing in those products.*

*Mutual funds, ETFs and other investment products affiliated with Baird are available to clients under the PIM Program. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document.*

#### **(d) Russell Model Strategies Program**

If Client participates in the Russell Model Strategies Program (the "Russell Program"), Client authorizes Baird to manage Client's Account with full discretionary authority according to a model mutual fund asset allocation strategy (a "Russell Strategy") developed by Russell Investment Management, LLC ("Russell") that is selected by Client. The Russell Program offers model asset allocation portfolios that have different investment objectives and use different strategic and tactical investment strategies. Each Russell Strategy provides for specific levels of investment across different asset classes, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. Each Strategy generally uses mutual funds and ETFs in order to implement the model asset allocation strategy. The amount allocated to an asset class or type of investment varies by Strategy, and some Strategies may have little or no allocation to one or more asset classes or types of investments described above. Each Russell Strategy will typically invest exclusively or significantly in mutual funds offered by Russell Investment Company (the "Russell Funds"), although some non-Russell Funds may be used.

Client understands and agrees that: Russell constructs each Russell Strategy and adjusts the asset allocation of each Strategy from time to time; Russell also determines mutual funds and ETFs, including the Russell Funds, that are available in each Russell Strategy, including the percentage each mutual fund and ETF comprises in each Strategy; and from time to time, Russell may remove mutual funds and ETFs and replace them with other mutual funds and ETFs.

Baird anticipates that it generally will implement a Russell Strategy as proposed by Russell. However, Client understands and agrees that Baird has sole discretionary authority over Client's Account invested in a Russell Strategy, and Baird may implement a Russell Strategy differently than proposed by Russell or may sell Client's investments if Baird determines such action to be necessary and in Client's best interest.

Client further understands and agrees that Baird may rebalance Client's Account assets to be consistent with Client's chosen asset allocation strategy change Client's asset allocation or engage in tax

management strategies in certain circumstances. See Sections 11 and 13 of this Supplement for more information.

The Baird Brochure contains additional important information about the Russell Strategies, including the Strategies' investment objectives and investment strategies and the risks associated with investing in those Strategies. Client understands and acknowledges that Client should review the Baird Brochure before investing in a Russell Strategy.

### 3. Non-Discretionary Programs

#### (a) *ALIGN Custom Portfolios Program*

If Client participates in the ALIGN Custom Portfolios Program, Client authorizes Baird to manage Client's Account on a non-discretionary basis according to a custom model asset allocation strategy (an "ALIGN Custom Portfolio") that is selected by Client. ALIGN Custom Portfolios involve the use of various different investment strategies because they are customized for each client. An ALIGN Custom Portfolio provides Client with a customized level of investment across different asset classes, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. To implement the asset allocation strategy, Client selects the investments for the Account from among those mutual funds and ETPs that Baird has determined are eligible for use in the Program.

While Client retains discretionary authority and management over Client's ALIGN Custom Portfolios Program Account, Client understands and agrees that Baird may replace investments in Client's ALIGN Custom Portfolios Program Account, rebalance Client's Account assets to be consistent with Client's chosen ALIGN Custom Portfolio strategy, or engage in tax management strategies in certain circumstances. See Sections 11 and 13 of this Supplement for more information.

Important Information about the ALIGN Custom Portfolios Program. *Mutual funds, ETFs and other investment products affiliated with Baird are available to clients under the ALIGN Custom Portfolios Program. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document.*

*The ALIGN Custom Portfolios Program is a non-discretionary Program. Once an investment is made by Client, the investment will only be removed from Client's Account upon the removal of the investment from the Program or Client's direction to do so. Client should carefully consider the foregoing when deciding to participate in the ALIGN Custom Portfolios Program and also consider whether another Baird Program may be more appropriate for Client.*

#### (b) *Baird Advisory Choice Program*

If Client participates in the Baird Advisory Choice Program, Baird provides advice to Client in connection with Client's own management of Client's Account.

Some of the services provided under this Program may be provided to Client by a Baird Financial Advisor assigned to Client's Account.

Client's Baird Financial Advisor may recommend that Client implement a model portfolio in Client's Advisory Choice Account. If Client implements a model portfolio in Client's Advisory Choice Account, Client may have the option to have Baird and Client's Financial Advisor automatically rebalance Client's Advisory Choice Account to the target asset allocations specified by the model portfolio at predetermined intervals.

Client understands and agrees that Baird does not have discretionary authority over the assets in Client's Baird Advisory Choice Account, and Baird and Client's Baird Financial Advisor cannot purchase or sell any securities or other investments in Client's Baird Advisory Choice Account, including purchases and sales to rebalance the Account, without Client's authorization. Client further understands and agrees that Client makes the final decision as to selection of investments for Client's Baird Advisory Choice Account. Furthermore, if Client selects a model portfolio for Client's Baird Advisory Choice Account, Client understands and agrees that Client is ultimately responsible for: the selection of the model portfolio, the model portfolio's implementation, and the selection of an automatic rebalance option, if any.

Client understands, acknowledges and agrees that Baird only provides Client with certain consulting services and, for eligible Accounts, automatic Account rebalancing services under the Baird Advisory Choice Program. The consulting services that may be available in the Program from Client's Financial Advisor include research, analysis, advice and recommendations regarding: financial and investment goals and needs; asset allocation strategies, investment strategies and investment restrictions; methods for implementing investment strategies; trends and expectations regarding securities and other investments, securities markets, and economic sectors and industries; and the purchase, holding and sale of securities and other investments. The specific consulting services to be provided to Client will be determined by mutual agreement between Client and Client's Financial Advisor. Client further understands and agrees that Baird does not undertake to provide any other consulting or investment advisory services under this Program unless Baird agrees to do so in writing.

Baird or Client's Financial Advisor will provide investment recommendations for Client's Account and may recommend the amount, type and timing with respect to buying, holding, exchanging, converting and selling securities and other assets for Client's Account. Baird or Client's Financial Advisor may recommend investments in various types of securities, including, but not limited to, equity securities, fixed income securities, Non-Traditional Assets, certain Alternative Investment Products and mutual funds and ETPs that in turn invest in those investments. All or a portion of the assets in Client's Account may be held in cash or cash equivalents, including securities issued by money market mutual funds or may be deposited in interest-bearing bank accounts.

Important Information about Baird Advisory Choice Accounts. *Client understands that a Baird Advisory Choice Account provides a fee-based alternative to a traditional, commission-based brokerage account and that unlike a traditional brokerage account where a client is paying for traditional brokerage services, an Advisory Choice client is also paying for investment advice and other investment advisory services above and beyond those available in a traditional brokerage account. Client also understands that Client alone is responsible for determining whether a Baird Advisory Choice Account is appropriate. In making this determination, Client agrees that Client has carefully considered all relevant factors, including Client's investment objectives, risk tolerance, past and anticipated trading practices, current assets, current investments, the value and type of Permitted Investments to be held in the Account, anticipated use of other Baird products and services, and the costs and benefits of the Account. Client understands and agrees that: the costs of a Baird Advisory Choice Account may be more than in an account where Client is charged on a per-transaction basis; and a Baird Advisory Choice Account may not be appropriate if Client*



*anticipates little or no trading activity, if Client prefers to direct Client's own investment strategies and security selection independent of the advice of Baird or Client's Financial Advisor, or if Client does not receive or request investment advisory or other non-trading services from Baird. Client further understands that a Baird Advisory Choice Account is not for day trading or other extreme trading activity, including excessive options trading or trading in mutual funds based on market timing. If Client's Baird Advisory Choice Account engages in "excessive trading activity" (herein defined as activity that would be considered "excessive" by industry professionals in a non-discretionary, fee-based program, as determined by Baird in its sole discretion), Baird may, to the extent permitted by applicable law, immediately, upon sending notice to Client, restrict the activity occurring in Client's Account, terminate the Account, convert the Account to a commission-based account, or charge a higher fee at such rate as Baird, in its sole discretion, may elect. Client acknowledges that Client is responsible for monitoring Client's Account and determining the desirability of maintaining the Account as opposed to maintaining a traditional, commission-based brokerage account. Client understands that in addition to Baird Advisory Choice Accounts and traditional, commission-based brokerage accounts, Baird offers various other advisory programs in which it has investment discretion. Client agrees that Client will periodically reevaluate whether the ongoing use of this Non-Discretionary Advisory Program is desired and Client understands that Client may request a Baird Financial Advisor to explain the benefits and disadvantages of maintaining a Baird Advisory Choice Account and the availability of alternative arrangements.*

*Client understands that additional information regarding the differences between brokerage and advisory relationships can be found in the "Understanding Brokerage and Investment Advisory Relationships" document that is available on Baird's website at [bairdwealth.com/retailinvestor](http://bairdwealth.com/retailinvestor).*

*Client may terminate a Baird Advisory Choice Account and convert it into a traditional, commission-based brokerage account at any time by contacting Client's Baird Financial Advisor. Baird also has the right, at any time upon notice to Client, to terminate Client's Baird Advisory Choice Account and convert it into commission-based brokerage account.*

*Client should note that Client's Baird Advisory Choice Account may be engaged in strategies that involve concentrated and less diversified portfolios of securities, leverage or margin, options, and frequent trading. In addition, Client's Baird Advisory Choice Account may be invested in illiquid securities and Complex Investment Products. These types of strategies and investments involve special, sometimes significant, risks and are not appropriate for all clients. Client should understand those risks before engaging in those strategies or investing in those products.*

*Mutual funds, ETFs and other investment products affiliated with Baird are available to clients under the Advisory Choice Program. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document.*

## **4. SMA Programs**

### **(a) Baird Affiliated Managers Program**

If Client participates in the BAM Program, Client authorizes Baird or an investment manager related to Baird selected by Client to manage Client's Account with full discretionary authority according to a

strategy selected by Client. Client understands that the BAM Program is designed to accommodate a client who wishes to select Baird or an investment manager related to Baird to manage the assets in Client's Account instead of an unaffiliated manager made available in other SMA Programs.

Client understands and agrees that: Baird determines the investment managers ("BAM Managers") and their strategies ("BAM Strategies") eligible to participate in the Program; the BAM Strategies and BAM Managers are not subject to the same evaluation process or eligibility standards imposed upon other SMA Strategies and SMA Managers offered through other SMA Programs; and Client should only participate in the BAM Program if Client wishes to select Baird or a manager related to Baird to manage Client's Account and Client understands the potential conflicts of interest presented by the arrangement and the risks of doing so.

BAM Managers have varying investment objectives, styles and strategies, and they may invest a client's Account in various types of securities, which will be chosen by the BAM Manager and which may include mutual funds, ETFs or other investment products affiliated with the manager or Baird.

Currently, certain PWM-Managed Portfolios and SMA Strategies offered by Baird Equity Asset Management, Baird Trust, CCM, GAMMA, Riverfront and Strategas are offered through the BAM Program.

#### **(i) PWM-Managed Portfolios**

Under the BAM Program, Baird makes available to clients the following PWM-Managed Portfolios managed by Baird PWM's Research team: the Baird Recommended Portfolio, the Baird Rising Dividend Portfolio, and the AQA Portfolios, which are further described in the Baird Brochure.

#### **(ii) BAM SMA Strategies**

##### **1. Baird Equity Asset Management**

Under the BAM Program, Baird makes available to clients certain SMA Strategies offered by Baird Equity Asset Management, including: growth investment strategies (the "Baird Equity Asset Management Growth Strategies"); and Specialized Asset Management ("SAM") portfolio strategies (the "SAM Strategies"), consisting of SAM Strategic Portfolio strategies and SAM Custom Portfolio strategies.

Baird Equity Asset Management also manages client portfolios according to other strategies selected by clients ("Other Baird Equity Asset Management Strategies", and with the Baird Equity Asset Management Growth Strategies and the SAM Strategies, the "Baird Equity Asset Management Strategies").

The SAM Strategic Strategies are model asset allocation portfolios that have different investment objectives and strategies. Each SAM Strategy provides for specific levels of investment across different asset classes, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. Each Strategy generally uses individual securities, mutual funds and ETFs in order to implement the model asset allocation strategy. The amount allocated to an asset class or type of investment varies by Strategy, and some Strategies may have little or no allocation to one or more asset classes or types of investments described above.

A SAM Custom Portfolio provides Client with a customized level of investment across one or more of the asset classes described above.

The custom model asset allocation strategy is determined by Client with the assistance of Baird Equity Asset Management.

Baird Equity Asset Management may invest Client's Baird Equity Asset Management Strategies Account in various types of securities, which will be chosen by Baird Equity Asset Management and which may include mutual funds or other investment products affiliated with Baird.

## 2. *Baird Trust*

Under the BAM Program, Baird makes available to clients five (5) portfolio strategies developed and maintained by Baird Trust ("Baird Trust Strategies") further described in the Baird Brochure. The Baird Trust Strategies invest in a mix of equity securities and ETFs.

In addition, Baird makes available to clients Baird Trust Custom Portfolio Management<sup>SM</sup>, which offers clients a customized approach to investing and the ability to work directly with an in-house Baird Trust Portfolio Manager. Client's Baird Trust Portfolio Manager and Financial Advisor will work closely with Client to develop a diversified, customized investment portfolio, managed to fit Client's specific needs. The Baird Trust Portfolio Manager will determine the investments for Client's Account based on a comprehensive assessment process that includes the client's investment objective, time horizon, financial situation, and special circumstances. Once the assessment is complete, Client's portfolio construction begins. Baird Trust Custom Portfolio Management accounts typically invest in a mix of equity securities, fixed income securities, mutual funds and ETFs, depending upon the needs of a particular client.

## 3. *CCM*

Under the BAM Program, Baird makes available to clients certain International Growth and Global Growth SMA Strategies offered by CCM ("CCM Portfolios"). The CCM Portfolios invest in equity securities of companies located in different regions around the world, primarily in developed markets but also in emerging and less developed markets. Each Portfolio generally uses common or ordinary shares, depository receipts representing an ownership interest in ordinary shares, preferred stocks, in order to implement the strategy. The CCM Portfolios generally invest in a limited number of securities, but seek to be diversified in terms of currencies, regions and economic sectors.

## 4. *GAMMA*

Under the BAM Program, Baird makes available to clients certain SMA Strategies offered by GAMMA ("GAMMA Portfolios"). GAMMA offers Custom Indexing strategies providing for specific levels of investment across different asset classes, such as equity securities, fixed income securities, listed index/ETF options and cash. Each Portfolio generally uses stocks, bonds and ETPs, primarily ETFs and ETNs, in order to implement the model asset allocation strategy. The amount allocated to an asset class or type of investment varies by Portfolio, and some Portfolios may have little or no allocation to one or more asset classes or types of investments described above.

The GAMMA Custom Indexing strategies that GAMMA offers under the Baird Affiliated Managers Program include managed portfolios of individual securities that seek to deliver similar return and risk characteristics as an index strategy ("target strategy") selected by the client. Custom Indexing strategies can be benchmarked to any standard or customized index, or combination of standard or customized benchmarks. Custom Indexing strategies typically invest directly in a subset of the securities which make up the target strategy.

The investment objective of each Custom Indexing strategy is to provide exposure to a client selected market segment or combination of market segments into an overall asset allocation while maximizing after-tax returns.

## 5. *Riverfront*

Under the BAM Program, Baird makes available to clients certain SMA Strategies offered by Riverfront ("Riverfront Portfolios"). The Riverfront Portfolio strategies are model asset allocation portfolios that have different investment objectives and use different strategic and tactical investment strategies. Each Riverfront Portfolio provides for specific levels of investment across different asset classes, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. Each Portfolio generally uses mutual funds and ETPs, primarily ETFs and ETNs, in order to implement the model asset allocation strategy. The amount allocated to an asset class or type of investment varies by Portfolio, and some Portfolios may have little or no allocation to one or more asset classes or types of investments described above.

The Riverfront Portfolio strategies that Riverfront offers under the Baird Affiliated Managers Program include Riverfront Asset Allocation Portfolios (also known as "Advantage Portfolios"); Riverfront ETF Portfolios (also known as "ETF Advantage Portfolios"); Riverfront Income ETF Portfolios (also known as "Income ETF Advantage Portfolios"); and RiverShares Model Portfolios.

## 6. *Strategas*

Under the BAM Program, Baird makes available to clients certain SMA Strategies offered by Strategas ("Strategas Portfolios"), including thematic strategies ("Strategas Thematic Portfolios"), asset allocation strategies ("Strategas Asset Allocation Portfolios") and fixed income strategies ("Strategas Fixed Income Portfolios"). The Strategas Thematic Strategies invest principally in equity securities using certain proprietary investment themes, ideas or trends. The Strategas Asset Allocation Portfolios invest primarily in equity and fixed income securities in a manner that aligns with client goals and risk preferences over a medium-term to long-term time horizon. Each Portfolio combines Strategas's strategic asset allocation outlook with tactical tilts towards those sectors and investments that it believes are most favorable for investment. The Strategas Fixed Income Strategies are actively managed, multisector, enhanced total return bond strategies, that seek to maximize return, while seeking to minimize total return volatility. The Strategas Fixed Income Strategies primarily invest in sector-focused ETFs.

### (iii) *Additional Information about the BAM Program*

Client understands that Client is urged to review the BAM Manager's Form ADV Part 2A Brochure, which contains additional important information about the BAM Manager, including information about the BAM Strategies, the types of investments BAM Manager may use for Client's Account, and the risks associated with investing in those Strategies. A BAM Manager's Form ADV Part 2A Brochure is available upon request.

If Client participates in the BAM Program, Client authorizes and directs Baird to appoint the BAM Manager selected by Client to serve as sub-advisor to Client's Account. Client further authorizes and directs the BAM Manager to manage Client's Account with full discretionary authority in accordance with the BAM Strategy selected by Client.

Certain BAM Strategies are only made available through the Overlay Manager. The BAM Strategies offered through the Overlay Manager consist of Manager-Traded Strategies and Model-Traded Strategies. If Client selects a BAM Strategy offered through the Overlay Manager for Client's Account, Client authorizes and directs Baird to appoint the Overlay Manager to serve as sub-advisor to Client's Account. If Client selects a Model-Traded Strategy offered through the Overlay Manager for Client's Account, Client authorizes and directs the Overlay Manager to manage Client's Account with full discretionary authority in accordance with the BAM Strategy selected by Client. If Client selects a Manager-Traded Strategy offered through the Overlay Manager for Client's Account, Client authorizes and directs the Overlay Manager to appoint the applicable BAM Manager as sub-advisor, and Client also authorizes and directs such BAM Manager to manage Client's Account with full discretionary authority in accordance with the BAM Strategy selected by Client.

If Client selects a Model-Traded Strategy offered through the Overlay Manager for Client's Account, the Overlay Manager will typically implement the Model Portfolio as proposed by the Model Provider. However, Client understands and agrees the Overlay Manager has discretionary authority over Client's Account and that the Overlay Manager may implement the Model Portfolio differently than proposed by the Model Provider if the Overlay Manager determines such action to be necessary and in Client's best interest. Client further understands that Baird does not monitor or ascertain whether the Overlay Manager is fully and faithfully implementing the Model Portfolio on a continuous basis and that Client should periodically discuss the Account's performance with Client's Financial Advisor.

Client understands that certain managers of Model-Traded Strategies offered through the Overlay Manager have adopted trade rotation policies that allow them to send Model Portfolio updates to the Overlay Manager after they have implemented the Model Portfolio updates for client accounts managed by them or after they have otherwise completed trading for those accounts and that, as a result, the performance of Client's Account pursuing a Model Portfolio strategy offered by those Model Providers will differ, perhaps in a materially negative manner, from the performance of other client accounts managed by those Model Providers. For more information, see Section 7(c) of this Supplement.

If Client's Account is managed by an Other Manager under the BAM Program, Client understands, acknowledges and agrees that, notwithstanding the discretionary authority granted to Baird under the BAM Program: Baird does not manage the Account and does not otherwise have any influence over the Other Manager's investment decisions or securities selections, and therefore, Baird is not responsible for the decisions made by the Other Manager; Baird does not provide any recommendation or investment advice regarding the purchase or sale of investment products made for Client's Account; and Baird and Client's Baird Financial Advisor only provide Client with certain consulting services, which may include Client's Financial Advisor's assistance with determining the client's financial needs, investment goals and investment restrictions and periodically reviewing the manager's performance. Client understands and agrees Baird does not undertake to provide any other consulting or investment advisory services under the BAM Program unless Baird agrees to do so in writing.

If Client participates in the BAM Program, Client is strongly encouraged to contact Client's Baird Financial Advisor or BAM Manager on a

periodic basis to discuss: Client's Account and its investment performance; the BAM Manager's investment philosophy and style (to determine if the BAM Strategy remains appropriate for the client); any potential conflicts of interest; and any investment restrictions Client may wish to impose or change. Client should also periodically check the registration status, disciplinary events and other information regarding the BAM Manager, described on the manager's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Client understands and agrees that: the BAM Strategies and BAM Managers made available under the BAM Program are subject to change or removal at any time in Baird's sole discretion; Client's appointment and continued retention of a BAM Manager to manage Client's Account are based upon Client's review of the BAM Manager and its services; in selecting the BAM Strategy, Client ultimately determines that the strategy to be used in managing Client's Account is consistent with Client's stated investment objectives and financial needs and risk tolerance; and once retained by Client, a BAM Manager will only be removed from managing Client's Account upon the BAM Manager's removal from the Program by Baird, the BAM Manager's withdrawal or Client's direction to do so. Under the terms of the BAM Program, Baird cannot appoint a replacement manager without client consent. Client understands and agrees that, given the terms of the BAM Program, upon the withdrawal or removal of an investment manager from the BAM Program, Client's BAM Program Account will be automatically removed from the BAM Program and the Account will become an unmanaged brokerage account, unless Client provides contrary instructions to Baird.

Important Information about Affiliated Managers. *All of the BAM Strategies made available under the BAM Program are offered by Baird or a manager affiliated with Baird. PWM-Managed Portfolios are Managed by Baird PWM. Baird Equity Asset Management and CCM are investment management departments of Baird. Baird Trust, GAMMA, Riverfront and Strategas are affiliated with Baird. Baird has a potential conflict of interest to the extent Baird would advise Client to participate in the BAM Program.*

*Client's appointment and continued retention of a BAM Manager to manage Client's Account are based upon Client's review of the BAM Manager and its services. In selecting the BAM Strategy, Client ultimately determines that the strategy to be used in managing Client's Account is consistent with Client's stated investment objectives and financial needs and risk tolerance. Once retained by Client, a BAM Manager will only be removed from managing Client's Account upon the BAM Manager's removal from the Program by Baird, the BAM Manager's withdrawal or Client's direction to do so.*

#### **(b) Baird Recommended Managers Program**

If Client participates in the Baird Recommended Managers Program, Client provides Baird and Client's Financial Advisor with discretionary authority to appoint investment managers to manage Client's Account and to terminate or replace investment managers for Client's Account. Client also authorizes such investment managers to manage such Account with full discretionary authority. Client understands that the Baird Recommended Managers Program is designed for a client who wishes to have the client's account managed by investment managers that are monitored by Baird on an ongoing basis.

Under the Baird Recommended Managers Program, Baird determines the investment managers (“Recommended Managers”) and their strategies (“BRM Strategies”) eligible to participate in the Program through an initial and ongoing evaluation process further described in the Baird Brochure.

Recommended Managers have varying investment objectives, styles and strategies, and they may invest Client’s Account in various types of securities, which will be chosen by the Recommended Manager and which may include mutual funds, ETFs or other investment products affiliated with the manager or Baird.

Client understands that Client is urged to review the Recommended Manager’s Form ADV Part 2A Brochure, which should contain additional important information about the Recommended Manager, including information about the Recommended Manager’s strategies, the types of investments the Recommended Manager may use for Client’s Account, and the risks associated with investing in a BRM Strategy. Such brochures are available upon request.

Some of the services provided under the Baird Recommended Managers Program will be provided to Client by a Baird Financial Advisor assigned to Client’s Account. Client initially selects the Recommended Manager and BRM Strategy for Client’s Account. Thereafter, whenever Baird or Client’s Financial Advisor deems it necessary, Baird or Client’s Financial Advisor will replace a Recommended Manager or BRM Strategy with another Recommended Manager or BRM Strategy for Client’s Account based upon the list of Recommended Managers and BRM Strategies that Baird makes available for the Baird Recommended Managers Program.

If Client participates in the Baird Recommended Managers Program, Client authorizes and directs Baird to appoint Recommended Managers to serve as sub-adviser to Client’s Account and to otherwise manage Client’s Account in accordance with the terms of the Baird Recommended Managers Program. Client also authorizes and directs the Recommended Managers to manage Client’s Account with full discretionary authority in accordance with the BRM Strategy selected.

Certain BRM Strategies are only made available through Implementation Managers. The BRM Strategies offered through Implementation Managers consist of Manager-Traded Strategies and Model-Traded Strategies. If a BRM Strategy offered through an Implementation Manager is selected for Client’s Account, Client authorizes and directs Baird to appoint the Implementation Manager to serve as sub-adviser to Client’s Account. If a Model-Traded Strategy offered through an Implementation Manager is selected for Client’s Account, Client authorizes and directs the Implementation Manager to manage Client’s Account with full discretionary authority in accordance with the selected BRM Strategy. If a Manager-Traded Strategy offered through an Implementation Manager is selected for Client’s Account, Client authorizes and directs the Implementation Manager to appoint the applicable Recommended Manager as sub-adviser, and Client also authorizes and directs such Recommended Manager to manage Client’s Account with full discretionary authority in accordance with the selected BRM Strategy.

If a Model-Traded Strategy offered through an Implementation Manager is selected for Client’s Account, the Implementation Manager will typically implement the Model Portfolio as proposed by the Model Provider. However, Client understands and agrees that the Implementation Manager has discretionary authority over Client’s Account and that the Implementation Manager may implement the

Model Portfolio differently than proposed by the Model Provider if the Implementation Manager determines such action to be necessary and in Client’s best interest. Client further understands that Baird does not monitor or ascertain whether a third party Implementation Manager is fully and faithfully implementing the Model Portfolio on a continuous basis and that Client should periodically discuss the Account’s performance with Client’s Financial Advisor.

Client understands that certain managers of Model-Traded Strategies offered through the Overlay Manager have adopted trade rotation policies that allow them to send Model Portfolio updates to the Overlay Manager after they have implemented the Model Portfolio updates for client accounts managed by them or after they have otherwise completed trading for those accounts and that, as a result, the performance of Client’s Account pursuing a Model Portfolio strategy offered by those Model Providers will differ, perhaps in a materially negative manner, from the performance of other client accounts managed by those Model Providers. For more information, see Section 7(c) of this Supplement.

If Client’s Account is managed by an Other Manager under the Baird Recommended Managers Program, Client understands, acknowledges and agrees that, notwithstanding the discretionary authority granted to Baird and Client’s Financial Advisor under the Program: Baird and Client’s Financial Advisor do not manage the Account and do not otherwise have any influence over the Other Manager’s investment decisions or securities selections, and therefore, Baird and Client’s Financial Advisor are not responsible for the decisions made by the Other Manager; and Baird and Client’s Financial Advisor do not provide any recommendation or investment advice regarding the purchase or sale of investment products made for Client’s Account.

Client further understands and agrees that, from time to time, Baird may remove investment managers from the Baird Recommended Managers Program, and Baird may select a replacement manager to manage Client’s Account. In such event, Client understands and agrees that Baird, at the direction of Client’s replacement manager, or Client’s replacement manager may sell all or a portion of the securities or other investments in the Account that were managed by the prior manager and the replacement manager may reinvest the cash proceeds of those sales. Client understands that sales of securities or other investments could result in adverse tax consequences for Client.

If Baird terminates an investment manager from the Baird Recommended Managers Program, Client authorizes Baird to invest, with full discretionary authority, the assets in Client’s Account previously managed by the terminated investment manager in other securities, including, but not limited to, mutual funds and ETPs. Baird’s discretionary authority to make such other investments will continue until a replacement investment manager is selected or alternative arrangements are made for the management of Client’s assets.

If Client prefers to continue using an investment manager that has been removed from the Baird Recommended Managers Program, or directs or otherwise requests that a particular investment manager not recommended by Baird be selected to manage Client’s Account, Client will need to move to another Advisory Program, such as the BSN Program. Client understands that if Client elects to do so, Client will no longer receive the same level of rigorous ongoing monitoring, evaluation, or review of that investment manager from Baird.

Important Information about Affiliated Managers. *The Baird Recommended Managers Program makes available to Client*



*investment services that are offered by Baird Equity Asset Management, an investment management department of Baird. Baird has a potential conflict of interest to the extent Baird would advise Client to select investment products offered by Baird Equity Asset Management. By participating in the Baird Recommended Managers Program and selecting Baird Equity Asset Management to manage Client's assets, Client understands and agrees that: (a) Baird may receive higher net fees and compensation as a result of Client's selection of Baird Equity Asset Management than if Client selected an investment manager not affiliated with Baird because Baird would not be required to pay a portion of the fees it receives from Client to compensate an unaffiliated manager; (b) Baird offers other investment managers within the Baird Recommended Managers Program that are not affiliated with Baird as well as other investment advisory programs that do not involve managers, funds or products affiliated with Baird, and Client may obtain additional information about them by contacting Client's Baird Financial Advisor; and (c) Client is free at any time to choose another investment manager or participate in another investment advisory program offered by Baird that does not use investment managers, funds or products affiliated with Baird.*

### **(c) Baird SMA Network Program**

If Client participates in the BSN Program, Client independently selects an investment manager to manage Client's Account with full discretionary authority according to a strategy selected by Client. Client understands that the BSN Program is designed to accommodate a client who wishes to independently select an investment manager not available in the Baird Recommended Managers Program to manage the assets in the client's account.

Under the BSN Program, Baird determines the investment managers (each, a "BSN Manager") and their strategies ("BSN Strategies") eligible to participate in the Program through a significantly less rigorous evaluation process compared to the Baird Recommended Managers Program further described in the Baird Brochure. However, Client understands, acknowledges and agrees that Baird does not make any recommendation to Client regarding any BSN Strategy or any representations regarding a BSN Manager's qualifications as an investment adviser or abilities to manage Client's assets.

Client understands, acknowledges and agrees that by participating in the BSN Program, Client wishes to take more responsibility for monitoring Client's Account, the Baird Recommended Managers Program does not contain an SMA Strategy that meets Client's particular needs, and Client understands the risks of participating in the BSN Program.

BSN Managers have varying investment objectives, styles and strategies, and they may invest Client's Account in various types of securities, which will be chosen by the BSN Manager and which may include mutual funds, ETFs or other investment products affiliated with the manager or Baird. Certain managers offer strategies that exclusively invest in Investment Funds ("Fund Strategist Portfolios").

Client understands that Client is urged to review the BSN Manager's Form ADV Part 2A Brochure, which should contain additional important information about the BSN Manager, including information about the BSN Manager's strategies, the types of investments the BSN Manager may use for Client's Account, and the risks associated with investing in a BSN Strategy. Such brochures are available upon request.

If Client participates in the BSN Program, Client authorizes and directs Baird to appoint the BSN Manager selected by Client to serve as sub-adviser to Client's Account. Client also authorizes and directs the BSN Manager to manage Client's Account with full discretionary authority in accordance with the BSN Strategy selected by Client.

Certain BSN Strategies are only made available through the Overlay Manager. The BSN Strategies offered through the Overlay Manager consist of Manager-Traded Strategies and Model-Traded Strategies. If Client selects a BSN Strategy offered through the Overlay Manager for Client's Account, Client authorizes and directs Baird to appoint the Overlay Manager to serve as sub-adviser to Client's Account. If Client selects a Model-Traded Strategy offered through the Overlay Manager for Client's Account, Client authorizes and directs the Overlay Manager to manage Client's Account with full discretionary authority in accordance with the BSN Strategy selected by Client. If Client selects a Manager-Traded Strategy offered through the Overlay Manager for Client's Account, Client authorizes and directs the Overlay Manager to appoint the applicable BSN Manager as sub-adviser, and Client also authorizes and directs such BSN Manager to manage Client's Account with full discretionary authority in accordance with the BSN Strategy selected by Client.

If Client selects a Model-Traded Strategy offered through the Overlay Manager for Client's Account, the Overlay Manager will typically implement the Model Portfolio as proposed by the Model Provider. However, Client understands and agrees that the Overlay Manager has discretionary authority over Client's Account and that the Overlay Manager may implement the Model Portfolio differently than proposed by the Model Provider if the Overlay Manager determines such action to be necessary and in Client's best interest. Client further understands that Baird does not monitor or ascertain whether the Overlay Manager is fully and faithfully implementing the Model Portfolio on a continuous basis and that Client should periodically discuss the Account's performance with Client's Financial Advisor.

Client understands that certain managers of Model-Traded Strategies offered through the Overlay Manager have adopted trade rotation policies that allow them to send Model Portfolio updates to the Overlay Manager after they have implemented the Model Portfolio updates for client accounts managed by them or after they have otherwise completed trading for those accounts and that, as a result, the performance of Client's Account pursuing a Model Portfolio strategy offered by those Model Providers will differ, perhaps in a materially negative manner, from the performance of other client accounts managed by those Model Providers. For more information, see Section 7(c) of this Supplement.

If Client's Account is managed by an Other Manager under the BSN Program, Client understands, acknowledges and agrees that: Baird does not manage the Account and does not otherwise have any influence over the Other Manager's investment decisions or securities selections, and therefore, Baird is not responsible for the decisions made by the Other Manager; Baird does not provide any recommendation or investment advice regarding the purchase or sale of investment products made for Client's Account; and Baird and Client's Financial Advisor only provide Client with certain consulting services, which may include Client's Financial Advisor's assistance with determining Client's financial needs, investment goals and investment restrictions and periodically reviewing the manager's performance. Client further understands and agrees that Baird does not undertake

to provide any other consulting or investment advisory services under the BSN Program unless Baird agrees to do so in writing.

If Client participates in the BSN Program, Client is strongly encouraged to contact Client's Financial Advisor or BSN Manager on a periodic basis to discuss: the Account and its investment performance; the BSN Manager's investment philosophy and style (to determine if the BSN Strategy remains appropriate for Client); any potential conflicts of interest; and any investment restrictions Client may wish to impose or change. Client should also periodically check the registration status, disciplinary events and other information regarding the BSN Manager, described on the manager's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The BSN Strategies and BSN Managers made available under the BSN Program are subject to change or removal at any time in Baird's sole discretion. Under the terms of the BSN Program, Baird cannot appoint a replacement manager or otherwise manage Client's Account assets. Client understands and agrees that, given the terms of the BSN Program, upon the withdrawal or removal of an investment manager from the BSN Program, Client's BSN Program Account will be automatically removed from the BSN Program and the Account will become an unmanaged brokerage account, unless Client provides contrary instructions to Baird.

Important Information about the BSN Program. *Portfolios managed by 55I, LLC (d/b/a 55ip, "55ip") are made available under the BSN Program. 55ip uses research and other services from Riverfront, an affiliate of Baird, in the development of certain of those portfolios, and Riverfront receives compensation from 55ip with respect to those portfolios. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document.*

*The BSN Program is designed to accommodate a client who wishes to independently select an investment manager that is not available in the Baird Recommended Managers Program to manage the client's account. Client understands, acknowledges and agrees that: Client assumes ultimate responsibility for monitoring Client's BSN Program Account and the BSN Manager's performance; Client's appointment and continued retention of a BSN Manager to manage Client's Account are based ultimately upon Client's independent review of the BSN Manager and the BSN Manager's services; Client ultimately determines that the BSN Strategy to be used in managing Client's BSN Program Account is consistent with Client's stated investment objectives and financial needs and risk tolerance; and once retained by Client, a BSN Manager will only be removed from managing Client's BSN Program Account upon the manager's withdrawal, removal from the BSN Program, or Client's direction to do so. Client should carefully consider the foregoing when deciding to participate in the BSN Program and also consider whether another Advisory Program, such as the Baird Recommended Managers Program, may be more appropriate for Client.*

#### **(d) Dual Contract Program**

If Client participates in the DC Program, Client independently selects an investment manager to manage Client's Account with full discretionary authority according to a strategy selected by Client. Client understands that the DC Program is designed to accommodate a client who wishes to independently select an investment manager not available in the Baird Recommended Managers Program or BSN Program to manage the assets in the client's account.

Under the DC Program, Baird determines the investment managers (each, a "DC Manager") and their strategies ("DC Strategies") eligible to participate in the Program through a significantly less rigorous evaluation process compared to the Baird Recommended Managers Program further described in the Baird Brochure. However, Client understands, acknowledges and agrees that Baird does not make any recommendation to Client regarding any DC Strategy or any representations regarding a DC Manager's qualifications as an investment adviser or abilities to manage Client's assets.

Client understands, acknowledges and agrees that by participating in the DC Program, Client wishes to take more responsibility for monitoring Client's Account, the Baird Recommended Managers Program does not contain an SMA Strategy that meets Client's particular needs, and Client understands the risks of participating in the DC Program.

DC Managers have varying investment objectives, styles and strategies, and they may invest Client's Account in various types of securities, which will be chosen by the DC Manager and which may include mutual funds, ETFs or other investment products affiliated with the manager or Baird.

Client understands that Client is urged to review the DC Manager's Form ADV Part 2A Brochure, which should contain additional important information about the DC Manager, including information about the DC Manager's strategies, the types of investments the DC Manager may use for Client's Account, and the risks associated with investing in a DC Strategy. Such brochures are available upon request.

Under the DC Program, DC Managers are offered to Client through a dual contract arrangement, and Client will need to enter into a separate agreement with the DC Manager in addition to the advisory agreement that Client enters into with Baird. Client understands and agrees that, by participating in the DC Program, Client is solely responsible for negotiating Client's agreement with Client's DC Manager, and neither Baird nor its Financial Advisors will participate or advise Client regarding the terms of such an agreement, the advisability of entering into such an agreement, or the retention of Client's DC Manager.

If Client's Account is managed by an Other Manager under the DC Program, Client understands, acknowledges and agrees that: Baird does not manage the Account and does not otherwise have any influence over the Other Manager's investment decisions or securities selections, and therefore, Baird is not responsible for the decisions made by the Other Manager; Baird does not provide any recommendation or investment advice regarding the purchase or sale of investment products made for Client's Account; and Baird and Client's Financial Advisor only provide Client with certain consulting services, which may include Client's Financial Advisor's assistance with determining Client's financial needs, investment goals and investment restrictions and periodically reviewing the manager's performance. Client further understands and agrees that Baird does not undertake to provide any other consulting or investment advisory services under the DC Program unless Baird agrees to do so in writing.

If Client participates in the DC Program, Client is strongly encouraged to contact Client's Financial Advisor or DC Manager on a periodic basis to discuss: the Account and its investment performance; the DC Manager's investment philosophy and style (to determine if the DC Strategy remains appropriate for Client); any potential conflicts of interest; and any investment restrictions Client may wish to impose or

change. Client should also periodically check the registration status, disciplinary events and other information regarding the DC Manager, described on the manager's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The DC Strategies and DC Managers made available under the DC Program are subject to change or removal at any time in Baird's sole discretion. Under the terms of the DC Program, Baird cannot appoint a replacement manager or otherwise manage Client's Account assets. Client understands and agrees that, given the terms of the DC Program, upon the withdrawal or removal of an investment manager from the DC Program, Client's DC Program Account will be automatically removed from the DC Program and the Account will become an unmanaged brokerage account, unless Client provides contrary instructions to Baird.

Important Information about the DC Program. *Other investment management departments of Baird and managers affiliated with Baird are available to clients under the DC Program. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document.*

*The DC Program is designed to accommodate a client who wishes to independently select an investment manager that is not available in the Baird Recommended Managers Program or BSN Program to manage the client's account. Client understands, acknowledges and agrees that: Client assumes ultimate responsibility for monitoring Client's DC Program Account and the DC Manager's performance; Client's appointment and continued retention of a DC Manager to manage Client's Account are based ultimately upon Client's independent review of the DC Manager and the DC Manager's services; Client ultimately determines that the DC Strategy to be used in managing Client's DC Program Account is consistent with Client's stated investment objectives and financial needs and risk tolerance; and once retained by Client, a DC Manager will only be removed from managing Client's DC Program Account upon the manager's withdrawal, removal from the DC Program, or Client's direction to do so. Client should carefully consider the foregoing when deciding to participate in the DC Program and also consider whether another Advisory Program, such as the Baird Recommended Managers Program, may be more appropriate for Client.*

#### **(e) Other SMA Strategy Information**

Certain SMA Strategies are available through multiple Programs. The overall cost of an SMA Strategy and the types and levels of service provided to a client in connection with an SMA Strategy will vary depending upon the particular Program selected by Client. Client understands and agrees Client is solely responsible for selecting the Program in which Client's Account will participate.

## **5. UMA Programs**

### **(a) ALIGN UMA Select Portfolios Program**

If Client participates in the ALIGN UMA Select Portfolios Program, Client authorizes Baird and the Overlay Manager to manage Client's Account with full discretionary authority according to the proprietary model asset allocation strategy developed by Baird (each such model, an "ALIGN UMA Select Portfolio") that is selected by Client. The ALIGN UMA Select Portfolios Program offers model asset allocation portfolios that have different investment objectives and use different investment strategies. Each ALIGN UMA Select Portfolio provides for specific levels of investment across different asset classes, such as equity securities,

fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. Each Portfolio generally uses mutual funds, ETPs, primarily ETFs, and SMA Strategies in order to implement the model asset allocation strategy. The amount allocated to an asset class or type of investment varies by Portfolio, and some Portfolios may have little or no allocation to one or more asset classes or types of investments described above.

Client understands and agrees that: Baird constructs each ALIGN UMA Select Portfolio and adjusts the asset allocation of each ALIGN UMA Select Portfolio from time to time and that Baird also determines the mutual funds, ETPs, or SMA Strategies that are available in the ALIGN UMA Select Portfolios Program, including the percentage each investment comprises in each asset class within an ALIGN UMA Select Portfolio; Baird may remove mutual funds, ETPs, or SMA Strategies used in the ALIGN UMA Select Portfolios Program from time to time and replace them with other investment options; and Baird may make changes to an ALIGN UMA Select Portfolio from time to time as it deems appropriate and without providing prior notice to, or obtaining the consent of, Client.

The ALIGN UMA Select Portfolios Program makes available: (1) certain mutual funds and ETPs that Baird determines are eligible for the UMA Programs through an initial and ongoing evaluation process ("UMA Recommended Funds"), which may include Affiliated Funds, further described in the Baird Brochure; (2) certain BRM Strategies that Baird determines are eligible for the UMA Programs through an initial and ongoing evaluation process ("UMA Recommended SMA Strategies"), which may include Affiliated SMA Strategies; and (3) PWM-Managed Portfolios, all of which are further described in the Baird Brochure.

Investment managers participating in the ALIGN UMA Select Portfolios Program have varying investment objectives, styles and strategies, and they may invest Client's Account in various types of securities, which will be chosen by the investment manager and which may include mutual funds, ETFs or other investment products affiliated with the manager or Baird.

Client understands that Client is urged to review the investment manager's Form ADV Part 2A Brochure, which should contain additional important information about the investment manager, including information about the investment manager's strategies, the types of investments the investment manager may use for Client's Account, and the risks associated with investing in the investment manager's SMA Strategies. Such brochures are available upon request.

Baird has engaged the Overlay Manager to provide certain subadvisory services in connection with the ALIGN UMA Select Portfolios Program. The ALIGN UMA Select Portfolios Program makes both Manager-Traded Strategies and Model-Traded Strategies available to Client. If Client selects an ALIGN UMA Select Portfolio, Client authorizes and directs Baird to manage Client's Account with full discretionary authority in accordance with the ALIGN UMA Select Portfolio selected by Client. Client also authorizes and directs Baird to appoint the Overlay Manager to serve as sub-adviser to Client's Account and directs the Overlay Manager to manage Client's Account in accordance with the ALIGN UMA Select Portfolio selected by Client and the terms of the ALIGN UMA Select Program as described in this Supplement and the Baird Brochure. If an ALIGN UMA Select Portfolio contains a Model-Traded Strategy, Client authorizes and directs the Overlay Manager to manage such SMA Strategy within Client's Account with full discretionary authority in accordance with the SMA Strategy. If an

ALIGN UMA Select Portfolio contains a Manager-Traded Strategy, Client authorizes and directs the Overlay Manager to appoint the applicable investment manager as sub-advisor, and Client also authorizes and directs such investment manager to manage such SMA Strategy within Client's Account with full discretionary authority in accordance with the SMA Strategy.

If an ALIGN UMA Select Portfolio contains a Model-Traded Strategy, the Overlay Manager will typically implement the Model Portfolio as proposed by the Model Provider. However, Client understands and agrees that the Overlay Manager has discretionary authority over the applicable portion of Client's Account and that the Overlay Manager may implement the Model Portfolio differently than proposed by the Model Provider if the Overlay Manager determines such action to be necessary and in Client's best interest. Client further understands that Baird does not monitor or ascertain whether the Overlay Manager is fully and faithfully implementing the Model Portfolio on a continuous basis and that Client should periodically discuss the Account's performance with Client's Financial Advisor.

Client understands that certain managers of Model-Traded Strategies offered through the Overlay Manager have adopted trade rotation policies that allow them to send Model Portfolio updates to the Overlay Manager after they have implemented the Model Portfolio updates for client accounts managed by them or after they have otherwise completed trading for those accounts and that, as a result, the performance of Client's Account pursuing a Model Portfolio strategy offered by those Model Providers will differ, perhaps in a materially negative manner, from the performance of other client accounts managed by those Model Providers. For more information, see Section 7(c) of this Supplement.

If a portion of client's ALIGN UMA Select Portfolios Account is managed by an Other Manager, Client understands, acknowledges and agrees that: Baird does not manage such portion of the Account and does not otherwise have any influence over the Other Manager's investment decisions or securities selections, and therefore, Baird is not responsible for the decisions made by such Other Manager; and Baird does not provide any recommendation or, investment advice regarding the purchase or sale of investment products made for such portion of Client's Account.

By participating in the ALIGN UMA Select Program, Client gives the Overlay Manager and Baird the authority to replace investments in Client's Account, rebalance Client's Account assets to be consistent with Client's chosen asset allocation strategy, or engage in tax management strategies in certain circumstances. See Sections 11 and 13 of this Supplement for more information.

The Baird Brochure contains additional important information about the ALIGN UMA Select Portfolios, including the Portfolios' investment objectives and investment strategies and the risks associated with investing in those Portfolios. Client understands and acknowledges that Client should review the Baird Brochure before investing in an ALIGN UMA Select Portfolio.

Important Information about Affiliated Products. *Some of the investment services and products offered by Riverfront, and mutual funds offered by the Baird Funds, both of which are affiliated with Baird, have been selected by Baird for inclusion in certain ALIGN UMA Select Portfolios. By participating in the ALIGN UMA Select Portfolios Program, Client understands and agrees that: (a) Baird and its affiliates may receive higher aggregate compensation than if Client selected*

*investment managers, funds or other products not affiliated with Baird and thus Baird may have an incentive to offer such affiliated investment managers, funds or other products; (b) Baird offers other investment advisory programs that do not involve managers, funds or products affiliated with Baird, and Client may obtain additional information about them by contacting Client's Baird Financial Advisor; and (c) Client is free at any time to choose another investment option or participate in another investment advisory program offered by Baird that does not use investment managers, funds or products affiliated with Baird.*

#### **(b) Unified Advisory Select Portfolios Program**

If Client participates in the UAS Portfolios Program, Client authorizes Baird and the Overlay Manager to manage Client's Account on a non-discretionary basis according to the model asset allocation strategy selected by Client (each such model, a "UAS Portfolio"). UAS Portfolios involve the use of various different investment strategies because they are customized for each client. A UAS Portfolio provides Client with a customized level of investment across different asset classes, such as equity securities, fixed income securities, Non-Traditional Assets, Alternative Investment Products and cash. To implement the asset allocation strategy, Client selects the investments for the Account from among those mutual funds, ETPs, SMA Strategies and PWM-Managed Portfolios that Baird has determined are eligible for use in the Program.

The UAS Portfolios Program also makes available a discretionary management option, whereby Client grants discretionary investment authority over Client's UAS Program Account to Baird and a Financial Advisor who has been approved by Baird to manage client accounts in the UAS Portfolios Program (a "UAS Manager"). If Client selects that option, Client grants full discretionary authority and management of Client's Account to Baird and Client's UAS Manager. Client's UAS Manager will manage Client's Account on a discretionary basis according to the UAS Portfolio strategy selected by Client by investing Account assets in various mutual funds, ETPs, SMA Strategies and PWM-Managed Portfolios that Baird has determined are eligible for use in the Program.

The UAS Portfolios Program makes available two categories of mutual funds and ETPs: (1) UMA Recommended Funds, which may include Affiliated Funds, that Baird determines are eligible for the UMA Programs through an initial and ongoing evaluation process further described in the Baird Brochure; and (2) certain other mutual funds and ETPs ("UAS Available Funds") that Baird makes available under the UAS Program through a significantly less rigorous evaluation process compared to the UMA Recommended Funds further described in the Baird Brochure.

Similarly, the UAS Portfolios Program makes available two categories of SMA Strategies: (1) UMA Recommended SMA Strategies, which may include Affiliated SMA Strategies, that Baird determines are eligible for the UMA Programs through an initial and ongoing evaluation process further described in the Baird Brochure; and (2) certain SMA Strategies made available by certain managers ("UAS Available Managers") through the Overlay Manager that Baird makes available under the UAS Program through a significantly less rigorous evaluation process compared to the UMA Recommended SMA Strategies ("UAS Available SMA Strategies"), which may include Affiliated SMA Strategies, further described in the Baird Brochure.

If Client has not selected the discretionary management option of the UAS Program, Client understands and agrees that: (1) the UAS Available Funds and UAS Available SMA Strategies are made available to



accommodate a client who wishes to independently select investments that are not on a Baird recommended list for the client's account; (2) Baird does not make any recommendation Client regarding any UAS Available Fund or UAS Available SMA Strategy and Baird does not select any investments for Client's UAS Program Account; and (3) Baird does not make any representation to Client regarding any UAS Available Manager's qualifications as an investment adviser or abilities to manage Client's assets. If Client has selected the discretionary option of the UAS Program, Client understands and agrees that Client's UAS Manager may use UAS Available Funds and UAS Available SMA Strategies for Client's UAS Program Account if the UAS Manager believes such investments are consistent with Client's investment objectives, risk tolerance and in Client's best interest.

If Client retains discretion over Client's UAS Program Account, Client understands and agrees that Client should only select UAS Available Funds or UAS Available SMA Strategies if Client wishes to take more responsibility for managing and monitoring Client's UAS Program Account, the UMA Recommended Funds and UMA Recommended SMA Strategies do not meet Client's particular needs, and Client understands the risks of investing in those investment products.

Investment managers participating in the UAS Portfolios Program have varying investment objectives, styles and strategies, and they may invest Client's Account in various types of securities, which will be chosen by the investment manager and which may include mutual funds, ETFs or other investment products affiliated with the manager or Baird.

Client understands that Client is urged to review the investment manager's Form ADV Part 2A Brochure, which should contain additional important information about the investment manager, including information about the investment manager's strategies, the types of investments the investment manager may use for Client's Account, and the risks associated with investing in the investment manager's SMA Strategies. Such brochures are available upon request.

Baird has engaged the Overlay Manager to provide certain subadvisory services in connection with the UAS Select Portfolios Program. The UAS Portfolios Program makes both Manager-Traded Strategies and Model-Traded Strategies available to Client. If Client selects a UAS Portfolio, Client authorizes and directs Baird to manage Client's Account in accordance with the UAS Portfolio selected by Client and the terms of the UAS Program as described in this Supplement and the Baird Brochure. Client also authorizes and directs Baird to appoint the Overlay Manager to serve as sub-adviser to Client's Account and directs the Overlay Manager to manage Client's Account in accordance with the UAS Portfolio selected by Client and the terms of the UAS Program as described in this Supplement and the Baird Brochure. If a UAS Portfolio contains a Model-Traded Strategy, Client authorizes and directs the Overlay Manager to manage such SMA Strategy within Client's Account with full discretionary authority in accordance with the SMA Strategy. If a UAS Portfolio contains a Manager-Traded Strategy, Client authorizes and directs the Overlay Manager to appoint the applicable investment manager as sub-adviser, and Client also authorizes and directs such investment manager to manage such SMA Strategy within Client's Account with full discretionary authority in accordance with the SMA Strategy. If a UAS Portfolio contains a PWM-Managed Portfolio, Client authorizes and directs Baird to manage such PWM-Managed Portfolio within Client's Account with full discretionary authority in accordance with the PWM-Managed Portfolio.

If a UAS Portfolio contains a Model-Traded Strategy, the Overlay Manager will typically implement the Model Portfolio as proposed by the Model Provider. However, Client understands and agrees that the Overlay Manager has discretionary authority over the applicable portion of Client's Account and that the Overlay Manager may implement the Model Portfolio differently than proposed by the Model Provider if the Overlay Manager determines such action to be necessary and in Client's best interest. Client further understands that Baird does not monitor or ascertain whether the Overlay Manager is fully and faithfully implementing the Model Portfolio on a continuous basis and that Client should periodically discuss the Account's performance with Client's Financial Advisor.

Client understands that certain managers of Model-Traded Strategies offered through the Overlay Manager have adopted trade rotation policies that allow them to send Model Portfolio updates to the Overlay Manager after they have implemented the Model Portfolio updates for client accounts managed by them or after they have otherwise completed trading for those accounts and that, as a result, the performance of Client's Account pursuing a Model Portfolio strategy offered by those Model Providers will differ, perhaps in a materially negative manner, from the performance of other client accounts managed by those Model Providers. For more information, see Section 7(c) of this Supplement.

If a portion of client's UAS Program Account is managed by an Other Manager, Client understands, acknowledges and agrees that: Baird does not manage such portion of the Account and does not otherwise have any influence over the Other Manager's investment decisions or securities selections, and therefore, Baird is not responsible for the decisions made by the Other Manager; Baird does not provide any recommendation or investment advice regarding the purchase or sale of investment products made for such portion of Client's Account; and if Client has not selected the discretionary management option of the Program, Baird and Client's Financial Advisor only provide Client with certain consulting services, which may include Client's Financial Advisor's assistance with determining Client's financial needs, investment goals and investment restrictions and periodically reviewing the manager's performance. Client further understands and agrees that Baird does not undertake to provide any other consulting or investment advisory services under this Program unless Baird agrees to do so in writing.

If Client selects a UAS Available SMA Strategy, Client is strongly encouraged to contact Client's Financial Advisor or investment manager on a periodic basis to discuss: the Account and its investment performance; the investment manager's investment philosophy and style (to determine if the UAS Available SMA Strategy remains appropriate for Client); any potential conflicts of interest; and any investment restrictions Client may wish to impose or change. Client should also periodically check the registration status, disciplinary events and other information regarding the investment manager, described on the manager's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Client understands and agrees that: Baird constructs each PWM-Managed Portfolio and may make changes to a PWM-Managed Portfolio from time to time as it deems appropriate and without providing prior notice to, or obtaining the consent of, Client.

By participating in the UAS Portfolios Program, Client gives the Overlay Manager and Baird the authority to replace investments in Client's

Account, rebalance Client's Account assets to be consistent with Client's chosen asset allocation strategy, or engage in tax management strategies in certain circumstances. See Sections 11 and 13 of this Supplement for more information.

The Baird Brochure contains additional important information about the UAS Portfolios, including information about the investment objectives of certain investment options available in the UAS Portfolios Program and the risks associated with investing in UAS Portfolios. Client understands and acknowledges that Client should review the Baird Brochure before investing in a UAS Portfolio.

*Client understands, acknowledges and agrees that if Client has not selected the discretionary management option of the Program, Client retains discretionary authority over the selection of mutual funds, ETFs, SMA Strategies and PWM -Managed Portfolios for the Account. However, by selecting an SMA Strategy or PWM-Managed Portfolio, Client authorizes and directs Baird, the Overlay Manager and Client's investment manager, as applicable, to manage each SMA Strategy or PWM -Managed Portfolio portion of the Account with full discretionary authority in accordance with the SMA Strategy or PWM -Managed Portfolio selected by Client.*

If Client has selected the discretionary management option of the UAS Portfolios Program, Client understands and agrees that Baird may remove any UAS Manager or strategy from the UAS Portfolios Program at any time and transfer day-to-day management responsibility of Client's Account to another UAS Manager or Baird Financial Advisor at any time without providing prior notice to, or obtaining the consent of, Client.

Important Information about the UAS Portfolios Program. *Other investment management departments of Baird, and managers, mutual funds and ETFs affiliated with Baird are available to clients under the UAS Portfolios Program. This presents a conflict of interest. For more information, see the Client Relationship Booklet and Important Account Disclosures document.*

*If Client has not selected the discretionary management option of the UAS Program, Client understands, acknowledges and agree that: the UAS Available Funds and UAS Available SMA Strategies are made available to accommodate a client who wishes to independently select investments that are not on a Baird recommended list for the client's account; Client assumes ultimate responsibility for monitoring each UAS Available Fund and UAS Available SMA Strategy and the manager's performance; Client's selection and continued holding of a UAS Available Fund or a UAS Available SMA Strategy are based ultimately upon Client's independent review of such investment; Client ultimately determines that each UAS Available Fund and UAS Available SMA Strategy in Client's Account is consistent with Client's stated investment objectives and financial needs and risk tolerance; and once an investment is made by Client, the investment will only be removed from Client's Account upon the manager's withdrawal, removal of the investment from the Program, or Client's direction to do so. Client should carefully consider the foregoing when deciding to select a UAS Available Fund or UAS Available SMA Strategy or when deciding to participate in the UAS Program and also consider whether another mutual fund, ETF, SMA Strategy or Baird Program may be more appropriate for Client.*

### **(c) Other SMA Strategy Information**

Certain SMA Strategies are available through multiple Programs. The overall cost of an SMA Strategy and the types and levels of service provided to a client in connection with an SMA Strategy will vary depending upon the particular Program selected by Client. Client understands and agrees Client is solely responsible for selecting the Program in which Client's Account will participate.

## **6. Discretionary Authority**

### **(a) Investment Selection and Trading Authorization**

Client retains complete discretion over investment selection and trading decisions with respect to assets in Clients Non-Discretionary Program Accounts, and Baird will only execute transactions for such Accounts pursuant to Client's instruction or authorization.

If Client's Account participates in a Discretionary Program, Client hereby provides Baird and Client's Financial Advisor, as applicable, discretionary authority to manage the assets in Client's Account in accordance with the terms of the Advisory Program selected by Client.

If Client's Account participates in the Baird Recommended Managers Program, Client hereby provides Baird and Client's Financial Advisor discretionary authority to appoint investment managers to manage Client's Account and to terminate or replace investment managers for Client's Account for any reason without prior notice to Client. If Baird terminates an investment manager from management of Client's Baird Recommended Managers Program Account, Client hereby provides Baird discretionary authority to manage the assets in Client's Account until a replacement investment manager is selected or alternative arrangements are made for the management of Client's assets.

If Client's Account participates in an SMA Program, Client hereby provides the investment manager selected to manage Client's Account, which may include an Implementation Manager, discretionary authority to manage the assets in Client's Account in accordance with the terms of the SMA Program selected by Client.

If Client's Account participates in a UMA Program, Client hereby provides Baird, Client's UAS Manager, the Overlay Manager and Client's investment manager, as applicable, discretionary authority to manage the assets in Client's Account in accordance with the terms of the UMA Program selected by Client.

If Client grants discretionary authority over Client's Account to Baird, Client's Financial Advisor or Client's investment manager, Client hereby authorizes Baird, Client's Financial Advisor and Client's investment manager, as applicable, to manage Client's Account and to make investment decisions for Client's Account, with the authority to determine the amount, type and timing for buying, holding, exchanging, converting and selling securities and other assets for Client's Account, subject to the terms of the Advisory Program selected by Client. Client also hereby grants to Baird, Client's Financial Advisor and Client's investment manager, as applicable, complete and unlimited trading authorization and appoints them as Client's agents and attorneys-in-fact to manage the assets in Client's Account on Client's behalf, subject to the terms of the Advisory Program selected by Client. Pursuant to such authorization and powers of attorney, Baird, Client's Financial Advisor and Client's investment manager may, in their sole discretion and at Client's risk, purchase, sell, exchange, convert and otherwise trade the securities and other assets in Client's Account, as well as arrange for delivery and payment in connection

with the above, and act on Client's behalf in all matters necessary or incidental to the handling of Client's Account without prior notice to Client. Such trading authorizations and powers of attorney, whether granted to Baird, Client's Financial Advisor or Client's investment manager, shall remain in full force and effect until terminated by Client, Client's investment manager or Baird. This is a durable power-of-attorney, and if Client is an individual, the authorization granted herein shall not be affected by Client's subsequent disability or incompetence but shall terminate upon Baird's receipt of written notice of Client's death. If Baird or an investment manager act in good faith without actual knowledge of Client's death, any action so taken shall be binding upon Client's heirs, executors, administrators, personal representatives, successors, and assigns.

Client hereby authorizes Baird, as investment adviser and, if applicable, each investment manager of Client's Account to effect transactions in Client's Account through Baird, as broker-dealer, or through a broker-dealer unaffiliated with Baird. Such authorization permits Baird to trade as principal on orders received from Other Managers as described in Section 7(d)(iii) of this Supplement. Client understands that Baird does not have discretionary authority over the assets in Client's SMAs or UMAs that are managed by an Other Manager and cannot purchase or sell such assets without the consent of Client or such Other Manager. The investment manager for Client's SMAs or UMAs may initiate securities transactions through Baird, in its capacity as broker-dealer, as further described in Section 7(c) of this Supplement, subject to the manager's duty to seek to obtain best execution, or unless Client has provided other instructions in writing. Baird, as broker-dealer, will rely upon any such instructions of any investment managers selected to manage Client's Account.

If Client participates in an SMA or UMA Program, Client hereby authorizes Baird to share Client information with the Overlay Manager and any Other Manager or Implementation Manager managing Client's Account. Client also hereby authorizes and directs Baird to transmit to the Overlay Manager and any such Other Manager or Implementation Manager any instructions that Client may provide to Baird to the extent necessary to carry out Client's instructions.

Baird and investment managers managing Client Accounts, if any, are not obligated to effect any transaction for Client that they believe would violate any applicable state or federal law or any regulation of a governmental agency or a self-regulatory body of which they are a member.

Client and each Authorized Representative of Client, if any, represent, warrant, certify and agree that Client and each such Authorized Representative have the full power and authority and may lawfully provide authorization to Baird, as investment adviser, and if applicable, each investment manager of Client's Accounts, to effect transactions in Client's Accounts through Baird, as broker-dealer, or through a broker-dealer unaffiliated with Baird, as described in this Section.

#### **(b) Client Investment Restrictions**

The Discretionary, SMA and UMA Programs offer Client the ability to impose reasonable investment restrictions on the management of Client's Account, including the designation of particular securities or types of securities that should not be purchased for Client's Account, but Client understands that Client may not require that particular funds or securities (or types) be purchased for Client's Account. Client further understands that reasonable investment restrictions requested by

Client will apply only to those assets over which Baird or Client's investment manager has discretion.

Certain Advisory Programs offer Client a socially responsible investing ("SRI") service, which assists Client in restricting investments to those that are consistent with Client's social investment guidelines or objectives. If Client elects the SRI service, Client understands that Client will bear the cost of the SRI service as it is included in the Advisory Program Fee, unless otherwise stated on the applicable schedule to the Agreement.

In the event that Client's Account is restricted from investing in certain securities, Baird or Client's investment manager, as applicable, will select such other replacement securities, if any, as they deem appropriate. Client understands that an Account with investment restrictions may perform differently from accounts without restrictions and performance may be poorer, and, in the event there is a change in the classification or credit rating of a security held in Client's Account, Client's investment restrictions may force Baird or Client's investment manager to sell such security at an inopportune time, possibly negatively impacting Account performance and causing Client's Account to realize taxable gains or losses, which could be significant. Client also understands that, if Client's Account holds any investment vehicle (such as a mutual fund or ETF), any investment restrictions Client places on Client's Account may not flow through to the securities owned by that investment vehicle.

#### **(c) Affiliated Investment Products**

Client understands that Baird and its affiliates may use the discretionary authority granted to them by Client to invest Client's Accounts in investment products affiliated with Baird or that pay fees to Baird or to any of its affiliates for investment advisory or other services they provide ("affiliated investment products"). Baird, its affiliates, or a third party. Baird and its affiliates may receive fees or other compensation related to such investments made by Client.

Client hereby consents to Baird and its affiliates investing all or a portion of Client's Accounts in affiliated investment products. The amount of fees received by Baird and its affiliates is generally described in the prospectus or other offering or disclosure documents for the investment product. Additional information is also available on Baird's website at [bairdwealth.com/retailinvestor](http://bairdwealth.com/retailinvestor). Baird and its affiliates will use their discretionary authority to invest Client's Accounts in affiliated investment products when they determine it to be in Client's best interest to do so. Generally, the criteria used by them in deciding to invest in affiliated investment products are the same as those used in deciding to invest Client assets in investment products unaffiliated with Baird. For more information about the criteria used by Baird, Client should review the applicable Baird Brochure. For more information about the criteria used by Baird's affiliates, Client should review the affiliate's Form ADV Part 2A Brochure. Client may revoke the foregoing consent at any time by notifying Client's Baird Financial Advisor.

Client understands that Other Managers may use the discretionary authority granted to them by Client to invest Client's Account in investment products affiliated with the Other Manager or that pay fees to the Other Manager or to any of its affiliates for investment advisory or other services they provide.

Client hereby consents to each Other Manager managing Client's Account investing all or a portion of Client's Account in investment products that pay advisory or other fees to the Other Manager or its

affiliates. Client understands that each Other Manager is responsible for providing to Client information about the amount of fees received by the Other Manager and its affiliates and the criteria used by the Other Manager in deciding to invest in products affiliated with the Other Manager. Client should contact the Other Manager and review the Other Manager's Form ADV Part 2A Brochure for more information. Client may revoke the foregoing consent at any time by notifying Client's Baird Financial Advisor.

#### **(d) Investment Policy Statements**

Client understands and agrees that Baird and its associates will not review, monitor, accept or adhere to an investment policy statement or similar document that was not prepared by Baird, unless Baird otherwise specifically agrees to do so in writing. Adherence to any such investment policy statement or similar document is solely Client's responsibility.

#### **(e) Conversion, Exchange or Sale of Certain Investments**

By participating in an Advisory Program, Client authorizes Baird to convert or exchange any shares of a mutual fund or other Investment Fund held in Client's Account to a class of shares of the same fund, such as advisory class shares, institutional class shares, financial intermediary class shares, or another class of shares primarily designed for use in advisory programs (collectively "Advisory Class Shares"), to the extent made available by the mutual fund or other Investment Fund in accordance with policies established by Baird from time to time, including, without limitation the Mutual Fund Share Class Policy that is described in the Baird Brochure.

Client understands, acknowledges and agrees that Client may not hold Advisory Class Shares in a non-Advisory Account and that Client may not be able to hold certain Advisory Class Shares in an account held at another firm. Upon the termination of an Advisory Program for an Account or the closure of an Account for any reason, Client authorizes Baird to convert or exchange the Advisory Class Shares held in the Account to an appropriate non-Advisory Class Shares issued by the same fund, or, if an appropriate non-Advisory Class Shares is not available, Client authorizes Baird to redeem or sell such Advisory Class Shares.

## **7. Trading for Client Accounts**

#### **(a) Baird's Placement of Client Trade Orders**

Client understands and agrees that Baird will select the broker-dealers that will execute trade orders for Non-Discretionary Accounts and with respect to Accounts that are managed directly by Baird unless Client has provided instructions to Baird to the contrary. As investment adviser, Baird has an obligation to seek "best execution" of client trade orders. "Best execution" means that Baird must place client trade orders with those broker-dealers that Baird believes are capable of providing the best qualitative execution of client trade orders under the circumstances, taking into account the full range and quality of the services offered by the broker-dealer, including the value of the research provided (if any), the broker-dealer's execution capabilities, the cost of the trade, the broker-dealer's financial responsibility, and its responsiveness to Baird. Client understands and acknowledges that Baird's best execution obligation does not require Baird to solicit competitive bids for each transaction or to seek the lowest available cost of trade orders, so long as Baird reasonably believes that the broker-dealer selected can be reasonably expected to provide Client with the best qualitative execution under the circumstances. Client

understands and agrees that any commitment by Baird to provide Client with best execution does not impose any requirements upon Baird in addition to those that are imposed upon Baird under applicable law.

Because Client does not pay commissions to Baird when Baird, acting as broker-dealer, executes Client's trade orders, and because Client may incur commission costs in addition to the Advisory Program Fee if trade orders were to be executed by another broker-dealer firm, Client generally receives a cost advantage whenever Baird executes Client's transactions. For this reason, and given Baird's execution capabilities as broker-dealer, Baird expects that it will generally execute trade orders, as broker-dealer, for Client's Non-Discretionary Accounts and Client's Accounts that are directly managed by Baird.

However, in some instances, circumstances may arise that may require Baird, in compliance with its best execution obligations to Client, to place Client's trade order with a firm other than Baird. Client understands, acknowledges and agrees that if Baird places trade orders for Client's Accounts for execution by a firm other than Baird, and the other firm imposes a commission or equivalent fee on the trade (including a commission imbedded in the price of the investment), Client will incur trading costs in addition to the Advisory Program Fee.

Client understands and agrees that Baird may aggregate contemporaneous buy and sell orders for certain Client Accounts with orders for other client accounts as further described in the applicable Baird Brochure. Client also understands and agrees that because Baird is unable to buy or sell any security for Client's Non-Discretionary Accounts without Client's authorization, Baird generally does not aggregate or bunch trades for those Accounts with the same or similar trades for other client accounts. Client also understands and agrees that similar orders for Client and Baird's other clients will be placed and filled at different times, and that Client may buy or sell securities at prices that are different from the prices obtained by other clients who received the same or similar advice from Baird or Client's Financial Advisor.

#### **(b) Directed Brokerage Arrangements**

In some cases, Client may direct Baird to use a particular broker-dealer (a "Directed Broker-Dealer") for execution of Client's trade orders (a "directed brokerage arrangement"), and Baird may agree to the arrangement. This may occur when Client's Account is held at another broker-dealer firm and Client directs Baird to execute trades through such firm, or when Client's Retirement Account or other Account is maintained on a platform operated and managed by a third party unaffiliated with Baird and trades must be executed through that platform. Client understands and agrees that such arrangements are directed brokerage arrangements.

If Client instructs Baird to implement a directed brokerage arrangement, Client understands and agrees that Client is authorizing and instructing Baird to direct all trade orders for Client's Accounts to the Directed Broker-Dealer for execution. Client also understands and agrees that Baird shall have no responsibility for negotiating any directed brokerage arrangement, and that Baird is responsible solely for making reasonable efforts to follow Client's instruction to direct Client's trade orders to the Directed Broker-Dealer.

If Client instructs Baird to implement a directed brokerage arrangement, Client further understands and acknowledges that: Baird may be unable to achieve best execution for Client's transactions; any



costs related to the directed brokerage arrangement are not included in the Advisory Program Fee and that Client will be solely responsible for monitoring, evaluating and reviewing the arrangement with the Directed Broker-Dealer and paying any commissions or markups or markdowns or other costs imposed by the Directed Broker-Dealer; Baird generally will not aggregate Client's directed brokerage trade orders with orders for other Baird clients, and as a result, Client's transaction costs may be higher because Client will not benefit from any volume discounts or other reduced transaction costs that Baird may obtain for its other clients; Baird generally will not include such Client trade orders in its trade rotation process and that Baird will generally place Client's trade orders with the Directed Broker-Dealer after Baird completes its trading for other Baird client accounts; Client's trade orders will significantly bear the market price impact, if any, of those trades executed earlier in Baird's rotation; and, as a result, Client may receive a less favorable net price for the trade.

Client understands that if Client directs Baird to use a Directed Broker-Dealer, and if the Directed Broker-Dealer referred Client to Baird or if the Directed Broker-Dealer refers other clients to Baird in the future: Baird may benefit from Client's directed brokerage arrangement; because of these potential benefits, Baird may have an economic interest in having Client continue the directed brokerage arrangement; and the benefits Baird receives conflict with Client's interest in having Baird recommend that Client utilize another broker-dealer to execute some or all transactions for Client's Accounts.

In the event that Baird cannot place a trade order with the Directed Broker-Dealer due to circumstances beyond Baird's reasonable control, Baird shall not be responsible for directing such trade order to any other broker or dealer for trade execution under any circumstances, unless Client revokes in writing the directed brokerage arrangement.

A directed brokerage arrangement may be revoked at any time by providing written notice to Baird. Client should send notice of termination of the directed brokerage arrangement to Robert W. Baird & Co. Incorporated, Attention: Advisory Operations Department, 777 East Wisconsin Avenue, Milwaukee, Wisconsin, 53202. After a reasonable time following receipt of Client's written revocation of the directed brokerage arrangement and upon Baird's acknowledgement of such revocation, Baird shall seek to obtain execution for Client's trade orders in the manner described in Section 7(a) of this Supplement and Baird shall no longer direct trade orders for execution to the Directed Broker-Dealer. However, after Baird's acknowledgement of Client's revocation of the direction, Baird may send Client's trade orders to the Directed Broker-Dealer if Baird reasonably determines that the Directed Broker-Dealer is capable of providing best execution for the trade order.

If Client has a directed brokerage arrangement, Client and each Authorized Representative of Client, if any, represent, warrant, certify and agree that (i) Client and each such Authorized Representative have the full power and authority and may lawfully authorize and instruct Baird to direct all trade orders for Client's Accounts to the Directed Broker-Dealer for execution and (ii) the directed brokerage arrangement is in the best interests of Client and any related commission recapture or other benefits from the directed brokerage arrangement will be used solely for the benefit of Client. Client and each Authorized Representative of Client, if any, jointly and severally with all other Authorized Representatives of Client, hereby agree to indemnify, defend and hold harmless each Covered Baird Party to the

fullest extent permitted by applicable law and regulation from and against all losses, liabilities, costs, or expenses (including reasonable attorneys' fees) that a Covered Baird Party may incur directly or indirectly arising out of or relating to a Covered Baird Party's compliance with Client's or an Authorized Representative's instruction to direct the transactions for Client's Accounts to a Directed Broker-Dealer.

### **(c) Trading Practices of Investment Managers**

If Client's Account or a portion thereof is managed by an investment manager, Client understands and acknowledges that the investment manager may participate in other wrap fee programs sponsored by firms other than Baird or may manage institutional and other accounts not part of a wrap fee program. Client further understands and acknowledges that the investment manager may decide to aggregate all such client transactions into a block trade that is executed through one broker-dealer and that this practice may result in "trading away" from Baird, which is described below.

Client also understands that the investment manager may utilize a trade rotation process where one group of clients may have a transaction effected before or after another group of the investment manager's clients. Client also understands that an investment manager's trade rotation practices may at times result in a transaction being effected for Client's Account that occurs near or at the end of the investment manager's rotation and, in such event, that Client's trade orders will significantly bear the market price impact, if any, of those trades executed earlier in the investment manager's rotation, and, as a result, Client may receive a less favorable net price for the trade.

Client understands that certain Model Providers have adopted trade rotation policies that allow them to send Model Portfolio updates to the Overlay Manager after they have implemented the Model Portfolio updates for client accounts managed by them or after they have otherwise completed trading for those accounts. *Client further understands, acknowledges and agrees that: a list of Model Providers that have such trade rotation policies is available on Baird's website at [bairdwealth.com/retailinvestor](http://bairdwealth.com/retailinvestor); an Account pursuing a Model Portfolio strategy offered by those Model Providers will have trades executed for Client's Account at the end of the Model Provider's trade rotation on a regular and consistent basis; as a result, trade orders for such an Account will significantly bear the market price impact, if any, of those trades executed earlier in the Model Provider's rotation and the performance of the Account will differ, perhaps in a materially negative manner, from the performance of client accounts managed by the Model Provider; the performance of a Model Portfolio, as reported by the Model Provider, will differ, perhaps in a materially negative manner, from the actual performance realized by Client's Accounts pursuing the Model Portfolio strategy; Baird does not make or control any investment manager's trade rotation policies, and Baird does not monitor, evaluate or review any investment manager's compliance with the manager's trade rotation policies or whether such trade rotation policies result in inequitable performance of Client's Accounts; Client should also monitor the performance of an Account pursuing such a Model Portfolio strategy and compare that performance with the performance reported for the Model Portfolio by the Model Provider; and Client should discuss questions about Account performance or the Model Provider's trade rotation policy with Client's Financial Advisor.*

Because Client does not pay commissions to Baird when Baird, acting as broker-dealer, executes Client's trade orders, and because Client generally would incur trading costs in addition to the Advisory Program

Fee if trade orders were to be executed by another broker-dealer firm, Client generally receives a cost advantage whenever Baird executes Client's transactions. For this reason, and given Baird's execution capabilities as broker-dealer, investment managers may determine that placing trade orders for Client's Account with Baird is the most favorable option for Client. However, Client understands, acknowledges and agrees that investment managers may place Client's trade orders with a broker-dealer firm other than Baird if the manager determines that it must do so to comply with its best execution obligations. This practice is frequently referred to as "trading away" and these types of trades are frequently called "step out trades". Client's trade order so executed is then cleared and settled through Baird in what is frequently referred to as a "step in".

*Client understands, acknowledges and agrees that: if Client's investment manager places trade orders for Client's Account with a firm other than Baird, and the other firm imposes a commission or equivalent fee on the trade (including a commission imbedded in the price of the investment), Client will incur trading costs in addition to the Advisory Program Fee; Client's investment manager is solely responsible for ensuring that it complies with its best execution obligations to Client; Client will review the manager's trading for Client's Account; Baird does not monitor, review or evaluate whether the manager is complying with its best execution obligations to Client; and Client will review the manager's Form ADV Part 2A Brochure, inquire about the manager's trading practices, and consider that information carefully, before selecting a manager.*

Client understands that additional information about trading away is available in the applicable Baird Brochure and on Baird's website at [bairdwealth.com/retailinvestor](http://bairdwealth.com/retailinvestor) and that Client should contact Client's Baird Financial Advisor or manager if Client would like to obtain specific information about trade aways and the amount of commissions or other costs, if any, Client incurred in connection with step out trades.

Client understands, acknowledges and agrees that Baird may trade as principal on orders received from Other Managers in accordance with Section 7(d)(iii) of this Supplement.

#### **(d) Trade Execution Services Performed by Baird**

##### **(i) Trade Execution Generally**

If Baird provides trade execution services for Client's Account, Baird will generally act as agent when routing Client trade orders for execution. However, Client understands and agrees that Baird may cross trades between client accounts or may act as principal for its own account in certain circumstances to the extent permitted by applicable law and the Agreement.

For certain Discretionary, SMA and UMA Programs, Client has the option of receiving trade confirmations directly or having Baird send trade confirmations to Client's investment manager. Client may indicate Client's preference by selecting the preferred option in the applicable Advisory Account Schedule.

Client understands that certain securities, such as securities traded over-the-counter and fixed income securities, are primarily traded in dealer markets. When Baird purchases or sells these types of securities for Client's Accounts, it generally does so through broker-dealer firms acting as a dealer or principal. Dealers executing principal trades typically include a markup, markdown or spread in the net price at which transactions are executed. Client understands and agrees that Client bears such costs in addition to the Advisory Program Fee.

##### **(ii) Authorization for Agency Cross Transactions**

In certain circumstances and to the extent permitted by applicable law and regulation, Baird and its Financial Advisors may effect "agency cross" transactions with respect to Client's Accounts. An "agency cross" transaction is a transaction in which Baird or its affiliates act as broker for the party or parties on both sides of the transaction. As compensation for brokerage services, Baird may receive compensation from parties on both sides of an agency cross transaction, the amount of which may vary. Baird Financial Advisors may receive compensation from Baird related to agency cross transactions. Therefore, Baird and its Financial Advisors may have a conflicting division of loyalties and responsibilities. However, in all cases, Baird and its Financial Advisors will seek to obtain the best execution for each respective advisory client and will effect agency cross transactions only in accordance with the requirements of Rule 206(3)-2 under the Advisers Act. Furthermore, Baird will comply with additional regulations applicable to Retirement Accounts.

Client hereby authorizes Baird and its Financial Advisors to effect agency cross transactions through Baird with respect to Client's Accounts, to the extent permitted by applicable law and regulation, and consents to the compensation that Baird and its Financial Advisors may receive from such transactions.

**THIS AUTHORIZATION TO BAIRD AND ITS FINANCIAL ADVISORS TO EFFECT "AGENCY CROSS" TRANSACTIONS IS GIVEN PURSUANT TO RULE 206(3)-2 UNDER THE ADVISERS ACT AND MAY BE REVOKED AT ANY TIME BY CLIENT IN CLIENT'S SOLE DISCRETION BY NOTIFYING CLIENT'S BAIRD FINANCIAL ADVISOR IN WRITING.**

##### **(iii) Authorization for Principal Transactions**

Subject to the requirements of applicable law, Baird and its Financial Advisors may execute transactions for Client's Accounts while acting as principal for Baird's own account. Baird and its Financial Advisors act as principal when they sell a security from Baird's inventory to Client or they purchase a security from Client for Baird's inventory. Baird and its Financial Advisors also act as principal when they sell new issue securities to clients in offerings underwritten by Baird as further described below. Baird also acts as principal in riskless principal transactions. Baird and its Financial Advisors may commonly engage in principal trades with Client if Client participates in the Baird Advisory Choice Program.

Baird may realize profits from principal transactions with Client based on the difference between the price Baird paid for the security and the price at which Baird sold the security, which may include a markup, markdown or spread from the prevailing market price, an underwriting fee, selling dealer concession, or other incentive to execute the transaction. Baird Financial Advisors may receive compensation from Baird related to principal trades of securities underwritten by Baird. Any compensation received by Baird or a Financial Advisor in a principal transaction is in addition to the Advisory Program Fee paid by Client. Thus, in trading as principal with Client, Baird and its Financial Advisors will have potentially conflicting division of loyalties and responsibilities regarding their own interests and the interests of Client. This potential compensation may give Baird and its Financial Advisors an incentive to recommend a transaction in which Baird and its Financial Advisors act as principal over other transactions. Baird addresses this conflict through disclosure in this Agreement and the applicable Baird Brochure. Furthermore, Baird has adopted internal procedures that require Baird and its Financial Advisors, when acting in a principal

capacity, to disclose all material information regarding Baird's interest in the transaction, and obtain Client's approval of the transaction prior to settlement.

To the extent permitted by applicable law and regulation, if Client's Account participates in a Non-Discretionary Program or other non-discretionary service, or if the Account is managed by an Other Manager, Client hereby provides Baird and its Financial Advisors with a blanket authorization to act as principal for Baird's own account in selling any security to, or purchasing any security from, Client's Account. With this authorization, Baird and its Financial Advisors may effect any and all principal transactions with Client's Account without having to provide specific written disclosures or obtain written Client consent prior to completion of each proposed principal trade, subject to the requirements of an exemptive order issued by the SEC to Baird (Rel. No. IA-4596) and other applicable law and regulation. If the blanket authorization for Baird to trade as principal with Client's Account as provided herein is revoked or prohibited by applicable law or regulation, Baird will, prior to completion of each securities transaction in which Baird acts as principal, disclose that it is acting in such capacity and obtain Client's consent to such transaction.

**THIS AUTHORIZATION TO ENABLE BAIRD AND ITS FINANCIAL ADVISORS TO TRADE AS PRINCIPAL WITH CLIENT'S ACCOUNT MAY BE REVOKED AT ANY TIME BY CLIENT IN CLIENT'S SOLE DISCRETION BY NOTIFYING CLIENT'S BAIRD FINANCIAL ADVISOR IN WRITING.**

Baird may also act as principal in selling securities to Client's Accounts during offerings underwritten by Baird. In each such instance, Baird will provide certain disclosures about the transaction and obtain Client's consent to the trade.

Client and each Authorized Representative of Client, if any, represent, warrant, certify and agree that Client and each such Authorized Representative have the full power and authority and may lawfully provide authorization to Baird to effect "agency cross" transactions or principal transactions as described in this Section 7(d).

## 8. Complex Strategies and Complex Investment Products

Some Advisory Programs offer Client the ability to pursue Alternative Strategies or other Complex Strategies that involve special risks not apparent in more traditional investments like stocks and bonds. Complex Strategies may be pursued in multiple ways, including by investing in alternative mutual funds, ETFs, hedge funds, managed futures, private equity funds and SMAs managed by third party managers. Some Complex Strategies invest in Non-Traditional Assets, such as real estate, commodities (which may include metals, mining, energy and agricultural products), currencies, cryptocurrencies, movements in securities indices, credit spreads and interest rates, and venture capital and buyout investments in private companies. Some Complex Strategies engage in the use of margin or leverage or selling securities short ("short sales"). Some Complex Strategies invest in derivative instruments such as options, convertible securities, futures, swaps, or forward contracts. Complex Investment Products generally engage in one or more Complex Strategies.

Client understands that the use of Complex Strategies or Complex Investment Products is not appropriate for some clients because they involve special risks. Client further understands that Client should not engage in those strategies or invest in those products unless Client is prepared to experience significant losses in Client's Account. This is

especially true for short selling, which can result in unlimited losses as there is no limit to the amount borrowed securities can rise in value. Before using those types of strategies or products, Client is strongly urged to discuss the strategy with Client's Financial Advisor and any investment manager managing Client's Account and to carefully review the Agreement and *Important Account Disclosures*, which Client should have received when opening the Account. Additional information about Complex Strategies and Complex Investment Products is also available in the Baird Brochure and on Baird's website at [bairdwealth.com/retailinvestor](http://bairdwealth.com/retailinvestor).

Client understands, acknowledges and agrees that: Client assumes responsibility for engaging in Complex Strategies and investing in Complex Investment Products; if Client determines that Client no longer wants to engage in those strategies or invest in those products, Client is responsible for notifying Client's Financial Advisor and any investment manager managing Client's Account; and Baird is not responsible for any losses resulting from any Other Manager's failure or delay in implementing any such instructions.

Client understands that the use of Complex Strategies or Complex Investment Products has a unique impact upon the calculation of Client's asset-based Advisory Program Fee. See Section 16 of this Supplement for more information. Client further understands that Baird and Client's Financial Advisor may have a financial incentive to use or recommend Complex Strategies or Complex Investment Products or to increase or recommend the increase of margin loans. See the *Client Relationship Booklet* and *Important Account Disclosures* document for more information.

Client also understands, acknowledges and agrees that: as a creditor, Baird may have interests that are adverse to Client; neither Baird nor its Financial Advisors will act as investment adviser to Client with respect to the liquidation of securities held in an Account to meet a call on a margin loan; and any such sale of assets will be executed in Baird's capacity as broker-dealer and creditor and may, as permitted by law, result in executions on a principal basis.

## 9. Permitted Investments

Client understands and agrees that Client's Accounts participating in a Discretionary, Non-Discretionary or UMA Program may generally only hold investment products that Baird has selected for use in such Advisory Program ("Permitted Investments") and may not hold investments that are not permitted ("Unpermitted Investments"). Permitted Investments vary by Advisory Program. A list of Permitted Investments is available in the Baird Brochure for the applicable Advisory Program. Although Baird determines the Permitted Investments under those Advisory Programs, Client understands that the level of initial and ongoing evaluation, monitoring and review that Baird and its Financial Advisors perform on Permitted Investments varies and that investment products that Baird merely makes available to Client do not generally receive the same level of initial or ongoing evaluation, monitoring or review as those products that are included on a recommended list.

*Baird may add Permitted Investments or restrict client access to a Permitted Investment at any time in its sole discretion.*

Client understands and acknowledges that some of the Permitted Investments offered in connection with the Advisory Programs contain restrictions that limit their use, and such investments may be unavailable for purchase or holding outside of an Account. See Section

18 of the Agreement and Section 6(e) of this Supplement for more information.

## 10. Unsupervised Assets

Client understands and acknowledges that Baird, in its sole discretion, may accept a Client request to hold an asset in an Account that is not included in the investment advisory services provided by Baird or a Baird Financial Advisor or otherwise monitored, overseen or supervised by them (an “Unsupervised Asset”). For example, if Baird permits Client to hold an Unpermitted Investment in an Account, the asset is typically also considered an Unsupervised Asset. Baird, in its sole discretion, may also designate an asset that is otherwise a Permitted Investment as an Unsupervised Asset under certain circumstances, such as when Client acquires the asset in an unsolicited transaction, transfers the asset from an account held at another firm or Baird brokerage account, or continues to hold the asset against Baird’s or Client’s Financial Advisor’s recommendation. If Client holds an Unsupervised Asset in an Account, Client understands, acknowledges and agrees that: the Unsupervised Asset may not be included in performance reports provided to Client; Baird and Client’s Financial Advisor do not manage, provide investment advice, or otherwise act as an investment adviser with respect to the Unsupervised Asset, even if the Unsupervised Asset is included in account statements or performance reports provided to Client; Baird may impose additional fees upon Accounts holding Unsupervised Assets; and holding an Unsupervised Asset in an Account may increase the risk of trade errors, overinvestment, and negative Account performance.

## 11. Special Considerations for the Programs

### **(a) *ALIGN, BairdNext Portfolios, Russell, SMA and UMA Clients***

#### **(i) *Selection of Investment Options***

Baird solely determines the investment options made available to Client under the ALIGN, BairdNext Portfolios, Russell and UMA Programs. ALIGN, BairdNext Portfolios, Russell and UMA Program Accounts will generally be invested in mutual funds and ETPs, and, with respect to UMA Portfolios, SMA Strategies and PWM-Managed Portfolios. Client understands and agrees that if Baird has discretion over Client’s Account (or a portion thereof), Baird may invest such Account (or such portion of an Account over which Baird has discretion) in any investment product it deems appropriate for Client’s Accounts participating in those Programs.

#### **(ii) *Replacement of Investment Options***

From time to time, Baird may remove mutual funds, ETPs, SMA Strategies and PWM-Managed Portfolios, from the ALIGN, BairdNext Portfolios, Russell or UMA Programs, and Baird may replace them with other mutual funds, ETPs, or SMA Strategies or PWM-Managed Portfolios, as it deems appropriate. If Client’s Account participates in those Programs, Client authorizes Baird to replace any such investments in Client’s Account whenever Baird removes the investment option from those Programs. Baird may make such replacement in Client’s Account without providing prior notice to, or obtaining the consent of, Client.

### **(iii) *Asset Allocation Changes and Rebalancing***

If Client’s Account participates in an ALIGN Program, the BairdNext Portfolios Program, the Russell Program, or a UMA Program, Client authorizes Baird to rebalance Client’s Account assets to be consistent with Client’s chosen target asset allocation strategy at any time without prior notice to Client at such times and under such conditions as Baird, in its discretion, deems appropriate. Client understands and agrees: when Baird rebalances Client’s Account, all or only a portion of, the Account may be traded; the frequency and conditions under which Baird rebalances Client’s Account in a Program may change at any time in Baird’s discretion; and may be different from the frequency and conditions applicable to how Client’s Account is rebalanced in another Program.

If Client’s Account participates in the ALIGN Strategic Portfolios Program, the BairdNext Portfolios Program, the ALIGN UMA Select Portfolios Program, or the Russell Program, or to the extent Client’s UAS Portfolios Program Account includes a PWM-Managed Model, Client authorizes Baird to change the Account’s asset allocation for any reason, which may include, but shall not be limited to: updates made by Baird to the applicable model portfolio’s target asset allocations; or changes in market conditions, Baird’s opinion on the future performance of particular asset classes, or Client’s financial circumstances.

### **(iv) *Overlay Manager***

If Client’s Account participates in an ALIGN or UMA Program, Client understands and agrees that the asset allocation changes, rebalancing, and other changes described above may be performed or implemented by the Overlay Manager.

### **(b) *Third Party Information***

Client understands, acknowledges and agrees that, when providing services to Client, Baird and its Financial Advisors: rely on information provided by third parties and other external sources believed to be reliable, including, but not limited to, information provided by investment managers; they assume that all such information is accurate, complete and current; and they do not conduct an in-depth review of, or verify, such information, and they do not guarantee the accuracy of the information used.

## 12. Goal Management

Baird makes available to Client an optional goal management service (“Goal Management”). Goal Management provides Client the ability to set a single, overall investment objective for all or a portion of assets selected by Client with the flexibility of using multiple, eligible Advisory Accounts that may have different investment strategies or objectives. If Client elects to have Baird implement a plan of Goal Management (a “Goal Management Plan”) using two or more eligible Advisory Accounts (“Goal Management Accounts”), the Goal Management Accounts, taken together, will be managed or advised by Baird and Client’s Financial Advisor in such a way so as to seek to achieve a single, overall goal or investment objective (“Goal Management Objective”) chosen by Client. Each individual Account included in a Goal Management Plan will also be managed or advised by Baird and Client’s Financial Advisor in accordance with the terms of the applicable Advisory Program and any investment strategy or objective applicable to the Account. Client understands and acknowledges, to the extent consistent with the terms applicable to an Account included in a Goal Management Plan, each individual Account included in the Goal



Management Plan may be managed or advised in any manner believed by Baird or Client's Financial Advisor to be necessary or appropriate for the Goal Management Accounts, taken together, to seek to achieve the Goal Management Objective.

In certain circumstances, Baird may permit clients that are part of the same household to include their eligible Advisory Accounts in the same Goal Management Plan (a "Household Goal Management Plan"). Client understands, acknowledges and agrees that It is Client's sole responsibility to notify Baird that Client is part of a household so that Baird is aware of Client's eligibility for a Household Goal Management Plan, that It is also Client's sole responsibility to notify Baird whenever Client ceases to be part of a household if an Account is part of a Household Goal Management Plan, and that failure to do so could have a materially negative impact on applicable Accounts.

An Account will be removed from a Goal Management Plan: (1) upon request or consent of Client, (2) if the Account ceases to be an eligible Advisory Account, (3) in the event the Account is part of a Household Goal Management Plan, if Client notifies Baird that Client ceases to be a member of the applicable household, or (4) upon written notice from Baird that it is no longer able to manage the Account according to the Goal Management Plan.

Client understands, acknowledges and agrees that: given the nature of Goal Management, each Account enrolled in a Goal Management Plan may not be invested in a manner such that the individual Account alone would be able to achieve the Goal Management Objective; and it is likely that one or more Accounts included in a Goal Management Plan, taken alone, will be managed or advised differently and will be subject to greater or enhanced risks than would be the case if the Account alone had the same objective as the Goal Management Objective.

Client further understands, acknowledges and agrees, particularly if Client elects to include eligible Advisory Accounts in a Household Goal Management Plan, that: if an Account is removed from a Goal Management Plan for any reason, including if Client ceases to be a member of the same household, the Program and strategy for the Account removed from the Goal Management Plan will remain unchanged unless a change is requested by Client; further, the Account removed from the Goal Management Plan will not be allocated assets from other Accounts included in the Goal Management Plan unless Client and all other applicable clients, if any, consent and direct Baird to do so and then only to the extent permitted by applicable law; Baird will have no liability for implementing a Goal Management Plan as requested by Client; and Client will indemnify Baird and hold Baird harmless from and against all claims against Baird relating to Baird's implementation of a Goal Management Plan as requested by Client.

### 13. Tax Management

Many Programs and managers make available tax management strategies and services that are intended to reduce the negative impact of U.S. federal income taxes on an Account. Certain Programs and managers include tax management services as a default feature of the Program or the manager's services. Client understands and acknowledges that: Client is encouraged to discuss Client's tax management needs with Client's Baird Financial Advisor before enrolling the Account in a Program or selecting a manager; Client should understand the terms of the tax management services that will be implemented, including the associated limitations, risks and additional costs, if any, before enrolling an Account in a Program or

selecting a manager for that Account; and if Client wishes to opt an Account out of participation in a tax management service, Client should contact Client's Baird Financial Advisor.

Client further understands and acknowledges that: the offering and performance of tax management services to Client's Account does not constitute tax advice; Client is ultimately responsible for all tax-related consequences resulting from Client's decision to utilize tax management services; tax management services are provided solely based upon the direction and information provided by Client; and before enrolling in a tax management service, Client should consult Client's tax advisors about the tax consequences of doing so.

#### (a) Baird Tax Management Strategies

As a default feature of the ALIGN Strategic Portfolios, the ALIGN Custom Portfolios, the BairdNext Portfolios, the Russell Model Strategies and the UMA Programs, the Baird PWM Home Office implements certain tax management investment strategies described in the Baird Brochure ("Baird TM Strategies") for each non-Retirement Account enrolled in one of those Programs unless Client opts out by contacting Client's Baird Financial Advisor.

Certain Baird Financial Advisors also offer tax management investment strategies ("FA TM Strategies"), described in the Baird Brochure, to non-Retirement Accounts enrolled in Baird Financial Advisor-directed Programs, including the Advisory Choice, PIM, ALIGN Custom and UAS Programs. Client understands, acknowledges and agrees that: Client is encouraged to ask Client's Baird Financial Advisor if FA TM Strategies will be used if the Account is enrolled in a Program; PIM Managers and UAS Managers who offer FA TM Strategies will generally implement such strategies for Accounts they manage on a discretionary basis unless Client opts out by contacting Client's Baird Financial Advisor. The Baird PWM Home Office will assist with the implementation of the FA TM Strategies.

***Baird's tax management strategies are not intended to, and likely will not, eliminate Client's U.S. federal income tax obligations.*** Client understands that: like all investment strategies, there is no guarantee that the implementation of a tax management strategy will be successful; and Client's use of a tax management strategy may not actually lower Client's tax obligations or otherwise achieve Client's tax goals.

#### (b) Third Party Tax Management Services

The Overlay Manager offers an optional tax overlay service and an impact overlay service in connection with the UMA Programs. *Important information about the Overlay Manager's tax and impact overlay services is contained in the Overlay Manager's Form ADV Part 2A Brochure, which is available upon request. The Overlay Manager charges an additional fee for tax and impact overlay services.*

#### (c) Additional Important Information in the Brochure

*Client understands and acknowledges that additional important information about tax management services that are provided in connection with the Programs, including information about the terms and conditions, risks and additional costs, if any, is contained in the Baird Brochure.*

### 14. Custody Services

Each Advisory Program generally requires Client to custody Client's Account assets at Baird. Baird in its sole discretion may accept Held-

Away Assets into Client's Account, including assets that are held by another custodian (a "third party custodian"). If Client selects a third party custodian, Client understands and agrees that: Client does do at Client's risk; Client will pay a custody fee to the third party custodian in addition to the Advisory Program Fee; Baird may impose additional fees on Accounts with assets held by a third party custodian due to the increase in resources needed to administer those Accounts; such third party custody arrangements may limit the Advisory Programs and investments made available to Client; and Client may not receive performance review or reporting from Baird. If Client selects a third party custodian, Client authorizes Baird to give instructions to Client's custodian for all actions necessary or incidental to the purchase, sale, exchange, and delivery of securities held in Client's Account. Client should carefully review account statements provided by such custodian and compare them with any statements provided by Baird.

Client understands and agrees that Baird may utilize one or more subcustodians to provide for the custody of Client's assets in certain circumstances, including, without limitation to maintain custody of certain Client securities that are traded on foreign exchanges.

## 15. Certain Account Requirements

### **(a) Minimum Account Size**

Each Advisory Program has a minimum account size and may have a minimum Advisory Program Fee, which fee will be set forth in the applicable Advisory Account Schedule to the Agreement. Pursuant to Section 18 of the Agreement, Client understands and agrees that Baird may remove an Account from an Advisory Program and immediately terminate the Agreement and this Supplement with respect to an Advisory Account upon written notice to Client if Client fails to maintain the required minimum asset levels in an Account or if Client fails to otherwise abide by the terms of an Advisory Program as determined by Baird in its sole discretion.

### **(b) Account Contributions and Withdrawals**

Client may fund an Account with cash and with securities that Baird and Client's investment manager, if any, deem to be acceptable in their sole discretion. Client understands and acknowledges that funds deposited or transferred to Client's SMAs or UMAs from another Baird account and funds deposited or transferred to Client's SMAs or UMAs from outside of Baird will not be available for investment by Client's investment manager until the next business day and therefore the investment of such funds, at the discretion of the manager, will occur no earlier than the next business day.

When Client funds an Account with securities, including when Client changes Programs for an Account or changes investment managers for an Account within the same Program, Client understands that Baird's or Client's investment manager's review of securities used to fund the Account may delay investing. In addition, Client understands that Baird or Client's investment manager, if any, may determine that the securities contributed to the Account may not be appropriate for Client's strategy, and Baird or the investment manager, if any, may sell, or recommend the sale of, such securities. Further, Client understands that an investment manager may be removed from the management of Client's Account and a replacement investment manager may be appointed. In such event, Client understands, acknowledges and agrees that Baird, at the direction of Client's replacement manager, or Client's replacement manager may sell all or a portion of the securities or other investments in the Account that were managed by the prior

manager and the replacement manager will reinvest the cash proceeds of those sales. Any such sale could result in adverse tax consequences for Client. Client understands and agrees that securities transferred into an Account may be subject to the Advisory Program Fee immediately upon its transfer into the Account, even if Client paid a commission or front-end sales charge on the security prior to its transfer into the Account. In addition, if the securities are subject to deferred sales charges or redemption fees, Client agrees Client will be responsible for paying those charges and fees. Client understands and agrees that, to the extent permitted by applicable law, certain funding transactions may be handled by Baird on a principal basis and such transactions are not considered investment advisory services of Baird or Client's investment manager.

Client understands and agrees that if an asset transferred to an Account is an Unsupervised Asset under the terms of the applicable Advisory Program, Baird, Client's Financial Advisor or Client's investment manager may sell the asset or transfer it into a separate brokerage account. Alternatively, Client understands and agrees that they may designate such asset as an "Unsupervised Asset" as further described in Section 10 of this Supplement.

Client understands, acknowledges and agrees that Client is responsible for notifying Client's Financial Advisor and any investment manager managing Client's Account of any contributions made into the Account and instructing Client's Financial Advisor and any investment manager to liquidate positions in the event Client wishes to withdraw assets from the Account. Client understands and agrees that Baird and its Financial Advisors have no responsibility to invest cash deposits (other than complying with Client's cash sweep instructions) or liquidate positions with respect to an Account managed by an Other Manager, and they are not responsible for any losses that may result from Client's failure to notify Client's Financial Advisor and any investment manager managing Client's Account regarding deposits or withdrawals.

### **(c) Liens and Use of Account Assets as Collateral**

Client understands, acknowledges and agrees that, as security for the full and complete payment when due of any debts and other obligations that Client owes to Baird, all assets in Client's Accounts held at Baird are subject to a first priority security interest, lien and right of setoff in favor of Baird to the extent permitted applicable law or regulation. Client further understands, acknowledges and agrees that: Baird may sell assets in an Account to satisfy the lien; as a secured party, Baird may have interests that are adverse to Client; neither Baird nor its Financial Advisors will act as investment adviser to Client with respect to such sale of assets held in an Account; and any such sale of assets will be executed in Baird's capacity as broker-dealer and creditor and may, as permitted by law, result in executions on a principal basis. Client should refer to Section 4(c) of the Agreement for more information.

If Client wishes to obtain loans secured by assets in Client's Account and Baird agrees to the arrangement, Client understands and agrees that: the lender may exercise certain rights and powers over the assets in the Account, including the disposition and sale of any and all assets pledged as collateral for the loan to meet a collateral call, which may occur without prior notice to Client; and that a collateral call could have adverse tax consequences, disrupt Client's investment strategy, and have an adverse impact on the Account's performance. Client understands, acknowledges and agrees that: Baird and its associates will not provide advice on or oversee a collateral arrangement; they will not act as investment adviser or fiduciary to Client with respect to the

liquidation of securities held in Client's Account to meet a collateral call; and any such liquidation will be executed in Baird's capacity as broker-dealer and may, as permitted by law, result in executions on a principal basis.

## 16. Fees and Compensation

### *(a) Calculation and Payment of Advisory Program Fees*

Client agrees to pay all Advisory Program Fees and other charges relating to Client's Accounts for any services that Baird provides to Client, including, without limitation, fees and expenses described in Section 11 of the Agreement and Section 16(b) of this Supplement.

The Advisory Account Schedule or other fee schedule for an Advisory Account sets forth the actual Advisory Program Fee that Client will pay to Baird. In most instances, Client will pay Baird an ongoing Advisory Program Fee based upon the value of assets in Client's Advisory Accounts (an "asset-based fee"). An asset-based fee is calculated by applying the applicable fee rate to the value of all of the assets in the applicable advisory accounts. If Client's Advisory Account is subject to an asset-based Advisory Program Fee, Client understands and agrees that Baird will calculate the Advisory Program Fee by applying the applicable fee rate to the value of all of the assets in Client's Accounts, including cash and its equivalent and including all Held-Away Assets. Liabilities held in Client's Accounts, including the value of margin debit balances, open short sale positions and open options positions with a negative market value will be excluded from the calculation of Client's Advisory Program Fee. Client further understands and agrees the value of cash balances held in Client's Account will be excluded from the calculation of Client's Advisory Program Fees in an amount equal to the value of any open short sale positions and options positions with a negative market value held in Client's Margin Account.

If requested by Client and approved by Baird, an Advisory Program Fee may be determined by also including the aggregate value of assets in certain other Advisory accounts held by Client and certain members of Client's household or family (a "household fee arrangement"). The terms of any such household fee arrangement will be set forth in the Advisory Account Schedules accompanying the Agreement or otherwise transmitted to Client.

Client understands and agrees that: it is Client's sole responsibility to inform Client's Financial Advisor that Client's household or family has two or more Advisory Accounts that are eligible for a household fee arrangement, and Baird and its Financial Advisors do not perform an independent analysis or determination as to whether any Client Accounts are eligible for a household fee arrangement. By agreeing to a household fee arrangement, each Client subject to such household fee arrangement consents to Baird providing to each other client subject to such household fee arrangement, in Baird's sole discretion, information about the aggregate level, or range, of household assets used for fee calculation purposes. As a result, each such Client understands and acknowledges that the other clients included in the household fee arrangement may be able to ascertain the amount of Client's assets at Baird.

Client understands and agrees that for purposes of calculating Client's asset-based Advisory Program Fee, the value of Client's assets will be determined by Baird. Baird generally relies upon third party sources, such as third party pricing services when valuing Account assets. In some instances, such as when Baird is unable to obtain a price for an asset from a pricing service, Baird may obtain a price from its trading

desk or it may elect to not price the asset. Obtaining a price from its trading desk may present a conflict of interest. In some cases, Baird obtains prices from the issuers or sponsors of investment products in Client's Account when prices are not otherwise readily available. This frequently occurs with respect to the valuation of annuities, Complex Investment Products, community bank stocks and private funds. If the assets in Client's Account are held by a custodian other than Baird, Baird may also use valuation information provided by Client's third party custodian in determining the value of the assets in Client's Account.

Client understands, acknowledges and agrees that: Baird does not conduct a review of valuation information provided by third party pricing services, issuers, sponsors, or custodians, and it does not verify or guarantee the accuracy of such information; Baird does not accept responsibility for valuations provided by third parties that are inaccurate unless Baird has a reason to believe that the source of such valuations is unreliable; valuation data for investments, particularly annuities, Complex Investment Products, community bank stocks and private funds, may not be provided to Baird in a timely manner, resulting in valuations that are not current; and the prices obtained by Baird from third party pricing services, issuers, sponsors and custodians may differ from prices that could be obtained from other sources.

Client understands, acknowledges and agrees that: values used for fee-calculation purposes may vary from prices received in actual transactions and are not firm bids, offers or guarantees of any type with respect to the value of assets in an Account; and the Advisory Program Fee for some securities may be calculated based on values that are greater than the amount Client would receive if the securities were actually sold from Client's Account.

If Client maintains a debit balance in Client's Margin Account with Baird, Client understands and agrees that such balance has no bearing on the asset-based Advisory Program Fees charged on Client's Advisory Account. In other words, the margin balance (i.e., the outstanding amounts of the margin loan Client owes to Baird) in Client's Account will not be applied to reduce Client's billable Account value in calculating the Advisory Program Fee.

Client agrees to pay the Advisory Program Fees for an Advisory Account in accordance with the terms indicated on the applicable Advisory Account Schedule or other fee schedule. Unless otherwise stated on the applicable Advisory Account Schedule, Client's Advisory Program Fees shall be payable on a calendar quarterly basis, in advance. The initial billing period shall begin when the Agreement is accepted by Baird with respect to the Advisory Account and the Advisory Account is opened by Baird (the "Opening Date"). The initial Advisory Program Fee payment shall be adjusted for the number of days remaining in the then current quarter. The initial Advisory Program Fee will be based on the value of assets in Client's Account on the Opening Date. The period which such payment covers shall run from the Opening Date through the last business day of the then current calendar quarterly billing period. Thereafter, the quarterly Advisory Program Fees shall be calculated based upon the Account's asset value on the last business day of the prior calendar quarter and shall become payable on the first business day of the then current calendar quarter.

Client understands and agrees that the Advisory Program Fees and other charges for an Account will be automatically deducted from Client's Account, unless Client requests, and Baird agrees, to an alternate arrangement, such as having Baird issue Client an invoice for

the Advisory Program Fees (“direct billing”). Client understands and agrees that Client’s Advisory Program Fees and other charges relating to Client’s Account may be satisfied from free credit balances and other assets in Client’s Account as further described in Section 11 of the Agreement. If free credit balances in Client’s Account are insufficient to pay the Advisory Program Fees or other charges when due, Client authorizes Baird and any investment manager managing Client’s Account to sell investments from Client’s Account to the extent they deem necessary and appropriate, in their sole discretion, to pay Client’s Advisory Program Fees and other charges.

If Client’s Account is subject to direct billing, Client agrees to pay each bill within 30 days of the date of the invoice. Client agrees that Baird may automatically deduct Client’s Advisory Program Fees and other charges from Client’s Account as described above in the event that Baird does not receive payment from Client within 30 days of the date of the invoice. Client further agrees that Baird may rescind a direct billing arrangement with Client at any time and understands that direct billing may not be available for Retirement Accounts.

To the extent permitted by applicable law, Client agrees that Baird may modify Client’s existing fees and other charges or add additional fees or charges by providing Client with 30 days’ prior written notice.

If either Baird or Client terminates the Agreement, this Supplement or Client’s participation in an Advisory Program, a pro-rated refund from the date of termination through the end of the applicable billing period will generally be made to Client in Client’s affected Accounts. Client understands and agrees that Baird will not implement a decrease in Client’s fee rate during a billing period or otherwise reimburse or adjust Advisory Program Fees during any such period for asset value appreciation or depreciation in Client’s Account during such period. For example, if Client’s Account is subject to a tiered or breakpoint fee schedule and the asset levels of the Account move into a new tier or cross a breakpoint during such period, no rebate or fee adjustment will be made. However, Client understands and agrees that Baird, in its sole discretion, may make fee adjustments in response to asset fluctuations in Client’s Account occurring during a billing period that result from contributions to, or withdrawals from, Client’s Account.

Client understands that each Advisory Program may have a minimum asset value in order to open an Account, and a minimum fee may be assessed against Client’s Account. Client agrees to pay any such minimum fee set forth in the applicable Advisory Account Schedule or other fee schedule accompanying the Agreement or otherwise transmitted to Client. Baird may waive any such minimum fee at its discretion. Client understands and agrees that the minimum fee is subject to change upon notice to Client.

## **(b) Other Fees and Expenses**

### **(i) Cost and Expense Information for Certain Investment Products**

Certain investment products in which Client invests, such as mutual funds and other Investment Funds, annuities and other products, have their own ongoing management and other operating fees and expenses that are deducted from the assets of the product (or income or gains generated by the product on its investments) and thus reduce the value or return of Client’s investment in the product. These fees and expenses may include investment management fees, distribution (12b-1) fees, shareholder servicing fees, transfer agency fees, networking fees, accounting fees, marketing support payments,

administration fees, custody fees, expense reimbursements, and expenses associated with executing securities transactions for the investment product’s portfolio (“ongoing operating expenses”). These ongoing operating expenses are separate from, and in addition to, the Advisory Program Fees. As a result of making investments in these types of products, Client understands that Client is paying multiple layers of fees and expenses on the amount of Client’s assets so invested—the ongoing operating expenses and the Advisory Program Fee. Client should review the prospectus or other applicable offering documents for each investment product in which Client invests for further information.

### **(ii) Additional Account Fees and Charges**

Client agrees that Client is also responsible for all applicable Account fees and service charges Baird may impose in connection with the Agreement or Client’s other agreements with Baird. A schedule of fees and service charges is available on Baird’s website at [bairdwealth.com/retailinvestor](http://bairdwealth.com/retailinvestor).

### **(iii) Other Fees and Charges**

In addition to the Advisory Program Fee described above, Client will incur other fees and expenses. Client understands and agrees that Client is responsible for bearing or paying, in addition to the Advisory Program Fee, the costs of all:

- markups, markdowns, and spreads charged by Baird in a principal transaction with Client or charged by other broker-dealers that buy securities from, or sell securities to, Client’s Account (such costs are inherently reflected in the price Client pays or receives for such securities);
- front-end or deferred sales charges, redemption fees, or other commissions or charges associated with securities transferred into or from an Account;
- redemption fees, surrender charges or similar fees that the investment product, annuity or its sponsor may impose;
- underwriting discounts, dealer concessions or similar fees related to the public offering of investment products;
- extra or special fees or expenses that may result from the execution of odd lot trade orders (i.e., “odd-lot differential”);
- electronic fund fees, wire transfer fees, fees for transferring an investment between firms, and similar fees or expenses related to account transfers (including any such fees imposed by Baird);
- currency conversions and transactions;
- securities conversions, including, without limitation, the conversion of ADRs to or from foreign ordinary shares;
- interest, fees and other costs related to margin accounts, short sales and options trades;
- fees related to the establishment, administration or termination of Retirement Accounts, retirement or profit sharing plans, trusts or any other legal entity, including, without limitation, the calculation and payment of unrelated business income tax (“UBIT”);
- fees imposed by the SEC or securities markets, including transaction fees imposed by electronic trading platforms, which



fees may be imbedded in the price Client receives for the security; and

- taxes imposed upon or resulting from transactions effected for Client's Account, such as income, transfer or transaction taxes, foreign stamp duties, or any other costs or fees mandated by law or regulation.

If Client uses a custodian other than, or in addition to, Baird, Client understands that Client will pay the custodian's fees and expenses in addition to the Advisory Program Fee. In addition, Client understands and agrees that if a third party custodian has custody of Client's Account assets, the Account is subject to any applicable set-up, maintenance and administrative fees established by Baird. Baird may waive such fees in its discretion.

In addition to the Advisory Program Fee, Client understands that Client will be responsible for paying the fees charged by each DC Manager selected by Client under the Dual Contract Program. If Baird is the custodian of Client's DC Program Account, Client authorizes and directs Baird, as Client's custodian, to pay out of such Account the fee invoices sent by Client's DC Manager. Client understands and agrees that: (i) Client is ultimately responsible for the payment of such fees and for ensuring sufficient funds are in Client's Account to pay such fees; and (ii) Baird is not responsible for verifying the calculation or accuracy of any such invoice or fee or for paying any such invoice if there are insufficient funds in Client's Account.

Client understands that Client may also be assessed other trading costs in addition to the Advisory Program Fee if Client's trades are executed through another firm as described in Section 7 of this Supplement.

If Client holds an Unsupervised Asset in an Advisory Account, Client agrees that Client may be charged a commission, markup or markdown in connection with its purchase or sale. The cash proceeds from the sale of an Unsupervised Asset that remain in the Account are considered Permitted Investments subject to the asset-based Advisory Program Fee. If an asset becomes an Unsupervised Asset during a quarterly billing period, Client acknowledges and agrees that such Unsupervised Asset will be excluded for purposes of determining the asset-based Advisory Program Fee beginning at the start of the next quarterly billing period, and no portion of the asset-based Advisory Program Fee paid by Client in advance for the quarter will be refunded or rebated to Client. Additionally, Client understands and agrees that Unsupervised Assets in an Account are subject to any applicable set-up, maintenance and administrative fees established by Baird. Baird may waive such fees in its discretion.

## 17. Proxy Voting and Other Legal Matters

Client retains the right to vote proxies with respect to the securities held in any Baird Advisory Choice Account and with respect to any other Account over which Client retains discretionary investment authority. Accordingly, Client understands and acknowledges that Client is responsible for voting proxies and otherwise addressing all matters submitted for consideration by security holders, and Baird is under no obligation to take any action or render any advice regarding such matters.

If Client's Account is enrolled in the ALIGN UMA Select Portfolios Program or UAS Portfolios Program, Client delegates the right to vote proxies to the Overlay Manager unless Client elects otherwise on the applicable Advisory Account Schedule.

If Client's Account is enrolled in the Baird Affiliated Managers Program, Baird Recommended Managers Program, Baird SMA Network Program or Dual Contract Program, Client delegates the right to vote proxies to the investment manager selected to manage Client's Account (which may include Baird, the Overlay Manager or an Implementation Manager) unless Client elects otherwise on the applicable Advisory Account Schedule; provided that, if Client has a dual contract arrangement under the Dual Contract Program, Client retains proxy voting authority unless Client's agreement with the manager managing Client's Account states otherwise.

Under the ALIGN Custom Portfolios Program, ALIGN Strategic Portfolios Program, BairdNext Portfolios Program, PIM Program, and Russell Program, Client delegates the right to vote proxies to Baird unless Client elects otherwise on the applicable Advisory Account Schedule. If Client delegates voting authority to Baird, Baird will vote proxies solicited by, or with respect to, securities held in Client's Account for the exclusive benefit of Client and in accordance with policies and procedures adopted by Baird. Client has the right at any time upon written notice to Client's Baird Financial Advisor to revoke the delegation of proxy voting authority to Baird.

Except to the extent Client has delegated proxy voting authority to Baird, Client understands and agrees that Baird has no authority, direct or implicit, and accepts no responsibility for taking any action or rendering any advice with respect to the voting of proxies related to securities held in Client's Accounts.

If Baird votes Client's proxies, Baird, at Client's request, will provide a report to Client, and if applicable, to Client's Authorized Representatives, detailing how Client's proxies have been voted.

If Client elects to have Baird vote proxies for Client, Client understands and agrees that Baird is responsible for voting those proxies it receives and shall have no liability for failure to vote a proxy on Client's behalf in the event that Baird does not timely receive such proxy.

## 18. Additional Terms Applicable to Retirement Accounts

Each Retirement Account Fiduciary of Client understands and acknowledges that ERISA and the IRC and the regulations promulgated thereunder impose specific conditions on the execution of transactions with affiliated persons, principal transactions, or agency cross transactions. These restrictions may affect the Advisory Services and the Brokerage Services provided by Baird to a Retirement Account.

Each Retirement Account Fiduciary of Client understands that Baird may invest for Client, or recommend that Client invest in, affiliated investment products described in Section 6(c) of this Supplement and that Baird and its affiliates may receive fees or other compensation related to such investments made by Client. Each Retirement Account Fiduciary of Client acknowledges and agrees that when Baird invests with discretion the assets of a Retirement Account in an affiliated investment product that pays investment advisory fees to Baird or any of its affiliates, including in connection with any cash sweep services, Baird and its affiliates may receive such investment advisory fees in accordance with the terms of Department of Labor ("DOL") Prohibited Transaction Exemption ("PTE") 77-4, and, as required thereby, Baird will waive its asset-based Advisory Program Fees under this Supplement on that portion of the assets invested in the affiliated investment product for such period of time so invested or Baird will offset the investment advisory fees received by Baird or any of its affiliates from the affiliated investment product against the asset-

based Advisory Program Fees that Baird charges to Client under this Supplement. For the purpose of complying with the terms of DOL PTE 77-4, Client and each Retirement Account Fiduciary of Client hereby acknowledge and agree that: (i) the investment in affiliated investment products for the Account is appropriate because of, among other things, the investment goals, redeemability, liquidity, and diversification of those products; (ii) subject to the terms of the applicable Advisory Program, all assets of the Account may be invested in one or more of the affiliated investment products; (iii) Client and such Retirement Account Fiduciary received prospectuses or other offering or disclosure documents for the affiliated investment products that may be used in connection with the Account, each of which include a summary of all fees that may be paid by the affiliated investment products to Baird or its affiliates; and (iv) Client received information concerning the nature and extent of any differential between the rate of such affiliated investment product fees and the Advisory Program Fees payable by Client to Baird hereunder. The differential between the Advisory Program Fees to be charged by Baird for the investment advisory services it provides to Client pursuant to this Supplement and, if applicable, the investment advisory and other similar fees paid by the affiliated investment product to Baird or its affiliates with respect to the services Baird or any of its affiliates provides to the affiliated investment product is the difference between the Advisory Program Fees disclosed on the applicable Advisory Account Schedule or fee schedule and the applicable investment management, investment advisory and other similar fees detailed in the applicable prospectus or other offering or disclosure documents for the affiliated investment product. On the basis of the prospectuses or other offering or disclosure documents provided to Client, and the disclosures contained in this Supplement and the applicable Baird Brochure, Client consents to and directs the investment of the assets of the Account in the affiliated investment products and redemptions therefrom.

If Client's Account is a Retirement Account and if Baird is directed to implement a directed brokerage arrangement for the Account, each Retirement Account Fiduciary of Client understands that the directed brokerage arrangement must be for the exclusive benefit of participants and beneficiaries of the Retirement Account and acknowledges a duty to adhere to the fiduciary responsibilities discussed in ERISA Technical Bulletin 86-1. Each Retirement Account Fiduciary hereby represents and warrants that the Fiduciary will comply with all fiduciary obligations imposed by applicable law and regulation, including, without limitation, ERISA and the IRC and all guidance issued thereunder. Each Retirement Account Fiduciary also represents and warrants that such Fiduciary will comply with all fiduciary responsibilities discussed in ERISA Technical Bulletin 86-1, including, without limitation, the duty to make an initial determination that the Directed Broker-Dealer is capable of providing best execution for Client's brokerage transactions, the duty to monitor the services provided by the Directed Broker-Dealer so as to assure that Client has received best execution of Client's brokerage transactions, and the duty to determine that the commissions paid by Client and any other fees or costs incurred by Client are reasonable in relation to the value of the brokerage and other services received by Client. Client and each Retirement Account Fiduciary of Client understand, acknowledge and agree that Client and Client's Retirement Account Fiduciaries are solely responsible for engaging a Directed Broker-Dealer, monitoring its performance and terminating a directed brokerage arrangement, and that Baird is not responsible for determining whether a Directed Broker-Dealer is capable of providing best execution.

*If Client's Account is a Retirement Account and if Client has selected an investment manager or product affiliated with Baird (such as the use of services or products offered by Baird Advisors, Baird Equity Asset Management, CCM, Baird Trust, GAMMA, Greenhouse, Riverfront, Strategas or any Investment Fund affiliated with any of them), each Retirement Account Fiduciary of Client understands and agrees that in making such selection: (a) Baird and its affiliates may receive higher aggregate compensation than if Client selected investment managers, funds or other products not affiliated with Baird and thus Baird may have an incentive to offer such affiliated investment managers, funds or other products; (b) Baird makes available to Client investment managers, funds and products not affiliated with Baird and Client may obtain additional information about such unaffiliated investment managers, funds or products at any time by contacting Client's Baird Financial Advisor; and (c) Client is free to choose another investment option or participate in another Baird advisory program that does not use investment managers, funds or products affiliated with Baird at any time by contacting Client's Baird Financial Advisor.*