Brown Associates, Inc. June 30, 2020

Regulation Best Interest Disclosure – Discount Brokerage

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that Brown Associates, Inc. (“Brown”) is registered with FINRA and the Securities and Exchange Commission as a broker-dealer and is also a member of the Municipal Securities Rulemaking Board (MSRB). Garth & Brown Investment Management, LLC (“GBIM”) is separately registered as an investment adviser. Brown and GBIM are affiliated through common ownership. Our discount brokerage services are the primary focus of this guide. Separate disclosures are available regarding alternative investments; and investment advisory services offered through GBIM. In addition, our Form CRS contains important information about the types of brokerage services we offer, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information. Form CRS is available on our website at http://www.brownassoc.com/.

Brokerage services

Discount Brokerage Services

We offer discount brokerage services to retail investors. Within discount brokerage services, we do not provide investment recommendations. You may buy and sell equities, ETF’s, mutual fund, bonds and other securities, but you are responsible for making your own investment decisions. We do not provide investment recommendations or monitor accounts. We do not offer all types of securities, but limit investment choices to exchange traded products and mutual funds. There is no minimum account size for opening an account; however, if you don’t fund the account within 60 days, the account will be closed.

When you establish a brokerage account with us, you have the ability to buy, sell and hold investments within your account. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you, and we can earn a profit on those trades. We typically act in an agency capacity, meaning, the trades are routed to RBC Correspondent Services, a division of RBC Capital Markets, LLC (“RBC” or “Clearing Firm”) for execution. However, in the event we act in any other capacity, it will be disclosed on your trade confirmation. We are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades.

Within discount brokerage services, we offer either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm, RBC. This is generally referred to as a “margin loan.” The portion of the purchase price that is loaned to you is secured by securities in your account, also referred to as “collateral.” You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must select a margin account on your new account form, or by executing a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact a financial professional or refer to our Margin Disclosure Statement in your Margin Agreement.

We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement. You should refer to our account agreement for more information concerning available account types or speak with a financial professional.

Within your brokerage account, we may provide other incidental services such as research reports; or a recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA). Any such recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made in writing through an Investment Advisory Agreement. We do not monitor your account on a regular basis. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial professional about whether an advisory services relationship is more appropriate for you. Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, research reports, sales and marketing materials, performance reports, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account.

We have entered into an agreement with RBC to carry your account and provide certain back office functions. We and RBC share responsibilities with respect to your account as set forth in the Designation of Responsibilities that is delivered to you upon opening your account. Please refer to the Designation of Responsibilities for more information on how such responsibilities have been allocated between us.

Investment Risks

It is important for you to understand that all investment activities involve risk, including the risk that you may lose your entire principal. There is no guarantee that you will meet your investment goals, or that your investment strategy will perform as anticipated. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs. Certain products and trading strategies are only available to those with a high-risk tolerance.

Cash Sweep Program

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep Program can be found in your Customer Agreement.

Brokerage fees and our compensation

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved.

Transaction-Based Fees

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Products (ETPs), mutual funds, exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Available discounts and/or fee waivers

Account and Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

Aside from the fees we charge you for providing investment advice, you may have to pay other fees related to brokerage services. Fees can be charged directly or indirectly. Direct fees include postage, insurance and handling fees on each transaction, account maintenance fees (including IRA fees); interest on debit balances in a margin account; markups and markdowns; redemption fees; fees associated with checks and wires; transfer fees; ACAT fees; IRA termination fees; fees for safekeeping of physical securities; etc. Direct fees will be shown on your trade confirmation and/or custodial statement. Indirect fees include internal expenses charged by mutual funds and ETF's (including 12b-1 fees and annual fund operating expenses). Your Registered Representative can provide more information about specific fees upon request.

RBC charges an annual account fee on all brokerage accounts except IRA accounts. The fee can be waived if you maintain a margin balance; you elect to receive paperless statements, confirmations, prospectuses and proxy voting; or you are part of a household with more than $100,000 in assets.

RBC also charges an annual fee on all IRA accounts which can be waived if you are part of a household with more than $150,000 in assets.

How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the brokerage account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents. In addition to the commission schedules listed below, a $2.00 Postage, Insurance and Handling fee is applied to all trades executed through RBC

Commission Schedule for Stocks, Rights, Warrants, Secondary Market Closed End Funds (CEFs) and Exchange Traded Products (ETPs)

The Broker will receive certain forms of commission in connection with the service provided. Equity trading commissions rates vary depending on the principal dollar amount and number of shares traded in accordance with the commission schedule below:

Dollar Amount	% of Dollar Amount
$ 0 – 2,999	1.8%, not less than $38.00
$3,000 – 4,999	1.6%, not less than $55.00
$5,000 – 9,999	1.3% note less than $80.00
$10,000 – 14,999	1.0% note less than $130.00
$15,000 – 24,999	0.8% note less than $145.00
25,000 – 49,999	0.6% note less than $185.00
$50,000 and above	0.4% note less than $260.00

Commissions rates are negotiable at the Registered Representative's discretion and depending on various factors such as trading frequency and transaction size. The minimum commission is $38 per trade. The maximum commission is $0.55 per share ($55.00 per 100 shares). A Commission is charged every time a trade is placed and will be disclosed on the trade confirmation.

Option Rates Equity and Index

Options compensation is received as direct compensation. Option commissions vary based on the number of contracts, and principal value of the transactions in accordance with the commission schedule below:

Dollar Amount	% of Dollar Amount
$ 0 – 2,500	2.4%, not less than $38.00
$2,501 – 5,000	2.1%, not less than $60.00
$5,001 and above	1.8% note less than $100.00

Commissions rates are negotiable at the Registered Representative's discretion and depending on various factors such as trading frequency and transaction size. The minimum commission is $38 per trade; and the minimum commission per option contract is $4.00 per contract. A commission is charged every time an option trade is placed and will be disclosed on the trade confirmation.

Bonds

For debt securities, including corporate bonds, treasuries, CDs, municipal bonds and other Fixed Income securities we charge may charge a commission or markup (or markdown) on the transaction depending on the capacity in which the trade is executed. When we act as agency, we charge $5.00 per bond, with a minimum commission of $38.00 per trade. Commissions may be discounted at the Registered Representative's discretion. When we act as riskless principal, a markup on purchases (and markdown on sales) of up to 3% will be charged. The amount of the specific option commission, markup or markdown will be disclosed on the trade confirmation.

Mutual Funds

We currently offer thousands of mutual funds through traditional accounts varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below. In addition to the fees below, a $15 ticket fee is charged on most mutual fund transactions, including no-load mutual funds. The amount of fees, including any ticket fee, front-end sales charge, and/or contingent deferred sales charge can be found in the mutual fund prospectus and direct fees will be disclosed on the trade confirmation. The fees and costs of mutual funds vary depending on the fund family and share class. While we do not recommend mutual fund transactions, we will accommodate a customer's request to purchase a variety of mutual funds. Therefore, it is important to review the various share classes that most mutual fund companies offer to understand how their costs vary. Below is a summary of these costs.

12b-1/Shareholder Service Fees

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, depending on share class and are set by the fund. 12b-1 fees may be passed on to us and may in turn be passed on to your Financial professional as a commission; however other operating expenses of the fund are not paid to us. 12b-1 fees are typically charged on Class A, Class B and Class C shares and may be charged on other share classes. Please note that 12b-1s and similar fees or compensation received in connection with our affiliated funds are not received, or are rebated, on ERISA assets held in Advisory Program accounts.

Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)

Front-end sales charge fees may be charged and paid to us, including your financial professional, when you purchase a fund. The front-end sales charge is a direct fee and is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Registered Representative or consult the mutual fund prospectus if you believe you are eligible for sales charge waivers. Front-end Sales Charges are typically charged on Class A shares and may be charged on other share classes.

CDSC is a direct charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Financial professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund. CDSC fees are typically charged on Class B shares with a seven-year CDSC period; and on Class C shares with a one-year CDSC period and may be charged on other share classes.

Different fund families offer different share classes, which is why it is important to review the fund prospectus, which outlines the differences between the different share classes available for the respective fund family. The specific breakpoint schedules, front end sales charge, CDSC fee/CDSC period, 12b-1 fee and other operating expenses will be disclosed in the prospectus. You can also find a description of any fees or costs, including the payment frequency in the fund's prospectus. In addition, your Registered Representative can explain the different share class options available, and how the available share classes differ. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

Revenue Sharing

Revenue sharing occurs with RBC, our clearing firm. We receive a portion of interest based on credit balance; and a portion of margin interest paid by clients who have a debit balance in a margin account. The Firm does not limit our recommendations to these products that generate third party payment.

Trade Corrections

All trade corrections are reviewed and approved by a supervisory principal of the firm. Registered Representatives do not profit from any trade corrections.

Compensation for Termination of Services

Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section above, if applicable), the client may be charged an IRA termination fees (when applicable), or an account transfer fees (sometimes referred to as an ACAT Fee). The firm does not receive any of these fees in connection with the termination of its services.

Conflicts of interest

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Registered Representatives, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients and Clearing Firm as described above. Securities rules allow for us, our Registered Representatives, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our Registered Representatives receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you, such as when we recommend you open an account, or transfer an account to us. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

Compensation We Receive from Clients

Transaction-based conflicts

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, variable annuities, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates an incentive for us to encourage you to buy and sell, rather than hold, these investments.

Markups and markdowns for principal transactions

When you buy or sell securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

Compensation We Receive from Third Parties

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- **Revenue Sharing.** Revenue sharing occurs with RBC, our clearing firm. We receive a portion of interest based on credit balance; and a portion of margin interest paid by clients who have a debit balance in a margin account.
- **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our Registered Representatives. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

Additional Compensation from Product Sponsors and Other Third Parties

We and our Registered Representatives, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.

- Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and Registered Representatives, and for conferences and events that we sponsor.

Note: The amount of these payments is not dependent or related to the level of assets you or any other of our clients invest in or with the Product Sponsor.

Product Share Classes

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. You are encouraged to review the fund prospectus to ensure you are investing in the lowest share class available. While we do not recommend particular mutual funds, you can contact a Registered Representative if you have questions about share class options.

Compensation Related to Our Affiliates

Compensation Related to Advisory Services

We are affiliated through common control with GBIM, a registered investment adviser. GBIM is owned by Huxley Brown and the Family Trust U/W of Allen C. Brown Dated 7-23-2016; Huxley Brown and Emily Brown are Trustees. Some individuals associated with Brown as Registered Representative are also investment adviser representatives of GBIM. Brokerage recommendations can include a recommendation to invest in an advisory account managed by us or our affiliates. We and our affiliates will receive additional compensation or economic benefits from investments by you, including, but not limited to, advisory fees and similar revenue sharing arrangements. The compensation related to these may be greater than similar products provided by third parties. Thus, we have an incentive to manage your investments through GBIM rather than recommend a third-party investment manager. Brown maintains consolidated financial records with its affiliated investment adviser, GBIM.

The Family Trust U/W of Allen C. Brown Dated 7-23-2016 is the sole member of ACB Investment Management, LLC ("ACB") and Brown Offshore Advisors, LLC ("Brown Offshore"). Huxley Brown is the Manager of ACB and Brown Offshore. ACB is the general partner of the hedge fund named Brown Investment Partnership, LP. Additionally, Brown Offshore Investments, Ltd. is an offshore fund that invests all of its assets in and is a limited partner of Brown Investment Partnership, LP. Brown Offshore is the investment advisor of the hedge fund, Brown Offshore Investments, Ltd. We may solicit you or other clients to invest in Brown Investment Partnership, LP or Brown Offshore Investments, Ltd. A recommendation that you purchase an interest in one of these funds poses a conflict of interest to the extent that we have a financial incentive to increase the assets of the fund and thereby increase the management fees paid by the fund to ACB and/or Brown Offshore. Notwithstanding this and other conflicts of interest that may exist, we will recommend an investment in these funds only when such investment is suitable and in the best interest of the client. Each fund's offering memorandum discloses the conflicts of interest and the compensation arrangements. These funds are exempt from registration under the federal securities laws.

Compensation Received by Registered Representatives

Registered Representatives are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients and/or total assets under advisement, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus, Registered Representatives are incentivized to recommend products that have higher fees as well as those with on-going payments.

As a result, Registered Representatives have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage trading activity, and to reduce the number of discounts available to you. Similarly, registered Representatives have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Registered Representatives are incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, Registered Representatives are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Registered Representatives also have an incentive to provide higher levels of service to those clients who generate the most fees.

Other Financial professional Activities

Registered Representatives may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. Our written supervisory procedures are designed to assure that the personal securities transactions, activities, and interests of the employees of Brown will not interfere with (i) making decisions in the best interests of our customers; or implementing such decisions while, at the same time, allowing Brown employees to invest for their own accounts. Under the Firm's procedures, Registered Representatives may buy or sell securities that are recommended to customers, subject to certain restrictions. For example, if a Registered Representative trades ahead of a customer and receives a better price, a price adjustment will be made for the customer. The Firm has procedures to monitor the personal trading activities and securities holdings of each of the Firm's Representatives and includes procedures for limitations on personal securities transactions of associated persons. These policies are designed to discourage and prohibit personal trading that would disadvantage clients.

Additional Resources

Additional Resources, including Form CRS and legal disclosures can be found on our website at brownassoc.com. In additions, you can visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals. You can also call your Registered Representative at (423) 267-3776 to request up-to-date disclosure information or to ask any questions you have about this brochure, or brokerage services offered.