

Important Information About the TriState Capital Bank Alliance Program

Baird maintains an alliance with TriState Capital Bank (“TriState”) that provides financing opportunities to Baird clients (“you”) seeking potential lending sources. Although Baird makes the TriState Capital Bank Alliance Program (the “Program”) available to its clients meeting certain eligibility requirements, your decision regarding whether to seek financing and from what sources is a personal choice. Baird makes no recommendations regarding any client’s decision to establish a relationship with any third party lender, including TriState, to obtain financing.

This document contains important information for you to consider when evaluating whether to apply for financing through TriState under the Program, including a discussion of conflicts of interest Baird and Baird Financial Advisors have in referring you to TriState. It is important that you carefully read and understand all aspects of the relationship between all parties under the Program. Your Baird Financial Advisor is always available to answer any questions you may have.

Overview of Your Options

Depending upon your particular circumstance, you may have the following options available with respect to your financing needs:

1. Liquidate investment assets held in your Baird accounts;
2. Obtain financing through Baird via a margin loan;
3. Obtain financing through the Program with TriState; and
4. Obtain financing with another bank outside of the Program.

Possible Benefits of Participation in the Program

- Access to Funds. Clients with a current or potential future need for liquidity may access a portion of the value of their investment assets held at Baird in taxable accounts without having to liquidate those assets. This may allow you to avoid potentially disrupting an investment strategy or realizing taxable gains or losses by liquidating assets.
- Convenience. Although TriState and Baird are separate and unaffiliated firms, Baird’s alliance with TriState allows for greater coordination between the firms and may result in faster lending decisions and processing times than through traditional lenders.

Possible Disadvantages of Participation in the Program

- Access to Accounts Pledged as Collateral. You will be required to pledge one or more investment accounts held at Baird as collateral for your TriState line of credit (each a “Collateralized Account”). Although you will continue to be able to manage the investment of your assets held in Collateralized

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Accounts, the types of transactions you may engage in will be limited and you will be unable to withdraw assets from any Collateralized Account unless you obtain TriState's permission.

- TriState's Rights in Your Collateralized Accounts. Until your TriState line of credit is repaid in full and closed, TriState may exercise certain rights in your Collateralized Accounts, including the ability to require that you provide additional collateral (i.e., a "maintenance call" or "rebalancing") in the event TriState deems the existing collateral insufficient to secure the TriState line of credit. In addition, TriState may require liquidation of your investment assets held in Collateralized Accounts to repay outstanding balances under your TriState line of credit, all without your consent or notice to you. If TriState chooses to require liquidation of your investment assets, you are not entitled to choose which securities will be liquidated or at what price. Liquidation of your investment assets could result in adverse tax consequences to you or result in a sale of such assets at low price levels, which may adversely affect your investment strategy and performance.
- Market Risk and Investment Mix. A decrease in the value of a Collateralized Account, such as in the event of a broad decline in the capital markets, increases the likelihood of TriState making a maintenance call or requiring liquidation your investment assets. In addition, if your investment assets held in a Collateralized Account are concentrated in a particular stock or sector, a single market event affecting a single stock or sector, could cause TriState to take these actions.
- Interest Rate Risk. If your TriState line of credit has a variable interest rate, a rise in interest rates generally will increase your total cost of borrowing under your TriState line of credit.
- Separate Fees. Interest, fees and other payments charged by TriState on your TriState line of credit are in addition to the fees and commissions charged by Baird for its services.
- Limited Use of Proceeds. Funds drawn from your TriState line of credit are "non-purpose" and, as a result and according to TriState's policy, the proceeds may not be used by you to purchase securities or to pay for educational expenses.

Factors a Client Should Consider Before Participating in the Program

- Program Benefits and Risks. Consider whether the benefits of your participation in the Program outweigh the risks and are consistent with your risk tolerance.
- Rates, Terms and Conditions. Compare the services, terms and conditions available through the Program to those available through other bank lenders.
- Conflicts of Interest. Baird receives an administrative fee from TriState of up to 2.50% of outstanding balances under your TriState line of credit. The final amount of this fee varies and will be stated in the agreement establishing your TriState line of credit. Your Baird Financial Advisors may elect to receive a fee of up to 0.25% of the administrative fee paid to Baird. As a result, Baird and Baird Financial Advisors accepting a portion of Baird's fee have a financial incentive to offer the Program to you. You may obtain more information regarding these fees from your Baird Financial Advisor.

Baird and Baird Financial Advisors will continue to receive their customary compensation on assets held in your Collateralized Accounts, including regular quarterly fees based on the value of the investment assets held in such accounts if the collateralized accounts are participating in an investment advisory program. As a result, Baird and Baird Financial Advisors have a financial incentive to offer

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the Program to you in order to maintain billable asset values versus liquidating assets in your Baird accounts.

FINRA and the SEC have published a joint Investor Alert entitled “10 Questions Investors Should Ask About Securities-Backed Lines of Credit.” That document is available at <https://www.finra.org/media-center/news-releases/2015/finra-sec-10-questions-investors-should-ask-about-securities-backed>.

Additional Agreement Regarding Collateralizing Your Baird Accounts

- Account Retitling. Upon making your Baird account a Collateralized Account, you understand and agree that Baird will retitle each such account to reflect TriState’s security interest in the account.
- Taxable Income and Tax Reporting. While your account is a Collateralized Account, you will continue to own the Account and the investment assets it contains. You will continue to be responsible for any and all tax obligations relating to transactions effected in a Collateralized Account, including any originating from instructions received from TriState. In addition, all tax reporting or related filings to the Internal Revenue Services with respect to a Collateralized Account will continue to be made under your tax identification number.
- Cash Management. Upon making your Baird account a Collateralized Account, you agree to cease use of any Cash Management Services. You further understand that Baird will, as applicable, immediately cancel your Cash Management Services (which will include cancellation of your check writing capabilities and Baird Debt Card and will result in the permanent loss of any accrued Reward Points). You agree to be responsible for any and all consequences of Baird taking such actions.
- Information Sharing and Access. While your account is a Collateralized Account, you agree that TriState shall be entitled to receive duplicate transaction confirmations, account statements and other documentation regarding your Collateralized Accounts. Furthermore, Baird shall be authorized to provide TriState on-line access to view any Collateralized Account and related information in real time.