

Important Information about Investment Managers' Placement of Client Trade Orders and Their "Trade Away" Practices



March 30, 2017

This document provides information to clients who are participating, or are considering participating, in a wrap fee program ("Program") sponsored by Robert W. Baird & Co. Incorporated ("Baird") about investment managers' placement of client trade orders and their practices of "trading away" from Baird.

Best Execution Obligation

Investment managers that manage client accounts under a Program ("Accounts") will select the broker-dealers that will execute trade orders for Accounts unless a client has provided instructions to Baird or the manager to the contrary. As an investment adviser, a manager has an obligation to seek "best execution" of client trade orders. "Best execution" means that the manager must place client trade orders with those broker-dealers that the manager 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 the manager. It is important to note that a manager's best execution obligation does not require the manager to solicit competitive bids for each transaction or to seek the lowest available cost of trade orders, so long as the manager reasonably believes that the broker-dealer selected can be reasonably expected to provide clients with the best qualitative execution under the circumstances.

Trade Aggregation and Rotation

Investment managers may participate in other wrap fee programs sponsored by firms other than Baird. In addition, investment managers may manage institutional and other accounts not part of a wrap fee program. In the event an investment manager purchases or sells a security for all accounts using a particular strategy offered by the investment manager, the investment manager may have to potentially effect similar transactions through a number of different broker-dealers. In some cases, to address this situation, investment managers may decide to aggregate all such client transactions into a block trade that is executed through one broker-dealer. This practice may enable the investment manager to obtain more favorable execution, including better pricing and enhanced investment opportunities, than would otherwise be available if orders were not aggregated. Using block transactions may also assist the investment manager in potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive or competing client orders. However, as it pertains to Baird Program clients, this practice may result in "trading away" from Baird, which is more fully described below.



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Alternatively, an 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 manager's clients. A client should be aware that a manager's trade rotation practices may at times result in a transaction being effected for the client's Account that occurs near or at the end of the manager's rotation and, in such event, the client's trade orders will significantly bear the market price impact, if any, of those trades executed earlier in the manager's rotation, and, as a result, the client may receive a less favorable net price for the trade. Additional information regarding an investment manager's trade rotation policies, if any, is available in the manager's Form ADV Part 2A Brochure.

Trading Away and Step Out Trades

Because a client does not pay commissions to Baird under a Program when Baird, acting as broker-dealer, executes a client's trade orders, and because a client generally would incur trading costs in addition to the wrap fee the client pays to Baird if trade orders were to be executed by another broker-dealer firm, clients generally receive a cost advantage whenever Baird executes Program client transactions. For this reason, and given Baird's execution capabilities as broker-dealer, investment managers may determine that placing trade orders for the client's Account with Baird is the most favorable option for the client. However, investment managers may place a 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". A client's trade order so executed is then cleared and settled through Baird in what is frequently referred to as a "step in".

In some instances, step out trades are executed by the other firm without any additional commission or markup or markdown, but in other instances, the executing firm may impose a commission or a markup or markdown on the trade. If a client's investment manager places trade orders for the 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), the client will incur trading costs in addition to the wrap fee the client pays to Baird.

Some managers have historically placed nearly all client trades with broker-dealer firms other than Baird for execution. Some managers have placed nearly all or all client trades resulting from changes to their model portfolios or strategies with firms other than Baird. Similarly, some managers have frequently placed client trade orders for fixed-income, foreign and small cap securities with firms other than Baird. In some cases, the other executing broker-dealer firm imposes a commission or similar fee (which is embedded in the price of the security) for executing the trade. As a result, these types of managers and their strategies could be more costly to a client than managers that primarily place client trade orders with Baird for execution. A client should 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. In



Important Information about Investment Managers' Placement of Client Trade Orders and Their "Trade Away" Practices, *continued.*

particular, the client should carefully consider any additional trading costs the client may incur before selecting a manager to manage the client's Account.

A list of managers that informed Baird that they traded away from Baird during 2015 - 2016 and information about the additional cost of those trades (if any) is set forth on the following pages. A client should contact the client's Baird Financial Advisor or investment manager if the client would like to obtain specific information about the manager's trade away practices and the amount of commissions or other costs, if any, the client incurred in connection with step out trades.



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**TRADE AWAY INFORMATION
CALENDAR YEARS 2015 - 2016**

The information about each manager provided below is based solely upon the information provided to Baird by such manager. Baird has not independently verified the information, and as a result, none of Baird or any of its affiliates or associates makes any representation as to the accuracy of any such information.

The information shown below only contains information about managers that informed Baird that they traded away from Baird during 2015 or 2016. A manager's past trade away practice is not a guarantee that the manager will follow the same practice in the future. It is possible that managers not listed below will trade away from Baird in the future or that managers listed below will trade away more frequently or at a higher cost to clients. Thus, a client's trading costs relating to step out trades could be greater than shown below.

Manager Name	Dollar-Weighted Percentage of Client Trades Stepped Out ¹		Additional Cost Incurred by Clients Participating in those Trades ²	
	2015	2016	2015	2016
1492 Capital Management				
Small Cap Core Alpha	89%	90%	None	None
Small Cap Growth	92%	82%	None	4 cps
Small Cap Value	85%	83%	None	None
Allianz Global Investors U.S.				
International	2%	None	None	N/A
Small Cap Value	None	6%	N/A	None
Astor Investment Management				
Long/Short Balanced	89%	90%	0 - 1 cps	0 - 1 cps
S.T.A.R. Featuring AlphaDex	44%	94%	0 - 1 cps	0 - 1 cps
Baird Equity Asset Management				
Large Cap Balanced (Taxable)	N/A	Less than 1%	N/A	None
Large Cap Balanced (Tax-exempt)	N/A	2%	N/A	None
Large Cap Core	N/A	Less than 1%	N/A	None
Mid Cap Growth	83%	85%	None	None
SAM Balanced	N/A	Less than 1%	N/A	None
SAM Equity	N/A	Less than 1%	N/A	None
Beaumont Financial Partners, LLC				
AlphaDEX Diversified Equity Premium	33%	None	None	N/A
AlphaDEX U.S. Sector Rotation Managed Account	31%	None	None	N/A
AlphaDEX U.S. Sector Rotation Strategist	46%	None	None	N/A
Global Sector Rotation Managed Account	6%	None	None	N/A
U.S. Sector Rotation Managed Account	22%	None	None	N/A

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Manager Name	Dollar-Weighted Percentage of Client Trades Stepped Out ¹		Additional Cost Incurred by Clients Participating in those Trades ²	
	2015	2016	2015	2016
Brandes Investment Partners³				
Global Equity	83%	72%	1.17 cps and 13.36 bps	1.42 cps and 13.98 bps
International Equity	92%	75%	1.11 cps and 13.45 bps	1.06 cps and 13.45 bps
U.S. Value Equity	42%	16%	1.36 cps	1.46 cps
Broadmeadow Capital Management LLC (formally F-Squared)⁴				
Alpha Sector Premium	98%	5%	1 cps	1 cps
Caprin Asset Management LLC				
Intermediate Muni - State Specific	81%	97%	1 cps	1 cps
Tactical Opportunity ETF	75%	100%	1 cps	1 cps
Cedar Hills Associates, LLC				
Large Cap Core	100%	100%	\$7.50 per trade	\$7.50 per trade
Cincinnati Asset Management				
High Yield Bond	100%	N/A	None	N/A
ClearBridge Advisors⁵				
All Cap Growth	80%	99%	0 - 2 cps	1.49 cps
All Cap Value	84%	95%	0 - 2 cps	1.38 cps
Appreciation	40%	41%	0 - 2 cps	1.53 cps
Appreciation & Multi Cap Growth	36%	6%	0 - 2 cps	1.59 cps
Balanced (Large Cap Growth & Current Market Muni)	43%	6%	0 - 2 cps	1.59 cps
Balanced (Taxable)	55%	6%	0 - 2 cps	1.59 cps
Balanced Income (Equity Only)	50%	7%	0 - 2 cps	1.6 cps
Dividend Strategy	58%	73%	0 - 2 cps	1.6 cps
Dynamic MDA Global Dividend Balanced	8%	44%	0 - 2 cps	1.07 cps
Dynamic MDA Global Growth	8%	35%	0 - 2 cps	.87 cps
Dynamic MDA Global Growth & Value	N/A	23%	N/A	1.19 cps
Dynamic MDA U.S. Dividend Balanced	7%	26%	0 - 2 cps	1.56 cps
Dynamic MDA U.S. Growth	7%	23%	0 - 2 cps	1.39 cps
ESG Appreciation	8%	100%	0 - 2 cps	1.6 cps
International Value ADR	93%	99%	0 - 2 cps	.93 cps
Large Cap Growth (Russell 1000 Index)	24%	73%	0 - 2 cps	1.58 cps
Large Cap Growth	86%	96%	0 - 2 cps	1.49 cps
Large Cap Growth, Large Cap Value & Multi Cap Growth	26%	74%	0 - 2 cps	1.12 cps
Large Cap Value	N/A	3%	N/A	.83 cps
Large Cap Value ESG	N/A	2%	N/A	1.36 cps



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Manager Name	Dollar-Weighted Percentage of Client Trades Stepped Out ¹		Additional Cost Incurred by Clients Participating in those Trades ²	
	2015	2016	2015	2016
ClearBridge Advisors (con't)				
Multi Cap Growth	34%	71%	0 - 2 cps	1.5 cps
Opportunity Portfolio	82%	None	0 - 2 cps	N/A
Confluence Investment Management⁶				
All Cap Value	3%	None	1 cps	N/A
Balanced Equity Income (Taxable)	9%	1%	1 cps	1 cps
Balanced Equity Income (Tax-Exempt)	None	4%	N/A	1 cps
Balanced IDEA (Taxable)	14%	Less than 1%	1 cps	1 cps
Balanced IDEA (Tax-Exempt)	44%	44%	1 cps	1 cps
Balanced Large Cap Value (Taxable)	45%	2%	1 cps	1 cps
Balanced Large Cap Value (Tax-Exempt)	None	Less than 1%	N/A	1 cps
Large Cap Value	12%	None	1 cps	N/A
Small Cap Value	1%	1%	1 cps	1 cps
Value Opportunities	4%	Less than 1%	1 cps	1 cps
Delaware Investment Advisors				
International Equity	36%	27%	5 bps	6 bps
Large Cap Value	8%	11%	0 - 3 cps	0 - 3 cps
DSM Capital Partners LLC				
Large Cap Growth	Less than 1%	None	None	N/A
Eagle Asset Management				
Equity Income	None	None	N/A	N/A
Eaton Vance Management				
5-10 Year Corporate Laddered	N/A	100%	N/A	None
TABS Laddered Municipal Portfolios	100%	100%	None	None
Gabelli Asset Management Company				
All Cap Value	8%	None	None	N/A
Good Harbor Financial Inc.				
US Tactical Core	99%	100%	.5 - 1 cps	1 cps
Granite Investment Advisors				
Tax Conscious Large Cap Value	15%	None	None	N/A
Greenwood Capital Associates, LLC				
Balanced Portfolio	6%	15%	None	None
Intermediate Taxable Fixed Income	100%	100%	None	None



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Manager Name	Dollar-Weighted Percentage of Client Trades Stepped Out ¹		Additional Cost Incurred by Clients Participating in those Trades ²	
	2015	2016	2015	2016
Hays Advisory LLC⁷				
Long Term Growth	100%	100%	None	None
Moderate Growth	100%	100%	None	None
Tactical Multi Asset Class Portfolio featuring AlphaDex	4%	100%	None	None
Tactical Multi Asset Equity Focused	1%	100%	None	None
Johnston Asset Management Corporation				
International Equity	92%	100%	3.8 cps	3.8 cps
Kayne Anderson Rudnick Investment Management, LLC				
Mid Cap Core	N/A	3%	N/A	None
Small Cap Core	95%	18%	None	None
Small Cap Value	N/A	10%	N/A	2.5 cps
Small to Mid Cap Core	95%	14%	None	None
Lateef Investment Management				
Multi Cap Growth	100%	83%	None	None
Lazard Asset Management LLC				
Emerging Markets	95%	95%	3 cps	1 - 3 cps
International Equity	100%	100%	3 cps	1 - 3 cps
Legg Mason Private Portfolio Group⁵				
All Cap Blend Portfolio (MDA0)	74%	95%	0 - 2 cps	1.38 cps
All Cap Value Balanced with Taxable Fixed Income	72%	87%	0 - 2 cps	1.33 cps
Balanced (All Cap Blend & GSM 7-Year)	73%	96%	0 - 2 cps	1.38 cps
Balanced (Appreciation & GSM 7-Year)	61%	74%	0 - 2 cps	1.53 cps
Balanced (Large Cap Growth & GSM 7-Year)	71%	77%	0 - 2 cps	1.5 cps
Balanced Income (Equity & Current Market Muni)	23%	92%	0 - 2 cps	1.34 cps
Balanced Income	18%	88%	0 - 2 cps	1.35 cps
ClearBridge Appreciation & Legg Mason Balanced Income	7%	6%	0 - 2 cps	1.59 cps
Custom Appreciation & Government/Corporate	N/A	11%	N/A	1.17 cps
Diversified All Cap (MDA5A)	77%	98%	0 - 2 cps	1.36 cps
Dividend & Growth Portfolio (MDA3)	63%	84%	0 - 2 cps	1.56 cps
Dividend Appreciation & Growth Portfolio (MDA3A)	33%	48%	0 - 2 cps	1.51 cps
Global Growth (MDA7)	68%	98%	0 - 2 cps	.87 cps
Large Cap Blend Portfolio (MDA1)	90%	82%	0 - 2 cps	1.29 cps



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	2015	2016	2015	2016
Legg Mason Private Portfolio Group (con't)				
MDA Balanced Portfolio	89%	6%	0 - 2 cps	1.59 cps
MDA Custom	N/A	14%	N/A	.39 cps
Multi Cap Blend III Portfolio (MDA5)	58%	89%	0 - 2 cps	1.37 cps
Leuthold Weeden Capital Management				
Core Investment	92%	96%	None	None
Select Industries	71%	99%	None	None
Madison Investment Advisors, Inc.				
Large Cap Core	33%	None	None	N/A
New South Capital Management, Inc⁸				
Small Cap Value	100%	100%	None	None
Value Opportunity/All Cap	82%	82%	None	None
Oak Ridge Investments, LLC⁸				
All Cap	N/A	19%	N/A	3 - 5 cps
Small Cap Growth	5%	24%	3 - 5 cps	3 - 5 cps
Palisade Capital Management, LLC				
Convertible Securities	21%	None	3 - 5 cps or .25 - .5 bps	N/A
Parametric Portfolio Associates				
Enhanced Income Core	N/A	4%	N/A	0 - 1 cps
Enhanced Income Core Tax-Advantaged	N/A	12%	N/A	0 - 1 cps
Russell 3000 Tax Managed	N/A	Less than 1%	N/A	0 - 1 cps
PENN Capital Management Company				
Convertible Securities	100%	100%	None	None
RiverFront Investment Group⁹				
Conservative Growth	93%	96%	0.18 cps	.75 cps
Conservative Income Builder	87%	93%	0.18 cps	.75 cps
Conservative Income Builder ETF	89%	83%	0.19 cps	.75 cps
Dynamic Equity Income	84%	93%	0.12 cps	.75 cps
Dynamic Equity Income ETF	77%	88%	0.18 cps	.75 cps
Dynamic Fixed Income	85%	52%	0.25 cps	.75 cps
Dynamic Fixed Income ETF	33%	30%	0.28 cps	.75 cps
Global Allocation	84%	94%	0.09 cps	.75 cps
Global Allocation ETF	79%	93%	0.09 cps	.75 cps
Global Growth	80%	96%	0.10 cps	.75 cps
Global Growth ETF	73%	94%	0.11 cps	.75 cps
International Opportunities ETF	27%	80%	0.03 cps	.75 cps
Large Cap Core	98%	None	0.23 cps	.75 cps
Moderate Growth & Income	85%	91%	0.17 cps	.75 cps

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	2015	2016	2015	2016
RiverFront Investment Group (con't)				
Moderate Growth and Income ETF	83%	88%	0.21 cps	.75 – 1.5 cps
Small to Mid Cap Core	11%	None	None	.75 cps
Schafer Cullen Capital Management				
High Dividend Value Equity	3%	5%	None	None
International High Dividend Value ADR	4%	20%	.96 cps	None
Tandem Investment Advisors				
Large Cap Core	39%	18%	1.5 cps	1.5 cps
Mid Cap Core	N/A	3%	N/A	1.5 cps
Thomas White International Ltd.				
Global ADR	2%	1%	10 bps	8 - 10 bps
International Equity	42%	37%	10 bps	8 - 10 bps
Thornburg Investment Management				
International ADR	89%	81%	3 - 4 cps	2.5 – 3.5 cps
International Growth ADR	21%	27%	3 - 4 cps	3 - 4 cps
Tradewinds Global Investors¹⁰				
International Value ADR	79%	100%	1 to 2 cps (U.S. and Canadian) 6 to 20 bps (foreign)	None
Trevor Stewart Burton & Jacobsen				
Top-Down Equity	None	Less than 1%	N/A	None
WBI Investments, Inc				
Balanced	100%	100%	None	1 – 1.5 cps
Balanced Plus	100%	100%	None	None
Dividend Growth	87%	100%	None	None
Dividend Income	98%	100%	None	None
Tactical Balanced	100%	100%	None	None
Tactical Balanced Plus	100%	100%	None	None
Tactical Dividend Growth	100%	100%	None	None
Tactical Dividend Income	N/A	100%	N/A	None



Important Information about Investment Managers' Placement of Client Trade Orders and Their "Trade Away" Practices, *continued.*

¹ All percentages are approximate. For purposes of this calculation, the manager was required to divide (a) the total dollar amount of Baird client transactions in equity securities that the manager placed with broker-dealers other than Baird for execution by (b) the total dollar amount of Baird client transactions in equity securities the manager placed with all broker-dealers, including Baird. For example, assume Firm A placed a total of 1,000 equity securities transactions for Baird clients during 2016, having an aggregate dollar value of \$1,000,000. Of that total, Firm A placed 700 of those transactions with broker-dealers other than Baird. The aggregate dollar value of the equity securities transactions placed with the other broker-dealers was \$950,000. The percentage dollar amount of trades in equity securities that Firm A traded away in 2016 was 95.0% (\$950,000 divided by \$1,000,000).

² Additional cost is expressed terms of an average or range of cents per share ("cps") unless otherwise indicated. In some instances, the additional cost is expressed in terms of an average or range of basis points ("bps"). In situations where the executing broker executed a trade as principal, such as "risk" trades and working orders, the price the client received may have included a markup or markdown, which is not required to be disclosed by the broker-dealer, and consequently is not included in the Additional Costs.

³ The dollar-weighted percentage of client trades stepped out includes only model changes and does not include deposit/withdrawal trades, which are executed by the sponsor. For securities executed in the U.S. and Canada markets, the commissions are in cps and commissions for securities executed in other markets are in bps. Information includes all accounts that participate in the manager's strategy which also includes wrap program accounts that are not sponsored at Baird.

⁴ In 2015, Broadmeadow Capital acquired the F-Squared investment strategies. The 2015 information was not available from the manager. The information provided for 2015 is approximate based on trade records available to Baird.

⁵ As of 2015, Global Currents Value Core International Equity strategy became ClearBridge International Value ADR strategy. The information for Western Asset Management Balanced Income strategy is combined with Legg Mason Private Portfolio Group Balanced Income (Equity & Current Market Muni) strategy. Number of accounts, timing of inceptions and terminations, client directed cash flows and time period under review, can all be variables that affect the percentage dollar amount of trades that were stepped out.

⁶ Information includes both fixed income and equity securities.

⁷ On March 4, 2016, Hays Advisory ceased trading-away for Baird client accounts. The percentages reflected for 2016 are for the period January 1, 2016 to March 4, 2016.

⁸ The dollar-weighted percentage of client trades stepped out includes only model changes and does not include deposit/withdrawal trades, which are executed by Baird.

⁹ The Additional Costs referenced above reflects the commission on agency trades. Compensation for non-agency ("principal") transactions have an "unknown" amount, this number represents step-out transactions that included, but were not limited to, trades that were executed as risk trades, working orders, or bond trades where there was no disclosed markup/markdown. In these instances, the undisclosed markup or markdown is netted into the price the client receives. Please see <http://www.riverfrontig.com/advisors/wrap-fee-trading-disclosures/> for more information on RiverFront's wrap fee trading disclosures.

¹⁰ Tradewinds Global Investors ceased operations on August 31, 2016. The 2016 information was not available from the manager. The information provided for 2016 is approximate based on trade records available to Baird.