

If you are in any doubt about the contents of this UK Supplement you should consult a person authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and units in collective investment schemes.

UK SUPPLEMENT

relating to the issue of shares of Brown Advisory Funds plc

This UK Supplement should be read in conjunction with and forms part of the prospectus dated 7 June 2017 as amended or supplemented from time to time (the “Prospectus”). References to the “Prospectus” are to be taken as references to that document and the relevant sub-fund supplements as supplemented or amended hereby. In addition, words and expressions defined in the Prospectus, unless otherwise defined below, shall bear the same meaning when used herein.

Brown Advisory Funds plc (the “**Company**”) is a collective investment scheme established in Ireland and a recognised collective investment scheme for the purposes of section 264 of the Financial Services and Markets Act 2000 (“**FSMA**”) of the United Kingdom. It is registered with the Financial Conduct Authority (the “**FCA**”) under section 264 of FSMA under the number 444692. The FCA’s registered office is 25 The North Colonnade, Canary Wharf, London E14 5HS.

Currently, certain classes of shares in the following sub-funds of the Company (hereinafter called the “**Funds**”) are available in the United Kingdom:

Brown Advisory American Fund;

Brown Advisory US Smaller Companies Fund;

Brown Advisory US Equity Growth Fund;

Brown Advisory US Flexible Equity Fund;

Brown Advisory Global Leaders Fund;

Brown Advisory US Flexible Equity SRI Fund;

Brown Advisory US Small Cap Blend Fund;

Brown Advisory US Sustainable Growth Fund; and

Brown Advisory US Mid-Cap Growth Fund.

The Prospectus and the key investor information documents may be distributed in the UK without restriction. Copies of the Prospectus, the Memorandum and Articles of Association of the Company, the latest annual and subsequent half-yearly reports of the Company and the key investor information documents have been delivered to the FCA as required under the Act.

Before investing in a Fund, investors should refer to the risks associated with that investment which are set out in the section entitled “Risk Factors” in the Prospectus, in the relevant Fund supplement and in the applicable key investor information document. Potential investors should note that the investments of the Company are subject to risks inherent in investing in shares and other securities. The value of investments and the income from them, and therefore the value of, and income from, the

shares of each class can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies may also cause the value of the investment to diminish or increase.

UK Taxation

The attention of potential United Kingdom investors is drawn to the summary of the anticipated tax treatment in the United Kingdom set out below, which replicates in its entirety the summary set out in the sub-section entitled “United Kingdom” to the section headed “Taxation” in the Prospectus.

The Company

The Company is an Undertaking for Collective Investment in Transferable Securities established in Ireland so it is not resident in the UK for UK taxation purposes.

Income received by the Company which has a UK source may be subject to withholding taxes in the United Kingdom. However, UK source dividends and most UK source interest are not currently subject to UK withholding tax.

Shareholders

Dividends paid (or treated as paid) to individuals by the Funds are deemed for UK income tax purposes to be dividends, except where, broadly speaking, over 60% of a Fund’s investments are invested at any time in an accounting period in interest-paying and economically-similar investments. In this case the distribution will be deemed for UK income tax purposes to be interest when received by UK individual taxpayers. The directors do not anticipate that any of the Funds’ investments in such assets will exceed 60 per cent. As a result, UK investors dividends will be treated as dividends for UK tax purposes.

From 6 April 2016, the first £5,000 of dividends received (or deemed to be received) by UK resident individuals in each tax year will not be subject to income tax. Above this level, the tax rates applying to dividends will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. There will no longer be a tax credit attached to dividends.

Shareholders who are resident in the UK for taxation purposes should be aware that, under current rules, their Shares in each Class of Shares in the Company constitute an interest in an offshore fund for the purposes under Part 8 of the Taxation (International and Other Provisions) Act 2010. For UK taxpayers to benefit from capital gains tax treatment on the disposal of their holdings of Shares, that Class of Shares must be certified as a “reporting fund”. Very broadly, a Class must report all its income to investors each year in order to continue to be certified as a “reporting fund”.

Each Class is an “offshore fund” for the purposes of the Offshore Funds (Tax) Regulations 2009 (SI 2009/3001) (the “**Offshore Fund Regulations**”). Under these regulations, the basic position is that any gain arising on the sale, redemption or other disposal of shares in an offshore fund held by persons who are resident in the UK for tax purposes will be taxed at the time of that sale, disposal or redemption as income and not as a capital gain. This income tax treatment does not apply, however, where a Class is certified by HM Revenue & Customs as a “reporting fund” (and, where relevant, previously a “distributing fund” (the predecessor to the reporting fund regime)) throughout the period during which the investor holds the shares.

It is intended that the Directors will conduct the affairs of many of the Classes so as to enable them to be certified as reporting funds throughout their existence. Details of which Classes have reporting fund status are available on HM Government’s website at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds> (and, where relevant, details of which Classes previously had distributing fund status are available at <https://www.gov.uk/government/publications/offshore-funds-list-of-distributing-funds>).

Provided the relevant Classes are certified as reporting funds (and, where relevant, were certified as “distributing funds”) each year, holders of shares of a relevant class who are resident in the UK for tax purposes (other than persons who are dealing in the relevant shares and who are subject to different rules) will, subject to their personal circumstances, be liable to capital gains tax (or corporation tax on capital gains, subject to the rules on debt funds discussed below) in respect of any gain realised on repurchase of the relevant shares or on any switch from one Fund containing the relevant Class to another Fund or any other disposal of the relevant shares (other than a switch between Classes within a Fund). Any chargeable gain may however be reduced by any general or specific United Kingdom capital gains tax exemption or allowance available to a relevant Shareholder. The Directors may apply for Classes launched after the date of this document to be certified as reporting funds depending on the profile of their investors.

Chapter 6 of Part 3 of the Offshore Fund Regulations provides that specified transactions carried out by a regulated fund, such as the Company, will not generally be treated as trading transactions for the purposes of calculating the reportable income of reporting funds that meet a genuine diversity of ownership condition. In this regard, the Directors confirm that all classes are primarily intended for and marketed to the categories of retail and institutional investors. For the purposes of the Offshore Fund Regulations, the Directors undertake that interests in the Company will be widely available and will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract those kinds of investors.

To the extent actual dividends are not declared in relation to all income of shares in a class with reporting fund status for a period, further reportable income under the reporting fund rules will be attributed only to those Shareholders who remain as Shareholders at the end of the relevant accounting period. The Offshore Fund Regulations enable (but do not oblige) a reporting fund to elect to operate income equalisation or to make income adjustments, which should minimise this effect. The Directors reserve the right to make such an election in respect of any Fund or class with reporting fund status.

Due to the intended distribution of income policy and each relevant Classes’ proposed “reporting fund” status, it is not anticipated that individuals resident in the UK will be affected by the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 which might otherwise render such persons liable to taxation in respect of undistributed income and profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render affected persons liable to taxation in respect of the undistributed income (if any) of the Company on an annual basis.

Chapter 3 of Part 6 of the Corporation Tax Act 2009 (“**CTA 2009**”) provides that, if at any time in an accounting period a corporate investor within the charge to United Kingdom corporation tax holds an interest in an offshore fund within the meaning of the relevant provisions of the Offshore Funds (Tax) Regulations 2009 (SI 2009/3001) and there is a time in that period when that fund fails to satisfy the “qualifying investment test”, the interest held by such corporate investor will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of most corporate debt contained in CTA 2009 (the “**Corporate Debt Regime**”). The Shares will (as explained above) constitute interests in an offshore fund. In circumstances where the test is not so satisfied in relation to a Fund (for example where a Fund invests in debt instruments and the market value of such investments exceeds 60 per cent. of the market value of all its investments), the Shares will be treated for corporation tax purposes as within the Corporate Debt Regime. The Directors do not anticipate that any of the Funds’ investments in such assets will exceed 60 per cent. at any time with the consequence that UK corporation tax paying investors should not need to bring the holding in the Fund, including the distributions from it, into account on a fair value basis. As it is not anticipated that the Shares will fall within the Corporate Debt Regime and that all relevant Classes will have “reporting fund” status, UK corporation tax paying investors should realise chargeable gains on the disposal of their holdings.

Under the “controlled foreign companies” provisions contained in Chapter V of Part XVII of ICTA, UK resident companies are, in certain circumstances, subject to tax on the profits of companies not so resident in which they have an interest. Generally, the relevant rules affect UK resident companies which, hold alone or together with certain other associated persons, interests which confer a right to at least 25 per cent of the profits of a non-resident company where that non-resident company is controlled by persons who are resident in the UK and is subject to a lower level of taxation in its territory of residence. The relevant legislation provides for certain exceptions. UK resident companies holding a right to 25 per cent or more of the profits of the Company (directly or indirectly) should take their own specific professional taxation advice. These provisions are not directed towards the taxation of capital gains.

The attention of persons resident in the United Kingdom for taxation purposes is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 (“**Section 13**”). Section 13 applies to a “participator” for UK taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the Fund which constitutes a chargeable gain for those purposes, the Fund is itself controlled by a sufficiently small number of persons as would render the Fund, if it were a body corporate resident in the United Kingdom for taxation purposes, a “close” company for those purposes. The provisions of Section 13 could, if applied, result in any such person who is a “participator” in the Fund being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Fund had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person’s proportionate interest in the Fund as a “participator”. No liability under Section 13 could be incurred by such a person however, where the interest of that person and of persons connected with him does not exceed one-quarter of the gain.

UK investors should note that certain details of their account will be reported to the Irish tax authority and, by them, to HM Revenue and Customs in the UK under the provisions of the international Common Reporting Standard. Any UK investors who are also be tax resident in other countries (including the US) may also be reported to the tax authorities in those countries. Potential investors are referred to the sections on the Common Reporting Standard and FATCA in the Prospectus.

Important

The Company does not carry on any regulated activity from a permanent place of business in the United Kingdom and United Kingdom investors are advised that most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Company. In particular, FCA rules conferring rights on investors to cancel or withdraw from certain investment agreements will not apply. The agreement of a United Kingdom investor to purchase shares in the Company will be binding upon acceptance of the order by the Company.

In addition, Shareholders in the Company will not be protected by the Financial Services Compensation Scheme established in the United Kingdom. Investors should also note that the protections available under the Financial Ombudsman Service (such as the right to refer to that service to resolve disputes with the Company) will not be available in connection with an investment in the Company.

The registered address of the Company is set out in the “Directory” to the Prospectus.

Dealing Arrangements and Information

Brown Advisory Limited (the “**Facilities Agent**”) has been appointed, pursuant to an agreement with the Company dated 20 December 2010, to act as the facilities agent for the Company in the United Kingdom and it has agreed to provide certain facilities at its offices at 6-10 Bruton Street, London, W1J 6PX in respect of the Company. The Facilities Agent is authorised and regulated in the United Kingdom by the FCA and is registered with the FCA under the firm reference number 475370.

Complaints regarding the operation of the Company can be submitted at this address for onward transmission to the Company, or alternatively may be submitted directly to the Administrator, at Brown Brothers Harriman Fund Administration Services (Ireland) Limited, 30 Herbert Street, Dublin 2, Ireland.

Subscription and Repurchase Procedures

The attention of investors is drawn to the subscription and repurchase procedures contained in the Prospectus in particular with regard to the Dealing Deadlines for each of the Funds. Requests for the repurchase of shares should be sent to the Administrator in Ireland details of which are set out in the “Directory” to the Prospectus or alternatively, requests for repurchase and to obtain payment of any repurchase price can be made to the Facilities Agent at the above-mentioned offices, attn: Logie Fitzwilliams, fax no. 0203 301 8145 and phone no. 0203 301 8130.

Publication of Information

Shares are issued and repurchased (less any applicable Repurchase Charge) at the Net Asset Value per share as determined on the relevant Dealing Day as set out in the relevant supplement. Information (in English) on the most recently published Net Asset Value per share and the latest subscription and repurchase prices of shares in the Funds are available from the Facilities Agent by telephone on 0203 301 8130 and at its above-mentioned offices. Details of the determination of the Net Asset Value per share are set out in the sub-section entitled “Calculation of Net Asset Value / Valuation of Assets” to the section headed “Share Dealings” in the Prospectus.

Documents Available for Inspection

The following documents of the Company (in English) may be inspected free of charge during usual business hours from the offices of the Facilities Agent:

- (a) the Memorandum and Articles of Association of the Company (and any amendments thereto);
- (b) the latest Prospectus of the Company together with the latest supplements for the Funds;
- (c) the latest key investor information document in respect of each class of share in the Funds; and
- (d) the latest annual and half-yearly reports of the Company.

The above documents may be delivered to interested investors at their request (free of charge except that there may be a reasonable postage charge imposed for providing a copy of the Memorandum and Articles of Association of the Company).

The date of this UK Supplement is 21 July 2017.