

Large-Cap Sustainable Value Strategy

SUSTAINABLE CASH FLOW ADVANTAGE PROFILE MATRIX

Fourth Quarter 2022

STRATEGY OVERVIEW

The Brown Advisory Large-Cap Sustainable Value strategy seeks competitive risk-adjusted returns over a full market cycle while providing a margin of safety over time by investing in a concentrated portfolio of companies that we believe have proven durable fundamental strengths, exhibit capital discipline, attractive valuation and a Sustainable Cash Flow Advantage (SCFA).

We seek to identify companies that possess a Sustainable Cash Flow Advantage (SCFA) through the use of our 3P investment filter. Companies that exhibit SCFA typically have sustainable strategies or attributes that have the potential to drive ESG outcomes that impact People, Process and/or Product.

- **People**
 - Attraction, retention and internal promotion of employees drives cost savings while also creating a cultural advantage.
 - Leadership on DEI has the potential to serve as both a mechanism for improved employee management and generation of revenue tied to innovation.
- **Process**
 - Sound operations that promote a safe and healthy community can bolster franchise value, while also avoiding regulatory or reputational risk.
 - Improve margins through operations that save costs and resources, enabling meaningful reduction in carbon emissions and natural capital.
- **Product**
 - Products or services that provide a superior customer outcomes resulting in recurring revenue while also providing environmental and/or social solutions.

SCFA PROFILES FOR PORTFOLIO HOLDINGS (AS OF 12/31/2022)

COMPANY	IMPACT THEME	SCFA PROFILE
AbbVie Inc.	Health & Wellness	AbbVie is a biopharmaceutical company committed to delivering innovative medicines and products that drive more efficient treatment, solve unmet medical challenges and enhance people's lives. The company focuses on ensuring its products serve the people who need them most through improving clinical research diversity and expanding access to medical treatments to deliver transformative change for patients globally.
Alphabet Inc.	Sustainable Technology Innovation	Alphabet is a trailblazer striving to build sustainability into everything they do. Many of Alphabet's products and services directly help users avoid Scope 2 Greenhouse Gas (GHG) emissions since on average a Google data center is twice as energy efficient as a typical enterprise data center. This includes advancing carbon-free energy, creating sustainable workplaces, building better devices and services, empowering users with technology, and enabling a responsible supply chain. Since 2007, Alphabet has been carbon neutral and in 2020 became the first major company to neutralize their legacy carbon footprint since their founding. Looking forward, Alphabet set an ambitious goal to operate on carbon-free energy on a 24/7 basis by 2030.
Ameriprise Financial, Inc.	Engagement Priority	Ameriprise (AMP) integrates ESG research into its fundamental analysis and, through its Columbia Threadneedle Investment Group, offers sustainability themed funds and impact funds. Alongside the fundamental research, Columbia Threadneedle launched a proprietary ratings tool that analyzes financial stewardship as well as ESG risk management. Additionally, AMP continues to leverage efficiency and innovative solutions to lessen its environmental footprint and drive cost reductions.
Applied Materials, Inc.	Sustainable Technology Innovation	Applied Materials develops various technologies that help customers meet current and future environmental obligations, particularly concerns related to energy efficiency and carbon intensity. For example, Applied Materials produces technologies that reduce the power consumption of semiconductor chips, improve the energy density of batteries, and produce systems and services to improve the overall energy efficiency of semiconductor fabrication facilities.

COMPANY	IMPACT THEME	SCFA PROFILE
Assurant, Inc.	Sustainable Technology Innovation	Assurant's Global Lifestyle business provides environmental benefits through its mobile trade-in and upgrade programs that reduce e-waste. Assurant's Trade-in and Upgrade Industry Trends report shows that billions of dollars have been returned to U.S. consumers through mobile device trade-ins and upgrade programs. Additionally, Assurant launched an industry-first electric vehicle (EV) protection product, Assurant EV One, in 2020 in an effort to meet the expected growth in the industry and better meet the needs of EV drivers. Assurant has enhanced this program through expanding coverage options for EV-specific components, helping to ensure consumers are protected from additional post-purchase EV costs.
Bank of America Corp.	Efficient Production & Conservation	Digitization efforts have allowed Bank of America (BAC) to reduce the \$5 billion tied to check processing over the last five years. BAC's focus on operational excellence has allowed the reinvestment of a portion of these cost savings into their employees through an industry-leading increase of minimum wage to \$22 per hour in 2022 with plans to increase to \$25 per hour by 2025. Employee costs comprise one of the largest expenses for banks and, as a result of these efforts, BAC enjoys one of the lower employee turnover rates in the industry (12% in 2021) reducing overall costs. BAC has also announced its goal to achieve net zero green house gas (GHG) emissions by 2050, including interim 2030 targets, across not only its financing activities but through its operations and supply chains.
Best Buy Co., Inc.	DEI	Best Buy (BBY) is a leading retailer of consumer electronics in the United States and has been undergoing a multi-year business transformation that we believe is helping to drive top and bottom line opportunities. Since 2012, BBY has saved more than \$2 billion through enhanced engagement and proficiency of its employees. For example, BBY's new labor model encourages associates to train across departments, which yields increased efficiency and flexibility. We believe this minimizes turnover, increases job satisfaction and ultimately reduces costs for the company. Management has also been focused on reducing costs through driving operational efficiencies, such as reducing energy consumption. For example, Best Buy cut emissions by 60% from its 2009 baseline.
CBRE Group, Inc.	Efficient Production & Conservation	CBRE is one of the world's largest commercial real estate services and investment firm. CBRE has emerging sustainable products and services, including sustainable financing and providing energy efficient buildings. Over 75% of CBRE's clients have public sustainability goals including net zero commitments highlighting the value of CBRE's expertise. In 2020, CBRE made a science-based emissions reduction target to reduce its emissions by 68% by 2035 vs. a 2019 baseline.
Centene Corporation	Health & Wellness	As a leader in the Medicaid managed care market, and more recently in the ACA-mandated health insurance marketplaces, Centene plays a critical role in ensuring access to health insurance coverage for low-income populations. Moreover, through its population health initiatives, Centene seeks to be able to help improve the health of the communities it serves while also reducing medical costs from preventable health problems.
ChampionX Corporation	Sustainable Technology Innovation	ChampionX specializes in solutions that help extend the life of oilfields - effectively delaying the need to drill new oil/gas oilfields. It also offers technologies that detect methane leaks, technologies used in renewable energy applications, and chemical solutions that increase their customers' ability to use recycled water while mitigating the impact of fluid problems that can shorten the life of the well.
Charles Schwab Corp.	Economic Mobility & Community Development	Charles Schwab, a leader in the US wealth management industry, developed a competitive advantage with its focus on making investing more accessible and affordable for main street investors. In 2019, it added to its reputation through its industry leading decision to move to a zero-commission fee model for its trading. We continue to look for the company to accelerate its sustainable investing practices and offerings.

Source: Underlying portfolio companies. The conclusions provided are based on fundamental research of Brown Advisory's ESG team. Please see the end of this presentation for important disclosures.

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Cisco Systems, Inc.	Sustainable Technology Innovation	Cisco is a worldwide leader in technology that powers the Internet. The company promotes energy efficiency in its products, enables connected cities and industries, and intelligent energy and transportation networks. Cisco has estimated that well over half of its annual revenue could be considered “green.” In addition, Cisco has committed to reach net zero for all scopes of greenhouse gas emissions by 2040. We believe that product power consumption will be a key metric in the net zero goal for Cisco; products such as Cisco’s Silicon One are critical in moving the needle because they consume meaningfully less power.
Cognizant Technology Solutions Corporation	Efficient Production & Conservation	As a partner in digital transformation, we believe there is a developing opportunity for Cognizant to help clients enhance their capabilities and reach their own environmental goals. Early examples include the company developing an assessment framework that maps technological maturity to the sustainability value chain in different sectors and using Cognizant’s insights and tools—including data, digital engineering, cloud migration services and IoT capabilities—to drive sustainability progress forward.
Comcast Corporation	Engagement Priority	Comcast has been investing in its network virtualization as an opportunity to improve its network efficiency. We believe this helps enable the company to grow its capacity to offer more customers higher bandwidth, improved reliability and enhanced flexibility all while minimizing electricity consumption, capital investments, facility space and cooling demands.
Constellation Energy Corporation	Clean Energy	Constellation is one of the nation’s largest producer of emissions-free energy, accounting for 10 percent of all the clean energy on the grid in the United States and 25 percent of the nation’s always-on nuclear generation. Constellation is also helping to decarbonize other industries through enabling carbon-free hydrogen. Sustainable fuels and other products produced with hydrogen are critical to transitioning complex, high carbon businesses, such as long-haul shipping, agriculture, steelmaking and aviation.
CVS Health Corporation	Health & Wellness	CVS plays a meaningful role in the healthcare space and provides millions of Americans access to essential and affordable health care services. The company’s emphasis is on improved access, better healthcare outcomes with a focus on reducing chronic disease, and controlling healthcare costs. We believe the company is committed to reducing the inequities that drive unequal health outcomes, especially in underserved and at-risk communities. Through Aetna, a managed healthcare company, we believe CVS is driving more affordable care coverage by creating greater efficiencies in healthcare delivery through integration and offering more comprehensive solutions.
Elevance Health, Inc.	Health & Wellness	A meaningful portion of Elevance’s healthcare spending is in value-based care models, giving healthcare providers tools to improve quality of care by tracking metrics such as reducing hospital readmissions and improving preventative care. Additionally, we believe Elevance works to streamline the cost of healthcare and has better direct drug pricing through its pharmacy benefit manager (PBM), CarelonRx. We believe this PBM is differentiated in the market due to the volume of data gathered from millions of members that helps to analyze treatment efficacy and services.
Expedia Group, Inc.	Engagement Priority	Expedia and its subsidiaries are investing in creating a more sustainable and inclusive travel platform to meet the growing consumer demand for sustainable tourism. For context, the environmental impact of tourism can be immense, representing one of the most meaningful contributors to global green house gas (GHG) emissions. According to the United Nations World Trade Organization (UNTWO), transport-related emissions from tourism are set to rise exponentially in the future - by 25% by 2030. As such, we believe Expedia’s ongoing investment in creating a solution for its customers to travel more sustainably should drive revenue for the company. However, at this time, we believe this opportunity is still developing. Our engagement strategy will focus on emerging sustainability drivers, like its lower emission travel feature and its UNESCO Sustainable Travel Pledge program.
Ferguson Plc	Sustainable Technology Innovation	Ferguson distributes energy efficient HVAC, systems throughout North America, directly contributing to lowering the emissions generated from buildings. It also specializes in large, planned water infrastructure projects for residential, commercial and municipal customers through its Waterworks team. 10% of its 2021 revenues were generated from certified energy efficient products.
Fidelity National Information Services, Inc.	Economic Mobility & Community Development	Fidelity National Information Services supports their clients with their financial inclusion goals through product offerings and partnerships, helping to advance economic resiliency and wealth generation, driving economic growth in their core markets. For example, the company offers more than 30 products and services that advance financial inclusion, including enabling low-fee checking accounts for individuals. Additionally, through its Worldpay Working Capital Solution it provided critical funding to over 2,500 merchants worldwide in 2021. These products, in turn lead to revenue growth and FCF generation which we believe is a competitive advantage for the company.

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Gilead Services	Health & Wellness	Through Gilead's core focus on HIV therapies - representing a majority of its annual revenues – the company is solving for a critical health and social challenge. HIV prevalence is a barrier to social development and economic growth as it reduces life expectancy, destabilizes families and deepens poverty. Crucially, Gilead is expanding access to these vital medicines through strategies such as voluntary licensing agreements, while simultaneously expanding market share.
KKR & Co Inc.	Sustainable Financing	KKR has long focused on enhancing employee ownership and engagement in an effort to build strong companies within its portfolios. As an example, during their eight-year investment in Ingersoll Rand, voluntary turnover was reduced by 80% and the injury rate declined by 70% reducing costs. This highlights KKR's expertise in developing a business strategy focused on expanding equity ownership and improving employee engagement and worker safety. In 2018, KKR launched its first Global Impact fund and continues to build out its ESG fund offerings.
Lincoln Electric Holdings, Inc.	Sustainable Technology Innovation	Lincoln Electric sells products to the welding, brazing and cutting industry that drive energy efficiency and improve safety. For example, a majority of the company's equipment product families use digital inverter-based technology, which typically consume 20-26% less energy compared to conventional equipment. Additionally, its virtual welding training simulators enable more efficient training while also reducing material use, energy use and energy intensity.
Masco Corporation	Sustainable Technology Innovation	Masco estimates that 50% of its revenues are generated from sustainable products, including environmentally-friendly paints that carry various certifications such as GREENGUARD, lighting fixtures using LED technology, and plumbing products that meet water flow rate standards such as WaterSense®.
Medtronic Plc.	Health & Wellness	Medtronic has a leadership position in healthcare technology, helping to solve unmet needs in innovating life-transforming technology. Our thesis is further based on their ability to expand access to healthcare and leverage technology to dismantle barriers to health equity that exist, especially for diverse and historically underserved communities, while driving economic value.
Merck & Co., Inc.	Health & Wellness	Merck is committed to delivering innovative health solutions (vaccines and medicines) across its human health and animal health segments. Merck's scale enables the company to expand access through far reaching policies, programs and partnerships, targeting to reach roughly three quarters of countries around the world with their products.
Micron Technology, Inc.	Efficient Production & Conservation	As one of the global leaders in memory and storage solutions, Micron's low power devices support sustainability and climate change initiatives in their customer's supply chain. Per the 2022 CDP report, 81% of Micron's revenue comes from low-carbon (energy efficient) products, such as their low-power LPDDR5 DRAM memory product.
Morgan Stanley	Sustainable Financing	Morgan Stanley is creating value through its low carbon financing and clean energy solutions alongside its ESG-focused investment services. Morgan Stanley has set a \$1 trillion sustainable solutions financing goal by 2030 to support the UN Sustainable Development Goals and also issued a \$1 billion social bond tied to affordable housing projects. In an effort to build upon their ESG leadership and expertise, Morgan Stanley acquired Calvert in 2021.
Nexstar Media Group, Inc.	Engagement priority	Nexstar claims that the company's mission is to provide trustworthy, unbiased journalism while upholding the principles of localism and diversity. For example, NewsNation was founded on the premise of creating an unbiased news network along with providing "just facts". While we understand the importance of Nexstar's reputation in journalistic integrity, we view this as a developing opportunity and therefore continue to seek evidence of Nexstar's leadership in driving this competitive advantage.
NXP Semiconductors NV	Sustainable Technology Innovation	NXP Semiconductors is a supplier of high-performance mixed-signal semiconductor solutions that has expertise in security, connectivity and low-power capability. They help make the world smarter, safer and more efficient. Specifically, they enable LED lighting application, safer and more efficient cars, low- power notebook computers and secure payments. Additionally, they have internal initiatives to improve operational efficiencies to further drive sustainability within its business.

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Schlumberger Ltd. (SLB)	Sustainable Technology Innovation	We believe Schlumberger (SLB), an oilfield services company, is positioning itself to play a key role in reducing the emissions of the oil & gas sector through its Transition Technologies portfolio including equipment and services that reduce energy companies' emissions, including methane emissions, and reduce flaring and its associated negative impact. Additionally, SLB's New Energy portfolio includes a variety of technologies such as energy generation from hydrogen, energy storage and carbon capture and storage technology. We expect the New Energy portfolio to drive revenue growth for the company in the coming years.
Target Corporation	Efficient Production & Conservation	Target is capitalizing on consumer demand for more affordable sustainable and better-for-you products. The company has stated that it plans to make 100% of its private label products environmentally sustainable by designing items that are more durable, and eliminate waste and encourage reuse by 2040. We believe Target's sustainability drivers lie in the retailers' ability to meet consumer demand for more sustainable and affordable products through its private label assortment, and its ability to incorporate operational efficiencies that lead to environmental and cost savings.
T-Mobile US, Inc.	Efficient Production & Conservation	T-Mobile's network has increased by over 300% in the last five years, however through using energy-efficient technologies energy intensity has declined by over 50%. Additionally, T-Mobile's leadership position in renewables allows it to keep prices low and enhance reliability, as solar offers improved energy security in the face of extreme weather events.
Trane Technologies Plc.	Sustainable Technology Innovation	Trane provides energy efficient solutions for the built environment, as well as for refrigerated transport. Roughly 35% of Trane's revenue is generated from solutions that facilitate energy or emissions reductions including energy efficient HVAC systems, heat pumps, next generation refrigerants, and efficient refrigerated transport. The company has a 2030 goal to reduce 1 gigaton of customer emissions through product sales/strategy, and another to transition out of high-Global Warming Potential Refrigerants by 2030 — ahead of regulation.
Truist Financial Corporation	Engagement Priority	As a super-regional bank, Truist focuses on those who are unbanked or underbanked by continuing to expand on low-cost checking and check-cash services. Truist One Banking now offers a first-of-its-kind checking account with no overdraft fees and an innovative deposit-based line of credit up to \$750. In 2021, Truist issued a \$1.25B social bond, the first such bond issued by a regional bank, which was oversubscribed by 2.7 times showing the market demand for these products and Truist's emergence as a leader.
Unilever Plc	Sustainable Agriculture & Natural Resources	This multinational consumer goods company's Sustainable Living Brands have delivered top-line results that are growing faster than the rest of the business and account for over half of the company's growth. It has been successful in embedding sustainability into its supply chain practices and company culture, improving efficiency, responsibly managing water use and reducing supply chain risks.
Waste Connections, Inc.	DEI	Waste Connections is an integrated solid waste services company that provides essential, non-hazardous waste collection, transfer and disposal services, along with resource recovery, primarily through recycling and renewables fuel generation. We believe Waste Connection possesses an operational advantage, driven largely by its occupational safety efforts that produce a total recordable incident rate that is half the industry average, and a risk cost as a percentage of revenue as the lowest among its peers. Additionally, the company's location proximity of disposal sites within competitive markets helps lower transportation costs and presents a unique barrier to entry.
Wyndham Hotels & Resorts, Inc.	Engagement Priority	Wyndham has made efforts to promote and improve the sustainability of its portfolio of managed and franchised hotels in order to capitalize on the increasing demand for sustainable lodging options and drive cost savings of energy and water efficiency improvements at the hotel level. Through its green certification program for franchised hotels, we believe that Wyndham can help franchisees improve profitability in the economy and mid-scale hotel segment.

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DESCRIPTIONS OF IMPACT THEMES

Economic Development and Social Inclusion

Affordable Housing	Offering housing options to low- and moderate-income families.
Economic Mobility & Community Development	Increasing employment opportunities and financial inclusion for underserved communities.
Education	Reducing barriers to education for underserved groups.
Diversity, Inclusion, Equality	Supporting race and gender equity; empowering marginalized populations.

Health and Well-Being

Health & Wellness	Promoting health and well-being, and improving access to and quality of health care.
Clean Water and Sanitation	Improving access to clean drinking water and sanitation services; solving infrastructure challenges; managing freshwater ecosystems.

Environment

Sustainable Technology Innovation	Innovating products and services that deliver sustainability results (e.g., energy-efficient products, sustainable transportation).
Efficient Production and Conservation	Reducing use of energy or raw materials, increasing use of renewables, etc., through internal operations.
Clean Energy	Developing, operating or delivering clean energy from wind, solar and other renewable sources.
Sustainable Agriculture and Natural Resource Management	Responsibly managing natural resources, minimizing or reversing land degradation, and protecting biodiversity.

We at Brown Advisory worked to build unified themes for our sustainable and impact portfolios that were applicable across equity and fixed income securities alike. In our pursuit, we worked closely to align our goals with the goals of the U.N. Sustainable Development Goals (SDGs). We believe that our framework aligns with the goals and spirit of the SDGs but also relies on our proprietary ESG research capabilities that impact our investment decisions.



Source: UN Department of Economic and Social Affairs.

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All investments involve risk. The value of the investment and the income from it will vary. There is no guarantee that the initial investment will be returned.

ESG considerations are one of multiple informational inputs into the investment process, alongside data on traditional financial factors, and so are not the sole driver of decision-making. ESG analysis may not be performed for every holding in the strategy. ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify issuers that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in issuers that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be screened out of other ESG oriented portfolios. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk.

The strategy intends to invest in companies with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular companies and industries. Brown Advisory relies on Fourth parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.