

Mortgage Securities Fund



Why Invest in Brown Advisory Mortgage Securities?

We believe that mortgage securities offer attractive income potential because investors are compensated for prepayment risk. Mortgage securities issued by the U.S. government, government-sponsored enterprises or private entities, generally offer high credit quality. The Fund managers employ a strategy centered on security-level analysis that seeks to maximize total return over the intermediate term and beyond by identifying underappreciated loan characteristics or attractively priced call options that may slow refinancing activity and enhance yield potential.

The Fund's investment process seeks to identify market dislocations. Mortgage-backed securities can be structured in a number of ways, such as pass-throughs or collateralized mortgage obligations, etc. Proprietary decision-making models and fundamental research seek to identify opportunities to add alpha and control risk. Because the price and yield of mortgage securities are closely tied to interest rate changes, the process is designed to construct a diversified portfolio that can potentially outperform the Index, regardless of rate changes.

The Fund is a concentrated portfolio of high-conviction ideas. We believe portfolios should be concentrated in our best ideas and managed independently from the benchmark. Our culture and firm equity ownership structure help attract and retain professionals who share these beliefs, while our repeatable investment process helps us stay true to our investment philosophy.

Portfolio Manager: Garritt Conover, CFA, CAIA

Associate Portfolio Manager: Chris Roof, CFA

Benchmark: Bloomberg Mortgage-Backed Securities Index

INTERMEDIATE-TERM BOND

Average Annual Total Returns % (09/30/2026)

	3 MOS.	YTD.	1 YR.	3 YR.	5 YR.	10 YR.	ITD (12/26/2013)	ITD (05/13/2014)
Brown Advisory Mortgage Securities Fund								
Investor Class-BIAZX Inception: 12/26/2013	-4.28	-3.50	-2.04	4.01	-0.43	1.05	1.63	--
Institutional Class-BAFZX Inception: 05/13/2014	-4.28	-3.47	-2.00	4.03	-0.38	1.09	--	1.54
Bloomberg Mortgage- Backed Securities Index	-4.25	-3.31	-1.65	4.53	-0.39	0.88	1.58	1.38
Excess Return vs. Index (Institutional)	-0.03	-0.17	-0.35	-0.49	0.01	0.21	--	0.17
Morningstar & rank in Category (Institutional)	--	--	59	62	48	20	--	--
# of Funds in Category	--	--	125	123	121	103	--	--

OVERALL MORNINGSTAR RATING™



As of 09/30/2026 for Institutional Shares among 123 Government Mortgage-Backed Bond funds (derived from a weighted average of the fund's three-, five- and 10-year risk adjusted return measure).

CHARACTERISTICS (09/30/2026)

	BAFZX	Bloomberg Mortgage-Backed Securities Index
Morningstar Category	Intermediate Government	--
Fund Assets (\$MM)	\$237M	--
Number of Holdings	341	1,109
Avg. Life	7.8	7.5
Effective Duration	5.9	5.9
30-Day SEC Yield (%)	4.56	--
Yield to Worst (%)	6.2	6.0

Source: Fund net assets provided by U.S. Bank; portfolio characteristics from FactSet® and include cash and equivalents. Total net assets are as of the last day of the quarter and include all share classes. Characteristics are calculated gross of fees unless noted otherwise.

Calendar Year Returns %

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Institutional Class-- BAFZX	8.06	1.33	4.28	-10.52	-0.34	5.54	6.87	0.88	2.30	1.30
Bloomberg Mortgage- Backed Securities Index	8.58	1.20	5.05	-11.81	-1.04	3.87	6.35	0.99	2.47	1.67
Excess Return vs. Index (Investor)	-0.53	0.13	-0.77	1.29	0.70	1.67	0.52	-0.11	-0.17	-0.37

Gross Expense Ratios: 0.51 % (Investor), 0.46% (Institutional)

Net Expense Ratios: 0.51 % (Investor), 0.46% (Institutional)

Morningstar Rankings represent a fund's total-return percentile rank relative to all funds in the Morningstar Government Mortgage-Backed Bond Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges. Past performance does not guarantee future results.

Source: U.S. Bank. Performance data quoted represents past performance and is no guarantee of future results. Performance is reported net of all advisory fees. Performance for periods greater than one year is annualized. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares may be worth more or less than original cost. Performance for other share classes will vary. For the most recent month-end performance, please call 1-800-540-6807.

Mortgage Securities Fund

THIRD QUARTER 2026 • INVESTOR: BIAZX | INSTITUTIONAL: BAFZX

Portfolio Diversification (09/30/2026)

Sector Composition (%)	BIAZX	Bloomberg Mortgage-Backed Securities Index
Cash & Equivalents	-5.7	--
Municipal	0.1	--
CMBS	3.7	--
CMO	7.1	--
Government Futures	-14.3	--
ABS	9.2	--
Treasury	--	--
Mortgage	99.9	100.0
Unassigned	--	--

Source: Advent Portfolio Exchange® for Fund data, FactSet® for benchmark data (Portfolio diversification) and U.S. Bank (Portfolio holdings). Portfolio diversification and Portfolio holdings includes cash and equivalents, and are subject to change at any time. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Figures may not total 100% due to rounding. Cash balance can be negative to reflect economic exposure to derivatives and other forward contracts.

TOP 10 PORTFOLIO HOLDINGS (09/30/2026)

Shown as a % of total net assets	(%) of
Fannie Mae or Freddie Mac, 2.00%	6.0
Fannie Mae or Freddie Mac, 6.00%	4.5
Fannie Mae or Freddie Mac, 6.50%	2.6
First American Government Obligations Fund, 3.73%	2.6
Fannie Mae or Freddie Mac, 3.00%	1.9
FNCL 3.5% TBA OCT, 3.50%	1.8
Fannie Mae or Freddie Mac, 5.50%	1.3
Freddie Mac Pool SD4697, 6.00% Due 02/01/2054	1.2
Verizon Master Trust Series 2024-5 2024-5 A, 5.00% Due 06/21/2032	1.0
Fannie Mae Pool CB3103, 2.50% Due 03/01/2052	0.9
Total	23.8

DURATION DISTRIBUTION (%) (09/30/2026)

	BIAZX	Bloomberg Mortgage-Backed Securities Index
Less than 1 Year	3.7	0.1
1 to 3 Years	4.9	0.9
3 to 5 Years	21.8	21.2
5 to 7 Years	49.1	56.9
7 to 10 Years	21.7	21.0
Greater than 10 Years	-1.1	--

CREDIT QUALITY COMPOSITION (%) (09/30/2026)

	BIAZX	Bloomberg Mortgage-Backed Securities Index
AAA/Aaa	5.3	--
AA/Aa	97.2	100.0
A	0.4	--
BBB	--	--
High Yield	--	--
Not Rated	3.7	--
Cash	-6.5	--

Source: FactSet® Credit quality is calculated using ratings assigned by Moody's. If Moody's does not rate a holding then Standard & Poor's is used. If Moody's and Standard & Poor's do not rate a holding then Fitch is used. A bond is considered investment grade if its credit rating is BBB- or higher according to Standard & Poor's; more specifically, a rating of "AAA" represents the highest credit quality with minimal risk of default and a rating of "BB" or below represents speculative financial security. High Yield, if noted, includes holdings that are rated BB+ or lower according to Moody's. Not Rated category, if noted, includes holdings that are not rated by any rating agencies. Quality and duration distribution allocations include cash and equivalents, are subject to change at any time and should not be considered recommendations to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. Figures may not total 100% due to rounding.

About Brown Advisory

BROWN ADVISORY: AN INDEPENDENT INVESTMENT FIRM

Brown Advisory is an independent investment management and strategic advisory firm committed to delivering client-first investment performance, strategic advice and the highest level of service.

The firm's clients—including individuals, families, family offices, endowments, foundations, charities, institutions, consultants, and financial intermediaries—are served by over 1,000 colleagues worldwide, all of whom are equity owners of the firm.

Experienced Management

Garritt Conover, CFA, CAIA

Portfolio Manager

Garritt Conover is a Portfolio Manager of the Mortgage Securities Fund. Investment experience dating from 2008; joined Brown Advisory 2021

Chris Roof, CFA

Associate Portfolio Manager

Chris Roof is an Associate Portfolio Manager and fixed income research analyst. Investment experience dating from 2015; joined Brown Advisory 2021

- Independent since 1998
- Founded in 1993
- 100% of colleagues collectively own approximately 65% of the firm's equity

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THIRD QUARTER 2026 • INVESTOR: BIAZX | INSTITUTIONAL: BAFZX

Must be preceded or accompanied by a prospectus. Click here to view the [prospectus](#). Please read carefully before you invest.

Mutual fund investing involves risk. Principal loss is possible. Past performance is no guarantee of future results.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed and Mortgage-Backed securities include additional risks that investor should be aware of including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Certain fixed income securities held by the Fund may be difficult (or impossible) to sell at the time and at the price the Advisor would like.

As a result, the Fund may have to hold these securities longer than it would like and may forego other investment opportunities. Issuers may experience an acceleration in prepayments of mortgage loans or other receivables backing the issuers' fixed income securities when interest rates decline, which can shorten the maturity of the security, force the Fund to invest in securities with lower interest rates, and reduce the Fund's return. Issuers may decrease prepayments of principal when interest rates increase, extending the maturity of a fixed income security and causing the value of the security to decline. Investing involves risk. Principal loss is possible. Investors should consult a tax professional for advice and information concerning the tax features of mortgage backed securities and fixed coupon bonds.

Mortgage-backed securities (MBS) are bonds secured by a mortgage or collection of mortgages. Diversification does not assure a profit nor protect against loss in a declining market. Investing involves risk. Principal loss is possible. Investors should consult a tax professional for advice and information concerning the tax features of mortgage backed securities and fixed coupon bonds. Unlike traditional fixed-coupon bonds that pay semiannual coupons, MBS distribute monthly payments of interest and principal, and the coupon amount may vary each month. Because of the general complexity of mortgage-backed securities, and the difficulty that can accompany assessing the creditworthiness of an issuer, they may not be suitable for all individual investors.

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The benchmark index shown represents the Fund's performance benchmark index, which is different from the Fund's regulatory benchmark index. The Fund's regulatory benchmark index is the Bloomberg US Aggregate Bond Index and it is included in the Fund's prospectus. The Fund's prospectus can be obtained by contacting the Fund at 1-800 645-3923 or by visiting the Fund's website at <https://www.brownadvisory.com/mf>

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Terms and Definitions

Pass-throughs MBS are a mechanism in the form of a trust through which mortgage payments are collected and distributed to investors. The majority of pass-throughs have stated maturities of 30 years, 15 years and five years. Because these securities "pass through" the principal payments received, the average life is much less than the stated maturity life, and varies depending upon the payoff experience of the pool of mortgages underlying the bond. **Collateralized mortgage obligations (CMO)** are a complex type of pass-through security. Instead of passing along interest and principal cash flow to an investor from a generally like-featured pool of assets, CMOs are made up of many pools of securities. Front and back sequential bonds refer to types of CMOs that are structured to pay in a sequence of tranches. Each tranche's holder receives interest payments as long as the tranche's principal amount has not been completely paid off. Each tranche receives regular interest payments, but the principal payments received are made to the first tranche alone, until it is completely retired. Once the first tranche is retired, principal payments are applied to the second tranche until it is fully retired, and the process continues until the last tranche is retired. A **Forward Contract** is a customizable derivative (an instrument whose value derives from a bond price, interest rate, or other bond market value) contract between two parties to buy or sell an asset at a specified price on a future date. **Alpha** takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. **Average Life** is the average period of time for all principal dollars to be returned to investors. **Effective Duration** is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. **The 30-day SEC yield is a standardized measure of a bond fund's reflecting the interest earned during that 30-day period, after subtracting the fund's fee waivers or expense reimbursements that were in place during that 30-day period.**