

2025

Sustainable Core Fixed Income Strategy

REPORTING ON SUSTAINABILITY OUTCOMES

This report reflects our investment philosophy and our commitment to report on the sustainability outcomes of the Strategy.



LETTER OF INTRODUCTION FROM THE PORTFOLIO MANAGERS



Amy Hauter

Amy Hauter, CFA
Portfolio Manager



Jason Vlosich

Jason Vlosich
Portfolio Manager

Dear Fellow Investors,

2025 was another consequential year for global bond markets, shaped by the continued normalization of interest rates, evolving inflation dynamics, erratic policy developments, and persistent geopolitical uncertainty. While volatility remained elevated across asset classes, fixed income once again demonstrated its importance as both a source of income and a tool for risk management during periods of uncertainty.

From a sustainability perspective, the year was marked by meaningful progress alongside continued debate. Extreme weather events underscored the economic costs of climate conditions, while demographic shifts, housing affordability, and access to essential services remained central challenges across many regions. At the same time, advancements in data quality, issuer disclosure, and market infrastructure continued to improve investors' ability to evaluate material risks and opportunities related to sustainability—particularly within the depth and diversity of the global bond markets.

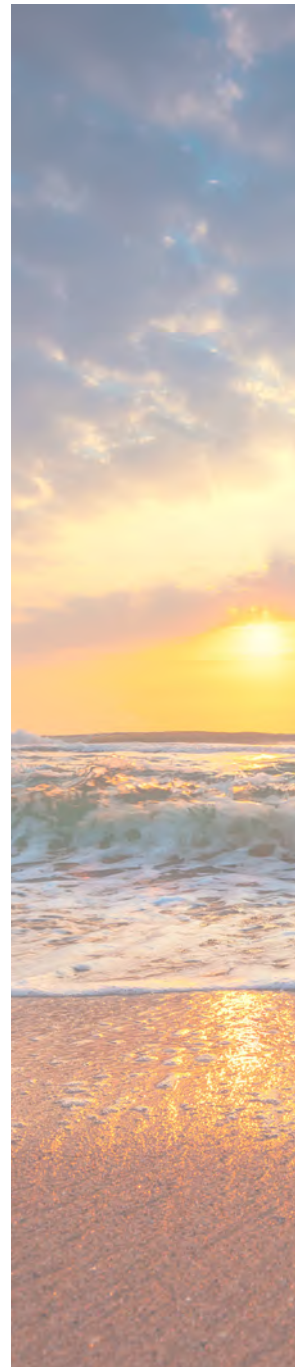
The sustainable investment landscape continued to mature in 2025. Following a period of reassessment across the industry, there has been greater focus on clarity, financial materiality, and accountability in how sustainability considerations are incorporated into investment decisions. While regulatory approaches and political priorities varied across regions, we remained disciplined in our process and consistent in our belief that sustainability-related risks and opportunities are often inseparable from long-term credit quality and valuation

Within fixed income, we believe this application is especially powerful. Bondholders are uniquely positioned to evaluate downside risk, capital allocation discipline, and an issuer's preparedness for structural change. Throughout the year, we continued to focus on issuers we believe are well positioned to adapt to secular trends such as technological innovation and evolving societal needs—trends that we expect to influence economic outcomes well beyond short-term market cycles.

As always, we thank our teammates, who work tirelessly to ensure that our investment decisions are informed by trustworthy data and clear viewpoints about what we can infer from that data.

We appreciate your continued partnership and welcome the opportunity to discuss our perspectives in greater detail.

Amy and Jason



SUSTAINABLE INVESTING AT BROWN ADVISORY

As investors, we will consider any data, factor, business tactic or strategy, economic or market condition – whether quantitative or qualitative – which might allow us to better understand the material challenges and opportunities facing a business or issuer. Every Brown Advisory investment strategy holds the fiduciary duty of delivering investment performance to clients as its highest obligation.

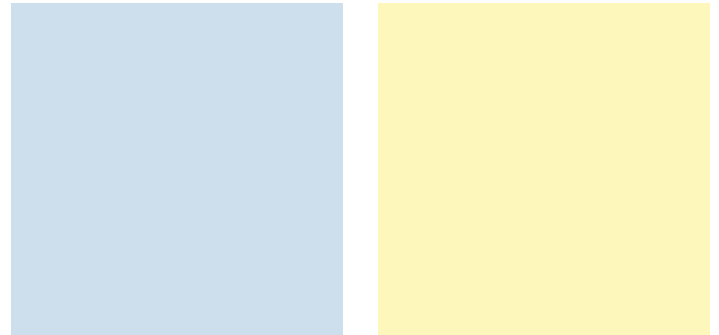
How we think about Sustainable Investing

Sustainable Investing strategies apply an active and documented investment decision-making framework that emphasizes the materiality of the risks and/or opportunities that arise from natural resource, social and economic, climate, and/or governance issues in their evaluation of an investment. No two Sustainable Investing strategies will be exactly alike and each strategy's approach will reflect the portfolio manager's autonomy to invest in the way they believe best generates long-term investment performance for clients.

Investment philosophy

We firmly believe there does not have to be a trade-off between strong performance and investments that help address global sustainability challenges. We find that a sustainability-oriented mindset is well-suited for fixed income investing—certainly as it relates to downside risk management, but also in the opportunities presented by the breadth of the fixed income markets. By incorporating sustainable investment research into our due diligence process, we aim to identify responsible and forward-thinking issuers to construct a portfolio that delivers attractive risk-adjusted returns.

The Brown Advisory Sustainable Core Fixed Income portfolio is made up primarily of bonds that have an identifiable 'sustainable driver', which we define as an investment that is deriving improved financial outcomes or a competitive advantage through sustainability-related activities. Through bottom-up primary research and stakeholder engagement, our sustainable investing strategists seek to understand sustainable investing levers that can drive financial results. The levers that our team identify tend to fall into two broad categories, which we find transcend asset classes and sectors: Climate Conditions & Resource Access and Culture & Human Capital.



Investment process

We take an active and flexible approach to fixed income investing, seeking to offer investors access to an attractive stream of income and risk-adjusted returns while simultaneously generating positive outcomes on sustainability issues. We do this by incorporating sustainable investment analysis to strengthen both top-down and bottom-up credit-focused research, providing a deeper holistic risk profile of the issuers in our investment universe.

- **Fundamental investment research:** combining business cycle analysis, quantitative inputs and risk measures with bottom-up analysis to model cash flows, valuations and an issuer's ability to repay.
- **Sustainable investment research:** evaluation of sustainable investment risks and opportunities including specific use of proceeds and the issuer's ability to manage the project and risks.

It is at the intersection of these key elements where we find an attractive investment. Only when an issuer meets our exact standards will they be considered candidates for inclusion into our sustainable bond portfolios. And our ongoing active and dynamic approach to asset allocation means we will reposition the portfolio in different market environments in an effort to help maximize return potential and mitigate risk for our investors.

SUSTAINABLE INVESTING LEVERS

Our primary goal is to provide a diversified portfolio of investments that delivers both attractive returns and positive outcomes. We believe that our investment philosophy helps our portfolio drive progress in many different social and environmental areas. By breaking the portfolio out by sustainable investing levers, we can better demonstrate that diversification.

Diversification by levers

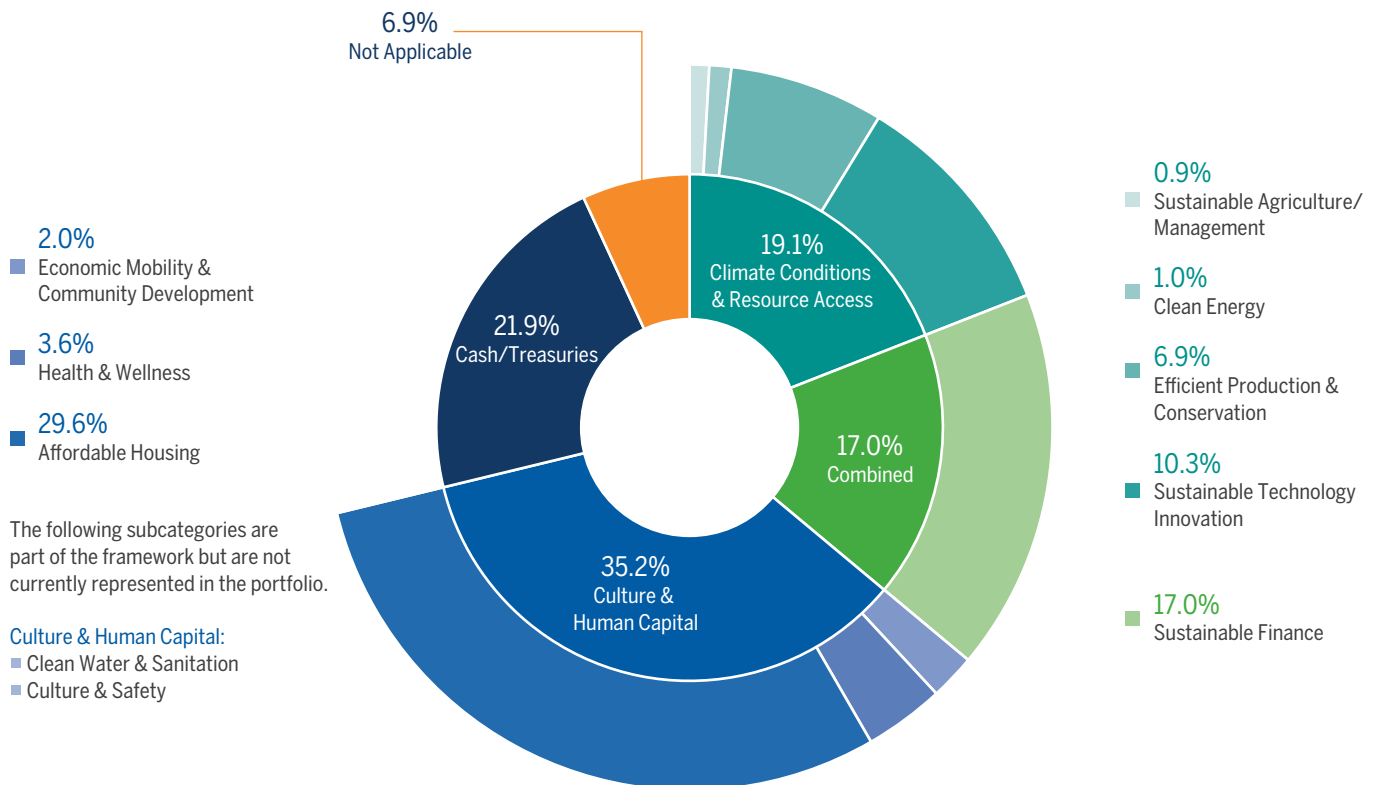
A “lever” refers to a sustainable investment-related driver that we believe may contribute to a company’s long-term value creation.

We do not target any particular lever or combination of levers as part of our investment process. However, through our bottom-up research, we assess how a company’s products, services, or business practices may be positioned to benefit from - or help address - natural resource, social, economic, climate, and/or governance outcomes.

We group these under two broad themes: Climate Conditions & Resource Access and Culture & Human Capital, with several more specific sub-levers beneath them. The levers are used for analytical and reporting purposes which help to illustrate potential sustainable investment-related outcomes associated with the companies we own.

A CLIENT-FOCUSED FRAMEWORK

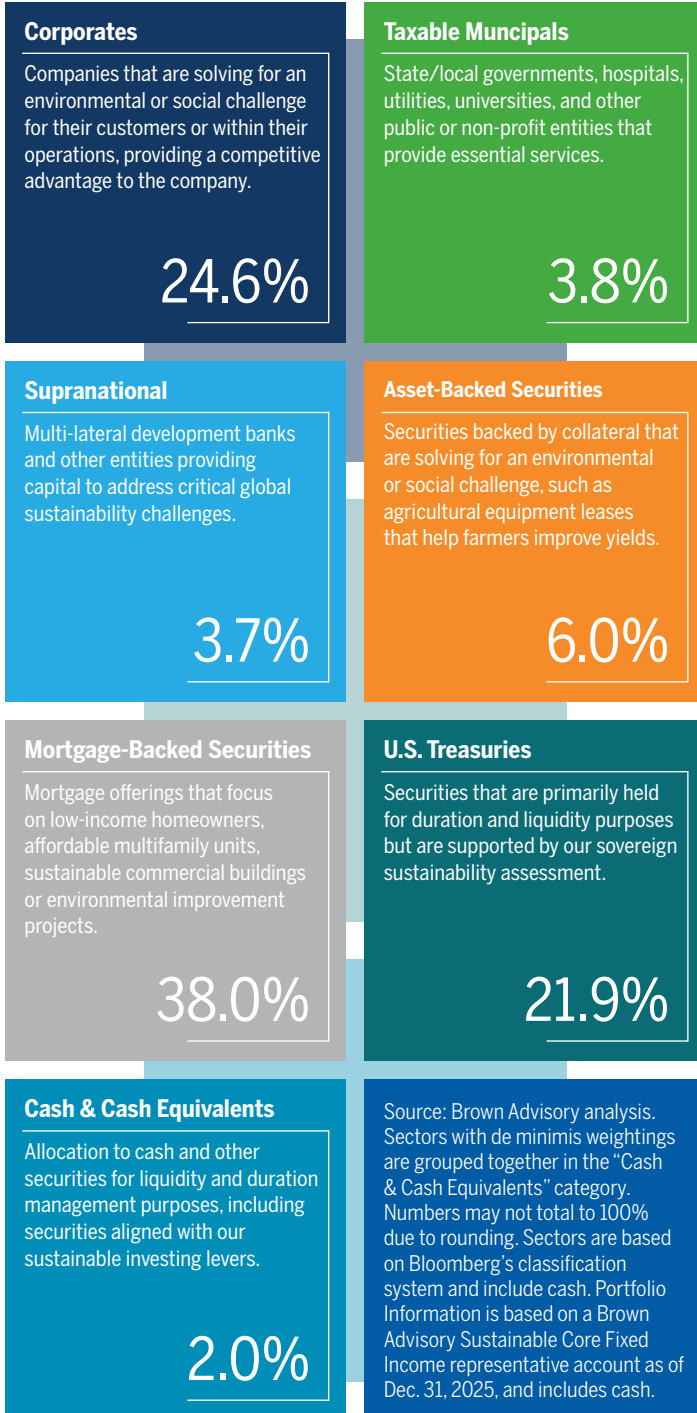
The levers presented in the Brown Advisory framework above, Climate Conditions & Resource Access and Culture & Human Capital, have been developed with the sole purpose of explaining the potential sustainable investment-related outcomes of our investments. We work closely with our clients to help them translate our levers against their own tools or other internationally recognized frameworks, such as the U.N. Sustainable Development Goals (SDGs), if that aligns with their investment philosophy or goals. Whilst we do not invest to achieve these goals, some clients have found it useful to show how our levers map against the SDGs to understand a strategy’s investment outcomes.



Source: Brown Advisory analysis. Numbers may not total to 100% due to rounding. Sustainable investing levers with de minimis weightings are grouped together in the “not applicable” category. Portfolio information is based on a Brown Advisory Sustainable Core Fixed Income representative account as of Dec. 31, 2025, and includes cash. Please see the end of this report for important disclosures.

Diversification by sector

We believe that a fundamentally diverse portfolio, spanning a full range of fixed income sectors, naturally increases the range of issues and levers present in the portfolio. Each sector offers a differentiated entry point to various types of sustainability issues.



Labeled bonds

Labeled bonds, such as green, social, sustainability, or sustainability-linked bonds, are a tool used to finance specific environmental and/or social projects and objectives.

Labeled bond issuance in 2025 surpassed \$1.6 trillion in issuance¹, with global green bond and loan issuance reaching a record \$947 billion—accounting for nearly 60% of all sustainable debt issuance¹.

While appealing, bond labels are no shortcut for the prudent investor due to a lack of standardization and independent verification. When assessing a labeled bond, it is important to understand how the labeled bond fits into an issuer's overarching sustainable investing strategy, including evaluating the use of proceeds and mechanisms for accountability. In particular, we examine how well these bonds align with and adhere to the voluntary guidelines issued by ICMA and will support those that we believe are committed to delivering on positive sustainability outcomes. We do not target a specific portion of the portfolio to be in labeled bonds; however, we generally maintain some exposure at all times. The portion of the portfolio invested in different labeled bonds is presented below.

¹ Bloomberg, BNEF <https://www.bloomberg.com/news/articles/2025-12-25/green-debt-sales-hit-record-levels-despite-climate-backlash>

Percentage of Portfolio in labeled bonds

8.5%

Source: Brown Advisory analysis based on a Brown Advisory Sustainable Core Fixed Income representative account as of Dec. 31, 2025 and includes cash. Please see the end of this report for important disclosures.



Case studies

**LKQ CORPORATION (LKQ)**

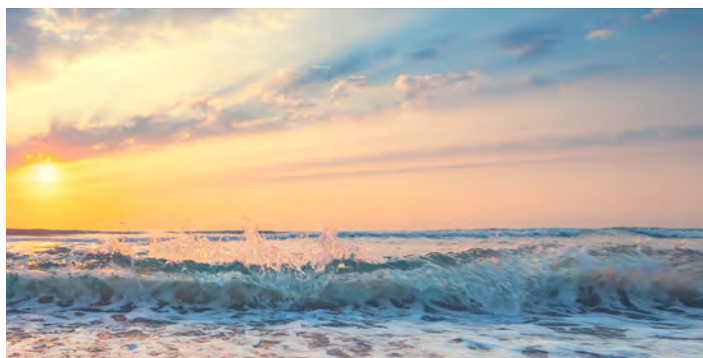
SUSTAINABLE INVESTING LEVEL:
Efficient Production & Conservation

ISSUER SUMMARY:

LKQ is a global provider of replacement auto parts, components, and systems used for vehicle repair and maintenance. Recycling is fundamental to the company's business model and enables material cost reductions for customers. LKQ derives a meaningful proportion of its revenue from salvaged parts—including batteries, body panels, catalytic converters, wheels, and tires—as its salvage business allows it to extend the useful lives of vehicles and offer products that are 20-50% cheaper compared to Original Equipment Manufacturer (OEM) parts¹. Salvaged auto components remain both the lowest-cost and most desired replacement components requested by auto repair centers and auto dealership customers. LKQ also uses its salvage operations to collect and sell scrap metal and other materials to metals recyclers, as well as reuse recovered fluids in its own fleet operations (e.g., fuel for trucks). The company has indicated plans to expand its salvage and remanufacturing operations in Europe, a relatively untapped market thus far, potentially leading to a growth in revenue from recycled products.

Additionally, LKQ is positioning itself to adapt to trends of vehicle electrification. While electric vehicles (EVs) do not have traditional engines and transmissions, the company is investing in the opportunity to expand its offerings and further its circular economy efforts. In North America, LKQ offers battery remanufacturing and plans to offer battery recycling in the future, highlighting how the company can capitalize on the increasing volumes of EV and hybrid vehicles globally. With potential reputational benefits for enhancing sustainable and circular practices, alongside customer cost advantages such as lower repair costs, we believe that LKQ stands to gain share in its core markets.

¹ <https://www.repairerdrivenews.com/2023/04/05/texas-bill-would-mandate-use-of-oem-parts-repair-procedures-in-new-vehicle-repairs/>

**PROLOGIS, INC. (PLD)**

SUSTAINABLE INVESTING LEVEL:
Efficient Production & Conservation

ISSUER SUMMARY:

Prologis is a global leader in logistics real estate, specializing in owning, managing, and developing logistics facilities. The company's 1.3 billion square foot portfolio spans nearly 5,900 buildings and serves about 6,500 customers, primarily supporting distribution, storage, packaging, assembly, and light manufacturing—key functions for both retail and e-commerce fulfillment². With the buildings sector responsible for nearly 40% of global carbon emissions, Prologis' efforts to address both operational and embodied carbon emissions across the built environment represent a meaningful opportunity³.

Given its position as a critical infrastructure provider for the global supply chain and logistics sector, Prologis views its investment in efficiency and renewable energy as a value-add for both its customers and investors. For its customers, these decarbonization efforts offer efficient buildings, renewable energy, and data tools that reduce customers' emissions, operating costs, and help meet regulatory requirements, enabling stronger customer relationships. For its investors, the company believes that lower-emissions assets will retain value, generate increased revenue, and face reduced regulatory risk. We believe this future-proofs its portfolio, which can help drive strong financial performance across business cycles. Additionally, Prologis incorporates design standards that prioritize performance and sustainability considerations, including high-efficiency HVAC and lighting systems, lower-carbon concrete and steel, and opportunities to reduce waste, reuse building materials, and incorporate modular design to boost long-term adaptability. Prologis leads peers in terms of green building certifications, with approximately 25% of its portfolio and one-third of the space leased by its 25 largest customers being sustainably certified⁴. This share is expected to grow following the company's commitment in 2021 to certify any development or redevelopment from that point forward⁵.

² <https://www.prologis.com/insights-news/press-releases/prologis-reports-fourth-quarter-and-full-year-2024-results>

³ <https://www.unep.org/resources/report/building-materials-and-climate-constructing-new-future>

⁴ Page 19, <https://prologis.getbynder.com/m/4e832274a5346909/original/Prologis-2024-25-Global-Impact-Sustainability-Report.pdf>

⁵ Page 19, <https://prologis.getbynder.com/m/4e832274a5346909/original/Prologis-2024-25-Global-Impact-Sustainability-Report.pdf>

Source: Brown Advisory Research. 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 issuers mentioned. It should not be assumed that investments in such issuers have been or will be profitable. To the extent specific issuers are mentioned, they have been selected by the author on an objective basis to illustrate the sustainable investment philosophy of the strategy, and do not represent all of the issuers purchased, sold or recommended for advisory clients. Portfolio information is based on a Brown Advisory Sustainable Core Fixed Income representative account as of Dec. 31, 2025. Please see the end of this report for important disclosures.

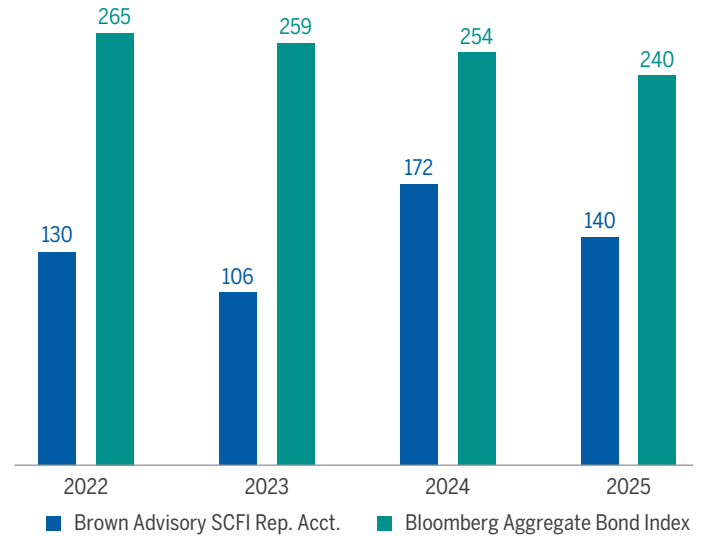
Carbon emissions data

While climate risk is a consideration for all asset classes within the portfolio, the data on the right is illustrative of corporate issuers only due to the availability and comparability of data. This represents 24.6% of the portfolio.

We believe the fixed income markets are poised to play an essential role in financing the global effort to decarbonize our economy. As part of our investment assessments, we consider an issuer’s overall carbon footprint. From an investment perspective, this is beneficial as lower emissions can reduce the cost of operating expenses when paired with efficiency gains, mitigate certain regulatory risks while also signaling stronger long-term resilience in an increasingly turbulent global energy system.

Most large companies report in some form on carbon emissions and decarbonization efforts, but this is not consistently applied across all fixed income sectors. We continue to encourage issuers to make progress in this area and work with CDP and other investor groups on several multiyear initiatives aimed at creating reliable datasets for other fixed income asset classes.

WEIGHTED AVERAGE CARBON INTENSITY¹

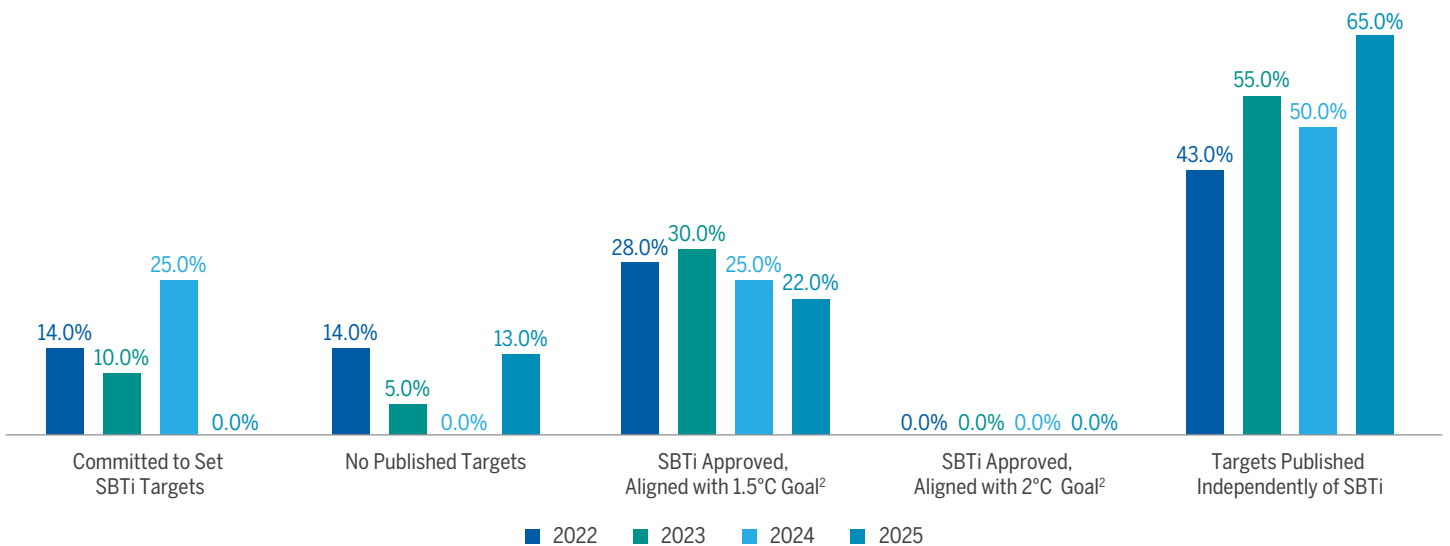


¹ Tons CO₂e/\$M revenue of portfolio holdings, adjusted based on relative weighting of each holding.

Source: MSCI ESG Manager. Portfolio information is based on a Brown Advisory Sustainable Core Fixed Income representative account as of December 31, 2025. Please see the end of this report for important disclosures and a complete list of terms and index definitions.

Science-based targets progress

It is important to look not only at where an issuer’s footprint is today but also its forward-looking trajectory. Science-based targets are one way in which we assess a company’s future commitments to emissions reductions. Many of the issuers whose bonds we invest in publish targets in line with recommendations from the Science-Based Targets initiative (SBTi), although some set targets independently from this initiative. The presence of credible, forward-looking climate targets can signal an issuer’s preparedness for regulatory shifts, evolving customer expectations, and resource constraints—factors that we believe may contribute to long-term resilience and competitive positioning.



² SBTi approves targets that it believes are in line with meeting the goals of the Paris Agreement: limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. We do not engage with every issuer or company—we engage only when we believe it will be material to our investment decisions.

Source: MSCI ESG Manager and Brown Advisory analysis. Data reflects portfolio holdings as of Dec. 31, 2025. Portfolio information is based on a Brown Advisory Sustainable Core Fixed Income representative account as of Dec. 31, 2025. Please see the end of this report for important disclosures.

ENGAGEMENT

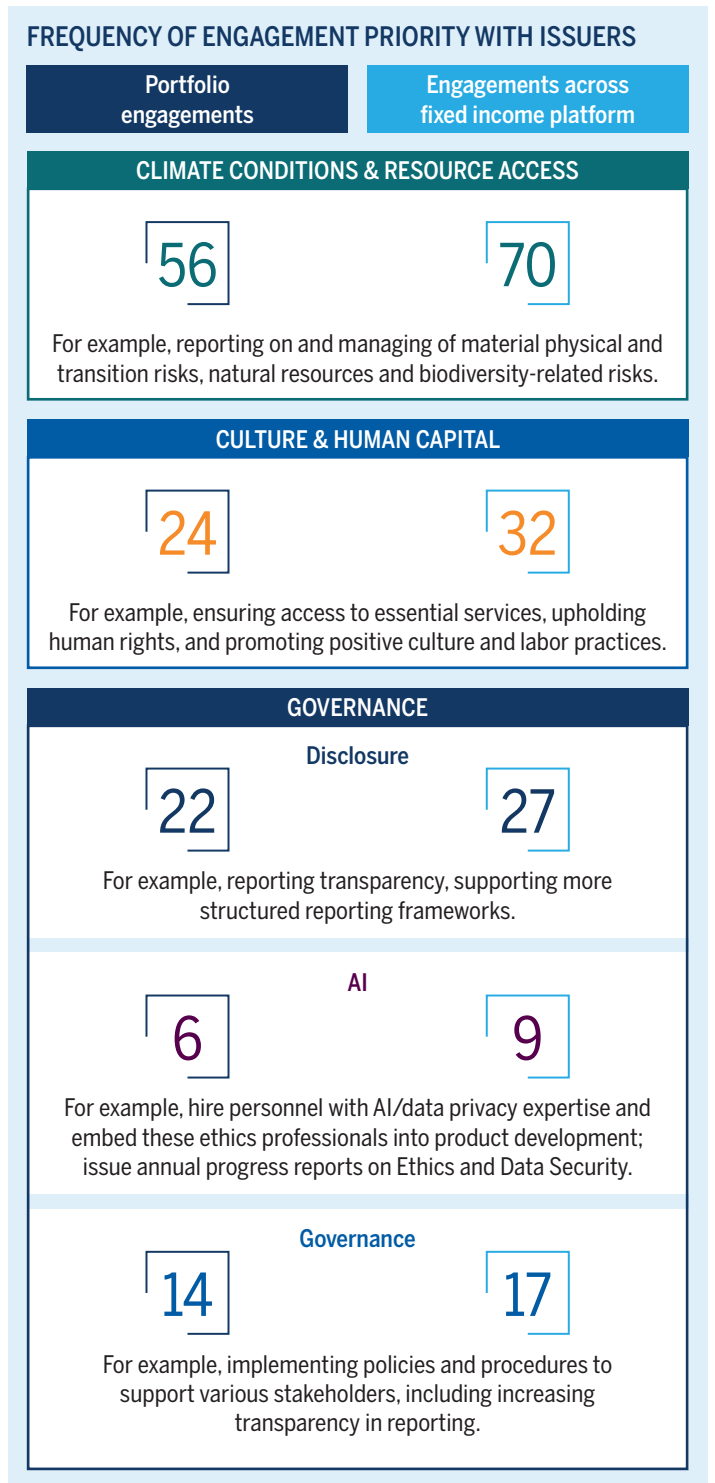
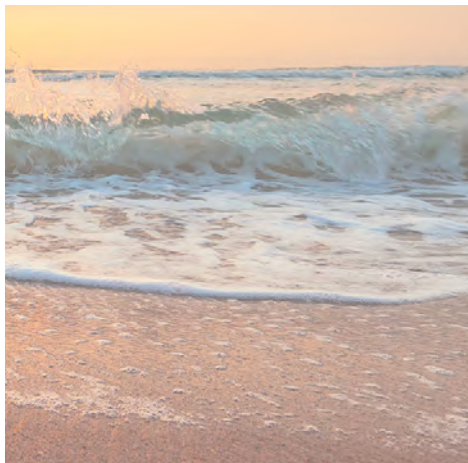
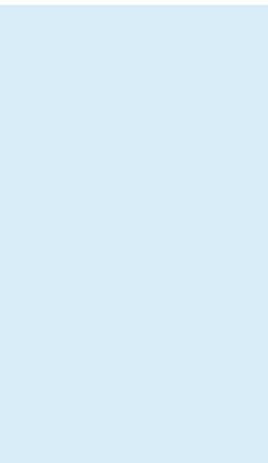
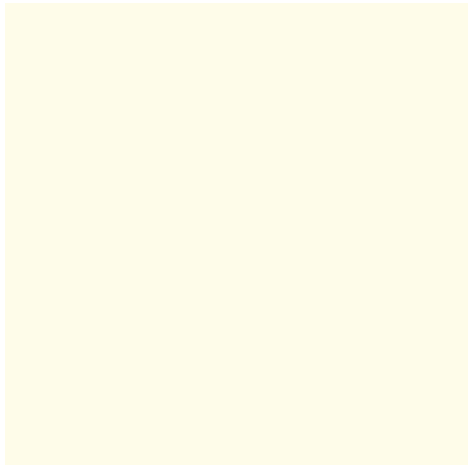
Creditors and bondholders play a key role in the capital structure of issuers. Therefore, as investors we seek to use engagement when possible and material to an investment decision to communicate our thinking and to gather information that informs our investment decisions, and we find that many issuers are open to discussions with investors from whom they may seek additional debt funding in the future. Engaging with issuers in asset classes that tend to have lower levels of data and disclosure is particularly important for our due diligence, as it may help us to uncover lesser-known risks or opportunities.

Our engagement activity by the numbers



*This includes engagements with issuers held in the strategy and/or prospective issuers.

Source: Brown Advisory. Portfolio information based on a Brown Advisory Sustainable Core Fixed Income representative account as of Dec. 31, 2025. Engagement activities are conducted solely for the purpose of enhancing long-term shareholder value and do not constitute acting as a group or seeking to influence control of any issuer within the meaning of Sections 13(d) or 13(g) of the Securities Exchange Act. Overall portfolio engagements data is focused on capturing conversations where the majority of the interaction was centered around these particular topics. We may not engage with every company or issuer on sustainable investment-related topics. We only engage when we believe engagement will be material to our investment decision-making. Please see the end of this report for important disclosures.



Notable engagements in 2025



NORTH AMERICAN EQUIPMENT RENTAL COMPANY

GOAL:

Understand demand for lower-emissions equipment

PRIORITY:

Climate Conditions; Human Capital & Culture

ACTIVITY:

This company provides equipment rental services across construction and industrial end markets, with a growing focus on hybrid and electric equipment offerings. We engaged with the company in 2025 to better understand the role of lower-emissions equipment within its fleet, evolving customer demand, and broader operational and human capital considerations. Its rental model, relatively young fleet, and integration of alternative fuel and electrified equipment position it to support customers seeking to reduce emissions without significant upfront capital investment.

Management highlighted that approximately one-third of its fleet is hybrid or electric, with demand primarily driven by large general contractors and project owners with defined greenhouse gas (GHG) reduction targets. Adoption is currently concentrated in lower-horsepower equipment and the specialty segment, particularly power generation, where hybrid solutions have demonstrated clearer cost advantages. The company noted that framing decisions around total cost of rentals—including fuel savings and reduced runtime—has supported adoption of its lower-emission fleet, alongside logistical considerations such as charging infrastructure and weather constraints. Beyond electrification, the company is exploring alternative fuels, including renewable diesel and hydrogen, and continues to optimize fleet utilization and repositioning through technology. We also discussed safety and workforce trends, with modest improvements in incident rates and relatively low employee turnover compared to industry peers. Overall, the engagement provided helpful context on the company's ability to balance customer demand, technological uncertainty, and operational efficiency as it evolves its equipment offerings.

Please note, for the purpose of our public reporting, and in keeping with the spirit of trust and collaborative dialogue with the companies or issuers in our portfolio, we feel that it is important to anonymize the companies with which we engage on key sustainable investing issues.



GLOBAL PAINTS, COATINGS, AND SPECIALTY MATERIALS COMPANY

GOAL:

Understand sustainable product strategy and waste management practices

PRIORITY:

Climate Conditions; Disclosure

ACTIVITY:

This company is a leading manufacturer of paints, coatings, and specialty materials; it has a focus on developing "sustainably advantaged products" that address multiple sustainability benefits, including lower emissions, lower toxicity, energy efficiency, use of renewable raw materials, or extending durability. The company has clear targets to capitalize on this sustainable product demand, including a goal for 50% of sales to come from sustainably advantaged products and processes by 2030, where products are required to have improvements over prior product generations. It also targets more than 75% of new product developments each year to meet its sustainably product criteria upon commercialization.

Our engagement with the company in 2025 was aimed at better understanding the company's approach to its sustainably advantaged products. Management emphasized that these products primarily support market-share growth rather than premium pricing, as they align with tightening regulations and deliver clear efficiency benefits, such as reduced energy use and lower operating costs. For example, the company's precision spraying application helps reduce energy use and associated costs from auto OEM's paint shops, which account for 70% of total energy costs. Validating customer demand, the company reports significant interest in its life cycle assessments and environmental product declarations, provided by third parties and validated by independent accreditation bodies. Our engagement reinforced our understanding of sustainable product designation and customer demand through concrete examples and validation of material business impacts.

Source: Brown Advisory Research. Engagement activity information is based on engagements related to the Brown Advisory Sustainable Core Fixed Income strategy during 2025. Engagement activities are conducted solely for the purpose of enhancing long-term shareholder value and do not constitute acting as a group or seeking to influence control of any issuer within the meaning of Sections 13(d) or 13(g) of the Securities Exchange Act. Overall portfolio engagements data is focused on capturing conversations where the majority of the interaction was centered around these particular topics. We may not engage with every company or issuer on sustainable investment-related topics. We only engage when we believe engagement will be material to our investment decision-making. Sectors identified for each company are based on the GICS sector classification system. 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 issuers mentioned. Portfolio information is based on a Brown Advisory Sustainable Core Fixed Income representative account as of Dec.31, 2025. Please see the end of this report for important disclosures.

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Sustainable investment 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. Sustainable investment analysis may not be performed for every holding in the strategy. Sustainable investment considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may be desirable based on our analysis of sustainable investment related risks and opportunities, but investors may differ in their views. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be excluded from other funds that focus on sustainable investment risks. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The strategy incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone. Brown Advisory relies on third 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.

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The Bloomberg Aggregate Bond Index is an unmanaged, market-value weighted index comprised of taxable U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate, asset-backed, and mortgage-backed securities between one and ten years.

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