

Sustainable International Leaders

The Brown Advisory Sustainable International Leaders strategy is a low turnover, concentrated portfolio of international companies that we believe are and will continue to be leaders in their sector or industry; these companies have strong competitive advantages, from a fundamental and sustainability perspective, and we believe they offer compelling growth and profitability prospects



Investment Philosophy

We believe companies with strong competitive advantages and moats from a fundamental and sustainability perspective, that have reinvestment opportunities at high returns on invested capital (ROIC), capable and rightly incentivized management teams and are undervalued over a long-term investment horizon have the ability to compound returns and generate attractive risk-adjusted excess returns throughout the economic cycle

Highlights

1 SUPERIOR RISK-ADJUSTED RETURNS

2 BUSINESSES WITH STRONG COMPETITIVE ADVANTAGES

3 SUSTAINABILITY

PORTFOLIO MANAGER



Priyanka Agnihotri

Member of the Global Equity Team since its founding

STRATEGY PROFILE TARGETS

Number of holdings	Typically 25-35
Position size	Typically 1-5%, 10% maximum
Market capitalization	Over \$2 billion
Sector weight	Typically 0-35%
Benchmark	FTSE All-World ex-US Index
Cash position	Typically 0-10%

Leveraging off Brown Advisory's Global Equity and Sustainable Investing platforms

- Builds on the established investment philosophy, process and team of Global Leaders, Brown Advisory's concentrated, global equity strategy which has delivered an annualized excess return of 384 basis points (net of fees) relative to the FTSE All-World Net Index, as of January 31, 2022, since inception in May 1, 2015
- Sustainable investing approach and proprietary process developed in-house over 10+ years, the strategy seeks to invest in companies with sound ESG risk management practices and sustainable business opportunities that generate revenue growth, cost improvements and/or enhance franchise value
- Focused on investment outcomes and sustainability, combining a proven investment process with our proprietary ESG research methodology
- Supported by our internal Global Equity team, investigative analyst team and a team of dedicated ESG research analysts as well as a third party behavioral coach

Investment Selection

Integrated fundamental and ESG research, supplemented by investigative research to uncover businesses that we believe possess strong fundamental and sustainable competitive advantages, growth and profitability, and thus have the potential to compound returns over the long term



WHAT MAKES A SUSTAINABLE INTERNATIONAL LEADER?

- FRANCHISE QUALITY**
 - Exceptional business model
 - Attractive reinvestment opportunities
 - Sustainable Business Advantage drivers
- QUANTITATIVE MEASURES**
 - ROIC meaningfully above cost of capital
 - High incremental ROIC
 - Strong cash flow generation
- MANAGEMENT QUALITY**
 - Track record of strong capital allocation
 - Management incentives are aligned
- INVESTABILITY**
 - Probability weighted expected return
 - 5 year + investment horizon
 - Absolute cash flow value, not relative value

WE BELIEVE IN

<p>Concentration: ~25-35 <i>positions</i></p>	<p>Long-term Investing: ~5yr <i>holding period</i></p>	<p>Active Management: <i>high</i> active <i>share</i></p>	<p>Constant Learning: <i>willingness to</i> learn <i>& ask questions</i></p>
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Capital Allocation

Conviction based allocation approach supported by behavioral analysis

Portfolio manager often works with a third party behavioral coach to identify and address behavioral biases in portfolio construction and management such as:

Drawdown Review: Re-assessment of the investment case following a 20% share price decline from purchase or underperformance by 20% over a rolling twelve-month period

Regret Aversion Rule: Systematic build out of a position to full size

Endowment Effect Rule: Regular review of the portfolio to determine if there is an attachment to a position due to ownership

Proven Investment Process

Growth of \$100,000 (gross)

International Investments from Global Leaders Strategy vs. FTSE All-World ex US Index



Source: FactSet¹

Members, signatories, or supporters of:



¹All returns greater than one year are annualized. Global Leaders strategy inception date: May 1, 2015. The metrics shown above reflect the international holdings within the Global Leaders composite, managed by Brown Advisory Institutional. The international holdings and allocations in the Global Leaders Strategy may not represent the same international holdings and allocations in the Sustainable International Leaders Strategy. The Global Leaders investment process is not identical to the Sustainable International Leaders process and the investment team is different. Portfolio information is based on representative Global Leaders and Sustainable International Leaders account. Brown Advisory calculated these metrics by extracting the only the international holdings from the Global Leaders Strategy, which included holdings in both international and U.S. companies. The Sustainable International Leaders strategy did not exist during the time period pictured, and this chart does not depict the actual performance of any strategy or client portfolio in existence at the time.

Please see the end of the presentation for a GIPS compliant disclosure page.

Disclosures

Past performance may not be a reliable guide to future performance and investors may not get back the amount invested. 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.

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. 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. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client.

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. Past performance is not indicative of future results and you may not get back the amount invested.

ESG 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 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 companies 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 funds. 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 may seek to screen out particular companies and industries. 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.

Terms and Definitions

The FTSE All-World Net Index is a market-capitalization weighted index representing the performance of global large and mid cap stocks and covers 90-95% of the investable market capitalization. The index covers Developed and Emerging markets, and is suitable as the basis for investment products, such as funds, derivatives and exchange-traded funds. FTSE® is a trade mark of LSEG and is used by FTSE under license.

The FTSE All-World ex-US Index is a market-capitalization weighted index representing the performance of the large and mid cap stocks from the FTSE Global ex-US I Equity Index Series and covers 90-95% of the investable market capitalization. The index covers Developed and Emerging markets, excluding the US, and is suitable as the basis for investment products, such as funds, derivatives and exchange-traded funds. FTSE® is a trade mark of LSEG and is used by FTSE under license.

An investor cannot invest directly into an index.

ROIC is a measure of determining a company's financial performance. It is calculated as NOPAT/IC ; where NOPAT (net operating profit after tax) is $(\text{EBIT} + \text{Operating Leases Due 1-Yr}) \times (1 - \text{Cash Tax Rate})$ and IC (invested capital) is $\text{Total Debt} + \text{Total Equity} + \text{Total Unfunded Pension} + (\text{Operating Leases Due 1-Yr} \times 8) - \text{Excess Cash}$. ROIC calculations presented use LFY (last fiscal year) and exclude financial services.

Brown Advisory Sustainable International Leaders Composite

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)*	GIPS Firm Assets (\$USD Millions)*
2020**	N/A	N/A	N/A	N/A	N/A	Five or fewer	N/A	N/A	59,683

**Performance not available for the period since the Composite inception date is September 1, 2021

Brown Advisory Institutional claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Brown Advisory Institutional has been independently verified for the periods from January 1, 1993 through December 31, 2020. The Verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

- *For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the Institutional and Balanced Institutional asset management divisions of Brown Advisory. As of July 1, 2016, the firm was redefined to exclude the Brown Advisory Private Client division, due to an evolution of the three distinct business lines.
- The Sustainable International Leaders Composite (the Composite) includes all discretionary portfolios invested in the Sustainable International Leaders strategy. The Sustainable International Leaders strategy aims to achieve capital appreciation by investing primarily in international equities. The strategy intends to invest in equity securities of companies that the portfolio manager believes are leaders within their industry or country, as demonstrated by an ability to deliver high relative return on invested capital over time.
- ESG 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 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 companies 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 funds. 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 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.
- The Composite creation date is October 6, 2021. The Composite inception date is September 1, 2021.
- The benchmark is the FTSE All-World ex-US Net Index. The FTSE All-World ex-US Net Index is a weighted index representing the performance of the large and mid cap stocks providing coverage of Developed and Emerging Markets excluding the US. The Index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalization. "FTSE®", "Russell®", "MTS®", "FTSE TMX®" and "FTSE Russell" and other service marks and trademarks related to the FTSE or Russell indexes are trademarks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- Composite dispersion is an equal-weighted standard deviation of portfolio gross returns calculated for the accounts in the Composite for the entire calendar year period. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the Composite for the entire period.
- Gross-of-fees performance returns are presented before management fees but after all trading commissions, and gross of foreign withholding taxes (if applicable). Net-of-fee performance returns reflect the deduction of actual management fees and all trading commissions. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.80% on the first \$50 million; 0.55% on the next \$50 million; 0.45% on the next \$50 million; and 0.40% on the balance over \$150 million. Further information regarding investment advisory fees is described in Part II A of the firm's form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
- The three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The 3 year annualized standard deviation is not presented as of December 31, 2020 because 36 month returns for the Composite were not available (N/A) and the Composite did not exist.
- As of Composite inception, 100% of Composite assets are non-fee-paying portfolios.
- Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
- A complete list of composite descriptions and broad distribution and limited distribution pooled funds is available upon request.
- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
- Past performance is not indicative of future results.
- This piece is provided for informational purposes only and should not be construed as a research report, 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, including any mutual fund managed by Brown Advisory.

Brown Advisory Global Leaders Composite

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)*	GIPS Firm Assets (\$USD Millions)*
2020	21.0	20.2	16.0	16.9	18.1	Five or fewer	N/A	2,428	59,683
2019	35.1	34.2	26.5	11.6	11.2	Five or fewer	N/A	731	42,426
2018	-2.2	-2.8	-9.6	11.0	10.5	Five or fewer	N/A	303	30,529
2017	35.1	34.0	24.0	N/A	N/A	Five or fewer	N/A	77	33,155
2016	-0.6	-1.4	8.0	N/A	N/A	Five or fewer	N/A	38	30,417
2015**	1.2	0.7	-4.4	N/A	N/A	Five or fewer	N/A	24	43,746

**Return is for period May 1, 2015 through December 31, 2015

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- The Global Leaders Composite (the Composite) aims to achieve capital appreciation by investing primarily in global equities. The strategy will invest in equity securities of companies that the portfolio manager believes are leaders within their industry or country, as demonstrated by an ability to deliver high relative return on invested capital over time. The minimum account market value required for Composite inclusion is \$1.5 million.
- The Composite creation date is August 26, 2015. The Composite inception date is May 1, 2015.
- The benchmark is the FTSE All-World Net Index. This index is a free float market cap weighted index representing the performance of the large & mid cap stocks from the FTSE Global Equity Index Series. The Index covers Developed & Emerging Markets. Base Value 100 as at December 31, 1986. "FTSE®", "Russell®", "MTS®", "FTSE TMX®" and "FTSE Russell" and other service marks and trademarks related to the FTSE or Russell indexes are trademarks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- As of January 1, 2019, the Composite benchmark was changed from Russell Global Large-Cap Net Index to the FTSE All-World Net Index. The change was applied retroactively from the Composite inception date. The Russell Global Large-Cap Net Index was decommissioned as of December 31, 2018 and is no longer published.
- Composite dispersion is an equal-weighted standard deviation of portfolio gross returns calculated for the accounts in the Composite for the entire calendar year period. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the Composite for the entire period.
- Gross-of-fees performance returns are presented before management fees but after all trading commissions, and gross of foreign withholding taxes (if applicable). Net-of-fee performance returns reflect the deduction of actual management fees and all trading commissions. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.80% on the first \$50 million; 0.55% on the next \$50 million; 0.45% on the next \$50 million; and 0.40% on the balance over \$150 million. Further information regarding investment advisory fees is described in Part II A of the firm's form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
- The investment management fee for the Investor Shares of the Brown Advisory Global Leaders Fund (the Fund), which is included in the Composite, is 0.65% , and represents the highest fee charged excluding Advisor Shares. The total expense ratio for the Investor Shares of the Fund as of the most recent fiscal year end (June 30, 2020) was 0.90%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The investment management fee for the Sterling Class B Acc Shares of the Brown Advisory Global Leaders Fund (the UCITS), which is included in the composite, is 0.75%. The total expense ratio for the Sterling Class B Acc Shares of the UCITS as of the most recent fiscal year end (October 31, 2020) was 0.92%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The 3 year annualized standard deviation is not presented as of December 31, 2015, December 31, 2016 and December 31, 2017 because 36 month returns for the Composite were not available (N/A) and the Composite did not exist.
- Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
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