2019 ESG TRANSPARENCY REPORT

GLOBAL LEADERS STRATEGY

Brown ADVISORY
Thoughtful Investing.

TABLE OF CONTENTS

Letter of Introduction from the Portfolio Managers

At Brown Advisory, we are deeply committed to sustainable investing, with the goal of helping clients generate attractive investment returns, align their investments with their values and make a positive impact on society with their capital. As of Dec. 31, 2019, our firm managed more than $6 billion* in client assets under various sustainable investment mandates for individuals, families and institutions.

Environmental, social and governance (ESG) considerations are being increasingly embraced by investors around the world. Global Leaders has a focus on sustainable investing, which leverages ESG research, because we believe that it represents good business sense that goes hand in hand with value creation. Our core investment philosophy is rooted in a search for companies that create attractive long-term outcomes for their customers. We believe it is impossible for companies to achieve those outcomes without also contributing to a healthy society and environment in which their customers, employees and ultimately their business can thrive.

Our primary starting point investigating how each business serves their customer naturally leads to a philosophical focus on positive ESG factors. Nonetheless over the past five years the Global Leaders team has increased this meaningfully by working with our internal ESG team to help codify sustainable thinking into our research by seeking to incorporate both ESG offence, using the Sustainable Business Advantage Drivers (or "SBA Drivers") framework developed by our U.S. Large-Cap Sustainable Growth team, and defence through ESG risk assessments. As such, ESG research is now an essential part of the Global Leaders investment strategy. We believe it helps us make intelligent choices about investments and engage with company management teams on a wide variety of important topics that may impact their long-term prospects.

Enclosed is our inaugural ESG Transparency Report. The report reviews how we seek to invest using sustainability research and look for companies with what we view as SBA Drivers and strong ESG risk management. It also discusses the environmental and social benefits that we believe are being created by our portfolio companies, looks at how we engage with portfolio companies and our involvement with the broader sustainable investing community.

We are pleased to report continued advancement of our firm's sustainable investment initiatives. In 2019, we expanded our ESG research team to five full-time analysts with the addition of Lisa Abraham and Victoria Avara. We ramped up engagement activity with company management teams and refined our proxy voting process. We issued Brown Advisory's first corporate sustainability report, in which we strive to answer the same questions about ourselves that we ask of other companies before we invest in them.

We thank our ESG research team for its contribution to this report and our work in general. The ESG team has helped us lift our research standards by introducing us to and incorporating positive SBA Drivers as well as ESG risk assessments into our process. We are proud to be able to show in this report where they have helped take us on this journey. The team works tirelessly to help ensure that our investment decisions are informed by solid ESG data and how that may affect each company's prospects. We thank our fundamental equity research colleagues, and all of our colleagues across the firm, for embracing sustainable investing principles so enthusiastically. Most importantly, we are deeply grateful to our clients, who trust us as stewards of their capital and serve as our partners as we learn, innovate and improve over time.

We hope you find this year's report informative, and we welcome a continuing conversation with you about the work we are doing.

Sincerely,

Mick Dillon

Mick Dillon, CFA
Portfolio Manager

Bertie Thomson

Bertie Thomson, CFA
Portfolio Manager

*Brown Advisory entities included are: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Ltd., and Brown Advisory Trust Company of Delaware, LLC.

THE STRATEGY'S INVESTMENT PHILOSOPHY AND ESG POLICY

Investment Philosophy & Research Approach

We are long-term investors, and in our management of the Global Leaders strategy, we focus intently on companies that we believe create attractive customer outcomes that can drive long-term value creation. In an ideal world, we would never sell any of our investments, and we would be able to allow each franchise that we own to compound forward for decades.

Unfortunately, capitalism can create an unbridled fixation on profits, and on short-term profits in particular. Companies and investors with a short-term mindset can often ignore ESG issues and create significant business risks. We do not believe it is possible for a company to create value over the long term if poor governance leads to damaging the environment or society. We seek to avoid companies that harm their customers; for example, we do not invest in tobacco companies, despite the fact that the addictive nature of nicotine has fostered powerful economic engines in many cases. Over the very long term, we believe tobacco companies will shrink out of existence as they continue to harm their customers.

ESG research can also help uncover competitive differentiation. We look for companies that use sustainability, typically environmental or social, in a positive way to compound a competitive advantage. We call this the "triple win": customers can win through a great product or service serving their needs, the shareholder can win through attractive economics and the environment or society at large can also benefit. We seek companies with strong SBA Drivers incorporated into their business in a way that helps drive material value for customers and meaningful differentiation versus peers. Sustainable Business Advantage, or SBA, is a philosophy developed at Brown Advisory by our successful U.S. Large-Cap Sustainable Growth strategy in 2010 based on the belief that some of the most attractive, durable business models available are even more compelling because of their sustainability strategies. We have found value in a specific implementation of that approach which we believe is our team's strength in finding identifiable and well-defined Sustainable Business Advantage Drivers. We think there are three specific SBA Drivers that companies can use to improve their financial position: (1) by growing revenues faster, (2) by improving their cost and hence margin structure, and (3) by enhancing their franchise value (such as strength of their brand or customer loyalty). Codifying these SBA Drivers has become embedded in the Global Leaders research process over time.

The purpose of this report is to provide transparency on ESG inputs and outcomes generated by our portfolio companies and investment philosophy. We are mindful of the way companies are playing defence by seeking to manage ESG risks effectively through our ESG risk assessment work. We also seek companies that may capitalize on ESG opportunities through SBA Drivers. Our ESG team uses its own proprietary rankings methodology for both SBA Drivers and ESG risks, which helps our entire investment platform stay focused on the information and data that, we believe, can lead to better insights for investment decision-making. We see this as a maturation of sustainable investing toward a more holistic and intelligent conception of positive capitalism.

ESG Policy & Investment Process

The strategy seeks long-term outperformance vs. its benchmark, the FTSE All-World Net Index. Conventional wisdom has long held that doing good in the world and doing well in the market are at odds with each other, but we have found our integrated approach to investing, in which we consider fundamental and ESG criteria within a single research process can enhance our returns by helping to steer us to responsible, innovative and forward-thinking companies.

Global Leaders leverages Brown Advisory's expanding ESG research capabilities in an effort to 1) avoid exposure to companies with what we view as unacceptable ESG risks, 2) invest in companies that have robust sustainability profiles, or that are actively building or evolving their business toward sustainable products and practices, and 3) supplement our research with active engagement, in the form of ESG dialogue with the companies in our portfolio.

Our Global Leaders portfolio has sought to avoid exposure in companies whose core business involves what we view as controversial activities, such as tobacco, fossil fuels, controversial weapons, civilian firearms and adult entertainment, as well as companies that violate the U.N. Global Compact. Such companies conflict with our philosophy of seeking to invest in companies that create attractive, long-term customer outcomes. We favour companies which have identifiable SBA Drivers and are playing ESG offence.

Given our philosophy, the Global Leaders portfolio has not felt the need to employ negative screens. Nonetheless, to satisfy some new clients' requirements, we launched a Global Leaders Sustainable fund in 2019. In this strategy, we run negative screens in an effort to formally enforce many portfolio exclusions that are commonly requested by clients. Just as we seek attractive customer outcomes in our investments, we are happy to work with clients to solve their customer needs too.

GLOBAL LEADERS ESG GUIDELINES

Our ESG guidelines, supported by our ESG research team in collaboration with the portfolio managers, focus on four key principles that help drive our application of ESG research to our investment decisions.

ESG Assessments Based on In-House Primary Research

- *Seek to conduct ESG assessments on 100% of holdings and pipeline names*
- *Collaboration between ESG research and fundamental research teams to help enhance overall due diligence*
- *Devote time and energy to proprietary ESG research; we do not rely on third-party ratings and rankings*

Seek to Avoid Companies that May Have Large ESG Risks, or Poor ESG Risk Management

- *Portfolio seeks to invest in companies with strong or improving ESG risk profiles*
- *Engage with companies in an effort to better understand and influence their risk management capacity, with the goal of improving delivery of desired customer outcomes over time*

Seek Out Companies with Positive Sustainability Opportunities

- *Sustainable Business Advantage Drivers (revenue growth, cost improvements, and enhanced franchise value) are a factor in candidate evaluation*
- *Seek exposure to a diversified range of ESG opportunities*
- *Engage with companies in an effort to understand how meaningful and material their ESG risks and sustainable opportunities are*

Seek to Actively Engage with Portfolio Companies on ESG Topics

- *Initiate ESG engagement with the majority of portfolio companies*
- *Focus on three to four companies per year in pursuit of deeper, outcome-oriented engagements*
- *Collaborate with industry stakeholders to help raise visibility on salient ESG issues*

OUR ESG RESEARCH APPROACH—HOW WE DO IT AND WHY

Our ESG research team helps our portfolio managers and analysts to gather ESG knowledge on companies and factor that knowledge into investment decisions. ESG analysts are embedded within our investment research groups. We believe that our process provides portfolio managers with a broader and deeper set of positive and negative factors for managers to weigh when deciding to buy, sell or hold an investment.

Gather Information

- Management calls
- Proxy statements
- Annual reports
- Sustainability disclosures
- Carbon Disclosure Project
- Industry journals
- Third-party research

–

Potential Risks

- Executive compensation
- Data security
- Human capital management
- Environmental liabilities
- Resource constraints

+

Potential Opportunities

- Sustainable Business Advantages (revenue growth, cost improvements, enhanced franchise value) and SBA Drivers

Value-added ESG research helps us manage risks and opportunities.

Proprietary ESG Assessment

Collaborative Company/Issuer Engagement

Seeking to engage with companies/issuers is a meaningful part of our ongoing investment management process. We pursue private dialogue with management teams to help inform our research and share our perspective. In the past, companies have sought our perspective and, at times, have proactively collaborated with us on key ESG considerations.

IMPACT ANALYSIS: GENERAL THEMES AND ISSUES ADDRESSED BY THE PORTFOLIO

Our search for fundamentally strong companies with strong sustainable opportunities and low ESG risks leads us to compelling investing ideas that span a wide range of business models and industry opportunities. Our portfolio can also be tagged to Brown Advisory's proprietary impact themes, from energy and resource efficiency to economic and community development.

We think it is important to acknowledge that the companies in our universe are collectively responsible for a large proportion of the world's economic activity—and the impact, both positive and negative, that stems from that activity. Manufacturers use resources, industrial activity produces waste—there is no avoiding these facts. Our experience tells us that there are vast differences between the companies that are trying to build a long-term future and those that are not. We believe that by investing in the former, we can build a portfolio that drives both attractive returns and positive outcomes for the customer of today and tomorrow.

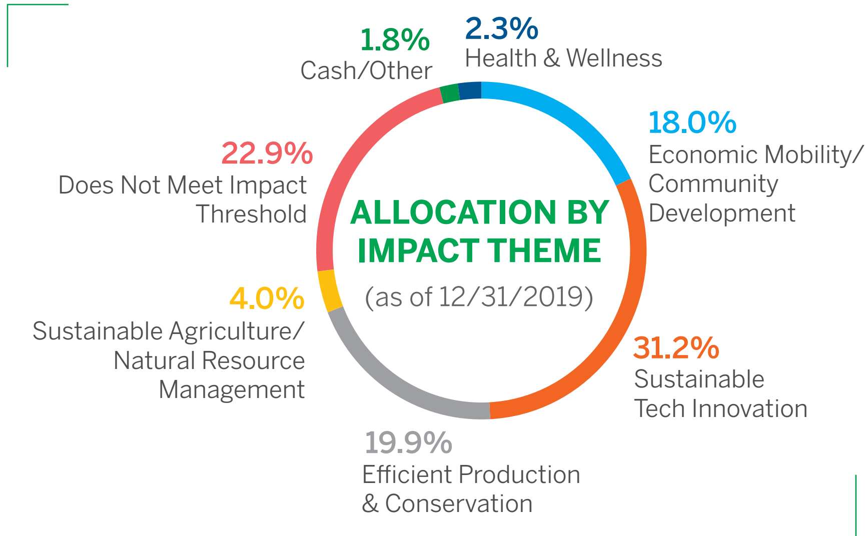
Breaking the portfolio out by different impact themes created by our ESG research team illustrates the variety of challenges and opportunities that our holdings address. As shown on page 7, we look at impact using a fairly straightforward segmentation into three main categories—environment, health and well-being, and economic development/social inclusion—each with several subcategories.

Categorizing each company's impact is not an exact science. Our research is based on both objective data and subjective analysis, and many companies produce impact on multiple fronts. As noted in the chart on page 7, we are invested in several companies that we believe are generally managing their ESG risks well but do not in our estimation qualify as generators of positive impact. In most cases, we are actively engaging with these companies and encouraging them, among other things, to consider opportunities that can improve environmental or social outcomes and enhance their outcomes for customers at the same time.

DIVERSIFICATION BY IMPACT THEME/U.N. SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We categorize our holdings according to a series of impact themes to illustrate the variety of challenges and opportunities that we believe our portfolio addresses. Several companies in our portfolio qualify for investment (in our view) based on their management of ESG risks but do not satisfy what we consider a threshold for being viewed as a "positive impact" company. This is also noted in the chart.

Source: Brown Advisory analysis. Numbers may not total to 100% due to rounding.



EXPOSURE TO THE U.N. SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Our impact themes are broadly aligned with the U.N. Sustainable Development Goals. The mapping between our themes and the SDGs is depicted in the graphic to the right.

Source: Brown Advisory analysis. Impact theme information is based on a Brown Advisory Global Leaders representative account and provided as supplemental information. Please see the last page of the report for a GIPS compliant presentation.

Economic Development & Social Inclusion	
Affordable housing	1 No Poverty; 11 Sustainable Cities and Communities
Economic mobility & community development	1 No Poverty; 2 Zero Hunger; 4 Quality Education; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 16 Peace, Justice and Strong Institutions
Education	4 Quality Education; 10 Reduced Inequalities
Diversity, inclusion, equality	5 Gender Equality; 10 Reduced Inequalities; 16 Peace, Justice and Strong Institutions
Health & Well-Being	
Health & wellness	2 Zero Hunger; 3 Good Health and Well-Being
Clean water & sanitation	3 Good Health and Well-Being; 6 Clean Water and Sanitation; 9 Industry, Innovation and Infrastructure; 14 Life Below Water; 15 Life on Land
Environment	
Sustainable technology innovation	7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 13 Climate Action
Efficient production & conservation	7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production; 13 Climate Action; 14 Life Below Water; 15 Life on Land
Clean energy	7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure; 13 Climate Action
Sustainable agriculture/ natural resource management	2 Zero Hunger; 3 Good Health and Well-Being; 12 Responsible Consumption and Production; 13 Climate Action; 14 Life Below Water; 15 Life on Land

ESG ANALYSIS: A THIRD-PARTY PERSPECTIVE

A growing number of independent research and advocacy organizations are creating rating and ranking systems to compare the sustainable merits of public companies, and, by extension, the portfolios managed by investment firms who hold themselves out as sustainable investors.

We value the information we receive from various ESG research houses, but we do not rely on the ratings they provide to gauge an investment's sustainable merits and risks. Each rating/ranking scheme measures something different, and furthermore, we believe most ESG data sets are incomplete due to variability and lack of comparability across voluntary company disclosures.

We have developed our own proprietary rating system for companies we own or that we are considering for our portfolios. This scoring system evolved from our ESG research team's work, and the criteria the system uses are rooted specifically in the ESG risk and opportunity metrics the team has used for years to evaluate companies. Many third-party rating systems are based on historical data; our ratings, in contrast, emphasize a forward-looking perspective that helps keep the focus on the future prospects of a firm's sustainable initiatives and the competitiveness of its products/services. We use our ratings to parse ESG information and to aid communication amongst our team members when comparing companies against each other.

Similarly, we would caution against heavily relying on rating systems to assess the merits of an investment portfolio. That being said, we want to provide this information to clients and other observers who are interested in it. On the next page, we provide an objective view of our portfolio based on third-party data, as well as a broader evaluation of Brown Advisory's sustainable investment practices.

THIRD-PARTY PERSPECTIVE: MSCI PORTFOLIO METRICS AS OF DEC. 31, 2019

Criteria	Global Leaders	Benchmark	Notes
Overall ESG Rating	AA	A	Measures the resilience of a portfolio's holdings to long-term ESG risks, on a scale of AAA (strong leader) to CCC (laggard).
ESG Quality Score	7.7	5.9	A more granular version of the ESG Rating, on a scale of 0 (lowest) to 10 (highest). Based on the weighted average of individual holding scores.
ESG Ratings Distribution (%) (Leaders/Avg./Laggards/Not Rated)	30 / 64 / 5	26 / 65 / 8 / 1	Percentage of portfolio assets invested in companies with "green" (minimal), "yellow" (moderate) and "orange" (severe) controversy scores.
ESG Momentum Distribution (%) (Upward/Stable/Downward/Not Rated)	14 / 81 / 5	13 / 79 / 5 / 3	Percentage of portfolio and/or benchmark invested in companies that MSCI sees as improving, stable or deteriorating with respect to ESG risks and risk management.
Carbon Emissions	5.4	131.8	Tons of CO2 equivalent emissions, per $1mm invested in the portfolio. Normalized measure of carbon footprint of an investment.
Carbon Intensity	23.3	225.1	Tons of CO2 equivalent emissions, per $1mm in company revenue generated by portfolio companies. Measures carbon efficiency per unit of output.
Weighted Average Carbon Intensity	26.7	186.9	Carbon intensity, adjusted for relative portfolio weighting. Measures exposure to carbon-intensive companies.

Source: MSCI. Data reflects portfolio holdings as of Dec. 31, 2019. Portfolio information is based on a Brown Advisory Global Leaders representative account and provided as supplemental information. Please see the last page of the report for a GIPS compliant presentation.

2019 PRI ASSESSMENT

Brown Advisory has been a signatory to the PRI (Principles for Responsible Investment) since 2014; PRI is a global network of investors representing more than $86 trillion as of June 30, 2019. Each year, PRI signatories complete a rigorous disclosure of sustainable investing practices; these disclosures are widely followed by investment decision-makers around the world.

Our 2019 PRI Scorecard is provided at right. We are honored to have received "A" grades and pleased that we met or exceeded industry median scores in nearly every category. We are especially gratified to have received the highest attainable score in the Strategy and Governance category; we see this as a strong external validation of our firm's and our senior leadership's commitment to sustainable investing.

Our single "B" grade was in the area of engagement, largely due to some areas identified for improvement in managing our proxy voting process. We took a number of steps in 2019 to make those improvements and believe this will be reflected in our next PRI assessment in 2020.

Our full 2019 PRI Transparency Report: www.unpri.org/signatory-directory/brown-advisory/978.article.

Module Name	Our 2019 Score
01. Strategy & Governance	A+
Indirect - Manager Sel., App. & Mon	
02. Listed Equity	A
03. Fixed Income - SSA	A
04. Fixed Income - Corporate Financial	A
05. Fixed Income - Corporate Non-Financial	A
06. Fixed Income - Securitized	A
07. Private Equity	A
Direct & Active Ownership Modules	
10. Listed Equity - Incorporation	A
11. Listed Equity - Active Ownership	B
12. Fixed Income - SSA	A
13. Fixed Income - Corporate Financial	A
14. Fixed Income - Corporate Non-Financial	A
15. Fixed Income - Securitized	A

Source: PRI. For assessment methodology visit www.unpri.org/signatories/about-pri-assessment.

CASE STUDIES FROM THE PORTFOLIO

Atlas Copco

INDUSTRY:	IMPACT THEME:	SBA DRIVERS:
Industrials	Sustainable Tech Innovation	Revenue Growth

Atlas Copco has a technology leadership position in the development of energy-efficient air compressors and vacuum pumps. For customers who use air compressors from Atlas or competitors, energy used by those compressors generally represents more than 80% of the total cost of ownership. Atlas Copco's flagship variable speed drive compressor is 35% more energy-efficient than industry average, and management believe their entire compressor fleet averages approx. 20% more energy efficiency than rivals, a customer value proposition that gives the company a clear revenue growth SBA Driver.

The company has set a goal for all new and redesigned products to have clear targets for reduced environmental impact by 2021. The company previously set a target for 95% of its waste to be reused, recovered or recycled (it reached 94% in 2016). Further, it has a target of sourcing 41% of its total operations energy from renewable sources; in 2018, 34% of energy used in production came from renewable sources, and energy use decreased by 8% in relation to cost of sales.

37% of Atlas' workforce is covered by collective bargaining agreements, and the board includes two union representatives. Atlas' CEO and chairperson roles are split, and of the board's nine members, eight are independent from management and six are independent from major shareholders. In our view, Atlas has a transparent and coherent board nomination process, and we believe that the company is a responsible actor when it comes to governance and labour treatment.

35%

Energy efficiency advantage of Atlas' flagship variable speed drive air compressor vs. its competitors.

PT Bank Rakyat Indonesia

INDUSTRY:	IMPACT THEME:	SBA DRIVERS:
Financial Services	Econ. Mobility & Comm. Dev.	Revenue Growth

PT Bank Rakyat Indonesia (BRI) is a regional leader in providing access to finance for micro-enterprises as well as small and medium enterprises, which will make up a targeted 80% of total loans disbursed by 2022. As of the end of 2018, BRI had approximately $20 billion in loans outstanding to more than 10 million microborrowers in Indonesia.

A decade ago, only one in five Indonesians had a bank account, and today, more than half of the country is "banked." BRI played a meaningful role in this progress; in 2018, more than 90 million Indonesians owned a BRI banking account of some type. BRI also serves Indonesians who have no bank account, through its network of BRILink agents throughout the country. In 2018, this network of branchless banking agents in rural regions processed nearly 380 million transactions for unbanked Indonesians using secure and verifiable transaction processes. The number of BRILink agents grew by 230% between 2016 and 2019.

BRI has also developed a road map to green banking, suggesting that this could become a large part of its portfolio. For example, BRI now applies green banking principles on lending activities to the agricultural sector. Additionally, in March 2019, BRI issued a sustainability bond of $500 million (the first of its kind by a state-owned lender or financial institutions in Indonesia). The proceeds will finance projects and expenditures that will provide positive environmental and social impacts. The issuance was eight times oversubscribed, and BRI plans to release additional sustainable bonds amounting to $1.42 billion in 2019.

10 million

As of the end of 2018, BRI had loans outstanding to more than 10 million microborrowers in Indonesia.

Taiwan Semiconductor

INDUSTRY:	IMPACT THEME:	SBA DRIVERS:
Information Technology	Efficient Prod. & Conservation	Cost Improvement

Taiwan Semiconductor (TSMC) is the world's largest semiconductor foundry company, making outsourced semiconductors for all of the top fabless semiconductor design companies such as Apple, Qualcomm, AMD and Nvidia. TSMC manufactures over half of all outsourced semiconductors globally. TSMC's huge investments in R&D and capex help enable their customers to produce leading edge products at the lowest power efficiency and highest computing intensity. TSMC is critical to driving cost declines in each new generation of semiconductor technology. TSMC has a clearly identifiable SBA Driver (revenue growth) from enabling the production of higher performing semiconductors yet lowering the cost trade-off for its customers.

In Taiwan, past droughts have led to the adoption of a water rationing policy in some locations, and Taiwanese laws require companies of TSMC's scale to recycle large amounts of water, forcing technology companies to raise the bar on water management in recent years. TSMC has continued to implement industry-leading water management measures, and has adopted a policy of achieving a minimum process water recycling rate of 85% and recycling more than 90% of water use at its newest facilities. TSMC has managed to continuously increase its already industry-leading recycling rate through process improvements such as retrofitting cooling towers, collecting rainwater and reclaiming wastewater into ultrapure water.

90%

Taiwan Semiconductor targets a process water recycling rate of at least 90% at its newest facilities.

Unilever

INDUSTRY:	IMPACT THEME:	SBA DRIVERS:
Consumer Staples	Sust. Ag./Natural Resource Mgmt.	Rev. Growth, Enhanced Franchise Value

Unilever's Sustainable Living Brands represent one of several examples of how its business its lifted by its SBA drivers. These brands grew 46% faster than the rest of the business and delivered 70% of Unilever's revenue growth in 2017, and continued to outperform in subsequent years. More broadly, Unilever has embedded sustainability into its supply chain practices and its culture, improving efficiency, responsibly managing water use and reducing supply chain risks.

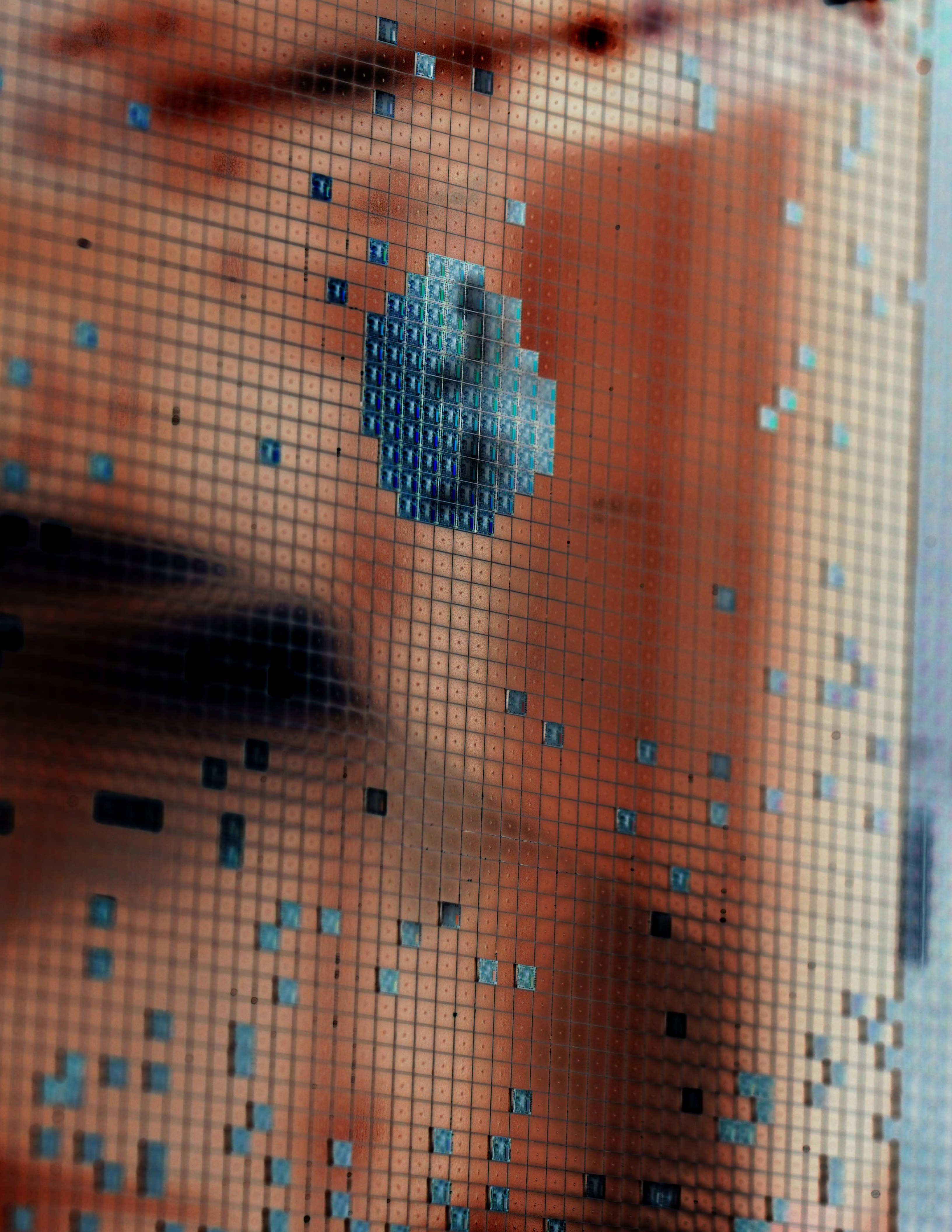
The company has many examples of its sustainability initiatives within various brands, translating directly to tangible business improvements. One example is Breyers, a fairly staid ice cream brand. Vanilla is a key ingredient for ice cream, and Madagascar is home to 80% of the world's natural vanilla. However, 90% of its population lives on less than $2 per day. Breyers provides its supplier, Symrise, with income-boosting agricultural training, access to essential education, and health insurance for thousands of farmers and their families, and it sources Rainforest Alliance-certified vanilla for Breyers products. In 2015, Unilever's communication to consumers about these initiatives helped boost Breyers sales by 6%,

Unilever has an ambitious overall program for targeting and achieving stretch sustainability goals. It has reached and exceeded many of its 2020 targets for improving health and well-being for 1 billion people around the world, and for enhancing the livelihoods of millions of women, workers, smallholder farmers and small-scale retailers. It is also well on its way to reaching its 2030 targets of halving its environmental impact; in terms of impact per ton of production, it has already cut CO2 emissions by 52%, water abstraction by 44% and waste by 97%.

1.24 billion

Unilever reached more than 1 billion people by the end of 2018 with health and hygiene products that reduced the incidence of life-threatening diseases.

Source: Brown Advisory research, Unilever and Taiwan Semiconductor. Industries 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 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. Portfolio information is based on a Brown Advisory Global Leaders representative account and provided as supplemental information. Please see the last page of the report for a GIPS compliant presentation.



SHAREHOLDER ENGAGEMENT

As a part of our investment process, we seek to regularly engage existing and prospective portfolio companies in discussions about a variety of ESG issues. We do this for several reasons. Such discussions help us identify and manage risk and understand opportunity. We also believe it is helpful for management teams to hear the perspectives of investors, and engagement can help signal to companies the level of investor support for impact-related actions.

Our fundamental approach to engagement is collaborative, not confrontational. We are ultimately on the same team as our portfolio companies—we invest in them because we think they manage risks well and add value via sustainable business activities. Brown Advisory is often among a company's largest institutional shareholders (in terms of number of shares owned) and we are long-term investors, so we have not needed to file shareholder resolutions to get the attention of management. We support and value the progress that has resulted from the filing of shareholder resolutions, and the trends and data that flow from those ongoing shareholder efforts often help inform our engagements and the issues we prioritize. Additionally, we often refer to the key performance indicators emphasized by reporting frameworks from the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI) and others to guide us in our discussions with companies. As of December 31, 2019, we have engaged with 17 companies (62% of portfolio) on broad sustainability topics, in addition to engaging with nearly every company in our portfolio on governance-related issues.

Our Approach and Process

Our fundamental research treats every company as a unique situation; the same is true of our case-by-case approach to engagement. That being said, we use a broader portfolio approach to help develop and confirm our engagement priorities. Using our ESG risk and opportunity research as a foundation, we use a matrix methodology to determine which issues we believe are most material to the portfolio and which issues we believe we are best positioned to influence through engagement. These topics become priorities, where we seek to invest time and energy in specific dialogue, letters to management and collaborative initiatives with other investors or NGOs. (Additionally, we seek to engage informally with every company in the portfolio on a general array of sustainability issues.)

Our current firmwide engagement priorities, leveraged by the Global Leaders strategy, are in the areas of ***diversity, climate change, disclosure, and AI ethics.***

Collaboration

Since last year, we have joined three engagement working groups run by industry leaders (PRI, Ceres and the Intentional Endowments Network), each of which is focused on key issues related to climate and sustainability. We are actively learning from our peers and (hopefully) contributing to industry-wide progress on engagement techniques that lead to beneficial outcomes.

As a natural extension of our work with PRI and Ceres, we signed onto the Climate Action 100+ initiative, alongside more than 370 other investors representing $35 trillion in investment assets as of the end of 2019. The initiative seeks to engage with the 100 most significant emitters of greenhouse gas in the world; these companies' future steps will be major factors in a successful transition to a low-carbon economy.

Examples of Recent and Current Company Engagements

Human Health Impact

Company: Global manufacturer of industrial and consumer products

Duration: One year

Activity: Multiple dialogues with company and outside experts to understand company's role in proliferation of chemicals believed to have negative impacts on human health

Outcome: Based on what we learned from engagement and a breakdown in fundamentals, we exited from our investment

Disclosure/Transparency Reporting

Company: Global travel company

Duration: Initiated in 2019

Activity: Meetings and correspondence to encourage better disclosure, more quantitative reporting

Outcome: Ongoing; company committed to stay in dialogue and to increase resources devoted to ESG efforts

AI Ethics

Company: Global software firm

Duration: Two years

Activity: Extended collaboration with a firm we view as a leader on AI ethics, to better inform our work with laggards on the issue

Outcome: Ongoing progress in uncovering best practices that can be applied to laggards

SPOTLIGHT ON PROXY VOTING

Proxy voting is the process by which shareholders vote on proposals submitted for consideration at a company's annual general meeting. Most proposals are submitted by management, and votes on **management proposals** are binding—the equivalent of a binding referendum vote on a ballot question in a statewide election. Additionally, a growing number of **shareholder proposals** are submitted each year for consideration at annual general meetings. These votes are nonbinding, but the vote totals on these proposals can nonetheless influence corporate behavior. (For this reason, we believe that the rights of shareholders with regard to these resolutions should be protected by regulators to ensure that investors' perspectives can always be heard in a public forum.)

We believe that companies can benefit by considering forward-thinking social and environmental proposals. We generally support ESG-related shareholder proposals that we consider likely to improve shareholder value over time. We actively consider each proposal's specific merits and the specific circumstances of the company, and we may undertake some combination of collaborative engagement with a company on material issues as well as casting our vote in what we consider to be our clients' best interests. Over time, we believe we have supported thoughtful policy proposals that have helped drive progress toward compelling financial results and a thriving economy and society.

Voting Process: Proxy voting for our institutional investment strategies is overseen by a Proxy Voting Committee made up of ESG research analysts, equity research analysts, trading operations team members, the head of sustainable investing, the director of equity research and the chief compliance officer. The Committee is responsible for overseeing the proxy voting process; responsibility for casting votes rests with the investment and ESG research team and, ultimately, with the portfolio managers for each Brown Advisory equity investment strategy.

While we use the recommendations of Institutional Shareholder Services (ISS) as a baseline for our voting, especially for routine management proposals, we vote each proposal after consideration on a case-by-case basis. Due diligence on some shareholder proposals may involve additional research, including but not limited to discussion(s) with:

- the resolution filer and/or associated coalition
- ISS analysts about their recommendation
- the company in question
- industry and issue-specific experts
- equity research analysts and portfolio managers

Once research is complete, proxy voting decisions are made based on our evaluation of the proposal, consistent with our voting guidelines and in a manner we believe is in the best long-term interest of our clients. In 10 specific cases in 2019, shareholder proposals spurred us to engage more deeply with companies on the issue targeted in the proposal.

Proxy Voting Summary, 12/31/18–12/31/19:

Number of Proxy Ballots:	**31 ballots**
Total Number of Proposals:	**451**
Management Proposals:	*427*
Shareholder Proposals:	*24 (23 votable)*

Types of Shareholder Proposals:	
Environmental Proposals:	*2*
Social Proposals:	*9*
Governance Proposals:	*13*

COLLABORATION/INDUSTRY CONTRIBUTION

Our work does not happen inside of a silo. We rely on support from and collaboration with a broad range of Brown Advisory colleagues, our Sustainable Investing Advisory Board, and industry partners who help us build and manage our portfolio. Importantly, our sustainable investing initiative is strongly supported by our CEO and senior executive staff, who are deeply engaged in driving sustainable principles throughout the firm's investment offerings.

Additionally, we benefit greatly from our ability to participate in broader industry efforts sponsored by leading nonprofits, and we try to do our part to contribute our thinking back to the sustainable investing community.

Recent Articles:

Sustainable Perspectives

Mick Dillon/Bertie Thomson

How sustainable principles contribute to decision-making in Brown Advisory's Global Leaders strategy

Healthy Returns

Karina Funk/David Powell

Sustainable return drivers in health care equities

Sustainable Investing: Then vs. Now

Amy Hauter (published by FactSet®)

A look at how sustainable investment research and portfolio management has evolved in recent decades

Climate Change Reckoning for the Municipal Bond Market

Amy Hauter/Lisa Fillingame Abraham

Rising emphasis on climate risk for municipal issuers and ratings agencies

The Other 95%

Brigid Peterson

A mission-aligned investing framework for endowments and foundations

Highlighted Events/Speaking Engagements:

Morningstar 28th Annual Investment Conference
Panel: "Approaches to Sustainable Investing"
Karina Funk

Ceres Conference 2019
Panel: "Building Climate-Resilient Cities"
Amy Hauter

Fortune Investor Roundtable 2020
Karina Funk, panelist

High Water Women Investing for Impact 2019
Panel: *"Avoiding Impact/ESG-Washing"*
Emily Dwyer

Green Bonds Americas Conference
Panel: *"Investing in Green, Social and Sustainability Bonds"*
Tom Graff

United Nations Sustainable Investing Conference
Panel: "*ESG Data in Fixed Income Investing"*
Amy Hauter

Industry Initiatives/Memberships

Ceres
Sustainability is the bottom line.

Long-term member and supporter. Brown Advisory partner Steven Hoch sits on Ceres' President's Council.

PRI Principles for Responsible Investment

Signatory since 2014. Our disclosure reports and summary assessments of our firm's progress are available upon request.

CDP
DRIVING SUSTAINABLE ECONOMIES

Long-term signatory and supporter. Assisted CDP in 2019 initiatives focused on climate disclosure and issuance of labeled green bonds.

Climate Action 100+
Global Investors Driving Business Transition

Signatory to this investor-led initiative to persuade major corporate greenhouse gas emitters to take action on climate change.

SRI Conference & Community
a FolioFinancial company

Long-term conference supporter and collaborator.

The Green Bond Principles
The Social Bond Principles
The Sustainability Bond Guidelines

Early signatory and active contributor to the development of this comprehensive framework for labeled impact bond issuance.

(WISE: Women Investing for a Sustainable Economy)

Members of the Boston, NYC and Washington, D.C. chapters; hosted three WISE events in 2019.

Intentional Endowments Network

Founding member. Brown Advisory partner Erika Pagel serves on steering committee.

BASIC BOSTON AREA SUSTAINABLE INVESTMENT CONSORTIUM

Long-term member, supporter and event co-host/sponsor.

CONFLUENCE PHILANTHROPY

New member in 2019.

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)*
2018	-2.2	-2.8	-9.6	11.0	10.5	2	N/A	303	30,529
2017	35.1	34.0	24.6	N/A	N/A	2	N/A	77	33,155
2016	-0.6	-1.4	8.1	N/A	N/A	2	N/A	38	30,417
2015**	1.2	0.7	-7.1	N/A	N/A	2	N/A	24	43,746

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

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, 2018. The Verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. GIPS® is a registered trademark owned by CFA Institute.

1. *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.
2. The Global Leaders 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.
3. This composite was created in 2015.
4. 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.
5. 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 12/31/2018 and is no longer published.
6. Composite dispersion is an equal-weighted standard deviation of portfolio 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.
7. 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.
8. 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.
9. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
10. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
11. Past performance does not indicate future results.
12. 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.

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. Past performance is not a guarantee of future performance and you may not get back the amount invested.

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.

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.

Diversification does not assure a profit, nor does it protect against a loss in a declining market. It is not possible to invest directly in an index. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

The **FTSE All-World Index** is a market-capitalization weighted index representing the performance of the large and mid cap stocks from the FTSE Global Equity Index Series 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®", "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.

The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS), "GICS" and "GICS Direct" are service marks of Standard & Poor's and MSCI. "GICS" is a trademark of MSCI and Standard & Poor's. All MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries.