

Core Fixed Income

STRATEGY FACT SHEET

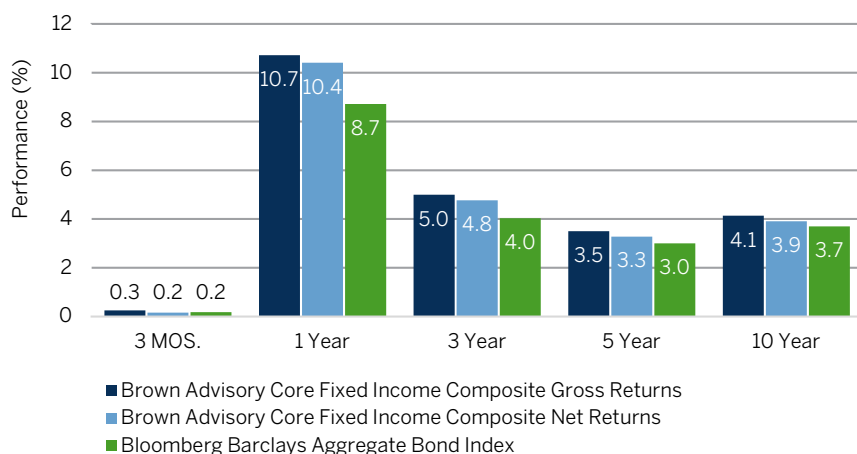
Fourth Quarter 2019

PHILOSOPHY

The Brown Advisory Core Fixed Income team believes that a portfolio of fixed income securities, identified through fundamental and quantitative analysis and concentrated on our best ideas, has the potential to deliver attractive risk-adjusted returns over time.

STRATEGY INCEPTION DATE: 12/31/1992

PERFORMANCE (AS OF 12/31/2019)¹



STRATEGY CLASSIFICATION

Strategy Type	Separate Account
Asset Class Focus	Intermediate-term, High-grade Core Fixed Income
Geographic Focus	United States
Domicile	United States
Objective	Total Return
Benchmark	Bloomberg Barclays Aggregate Bond Index

Notes:

1. Source: FactSet®. Returns shown are through 12/31/2019 for each period. All returns greater than one year are annualized. Past performance is not indicative of future results.
2. Source: FactSet®. The portfolio information on the right is based on a representative Core Fixed Income account and is provided as supplemental information. Portfolio level information includes cash and cash equivalents. Fixed income sectors, quality distribution and duration distribution may not total 100% due to rounding.
3. Please see the Brown Advisory Core Fixed Income Composite performance disclosure on the reverse side for additional information and a complete list of terms and definitions.

PORTFOLIO CHARACTERISTICS²

	REP. ACCOUNT	BLOOMBERG BARCLAYS AGG. INDEX
Avg. Credit Quality	Aa3	Aa2
Effective Duration (years)	6.0	5.8
Yield to Worst (%)	2.7	2.3
Avg. Life (years)	8.7	7.9

SECTOR BREAKDOWN (%)²

	REP. ACCOUNT	BLOOMBERG BARCLAYS AGG. INDEX
Cash & Equivalents	2.2	--
US Government	26.4	41.3
Non-US Government	--	3.4
Corporate	32.6	25.2
ABS	3.7	0.5
Mortgage	32.5	27.0
CMBS	--	2.0
Municipal	2.5	0.7
Unassigned	0.1	--

QUALITY DISTRIBUTION (%)²

	REP. ACCOUNT	BLOOMBERG BARCLAYS AGG. INDEX
AAA/Aaa	63.1	72.0
AA/Aa	1.1	3.3
A	7.6	10.7
BBB	25.2	12.8
High Yield	2.9	0.9
Not Rated	0.1	0.3

DURATION DISTRIBUTION (%)²

	REP. ACCOUNT	BLOOMBERG BARCLAYS AGG. INDEX
Less than 1 Year	7.3	1.2
1 to 3 Years	9.1	33.0
3 to 5 Years	37.0	31.3
5 to 7 Years	23.4	11.2
7 to 10 Years	12.1	6.7
Greater than 10 years	11.0	16.7

About Brown Advisory

Brown Advisory is a leading independent investment firm that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. Our mission is to make a material and positive difference in the lives of our clients. We are committed to delivering a combination of first-class performance, customized strategic advice and the highest level of personalized service.

We follow a philosophy that fixed income strategies built from a foundation of stability coupled with fundamental credit research can seek to generate alpha and control risk. We have a culture and firm equity ownership structure that attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

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Brown Advisory Core Fixed Income

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Composite 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)	GIPS Firm Assets (\$USD Millions)
2018	0.0	-0.2	0.0	2.8	2.8	21	0.2	369	30,529
2017	4.6	4.4	3.5	2.7	2.8	17	0.3	280	33,155
2016	2.5	2.3	2.7	3.0	3.0	22	1.1	323	30,417
2015	0.2	-0.1	0.6	2.9	2.9	16	0.5	214	43,746
2014	6.2	6.0	6.0	2.7	2.6	9	0.1	118	44,772
2013	-2.2	-2.4	-2.0	2.8	2.7	8	0.3	49	40,739
2012	5.7	5.4	4.2	2.4	2.4	8	0.2	45	26,794
2011	7.1	6.9	7.8	2.8	2.8	7	0.5	44	19,962
2010**	7.3	7.0	6.6	3.8	4.2	13	0.7	49	16,859
2009	6.9	6.7	5.9	3.7	4.1	10	0.7	41	N/A
2008	3.7	3.5	5.2	3.6	4.0	17	1.1	142	N/A

* Returns prior to 2010 were earned at Brown Advisory Cavanaugh, LLC previously named Cavanaugh Capital Management Inc., therefore firm assets are not applicable.

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.

- *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 Core Fixed Income Composite is comprised of all discretionary accounts with no material investment restrictions, which invest primarily in fixed income securities that have a target duration between four and seven years. At least 80% of the securities in each portfolio in this composite will have credit quality ratings of A or better at the time of purchase. The Composite is invested primarily in taxable securities. The minimum account market value required for composite inclusion is \$2 million. Prior to 2012 the minimum was \$1 million.
3. This composite was defined and initially created on March 1, 2006. Prior to 2012, the composite was named the Core Fixed Income (SRI) Composite.
4. The Core Fixed Income Composite was redefined to exclude Sustainable Core Composite accounts on 7/1/2017. The change was made due to significant difference in the implementation of both strategies.
5. The benchmark is the Bloomberg Barclays Aggregate Bond Index. The Bloomberg Barclays 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. An investor cannot invest directly into an index. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC. Benchmark returns are not covered by the report of the independent verifiers.
6. The composite dispersion presented 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: 0.375% on the first \$10 million; 0.25% on the next \$15 million and 0.20% on the balance over \$25 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.
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 is not indicative of 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.
13. Some portfolios may utilize derivative securities. To date, any derivatives used have been CMOs and range accrual notes. Any CMO at the time of purchase must pass the FFIEC volatility tests.
14. Duration is a measure of interest rate risk.
15. The use of derivatives is integral to the investment process. Futures and swaps are utilized within the strategy and comprise of roughly 20% of the strategy. The strategy may employ leverage, but is not integral to the investment process. Shorting is not utilized.

Terms and Definitions for Representative Account Calculations

FactSet® is a registered trademark of FactSet Research Systems, Inc.

Effective Duration is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. Yield to Worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. Average Life is the average period of time for all principal dollars to be returned to investors. Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index.