

Equity Income Fund

Investor: **BIADX** Advisor: **BADAX** Institutional: **BAFDX**

Fourth Quarter 2022

LOW-VOLATILITY CORE HOLDING

WHY INVEST IN BROWN ADVISORY EQUITY INCOME?

Above-average dividend yield and growth potential can add stability to a core portfolio. The Fund manager seeks to produce a dividend yield higher than the S&P 500 Index, and initiate positions only in stocks that yield at least as much as the Index. We emphasize firms that are likely to raise dividends in the future and companies with growth that have the potential to compound over time. This combination of above-average yield and growth can help to potentially lower a portfolio's overall volatility over a full market cycle.

Our quality bias can produce attractive risk-adjusted returns. We invest in companies that have historical defensive business models, above-average and consistent return on equity, manageable debt levels and relatively stable profitability. We value competitive advantages, such as strong brands and franchises, durable market positions and low-cost production capabilities. This bias seeks to provide downside market protection.

Our concentrated, low-turnover approach is based on a strict valuation discipline. Our bottom-up, fundamental research leads us to companies that we think will compound our returns over the long term. This compounding starts by not overpaying for an investment. We make deliberate decisions on entry points and invest for the long term. We keep the Fund focused on a relatively small number of our best investment ideas and believe that this sort of active management is the best way to attempt to generate long-term outperformance.

Fund Manager: Brian Graney, CFA

Benchmark: S&P 500® Index

AVERAGE ANNUAL TOTAL RETURNS % (12/31/2022)

	3 MOS.	1 YR.	3 YR.	5 YR.	10 YR.	INCEPTION (12/29/2011)	INCEPTION (10/19/2012)
Brown Advisory Equity Income Fund							
Investor Class - BIADX Inception: 12/29/2011	10.88	-11.83	5.94	7.83	9.85	9.97	--
Advisor Class - BADAX Inception: 12/29/2011	10.82	-12.00	5.68	7.55	9.58	9.70	--
Institutional Class - BAFDX Inception: 10/19/2012	10.91	-11.69	6.10	7.97	10.01	--	9.68
S&P 500® Index	7.56	-18.11	7.66	9.42	12.56	12.82	12.30
Excess Return vs. Index (Investor)	3.31	6.28	-1.72	-1.60	-2.71	-2.85	--

CALENDAR YEAR RETURNS %

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Brown Advisory Equity Income Fund, Investor - BIADX	-11.83	26.46	6.64	30.37	-5.96	20.24	9.35	-5.36	10.16	28.04	11.23
S&P500 Index	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00
Excess Return vs. Index (Investor)	6.28	-2.25	-11.76	-1.12	-1.58	-1.59	-2.61	-6.74	-3.53	-4.35	-4.77

Gross Expense Ratios: 0.94% (Investor), 0.79% (Institutional), 1.19% (Advisor)

Performance data quoted represents past performance and is no guarantee of future results. Performance for periods greater than one year is annualized. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Performance for other share classes will vary. Shares redeemed or exchanged within 14 days of purchase will be charged a 1.00% fee. Performance data quoted does not reflect the redemption or exchange fee. If reflected, total returns would be reduced. For the most recent month end performance, please call 1-800-540-6807.

30-DAY SEC YIELD (UNSUBSIDIZED)

As of (12/31/2022)

Investor (BIADX)	1.83%
Advisor (BADAX)	1.57%
Institutional (BAFDX)	1.99%

Source: U.S. Bank.

CHARACTERISTICS As of (12/31/2022)

	BIADX	INDEX
Fund Assets (\$MM)	74	--
Number of Holdings	43	503
Wtd. Avg. Market Capitalization (\$B)	344.2	417.5
Earnings Growth 3-5 Yr. Est (%)	8.1	11.2
Wtd Avg. Payout Ratio (%)	1.7	0.7
Dividend Yield (%)	2.7	1.7
Price-to-Earnings Ratio (P/E, FY2)	15.5	16.6
Beta	0.8	1.0

Characteristics Table: Fund net assets provided by U.S. Bank and assets are as of the last day of the quarter and include all share classes. Characteristics exclude cash and equivalents and are derived from FactSet® and are only applicable for the investor share class. **Earnings growth 3-5 year estimate is not a measure of the Fund's future performance.** Performance figures and charts include the reinvestment of dividend and capital gain distributions. Returns would have been lower during the specified periods if the payment of certain fees by the Fund had not been waived or expenses reimbursed.

PORTFOLIO DIVERSIFICATION

Sector Composition %	Fund	Index	Weighting Difference
Communication Services	2.2	7.3	-5.1
Consumer Discretionary	11.1	9.8	1.3
Consumer Staples	5.4	7.2	-1.8
Energy	3.7	5.2	-1.6
Financials	16.2	11.7	4.6
Health Care	21.4	15.8	5.5
Industrials	6.7	8.9	-2.2
Information Technology	19.9	25.5	-5.6
Materials	4.2	2.7	1.4
Real Estate	3.7	2.7	1.0
Utilities	2.4	3.2	-0.8

TOP 10 PORTFOLIO HOLDINGS %

Top 10 Positions	% of
Microsoft Corp	5.2
Apple Inc	4.8
Merck & Co Inc	4.3
Ameriprise Financial Inc	3.9
Automatic Data Processing Inc	3.6
AbbVie Inc	3.5
Procter & Gamble Co/The	3.0
Linde PLC	3.0
McDonald's Corp	2.9
Chubb Ltd	2.9
Total % of Net Assets	37.2

Source: FactSet for sector composition and U.S. Bank for holdings. Sector breakdown (excluding cash and equivalents) and Fund holdings (including cash and equivalents which was 3.1% as of 12/31/2022) are subject to change at any time. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Numbers may not total due to rounding.

EXPERIENCED MANAGEMENT



BRIAN GRANEY, CFA

Brian Graney is an equity research analyst and a portfolio manager for the Equity Income Fund.

Investment experience dating from 1996; joined Brown Advisory 2001; manager since fund inception

BROWN ADVISORY: AN 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.

- Independent since 1998
- Founded in 1993
- 100% of colleagues collectively own approximately 70% of the firm's equity

Before investing you should carefully consider the Fund's investment objectives, risks charges and expenses. This and other information is in the summary or statutory prospectus, a copy of which may be obtained by calling 1-800-540-6807 or visiting the Fund's website, www.brownavisoryfunds.com. Please read the prospectus carefully before you invest.

The Equity Income Fund may invest in securities of foreign issuers. Investments in such securities entail certain risks not associated with investments in domestic securities, such as volatility of currency exchange rates, and in some cases, political and economic instability and relatively illiquid markets. The value of the Fund's investments in REITs may change in response to changes in the real estate market such as declines in the value of real estate, lack of available capital or financing opportunities, and increases in property taxes or operating costs. The Fund may invest in ETFs, which may trade at a discount to the aggregate value of the underlying securities and although expense ratios for ETFs are generally low, frequent trading of ETFs by the Fund can generate brokerage expenses. Investments in small and medium capitalization companies generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investing in Master Limited Partnerships ("MLPs") entails risk related to fluctuations in energy prices, decreases in supply of or demand for energy commodities, unique tax consequences due to the partnership structure and various other risks. Privately Placement issued securities are restricted securities that are not publicly traded. Delay or difficulty in selling such securities may result in a loss to the Fund.

Diversification does not assure a profit or protect against loss in a declining market. The recent growth rate in the stock market has helped to produce short-term returns for some asset classes that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.

Performance figures and charts include the reinvestment of dividend and capital gain distributions. Returns would have been lower during the specified periods if the payment of certain fees by the Fund had not been waived or expenses reimbursed.

The S&P 500® Index represents the large-cap segment of the U.S. equity markets and consists of approximately 500 leading companies in leading industries of the U.S. economy. Criteria evaluated include: market capitalization, financial viability, liquidity, public float, sector representation, and corporate structure. An index constituent must also be considered a U.S. company. It is not possible to invest directly in an index.

Past performance is no guarantee of future results.

Terms and Definitions

Market Capitalization is the value of the fund as determined by the market price of its issued and outstanding stock. The **Weighted Average Market Capitalization** of a portfolio equals the average of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greater influence on the calculation).

Weighted Average Payout Ratio is defined as the amount of earnings paid out in dividends to shareholders. Investors can use the payout ratio to determine what companies are doing with their earnings. The Fund's Investor Class is used to calculate **beta**, a measure of the magnitude of a fund's past share price fluctuations in relation to the fluctuations in the stock market (as represented by the fund's benchmark). While not predictive of the future, funds with a beta greater than 1 have in the past been more volatile than the benchmark.

Price-Earnings Ratio (P/E Ratio) is the ratio of the share of a company's stock compared to its per-share earnings.

Dividend yield for the underlying stocks is calculated by dividing the total dollar amount the security paid out as income to shareholders by the share price.

All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio holdings; EXCEPT for P/E ratios which are expressed as a weighted harmonic average.

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