

EQUITY INCOME REVIEW AND OUTLOOK

U.S. stocks rose in the fourth quarter, capping off what amounted to a very strong year for the stock market. It was a classic case of the market climbing the metaphorical “wall of worry,” as highly publicized trade frictions between the U.S. and China persisted throughout the year. Despite this backdrop, U.S. stock prices advanced during every quarter. For the full year, the strategy kept pace with the benchmark S&P 500® Index and trailed it slightly in the fourth quarter.

The year primarily belonged to technology-related stocks—the information technology sector was the best-performing sector for the Index in the fourth quarter and for the full year. During both periods, the relative gain of the strategy’s technology holdings was just shy of the Index’s performance. In particular, holdings such as Microsoft and Accenture benefited from strong demand as corporate customers transition various business functions and processes to cloud-based computing environments. Also, strong consumer demand for iPhones and related services drove Apple’s stock price to new highs and boosted expectations for the company’s future earnings prospects.

Financials were the best relative performers for the portfolio for the full year. All of the strategy’s financial holdings rose significantly in price, but Ameriprise, Bank of America and JPMorgan Chase were the standout performers. Amid the continuation of low interest rates, all three financial companies found ways to grow their market shares in their respective business areas. Further, all three firms returned more cash to their shareholders through dividend increases. In the fourth quarter, share price weakness from insurance-related holdings Erie Indemnity and Cincinnati Financial offset the continued strength from Ameriprise, Bank of America and JPMorgan Chase, and the sector detracted from performance on a relative basis.

Similarly, the strategy’s real estate holdings contributed to relative performance for the full year but detracted from relative performance during the fourth quarter. In particular, diversified industrial REIT W. P. Carey slipped during the quarter as its new investment activity cooled slightly. But overall, it was a successful year of business growth for W. P. Carey and for fellow REIT holdings American Tower and Weyerhaeuser. Both American Tower and Weyerhaeuser jumped significantly in price during 2019.

Industrials and consumer staples were the worst relative performers for the strategy during the full year. Midyear, industrial holding Healthcare Services Group was eliminated from the portfolio after a significant drop in price as demand for its outsourced services to nursing homes waned. In consumer staples, Philip Morris International was the lone bright spot among the strategy’s holdings as a controversial proposed merger with Altria Group was called off and its popular iQOS heated tobacco product was finally approved for sale in the U.S.

There were no additions or deletions to the strategy during the fourth quarter. Earlier in the year, health care services provider UnitedHealth Group was added when political reforms proposed by various U.S. presidential candidates caused the stock to decline. In addition, it was a busy year of corporate actions for existing portfolio holdings. Dow, DuPont de Nemours and Corteva emerged as independent entities during the year, and Corteva was eliminated because of a cloudy growth outlook for its core agricultural products. Apparel holding V.F. Corp spun off Kontoor Brands (which was retained in the portfolio), and drugmaker Novartis spun off Alcon (which was eliminated). And finally, luxury retailer Tiffany & Co. announced late in the year that it would be acquired by international rival LVMH Moët Hennessy – Louis Vuitton.

The prolonged general rise in stock prices throughout the year made it challenging to find the type of long-term investments preferred by the strategy, namely high-quality businesses with above-average dividend yields and compelling future growth potential at reasonable prices. In 2019, even temporary bargain prices were in short supply amid a stock market that climbed ever higher. While staying patient and disciplined, the strategy remains ready to act on attractive investment opportunities that may arise in 2020. As always, the focus of the strategy is to build the best possible portfolio of high-quality investments with better-than-benchmark yield and lower volatility, providing our investors with a reliable stream of growing income over time.

SECTOR DIVERSIFICATION

- Our health care weighting increased because of a general rise in stock prices, as all of our holdings in the sector rose during the quarter. The strategy remains overweight to the health care sector.
- Our information technology weighting increased because of a general rise in stock prices. Among our various information technology holdings, only Cisco Systems declined during the period. The strategy remains overweight to the information technology sector.
- Our real estate weighting declined because of a drop in the share price of holding W. P. Carey. Despite the decline, the strategy remains overweight to the real estate sector.
- We have no exposure to the utilities sector due to generally unattractive valuations and what we view as limited potential for dividend growth in the sector.

SECTOR	REPRESENTATIVE EQUITY INCOME ACCOUNT (%)	S&P 500 INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE EQUITY INCOME ACCOUNT (%)	
	Q4'19	Q4'19	Q4'19	Q3'19	Q4'18
Communication Services	2.10	10.39	-8.29	2.26	2.07
Consumer Discretionary	13.32	9.75	3.56	13.55	11.68
Consumer Staples	7.52	7.20	0.32	7.73	8.67
Energy	5.46	4.35	1.11	5.76	6.14
Financials	15.75	12.95	2.80	15.74	14.77
Health Care	15.76	14.20	1.55	15.30	16.37
Industrials	4.24	9.05	-4.81	4.33	6.39
Information Technology	24.55	23.20	1.36	23.42	22.53
Materials	3.96	2.65	1.30	3.97	4.26
Real Estate	7.35	2.93	4.42	7.95	7.12
Utilities	--	3.32	-3.32	--	--

Source: FactSet®. 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. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. The portfolio information provided is based on a representative Equity Income account and is provided as supplemental information. Sector diversification excludes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

SECTOR	REPRESENTATIVE EQUITY INCOME ACCOUNT		S&P 500 INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	2.18	0.21	10.46	8.99	--	-0.20	-0.20
Consumer Discretionary	13.25	6.21	9.92	4.47	-0.14	0.21	0.07
Consumer Staples	7.75	5.90	7.37	3.51	-0.02	0.20	0.18
Energy	5.47	3.08	4.36	5.49	-0.04	-0.16	-0.19
Financials	15.86	8.04	13.00	10.48	0.04	-0.38	-0.33
Health Care	15.57	11.23	13.93	14.37	0.08	-0.46	-0.38
Industrials	4.35	5.58	9.27	5.51	0.17	--	0.17
Information Technology	23.92	13.25	22.56	14.48	0.07	-0.29	-0.21
Materials	3.97	7.97	2.67	6.38	-0.03	0.07	0.03
Real Estate	7.68	0.17	3.06	-0.54	-0.46	0.07	-0.40
Utilities	--	--	3.41	0.76	0.30	--	0.30
Total	100.00	8.14	100.00	9.09	-0.02	-0.92	-0.94

- The consumer staples sector was the biggest relative contributor to performance during the quarter because of favorable stock selection, most notably due to price increases from tobacco holdings Altria Group and Philip Morris International. Our underweight exposures to industrials and utilities also contributed to relative performance during the period.
- The real estate sector was the biggest detractor from performance during the quarter because of unfavorable stock selection, most notably due to a price decline from industrial REIT holding W. P. Carey. The sector was the only sector in the Index to decline during the quarter.
- Health care and information technology were the best-performing sectors in the Index during the quarter. Our holdings in both sectors failed to keep pace with the Index and detracted from relative performance.

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QUARTER-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN

Representative Equity Income Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
AAPL	Apple Inc.	Designs, manufactures and markets mobile communication, media devices, personal computers and portable digital music players	5.28	31.50	1.52
MSFT	Microsoft Corporation	Develops, manufactures and distributes software products	6.57	13.81	0.90
JPM	JPMorgan Chase & Co.	Provides investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity	3.55	19.30	0.66
BAC	Bank of America Corp	Operates as a bank holding company whose subsidiaries provide banking and nonbank financial services	3.16	21.36	0.64
TIF	Tiffany & Co.	Operates jewelry stores and manufactures jewelry through its subsidiary	1.29	45.23	0.49

- iPhone maker Apple Inc. rose after reporting better-than-expected quarterly results. In particular, the firm's revenue growth and margins were both ahead of expectations, and they are expected to stay strong in coming quarters.
- Software maker Microsoft gained after reporting quarterly results that exceeded expectations for all of its various business units. Additionally, the company was awarded a large, multiyear cloud computing contract with the U.S. Department of Defense during the quarter.
- Global banking company JP Morgan Chase & Co. rose after reporting better-than-expected quarterly results. The company was able to grow revenues and sustain margins despite a challenging interest rate environment that hampered the growth rates of many of its peers.
- U.S. banking firm Bank of America gained after reporting quarterly results that exceeded expectations. Notably, many of the company's key growth drivers, such as loan growth, mobile banking users and debit/credit card volumes, started to more closely match the growth rates at industry leader JPMorgan Chase.
- Luxury retailer Tiffany & Co. jumped after agreeing to be acquired by fellow luxury goods maker LVMH Moët Hennessy – Louis Vuitton. Under the deal, LVMH will pay \$135 per share in cash, or roughly \$16 billion, for Tiffany.

Source: FactSet. 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. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Contribution to return is calculated by multiplying a security's beginning weight in the portfolio by the security's return on a daily basis, and geometrically linking the return for the reporting period. Returns listed represent the period when the security was held during the quarter. Total portfolio return figures provided above reflect the sum of the returns of the equity holdings in the representative account portfolio due to price movements and dividend payments or other sources of income, and exclude cash. The portfolio information provided is based on a representative Equity Income account and is provided as supplemental information. Bottom five contributors exclude cash and cash equivalents. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

QUARTER-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

Representative Equity Income Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
WPC	W. P. Carey Inc.	Provides corporate real estate financing solutions	3.06	-9.54	-0.31
CINF	Cincinnati Financial Corporation	Provides property casualty insurance services	2.55	-9.44	-0.27
HAS	Hasbro Inc.	Designs, manufactures and markets games and toys	1.93	-10.39	-0.26
MCD	McDonald's Corporation	Operates and franchises a food restaurant chain	2.89	-7.38	-0.26
ERIE	Erie Indemnity Company Class A	Provides insurance services	2.02	-10.15	-0.22

- Industrial and warehouse REIT W. P. Carey fell after lowering its growth guidance for full-year 2019, largely because of lower real estate transaction activity levels in its core business areas. Despite the lower near-term growth, the company continues to have an attractive outlook for longer-term cash flow growth as it utilizes the advantages of its strong balance sheet and favorable cost of capital to grow its diversified portfolio of properties.
- Erie Indemnity and Cincinnati Financial both declined amid signs of tougher conditions for property and casualty insurers. During the quarter, Erie noted softer pricing in its core personal auto insurance business but still grew its earnings at a healthy rate. Meanwhile, Cincinnati Financial largely avoided the elevated losses reported by peers in commercial auto insurance because of its past discipline toward pricing for long-term profitability rather than short-term growth.
- Toymaker Hasbro dropped after reporting disappointing quarterly results. Higher costs and canceled orders hurt the company during the quarter as its U.S. customers reacted to proposed tariffs on Chinese manufactured products.
- Global restaurant operator McDonald's fell after reporting quarterly earnings that missed expectations. While the company continued to grow revenues and same-store sales at an attractive pace, investment spending on new technologies and R&D slowed the overall rate of earnings growth. Also during the quarter, CEO Steve Easterbrook unexpectedly resigned from the company and was replaced by fellow McDonald's executive Chris Kempczinski.

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QUARTER-TO-DATE ADDITIONS/DELETIONS

Representative Equity Income Account Portfolio Activity

- There were no additions or deletions to the portfolio during the quarter.

SYMBOL	ADDITIONS	SECTOR
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None

SYMBOL	DELETIONS	SECTOR
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None

PORTFOLIO CHARACTERISTICS

	REPRESENTATIVE EQUITY INCOME ACCOUNT	S&P 500 INDEX
Number of Holdings	43	505
Dividend Yield (%)	2.5	1.8
P/E Ratio FY2 Est.	17.7	18.1
Top 10 Equity Holdings (%)	39.3	22.7
Active Share	74.0	
Market Capitalization (\$ B)		
Weighted Average	281.9	291.3
Maximum	1,304.8	1,304.8
Minimum	2.4	4.6
Three-Year Annualized Portfolio Turnover (%)	9.7	--

COMPOSITE PERFORMANCE



Source FactSet. All returns greater than one year are annualized. Past performance is not indicative of future results. The composite performance shown above reflects the Equity Income Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Please see the Brown Equity Income Composite disclosure statement at the end of this presentation for a GIPS compliant presentation.

TOP 10 PORTFOLIO HOLDINGS

Representative Equity Income Account

As of 12/31/2019

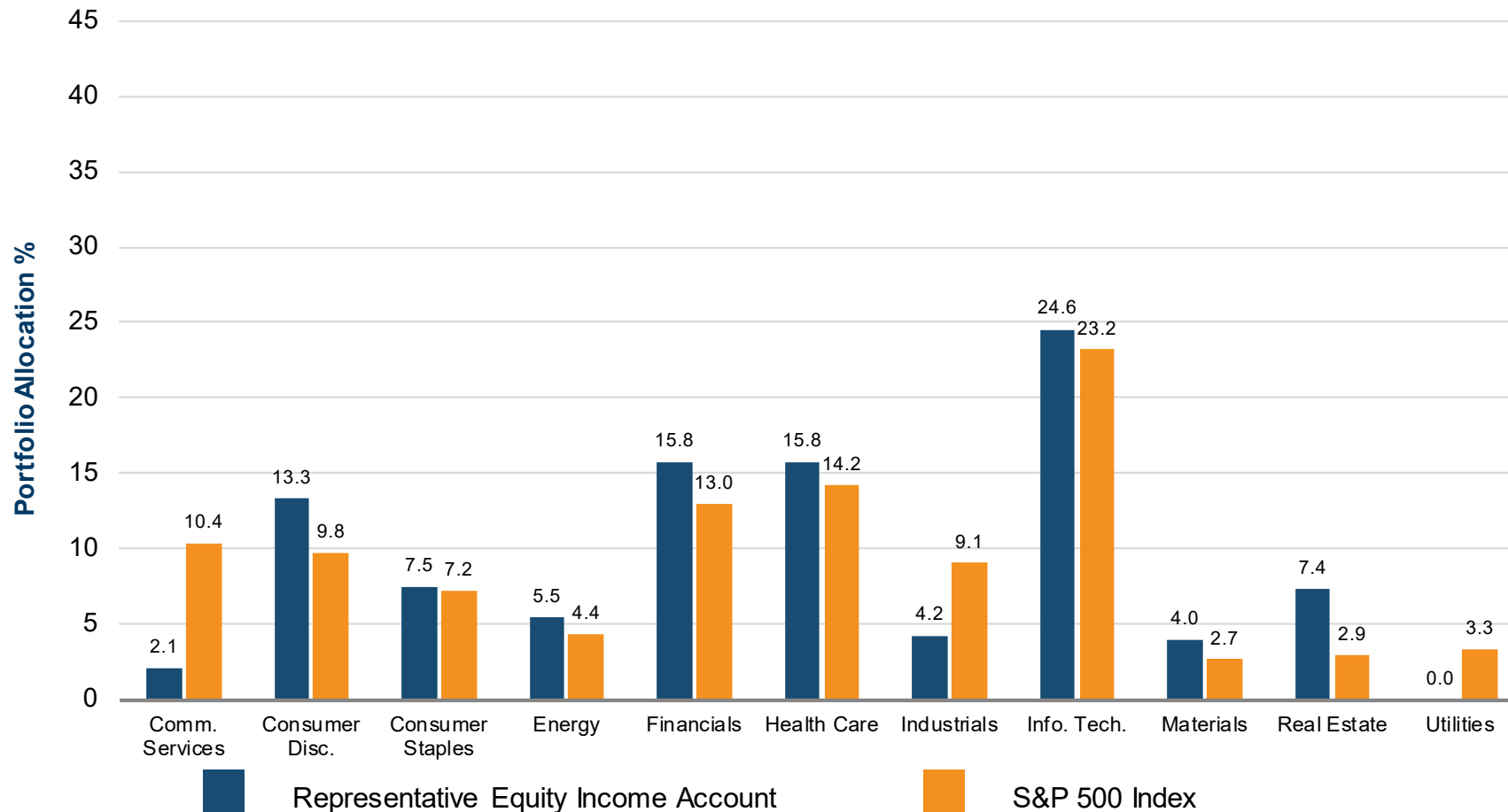
Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corp.	6.3
Cash & Equivalents	5.9
Apple, Inc.	5.4
Merck & Co, Inc.	3.9
Cisco Systems, Inc.	3.5
JPMorgan Chase & Co.	3.5
Automatic Data Processing, Inc.	3.2
Bank of America Corp.	3.1
Novartis AG Sponsored ADR	2.7
United Technologies Corp.	2.7
Total	40.2%

Source: FactSet. 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. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Portfolio information is based on a representative Equity Income account and is provided as supplemental information. Please see disclosure statement at the end of this presentation for additional information. Figures in chart may not total due to rounding.

SECTOR DIVERSIFICATION

Global Industry Classification Standard (GICS) as of 12/31/2019



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DISCLOSURES

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An investor cannot invest directly into an index.

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Figures shown on sector diversification and quarterly attribution by detail slides may not total due to rounding.

TERMS AND DEFINITIONS

All financial statistics and ratios are calculated using information from FactSet as of the report date unless otherwise noted.

The **Average Weight** of a position or sector refers to the daily average for the period covered in this report of a stock's value as a percentage of the portfolio.

The **Total Return** of an equity security is the sum of the return from price movement and the return due to dividend payments or other sources of income. The portfolio and benchmark returns provided reflect the sum of the returns of the equity holdings in the portfolio and the benchmark, respectively. The returns exclude cash.

Allocation Effect measures the impact of the decision to allocate assets differently than those in the benchmark.

Selection and Interaction Effect reflects the combination of selection effect and interaction effect. Selection effect measures the effect of choosing securities that may or may not outperform those of the benchmark. Interaction effect measures the effect of allocation and selection decisions (i.e., did we overweight the sectors in which we underperformed).

Total Effect reflects the combination of allocation, selection and interaction effects. Totals may not equal due to rounding.

Contribution To Return is calculated by multiplying a security's beginning weight in the portfolio by the security's return on a daily basis, and geometrically linking the return to the reporting period.

Dividend Yield is the ratio of a stock's projected annual dividend payment per share for the fiscal year currently in progress, divided by the stock's price.

Price-Earnings Ratio (P/E Ratio) is the ratio of the share of a company's stock compared to its per-share earnings. P/E calculations presented use FY2 earnings estimates; FY1 estimates refer to the next unreported fiscal year, and FY2 estimates refer to the fiscal year following FY1.

Active Share measures the percentage of holdings in a manager's portfolio that differ from those in the benchmark index. An active share of 0% means that the portfolio is identical to the benchmark, while an active share of 100% means that the portfolio has no common holdings with the benchmark.

Market Capitalization refers to the aggregate value of a company's publicly traded stock. Statistics are calculated as follows: Weighted Average: 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); Maximum and Minimum: the market caps of the largest and smallest companies, respectively, in the portfolio.

Portfolio Turnover is the ratio of the lesser of the portfolio's aggregate purchases or sales during a given period, divided by the average value of the portfolio during that period, calculated on a monthly basis. Portfolio turnover is provided for a three-year trailing period.

Weighted Average (Weighted Mean) refers to when data points in a sample contribute more to the final mean than others.

All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio's holding, EXCEPT for P/E ratios, which are expressed as a weighted harmonic average.

EQUITY INCOME 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	-5.0	-5.5	-4.4	9.4	10.8	28	0.2	171	30,529
2017	21.5	20.8	21.8	8.7	9.9	49	0.3	289	33,155
2016	10.5	9.9	12.0	9.7	10.6	44	0.2	252	30,417
2015	-4.4	-5.0	1.4	10.1	10.5	53	0.2	331	43,746
2014	11.3	10.7	13.7	8.3	9.0	72	0.3	446	44,772
2013	29.2	28.5	32.4	8.6	11.9	84	0.3	450	40,739
2012	12.8	12.0	16.0	NA	NA	67	0.2	350	26,794
2011	11.6	11.0	2.1	NA	NA	43	0.2	120	19,962
2010**	6.5	6.5	10.8	NA	NA	8	N/A	22	16,859

**Return is for period 10/1/2010 through 12/31/2010.

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.
- The Equity Income Composite includes all discretionary portfolios invested in the equity income strategy. The strategy invests primarily in U.S. equities that exhibit above-average dividend yields, dividend growth and return on equity. The minimum account market value required for composite inclusion is \$1.5 million.
- This composite was created in 2010.
- The benchmark is the S&P 500® Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks that is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Index returns assume reinvestment of dividends and do not reflect any fees or expenses. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers. Standard & Poor's, S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of S&P Global Inc.
- 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.
- Gross-of-fees performance returns are presented before management fees but after all trading commissions. 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 \$10 million; 0.65% on the next \$15 million; 0.50% on the next \$25 million; and 0.40% on the balance over \$50 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 three-year annualized standard deviation is not presented as of December 31, 2010, 2011 and 2012 because 36 month returns for the composite were not available (N/A).
- 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, policies for valuing portfolios, calculating performance and preparing compliant presentations is available upon request.
- Past performance does not indicate 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.