

EQUITY INCOME REVIEW AND OUTLOOK

Second Quarter 2021

U.S. stocks gained steam and advanced in the second quarter of the year at a greater pace compared to the first quarter. The S&P 500® Index, the strategy's benchmark, closed the second quarter near an all-time high, capped by a final burst higher during June. For the quarter, the Equity Income strategy also advanced at a higher rate than in the first quarter, but it was unable to keep pace with the overall increase in the benchmark Index for the period.

Compared to the first quarter when economically-sensitive sectors largely led the way, the Index's positive performance in the second quarter was much more broadly-based across multiple sectors. Among the top-performing sectors in the second quarter, the energy sector continued its strong year-to-date performance and was joined by such areas as real estate, information technology and communication services. Within the communication services sector, the strong quarterly performance was due almost entirely to a surge in the stock prices of leading internet firms Facebook and Alphabet. Neither of those companies pay dividends to shareholders and thus they are notable examples of stocks that cannot be considered for inclusion in the Equity Income strategy.

The earnings picture for many of our portfolio companies brightened during the second quarter, supported by strong tailwinds for consumer and business spending. More areas of the economy showed signs of recovering from the impacts of the global pandemic over the past year. Portfolio holdings Procter & Gamble, Target, and United Parcel Services all reported strong quarterly results amid healthy customer demand, and the strategy added to those names during the period. Likewise, software provider Microsoft and home improvement retailer Lowe's Companies also reported earnings that drove their stock prices higher, and the strategy used the subsequent price strength to trim the position sizes of those two names.

Higher earnings have prompted meaningful dividend increases from several portfolio holdings this year as well. The trend continued in the second quarter as Target, Lowe's, UnitedHealth, and Otis Worldwide all announced increases in their regular quarterly dividends. In addition, asset manager T. Rowe Price announced a special dividend of \$3 per share for its shareholders. We expect more dividend increases from other companies in the portfolio during the second half of the year.

The industrials sector was the largest contributor to the strategy's relative performance during the quarter and it was the best performing sector for the strategy overall. Within the sector, we eliminated aerospace and defense supplier Raytheon Technologies in favor of a new position in engine and power systems manufacturer Cummins during the period. Cummins has been gaining share in its existing end markets, and the company has the financial resources to invest in and develop less fossil fuel-intensive alternative power systems. As for Raytheon, rebounding air travel has improved the company's near-term earnings, but that improved outlook became fully reflected in a higher share price during the quarter.

Also during the second quarter, pharmaceutical holding company Merck spun-off a new entity called Organon to its shareholders. Organon largely consists of a portfolio of well-established branded drugs that are nearing the end of their patent lives along with smaller businesses in women's health and biosimilars. We decided to eliminate the Organon shares that we received and reinvested the proceeds into Merck, where we are more optimistic about the long-term earnings growth outlook.

The consistent upward trend in stock prices year-to-date has made it challenging to find the type of long-term investments preferred by the Equity Income strategy, namely high quality businesses with above-average dividend yields and compelling future growth potential trading at reasonable prices. So far in 2021, even temporary bargain prices have been in short supply amid a U.S. stock market that has climbed ever higher. While staying patient and disciplined, we remain ready to act on those attractive investment opportunities that may arise in the second half of the year. As always, the focus of the strategy is to build the best possible portfolio of high quality investments that can provide our investors with a reliable stream of growing income over time.

SECTOR DIVERSIFICATION

Second Quarter 2021

- Our industrials weighting increased because of relative stock performance and the addition of a new holding Cummins Inc. during the quarter. The strategy remains underweight to the industrials sector.
- Our health care weighting decreased because of relative stock price performance. The strategy remains overweight to the health care sector.
- The strategy is underweight to the communication services sector because of the lack of attractive dividend-paying stocks in the sector. In particular, Facebook and Alphabet account for over half of the sector's overall weighting in the Index and neither company pays a dividend.

SECTOR	REPRESENTATIVE EQUITY INCOME ACCOUNT (%)	S&P 500® INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE EQUITY INCOME ACCOUNT (%)	
	Q2 '21	Q2 '21	Q2 '21	Q1 '21	Q2 '20
Communication Services	2.36	11.15	-8.79	2.39	2.36
Consumer Discretionary	13.22	12.29	0.93	13.25	13.33
Consumer Staples	6.05	5.86	0.19	6.26	7.35
Energy	1.99	2.78	-0.79	1.93	3.50
Financials	17.63	11.29	6.34	17.47	15.11
Health Care	15.21	12.99	2.21	15.47	18.79
Industrials	6.09	8.58	-2.48	5.12	4.96
Information Technology	20.89	27.41	-6.53	20.87	25.16
Materials	3.91	2.60	1.31	4.09	4.01
Real Estate	3.96	2.58	1.38	3.84	5.42
Utilities	1.91	2.46	-0.54	2.10	--

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

Second Quarter 2021

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	2.36	5.86	11.06	10.72	-0.18	-0.11	-0.3
Consumer Discretionary	13.23	6.83	12.30	6.95	-0.02	-0.02	-0.03
Consumer Staples	6.10	0.33	6.00	3.83	-0.01	-0.22	-0.23
Energy	1.98	11.06	2.81	11.30	-0.02	-0.01	-0.03
Financials	17.81	8.00	11.55	8.36	0.01	-0.08	-0.07
Health Care	15.31	5.11	12.94	8.40	-0.01	-0.49	-0.49
Industrials	5.45	12.05	8.79	4.54	0.13	0.38	0.5
Information Technology	20.84	10.08	26.69	11.54	-0.18	-0.30	-0.49
Materials	4.06	2.28	2.74	4.97	-0.05	-0.11	-0.16
Real Estate	3.90	10.81	2.54	13.09	0.05	-0.08	-0.03
Utilities	2.05	-3.15	2.59	-0.41	0.05	-0.06	-0.01
Total	100.00	6.61	100.00	8.55	-0.83	-1.11	-1.94

- Real estate was the best-performing sector for the Index during the period, while utilities was the worst-performing sector. Both sectors detracted slightly from relative performance because of unfavorable stock selection.
- Industrials was the largest contributor to relative performance during the quarter because of favorable stock selection. In particular, holdings United Parcel Service and Otis Worldwide posted large stock price gains during the period.
- Health care was the largest detractor from performance during the period because of unfavorable stock selection. Information technology, communication services and consumer staples also detracted from performance during the quarter.

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QUARTER-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN



Second Quarter 2021 Representative Equity Income Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
MSFT	Microsoft Corporation	Develops, manufactures and distributes software products	6.29	15.16	0.91
BX	Blackstone Group Inc.	Provides investment and fund management services	2.52	31.54	0.69
TGT	Target Corporation	Operates department and discount stores	3.00	22.45	0.65
AAPL	Apple Inc.	Designs, manufactures, and markets mobile communication, media devices, personal computers, and portable digital music players	5.09	12.31	0.62
UPS	United Parcel Service, Inc. Class B	Provides global package delivery and supply chain management solutions	1.83	22.93	0.36

- Software maker Microsoft gained after reporting quarterly revenues and earnings that were above expectations. The company cited strong customer demand across its various business segments and noted that it expects the current business momentum to continue into future quarters. We reduced our position in Microsoft during the quarter as the stock price rose.
- Asset manager Blackstone rose after reporting better-than-expected quarterly results. The company has successfully broadened its product portfolio over the past several years, and that strategy has contributed to an accelerated earnings growth rate and a higher multiple for the stock.
- Retailer Target gained after reporting quarterly results that were well ahead of expectations. Over the past year, Target has taken market share from smaller rivals which has produced faster sales growth and improved margins. The company also raised its dividend 32% during the quarter. We increased our position in Target given the bright long-term earnings growth outlook.
- iPhone maker Apple rose after posting strong quarterly financial results as customers shifted to higher-priced iPhones, including newer, more advanced models with 5G capabilities. The company also announced a 7% increase in its dividend.
- Package delivery company United Parcel Service gained after reporting quarterly results that were well ahead of expectations, driven by a combination of higher package pricing, increased demand from small and medium business customers, and operational cost efficiencies during the period.

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QUARTER-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

Second Quarter 2021 Representative Equity Income Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
ERIE	Erie Indemnity Company Class A	Provides insurance services	1.69	-12.07	-0.22
CLX	Clorox Company	Manufactures and distributes detergent and cleaning products	1.59	-6.19	-0.11
CNI	Canadian National Railway Company	Provides railroad transportation services	0.89	-8.60	-0.08
D	Dominion Energy Inc	Produces and distributes electricity, natural gas and related services	2.05	-2.35	-0.04
CMI	Cummins Inc.	Designs, manufactures and markets diesel and natural gas engines	0.19	-2.48	-0.02

- Auto and home insurer Erie Indemnity slipped on worries that earnings for auto insurers will be challenged in the second half of the year due to rising miles driven and accident frequency as the economy re-opens, along with rising repair costs due to elevated auto prices.
- Household cleaning supplies company Clorox fell on concerns that earnings growth will remain muted over the next several quarters as the company laps strong quarterly results due to elevated Covid-19 spending by its customers last year.
- Railroad operator Canadian National Railway dropped after announcing a plan to acquire fellow railroad Kansas City Southern during the quarter. The proposed deal, valued initially at \$33.7 billion, topped an existing offer by rival Canadian Pacific and will require regulatory approval prior to completion.
- Regulated utility Dominion Energy fell on concerns that rising commodity costs could negatively impact some of the company's future investment spending, most notably a large wind farm planned off the coast of Virginia.
- Engine and power systems maker Cummins Inc. slid despite reporting quarterly results that were ahead of expectations. Widespread reports of tight supply chain conditions led some investors to worry that Cummins' earnings growth rate could slow somewhat in the second half of the year.

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QUARTER-TO-DATE ADDITIONS/DELETIONS

Second Quarter 2021 Representative Equity Income Account Portfolio Activity

- We added engine and power systems manufacturer Cummins during the quarter. The company continues to gain market share in its existing business areas and is also increasing its investments in future growth areas, primarily less fossil fuel-intensive alternative power systems.
- We eliminated aerospace and defense systems supplier Raytheon Technologies after the stock price approached our estimation of full value amid improving trends for air travel this year.
- We eliminated Organon, a recent spin-off from pharmaceutical holding Merck during the quarter. We reinvested the proceeds from our small Organon stake into Merck, where we continue to see a good outlook for sustained long-term earnings growth.

symbol	Additions	Sector
CMI	Cummins Inc.	Industrials

symbol	Deletions	Sector
RTX	Raytheon Technologies Corporation	Industrials
OGN	Organon International	Health Care

PORTFOLIO CHARACTERISTICS

Second Quarter 2021

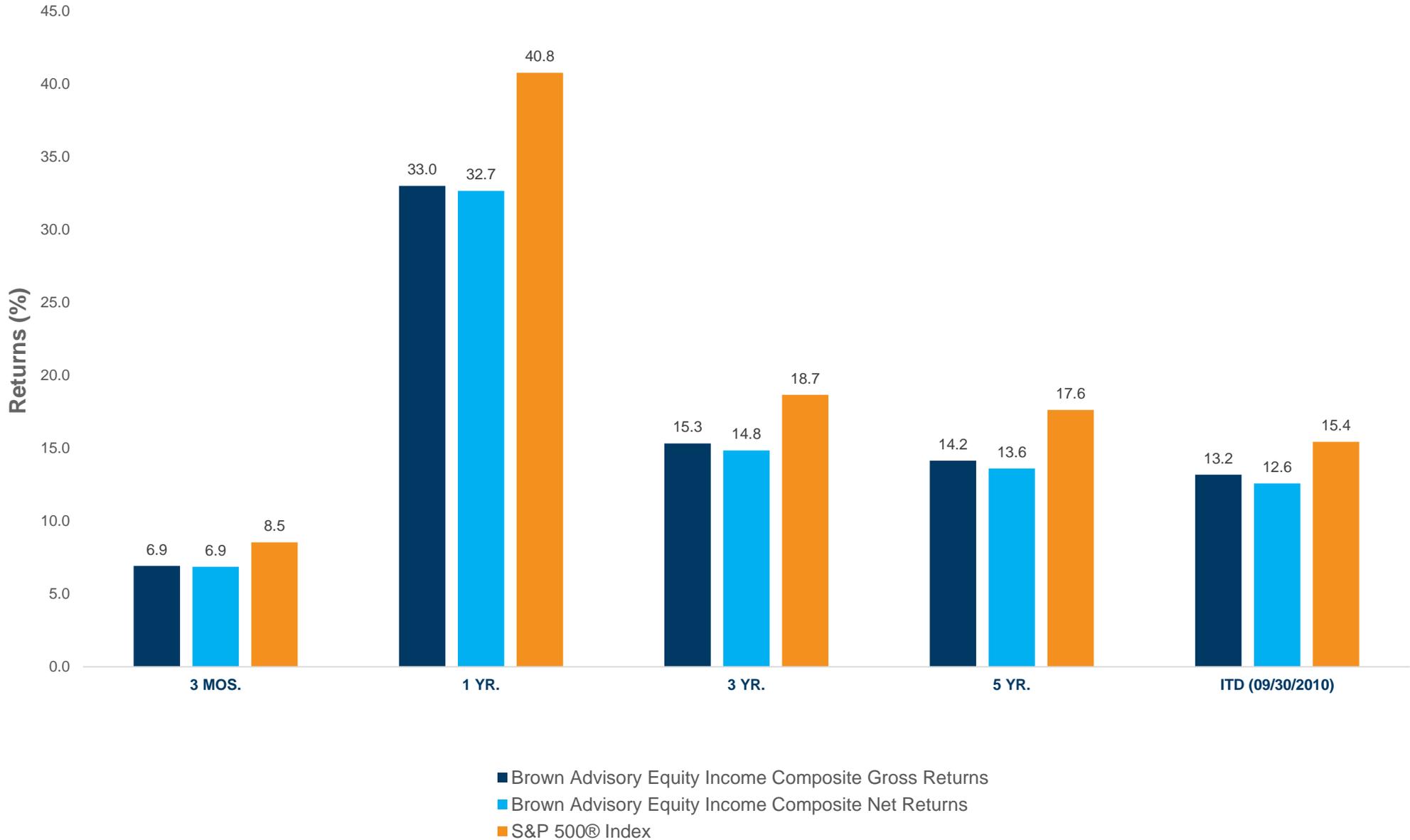


	REPRESENTATIVE EQUITY INCOME ACCOUNT	S&P 500 INDEX
Number of Holdings	45	504
Dividend Yield (%)	2.2	1.4
P/E Ratio FY2 Est. (x)	17.9	20.5
Top 10 Equity Holdings (%)	38.7	27.4
Active Share (%)	75.2	
Market Capitalization (\$ B)		
Weighted Average	403.0	543.2
Maximum	2285.4	2285.4
Minimum	1.8	5.8
Three-Year Annualized Portfolio Turnover (%)	16.5	--

Source: FactSet. The portfolio information provided is based on a representative Equity Income account and is provided as supplemental information. Portfolio statistics and characteristics 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.

COMPOSITE PERFORMANCE

Second Quarter 2021 as of 06/30/2021



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 06/30/2021

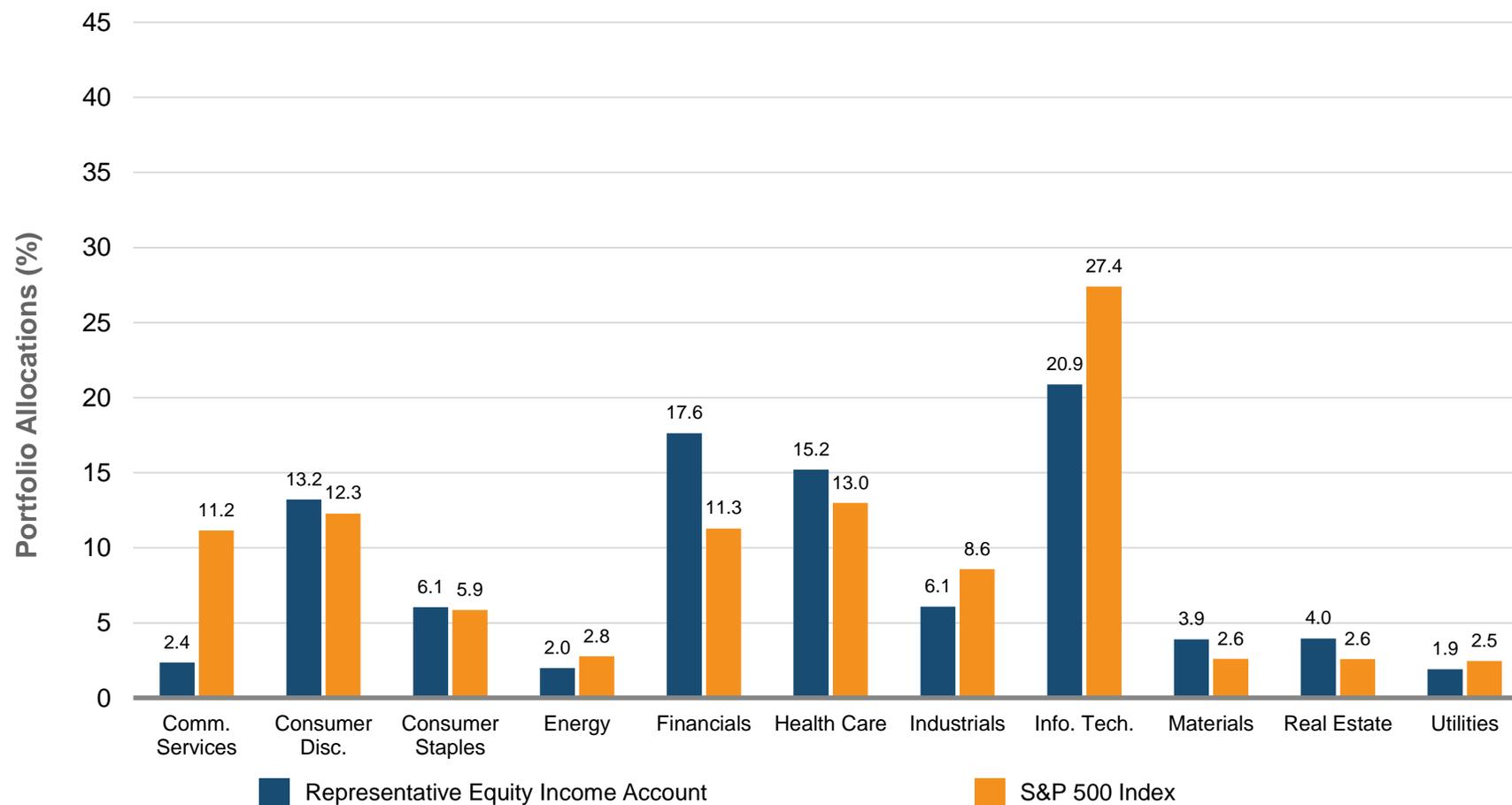
Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corp.	6.3
Apple, Inc.	5.5
Target Corp.	3.6
Cisco Systems, Inc.	3.5
Merck & Co, Inc.	3.3
Ameriprise Financial, Inc.	3.3
Automatic Data Processing, Inc.	3.2
JPMorgan Chase & Co.	3.2
Cash & Equivalents	3.1
Blackstone Group, Inc.	2.8
Total	37.8%

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. Top 10 portfolio holdings include cash and equivalents. Figures in chart may not total due to rounding.

SECTOR DIVERSIFICATION

Second Quarter 2021 Global Industry Classification Standard (GICS) as of 06/30/2021



Source: FactSet. 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.

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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.

Brown Advisory
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)*
2020	7.5	7.1	18.4	16.9	18.5	26	0.1	173	59,683
2019	31.6	31.0	31.5	10.6	11.9	33	0.3	219	42,426
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	N/A	N/A	67	0.2	350	26,794
2011	11.6	11.0	2.1	N/A	N/A	43	0.2	120	19,962

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

- *For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the Institutional and Balanced Institutional asset management divisions of Brown Advisory. As of July 1, 2016, the firm was redefined to exclude the Brown Advisory Private Client division, due to an evolution of the three distinct business lines.
- The Equity Income Composite (the 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.
- The Composite was created in 2010. The Composite inception date is October 1, 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 gross returns calculated for the accounts in the Composite for the entire calendar year period. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the Composite for the entire period.
- Gross-of-fees performance returns are presented before management fees but after all trading commissions. Net-of-fee performance returns reflect the deduction of actual management fees and all trading commissions. Certain accounts in the Composite pay asset-based custody fees that include commissions. For these accounts, gross and net returns are also net of custody fees. 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 investment management fee for the Investor Shares of the Brown Advisory Equity Income Fund (the Fund), which is included in the Composite, is 0.60%, and represents the highest fee charged excluding Advisor Shares. The total expense ratio for the Investor Shares of the Fund as of the most recent fiscal year end (June 30, 2020) was 0.95%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The 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 and broad distribution and limited distribution pooled funds is available upon request.
- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
- Past performance is not indicative of future results.
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