

Flexible Equity Fund

Investor: **BIAFX** Advisor: **BAFAX** Institutional: **BAFFX**

Fourth Quarter 2019

FLEXIBLE EQUITY

WHY INVEST IN BROWN ADVISORY FLEXIBLE EQUITY?

A flexible approach to finding quality businesses.

The manager scours the entire U.S. equity universe, from large-cap to small-cap and from growth to value, seeking compelling long-term investments. We believe that a strategy that casts a wide net for strong businesses with shareholder-oriented management teams that allocate capital well has the potential to outperform more constrained strategies.

A keen eye for “bargain moments.”

The manager strives to invest in firms that are built to last, but look for low entry prices that may arise from short-term investor sentiment or temporary challenges for a company or industry. This sort of price recovery potential is an important component of the manager’s stock selection process.

A shared culture of thoughtful investing.

Brown Advisory’s investment team is made up of independent thinkers who nonetheless share a common philosophy. We invest for the long term in what we consider to be exceptional businesses, and we keep our portfolios focused on a relatively small number of our best investment ideas. We believe that this sort of active management is the best way to generate long-term outperformance vs. our benchmarks.

Portfolio Manager: Maneesh Bajaj, CFA
Benchmark: S&P 500® Index

AVERAGE ANNUAL TOTAL RETURNS % (As of 12/31/2019)

	3 MOS.	1YR.	3YR.	5YR.	10YR.	INCEPTION (11/30/2006)	INCEPTION (01/24/2007)	INCEPTION (10/19/2012)
Brown Advisory Flexible Equity Fund								
Investor Class – BIAFX Inception: 11/30/2006	11.71	36.33	17.52	11.49	13.62	8.37	–	–
Advisor Class – BAFAX Inception: 01/24/2007	11.66	36.05	17.22	11.21	13.36	–	7.84	–
Institutional Class - BAFFX Inception: 10/19/2012	11.75	36.51	17.69	11.66	–	–	–	14.75
S&P 500® Index	9.07	31.49	15.27	11.70	13.56	8.87	8.72	14.30
Excess Return vs. Index (Investor)	2.64	4.84	2.25	-0.20	0.06	-0.50	–	–
Morningstar % Rank in Category (Investor)		18	57	62	49	–	–	–
# of Funds in Large-Growth Category		1,360	1,218	1,086	811	–	–	–
Morningstar Rating			★★★★	★★★★	★★★★			

Morningstar rankings represent a fund’s total-return percentile rank relative to all funds that have the same Morningstar category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. **Past performance does not guarantee future results.**

CALENDAR YEAR RETURNS %

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Brown Advisory Flexible Equity Fund, Investor Class - BIAFX	36.33	-4.07	24.12	9.37	-2.95	12.73	35.52	18.12	4.04	10.86
S&P 500® Index	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00	2.11	15.06
Excess Return vs. Index (Investor)	4.84	0.31	2.29	-2.59	-4.33	-0.96	3.13	2.12	1.93	-4.20

Gross Expense Ratios: 0.73% (Investor), 0.58% (Institutional), 0.98% (Advisor)

Source: U.S. Bank. 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.

OVERALL MORNINGSTAR RATING™



As of 12/31/2019 for Investor Shares among 1,218 Large-Growth funds (derived from a weighted average of the fund’s three-, five- and 10-year risk adjusted return measure).

CHARACTERISTICS (As of 12/31/2019)

	BIAFX	INDEX
Morningstar Category (U.S.)	U.S. Large Growth	--
Fund Assets (\$MM)	532	
Number of Holdings	44	505
Wtd. Avg. Market Capitalization (\$B)	338.0	291.3
Wtd. Median Market Capitalization (\$B)	257.6	126.5
Earnings Growth 3-5 Yr. Est (%)	13.2	10.7
P/E Ratio (FY1 Est.)	20.7	20.0
Price-to-Earnings Ratio (P/E, FY2)	18.6	18.1
Beta	1.1	--

Source: Fund net assets provided by U.S. Bank and 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 applicable to the investor share class only. 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. **Earnings growth 3-5 year estimate is not a measure of the Fund’s future performance.**

PORTFOLIO DIVERSIFICATION (As of 12/31/2019)

Sector Composition %	Fund	Index	Weighting Difference
Communication Services	10.2	10.4	-0.2
Consumer Discretionary	14.7	9.8	5.0
Consumer Staples	4.4	7.2	-2.8
Energy	4.1	4.4	-0.3
Financials	18.9	13.0	5.9
Health Care	10.2	14.2	-4.0
Industrials	8.0	9.1	-1.1
Information Technology	27.0	23.2	3.8
Materials	--	2.7	-2.7
Real Estate	2.6	2.9	-0.3
Utilities	--	3.3	-3.3

Source: FactSet® for portfolio diversification and U.S. Bank for portfolio holdings. * Alphabet Inc represents a 1.4% holding in Class A shares of the stock and 3.3% holding in Class C shares of the stock. Sector breakdown (excluding cash and equivalents) and Fund holdings (including cash and equivalents) 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.

TOP 10 PORTFOLIO HOLDINGS % (As of 12/31/2019)

Top 10 Positions	% of
Visa Inc	6.2
Mastercard Inc	5.4
Alphabet Inc*	4.7
Microsoft Corp	4.6
Berkshire Hathaway Inc	4.1
Facebook Inc	3.7
Bank of America Corp	3.7
Lowe's Cos Inc	3.6
Apple Inc	3.6
JPMorgan Chase & Co	3.5
Total % of Net Assets	43.1 %

EXPERIENCED MANAGEMENT



MANEESH BAJAJ, CFA

Maneesh Bajaj is the Portfolio Manager for the Flexible Equity Fund. Investment experience dating from 2003; joined Brown Advisory 2005; Manager since 2018

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 by providing them first-rate investment performance, customized strategic advice and the highest level of personalized service.

- Founded in 1993
- Independent since 1998
- 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.brownadvisoryfunds.com. Please read the prospectus carefully before you invest.

The Flexible Equity 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 smaller 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. 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 lower rated and non-rated securities present a great risk of loss to principal and interest than higher rated securities. 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. Diversification does not assure a profit, nor does it protect against a loss in a declining market.

The Fund is the successor to the investment performance of the Predecessor Fund as a result of the reorganization of the Predecessor Fund into the Fund on October 19, 2012. Accordingly, the performance information shown for periods prior to October 19, 2012 is that of the Predecessor Fund. Investor Shares commenced operations on November 30, 2006 as part of the Predecessor Fund and Advisor Shares commenced operations on January 24, 2007 as part of the Predecessor Fund. Performance shown prior to inception of the Advisor Shares is based on the performance of Investor Shares, adjusted for the higher expenses applicable to Advisor Shares. Prior to July 1, 2011, the Advisor Shares were known as A Shares. Institutional Shares commenced operations on October 19, 2012. Prior to October 19, 2012, Investor Shares were known as Institutional Shares.

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. S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. It is not possible to invest directly in an index.

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may have different performance characteristics. "The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods." Morningstar Rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Brown Advisory Flexible Equity Fund was rated against the following number of U.S. Large Growth funds over the following time periods: 1,218 funds in the last three years, 1,086 in the last five years and 811 in the last ten years for the period ending 12/31/2019. With respect to these, Brown Advisory Flexible Equity received a Morningstar Rating of 3 stars, 3 stars and 3 stars for the three-, five- and ten-year periods respectively. **Past performance is no guarantee of future results.**

Terms and Definitions

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). The **Weighted Median Market Capitalization** is the median market capitalization of a fund's equity portfolio gives you a measure of the size of the companies in which an equity fund invests. It is the trimmed mean of the market capitalizations of the stocks in the fund's portfolio. **Price-Earnings Ratio (P/E Ratio)** is the ratio of the share of a company's stock compared to its per-share 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. **Earnings growth rate** is the amount of increase that a specific variable has gained within a specific period and context and is based on consensus estimates derived from FactSet as of 12/31/2019 for the 3-5 year period, and is not a measure of the Fund's future performance. **Earnings Growth 3-5 Year Est.** is the forecasted growth rate of a company's earnings per share. Estimated EPS Growth Rate is not a measure of the Fund's future performance. 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.

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