Flexible Equity
STRATEGY FACT SHEET

Third Quarter 2019

WHY INVEST IN BROWN ADVISORY FLEXIBLE EQUITY?

A flexible approach to finding quality businesses. Manager Maneesh Bajaj 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 over time.

A keen eye for “bargain moments.” The manager seek 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 from a company or industry. This sort of price recovery potential is an important component of the managers’ stock selection process.

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

PERFORMANCE (% AS OF 09/30/2019)

<table>
<thead>
<tr>
<th></th>
<th>3 MOS.</th>
<th>YTD</th>
<th>1 YR.</th>
<th>3 YR.</th>
<th>5 YR.</th>
<th>10 YR.</th>
<th>25 YR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inst. Flexible Equity Composite (Gross of Fees)</td>
<td>2.15</td>
<td>22.71</td>
<td>4.59</td>
<td>15.55</td>
<td>11.23</td>
<td>14.50</td>
<td>11.77</td>
</tr>
<tr>
<td>Inst. Flexible Equity Composite (Net of Fees)</td>
<td>2.07</td>
<td>22.36</td>
<td>4.14</td>
<td>15.09</td>
<td>10.79</td>
<td>14.01</td>
<td>11.09</td>
</tr>
</tbody>
</table>

TOP 10 PORTFOLIO HOLDINGS %

- Visa, Inc. 6.3
- Mastercard, Inc. 5.4
- Alphabet, Inc. (Class A & C)# 4.8
- Microsoft Corp. 4.4
- Berkshire Hathaway, Inc. Cl B 4.1
- Edwards Lifesciences Corp. 3.8
- CarMax, Inc. 3.8
- Cash & Equivalents 3.8
- Lowe's Companies, Inc. 3.7
- Facebook, Inc. 3.6

SECTOR BREAKDOWN (%)

- Communication Services 10.2
- Consumer Discretionary 15.6
- Consumer Staples 3.4
- Energy 4.4
- Financials 19.2
- Health Care 9.0
- Industrials 7.8
- Information Technology 26.7
- Materials 1.0
- Real Estate 2.9
- Utilities --

Source: FactSet. * Alphabet, Inc. represents a 2.0% holding position in Class C shares of the stock and 2.7% holding position in Class A shares of the stock. The portfolio information provided is based on a representative Brown Advisory Flexible Equity account as of 09/30/2019. Sector breakdown and portfolio characteristics exclude cash and equivalents; top 10 portfolio holdings include cash and equivalents. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. 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. Composite performance is based on the Brown Advisory Institutional Flexible Equity Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a division of Brown Advisory LLC and Brown Advisory is a GIPS compliant firm. Returns greater than one year are annualized. Past performance is not indicative of future results. Please see the Brown Advisory Institutional Flexible Equity Composite performance disclosure on the reverse side for additional information and a complete list of terms and definitions. Numbers may not total due to rounding.

STRATEGY PROFILE AS OF 09/30/2019

BENCHMARK
S&P 500® Index

STRATEGY
$4.9 billion

VEHICLES AVAILABLE
Separately Managed Account (SMA)
Model Only
Mutual Fund
Collective Investment Trust (CIT)
UCITS

CHARACTERISTICS AS OF 09/30/2019

<table>
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<th>FLEXIBLE EQUITY REP. ACCT.</th>
<th>S&amp;P 500 INDEX</th>
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<tbody>
<tr>
<td>Weighted Avg. Market Cap.</td>
<td>$289.3B</td>
<td>$249.7B</td>
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<tr>
<td>Weighted Median Market Cap.</td>
<td>$206.0B</td>
<td>$114.2B</td>
</tr>
<tr>
<td>P/E Ratio (FY2 Est.)</td>
<td>16.7x</td>
<td>16.5x</td>
</tr>
<tr>
<td>Price/Book Value</td>
<td>3.3x</td>
<td>3.2x</td>
</tr>
<tr>
<td>Earnings Growth (3-5 Yr. Est.)</td>
<td>13.7%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Return on Equity (ROE)</td>
<td>23.7%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Active Share</td>
<td>72.2%</td>
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<tr>
<td>Portfolio Turnover (3- Yr. Average)</td>
<td>11.9%</td>
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PORTFOLIO MANAGER PROFILE

MANEESH BAJAJ, CFA

Maneesh Bajaj is the portfolio manager for the Flexible Equity strategy. Prior to joining the firm, he was a strategy consultant at McKinsey & Co., New York. He also worked in Corporate Value Consulting at Standard & Poor’s and in design and development of telecommunications networks at Primus Telecommunications.
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 by providing them first-rate investment performance, customized strategic advice and the highest level of personalized service.

We follow a philosophy that low-turnover, concentrated portfolios derived from sound bottom-up fundamental research provide an opportunity for attractive performance results over time. We have a culture and firm equity ownership structure that helps us attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

Brown Advisory Institutional Flexible Equity

Year Composi t e Total Gross Returns Composi t e Total Benchmark Returns (%) Composi t e 3-Yr Annualized Standard Deviation (%) Benchmark 3-Yr Annualized Standard Deviation (%) Portfolio in Composi t e at End of Year (%) Composi t e Dispersion (%) Composi t e Assets ($USD) GIPS

2018 -3.3 3.7 -4.4 12.3 10.8 41 0.3 2,263 30.529
2017 25.1 -24.6 -21.8 -11.4 11.4 9.9 50 0.3 2,921 33.155
2016 9.9 9.4 12.0 12.1 10.6 50 0.2 2,883 30.417
2015 -2.0 -2.4 1.4 11.1 10.5 56 0.2 2,686 43.746
2014 14.0 13.5 13.7 9.2 9.0 49 0.2 3,195 44.772
2013 37.5 36.9 32.4 11.9 11.9 44 0.4 2,247 40.739
2012 19.9 19.5 16.0 14.6 15.1 40 0.3 1,818 26.794
2011 5.8 5.4 2.1 18.5 18.7 43 1.1 1,714 19.962
2010 11.1 10.3 15.1 22.7 21.9 47 0.7 1,811 16.859
2009 37.1 36.0 26.5 21.3 19.6 48 3.4 1,905 11.058
2008 -36.5 -37.0 -37.0 16.6 16.6 51 1.9 1,541 8.547

1. For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional. As of July 1, 2018, the firm was restructured to exclude the Brown Advisory Private Client division, due to an evaluation of the three distinct business lines.
2. The Institutional Flexible Equity Composite includes all discretionary, institutional accounts with a flexible value objective of 500%. The strategy seeks bargains in “value” as well as “growth” stocks and invests primarily in the common stock of domestic companies with market capitalizations greater than $2 billion at the time of purchase. As of January 1, 2013, the minimum account market value required for composite inclusion is $1.5 million. Prior to August 2013, the name of this composite was Institutional Flexible Value. The strategy remains the same.
3. This composite was created in 1995.
4. 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 equity market in 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 in 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.
5. The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns. From January 2007, through December 2018, dispersion is calculated using the asset weighted standard deviation of the annual gross returns of those accounts included in the composite for the full year.
6. Between October 2006 and December 2008, a significant cash flow policy was adopted for this composite. As a result, cash flows are not reported as a single cash flow of cash or securities of more than 25% of the portfolio’s market value at midyear. Accounts with significant cash flows are excluded from the composite for a grace period, defined as the month during which the flow occurred. Additional information regarding significant cash flow periods is available upon request.
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-fees performance returns reflect the deduction of actual management fees and all trading commissions. Other expenses can reduce returns to investors. Prior to 2011, net performance is based on model fees using the highest fee in effect. 0.75% applied quarterly. Prior to 2011, actual fees are used to calculate net returns. Actual gross fees paid by the composite may differ from the current fee schedule.
8. The three-year annualized post-standard deviation measures the volatility 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 corporate descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
11. Past performance does not indicate future results.
12. This piece is provided for informational purposes only and should not be construed as a research report, a recommendation or an endorsement of any security or group of securities or as a buy or hold signal. Earnings Growth 3-5 Year Estimate is the average annualized growth rate over the past three to five years and is based on estimates provided by analysts for which analysts do not remove.

Brown Advisory Institutional Flexible Equity

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 listed below:

January 1, 1990 through December 31, 2018. The verification report is available upon request. Verification assesses whether (i) the firm has complied with all the GIPS standards and (ii) the firm has maintained, for a period of at least one year, policies and procedures 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.

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Terms and Definitions for Representative Account Calculations

All financial statistics and ratios are calculated using information from FactSet of the report date unless otherwise noted. FactSet is a registered trademark of FactSet Research Systems, Inc. The Global Industry Classification Standard (GICS®) is developed by and is the exclusive property of MSCI and Standard & Poor’s. “Global Industry Classification Standard (GICS®),” “GICS®” and “GICS Index” are service marks of Standard & Poor’s and MSCI. “GICS® is a trademark of Standard & Poor’s and MSCI. A “Benchmark” refers to the aggregate value of a company’s publicly traded stock. Statistic calculations are calculated as follows:

- Weighted Average: the average of each holding, weighed by its market capitalization. The portfolio in which this statistic is used includes all securities that have greater than $2 billion in market capitalization.
- Weighted Median: the value at which half of the portfolio’s market capitalization is above and half below.
- Price Earnings Ratio (P/E Ratio): the ratio of the share of a company’s stock compared to its per-share earnings. P/E calculations presented are P/E earnings indications. P/E is calculated as stock price divided by the most recent earnings per share.
- Price to Book Value: the ratio of the price per share compared to the book value of the company.
- Price to Sales: the ratio of the price per share compared to the sales per share.
- Portfolio Turnover: the ratio of the value of a 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. Active Share is calculated taking the sum of the absolute values of the differences of the weight of each holding in the manager’s portfolio versus the weight of each holding in the benchmark index and dividing by two.

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