

Brown Advisory Flexible Equity Strategy

We believe that our strategy of investing in companies with attractive business economics, shareholder-oriented managements and the potential for future growth, purchased at bargain prices, can outperform the S&P 500 Index with less risk over a full market cycle.



MANEESH BAJAJ, CFA
Portfolio Manager

November 2022 Monthly Report

Performance Contributors

TOP FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
TSM	Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	Information Technology	2.15	34.82	0.66
MSFT	Microsoft Corporation	Information Technology	6.27	9.91	0.63
MA	Mastercard Incorporated Class A	Information Technology	5.07	8.77	0.43
META	Meta Platforms Inc. Class A	Communication Services	1.48	26.75	0.36
BRK.B	Berkshire Hathaway Inc. Class B	Financials	4.53	7.97	0.36

BOTTOM FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
AMZN	Amazon.com, Inc.	Consumer Discretionary	2.53	-5.74	-0.19
AAPL	Apple Inc.	Information Technology	4.03	-3.31	-0.18
DIS	Walt Disney Company	Communication Services	1.22	-8.21	-0.16
SU	Suncor Energy Inc.	Energy	2.70	-4.42	-0.10
ELV	Elevance Health, Inc.	Health Care	2.99	-2.53	-0.10

Monthly Portfolio Activity

NEW INVESTMENT

TICKER	NAME	REASON FOR DECISION
	None	

DELETION

TICKER	NAME	REASON FOR DECISION
	None	

Top 10 Equity Holdings (%)

Cash and equivalents: 2.8%

1. Microsoft Corp.	6.3	6. Berkshire Hathaway Inc. Class B	4.4
2. Alphabet, Inc.*	5.6	7. Apple Inc.	3.8
3. Visa Inc. Class A	5.1	8. Elevance Health, Inc.	2.9
4. Mastercard Incorporated Class A	5.0	9. Bank of America Corp	2.9
5. UnitedHealth Group Incorporated	4.5	10. KKR & Co Inc	2.8

INSIDE THE STRATEGY: FACTS & TYPICAL PORTFOLIO FIGURES

Inception: 12/31/1984	Top 10 Weight: 30%–50%
Benchmark: S&P 500@ Index	Position Size: 1%–6%, max. 8%
Portfolio: 35–45 Holdings	Cash Position: 0%–5%, max. 10%

Portfolio Comments

The Brown Advisory Flexible Equity composite gained 5.9% (net of fees) during November, outperforming its benchmark, the S&P 500@ Index, which gained 5.6%.

The portfolio's information technology and consumer discretionary holdings made a positive contribution to portfolio performance, relative to the benchmark, during the month. Among the top five contributors were Microsoft Corporation (MSFT) and Taiwan Semiconductor Manufacturing Co., Ltd. (TSM). Despite persistent FX headwinds and macro pressure on MSFT's Advertising and Windows OEM segments, MSFT, a technology company, traded higher in November on the heels of a generally positive earnings report in October that highlighted the continued relative strength of its core Commercial and Azure businesses.

TSM, a semiconductor contract manufacturing and design company, felt a boost in November when US billionaire Warren Buffett invested a massive \$4.1 billion in the chipmaker. We believe this is a rare and significant foray into the technology sector.

The portfolio's health care and financials holdings were the largest detractors to performance during the month. The largest detractors to performance were Apple Inc. (AAPL) and Amazon, Inc. (AMZN). Shares of AAPL, a technology company, have been slipping as iPhone production could drop at least 30%, due to worker unrest in China. There were also plans announced to slow production of iPhones overall which have spooked investors.

AMZN, an e-commerce company, traded down in November on the heels of a disappointing Q3 earnings report and lowered Q4 guidance issued at the end of October. Despite margin contraction and decelerated growth across AWS and e-commerce, we believe that the long-term growth thesis remains intact and the renewed focus on improving operating efficiencies should enhance profitability.

During the month of November, we did not add any new holdings to the portfolio.

*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. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. The security returns listed represent the period of when the security was held during the month. Top five and bottom five contributors exclude cash and cash equivalents. 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. The top 10 equity holdings include cash and equivalents. #Alphabet Inc. represents a 2.4% holding in Class A shares of the stock and a 3.2% holding in Class C shares of the stock. Numbers may not total due to rounding. The portfolio information provided is based on a representative Flexible Equity account and is provided as supplemental information. This representative account may differ from specific client portfolios. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions. Past performance is not indicative of future results. The composite performance shown above reflects the Flexible Equity 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 Advisory Flexible Equity disclosure statement at the end of this presentation for a GIPS compliant presentation.

Brown Advisory Institutional Flexible Equity 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)*
2021	25.7	25.1	28.7	18.8	17.2	41	0.3	3,198	79,715
2020	20.8	20.3	18.4	20.1	18.5	41	0.3	2,550	59,683
2019	37.3	36.8	31.5	12.8	11.9	42	0.4	2,196	42,426
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	9.9	50	0.3	2,912	33,155
2016	9.9	9.4	12.0	12.1	10.6	52	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

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- *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 Institutional Flexible Equity Composite (the Composite) includes all actual, discretionary, institutional accounts with a flexible value equity objective of 100%. 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.

- ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk. The strategy intends to invest in companies with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular companies and industries. Brown Advisory relies on third parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.
- Prior to August 2013, the name of the Composite was Institutional Flexible Value. The strategy remains the same.
- The Composite was created in 1985. The Composite inception date is January 1, 1985.
- 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.
- Between October 2006 and December 2008, a significant cash flow policy was adopted for the Composite. A significant cash flow is defined as a single flow of cash or securities of more than 25% of the portfolio's market value at prior month end. 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 policies are available upon request.
- 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: 0.60% on the first \$25 million; 0.50% on the next \$25 million; 0.45% on the next \$50 million; and 0.40% on the balance over \$100 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 Flexible Equity Fund (the Fund), which is included in the composite, is 0.50% for the first \$150 million, 0.45% on \$150 million to \$250 million, 0.40% on \$250 million to \$1 billion, and 0.38% over \$1 billion, 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, 2021) was 0.69%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The investment management fee for the Dollar Class B Acc Shares of the Brown Advisory US Flexible Equity Fund (the UCITS), which is included in the composite, is 0.75%. The total expense ratio for the Dollar Class B Acc Shares of the UCITS as of the most recent fiscal year end (October 31, 2021) was 0.84%. 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.
- 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.
- This is not an offer to sell securities. That may only be accomplished by the issuance of a private offering memorandum/subscription documents.
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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. An investor cannot invest directly into an index. S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. FactSet® is a registered trademark of FactSet Research Systems, Inc. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC.

Terms and Definitions for Representative Account Calculations

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. **Free Cash Flow** represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets. 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. Standard benchmark-, sector- and portfolio-level returns are the sums of the weights of each security multiplied by its return, summed and calculated daily and summed over the period covered by the report or by an otherwise-noted period. **Contribution to Return** is calculated by multiplying a security's beginning portfolio weight by its daily return and geometrically linking the security's daily contribution to return over the entire reporting period.