FLEXIBLE EQUITY REVIEW AND OUTLOOK

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U.S. equity markets performed well during the year, and the gains in the fourth quarter did not disappoint equity investors—the S&P 500® Index (the strategy's benchmark) returned more than 9.0% for the quarter. The Flexible Equity strategy also finished the quarter strongly, ahead of its benchmark. For the full year, the strategy was ahead of its benchmark by a wider margin. We are pleased to report that longer-term returns for the strategy—namely, the one-, three-, five- and ten-year periods—compare favorably to the S&P 500 Index.

The U.S. equity markets for the full year returned an impressive 31.5% (as measured by the S&P 500 Index), its second-best year since the Great Recession. We believe that these gains are remarkable given that we are in the 11th year of one of the longest bull markets in U.S. economic history. This is also in stark contrast to the skittish mood that prevailed in December 2018, when many equity investors were bailing and beginning to price in a recession. Market pundits worried about a host of issues—the length of economic expansion, trade tensions, slowing growth, a flattening yield curve, decline in oil prices and a federal budget impasse—which they believed would lead to a meaningful economic slowdown in the near term. However, as the year progressed, the U.S. economy continued to hum along in spite of the reality that many of these concerns remained. The U.S. economy has been bolstered by a strong consumer and a healthy job market. A significant data point in the quarter was the nonfarm payroll employment figure, which rose by 266,000 in November.[1] This number exceeded expectations, as job growth averaged 180,000 per month in 2019 before the November report.[2] Any weakness in the overall economy (due to tepid business investments related to the worries associated with trade conflict and slower growth abroad) has been overcome by strong consumer spending. Consumer sentiment remains solid against the backdrop of a strong employment picture and a robust U.S. housing market.

The swift swings in market sentiment, such as the one we witnessed in the last 13 months, naturally raise the question of the benefit of market timing. The idea of avoiding a market downturn similar to what we witnessed in the three weeks of December 2018, when markets corrected nearly 20% to enhance returns is very alluring. At least theoretically. In practice, however, it is very hard to execute upon because one has be right twice: first, one needs to sell at the top, and then second, one needs to get back in at the bottom. Reentry, or getting back in, is just as important—equity markets generally tend to climb over time. The difficulty of trying to predict the top and the bottom is compounded by the fact that one has to not only correctly predict the level of the correction but the duration of the lull. The 11 years after the financial crisis of 2009 should have taught us that predicting future economic slowdowns and impending recessions accurately is really hard, if not impossible, for most market participants. There have been plenty of alarm bells along the way—the Greek debt crisis, fears of food shortages and unusually high crop prices in the U.S., taper tantrums, high oil prices and its subsequent collapse, currency wars, negative yields and trade wars, to name a few. Yet the U.S. economy and the U.S. stock market have continued on an upward climb during this period. Relying on leading economic data (e.g., the shape of the yield curve and business and consumer confidence) to predict a future recession has not always been effective, as these measures have historically forecasted a recession incorrectly more times than they have correctly. We believe that sitting on cash and not participating in the equity markets can be detrimental to long-term returns. This is especially acute when the markets are in an upswing post a downturn, as a disproportionate percentage of market gains occur at the beginning of a market recovery. Several published academic research papers indicate that missing the ten best or even five best days of a market can cost investors dearly to the overall returns in their portfolio.

Market pullbacks are common, and they occur more frequently than investors realize. Over the last 40 years, the S&P 500 Index has seen a double-digit pullback within a year nearly half the time. However, the markets move generally higher over the longer term because of human and business progress that underlies the growth in profits and values of equity in companies.

(Continued on the following page)

1. Source: U.S. Bureau of Labor Statistics. 2. Ibid. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

FLEXIBLE EQUITY REVIEW AND OUTLOOK

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Start Date for Downturn in S&P 500 Index	Length of Correction (Months)	Percentage Drop	Time to Recover to Previous Peak (Months)
11/29/1968*	18	-36.1	21
04/28/1971	7	-13.9	2
01/11/1973*	21	-48.2	83
09/21/1976	18	-19.4	17
09/12/1978	2	-13.6	9
10/5/1979	1	-10.1	3
02/13/1980	1	-13.7	4
11/28/1980*	21	-27.1	3
10/10/1983	10	-14.4	6
08/25/1987	3	-33.5	20
10/9/1989	4	-10.2	4
07/16/1990*	3	-19.9	4
07/17/1998	2	-19.3	3
03/24/2000*	31	-49.1	56
11/27/2002	3	-14.7	2
10/9/2007*	17	-56.8	49
04/23/2010	2	-16.0	4
04/29/2011	5	-19.4	5
05/21/2015	9	-14.2	5
10/01/2018	3	-19.2	4
Overall Avg.	**9**	**-23.4**	**15**
Recession Avg.*	**19**	**-39.5**	**36**
Non-Recession Avg.	**5**	**-16.5**	**6**

Source: Bloomberg, Brown Advisory Analysis using S&P 500 Index data. Red-shaded rows denote recessionary periods. Correction defined as a negative drawdown of at least 10%. *Recession, as defined by the National Bureau of Economic Research (NBER), is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production and wholesale-retail sales. Past performance is not indicative of future results.

Predicting the next market move has never been our approach. We tend to be more cautious when the markets or individual stocks have strong upward moves, and we like to be buyers when we see sell-offs. We agree with Warren Buffett's comment on timing the market: "I never have an opinion about the market because it wouldn't be any good and it might interfere with the opinions we have that are good."

The Flexible Equity team searches for investment bargains among long-term attractive businesses with shareholder-oriented managers—those with productive assets and productive managers. These businesses should have or develop competitive advantages that result in good business economics, managers who allocate capital well, capacity to adjust to changes in the world and the ability to grow business value over time. Bargains in these types of stocks can arise for various reasons but are often due to short-term investor perceptions, temporary business challenges that will improve, company or industry changes for the better, or as-yet-unrecognized potential for long-term growth and development. Despite the occasional investment that will go awry and stretches when the general stock market is unrewarding, we are optimistic about the long-term outlook for equities of good businesses purchased at reasonable prices and our ability to find them.

(Continued on the following page)

SECTOR DIVERSIFICATION

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- We base our investment approach on individual company selection and incorporate a reasonable balance of sector exposures as part of risk management. We believe that companies in the same sectors can vary as greatly in their business economics and profiles as companies in completely different sectors.
- We trimmed CarMax in the consumer discretionary sector and took advantage of its higher price and valuation.
- The consumer staples sector increased with the addition of Hain Celestial Group. We also added to Conagra Brands.
- In the financials sector, we trimmed Ameriprise Financial, Charles Schwab and Wells Fargo. We added to KKR & Co.
- We added to Anthem and UnitedHealth Group in health care at lower prices and initiated a new investment in Agilent. Managed care had underperformed during this election cycle due in part to concerns surrounding political pundits' plans for Medicare for All. We trimmed Edwards Lifesciences when the stock was trading at a historically high multiple.
- We added to Delta, increasing our weighting in the industrials sector. We believe that Delta trades at an attractive earnings multiple. We have increased confidence in how its business is progressing after our visit on the company's investor day.
- We eliminated Dow and DuPont de Nemours in the materials sector in favor of allocating capital to better businesses, in our view.

SECTOR	REPRESENTATIVE FLEXIBLE EQUITY ACCOUNT (%)	S&P 500® INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE FLEXIBLE EQUITY ACCOUNT (%)	
	Q4'19	Q4'19	Q4'19	Q3'19	Q4'18
Communication Services	10.20	10.39	-0.19	10.22	9.90
Consumer Discretionary	14.70	9.75	4.94	15.57	13.08
Consumer Staples	4.43	7.20	-2.77	3.35	2.78
Energy	4.08	4.35	-0.27	4.38	4.55
Financials	18.88	12.95	5.93	19.20	24.10
Health Care	10.22	14.20	-3.98	9.02	9.61
Industrials	7.99	9.05	-1.06	7.77	6.17
Information Technology	26.93	23.20	3.73	26.66	25.80
Materials	--	2.65	-2.65	0.96	1.55
Real Estate	2.59	2.93	-0.34	2.88	2.47
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 Flexible Equity 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.

Fourth Quarter 2019

QUARTER-TO-DATE CONTRIBUTION DETAIL BY SECTOR

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	REPRESENTATIVE FLEXIBLE EQUITY ACCOUNT		S&P 500 INDEX		CONTRIBUTION TO RETURN ANALYSIS		
GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	REPRESENTATIVE FLEXIBLE EQUITY ACCOUNT(%)	S&P 500 INDEX (%)	DIFFERENCE (%)
Communication Services	10.34	11.90	10.46	8.99	1.26	0.95	0.31
Consumer Discretionary	15.34	8.99	9.92	4.47	1.44	0.44	1.01
Consumer Staples	3.64	9.14	7.37	3.51	0.39	0.25	0.13
Energy	4.06	5.50	4.36	5.49	0.19	0.23	-0.04
Financials	19.00	13.98	13.00	10.48	2.65	1.36	1.29
Health Care	9.84	19.44	13.93	14.37	1.86	1.96	-0.10
Industrials	7.77	11.15	9.27	5.51	0.86	0.53	0.34
Information Technology	26.70	13.65	22.56	14.48	3.62	3.21	0.41
Materials	0.63	-3.55	2.67	6.38	0.01	0.17	-0.16
Real Estate	2.68	1.31	3.06	-0.54	0.02	-0.02	0.05
Utilities	--	--	3.40	0.76	--	0.01	-0.01
Total	**100.00**	**12.31**	**100.00**	**9.09**	**12.31**	**9.09**	**3.22**

- Contribution analysis is a tool that shows the combined effect of weighting and return to the total return earned.
- We focus our efforts on individual company selection and incorporate a reasonable balance of sector exposure as part of risk management.
- Financials, health care and information technology contributed the most to the strategy's returns in the quarter.
- No sector detracted from the overall return.

Source: FactSet. 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 Flexible Equity account and is provided as supplemental information. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Sector attribution excludes 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 ATTRIBUTION DETAIL BY SECTOR

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	REPRESENTATIVE FLEXIBLE EQUITY ACCOUNT		S&P 500 INDEX		ATTRIBUTION ANALYSIS		
GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	10.34	11.90	10.46	8.99	--	0.31	0.31
Consumer Discretionary	15.35	8.99	9.92	4.47	-0.26	0.77	0.51
Consumer Staples	3.63	9.14	7.37	3.51	0.23	0.25	0.48
Energy	4.07	5.50	4.36	5.49	0.01	-0.02	-0.01
Financials	19.00	13.98	13.00	10.48	0.09	0.64	0.74
Health Care	9.84	19.44	13.93	14.37	-0.19	0.46	0.26
Industrials	7.77	11.15	9.27	5.51	0.05	0.42	0.48
Information Technology	26.70	13.65	22.56	14.48	0.22	-0.20	0.02
Materials	0.63	-3.55	2.67	6.38	0.06	-0.03	0.03
Real Estate	2.68	1.31	3.06	-0.54	0.04	0.05	0.09
Utilities	--	--	3.41	0.76	0.30	--	0.30
Total	**100.00**	**12.31**	**100.00**	**9.09**	**0.56**	**2.66**	**3.22**

- Attribution is a tool that calculates the effect of sector allocation and stock selection relative to market and sector benchmarks of performance. This tool does not reflect how we manage investments, and we believe it has significant limitations, but it is frequently requested, so we share it for that reason.
- The portfolio outperformed the S&P 500 Index. Our stock selection was a more meaningful contributor to the return than our sector allocation was relative to the Index.
- Consumer discretionary and financials contributed the most to the portfolio's return relative to the S&P 500 Index. Both sectors had a higher weighting and a higher return than the Index.
- Consumer staples and industrials were also strong contributors when compared to the Index. While their weightings were lower, their returns were higher than the Index.

Source: FactSet. 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 Flexible Equity account and is provided as supplemental information. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Sector attribution excludes 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.

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QUARTER-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN

Representative Flexible Equity 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	3.36	31.50	0.98
UNH	UnitedHealth Group Incorporated	Provides hospital and medical service plans	2.97	35.80	0.95
BAC	Bank of America Corp	Operates as a bank holding company whose subsidiaries provide banking and nonbank financial services	3.62	21.36	0.75
BABA	Alibaba Group Holding Ltd. Sponsored ADR	Operates as an online and mobile commerce company	2.71	26.83	0.68
JPM	JPMorgan Chase & Co.	Provides investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity	3.46	19.30	0.65

- Apple's quarterly results exceeded investors' expectations, and its guidance for the following quarter was in line with the consensus outlook. iPhone sales declined, but total revenue for the company grew. Revenues increased for "other" products, including its wearables and its services businesses.
- Reported quarterly revenues and earnings were higher than investors had expected for UnitedHealth Group. The MLR, or medical loss ratio, was as anticipated. Cost trends were favorable for 2019. At its investor day, the company issued 2020 guidance, which was in line with expectations. Investors have gained greater confidence that UnitedHealth can create better outcomes for patients with its various initiatives.
- Both Bank of America and JPMorgan Chase reported good earnings. We believe that the banks continue to execute well on their respective strategies to grow revenues and earnings while controlling expenses in the current low interest rate environment.
- Alibaba Group Holding posted strong revenue and earnings growth with profit margin improvement.

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. Security returns listed represent the period when the security was held during the period. The portfolio information provided is based on a representative Flexible Equity account and is provided as supplemental information. Top 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

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Representative Flexible Equity Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
DD	DuPont de Nemours Inc.	Operates as a holding company that develops specialty materials, chemicals and agricultural products	0.46	-9.87	-0.06
GD	General Dynamics Corporation	Operates as an aerospace and defense company that offers a broad portfolio of products and services	1.02	-2.97	-0.03
SBAC	SBA Communications Corp. Class A	Functions as real estate investment trust	1.61	0.09	0.00
DAL	Delta Air Lines Inc.	Provides scheduled air transportation for passengers, freight and mail services	1.39	2.25	0.01
CNI	Canadian National Railway Company	Provides railroad transportation services	1.21	1.12	0.01

- Small holding DuPont de Nemours declined in the quarter. We were unlikely to add to the position, so we eliminated the shares.
- In a strong quarter for equity returns, industrials holdings Canadian National Railway, Delta Air Lines and General Dynamics Corporation underperformed other portfolio companies and failed to contribute to the portfolio's results. Investors' concerns for these companies included lower volumes at Canadian National Railway, industry capacity growth and higher costs for Delta, and General Dynamic's progress with debt reduction and improvements in its Gulfstream private aircraft business.
- SBA Communications Corp. exceeded the S&P 500 Index's return for the year, but its stock price was flat in the quarter.

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. Security returns listed represent the period when the security was held during the period. The portfolio information provided is based on a representative Flexible Equity 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 ADDITIONS/DELETIONS

Representative Flexible Equity Account Portfolio Activity

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- We initiated a new position in Agilent, a leading life science and tools company that has meaningful market share in cutting-edge technologies like chromatography (gas and liquid), mass spectrometry and oligo-nucleotides manufacturing. Agilent has transformed its business model to being more recurring revenue in nature by growing its consumable and services business. The stock trades at a modest premium to the market, which is deserved, in our view, because of its attractive organic growth profile and high return on capital characteristics.

- We initiated a new position in Hain Celestial. The company owns and manages a portfolio of natural, organic and GMO-free brands, such as Celestial Seasonings teas and Terra Chips, which are positioned as healthier options. We believe these brands have been meaningfully undermanaged under the company's prior team. With a new, properly incentivized management team in place, we believe that the turnaround plan has the potential to meaningfully increase the market value of Hain Celestial.

- We eliminated Dow and DuPont de Nemours. Over the past year, it became clear that our original investment thesis for value creation for the three DowDuPont companies was not realized, and we were unlikely to add capital to our small positions.

SYMBOL	ADDITIONS	GICS SECTOR
A	Agilent Technologies Inc.	Health Care
HAIN	Hain Celestial Group Inc.	Consumer Staples

SYMBOL	DELETIONS	GICS SECTOR
DOW	Dow Inc.	Materials
DD	DuPont de Nemours Inc.	Materials

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 Flexible Equity account and is provided as supplemental information. 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.

PORTFOLIO CHARACTERISTICS

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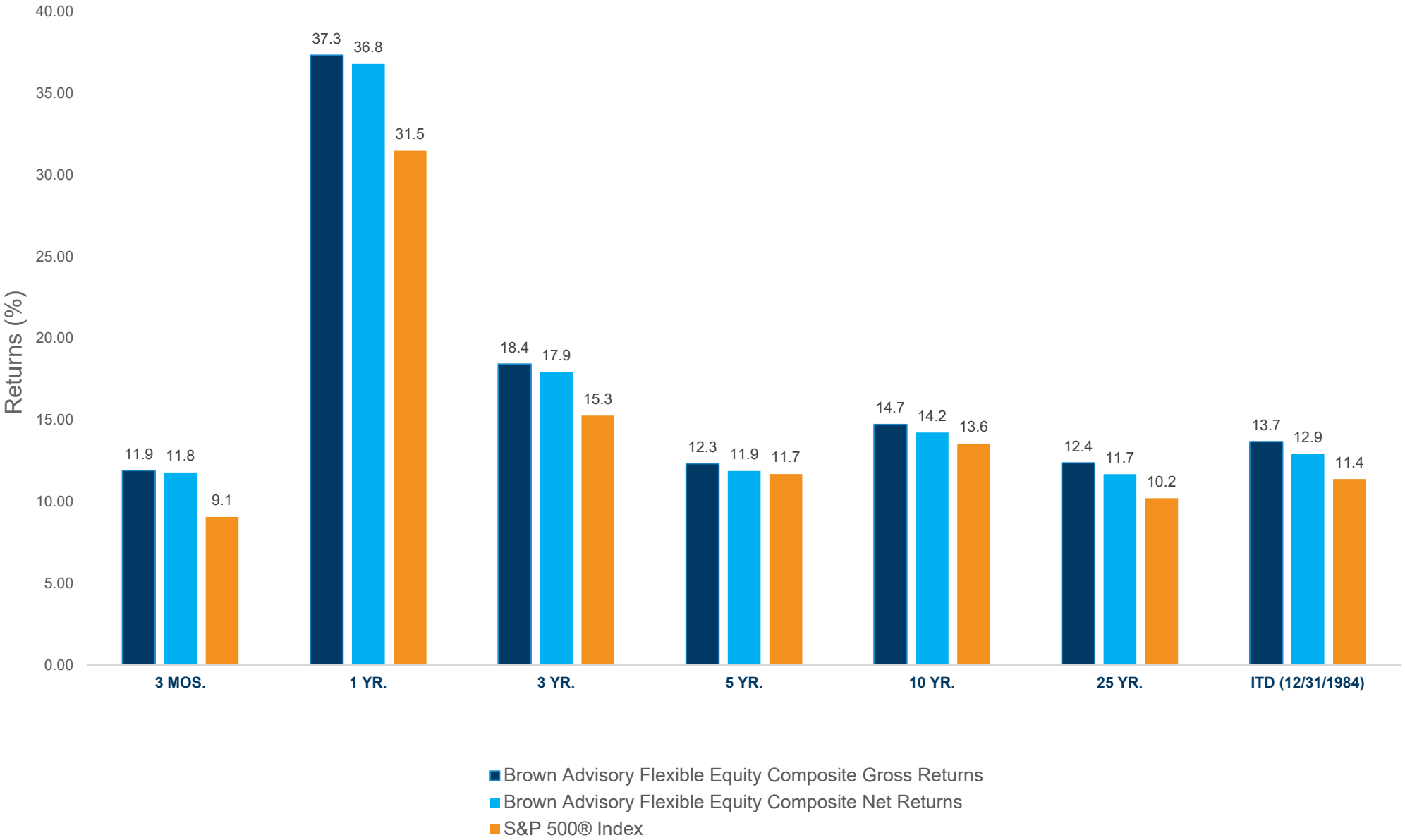
	REPRESENTATIVE FLEXIBLE EQUITY ACCOUNT	S&P 500 INDEX
Number of Holdings	44	505
Market Capitalization ($ Billion)		
Weighted Average	337.7	291.3
Weighted Median	257.6	126.5
Maximum	1,304.8	1,304.8
Minimum	2.7	4.6
P/E Ratio FY1 Est.	20.6	20.0
P/E Ratio FY2 Est.	18.6	18.1
Earnings Growth 3-5 Yr. Consensus Est. (%)	13.2	10.7
Dividend Yield (%)	1.1	1.8
Top 10 Equity Holdings (%)	42.4	22.7
Three-Year Annualized Portfolio Turnover (%)	11.6	--

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



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 Institutional 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 Institutional Flexible Equity Composite disclosure statement at the end of this presentation for a GIPS compliant presentation.

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TOP 10 PORTFOLIO HOLDINGS

Representative Flexible Equity Account

As of 12/31/2019

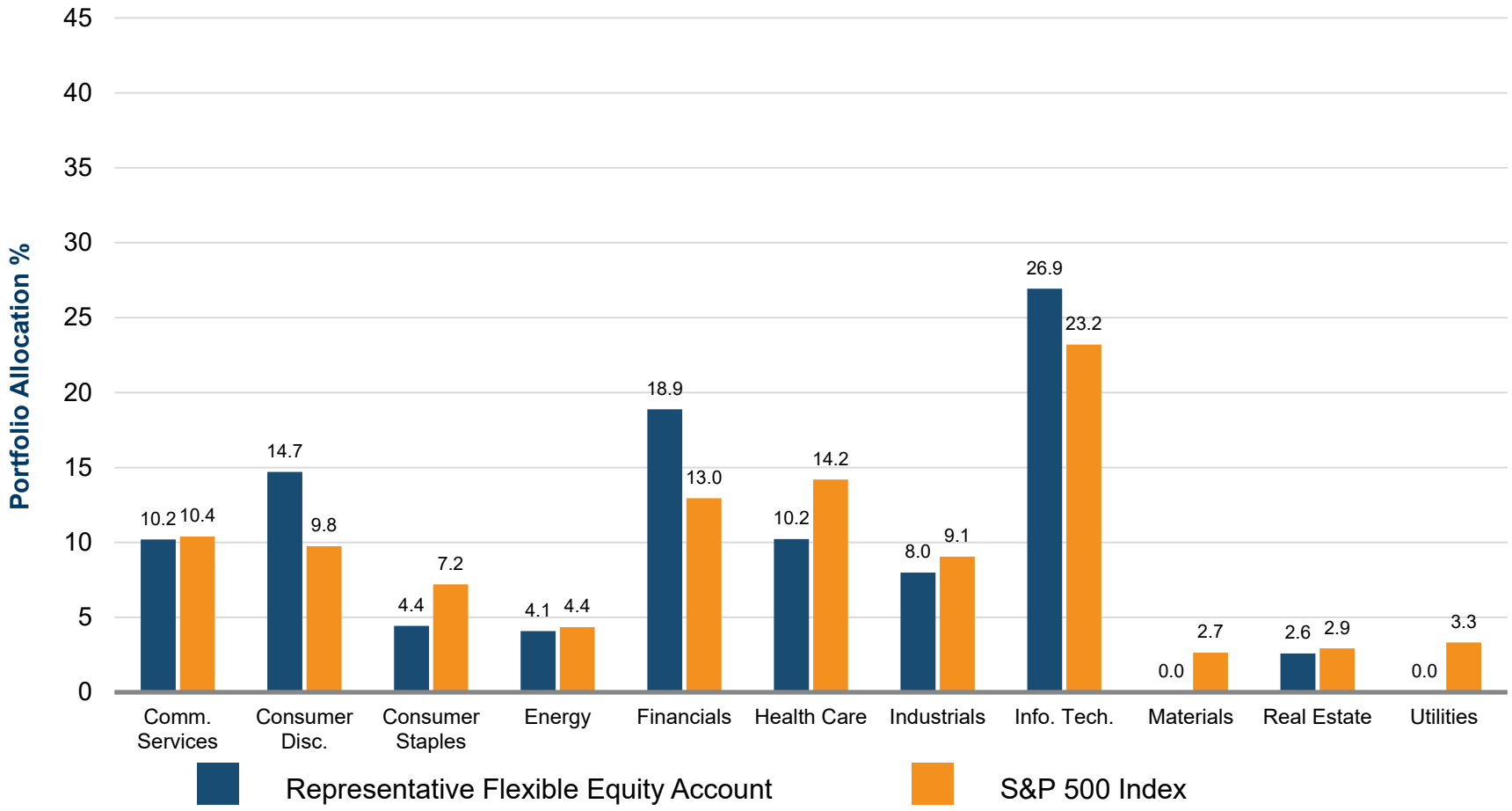
Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Visa, Inc.	6.1
Mastercard, Inc.	5.3
Alphabet. Inc. (Class A & C)#	4.7
Microsoft Corp.	4.5
Berkshire Hathaway, Inc. Cl B	4.0
Facebook, Inc.	3.7
Bank of America Corp.	3.6
Cash & Equivalents	3.6
Lowe's Companies, Inc.	3.6
Apple, Inc.	3.5
Total	**42.6%**

Source: FactSet. #Alphabet Inc. represents a 2.0% holding position in class A and 2.7% in class C shares of the stock. 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 Flexible Equity 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



Source: FactSet. The portfolio information provided is based on a representative Flexible Equity 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.

DISCLOSURES

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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. Standard & Poor's, S&P, and S&P 500® are trademarks/service marks of MSCI and Standard & Poor's.

An investor cannot invest directly into an index.

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

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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. 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.

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.

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); Weighted Median: the value at which half the portfolio's market capitalization weight falls above and half falls below; Maximum and Minimum: the market caps of the largest and smallest companies, respectively, in the portfolio.

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. Calculated as a weighted harmonic average.

Earnings Growth 3-5 Year Est. is the average predicted annual earnings growth over the next three to five years based on estimates provided to FactSet by various outside brokerage firms, calculated according to each broker's methodology. Calculated as weighted average.

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. Calculated as weighted average.

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.

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

INSTITUTIONAL FLEXIBLE EQUITY COMPOSITE

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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	-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
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	45	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	15.1	51	1.9	1,541	8,547

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.

1. *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.
2. The Institutional Flexible Equity 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. Prior to August 2013 the name of this composite was Institutional Flexible Value. The strategy remains the same.
3. This composite was created in 1985.
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 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.
5. 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.
6. Between October 2006 and December 2008, a significant cash flow policy was adopted for this 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.
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-fee 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 a model fee using the highest fee in effect, 0.75% applied quarterly. The Actual fees may vary, depending on, among other things, the applicable fee schedule and portfolio size. The 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. For periods after 2011 actual fees are used to calculate net returns. Actual fees paid by accounts in the composite may differ from the current fee schedule.
8. 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.
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 composite 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 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.