

# GLOBAL LEADERS REVIEW AND OUTLOOK

Second Quarter 2021

The Global Leaders strategy gained 8.19% in the second quarter of 2021, outperforming the benchmark FTSE All-World Index (net) which gained 7.26%.

The Global Leaders strategy is focused on delivering attractive long-term performance by investing in a concentrated portfolio of companies that can uniquely solve a problem for their customer, and generate attractive economics for shareholders. Given its concentrated nature the Global Leaders strategy's performance is primarily an output of our stock-picking. Relative performance in the quarter benefitted strongly from our investment in the information technology and health care sectors. The information technology sector has delivered the best relative performance since inception of the strategy and is the largest sector overweight as of today. Performance within this sector was driven by our highest conviction position Microsoft as well as Intuit which was added to the strategy in March 2020. Health care performance was driven by the strong share performance of Edwards Lifesciences. The underlying business performed strongly as lower hospitalization rates related to COVID-19 opened up capacity in hospitals to increase the number of surgical structural heart procedures. As with many other routine healthcare procedures these had been postponed during the COVID-19 crisis.

Similar to Q1 2021 we continue to see the financials and energy sectors underperforming this quarter. We continue to hold a zero weight in the energy sector, as has been the case since inception of the strategy. Within financials Charles Schwab, and more mildly Deutsche Bourse, have exposure to U.S. interest rates that helped their performance during the quarter. The exposure to more secular growth drivers within Emerging Markets financials has however been relatively out of favor in this environment. We continue to see enormous potential for long-term investors as these high quality investments can continue to increase their market share and compound their competitive advantages from a financial and sustainability standpoint. As an example, Bank Rakyat has been held in the strategy since launch more than six years ago. It is the market leader in providing access to finance for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, making it a key player to spur economic growth for underserved populations. Bank Rakyat offers attractive interest rates to its customers and has a community-based approach to lending that we believe creates a significant competitive advantage and low NPL rates (2020 net NPL rate was 0.8%).

We initiated two new positions in the first quarter, Adobe—the leader in digital

content creation, and Fair Isaac Corporation (FICO)—the publisher of the eponymous FICO Score for consumer creditworthiness. In line with the behavioural rule within our capital allocation process, which helps keep us disciplined in bringing new investments up to a full position of about 2.5% of NAV, within two months of initiating these positions we added to both investments. Adobe stood out as its share price increased by a quarter since we initially invested only three months ago in March 2021. The company had a stand out quarter, meaningfully outperforming its full year targets and confirming the durability of a secular trend of companies digitalizing their businesses.

The second quarter also showed a healthy recovery of underlying fundamentals for the travel and leisure exposed names in the strategy: Booking, CTS Eventim, Safran, Visa and Mastercard. These investments were heavily affected by the COVID-19 lockdowns. Earlier in 2020 the team had undertaken drawdown reviews on these 'COVID-19 losers' and added to all of them on a long-term view. The investments experienced a strong positive price reaction following the positive vaccine news in November 2020. We continue to see a solid but more moderate path to recovery as these businesses' end markets and financials continue to recover, and do think that our assumptions for these companies' paths to recovery are conservative. While the recovery for the aeronautical industry may take several years, Safran, the leader in narrow-body engines is over indexed towards domestic and intracontinental traffic, markets that are expected to recover faster. Visa and Mastercard as well as Booking have already shown a strong U.S.-led recovery and should see further benefits as economies reopen and vaccination programs are being further rolled out.

The past 18 months have been very active for the strategy with five new additions and five deletions as well as various capital allocation decisions that supported the strategy's strong performance. The strategy aims to have low annual turnover of approximately 20% since we believe a concentrated low-turnover portfolio of leading global companies can produce attractive risk adjusted returns for our clients. That said, it is during times of high market inefficiency when investors should see and expect higher activity from an active stock-picking strategy like ours.

*(Continued on the following page)*

# GLOBAL LEADERS REVIEW AND OUTLOOK

Second Quarter 2021

We continuously analyse our investments' fundamentals by talking to management, customers and third party experts. In doing so we identify new ideas that then enter our systematic investment selection process. Successful ideas do get included in our Ready to Buy list, a list of potential investments that we cover as if we own them. Once an investment makes it to this list the only question on investing is price and fit within the portfolio. We have added a number of interesting candidates to this list during the quarter while monitoring existing list members that are about to reach our entry prices.

Particularly in sectors and geographies where the strategy is underweight, such as healthcare and Japan, the team has identified a good amount of very attractive business models and remains optimistic that new opportunities for long-term investors may present themselves soon.

Finally the quarter presented us with a number of investments that have been placed in drawdown reviews. These reviews are designed to overcome loss aversion—a classic behavioral mistake—and refers to our rule that when an investment falls 20% from purchase or underperforms by 20% vs. the benchmark over the trailing 12 months, we must buy more or sell completely. This quarter was special in the sense that some of our investments had to go head to head with particularly strong Q2 2020 numbers, where the majority of our investments forcefully rebounded from the March correction. While keeping this anomaly in mind we continue to identify attractive opportunities to top up existing investments at attractive IRRs.

The Global Leaders team remains focused on executing on our investment process and scouring the globe for high-quality companies at a good price.

# SECTOR DIVERSIFICATION

Second Quarter 2021

- Global Leaders is a concentrated global equity strategy that focuses on investing in a small number of franchises that we believe deliver exceptional outcomes for their customers and outstanding economics for shareholders. Sector and country diversification is an output of stock-picking with the team more focused on business models and end-market economics than in which sector a company is classified.
- At the same time, the strategy seeks differentiated exposures but will not compromise philosophically. The portfolio managers are happy to have no exposure in certain areas, such as energy, real estate or utilities, that do not satisfy their investment criteria.
- The strategy's overweight position in information technology—its largest—is a function of a number of attractive high-quality franchises, such as Adobe, Microsoft and Autodesk, located in that sector. The overweight allocation increased slightly since Q1 as the new positions in Adobe and Fair Isaac were topped up.
- The strategy's underweight position in health care is the result of many attractive companies currently not passing the strategy's valuation test.

SECTOR	REP. BROWN ADVISORY GLOBAL LEADERS ACCOUNT (%)	FTSE ALL- WORLD INDEX (%)	DIFFERENCE (%)	REP. BROWN ADVISORY GLOBAL LEADERS ACCOUNT (%)	
	Q2'21	Q2'21	Q2'21	Q1'21	Q2'20
Communication Services	14.02	9.76	4.26	13.92	14.92
Consumer Discretionary	4.19	12.56	-8.37	4.64	4.65
Consumer Staples	7.74	6.88	0.86	8.33	9.23
Energy	--	3.45	-3.45	--	--
Financials	13.62	14.23	-0.61	15.14	15.89
Health Care	6.57	11.4	-4.83	5.91	5.81
Industrials	7.77	9.74	-1.96	8.26	7.64
Information Technology	41.59	21.59	20.00	39.17	36.68
Materials	4.50	5.02	-0.52	4.63	5.17
Real Estate	--	2.77	-2.77	--	--
Utilities	--	2.60	-2.60	--	--

# QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

Second Quarter 2021



SECTOR	REPRESENTATIVE GLOBAL LEADERS ACCOUNT		FTSE ALL-WORLD INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	14.34	8.74	9.69	7.13	--	0.24	0.24
Consumer Discretionary	4.48	-2.53	12.35	6.92	0.02	-0.41	-0.39
Consumer Staples	8.14	7.42	6.99	5.66	--	0.13	0.14
Energy	--	--	3.41	9.10	-0.06	--	-0.06
Financials	14.19	3.10	14.65	5.89	0.03	-0.45	-0.41
Health Care	6.17	19.82	11.27	9.23	-0.09	0.59	0.50
Industrials	8.21	1.84	9.98	4.69	0.04	-0.21	-0.16
Information Technology	39.75	11.81	20.98	10.05	0.60	0.65	1.25
Materials	4.73	4.98	5.20	5.92	0.02	-0.06	-0.04
Real Estate	--	--	2.75	8.47	-0.03	--	-0.03
Utilities	--	--	2.73	-0.40	0.20	--	0.20
Unassigned	--	--	--	-2.08	--	--	--
<b>Total</b>	<b>100</b>	<b>8.49</b>	<b>100</b>	<b>7.26</b>	<b>0.73</b>	<b>0.50</b>	<b>1.23</b>

- Information technology was the strongest performer over the quarter driven by our investments in Microsoft and Intuit. Within health care our investments in Edwards Lifesciences and Roche had such a strong price appreciation during the quarter that the sector ended up being the second strongest performer, despite being underweight compared to the benchmark.
- Financials was the largest detractor in the quarter. Our financials have some exposure to U.S. interest rates at Charles Schwab and very mildly at Deutsche Bourse, with the rest of our financials in Emerging Markets such as micro-lending in Indonesia and life insurance in China.
- We have not had any investments in either energy, real estate or utilities since inception.

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. 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. Performance figures may vary from actual portfolio performance, as calculations are based on end-of-day security prices and do not incorporate the actual cost basis or sale price of individual securities. Past performance is not indicative of future results. The portfolio information provided is based on a representative Global Leaders 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 TOP FIVE CONTRIBUTORS TO RETURN

## Second Quarter 2021 Representative Global Leaders Account Top Five Contributors

	Name	DESCRIPTION	AVERAGE Weight (%)	Return (%)	Contribution to Return (%)
MSFT	Microsoft Corporation	Develops, manufactures and distributes software products	9.49	15.16	1.42
GOOG	Alphabet Inc. Class C	Operates as a holding company with interests in software, health care, transportation and other technologies	5.44	21.16	1.05
INTU	Intuit Inc.	Provides software products for businesses	2.97	28.14	0.78
EW	Edwards Lifesciences Corporation	Designs, develops, manufactures and markets products to treat late-stage cardiovascular disease	3.00	23.83	0.66
V	Visa Inc. Class A	Operates as a global payments technology	6.23	10.59	0.65

- Microsoft continues to impress with its growth profile, reporting revenue acceleration in both its on-premise and cloud businesses. Total revenue grew 19% year-over-year this quarter. The demand for digital transformation persists with Microsoft's cloud business Azure advancing 50% year-over-year. Microsoft's interoperability between its cloud and legacy business continues to be a strong competitive advantage when migrating customers to the cloud.
- Alphabet, the parent company of Google continues to show strong business momentum. The search segment posted revenue growth of 30%, and YouTube's advertising revenues grew 49% year-over-year, suggesting that commercial activity continues to move online. The key drivers of the core business: Google search, YouTube and cloud continue to compound revenue growth and improve cash flow while investing in long-term opportunities.
- Intuit impressed with a strong earnings beat across all segments that came with a strong drop down to margins. The consumer finance platform, the result of last year's acquisition of Credit Karma continues to recover as the macroeconomic environment continues to improve.
- Edwards Lifesciences showed a surprisingly strong performance in Q2, as lower hospitalization rates related to COVID-19 opened up capacity in hospitals to increase the number of surgical structural heart procedures previously postponed. With the turnaround in COVID-19 hospitalization numbers, management's confidence in achieving a mid-teens 2021 sales growth meaningfully increased.
- Visa had a solid quarter which confirmed the further improvements. The recovery is still uneven across geographies with the U.S. domestic recovery well under way while cross border transactions continue to be weak and impacted by the pandemic. With exposure to the travel segment meaningfully below pre-COVID-19 levels and a large gap between debit and credit growth, Visa should see further benefits as economies reopen and vaccination programs are being further rolled out.

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. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. Security returns listed represent the period when the security was held during the quarter. Past performance is not indicative of future results. The portfolio information provided is based on a representative Global Leaders account and is provided as supplemental information. Top five and 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 BOTTOM FIVE CONTRIBUTORS TO RETURN

## Second Quarter 2021 Representative Global Leaders Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
670909	PT Bank Rakyat Indonesia (Persero) Tbk Class B	Operates national and international banking institutions	2.41	-8.19	-0.21
BKNG	Booking Holdings Inc.	Provides online travel and related services	2.56	-6.08	-0.15
BMMV2K	Tencent Holdings Ltd.	Operates investment holding company with interest in internet, mobile, and telecommunications value-added services	3.98	-3.89	-0.14
ECL	Ecolab Inc.	Develops and markets cleaning, sanitizing, pest control, maintenance and repair products and services	1.84	-3.57	-0.06
BK1N46	HDFC Bank Limited	Provides commercial and international banking services	2.58	-0.91	-0.04

- Bank Rakyat (BRI) underperformed mildly in the second quarter as details of the rights issue to fund its mergers with PNM and Pegadaian were finalized. The price of 1.8x book value looks fair with both revenue and cost synergies possible and strengthens BRI's position as the pre-eminent micro-lender in Indonesia. Bank Rakyat should have approximately 60% of profits directly exposed to micro-lending (sub-US\$2000 average loan size), with well over 50% market share once the two mergers are complete with aspiration to go significantly higher by 2025.
- Tencent corrected mildly during the quarter. The weakness coincided with the release of in-line quarterly earnings which suggests that investors expected even better numbers. At the same time regulatory concerns around Chinese Fintech regulation maintain prevalent. Tencent has historically been a more rational actor in this market and only derives about one quarter of its revenues from the fintech business.
- Booking, one of the investments that continuous to be impacted the strongest by COVID-19 restrictions, saw an improvement of its key leading metrics of room nights and gross bookings. Despite this positive signal that confirms the trajectory of the demand recovery, revenue and earnings missed can be explained by the different timing for recognized bookings and the associated revenue recognition at the actual time of travel. With the return to its growth path intact, the focus shifts to the product mix as the new product offering of connected trips is rolled out at lower margins.
- HDFC Bank's share price was flat in Rupee terms during the second quarter. HDFC Bank's results remain on-track with our base case scenario. Asset quality has remained robust with little slippage and mild provision build. HDFC saw sequential improvement in asset quality with non-performing assets meaningfully below other private and public banks in India. Loan growth and non-interest income have been stable despite an unpredictable COVID-19 situation within India. Nonetheless, management do need to address concerns over the robustness of their IT infrastructure within their digital bank.
- Despite a strong quarterly result, Taiwan Semiconductor Manufacturing took a pause from its strong share price rally of more than 80% over the last 12 months. The company continues to see strong utilization rates and high order predictability in the near and medium term. The company increased its full year revenue guidance and believes that they are in an extended period of growth for the industry, in which they expect to outperform as a company. With a significant CapEx program being rolled out—\$100bn in pure CapEx over 3 years—TSM is enforcing its dominant market share in leading node manufacturing.

# QUARTER-TO-DATE ADDITIONS/DELETIONS

## Second Quarter 2021 Representative Global Leaders Account Portfolio Activity

There were no new additions or deletions during the quarter.

SYMBOL	ADDITIONS	SECTOR
--	--	--

SYMBOL	DELETION	SECTOR
--	--	--

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 portfolio information provided is based on a representative Global Leaders account and is provided as supplemental information. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

# PORTFOLIO CHARACTERISTICS

Second Quarter 2021 Global Leaders Representative Account As of 06/30/2021



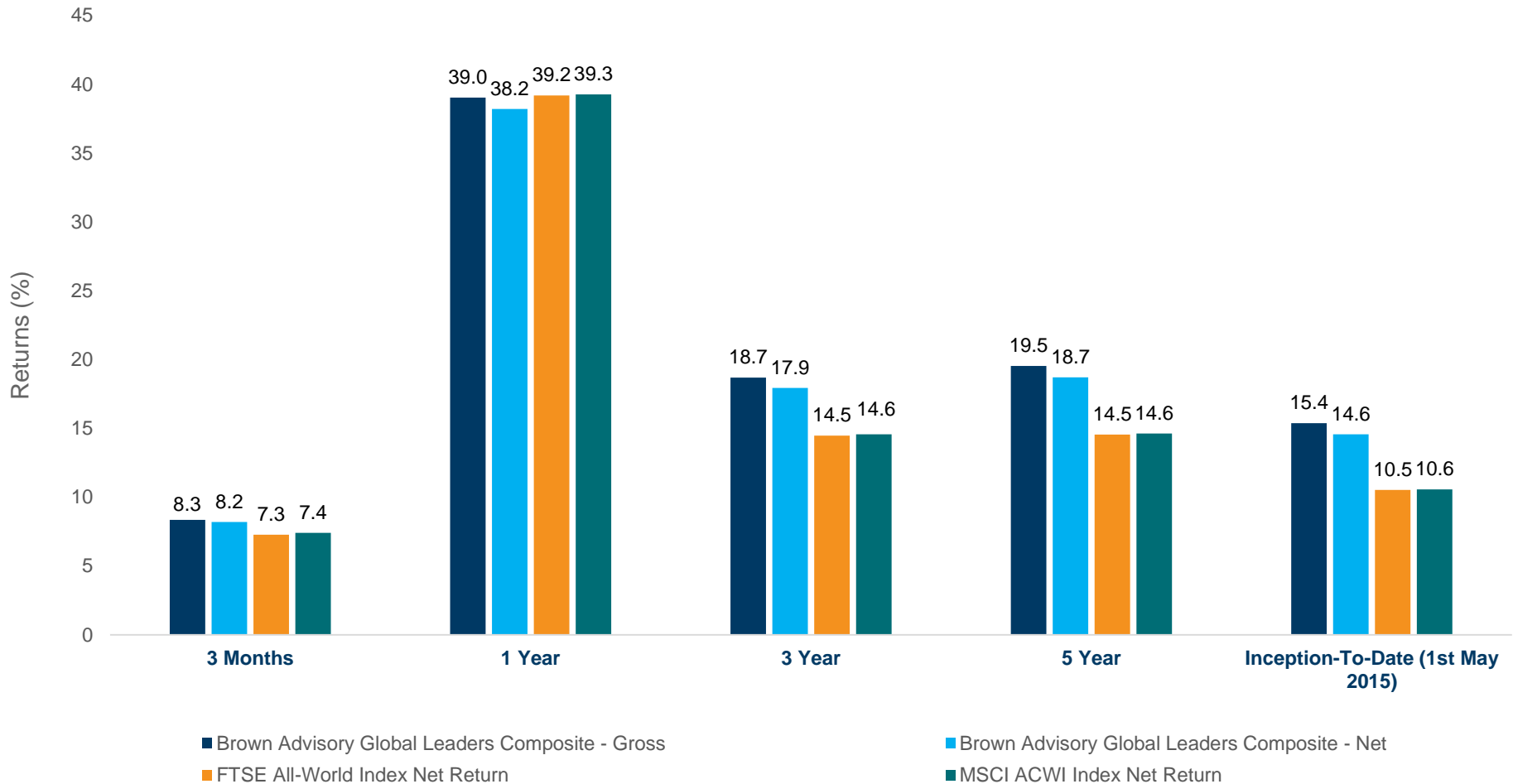
	GLOBAL LEADERS REPRESENTATIVE ACCOUNT	FTSE ALL WORLD NET INDEX
ROIC (LFY ex. financials) Median (%)	26.8	7.4
Sales Growth (%), 3 Year Median)	6.6	4.4
FCF Yield ex. financials (NTM Median) (%)	2.9	3.7
Volatility	14.5	14.5
Sharpe Ratio	0.9	0.7
Sortino Ratio	1.4	0.9
Beta	1.0	1.0
Alpha	4.1%	--
Net Debt to EBITDA ex. Financials (Weighted Average)	0.4	-0.3

Source: FactSet. Past performance is not indicative of future results. The portfolio information provided is based on a representative Global Leaders account and is provided as supplemental information. Portfolio characteristics include 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 and you may not get back the amount invested. The primary benchmark is the FTSE All-World Net Index. The MSCI ACWI Index is for illustrative purposes only. The composite performance shown above reflects the Global Leaders 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 Global Leaders disclosure statement at the end of this presentation for a GIPS compliant presentation.

# TOP 10 PORTFOLIO HOLDINGS

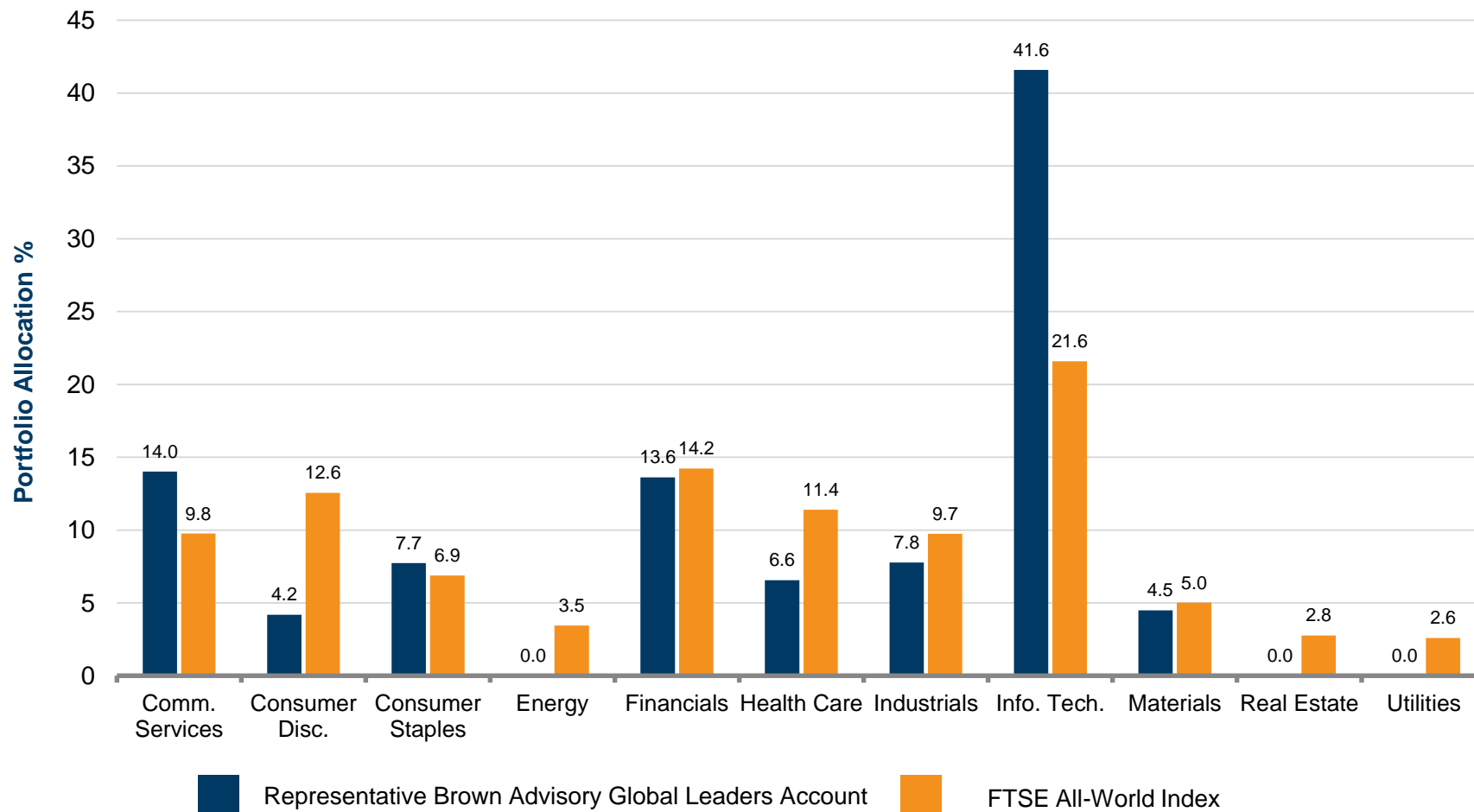
Global Leaders Representative Account As of 06/30/2021

TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corporation	9.7
Visa Inc. Class A	6.2
Alphabet Inc. Class C	5.6
Mastercard Incorporated Class A	5.0
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	3.9
Tencent Holdings Ltd.	3.7
Deutsche Boerse AG	3.6
Safran S.A.	3.4
Roche Holding Ltd	3.3
Intuit Inc.	3.3
<b>Total</b>	<b>47.6</b>

Source: FactSet. Top 10 holdings includes cash and cash equivalents. 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 Global Leaders Representative 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

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



Source: FactSet. The portfolio information provided is based on a representative Global Leaders 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.

For institutional investors and professional clients only.

Past performance may not be a reliable guide to future performance and investors may not get back the amount invested. All investments involve risk. The value of the investment and the income from it will vary. There is no guarantee that the initial investment will be returned.

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested. 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. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client.

The **FTSE All-World Index** is a free float market cap weighted index representing the performance of the large-and-mid-cap stocks from the FTSE Global Equity Index Series. The Index covers Developed and Emerging Markets FTSE® and other service marks and trademarks related to the FTSE indexes are trademarks of the London Stock Exchange Group Companies. One cannot invest directly in an index. Figures shown on sector diversification and quarterly attribution by detail slides may not total due to rounding.

The **MSCI ACWI® Index** captures large and mid cap representation across 23 Developed Markets (DM) countries and 23 Emerging Markets (EM) countries. With 2,758 constituents, the index covers approximately 85% of the global investable equity opportunity set. All MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries.

Factset® is a registered trademark of Factset Research Systems, Inc..

Global Industry Classification Standard (GICS®) and “GICS” are service makers/trademarks of MSCI and Standard & Poor’s.

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

# TERMS AND DEFINITIONS

**Alpha** is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a portfolio and compares its risk-adjusted performance to a benchmark.

**Beta** is a measure of portfolio volatility. It is equal to the ratio of a portfolio's volatility relative to its benchmark index's volatility over time. It is equal to the excess return of a portfolio over a risk-free investment, minus that portfolio's expected return given its volatility relative to its benchmark index.

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.

**RoIC** is a measure of determining a company's financial performance. It is calculated as NOPAT/IC; where NOPAT (net operating profit after tax) is (EBIT + Operating Leases Due 1-Yr)\*(1-Cash Tax Rate) and IC (invested capital) is Total Debt + Total Equity + Total Unfunded Pension + (Operating Leases Due 1-Yr \* 8) – Excess Cash. ROIC calculations presented use LFY (last fiscal year) and exclude financial services.

**Free Cash Flow (FCF) yield** is a measure of financial performance calculated as operating cash flow minus capital expenditures. FCF yield calculations presented use the median NTM (Next Twelve Months) and exclude financial services.

**IRR (internal rate of return)** is a measurement used to estimate the profitability of a project or investment. It is used when companies need to decide between different ways of using their money. The **IRR** of the investment is determined by anticipating the profit a project will produce in the future and finding out its value today.

**Sales growth rate** is based on reported company revenue for the past three years at the end of the current quarter, provided as a historical average.

**Volatility** is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index.

**Sharpe Ratio** is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Subtracting the risk-free rate from the mean return, the performance associated with risk-taking activities can be isolated. Generally, the greater the value of the Sharpe ratio, the more attractive the risk-adjusted return.

**Sortino Ratio** measures the risk-adjusted return of an investment asset, portfolio, or strategy. It is a modification of the Sharpe ratio but penalizes only those returns falling below a user-specified target or required rate of return, while the Sharpe ratio penalizes both upside and downside volatility equally.

**Net debt-to-EBITDA** (earnings before interest depreciation and amortization) ratio is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The calculation presented excludes financial services.

# GLOBAL LEADERS 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	21.0	20.2	16.0	16.9	18.1	Five or fewer	N/A	2,428	59,683
2019	35.1	34.2	26.5	11.6	11.2	Five or fewer	N/A	731	42,426
2018	-2.2	-2.8	-9.6	11.0	10.5	Five or fewer	N/A	303	30,529
2017	35.1	34.0	24.0	N/A	N/A	Five or fewer	N/A	77	33,155
2016	-0.6	-1.4	8.0	N/A	N/A	Five or fewer	N/A	38	30,417
2015**	1.2	0.7	-4.4	N/A	N/A	Five or fewer	N/A	24	43,746

\*\*Return is for period May 1, 2015 through December 31, 2015

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 Global Leaders Composite (the Composite) aims to achieve capital appreciation by investing primarily in global equities. The strategy will invest in equity securities of companies that the portfolio manager believes are leaders within their industry or country, as demonstrated by an ability to deliver high relative return on invested capital over time. The minimum account market value required for Composite inclusion is \$1.5 million.
- The Composite creation date is August 26, 2015. The Composite inception date is May 1, 2015.
- The benchmark is the FTSE All-World Net Index. This index is a free float market cap weighted index representing the performance of the large & mid cap stocks from the FTSE Global Equity Index Series. The Index covers Developed & Emerging Markets. Base Value 100 as at December 31, 1986. "FTSE®", "Russell®", "MTS®", "FTSE TMX®" and "FTSE Russell" and other service marks and trademarks related to the FTSE or Russell indexes are trademarks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- As of January 1, 2019, the Composite benchmark was changed from Russell Global Large-Cap Net Index to the FTSE All-World Net Index. The change was applied retroactively from the Composite inception date. The Russell Global Large-Cap Net Index was decommissioned as of December 31, 2018 and is no longer published.
- Composite dispersion 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, 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. The standard management fee schedule is as follows: 0.80% on the first \$50 million; 0.55% on the next \$50 million; 0.45% on the next \$50 million; and 0.40% on the balance over \$150 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 Global Leaders Fund (the Fund), which is included in the Composite, is 0.65%, 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 0.90%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The investment management fee for the Sterling Class B Acc Shares of the Brown Advisory Global Leaders Fund (the UCITS), which is included in the composite, is 0.75%. The total expense ratio for the Sterling Class B Acc Shares of the UCITS as of the most recent fiscal year end (October 31, 2020) was 0.92%. 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 3 year annualized standard deviation is not presented as of December 31, 2015, December 31, 2016 and December 31, 2017 because 36 month returns for the Composite were not available (N/A) and the Composite did not exist.
- 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 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.