GLOBAL LEADERS REVIEW AND OUTLOOK

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Fourth Quarter 2020

The Global Leaders Strategy (net of fees) outperformed its benchmark, the FTSE All-World Index, in the fourth quarter of 2020 returning 15.27% vs 14.66% for the benchmark. The Global Leaders Strategy returned 20.14%, outperforming the benchmark which returned 16.01% through the calendar year of 2020.

The Global Leaders strategy is focused on delivering long-term performance by investing in companies that create tremendous value for their customers and as an outcome of this generate attractive economics for shareholders. We are fundamental, bottom-up stock-pickers and invest in companies and management teams, not countries, economies or macro factors. Given we currently have only 30 investments vs. approximately 4,000 in the benchmark, our performance is primarily an output of stock picking, which can vary significantly from the benchmark over short periods. We often say that anything can happen over a 12 months basis and wasn't 2020 a stark reminder of this point! One year is too short a time frame to measure a strategy with an average holding period since inception of over six years - just under half of the current portfolio investments have been there since Day 1. Patience and a long time horizon are underrated virtues in investing, and we remain disciplined on both. We continue to believe that overpaying for good businesses is an ever-present risk for quality-focused investors and do our best to avoid this mistake too.

We believe capital allocation is equally as important as investment selection and have so far generated alpha from both parts of our investing process. We are pleased to see five of our top 10 largest holdings were in our 10 biggest percentage gainers for the year, with these five alone contributing approximately 40% of the positive alpha for the year. Our 10 bottom performers in percentage terms included four of our smallest 10 weights, more gratifyingly none of our top 10 weights were in the bottom 10 percentage losers. This focus on getting the most of our client's NAV behind the big percentage winners and minimizing the impact of our losers is where we spend a lot of time. We were invested in 34 companies in total across 2020 of which 18 outperformed the benchmark so our stock selection hit rate was 53%. Although this rises to 60% for the 30 investments still held at year-end which is right in-line with our long-term average hit-rate. We are happy that the strategy outperformed an equal-weighted version of the portfolio—an accomplishment we have achieved for four consecutive years now. It is humbling to note that the biggest improvements here have come since our coach accumulated a couple of years of data and we adopted measurable rules into the capital allocation process to minimise some of the behavioural errors highlighted below. One can always get better.

There were probably two periods of real test to our portfolio and strategy in 2020: the drawdown in 1Q20 and when the market reversed into one of 'vaccine optimism' or a so called 'value rally' in 4Q20. In the first quarter, Global Leaders outperformed by approximately 220bps in a dramatically falling market. This sort of downside protection is something we aim for with our high quality companies averaging 25% return on capital (RoIC) across the portfolio also having low- to no-financial leverage (the portfolio is net cash). We aim to help insulate our investors in bad times so we can compound a smaller loss and this has been on display reasonably consistently with downside capture ranging between 80-85% since inception. In heat of the COVID-19 lockdowns, companies that on a five year view had significant moats and relative competitive advantages intact and in the long-run we believe are 20% RoIC businesses, were under extreme duress such as Booking Holdings selling hotel rooms and CTS Eventim distributing tickets to sporting events and concerts. Both of these companies saw short-term revenues collapse and the distribution of outcomes had clearly widened yet there was no competitor stealing their customers away and there was no permanent supply-side threat to either business. In mid-2020 these businesses had mid-teens IRRs on a five year horizon and so we added to our positions. We can never predict the timing of when this 'latent value' might be realised but we were pleasantly surprised to see the Global Leaders strategy outperform the benchmark by just under 50bps during the sharp 'value rally' in 4Q20.

Looking back there were two real points of new investment opportunity in 2020: March/April in the midst of the COVID-lockdown inspired market drawdown and at end of 3Q20. We invested in three new companies Autodesk, Intuit and Aspen Technology in just over three weeks from mid-March to the first week of April, up from only one (Roche) in the whole of 2019. Behavioural psychologists have repeatedly and consistently demonstrated that in periods of intense stress our brain's limbic system (a.k.a. survival system) overrides kick-in and our time horizon shrinks to focus on the immediate threat. It is the same in reverse for rewards: we prefer smaller immediate rewards over larger but deferred gains. The biological reason we find it next to impossible to think long-term under stress is because it requires us to use a different part of the brain (the frontoparietal network) than our survival system overrides will allow. Therefore, we need to plan ahead for bad times and have a process to override our own inbuilt survival system. Our disciplined process took us to a couple of places of longer-term opportunity—but short-term risk no doubt—during the peak of the crisis. We have a list of 'ready-to-buy' potential investments that we monitor as if we own them. The only questions on investing are price and fit within the portfolio. Whilst we came very close at the end of the third quarter with five

potential investments getting to within 5% of our ready-to-buy prices, we didn't quite find the valuations we were waiting for. Sometimes, our strict discipline on discounted cash flow (DCF) valuation (10% weighted average cost of capital (WACC), 10 year forecast, 3% nominal terminal growth) can cause opportunity losses but when it works we can end up with an Autodesk in the strategy which has already doubled in value since we invested in mid-March.

Capital reallocation within the existing Global Leaders portfolio was also higher than run-rate in the first half as share price moves created opportunity and we undertook eight drawdown reviews in the first quarter alone. In May, we sold out of JP Morgan in favour of higher IRRs in our Emerging Market financials. JPMorgan is a leading global bank and the leading US bank. The firm leverages its premier global brand, vast economies of scale and funding advantage to deliver a unique value proposition to its clients, generally in the form of higher prestige, lower price and better services. We believe the business outcomes are simple: attractive loan growth, deposit growth, credit performance, expense structure and returns. However, JP Morgan began flagging on one of our behavioral process checkpoints—the Vulnerable Position Nudge list—which helped us to reanalyze our capital in the business. Having recalibrated our model to a COVID-19 global pandemic base case with consequent lower US interest rates and higher loan losses, we decided to fund a capital switch into doubling our position size in micro-lender Bank Rakyat in Indonesia, adding 33% to our capital base in HDFC Bank in India and 20% to AIA Group in Hong Kong by exiting JP Morgan. We saw double digit internal rates of return (IRRs) in both Emerging Market banks and AIA but not JP Morgan, so we switched our capital in favor of the higher IRRs and stronger Sustainable Business Advantage drivers (more later). HDFC Bank's share price finished the year up 13% and at all-time highs, having risen closer to 67% from our reallocation. Despite Bank Rakyat's total return down -3% in USD terms, our return on capital invested in Bank Rakyat was +28% in 2020 as its share price was up nearly 90% from when we doubled our position size. Our IRR-based capital allocation process did its job well.

We did drawdown reviews on other 'COVID losers' such as Safran and TJX Companies (owner of TJ Maxx and Marshalls) as well as Bank Rakyat, CTS Eventim and Booking.com mentioned above. We added to all five of them. Within our capital allocation process one rule is that if 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. It is designed to overcome loss aversion—a classic behavioural mistake set out back in 1979 by Kahneman and Tversky in their Prospect Theory. For us, if an investment falls -20% either it is a great opportunity or we were wrong. The key differentiator tends to be whether the question at hand is a temporary demand issue or a more permanent supply-side effect. We think a number of these companies will emerge in stronger competitive positions when we all get through the health and economic shocks from COVID-19, however, it is not clear when this will happen. Historically, CTS Eventim and TJX Companies have been defensive investments in economic downturns. When times get tough consumers typically trade down. This can be to small luxuries such as a concert instead of flying away on holiday as seen in 2008/09 at CTS Eventim or from full price goods to buying the same brands—albeit last season—at half price from TJ Maxx. We expect these companies would outperform in any other historic recession, providing ballast to our portfolio, but this was not true in 2020's unusual circumstances. Nonetheless on a longer-term view they remain attractive investments and we don't believe their customer outcomes have been weakened, just delayed. Safran is in a similar situation. No-one is stealing their customer: fewer people are flying right now which impacted sales of their highly profitable civil aerospace aftermarket business, as airlines seek to preserve cash. Unless you think the emerging middle class Chinese and Indian people will not want to experience the world once it is safe to fly again, this is just about timing. We still see a double digit IRR on a five-year view and added more to our investment through 2020.

We have another behavioural rule within our capital allocation process which is designed to overcome regret aversion—a behavioural trait of not scaling up new positions quickly enough to a full position size. Typically, our new holdings do not start adding alpha until around our fourth month of investment. However, knowing this opens us up to regret aversion. Have you ever heard an investor talk about "*waiting for a pullback in the market to build to a full position*"? Our process rule to overcome this is that we must get to a full position, typically 2 - 2.5% of NAV, within 2 months of initiating a new position. As our new investment in Aspen Technology approached this time limit in 2Q20 we scaled up to just over 2% at a price just over 5% above where we initiated. Aspen's move to a more SaaS-like subscription model resulted in the company announcing guidance for fiscal 2021 that was materially above consensus expectations during their full year 2020 results. Accordingly, Aspen's share price shot up 25%. Even today, our holding period is too short to assess the merit of our investment thesis however we can look at the outcome of our regret aversion rule with satisfaction after having not suffered from the regret of not scaling up early enough.

The Global Leaders' team remains focused on executing on our investment process and scouring the globe for high quality companies at a good price. Although there were no additions or deletions to the portfolio within Q4 2020, we are optimistic that new opportunities for long term investors may present themselves soon.

SECTOR DIVERSIFICATION

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- Global Leaders is a concentrated global 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. Accordingly, 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—remains its largest—is a function of a number of attractive high-quality franchises, such as Autodesk, Intuit, Microsoft and TSMC located in that sector.

SECTOR	REP. BROWN ADVISORY GLOBAL LEADERS ACCOUNT (%)	FTSE ALL-WORLD INDEX (%)	DIFFERENCE (%)	REP. BROWN ADVISORY GLOBAL LEADERS ACCOUNT (%)	
	Q4 '20	Q4 '20	Q4 '20	Q3 '20	Q4 '19
Communication Services	15.26	9.56	5.70	14.54	14.33
Consumer Discretionary	5.02	12.54	-7.51	4.58	8.35
Consumer Staples	8.94	7.48	1.46	9.48	10.18
Energy	--	3.10	-3.10	--	--
Financials	15.28	13.84	1.44	13.92	20.27
Health Care	6.05	11.68	-5.64	6.53	3.91
Industrials	10.57	9.84	0.73	11.21	14.13
Information Technology	34.07	21.40	12.67	34.51	24.12
Materials	4.81	5.01	-0.20	5.22	4.70
Real Estate	--	2.66	-2.66	--	--
Utilities	--	2.90	-2.90	--	--

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.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.

QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

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Fourth Quarter 2020 Representative Global Leaders Account

	REPRESENTATIVE GLOBAL LEADERS ACCOUNT		FTSE ALL-WORLD INDEX		ATTRIBUTION ANALYSIS		
SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	15.33	17.79	9.73	14.77	0.02	0.43	0.45
Consumer Discretionary	4.73	26.96	12.62	13.83	0.08	0.54	0.63
Consumer Staples	9.19	9.33	7.62	7.80	-0.11	0.16	0.05
Energy	--	--	3.01	23.83	-0.25	--	-0.25
Financials	14.86	27.81	13.45	23.49	0.12	0.53	0.64
Health Care	6.17	6.86	11.98	7.39	0.41	-0.05	0.36
Industrials	10.95	12.16	9.88	15.80	0.02	-0.36	-0.34
Information Technology	33.75	14.25	21.10	15.23	0.05	-0.28	-0.23
Materials	5.03	6.83	4.88	18.95	0.01	-0.57	-0.56
Real Estate	--	--	2.71	8.52	0.15	--	0.15
Utilities	--	--	3.02	10.29	0.12	--	0.12
[Unassigned]	--	--	--	1.50	--	--	--
Total	**100.00**	**15.69**	**100.00**	**14.66**	**0.64**	**0.39**	**1.03**

- Consumer Discretionary, Financials and Communication Services were the top-performing sectors in the quarter.
- We have not had any investments in either Energy, Real Estate or Utilities since inception.
- Materials was our worst performing sector in the quarter.

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YEAR-TO-DATE ATTRIBUTION DETAIL BY SECTOR

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Calendar Year 2020 Representative Global Leaders Account

	REPRESENTATIVE GLOBAL LEADERS ACCOUNT		FTSE ALL-WORLD INDEX		ATTRIBUTION ANALYSIS		
SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	14.88	31.26	9.59	25.63	0.51	0.86	1.36
Consumer Discretionary	5.97	5.27	11.76	34.84	-1.15	-2.35	-3.50
Consumer Staples	9.29	19.19	7.98	8.53	-0.23	1.13	0.90
Energy	--	--	3.70	-27.93	2.33	--	2.33
Financials	15.86	10.68	14.25	-3.59	-0.61	2.24	1.63
Health Care	6.00	13.04	12.38	14.48	-0.17	-0.18	-0.35
Industrials	11.87	6.94	9.79	11.02	-0.49	-0.45	-0.93
Information Technology	31.10	46.73	19.69	44.73	2.94	0.84	3.78
Materials	5.03	20.93	4.74	21.32	0.05	--	0.05
Real Estate	--	--	2.91	-6.02	0.82	--	0.82
Utilities	--	--	3.22	3.87	0.47	--	0.47
[Unassigned]	--	--	--	-45.38	-0.04	--	-0.04
Total	**100.00**	**22.53**	**100.00**	**16.01**	**4.42**	**2.09**	**6.52**

- Information Technology was the top performing sector over the year driven by our investments in Taiwan Semiconductor, Marvell Technology Group and Microsoft.
- The worst performing sector through the year was Consumer Discretionary as companies have been heavily impacted by the crushing hit to demand of COVID-19.

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QUARTER-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN

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Fourth Quarter 2020 Representative Global Leaders Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
TSM	Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	Manufactures, distributes and tests integrated circuits, silicon wafers, diodes and related semiconductor components	5.06	34.95	1.64
670909	PT Bank Rakyat Indonesia (Persero) Tbk Class B	Operates national and international banking institutions	3.24	45.27	1.32
B058TZ	Safran S.A.	Designs, manufactures and markets aircraft, defense and communication equipment	3.32	43.28	1.27
GOOG	Alphabet Inc. Class C	Operates as a holding company with interests in software, health care, transportation and other technologies	5.10	19.21	1.05
BK1N46	HDFC Bank Limited	Provides commercial and international banking services	3.12	34.43	1.03

- TSMC beat-and-raised on the Q3 report, with volume at leading node driving performance. TSMC now expects to grow >30% in 2020, which is 1.5x overall foundry industry growth. TSMC also modestly raised CapEx expectations for 2020, and press reports are that the company has pulled in EUV orders in 2021, both of which are indicative of strong demand expectations. Press reports indicate that TSMC leading node (7nm and 5nm) is now sold out through mid-2021. INTC continues to struggle at leading node, delaying a server product yet again last week, increasing the chance that INTC will opt to outsource production of some of their products by late 2022 or 2023.
- Regarding PT Bank Rakyat, the Q3 results showed an improvement in loan growth, margins and credit quality with these positive trends expected to continue into Q4. Also COVID-19 related macro concerns in Indonesia declined somewhat with positive vaccine news and its implications for improvement in Indonesia macro.
- In Q4, the approval of vaccines from Pfizer and Moderna at high efficacy levels led to increasing optimism of a faster than expected recovery in air traffic. Safran's shares were strong during the quarter as air traffic is one of the primary drivers of their highly profitable aftermarket business.
- HDFC Bank was up 28% in local currency the last 3 months of 2020 (as per Factset). The stock appears to have remained flat through December. On the back of outages in the bank's internet and mobile banking and payment systems in the last 2 years, the central bank had asked the bank in Q4 to stop the launch of its Digital 2.0 program and to suspend sourcing of new credit card customers and to examine these lapses. On the face of it, this appears to be a temporary issue where growth in technology has not kept up with the growth in business. While it will have a near-term impact (the launch of new APIs, faster processes, better use of AI and the sourcing of new credit cards), if they can address the central bank's concerns in a timely fashion, we think the strong competitive position of the bank would be maintained.

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YEAR-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN

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Calendar Year 2020 Representative Global Leaders Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
MSFT	Microsoft Corporation	Develops, manufactures and distributes software products	8.49	42.53	3.99
TSM	Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	Manufactures, distributes and tests integrated circuits, silicon wafers, diodes and related semiconductor components	4.48	91.65	3.65
MRVL	Marvell Technology Group Ltd.	Engages in the business of providing semiconductors to high-performance application-specific standard products	3.07	80.23	2.90
ADSK	Autodesk, Inc.	Designs and develops multimedia software products	1.95	85.64	2.07
BMMV2K	Tencent Holdings Ltd.	Operates investment holding company with interest in internet, mobile, and telecommunications value-added services	3.55	51.32	1.94

- For the second year running Microsoft was our top alpha contributor adding over 300bps to absolute performance in both 2019 and 2020. Microsoft's cloud service Azure and online education and work tools such as Teams and OneNote were in high demand across 2020 as we migrated to working (and schooling) from home. We continue to like this staple for the enterprise, with the majority of the economics being derived from two monopoly businesses (Office and Windows) and a strong position in the oligopoly of intelligent cloud. Microsoft benefitted from an acceleration in digital transformation this year but we still see a long-runway for the company helped by paying subscriber and ARPU growth at 0365, Azure and the Microsoft 365 enterprise-wide selling initiative. Interestingly it looks like last quarter was the first time that Azure grew by more dollars than Amazon Web Services (AWS). Microsoft shares trade on a 9% 2025 FCF yield or 11x FCF/EV with a 14% IRR which, irrespective of the company's size, feels good value give the strength of its economic fortress and the long-term opportunity set. A side note on the contribution of the FAAMG (Facebook, Apple, Amazon, Microsoft and Google) stocks to the portfolio in 2020. Despite have Microsoft and Alphabet as top 10 investments, not owning Amazon and Apple more than offset our holding's contribution. As a basket of five stocks making up over 11% of the benchmark we had a drag of -80bps relative in the FAAMG stocks as Apple exactly offset our Microsoft gains and Amazon more than offset Alphabet.
- TSMC's share price rose over 90% in 2020 as the industry digested the shock news from Intel that they were again delaying leading-edge semiconductor production and are now considering outsourcing to foundry suppliers such as TSMC. TSMC has produced a 20% RoIC or greater every year bar one (2009) in a highly cyclical, capital intensive industry by delivering an unsurpassed customer outcome. Over periods of five years or more, TSMC has delivered tremendous value to its investors.
- Starting from a long history in storage and ethernet networking, Marvell has built out a leading position in 5G wireless communication at four of the five leading base station manufacturers and are just starting to be deployed across the globe. Additionally, Marvell's semiconductors are designed on the ARM architecture, which is built for efficiency and lower power usage, thus enabling a new generation of services to consume less energy and require less cooling, reducing environmental impact. On a 3-5 year view Marvell's competitive position is stronger than ever.
- A crisis can be a great litmus test for an improving business model with Autodesk being a case in point. The positive attributes of the Architectural, Engineering and Construction (AEC) and manufacturing software specialist's transformation from a license and maintenance to a SAAS business model were on show this year with >100% net revenue retention YTD in FY2021 (January year-end) - a very different picture from the last crisis.
- Tencent delivered strong results during the year as its online entertainment business and cloud services benefited from the lockdown and accelerated migration to the cloud. On top of the strong performance in its core businesses, Tencent's early investments in ecosystem partners including JD.com, PDD, Meituan, Sea Ltd., etc. exceeded USD 100bn in fair market value in Q3 2020 which further increases the value of Tencent. We continue to expect strong performance from Tencent as it continues to increase monetization of its music and video content business, Mini Programs and cloud services.

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QUARTER-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

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Fourth Quarter 2020 Representative Global Leaders Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
702196	Deutsche Boerse AG	Operates securities and commodity exchanges	3.25	-3.01	-0.12
B10RZP	Unilever PLC	Provides fast moving consumer goods	2.93	-1.95	-0.07
B11WWH	Schindler Holding AG	Develops, manufactures and markets elevators, escalators and moving walkways	2.11	-1.12	-0.04
567151	Wolters Kluwer NV	Provides professional information, software solutions and services for clinicians, nurses, accountants, lawyers, and tax, finance, audit, risk, compliance, and regulatory sectors	3.05	-1.07	0.00
AZPN	Aspen Technology, Inc.	Provides software development and information technology services	2.31	2.89	0.04

- In businesses where small improvements in design and operation optimization can mean millions of dollars of savings, Aspen's software to design and manage plants as well as facilitate the supply chain is valuable. We believe Aspen's leadership position and continued innovation drives consistent growth over time and high free cash flow (FCF) generation. While its business is not immune to declining oil prices, Aspen is more resilient than the operations of its customers due to the mission-critical nature of its software and SaaS business model.
- Wolters Kluwer was largely unaffected by the pandemic and did not see the selloff witnessed in other sectors earlier in the year. However, in Q4, with vaccine news, it is not viewed as a cyclical recovery play and hence lagged the market. There have been no fundamental changes to the business or our thesis.
- At a company level, there are concerns around Unilever's underperformance in its markets in recent years – we think these are due to execution issues which they are working on – the company has strong positions in its key markets and should return to outperforming in these markets, as they have in the past. At a broader level, the stock underperformed in a "cyclical rally" in Q4 post the vaccine news where staples typically tend to lag cyclicals.
- Regarding Deutsche Boerse, there is a lack of clear cyclical upside in the near term is potentially weighing on the stock but beyond that there is no specific reason for weakness as thesis is on track. The Investor Day in November was very encouraging with long-term secular drivers expected to continue over the next 5 years.

YEAR-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

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Calendar Year 2020 Representative Global Leaders Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
BVZHXQ	Hiscox Ltd	Engages in the insurance and reinsurance businesses	0.59	-43.38	-1.85
JPM	JPMorgan Chase & Co.	Provides investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity	1.24	-33.99	-1.83
FLS	Flowserve Corporation	Manufactures and distributes pumps, valves, seals, automation, and services	0.53	-48.48	-1.60
TCOM	Trip.com Group Ltd. Sponsored ADR	Operates a travel planning, hotel and air ticket reservations website	1.01	-29.04	-1.19
B058TZ	Safran S.A.	Designs, manufactures and markets aircraft, defense and communication equipment	2.86	-8.18	-1.02

- Safran's shares were relatively weak during 2020 as COVID-induced travel restrictions significantly impacted demand in the Commercial Propulsion and Equipment divisions, as their airline customers sought to preserve cash. The most pronounced decline was in the highly profitable commercial aftermarket, as airlines deferred any maintenance whilst their fleets were grounded and visibility around future demand remained low.
- Trip.com was eliminated from the portfolio in 2Q due to the impact of COVID-19 on global travel further pushing out its RoIC improvement to beyond our Global Leaders investment horizon. We felt the stock was unlikely to reach 20% RoIC in our investment horizon. We think Trip.com could reach the RoIC target eventually but the additional time it requires, significantly increased debt load to twice gross sales (for near-term COVID liquidity) as well as the widened dispersion of outcomes post-coronavirus, meant we saw higher IRR opportunities elsewhere in the strategy.
- In April we sold Flowserve in favor of a new investment in Aspen Technology. Flowserve is facing a prolonged downturn with energy prices significantly lower as a result of the global pandemic. With the prospect of lower revenue and Return on Invested Capital (RoIC) for a prolonged period of time our thesis had been undermined and we felt the investment dollars were better allocated to higher RoIC Aspen. We viewed both Aspen's business model and the risk-reward as more attractive than Flowserve.
- JPMorgan flagged on one of our behavioral process checkpoints – the Vulnerable Position Nudge list - which prompted us to reanalyze our investment in 2Q 2020. Having recalibrated our model to a COVID-19 global pandemic base case with consequent lower US interest rates and higher loan losses we decided to fund a capital switch into Bank Rakyat in Indonesia, HDFC Bank in India and AIA Group in Hong Kong by exiting JPMorgan in the second quarter of 2020. We saw double digit IRRs in both Emerging Market banks and AIA but not JPMorgan so switched our capital to the higher IRRs. In our view, JP Morgan remains probably the best bank in America.
- We completed exiting our investment in Hiscox very early in 2Q 2020 due to our concern around quantifying exposure to claims arising from Covid-19 in their SME business interruption insurance book. An exceptional customer outcome is paramount to us and we feared an unsightly technical courtroom battle would put at risk one of Hiscox's key competitive advantages: a great brand with speedy claims payments.

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 year. 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 ADDITIONS/DELETIONS

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Fourth Quarter 2020 Representative Global Leaders Account Portfolio Activity

- There were no additions or deletions to the portfolio within the quarter.

SYMBOL	ADDITIONS	SECTOR
	None	

SYMBOL	DELETIONS	SECTOR
	None	

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.

YEAR-TO-DATE ADDITIONS/DELETIONS

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Calendar Year 2020 Representative Global Leaders Account Portfolio Activity

- In April 2020, we sold out of Flowserve to fund our investment into Aspen Technology, a provider of software to the process industries. Aspen functions as the outsourced research and development (R&D) department for many of its customers. In businesses where small improvements in design and operation optimization can mean millions of dollars of savings, Aspen's software to design and manage plants as well as facilitate the supply chain is valuable. We believe Aspen's leadership position and continued innovation drives consistent growth over time and high free cash flow (FCF) generation. While its business is not immune to declining oil prices, Aspen is more resilient than the operations of its customers due to the mission-critical nature of its software and SaaS business model. We viewed both Aspen's software-as-a-service business model and the risk-reward as more attractive than Flowserve. Flowserve is facing a prolonged downturn with energy prices significantly lower as a result of the global pandemic. With the prospect of lower revenue and RoIC for a prolonged period of time our thesis had been undermined and we felt the investment dollars were better allocated to higher RoIC Aspen.

- We have a list of roughly 30 "ready-to-buy" potential investments that we monitor as if we own them. The only questions on investing are price and fit within the portfolio. In late March we invested in two new companies within a week: Autodesk and Intuit. We have known both companies and their competitors for a long time and we had the opportunity to initiate new positions at prices we felt were reasonable for clear industry leaders. Interestingly both are vertical market SaaS software vendors: Autodesk in computer aided design software for architectural and increasingly construction end markets, Intuit in small business accounting and tax-filing. Autodesk could see cash flow nearly double over the next five years as it completes a transition to subscription and converts "pirates" into paying customers. Intuit continues to extend its lead in SMB accounting software and US tax filing; it even benefited from more people filing DIY returns this year in the US given extra time at home and an extension to the deadline, compounding its long-term advantage.

	ADDITIONS	SECTOR
AZPN	Aspen Technology, Inc.	Information Technology
ADSK	Autodesk, Inc.	Information Technology
INTU	Intuit Inc.	Information Technology

Autodesk and Intuit possess strong sustainable business advantages (both are held in the Brown Advisory US Large-Cap Sustainable Growth strategy) and we feel lucky to have had the opportunity to invest in them. In a moment of crisis a couple of potential long-term investments passed our strict valuation test.

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.

YEAR-TO-DATE ADDITIONS/DELETIONS

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Calendar Year 2020 Representative Global Leaders Account Portfolio Activity

- We completed our exit of Hiscox in early April which was driven by our drawdown review process discipline. Hiscox reported higher than expected claims in their 2019 results with the third consecutive year of elevated natural catastrophe losses impacting the reinsurance business as well as higher attritional losses in the wholesale London Market business. These coincided with restructuring of their US retail business, which has been a key growth engine in the last few years. Improving pricing and premium growth in the London Market and certain parts of the reinsurance business did not offset concerns on slowing growth in the US and higher claims across the board. The crux issue for us however came in March with our concern around quantifying their exposure to claims arising from Covid-19 in their SME business interruption insurance book. An exceptional customer outcome is paramount to us and we feared an unsightly technical courtroom battle would put at risk one of Hiscox's key competitive advantages: a great brand with speedy claims payments.
- Regarding Trip.com, the main reason for its elimination in Q2 2020, was due to COVID impact further pushing out its ROIC improvement to beyond GL investment horizon due to COVID impact on global travel and trip.com increasing debt to provide liquidity in the near-term. Initially, we hoped that Trip.com could improve its ROIC to +20% levels within five years but this has been pushed out due to various reasons beyond its control. We still think Trip.com can reach the ROIC target eventually but the additional time it needs to take as well as the widened dispersion of outcomes makes it not the most attractive idea, and after the market selloff, we found many more attractive investment ideas with +20% ROIC and higher levels of conviction that provide the same level if not higher potential return than Trip.com.

	DELETIONS	SECTOR
FLS	Flowserve Corporation	Industrials
BVZHXQ	Hiscox Ltd	Financials
JPM	JPMorgan Chase & Co.	Financials
TCOM	Trip.com Group Ltd. Sponsored ADR	Consumer Discretionary

PORTFOLIO CHARACTERISTICS

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Global Leaders Representative Account As of 12/31/2020

	GLOBAL LEADERS REPRESENTATIVE ACCOUNT	FTSE ALL-WORLD NET INDEX
ROIC (LFY ex. financials) Median (%)	25.7	8.2
Sales Growth (%, 3 Year CAGR)	11.4	7.7
FCF Yield ex. financials (NTM Median) (%)	3.0	3.6
Volatility	14.9	15.0
Sharpe Ratio	0.9	0.6
Sortino Ratio	1.3	0.7
Beta	0.9	1.0
Alpha	4.6%	--
Net Debt to EBITDA ex. Financials (Weighted Average)*	-0.2	0.2

Source: FactSet. 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.
*Data as of 30/11/2020

COMPOSITE PERFORMANCE

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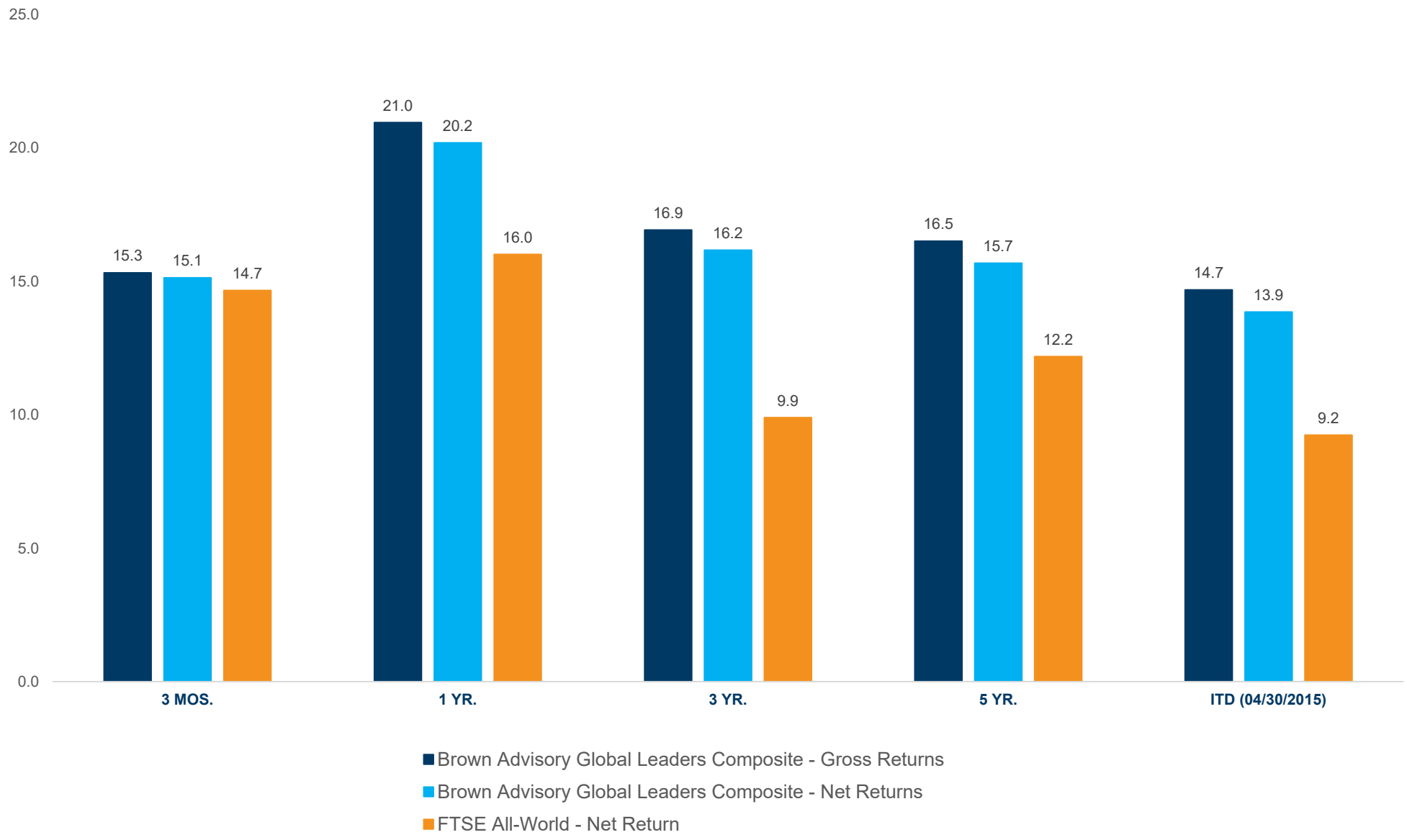
Fourth Quarter 2020 as of 12/31/2020



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 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

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Fourth Quarter 2020 Representative Global Leaders Account as of 12/31/2020

Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corp.	8.0
Visa, Inc.	5.8
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	5.1
Alphabet, Inc. Cl C	4.9
Mastercard, Inc.	4.2
Electronic Arts, Inc.	3.9
Estee Lauder Companies, Inc. Cl A	3.7
Deutsche Boerse Ag	3.5
Marvell Technology Group Ltd.	3.4
Safran SA	3.4
Total	**45.8%**

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. Portfolio information is based on a representative Global Leaders account, includes cash and is provided as supplemental information. Please see disclosure statement at the end of this presentation for additional information. Figures in table may not total due to rounding.

SECTOR DIVERSIFICATION

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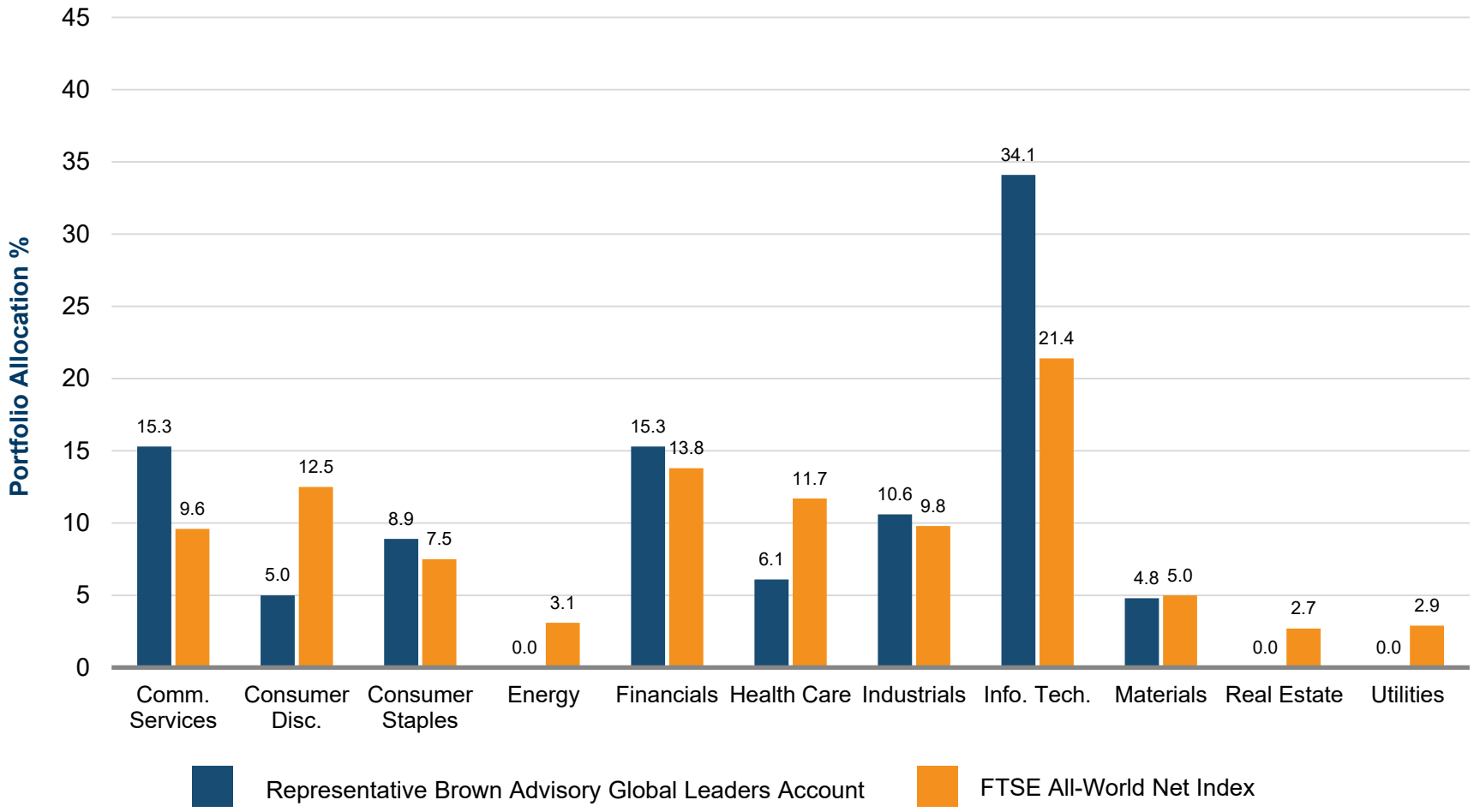
Fourth Quarter 2020 Global Industry Classification Standard (GICS) as of 12/31/2020



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.

DISCLOSURES

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

TERMS AND DEFINITIONS

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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.

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: theaverage of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greaterinfluence 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.

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 LFY and exclude financial services.

Discounted Cash Flow (DCF) is a valuation method used to estimate the value of an investment based on its expected future cash flows.

Weighted Average Cost of Capital (WACC) is the rate that a company is expected to pay on average to all its security holders to finance its assets, commonly referred to as the firm's cost of capital.

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.

Enterprise Value to Free Cash Flow (FCF/EV) compares the total valuation of the company with its ability to generate cashflow. It is the inverse of the Free Cash Flow Yield.

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.

Capital expenditures (**CapEx**) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment

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GLOBAL LEADERS 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)*
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, 2019. 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 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.
3. The Composite creation date is August 26, 2015. The Composite inception date is May 1, 2015.
4. 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.
5. 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.
6. Composite dispersion is an equal-weighted standard deviation of portfolio 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.
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. 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.
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. 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.
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 is not indicative of future results.
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