

Large-Cap Sustainable Growth

SUSTAINABLE BUSINESS ADVANTAGE (SBA) PROFILE MATRIX

Fourth Quarter 2022

The Brown Advisory Large-Cap Sustainable Growth strategy seeks competitive, risk-adjusted returns over a full market cycle through a concentrated portfolio of companies that we believe offer durable fundamental strengths, sustainable competitive advantages and compelling valuations. These companies are building powerful business models on a foundation of sustainable business advantages (SBAs), which we believe can drive attractive long-term performance and risk protection through revenue growth, cost improvements and enhanced franchise value.

SBA PROFILES FOR PORTFOLIO HOLDINGS (AS OF 12/31/2022)

COMPANY	IMPACT THEME	SBA PROFILE
Adobe Inc.	Sustainable Technology Innovation	Adobe is a leader in digital transformation that enables customers to be more sustainable through their use of Adobe's products. For example, for every one million transactions using Adobe Sign instead of traditional print, sign, or fax, over 27 million gallons of water, 1.5 million pounds of waste, and 23.4 million pounds of CO ₂ e is avoided. Further, Adobe Document, Creative, and Experience Clouds all help customers eliminate physical workflows and reduce resource consumption.
Alphabet Inc.	Sustainable Technology Innovation	Alphabet is a trailblazer striving to build sustainability into everything they do. Many of Alphabet's products and services directly help users avoid Scope 2 GHG emissions since on average a Google data center is twice as energy efficient as a typical enterprise data center. This includes advancing carbon-free energy, creating sustainable workplaces, building better devices and services, empowering users with technology, and enabling a responsible supply chain. Since 2007, Alphabet has been carbon neutral and in 2020 became the first major company to neutralize their legacy carbon footprint since their founding. Looking forward, Alphabet set an ambitious goal to operate on carbon-free energy on a 24/7 basis by 2030.
Amazon.com, Inc.	Efficient Production and Conservation	Amazon is a leader in e-commerce and in cloud computing services through Amazon Web Services (AWS). AWS auctions computation power in real time, allowing Amazon to more evenly distribute its servers' loads and process more data on less hardware. AWS enables secondary environmental and health benefits to customers (e.g., performing intensive simulations to streamline clinical trials, improving safety and reducing patient burdens). In 2017, Amazon acquired Whole Foods Market, a leading retailer of organic and natural foods (a category growing more rapidly than conventional food products).
American Tower Corporation	Sustainable Technology Innovation	One of the largest wireless tower operators possessing a strong environmental compliance track record and a focus on using alternative energy in its remote tower base to improve uptime. This, coupled with its work to reduce carriers' dependence on highly inefficient generators, has earned it a strong reputation in international markets and helped the company gain market share.
Analog Devices, Inc.	Sustainable Technology Innovation	Analog Devices is a global high-performance analog technology company. The energy efficiency of analog chips has led to increased adoption and helped make numerous applications smarter, safer, more accurate and more efficient. The company offers solutions in clean energy production, vehicle electrification, environmental control systems, health care analyzers and diagnostics, and wireless connectivity. Its efficiency mindset extends to its internal operations, where it promotes cost improvements through strategic water conservation, waste and chemical minimization initiatives.
Atlassian Corp. PLC	Sustainable Technology Innovation	Atlassian sells a suite of collaboration, work management and software development SaaS applications. From a social perspective, we view TEAM's difficult-to-replicate company culture as a compelling competitive advantage. From an environmental perspective, TEAM is adopting a cloud first strategy which is a revenue growth driver and also drives progress towards internal environmental goals including a commitment to reach net zero emissions by 2040.

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Autodesk Inc.	Sustainable Technology Innovation	One of the world's largest design software companies, Autodesk helps customers to design, visualize and simulate buildings and products in a more energy- and resource-efficient manner. Autodesk's Building Information Modeling solutions help design sustainable buildings and infrastructure by more accurately predicting performance, reducing waste, and improving productivity. Additionally, Autodesk's innovative technologies include Construction IQ which makes construction sites safer and healthier for workers.
Bio-Rad Inc.	Health and Wellness	Bio-Rad develops specialty chemicals for life science research and clinical diagnostics, contributing to early detection and treatment of life-threatening diseases, particularly oncology. While BIO represents a very small part of healthcare spending, its foundational products play a role in a huge number of medical decisions, driving improved healthcare outcomes and reducing healthcare costs. The company also provides products used in food and water safety testing to detect food and waterborne illness, and offers the largest menu of quality control products to improve laboratory performance in immunology, hematology and chemistry.
Blackstone	Neutral	Through its long-term investment model, Blackstone creates value in its portfolio companies by sharing its strategic insight, operational support, and sustainability expertise. In doing so, it generates revenue from sustainable business models, and develops a competitive advantage to win deals due to its growing sustainability expertise across its investment, operational, and management teams. Blackstone set a goal to reduce emissions by at least 15% over the first three years of ownership for companies it has an ownership stake in.
Block, Inc.	Economic Mobility and Community Development	Block provides underserved small businesses and individuals with the technology and tools they need to thrive in today's economy. The company enables sellers to accept card payments through a combination of sophisticated software and affordable hardware. Block has also built Cash App, which is empowering for individuals who are unbanked or underbanked. We believe that Block is in a strong position to generate revenue through its products, promoting positive economic and social outcomes.
Cadence Design Systems, Inc.	Sustainable Technology Innovation	Cadence seeks to provide customers the technologies needed to design and optimize innovative and differentiated electronic products that conserve energy and power, notably decreasing time-to-market and resource waste. The majority of Cadence's revenue is related to developing or distributing these optimization technologies and systems that have embedded sustainability benefits.
Chipotle Mexican Grill, Inc.	Sustainable Agriculture and Natural Resource Management	Chipotle operates one of the fastest-growing Mexican-style restaurant chains in the U.S., focusing on organically and sustainably sourced foods. The company's "Food with Integrity" mission resonates with consumers looking for high-quality, fresh food at an affordable price. From an operational perspective, Chipotle is a leader in animal welfare and is one of the first national restaurant brands to commit to increasing its use of local and organic produce, which helps support small and local farmers.
Danaher Corp.	Clean Water and Sanitation	Danaher's environmental businesses help clients reduce operating costs, material waste and environmental impact. Offerings include water analysis and quality solutions, water filtration and treatment, and services that reduce energy and water usage in manufacturing. These environmentally oriented businesses are among the most resilient and fastest growing in the company.
Dynatrace, Inc.	Sustainable Technology Innovation	Dynatrace is a leader in advanced observability for dynamic multi-cloud environments; providing a full stack solution that covers application performance management (APM), digital experience management, digital business analytics, infrastructure monitoring and artificial intelligence for operations (AIOps). Very simply, while the multi-cloud environment is more efficient, it adds complexity; DT enables companies to manage this complexity more efficiently. Thus, reducing both costs and carbon emissions associated with IT processes.
Ecolab Inc.	Clean Water and Sanitation	Ecolab's main thesis is to help companies produce more using fewer resources. It develops water management systems, cleaning, food safety, and health protection products for the food, energy, healthcare, industrial, and hospitality industries. Ecolab's ability to produce measurable savings for water, energy, and emissions will only become more important as water shortages intensify, energy prices remain high, and the global focus on reducing emissions heightens.
Edwards Lifesciences Corp.	Health and Wellness	As a developer and manufacturer of technologies that treat structural heart disease the company's transcatheter valve replacement is less invasive than traditional open-heart surgery and is approved for patients deemed too high risk for traditional surgery. This minimally invasive surgery technology effectively increases the probability of survival, reduces the length of hospital stays and readmission rates, and can provide patients with a significantly higher quality of life post-surgery.

Source: Underlying portfolio companies. The conclusions provided are based on fundamental research of BROWN Advisory's ESG team. Please see the end of this presentation for important disclosures.

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Enphase Energy, Inc.	Sustainable Technology Innovation	Enphase's solar inverter and storage solutions play a critical role in enabling solar energy adoption – a component in facilitating the transition to a clean economy. We believe that Enphase is well positioned to benefit from the growth in solar, as its sophisticated technology and safety features make it one of the two companies banks require to be used in solar systems to be eligible for financing, creating high barriers to entry.
Fortive Corp.	Sustainable Technology Innovation	This Danaher spin-off focuses on instrumentation, transportation and automation technologies. We think that its solutions offer strong customer value by enabling adherence to changing environmental regulations, improving energy efficiency and connectivity of devices, and meeting increasing safety and security requirements.
Home Depot, Inc.	Efficient Production and Conservation	Home Depot is a retailer of building materials and home improvement products with a growing revenue stream from environmentally sustainable product options; these have become the fastest-growing category in its product mix. It is also implementing systems to improve logistics efficiency, which has resulted in reduced truckloads and meaningful cost savings.
IDEXX Laboratories, Inc.	Clean Water and Sanitation	IDEXX is a provider of veterinarian diagnostic, reference lab and consulting services with a water business that helps ensure water safety for over two billion people worldwide through testing solutions for E. coli and other microbials. It also sells diagnostic tests used to manage livestock and poultry health, which helps ensure milk and food quality and safety. Its principal dairy product detects antibiotic residue in milk.
Marvell Technology Group Ltd.	Sustainable Technology Innovation	A leading fabless semiconductor provider of high-performance, application-specific products in storage, networking and connectivity. The company is a pioneer in designing low-power, low-cost Ethernet transceivers and storage controllers, and has been an early adopter of energy efficient ARM-based systems.
Microsoft Corporation	Sustainable Technology Innovation	Microsoft offers a compelling customer value proposition through its efficient Azure cloud computing and infrastructure. When customers move to Azure, many reduce per-user carbon footprint by up to 98%. The company provides innovative ways to support customers' sustainability goals—for example, Azure customers can access a carbon calculator that tracks emissions generated on the cloud. Microsoft has operated as a carbon-neutral company since 2012, commits to being carbon negative by 2030, and intends to remove all the carbon the company has emitted either directly or by electrical consumption since its founding by 2050.
Monolithic Power Systems, Inc.	Sustainable Technology Innovation	Monolithic Power is a specialist in high-performance analog and mixed-signal integrated circuits combines drivers, logic and power on one piece of silicon vs. using three separate semiconductor technologies. As a result, it delivers differentiated products that offer energy-efficient, cost-effective and easy-to-use solutions for industrial, cloud computing and automotive applications.
MSCI, Inc.	Economic Mobility and Community Development	MSCI is a first-mover in ESG solutions for financial market participants, with a dominant market position. MSCI covers over 90% of the equity and fixed income market and 60-70% of all ESG ETF AUM is linked to MSCI indices. MSCI's ESG and Climate business is growing notably faster than MSCI's next closest product category. We believe that MSCI's ESG business will continue to drive material opportunities, accelerated by secular and disruptive investment trends, and through their investments focused on key areas of growth: ESG indexes, Climate, and ESG-integration across capital markets.
Nike, Inc.	Efficient Production and Conservation	Nike's lean manufacturing and sustainability-focused product innovations lower its costs and increase its bottom line. By integrating sustainability into Nike's innovation process, the company has been able to produce high-performing and top-selling shoes while also creating an entirely new way of manufacturing footwear. Nike views sustainable product innovation as a benefit to its bottom line as these products are margin accretive and, therefore, a win-win for the company. Additionally, the company set the standard for supply chain disclosure by being the first to release a complete list of its suppliers' names and locations, forcing the rest of the industry to follow suit.

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NVIDIA Corporation	Efficient Production and Conservation	NVIDIA's products are energy efficient, helping conserve resources and lower the cost of accelerated computing while tackling problems that ordinary computers cannot. For example, NVIDIA GPUs are up to 42x more energy efficient than traditional CPU servers for AI workloads. Additionally, NVIDIA GPUs enable some of the most promising areas of discovery in areas such as climate science, genomics, and autonomous vehicles.
ServiceNow, Inc.	Sustainable Technology Innovation	ServiceNow is a software provider that helps enterprises and employees unlock productivity through its innovative digital workflow products and services. The majority of Fortune 500 companies rely on ServiceNow solutions and its cloud platform, which help customers achieve a lower carbon footprint using a more resource efficient modern cloud versus an inefficient legacy system. In particular, their IT Operations Management (ITOM) product helps enable better cloud utilization and drives down costs.
Thermo Fisher Scientific, Inc.	Health and Wellness	Thermo Fisher is a leading life science company, manufacturing scientific instruments, consumables and chemicals that are helping its customers accelerate life sciences research, improve patient diagnostics, deliver medicines to market and increase laboratory productivity. As a key supplier to pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions and government agencies, we believe that Thermo Fisher is enabling innovation in the health care space.
UnitedHealth Group, Inc.	Health and Wellness	UnitedHealth provides health care coverage, software and data consultancy services. Its Optum software provides customers with analytical insights that help drive increased quality and efficiency in the health care system, enabling customers to reduce costs and patient health risks, improve clinical performance and patient outcomes, and adapt to the changing health system landscape.
Verisk Analytics, Inc.	Sustainable Technology Innovation	Verisk's data-driven analytic insights help customers address a number of environmental and social risks which we believe offers compelling revenue growth opportunities given the changing regulatory environment, evolving global issues, and increasingly common and severe natural disasters. For example, AIR Worldwide, its catastrophe modeling business, is helping insurance stakeholders to understand, measure, and manage the uncertainties associated with a changing climate. We expect climate-related data and analytics to be an increasingly important tool to address climate risk and the global energy transition.
Visa, Inc.	Economic Mobility and Community Development	Visa leverages its extensive network to enable financial inclusion in underserved communities and to empower small and micro businesses. As part of their efforts to advance digital equity, Visa set a goal to digitally-enable 50 million small business hub (SMBs) worldwide by 2023, after achieving its 2020 goal to provide 500 million unbanked individuals access to digital payments. Visa's financial inclusion priorities coincide with its business strategy through products such as Visa Direct, Visa Acceptance Card, and Scan to Pay helping underserved communities access the digital economy.
West Pharmaceutical Services, Inc.	Health and Wellness	A manufacturer of packaging components and delivery systems for injectable drugs and health care products, West's products and services promote the safety, purity, efficacy and consistent delivery of the world's pharmaceutical drug supply. Its high-quality products are designed to reduce particulates and defects, which can lead to wasteful product recalls.

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DESCRIPTIONS OF IMPACT THEMES

Economic Development and Social Inclusion

Affordable Housing	Offering housing options to low- and moderate-income families.
Economic Mobility and Community Development	Increasing employment opportunities and financial inclusion for underserved communities.
Education	Reducing barriers to education for underserved groups.
Diversity, Inclusion, Equality	Supporting race and gender equity; empowering marginalized populations.

Health and Well-Being

Health and Wellness	Promoting health and well-being, and improving access to and quality of health care.
Clean Water and Sanitation	Improving access to clean drinking water and sanitation services; solving infrastructure challenges; managing freshwater ecosystems.

Environment

Sustainable Technology Innovation	Innovating products and services that deliver sustainability results (e.g., energy-efficient products, sustainable transportation).
Efficient Production and Conservation	Reducing use of energy or raw materials, increasing use of renewables, etc., through internal operations.
Clean Energy	Developing, operating or delivering clean energy from wind, solar and other renewable sources.
Sustainable Agriculture and Natural Resource Management	Responsibly managing natural resources, minimizing or reversing land degradation, and protecting biodiversity.

We at Brown Advisory worked to build unified themes for our sustainable and impact portfolios that were applicable across equity and fixed income securities alike. In our pursuit, we worked closely to align our goals with the goals of the U.N. Sustainable Development Goals (SDGs). We believe that our framework aligns with the goals and spirit of the SDGs but also relies on our proprietary ESG research capabilities that impact our investment decisions.



Source: UN Department of Economic and Social Affairs.

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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.

ESG considerations are one of multiple informational inputs into the investment process, alongside data on traditional financial factors, and so are not the sole driver of decision-making. ESG analysis may not be performed for every holding in the strategy. ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk.

The strategy intends to invest in companies with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular companies and industries. Brown Advisory relies on Fourth parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.