

Brown Advisory Large-Cap Growth Strategy

We believe that our strategy can produce excess risk-adjusted returns over a full market cycle by investing in a concentrated portfolio of diversified companies with 14% or higher earnings growth purchased at attractive valuations.

January 2021 Monthly Report

Performance Contributors

TOP FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
TMO	Thermo Fisher Scientific Inc.	Health Care	4.33	9.48	0.37
DHR	Danaher Corporation	Health Care	3.42	7.15	0.23
MSFT	Microsoft Corporation	Information Technology	4.52	4.29	0.19
GOOG	Alphabet Inc. Class C	Communication Services	4.21	4.79	0.18
DXCM	Dexcom, Inc.	Health Care	2.89	1.39	0.05

BOTTOM FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
MA	Mastercard Incorporated Class A	Information Technology	3.82	-11.39	-0.45
ADSK	Autodesk, Inc.	Information Technology	4.18	-9.14	-0.38
ISRG	Intuitive Surgical, Inc.	Health Care	4.33	-8.57	-0.37
EL	Estee Lauder Companies Inc. Class A	Consumer Staples	2.93	-11.10	-0.33
CTAS	Cintas Corporation	Industrials	3.10	-10.00	-0.31

Monthly Portfolio Activity

NEW INVESTMENT

TICKER	NAME	REASON FOR DECISION
VEEV	Veeva Systems Inc Class A	We swapped into Veeva after eliminating Alibaba as this name has been on our watch list for some time, and we believe presented a better investment opportunity at this time.

DELETION

TICKER	NAME	REASON FOR DECISION
BABA	Alibaba Group Holding Ltd. Sponsored ADR	Political questions led to a lack of clarity about handicapping this name and such we eliminated our position in favor of another.

Top 10 Equity Holdings (%)

Cash and equivalents: 3.0%

1. Microsoft Corp.	4.7	6. Intuitive Surgical, Inc.	3.9
2. Thermo Fisher Scientific, Inc.	4.4	7. Autodesk, Inc.	3.8
3. PayPal Holdings, Inc	4.3	8. Electronic Arts, Inc.	3.6
4. Alphabet, Inc. Cl C	4.3	9. Intuit, Inc.	3.6
5. Amazon.com, Inc.	4.2	10. Mastercard, Inc.	3.6



KENNETH STUZIN, CFA
Portfolio Manager

INSIDE THE STRATEGY: FACTS & TYPICAL PORTFOLIO FIGURES

Inception: 05/31/1996
Benchmark: Russell 1000® Growth Index
Concentrated Portfolio: 30–35 Holdings
Top 10 Weight: 35%–50%
Position Size: 1.5%–5%
Cash Position: 1%–3.5%

Portfolio Comments

The Brown Advisory Large-Cap Growth Composite declined 3.8% (net of fees) in January underperforming its benchmark, the Russell 1000® Growth Index, which fell 0.7%.

January 2021 will forever be remembered by the highly volatile and erratic trading in a handful of stocks such as GameStop. The stocks manipulated by a group of social media bloggers led to one of the most significant short squeezes in history. While these events did not directly impact the portfolio or benchmark the market was certainly preoccupied by them.

Technology was the weakest sector from both a relative and absolute perspective. Both MasterCard and Autodesk traded lower on very little news. Both stocks are considered part of the reopening trade by short term investors and concerns that rising COVID-19 cases coupled with a disjointed vaccine rollout will delay the economic recovery. A similar thematic at work sent Cintas lower contributing to weakness in the industrials sector.

Danaher and Thermo Fisher are two holdings that fall squarely within the COVID-19 beneficiary camp and were the portfolio's biggest positive contributors for the month. This strength was offset by weakness in Edwards Lifesciences and Intuitive Surgical dragging on the health care sector. Both companies reported solid results and are managing through difficult near term conditions for the US hospital system.

We eliminated our position in Alibaba this month. Despite having decent fundamentals, the backdrop for US investments in Chinese companies continues to be murky. The politics surrounding the situation on both continents is difficult to handicap and certainly not our specialty. Fortunately, we believe that we found a better opportunity in Veeva Systems, which has been on our watch list for some time. Veeva is a cloud based software company that specializes in the health care vertical. [B](#)

*Source: FactSet®. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. The security returns listed represent the period of when the security was held during the month. Top five and bottom five contributors exclude cash and cash equivalents. Contribution to return is calculated by multiplying a security's beginning weight in the portfolio by the security's return on a daily basis, and geometrically linking the return for the reporting period. The top 10 equity holdings exclude cash and equivalents. Numbers may not total due to rounding. Portfolio information provided is based on a representative Large-Cap Growth account and is provided as supplemental information. The composite performance shown above reflects the Large-Cap Growth 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 Large-Cap Growth disclosure statement at the end of this presentation for a GIPS compliant presentation.

Brown Advisory Large-Cap Growth Institutional 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)*
2019	41.9	41.4	36.4	13.4	13.1	92	0.3	13,175	42,426
2018	5.9	5.5	-1.5	13.0	12.1	88	0.3	9,285	30,529
2017	31.7	31.2	30.2	11.5	10.5	119	0.3	10,005	33,155
2016	-2.3	-2.7	7.1	11.2	11.2	148	0.1	9,786	30,417
2015	7.8	7.4	5.7	10.2	10.7	168	0.3	12,583	43,746
2014	7.1	6.6	13.1	11	9.6	181	0.2	14,674	44,772
2013	30.3	29.7	33.5	15.5	12.2	212	0.3	15,740	40,739
2012	16.7	16.2	15.3	18.7	15.7	148	0.4	8,525	26,794
2011	0.4	0	2.6	19.7	17.8	102	0.3	5,622	19,962
2010	25.7	25.3	16.7	22.5	22.1	65	0.5	3,936	16,859
2009	53.3	53	37.2	20.0	19.7	41	0.6	1,191	11,058

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.

- *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.

Disclosures

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. Please see composite disclosure statements above for additional information.

The benchmark is the Russell 1000® Growth Index. The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure that new and growing equities are included and that the represented companies continue to reflect growth characteristics. Russell 1000® Growth Index and Russell® when related to the Russell indexes is a trademark of the London Stock Exchange Group of companies. An investor cannot invest directly into an index. FactSet® is a registered trademark of FactSet Research Systems, Inc. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC.

Terms and Definitions for Representative Account Calculations

The **Average Weight** of a position or sector refers to the daily average for the period covered in this report of a stock's value as a percentage of the portfolio. The **Total Return** of an equity security is the sum of the return from price movement and the return due to dividend payments or other sources of income. Standard benchmark-, sector- and portfolio-level returns are the sums of the weights of each security multiplied by its return, summed and calculated daily and summed over the period covered by the report or by an otherwise-noted period. **Contribution to Return** is calculated by multiplying a security's beginning portfolio weight by its daily return and geometrically linking the security's daily contribution to return over the entire reporting period.

- The Large-Cap Growth Institutional Composite (the Composite) includes all discretionary institutional portfolios (and carve-outs through 2009) invested in U.S. equities with strong earnings growth characteristics and large market capitalizations. The minimum account market value required for Composite inclusion is \$1.5 million.
- Through 2009, cash was allocated to carve-outs based on a strategic asset allocation percentage. For calendar year end 2006-2009, the percent of the Composite composed of carve-outs was 85%, 38%, 33% and 5% respectively.
- The Composite was created in 1997. The Composite inception date is June 1, 1996.
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- The composite dispersion presented is an equal-weighted standard deviation of portfolio returns calculated for the accounts in the Composite for the entire calendar year period.
- 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. Certain accounts in the Composite pay asset-based custody fees that include commissions. For these accounts, gross and net returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.80% on the first \$10 million; 0.65% on the next \$15 million; 0.50% on the next \$25 million; and 0.40% on the balance over \$50 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 three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31.
- Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
- A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations 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.