

# Large-Cap Sustainable Growth

## STRATEGY OVERVIEW

First Quarter 2019

We believe that a concentrated portfolio of companies that offer durable fundamental strengths, sustainable competitive advantages and compelling valuations can outperform over a full market cycle. Sustainable competitive advantages can positively contribute to a company's fundamental strength and financial performance by specifically driving revenue growth, cost improvements and enhanced franchise value.

### MANAGEMENT TEAM

**Karina Funk, CFA**

*Portfolio Manager*

INVESTMENT EXPERIENCE SINCE 2003;  
JOINED BROWN ADVISORY IN 2007

**David Powell, CFA**

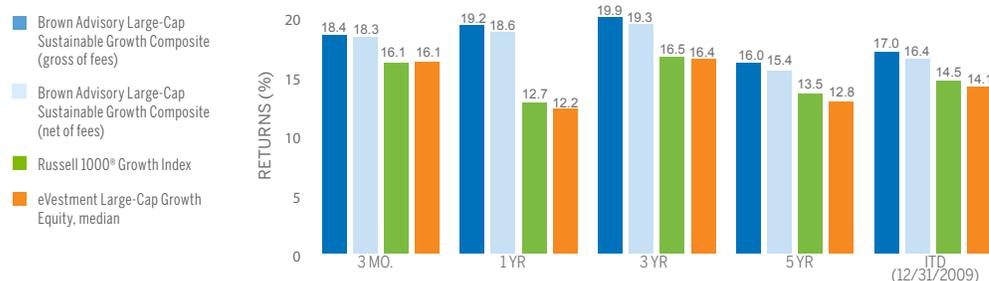
*Portfolio Manager*

INVESTMENT EXPERIENCE SINCE 1997;  
JOINED BROWN ADVISORY IN 2001

### TRAILING ANNUALIZED TOTAL RETURN

## Long-Term Outperformance vs. Benchmark Index

Source: FactSet and eVestment, as of 03/31/2019



### Annualized Total Returns (%) as of 03/31/2019

	3 MO.	1 YR	3 YR	5 YR	ITD
Brown Advisory Large-Cap Sustainable Growth Composite (gross of fees)	18.40	19.22	19.95	16.05	16.96
Brown Advisory Large-Cap Sustainable Growth Composite (net of fees)	18.28	18.64	19.33	15.43	16.38
Russell 1000 Growth Index	16.10	12.75	16.53	13.50	14.54
<b>Excess Return vs. Index (gross)</b>	<b>+2.30</b>	<b>+6.48</b>	<b>+3.42</b>	<b>+2.55</b>	<b>+2.42</b>

### eVestment U.S. Large-Cap Growth Peer Universe as of 03/31/2019

	3 MO.	1 YR	3 YR	5 YR	ITD
eVestment U.S. Large-Cap Growth Equity Median	18.40%	19.22%	19.95%	16.05%	16.96%
<b>Brown Advisory LCSG Composite Rank</b>	<b>Top 14%</b>	<b>Top 5%</b>	<b>Top 11%</b>	<b>Top 4%</b>	<b>Top 3%</b>
# of Large-Cap Growth Managers Ranked	312	312	302	294	264

### Growth of \$10,000 Investment, Since Inception 12/31/2009 - 03/31/2019

	Initial Value	Ending Value	Annualized Return
Brown Advisory Large-Cap Sustainable Growth Composite (gross of fees)	\$10,000	\$42,602	17.0%
Brown Advisory Large-Cap Sustainable Growth Composite (net of fees)	\$10,000	\$40,692	16.4%
Russell 1000 Growth Index	\$10,000	\$35,100	14.5%

Source: Universe performance rankings from eVestment, all other statistics from FactSet®. The performance rankings may not be representative of any one client's experience because the ranking reflects an average of the accounts that make up the composite and is provided as supplemental information. eVestment U.S. Large-Cap Growth Equity represents managers that invest in companies with a market capitalization value of more than \$10 billion. Managers in this category will typically indicate Large-Cap and a "Primary Style Emphasis" equal to Growth. The expected benchmarks for this universe would include the Russell 1000 Index or S&P 500 Index. The minimum criteria necessary for inclusion in an eVestment Universe are 1) minimum of one year of performance history, and 2) updated portfolio characteristics for the product. All products meeting the criteria are evaluated for inclusion. Managers voluntarily populate performance data into the database for inclusion, and the number of managers in each period only consists of managers that were in the universe for that entire period.

\*The portfolio characteristics and holdings information provided is based on a representative Brown Advisory Large-Cap Sustainable Growth account as of 03/31/2019 and is provided as supplemental information. Portfolio characteristics exclude cash and equivalents; top 10 portfolio holdings include cash and equivalents. Numbers may not total due to rounding.

Composite performance is based on the Brown Advisory Large-Cap Sustainable Growth Composite. Returns are shown through 03/31/2019, and all returns greater than one year are annualized. The composite performance shown above reflects the Brown Advisory Large-Cap Sustainable Growth composite managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Past performance is not indicative of future results. Please see the Brown Advisory Large-Cap Sustainable Growth compliant presentation on the last page for additional information and a complete list of terms and definitions.

## Strategy Profile

### BENCHMARK

Russell 1000® Growth Index

### STRATEGY ASSETS

\$2.2 billion

### PRODUCT INCEPTION

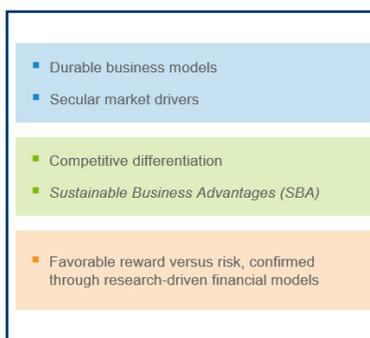
12/31/2009

PORTFOLIO CHARACTERISTICS#	LARGE-CAP SUSTAINABLE GROWTH REP. ACCOUNT	RUSSELL 1000® GROWTH INDEX
Weighted Avg. Market Cap. (\$B)	181.7	290.6
EV/FCF (FY2 est. (x))	25.3	22.5
Dividend Yield (%)	0.7	1.2
Name Turnover, (3-Year Avg. (%))	20.2	--
Active Share (%)	76.6	--

### TOP 10 PORTFOLIO HOLDINGS (% AS OF 03/31/2019)

Microsoft Corp.	4.9
Danaher Corp.	4.8
American Tower Corp.	4.6
Amazon.com, Inc.	4.4
Visa, Inc.	4.2
Intuit, Inc.	4.2
Thermo Fisher Scientific, Inc.	4.0
Alphabet, Inc. Class A	4.0
Ecolab, Inc.	3.5
Verisk Analytics, Inc.	3.4

# Seeking Sustainable Competitive Advantages



WE BELIEVE THAT SUSTAINABLE BUSINESS ADVANTAGES CAN DRIVE ATTRACTIVE LONG-TERM REVENUE GROWTH, COST REDUCTION AND ENHANCE FRANCHISE VALUE

**UNIVERSE & IDEA GENERATION > DUE DILIGENCE > DECISION PROCESS > PORTFOLIO MANAGEMENT > SELL DISCIPLINE**

- Large investible universe of more than 1,000 companies with a market cap over \$2 billion at the time of purchase
- Portfolio managers and research analysts seek investment opportunities and assess sustainability risks and opportunities
- Assess environmental risks
- Identify drivers of earnings growth: business strength, market opportunity and sustainable business advantages
- Group discussion leads to robust analysis and ultimately more comprehensive decision-making
- Roughly 20-30 companies are extensively evaluated each year; approximately 8-10 new positions per year in a portfolio that generally holds 30-40 stocks
- Typical position size: 1%-5%
- Top 10 weight typically: 35%-50% of total portfolio; cash position: 2%-5%
- Fundamental breakdown: growth drivers do not materialize; strategy or management change
- SBA breakdown
- Valuation becomes excessive
- Alternative opportunities offer more compelling growth

FUNDAMENTAL ANALYSIS SEEKS TO IDENTIFY DRIVERS OF

## Revenue Growth, Cost Improvement, Enhanced Franchise Value

SBA PROFILES FOR TOP FIVE PORTFOLIO HOLDINGS (% AS OF 03/31/2019)

COMPANY	% OF PORTFOLIO	SBA PROFILE
Microsoft Corp.	4.9	We find strong SBA in this leading developer of software and hardware services' Azure cloud computing platform and infrastructure. When customers move their services to a Microsoft-hosted cloud, many reduce their per-user carbon footprint by up to 90%. They have operated as a carbon-neutral company since 2012 after implementing an internal carbon fee.
Danaher Corp.	4.8	Their 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.
American Tower Corp.	4.6	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. Their work reducing carriers' dependence on highly inefficient generators has earned them a strong reputation in international markets and helped them gain market share.
Amazon.com, Inc.	4.4	A leader in cloud-computing services (AWS) and ecommerce. 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). Amazon recently acquired Whole Foods Market, a leading retailer of organic and natural foods, a category growing more rapidly than conventional food products.
Visa, Inc.	4.2	Visa's electronic transaction network gives emerging market populations access to electronic financial services via mobile phone that would otherwise be unavailable. This global payments system is a key ingredient in improving the flow of goods and services in emerging markets, ultimately creating major societal benefits, as well as a powerful platform for future growth.

The portfolio information provided is based on a representative Brown Advisory Large-Cap Sustainable Growth account as of 03/31/2019 and is provided as supplemental information. Top five portfolio holdings include cash and equivalents. Numbers may not total due to rounding. Please see the Brown Advisory Large-Cap Sustainable Growth compliant presentation on the last page for additional information and a complete list of terms and definitions. Numbers may not total due to rounding. Cash and Equivalents equal 1.5%. The SBA profile for additional holdings is available upon request.

**EQUITY INVESTMENT TEAM**

- KARINA FUNK, CFA  
Portfolio Manager
- DAVID POWELL, CFA  
Portfolio Manager
- EMILY DWYER  
Analyst: Sustainability
- KATHERINE KROLL  
Analyst: Sustainability
- ERIC GORDON, CFA  
Director of Research

- .....
- PRIYANKA AGNIHOTRI, CFA  
Analyst: Financials
- JOHN BOND, CFA  
Analyst: Technology
- LAUREN CAHALAN  
Analyst: Investigative
- JOHN CANNING, CFA  
Analyst: Technology

- ERIN CAWLEY  
Analyst: Risk
- ERIC CHA, CFA  
Analyst: Consumer

- KENNETH COE, CFA  
Analyst: Financials
- DOUG FALK  
Analyst: Investigative
- ROBERT FURLONG, CFA  
Analyst: Business Services

- SHA HUANG  
Analyst: Financials
- THOMAS FITZALAN HOWARD  
Analyst: Generalist

- SANJEEV JOSHI, CFA  
Analyst: Health Care
- MARK KELLY  
Analyst: Health Care

- PATRICK MAHONEY  
Analyst: Consumer
- CAMERON MATHIS  
Analyst: Financials

- DAN MOONEY, CFA  
Analyst: Consumer

- ADI PADVA  
Analyst: Industrials & Basic Materials

- SUNG PARK, CFA  
Analyst: Health Care

- SIMON PATERSON, CFA  
Analyst: Industrials & Basic Materials

- MICHAEL POGGI, CFA  
Analyst: Small-Cap Generalist

- GEORGE SAKELLARIS, CFA  
Associate Portfolio Manager/Portfolio Manager, Small/Mid-Cap Growth  
Analyst: Small-Cap Generalist

- EMILY WACHTMEISTER, CFA  
Analyst: Technology

- RODDY SEYMOUR-WILLIAMS  
Analyst: Generalist

- JAMIE WYATT  
Analyst: Industrials & Basic Materials

- ALEX TREVINO  
Analyst: Consumer

- BERTIE THOMSON  
Portfolio Manager, Global Leaders  
Analyst: Industrials & Consumer

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**KARINA FUNK, CFA**  
Portfolio Manager

Karina joined Brown Advisory in 2009 and has extensive environmentally oriented investment experience spanning early-stage ventures to debt and public equities. She was previously an equity research analyst for Winslow Management Company, a principal at Charles River Ventures and an investment manager at the Massachusetts Renewable Energy Trust.

**DAVID POWELL, CFA**  
Portfolio Manager

David joined Brown Advisory in 1999 as an equity research analyst focused on identifying and recommending investment opportunities in the industrials and energy sectors. Prior to joining, David held a position in investor relations at T. Rowe Price.

# Long-Term Oriented, High-Active-Share Approach

Source: FactSet and eVestment

Duration (Years) Holding period based on portfolio turnover for last 12 months							
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	03/31/2019
<b>Brown Advisory LCSG Rep. Account</b>	4.14	2.52	3.57	2.56	4.01	3.10	<b>4.04</b>
Peer Comparison: eVestment U.S. Large-Cap Growth Equity Universe							
5th Percentile	10.28	9.01	8.94	10.65	15.01	12.62	14.92
25th Percentile	3.55	4.00	3.57	3.86	4.75	4.96	4.86
<b>Median</b>	<b>2.04</b>	<b>2.08</b>	<b>2.04</b>	<b>2.24</b>	<b>2.73</b>	<b>2.79</b>	<b>2.63</b>
75th Percentile	1.32	1.26	1.30	1.36	1.52	1.52	1.33
95th Percentile	0.56	0.66	0.66	0.70	0.85	0.86	0.88
# of Managers in Universe	233	259	271	246	199	214	192
Active Share							
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	03/31/2019
<b>Brown Advisory LCSG Rep. Account</b>	<b>85.35</b>	<b>87.00</b>	<b>84.61</b>	<b>79.06</b>	<b>76.92</b>	<b>76.22</b>	<b>76.56</b>
Peer Comparison: eVestment U.S. Large-Cap Growth Equity Universe							
5th Percentile	88.61	89.80	88.68	87.58	86.62	83.09	84.33
25th Percentile	82.30	83.75	80.88	80.22	78.83	76.95	77.07
<b>Median</b>	<b>76.89</b>	<b>77.62</b>	<b>73.02</b>	<b>72.55</b>	<b>69.41</b>	<b>67.64</b>	<b>68.43</b>
75th Percentile	67.42	69.80	66.46	66.28	61.87	59.56	59.37
95th Percentile	55.79	62.23	55.21	55.47	53.54	47.21	47.93
# of Managers in Universe	97	145	206	188	188	190	180

Example: As of 03/31/2019, a Brown Advisory Large-Cap Sustainable Growth representative account had a longer average holding period and higher active share than the median U.S. large-cap growth equity manager, according to eVestment.

The eVestment U.S. Large-Cap Growth Equity universe classification ("universe") includes U.S. equity strategies that invest primarily in large capitalization stocks with fundamental growth characteristics or products that invest in growth stocks/sectors. The expected benchmarks for this universe would include the Russell 1000<sup>®</sup>, or S&P 500. Managers in this category will typically indicate a "Primary Capitalization Emphasis" equal to Large-Cap and a "Primary Style Emphasis" equal to Growth. The minimum criteria necessary for inclusion in an eVestment Universe are 1) minimum of one year of performance history, and 2) updated portfolio characteristics for the product. All products meeting the criteria are evaluated for inclusion. Managers voluntarily populate performance data into the database for inclusion, and the number of managers in each period consists only of managers that provided that data point and were in the universe for that entire period. For example, the number of managers that provided turnover and active share statistics as of 12/31/2012 differed from 239 to 34, respectively, despite representing the same eVestment U.S. large-cap growth equity universe. Historical manager data for active share, which has become more widely used since 2009, is notably limited prior to 2014.

The analysis is provided as supplemental information. Please see the Brown Advisory Large-Cap Sustainable Growth compliant presentation on the last page for additional information and a complete list of terms and definitions.

## Active Management Provides Risk-Adjusted Results

Source: eVestment, Quarterly, 12/31/2009-03/31/2019

Performance Metrics as of 03/31/2019 for the since-inception period beginning 12/31/2009				
	Sharpe Ratio	Treynor Ratio	Information Ratio	Annualized Alpha
<b>Brown Advisory LCSG Composite (gross)</b>	<b>1.21</b>	<b>18.03</b>	<b>0.60</b>	<b>3.33</b>
Peer Comparison: eVestment U.S. Large-Cap Growth Equity Universe				
<b>Brown Advisory LCSG Peer Rank (%)</b>	<b>Top 2%</b>	<b>Top 2%</b>	<b>Top 2%</b>	<b>Top 2%</b>
5th Percentile	1.10	16.21	0.38	1.95
25th Percentile	0.98	14.41	0.13	0.32
<b>Median</b>	<b>0.91</b>	<b>13.38</b>	<b>-0.11</b>	<b>-0.60</b>
75th Percentile	0.83	12.41	-0.43	-1.49
95th Percentile	0.73	10.68	-0.98	-3.11
# of Managers in Universe	263	263	263	263

Example: As of 03/31/2019, Brown Advisory Large-Cap Sustainable Growth composite (gross of fees) ranked in the top 2% for sharpe ratio, treynor ratio, information ratio and alpha generation, out of 263 U.S. large-cap growth equity managers since its 12/31/2009 inception, according to eVestment.

Source: eVestment. Composite performance characteristics shown are as of 03/31/2019 and are based on the Brown Advisory Large-Cap Sustainable Growth Composite (gross of fees) for its 12/31/2009 since-inception period. It is shown as supplemental information to the Brown Advisory Large-Cap Sustainable Growth compliant presentation on the last page. The composite performance shown above reflects the Brown Advisory Large-Cap Sustainable Growth composite managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Past performance is not indicative of future results.

## Upside Participation, Downside Protection

Source: eVestment, Monthly, 12/31/2009-03/31/2019

Market Capture	3-Year		5-Year		Since Inception (12/31/2009)	
	Up-Market Capture	Down-Market Capture	Up-Market Capture	Down-Market Capture	Up-Market Capture	Down-Market Capture
<b>Brown Advisory LCSG Composite (gross)</b>	<b>101.27</b>	<b>75.81</b>	<b>100.36</b>	<b>82.13</b>	<b>101.06</b>	<b>87.88</b>
Peer Comparison: eVestment U.S. Large-Cap Growth Equity Universe						
<b>Brown Advisory LCSG Peer Rank (%)</b>	<b>36%</b>	<b>Top 4%</b>	<b>35%</b>	<b>Top 4%</b>	<b>40%</b>	<b>Top 7%</b>
5th Percentile	120.80	77.24	113.20	83.27	116.42	84.91
25th Percentile	105.46	89.14	103.44	94.02	105.38	97.16
<b>Median</b>	<b>97.24</b>	<b>96.81</b>	<b>95.79</b>	<b>99.64</b>	<b>100.09</b>	<b>103.39</b>
75th Percentile	89.43	102.41	89.31	105.79	94.51	108.54
95th Percentile	73.70	110.54	76.76	115.37	83.02	116.34
# of Managers in Universe	302	302	294	294	252	252

Example: As of 03/31/2019, Brown Advisory Large-Cap Sustainable Growth composite (gross of fees) provided meaningful downside protection since its 12/31/2009 inception and ranked in the top 7% of 252 U.S. large-cap growth equity managers for the period, according to eVestment. Conversely, the Brown Advisory Large-Cap Sustainable Growth composite (gross of fees) has provided 101.1% up-market capture for the same period and ranks 40% in the same universe, according to eVestment.

Source: eVestment. Composite performance characteristics shown are as of 03/31/2019 and are based on the Brown Advisory Large-Cap Sustainable Growth Composite (gross of fees) for its 3-and 5-year, and 12/31/2009 since-inception periods. Note that a negative down-market capture ratio means that the strategy's returns were positive when the Index returns were negative for that specified period. It is shown as supplemental information to the Brown Advisory Large-Cap Sustainable Growth compliant presentation on the last page. Past performance is not indicative of future results.

## About Brown Advisory

Brown Advisory is a leading independent investment firm that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. Our mission is to make a material and positive difference in the lives of our clients by providing them first-rate investment performance, customized strategic advice and the highest level of personalized service.

We follow a philosophy that low-turnover, concentrated portfolios derived from sound bottom-up fundamental research provide an opportunity for attractive performance results over time. We have a culture and firm equity ownership structure that help us attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

### HEAD OF U.S. INSTITUTIONAL SALES & SERVICE

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## Brown Advisory U.S. Large-Cap Sustainable Growth

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)
2017	29.1	28.4	30.2	10.6	10.5	32	0.2	762	33,155
2016	6.6	6.0	7.1	11.5	11.2	32	0.1	503	30,417
2015	13.7	13.1	5.7	11.1	10.7	23	0.3	405	43,746
2014	7.1	6.5	13.1	9.9	9.6	25	0.1	303	44,772
2013	34.5	33.7	33.5	12.1	15.5	24	0.2	288	40,739
2012	16.5	15.9	15.3	15.7	15.7	22	0.3	211	26,794
2011	5.4	5.0	2.6	NA	NA	21	0.3	37	19,962

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, 2017. 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.
- The Large-Cap Sustainable Growth Composite includes all discretionary portfolios invested in the Sustainable Large Cap Strategy. The strategy invests primarily in large market capitalization companies with financially and environmentally sustainable business models. The minimum account market value required for composite inclusion is \$1.5 million. Prior to 2012, the minimum was \$100,000.
- This composite was created in 2010. Prior to 3/31/13, the strategy was named Large-Cap Sustainability. Prior to 12/31/2011 the strategy was named Winslow Green Large Cap. No changes have been made to the strategy since inception.
- 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 new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 1000® Growth Index and Russell® are trademarks/service marks 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.
- The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns. 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 \$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. The 3 year annualized standard deviation is not presented as of December 31, 2010 and December 31, 2011 because 36 monthly returns for the composite were not available (NA).
- 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 does not indicate 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.

### Terms and Definitions for Representative Account Calculations

FactSet® is a registered trademark of FactSet Research Systems, Inc. **Market Capitalization** refers to the aggregate value of a company's publicly traded stock. **Weighted Average Market Cap** refers to the average of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greater influence on the calculation). **Enterprise Value/Free Cash Flow (EV/FCF)** is the enterprise value of a company (defined as market value plus debt minus cash and minority interests) divided by its free cash flow (defined as operating cash flow minus net capital expenditure). EV/FCF calculations presented use FY2 earnings estimates; FY1 estimates refer to the next unreported fiscal year, and FY2 estimates refer to the fiscal year following FY1. **Dividend Yield** is the ratio of a stock's projected annual dividend payment per share for the fiscal year currently in progress, divided by the stock's price. All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio holdings, except for P/E ratios, which are expressed as a weighted harmonic average. **Portfolio Turnover** is the ratio of the lesser of the portfolio's aggregate purchases or sales during a given period, divided by the average value of the portfolio during the period, shown on page one for the three-year period, calculated on a monthly basis. **Duration** is calculated as one over the portfolio turnover rate for the last 12 months, which shows on average the time in years that a manager holds a typical investment in the portfolio. **Active Share** is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two. **Sharpe Ratio** is defined as average return earned in excess of the risk-free rate (Citigroup 3-Month T-Bill) per unit of volatility or total risk. **Treynor Ratio** is a measurement of the returns earned in excess of that which could have been earned on an investment that has no diversifiable risk per each unit of market risk assumed. **Information Ratio** is the measure of the risk-adjusted return of a portfolio defined as expected active return divided by tracking error, where active return is the difference between the return of the portfolio and the return of a selected benchmark index, and tracking error is the standard deviation of the active return. **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 index. **Upside Capture** is defined as how well a portfolio performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** is defined as how well a portfolio performs in time periods where the benchmark's returns are less than zero. The upside/downside capture ratio is based on the Brown Advisory Large-Cap Sustainable Growth Composite returns (gross of fees) and the Russell 1000® Growth Index returns for its since-inception period. It is provided as supplemental information to the Large-Cap Sustainable Growth composite above. Past performance is not indicative of future results. 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.