

Large-Cap Sustainable Growth

SUSTAINABLE BUSINESS ADVANTAGE (SBA) PROFILE MATRIX

Fourth Quarter 2019

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 (SBA), 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 12/31/2019)

| COMPANY | IMPACT THEME | SBA PROFILE |
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| Adobe, Inc. | Sustainable Technology Innovation | An unparalleled leader in digital content creation (>50 billion documents a year) with a 20-year history of helping companies reduce resource usages. They estimate that their document cloud leads to 90%+ cost savings from a lower environmental footprint per document vs. printing. |
| Alphabet, Inc. | Efficient Production and Conservation | Alphabet's sustainability efforts go far beyond their internal environmental efforts. Its custom-designed data centers are meaningfully more energy-efficient than the industry average; energy costs have become an ever-larger percentage of data center budgets. They have operated as carbon-neutral since 2007, and in 2017, achieved 100% renewable energy for its operations. |
| Amazon.com, Inc. | Efficient Production and Conservation | 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. |
| 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. Their work reducing carriers' dependence on highly inefficient generators has earned them a strong reputation in international markets and helped them gain market share. |
| Analog Devices, Inc. | Sustainable Technology Innovation | Analog Devices is a global high-performance analog technology company; energy efficiency has increased the adoption of analog chips which has helped make numerous applications smarter, safer, more accurate and more efficient. Analog Devices offers solutions in clean energy production, vehicle electrification, environmental control systems, health care analyzers and diagnostics, and wireless connectivity. This efficiency mindset extends to the company's internal operations, where it is able to promote cost improvements through implementing strategic water conservation, waste and chemical minimization initiatives. |
| Aptiv PLC | Sustainable Technology Innovation | They possess a leadership position in offering safe, green, and connected solutions to vehicle manufacturers that satisfy tighter safety, emissions and fuel economy regulations. Aptiv is positioned at the heart of the secular growth in active safety technology, which helps to prevent vehicle collisions. Adopting Lean principles into its operations, they have reduced waste, energy and water. |
| Aspen Technology, Inc. | Sustainable Technology Innovation | This supplier of software solutions enables clients to optimize asset design, operations and maintenance in complex industrial environments. In turn, this helps clients reduce their energy consumption, improve safety and realize operational efficiencies. Companies are increasingly relying on Aspen Technology's software applications to help them navigate environmental and safety regulations affecting complex industrial manufacturing processes. |
| Autodesk Inc. | Sustainable Technology Innovation | The world's largest design software company that enables customers to design, visualize and simulate buildings and products in a more energy- and resource-efficient manner. Their Building Information Modeling solutions help design sustainable buildings and infrastructure by more accurately predicting building performance, reducing construction waste and improving construction productivity. Their Product Design and Manufacturing software helps customers reduce product material use, improve product energy-efficiency and manage factory processes. |

| COMPANY | IMPACT THEME | SBA PROFILE |
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| Ball Corporation | Efficient Production and Conservation | A global supplier and innovator of metal packaging to the beverage, food, personal care and household product industries. Given the superior sustainability features of metal (i.e. lighter weight, indefinite recyclability) aluminum cans have taken share at the expense of glass in North America, South America and Europe over the past 10 years. Ball formalized its own internal sustainability initiative in 2006 and has a strong record of achievement in energy reduction and minimizing waste. |
| Bio-Rad, Inc. | Health & Wellness | While Bio-Rad represents a very small part of healthcare spending, its products play a role in 70% of medical decisions, contributing to early detection of diseases, notably oncology, and early treatment that can save lives, improve healthcare costs, and combat/eradicate disease. The company also provides products used in food and water safety testing to detect food and water borne illness, and offers the largest menu of quality control products to improve laboratory performance in immunology, hematology, and chemistry. |
| Danaher Corp. | Clean Water and Sanitation | 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. |
| Ecolab, Inc. | Sustainable Technology Innovation | This provider of cleaning, food safety and health protection products for the food, energy, healthcare, industrial and hospitality markets helps its customers cut energy and materials costs, improve efficiency, responsibly manage water use and boost bottom line results. For example, Ecolab has helped companies avoid 2.4 billion pounds of greenhouse gas emissions, eliminate 54 million pounds of waste, and conserve over 188 billion gallons of water, equivalent to the annual drinking needs of 650 million people. |
| Edward Lifesciences Corp. | Health and Wellness | A developer and manufacturer of technologies that treat structural heart disease. The company's Transcatheter Aortic 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 provides patients with a significantly higher quality of life post-surgery. |
| Etsy, Inc. | Economic Mobility and Community Development | Etsy, Inc. is an online marketplace specializing in unique, handmade and vintage items with a longstanding mission to create positive economic, social and ecological impact. The company's brand, which is built around its products, values and corporate culture, has led to strong buyer and seller loyalty. 90% of Etsy's customers say sustainability is important to them, and Etsy mirrors its customers' values by implementing industry-leading sustainable operations. These include becoming the first global e-commerce company to offset 100% of its carbon emissions from shipping; the first company to fully integrate ESG reporting metrics alongside financial metrics into its 10-K; and transitioning to more flexible cloud-based infrastructure which reduces energy consumption. |
| Fortive Corp. | Efficient Production and Conservation | This Danaher spin-off focuses on instrumentation, transportation, and automation technologies. Their 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. |
| The Home Depot, Inc. | Efficient Production and Conservation | 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 their product mix. They are also implementing systems to improve logistics efficiency, which has resulted in reduced truckloads and significant cost savings. |
| IDEXX Laboratories, Inc. | Clean Water and Sanitation | 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 microbes. They also sell diagnostic tests used to manage livestock and poultry health, which helps ensure milk and food quality and safety. Their principle dairy product detects antibiotic residue in milk. |
| Illumina, Inc. | Health and Wellness | A developer, manufacturer and marketer of life science tools and integrated systems for large-scale analysis of genetic variation and function. Illumina's tools advance disease research, drug development and the creation of molecular diagnostic tests. The increased emphasis on preventative molecular medicine may help advance a new era of precision health care that could help reduce the industry's inefficiencies and waste. |
| Intuit, Inc. | Efficient Production and Conservation | As a provider of personal and small business financial management software, Intuit offers numerous ways for clients to reduce waste through electronic tax, online payroll, and email invoice software. A carbon-neutral company since 2015, Intuit was an early transitioner to cloud computing (AWS) for their IT infrastructure and they will seek to migrate fully to AWS in coming years. Additionally, the company recently reached its sustainability goals three times quicker than it initially projected. |
| Marriott International, Inc. | Efficient Production and Conservation | This global lodging company has made sustainability a business priority. Environmentally sustainable operations help properties realize operational efficiencies and costs savings and enhance the company's brand recognition. Marriott has a long history incorporating sustainability into its operations—it was the first major hotel chain to calculate their carbon footprint and began implementing energy efficiency and water conservation efforts in 2007. |
| 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. |

| COMPANY | IMPACT THEME | SBA PROFILE |
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| Microsoft Corporation | Sustainable Technology Innovation | 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. |
| Monolithic Power Systems, Inc. | Sustainable Technology Innovation | This specialist in high-performance analog and mixed-signal integrated circuits combines drivers, logic and power on one piece of silicon versus using three separate semiconductor technologies. As a result, they deliver differentiated products that offer energy-efficient, cost-effective and easy-to-use solutions for industrial, cloud computing and automotive applications. |
| Nike, Inc. | Efficient Production and Conservation | Nike's lean manufacturing and sustainability-focused product innovations lowers the cost of doing business and increases the bottom line: for example, the company's Flyknit technology, an innovative manufacturing technique where yarns and fabric variations are precisely engineered to create lightweight uppers in footwear, has added \$2B in revenue to date while using less material and creating almost no waste. Additionally, the company set the standard for supply-chain disclosure by being a first to release a complete list of its suppliers' names and locations, forcing the rest of the industry to follow suit. |
| Nordson Corporation | Sustainable Technology Innovation | A manufacturer of precision technology solutions focused on efficient material dispensing for adhesives and industrial coatings, and advanced technology systems including precision tools used for manufacturing solar cells, LEDs and water treatment applications. Their dispensing products help improve their customers' manufacturing productivity and yield, drive more efficient input consumption and enhance the overall quality and durability of the end product. |
| Salesforce.com, Inc. | Efficient Production and Conservation | A premier customer relationship management (CRM) software company and a globally recognized pioneer in the field of cloud computing. They achieved net-zero greenhouse gas emissions and provides a carbon-neutral cloud for all customers. |
| The TJX Companies, Inc. | Efficient Production and Conservation | This leading off-price retailer of apparel and home products has consistently implemented industry-leading energy reduction and waste minimization practices at its facilities. TJX has also shifted to using fuel-efficient intermodal transport and through its logistics efficiency efforts, has been able to significantly reduce the amount of total shipments. |
| Thermo Fisher Scientific, Inc. | Health and Wellness | A leader in producing emissions monitoring, radiation detection, and water quality testing equipment, they provide supply chain strategy services to help biopharma clients comply with regulations, produce products safely, and operate more efficiently. |
| Tyler Technologies, Inc. | Economic Mobility and Community Development | This public-sector software company enables efficiency in local government functions for handling information and data, operations, and responding to constituents. We identify strong SBA particularly in Tyler's e-filing business—by converting paper-centric tasks and documents to electronic form, Tyler helps reduce a jurisdiction's reliance on paper, automate manual processes, and thereby respond more effectively to constituents. |
| Unilever NV | Sustainable Agriculture and Natural Resource Management | This multinational consumer goods company's Sustainable Living Brands have delivered top-line results that are growing faster than the rest of the business and account for over half of the company's growth. It has been successful in embedding sustainability into its supply chain practices and company culture, improving efficiency, responsibly managing water use and reducing supply chain risks. |
| UnitedHealth Group, Inc. | Health and Wellness | Provides health care coverage, software, and data consultancy services. Their 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 | A provider of climate and environmental-risk data to the insurance and reinsurance industries. Once a small provider of data to the government, climate-data is now a thriving business for Verisk fueled by strong demand from insurers around the world. |
| Visa, Inc. | Economic Mobility and Community Development | 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. |
| West Pharmaceutical Services, Inc. | Health and Wellness | A manufacturer of packaging components and delivery systems for injectable drugs and healthcare products, West's products and services promote the safety, purity, efficacy, and consistent delivery of the world's pharmaceutical drug supply. Their high-quality products are designed to reduce particulates and defects, which can lead to wasteful product recalls. |

DESCRIPTIONS OF IMPACT THEMES

Economic Development and Social Inclusion

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| 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. |

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.

Health and Well-Being

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| 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

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| 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. |

SUSTAINABLE DEVELOPMENT GOALS



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