

# Large-Cap Sustainable Value

## STRATEGY FACT SHEET

Fourth Quarter 2023

### WHY INVEST IN BROWN ADVISORY LARGE-CAP SUSTAINABLE VALUE?

**The strategy seeks to achieve competitive risk-adjusted returns over a full market cycle while providing a margin of safety over time by investing in a concentrated portfolio of companies that we believe have proven durable fundamental strengths, exhibit capital discipline, attractive valuation and a Sustainable Cash Flow Advantage (SCFA).**

Portfolio Manager, Michael Poggi, seeks strategy differentiation through a targeted research-intensive approach that is focused on uncovering what we believe to be attractive investments that meet our sustainability-related and “value” criteria.

**Our managers and investment team have extensive large-cap, value, and sustainable investing backgrounds that support our unique research-intensive approach.** We believe integrating fundamental and sustainable investment research adds an informational edge that helps us identify high quality investments with Sustainable Cash Flow Advantages versus their competitors.

Portfolio Manager: Michael Poggi, CFA  
Benchmark: Russell 1000® Value Index

### PERFORMANCE (% AS OF 12/31/2023)

	1 MOS.	QTD	1 YR.	ITD (09/30/2022)
Large-Cap Sustainable Value Composite (Gross of Fees)	6.12	10.21	16.09	22.29
Large-Cap Sustainable Value Composite (Net of Fees)	6.07	10.05	15.40	21.56
Russell 1000® Value Index	5.54	9.50	11.46	19.78

### TOP 10 PORTFOLIO HOLDINGS (%)

Ferguson Plc	4.8
T-Mobile US, Inc.	4.0
CRH public limited company	3.9
Comcast Corporation Class A	3.9
Constellation Energy Corporation	3.8
Fidelity National Information Services, Inc.	3.7
Bank of America Corp	3.5
Unilever PLC Sponsored ADR	3.5
Wyndham Hotels & Resorts, Inc.	3.2
Schlumberger N.V.	3.1

### SECTOR BREAKDOWN (%)

	REP. ACCT.	INDEX
Communication Services	11.5	4.7
Consumer Discretionary	7.0	5.2
Consumer Staples	5.5	7.9
Energy	6.1	7.8
Financials	17.3	21.8
Health Care	16.1	14.6
Industrials	14.2	13.9
Information Technology	12.6	9.5
Materials	4.0	4.9
Real Estate	1.8	5.0
Utilities	3.9	4.8

### STRATEGY PROFILE AS OF 12/31/2023

#### BENCHMARK

Russell 1000® Value Index

#### VEHICLES AVAILABLE

Separately Managed Account (SMA)  
Mutual Fund

### CHARACTERISTICS AS OF 12/31/2023

	REP. ACCT.	RUSSELL 1000® VALUE INDEX
Weighted Avg. Market Cap.	\$111.8B	\$139.0B
Weighted Median Market Cap.	\$50.4B	\$74.1B
Earnings Growth (3-5 Yr. Est.)	3.0%	8.3%
P/E Ratio (FY2 Est.)	14.0x	14.8x
Portfolio Turnover (YTD)	13.1%	--

### PORTFOLIO MANAGER PROFILES

#### MICHAEL W. POGGI, CFA

Michael Poggi, is the portfolio manager for the Brown Advisory Large-Cap Sustainable Value strategy. He joined Brown Advisory in 2003 as an equity research analyst and has covered multiple sectors with a primary focus on small and mid-capitalization value companies. For the past 13 years, Mike has also been dedicated to the Small-Cap Fundamental Value strategy as an associate portfolio manager while covering the industrial, material and energy sectors.

Source: FactSet®. The portfolio information provided is based on a representative Brown Advisory Large-Cap Sustainable Value account as of 12/31/2023 and is provided as Supplemental Information. 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. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Sector breakdown and portfolio characteristics exclude cash and equivalents; top 10 portfolio holdings include cash and equivalents which was 4.2% as of 12/31/2023 and is provided as Supplemental Information. Returns greater than one year are annualized. Past performance is not indicative of future results. Numbers may not total due to rounding. Please see the Brown Advisory Large-Cap Sustainable Value Composite GIPS Report on the reverse side for additional information and a complete list of terms and definitions. The composite performance shown above reflects the Brown Advisory Large-Cap Sustainable Value Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a division of Brown Advisory LLC, and Brown Advisory Institutional is a GIPS compliant firm. Sustainable Investing 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. Sustainable Investing analysis may not be performed for every holding in the strategy.

# 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. We are committed to delivering a combination of first-class 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.

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# Brown Advisory Large-Cap Fundamental Value

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)*
2022**	10.8	10.6	N/A	N/A	N/A	Fiver or fewer	N/A	11	58,575

\*\*Return is for period October 1, 2022 through December 31, 2022.

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, 2022. The Verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

- \*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 Value Composite (the Composite) includes all discretionary portfolios invested in the Large-Cap Sustainable Value strategy. The Large-Cap Sustainable Value strategy aims to invest in the equity securities of high-quality large-sized companies that have attractive and durable free cash flow yields, favorable capital structures, strong capital discipline, and which are listed or traded on the U.S. markets and exchanges. The minimum market value required for Composite inclusion is \$1.5 million.
- Sustainable investment 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. Sustainable investment analysis may not be performed for every holding in the strategy. Sustainable investment considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The Large-Cap Sustainable Value Strategy ("Strategy") seeks to identify companies that it believes may be desirable based on our analysis of sustainable investment related risks and opportunities, but investors may differ in their views. 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 excluded from other strategies that focus on sustainable investment risks. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The Strategy incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone.
- The Composite creation date is November 30, 2022. The Composite inception date is October 1, 2022.
- The benchmark is the Russell 1000® Value Index. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected and historical growth rates. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 1000® Value 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.
- Composite dispersion is an equal-weighted standard deviation of portfolio gross 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.
- 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-fees performance returns are calculated by adjusting the gross-of-fees performance return by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis. Certain accounts in the Composite may pay asset-based custody fees that include commissions. For these accounts, gross returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.60% on the first \$25 million; 0.50% on the next \$25 million; and 0.40% on the next \$50 million. Further information regarding investment advisory fees is described in Part 2A of the firm's Form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
- Effective July 1, 2023, the firm transitioned from using actual account fees in the calculation of net performance returns to applying the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV. The net performance track record was revised back to Composite inception.
- 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, 2022 because 36 month returns for the Composite were not available (N/A).
- 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 and broad distribution and limited distribution pooled funds is available upon request.
- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
- Past performance is not indicative of future results.
- This is not an offer to sell securities. That may only be accomplished by the issuance of a private offering memorandum/subsription documents.
- 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

All financial statistics and ratios are calculated using information from FactSet as of the report date unless otherwise noted. FactSet® is a registered trademark of FactSet Research Systems, Inc. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)", "GICS" and "GICS Direct" are service marks of Standard & Poor's and MSCI. "GICS" is a trademark of MSCI and Standard & Poor's. **Market Capitalization** refers to the aggregate value of a company's publicly-traded stock. **Weighted Average**: equals 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). **Weighted Median**: the value at which half the portfolio's market capitalization weight falls above and half falls below. **Earnings Growth 3-5 Year Estimate** is the average predicted annual earnings growth over the next three to five years based on estimates provided to Factset by various outside brokers, calculated according to each broker's methodology. **Price-Earnings Ratio (P/E Ratio)** is the ratio of the share of a company's stock compared to its per-share earnings. P/E 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. **Portfolio Turnover (3 yr. avg.)** 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 that period, calculated on a monthly basis. All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio holding; EXCEPT for P/E ratios which are expressed as a weighted harmonic average.