

Latin American Equity Strategy

Strategy Overview

Second Quarter 2019

WHAT WE DO

- Invest in 30-50 high quality privately-controlled domestic growth companies
- Focus on 6 countries with long-term political/economic momentum
- Not benchmarked to an index
- Minimise turnover

WHY LATIN AMERICA

- Long term*, a structural transformation of policy and institutions is in process in several countries, driving:
 - an emerging middle class
 - development of asset markets and financial deepening

WHY LATIN AMERICA SHOULD BE PART OF EM EXPOSURE

- We invest in 6 countries which represent 10% of the world's population and 8% of the world's GDP (equal to Japan and two times that of India)*
- These countries' GDP growth rates have outpaced most developed economies
- Diversification is key to avoid Emerging Market exposure being heavily dominated by China

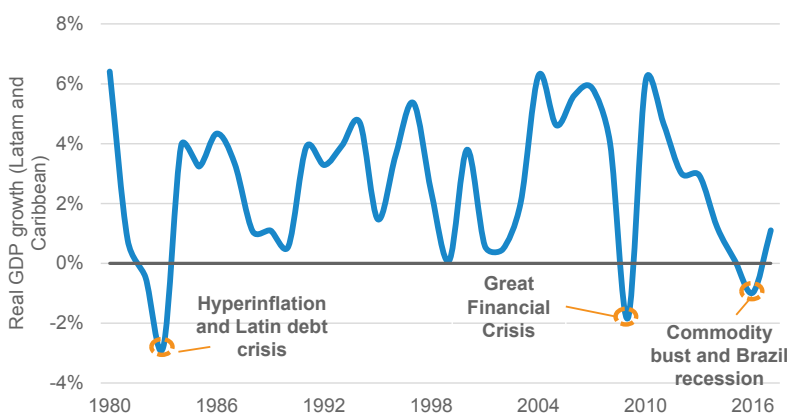
WHY NOW

- Valuations of high quality stocks are relatively inexpensive
- Currencies are relatively inexpensive
- The cycle is turning and economies are accelerating out of a downturn
- 97% of our AUM is in countries with pro-business governments

*GDP and population source: SoftBank Group Press Release, as of 7th March, 2019.
https://group.softbank/en/corp/news/press/sb/2019/20190307_02/.

ECONOMIES ARE ACCELERATING OUT OF A DOWNTURN

Latin American GDP Growth
1980 to 2017



Source: World Economic Outlook Database, April 2017, International Monetary Fund

CURRENCIES ARE RELATIVELY INEXPENSIVE

Average inflation-adjusted exchange rate vs. USD
(2000 = 100)
30th June 1999 to 30th June 2019



Source: Bloomberg. Currencies rebased using year 2000 numbers.

STRATEGY PROFILE

STRUCTURE

UCITS Fund
Separate Account

STRATEGY INCEPTION DATE

October 10, 2006

STRATEGY AUM

\$449 million

TYPICAL PORTFOLIO HOLDINGS

30 – 50

TOP 10 HOLDINGS

Typically ~50%

BASE CURRENCY

USD

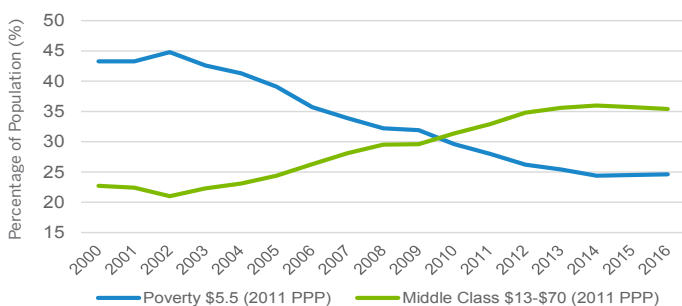
INDEX RETURNS 1990-2019 (USD)

	TOTAL RETURN	ANNUAL RETURN	2019 P/E
MSCI Emerging Markets Latin American Index	2390%	11.9%	13.6x
S&P 500 Index	1503%	10.2%	18.1x
MSCI Emerging Markets Index	966%	8.7%	13.0x
MSCI India*	733%	8.3%	18.5x
MSCI China*	48%	1.5%	12.1x

Source: Bloomberg. Data as of June 30, 2019. *Data from December 31, 1992 through June 30, 2019. Please see the end of the presentation for important disclosures.

STRUCTURAL TRANSFORMATION

Better Demographics: Middle class growth is transforming Latin America 2000 to 2016



Source: The World Bank, LAC Equity Lab: Poverty – Poverty Rate. Data from 2000–2016 updated and published in April 2018. Please see the back page for methodology and exclusions.

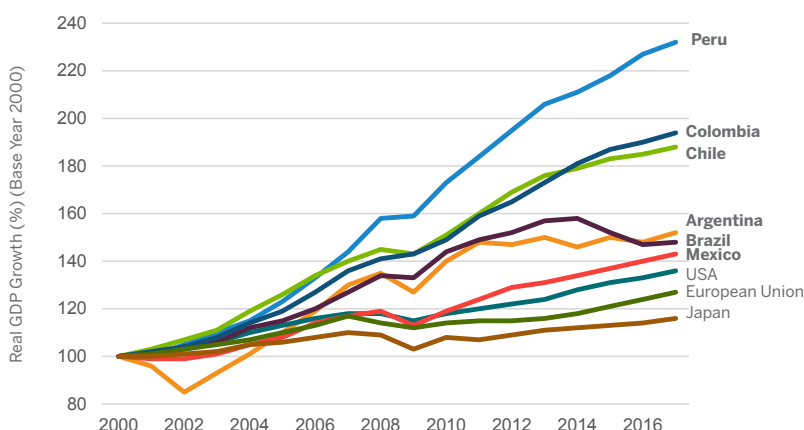
Industry Underpenetration: The Biggest Opportunity

- Brazil's shopping mall industry could be **6x larger** if mall area per capita equaled South Africa's, and **31x larger** if it equalled the USA's.
- Peru's pharmacy industry would be **4x larger** if pharma spending per capita equaled Chile's.

Brazil Data Source: BRMalls Institutional Presentation, 1st Quarter 2018 Brazilian Mall Industry Offers Potential for Growth and Expansion.

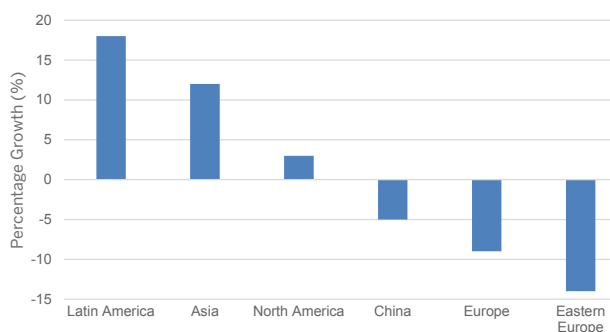
Peru Data Source: InRetail Peru Corp Presentation, 1Q 2018.

GDP Growth 2000-2017



Source: Bloomberg. Data as of December 31, 2017.

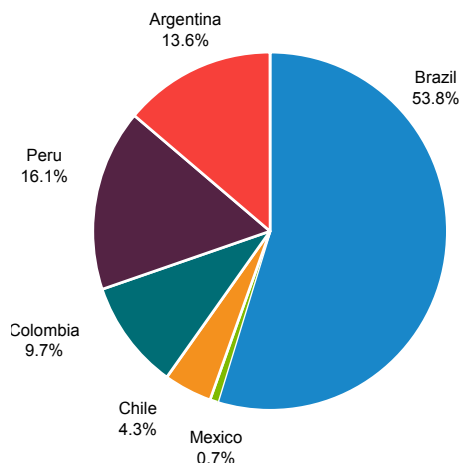
Working Age Population Growth, 2015-2030



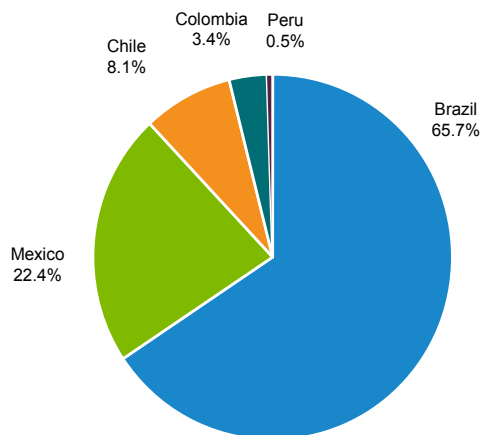
Source: From File PPP/POP2064: Probabilistic projection of population age 20-64 (both sexes combined) by region, subregion, country or area, 2015-2100 (thousands), Median (50 percent) prediction interval, 2015 - 2100, by Population Division Department of Economic and Social Affairs, © 2017 United Nations. Used with the permission of the United Nations. Data published August 31, 2017. Working age population growth is for males and females aged 20-64.

THE BENEFITS OF NOT INDEXING LATAM

Brown Advisory Latin American Representative Account As of 06/30/2019



FTSE Latin America Index As of 06/30/2019



Better country diversification

- Latin American indices are typically concentrated in two countries (Brazil and Mexico).

Better corporate governance

- We seek to avoid state-controlled companies, focusing on private companies with aligned managers.

Focus on domestic growth exposure

- Focus on emerging market middle class consumer growth. We seek to avoid commodities and capital intensive/low-growth stocks.

Potentially higher total returns over time with similar or lower volatility.

The portfolio information provided is based on a representative Latin American Equity account and is provided as supplemental information. Brown Advisory Latin American Equity representative account geographic breakdown is by country of risk and includes cash. Data as of 06/30/2019. FTSE Latin America Index geographic breakdown provided for illustrative purposes only, not used as a benchmark. FTSE data as of 06/30/2019. Source: FactSet. Percentages may not equal 100% due to rounding.

PORTFOLIO CHARACTERISTICS

Representative Latin American Equity Account

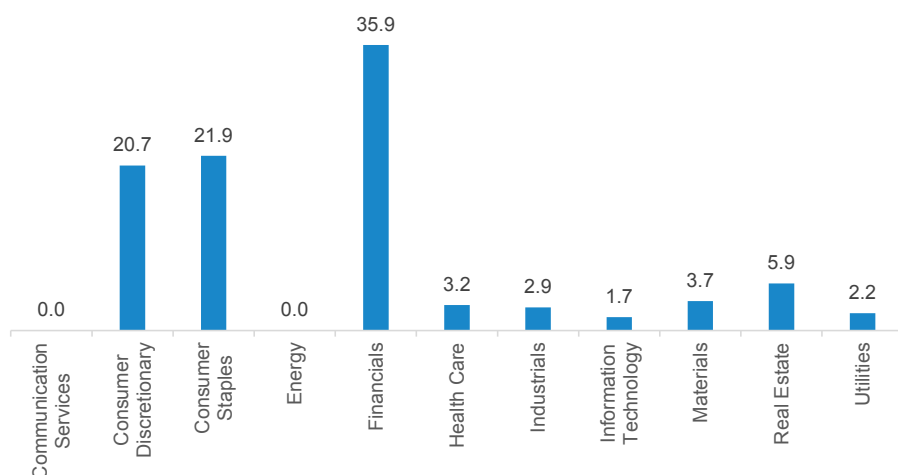
Composite Performance (% Net of Fees)

as of 06/30/2019

SECURITY	QTD	1 YR	3 YR	5 YR	10 YR	ITD
Brown Advisory Latin American Equity Composite (gross of fees)	6.31	10.76	5.76	-4.34	6.69	5.52
Brown Advisory Latin American Equity Composite (net of fees)	5.92	9.13	4.16	-5.80	5.07	3.91
MSCI EM Latin America - Net Return	4.44	18.45	10.79	-0.75	2.34	3.33

Sector Breakdown (%)

as of 06/30/2019



Top 10 Equity Holdings

as of 06/30/2019

SECURITY	%
Itau Unibanco Holding S.A. Sponsored ADR Pfd	7.5
InRetail Peru Corp.	6.0
Grupo Nutresa S.A.	6.0
B3 SA - Brasil, Bolsa, Balcao	5.6
Bolsas y Mercados Argentinos SA	5.1
Credicorp Ltd.	4.4
Alicorp SA	4.4
Iguatemi Empresa de Shopping Centers S.A	4.1
Grupo Financiero Galicia SA Sponsored ADR Class B	3.9
Ambev SA Sponsored ADR	3.8
Total	50.8

Characteristics as of 06/30/2019

EPS CAGR (adjusted current portfolio since inception)	12%
2020 P/E Ratio (adjusted weighted harmonic average)	13.8x
ROE (adjusted)	26%
Net Debt/EBITDA (non-financials)	1.2x
Assets/Equity (financials)	9.7x
Turnover (5 Yr Average)	33%

Past performance is not indicative of future results and you may not get back the amount invested.

Source: FactSet. Characteristics source: Bloomberg, Broker estimates and Brown Advisory. Data as of June 30, 2019. All returns greater than one year are annualized. The composite performance reflects the Latin American Equity 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 Latin American Equity disclosure statement at the end of this document for a GIPS-compliant presentation. Top 10 holdings include cash and cash equivalents. Sector breakdown includes cash and cash equivalents. Cash and cash equivalents equal 1.9% as of 06/30/2019. Sectors are based on GICS classification system. Numbers may not total 100% due to rounding. Characteristics exclude cash and cash equivalents. The unadjusted EPS CAGR is 12%. The EPS CAGR figure is the weighted average of local currency compound annual growth rates from fund inception (2006) to 2017 for the portfolio as of June 30, 2019. The unadjusted ROE is 11%. Please see the back page for methodology and exclusions. Portfolio information is based on a representative Latin American Equity account and is provided as supplemental information. Please see statements on the back page for additional information and a complete list of terms and definitions.

Portfolio Managers



RUPERT BRANDT, CFA

Rupert is a portfolio manager of the Latin American strategy and is based in the firm's London office. He joined Brown Advisory in April 2018 from Findlay Park Partners where he was the portfolio manager of the Findlay Park Latin American Fund which merged into the Brown Advisory Latin American Fund on 30th April 2018. Prior to joining Findlay Park Partners in 2006, he worked at Foreign and Colonial from 1994 where he specialized in U.S. smaller companies before switching to Latin American markets in 1998.



PETER CAWSTON

Peter is a portfolio manager of the Latin American strategy and is based in the firm's London office. He joined Brown Advisory in April 2018 from Findlay Park Partners where he was the portfolio manager of the Findlay Park Latin American Fund which merged into the Brown Advisory Latin American Fund on 30th April 2018. Peter joined Findlay Park in 2008 supporting the broader investment team and later transitioning to work directly with Rupert Brandt on the Latin American strategy. Prior to this, Peter worked at Baillie Gifford from 2001 to 2008 where he trained on the Emerging Markets, U.K. small cap, and North American equity teams and was subsequently a fund manager on the North American equity team for four years.

HEAD OF U.S. INSTITUTIONAL SALES & SERVICE

Nicole Nesbitt
nnesbitt@brownadvisory.com
 (443) 895-4822

FINANCIAL INTERMEDIARIES

Matt Pedicino
mpedicino@brownadvisory.com
 (443) 873-5252

U.S. INSTITUTIONAL BUSINESS DEVELOPMENT & CONSULTANT RELATIONS

Christopher "Topher" Fearey
cfearey@brownadvisory.com
 (410) 537-5549

LATIN AMERICA 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 Assets (\$USD Millions)*	GIPS Firm Assets (\$USD Millions)*
2018	-15.4	-16.7	-6.6	21.9	23.9	Five or fewer	305	30,529
2017	27.6	25.7	23.7	23.2	24.2	Five or fewer	495	33,155
2016	25.1	23.2	31.0	25.2	26.4	Five or fewer	441	30,417
2015	-34.0	-35.1	-31.0	21.0	20.9	Five or fewer	364	43,746
2014	-5.9	-7.4	-12.3	20.4	20.7	Five or fewer	684	44,772
2013	-5.4	-6.9	-13.4	22.6	22.1	Five or fewer	1,063	40,739
2012	35.9	33.8	8.7	23.0	24.1	Five or fewer	1,309	26,794
2011	-22.2	-23.4	-19.4	27.4	27.8	Five or fewer	855	19,962
2010	37.7	35.6	14.7	36.3	34.9	Five or fewer	1,572	16,859
2009	149.9	146.3	103.8	36.2	34.6	Five or fewer	933	11,058
2008	-55.5	-56.2	-51.4	N/A	N/A	Five or fewer	215	8,547
2007	20.01	18.2	50.4	N/A	N/A	Five or fewer	715	7,385

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 Latin America Composite is composed of all discretionary portfolios with the investment objective to achieve capital growth by investing in a concentrated portfolio of high-quality Latin American growth companies. The strategy seeks high absolute returns over the long term and minimizes the level of long-term risk by choosing well-capitalized, high-quality investments at reasonable valuations. The minimum account market value required for composite inclusion is \$10 million.
- The Composite creation date is 8/31/2018. The Composite inception date is 10/10/2006.
- The benchmark is the MSCI Emerging Markets Latin America Index. The MSCI Emerging Markets (EM) Latin America Index captures large and mid cap representation across 5 Emerging Markets (EM) countries in Latin America, which include: Brazil, Chile, Colombia, Mexico, and Peru. With 109 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Benchmark returns are not covered by the report of the independent verifiers. All MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries. An investor cannot invest directly into an index.
- Composite dispersion is an equal-weighted standard deviation of portfolio returns calculated for the accounts in the composite for the entire calendar year period. The composite dispersion is not currently presented because there is not five or more accounts in the composite for the entirety of the reported periods.
- 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. The fee schedule is as follows: 1.25% for accounts up to \$20,000,000, 1.00% for accounts over \$20,000,000, with a minimum account size of \$10,000,000. 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.
- Periods shown prior to April 30, 2018 represent the performance record of the portfolio management team while affiliated with a prior firm. The presentation conforms to the GIPS guidelines regarding the portability of investment results.

Past performance is not a guarantee of future performance and you may not get back the amount invested.

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. 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. 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. Bloomberg is a trademark and service mark of Bloomberg Finance L.P., a Delaware limited partnership, or its subsidiaries. Any other trademarks or service marks are property of their respective owners. An investor cannot invest directly into an index.

Disclosures and Methodology

Unadjusted ROE: 11%. Adjusted ROE: 26%

Unadjusted EPS CAGR: 12%. Adjusted EPS CAGR: 12%

Our portfolio stats are downloaded from Bloomberg. In the few cases where Bloomberg doesn't have data we source forecasts from individual brokers and historic data from company financials.

Several of the differences between the unadjusted and adjusted portfolio statistics stem from the fact that over the last two years we have allocated about 5% of our portfolio to high quality cyclical small cap stocks in Brazil. Because they are cyclical these stocks are making losses or very small profits as they exit Brazil's major 2015-2016 recession. We do not believe this performance is representative of their earnings power as the cycle normalises so we strip them out of some of the statistics so that the characteristics of the core portfolio holdings can be seen more clearly.

PE Methodology: The total 2020 PE is a weighted harmonic average for all holdings with a positive PE ratio. PE ratios are sourced from Bloomberg or Broker Estimates selected by the portfolio managers.

ROE Methodology: We show Return on Equity excluding acquisition-related intangibles as a measure of the barriers to entry our businesses possess and of their ability to internally fund organic growth. We believe the substantial majority of future growth will be organic. Most of the goodwill at these companies relates to one-off acquisitions that are unlikely to be repeated in the future. We make a number of other more minor adjustments which we can explain on request.

EPS CAGR Methodology: The EPS CAGR figure is the weighted average of local currency compound annual growth rates from strategy inception (2006) to 2017 for the portfolio as of 06.30.2019. Where stocks do not have data to 2006 the CAGR has been calculated using the earliest data available. Two companies totalling 1.9% of the portfolio as of 06.30.2019 are excluded from the adjusted EPS CAGR since inception. This is because these companies were lossmaking either at the start or the end of the period and the CAGR formula can produce anomalous results when either the numerator or the denominator is negative.

Net Debt to EBITDA Ratio is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant. If a company has more cash than debt, the ratio can be negative.

Portfolio Turnover is calculated as sum of purchases & sales minus total subscriptions and redemptions over average net assets. Portfolio turnover is provided for a five year trailing period.

The **FTSE Latin America Indexes** are part of a range of indexes designed to help Americas investors benchmark their investments. The indexes are derived from the FTSE Global Equity Index Series, which covers 98% of the world's investable market capitalisation.

Total Return is the actual rate of return of an investment or pool of investments over a given period of time. This calculation typically includes interest, capital gains, dividends, and distributions realized during the period.

FX Return is the actual rate of return of a currency over a given period of time

Local Currency and Local Currency Return refer to the currency in which a security is denominated and its rate of return over a given period of time; e.g. a Colombian equity is denominated locally in Colombian Pesos.

The **MSCI AC Asia ex Japan Index** captures large and mid cap representation across 2 of 3 Developed Markets countries (excluding Japan) and 9 Emerging Markets countries in Asia. With 955 constituents, the index covers approximately 85% of the free float adjusted market capitalization in each country.

The **MSCI Emerging Markets Index** captures large and mid cap representation across 24 Emerging Markets countries. With 1,136 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI India Index** is designed to measure the performance of the large and mid cap segments of the Indian market. With 78 constituents, the index covers approximately 85% of the Indian equity universe.

The **MSCI China Index** captures large and mid cap representation across China H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 491 constituents, the index covers about 85% of this China equity universe. Currently, the index also includes Large Cap A shares represented at 10% of their free float adjusted market capitalization. All MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries.

The **S&P 500 Index** is a capitalization-weighted index of 500 stocks that is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.