MID-CAP GROWTH REVIEW AND OUTLOOK

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First Quarter 2021

The Mid-Cap Growth strategy outpaced its benchmark, the Russell Midcap® Growth Index, during the first quarter thanks to positive stock performance in the technology sector.

During the first quarter, mid-cap performance finally moved substantially in favor of value following the oscillating market leadership between styles that characterized the second half of 2020. After only a small win (1%) by value over growth in the fourth quarter, the Russell Midcap Value Index beat its growth counterpart by nearly 14% during the first three months of 2021. That topped value's 10-point win in the third quarter of 2008 and matched its victory during the second quarter of 2002.

At the same time, the 10-year Treasury yield jumped 82 basis points to 1.74% during the first quarter, and signs of input cost inflation emerged. The price of oil climbed 22%, corn prices rose 16% and the dollar lost 4% to the euro. With that backdrop, the materials (+8%), staples (+3%) and industrials (+3%) sectors drove returns in the benchmark, while technology (-3%) and health care (-1%) lagged the overall -0.6% return of the index during the period.

Along with this value rotation, small-cap indices outpaced large-cap benchmarks during the first quarter. In the mid-cap growth benchmark, lower price-to-earnings and slower-growth stocks generally worked. At most other times in the nine-year history of this strategy, a similar "early-cycle trade" would likely have provided a headwind to our short-term relative performance given our "traditional growth" approach. Currently, however, the Russell Midcap Growth Index is tilted more than usual towards technology, aggressive growth and what were previously momentum stocks following the unique market environment of 2020.

Hence—given the construct of our benchmark, not a change to our approach—we believe the market environment provided a tailwind to our relative success over these three short months, and the strategy performed as expected. We believe future early-cycle environments in the years to come may once again provide short-term headwinds instead of tailwinds given our focus on owning high-quality compounders over much longer time horizons.

In the U.S., signs of macroeconomic improvement abound. Despite extended lead times and rising commodity costs, manufacturing data remains strong, personal income is rising thanks to ample fiscal stimulus and employment continues to recover. With additional stimulus on its way and a hoped-for surge in hiring in pandemic-hit industries this summer as the U.S. reaches herd immunity, macroeconomic prospects seem bright.

We see these positive signals directly from our portfolio companies. IDEX Corp., a supplier of pumps, valves and other fluid-handling systems, posted 7% organic order growth in the fourth quarter following a 5% decline year over year in the third quarter. Management noted that, excluding energy, its diversified end markets continue to improve. Chipotle's managers called for mid- to high-teens percentage same-store sales growth in the first quarter following a 6% rise in the fourth quarter as the burrito chain laps the shutdowns that began last March. Ulta, an omnichannel retailer of beauty products, saw its COVID-19-impacted comps improve sequentially in the fourth quarter to -5%, from -9% the previous quarter. Ulta's managers called for same-store sales in the low to mid-30% range in the first half of 2021 as the retailer laps the worst of the 2020 shutdowns.

Heart valve expert Edwards and Teleflex's Interventional Urology segment, both of which serve an older patient base, are expected to show stable results in the first quarter despite elevated COVID-19 cases in December, January and February. Analog semiconductor maker NXP enjoyed a swing in its sales to automotive end markets from -8% year over year in the third quarter to +9% growth in the fourth. Management noted broad-based strength and accelerating demand in the first quarter and highlighted long lead times, input-cost inflation and supply chain impediments.

Shift4, a payments provider to the hospitality industry, saw volume slow with the COVID-19 wave late in the year, but management's earnings presentation indicated improving trends in January and February 2021. Finally, consumer credit bureau Transunion saw year-over-year growth in online credit report volume pick up 15% in late February following flattish trends through most of the second half of 2020.

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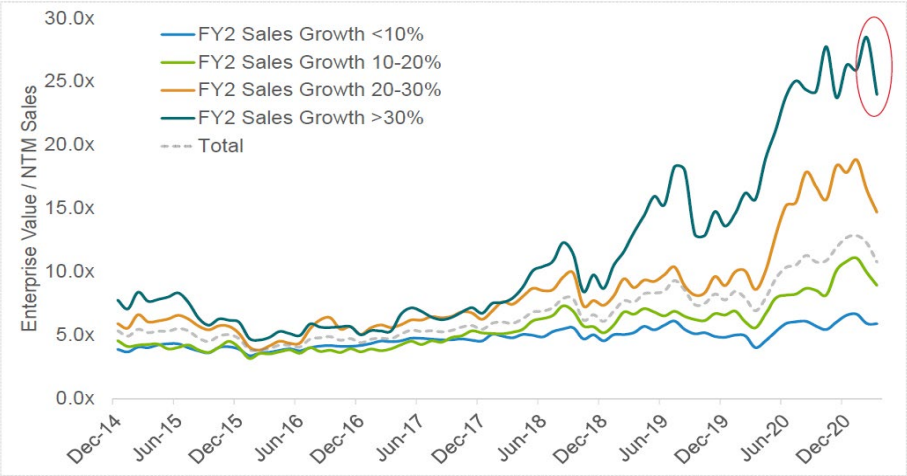
Valuations in the mid-cap growth space seem mildly stretched in aggregate, with our benchmark trading at a mid-30s forward price-to-earnings ratio compared to a longer-term average in the mid-20s. In our view, this average valuation is built from two very different buckets. We still see depressed expectations for some businesses especially exposed to the pandemic, whose share prices have only partially recovered in front of what could be a cycle of upward earnings estimate revisions. This is typical at the beginning of economic upturns. Meanwhile, while valuations in businesses that may have benefited from the pandemic and high-growth software stocks have partially reverted (in red in the chart below), they still remain elevated, in our view. Nonetheless, we are still finding interesting opportunities with attractive three-year return potentials across sectors.



Source: FactSet, US Software Listed Universe as defined by KeyBanc Capital Markets: ADBE, ADSK, ALRM, ANSS, APPF, APPN, AVLR, AYX, AZPN, BAND, BILL, BL, BLKB, BNFT, BOX, CDAY, CDNS, CHKP, CLDR, COUP, CRM, CRWD, CSLT, CSOD, CTXS, CVLT, CYBR, DBX, DDOG, DOCU, DOMO, DT, ECOM, EGHT, ESTC, EVBG, FEYE, FFIV, FIVN, FSCT, FSLY, FTNT, GDDY, GWRE, HUBS, INTU, LOGM, LPSN, MANH, MDB, MDLA, MIME, MOBL, MODN, MSFT, MTLS, NET, NEWR, NICE, NLOK, NOW, NTNX, NUAN, OKTA, ORCL, OTEX, PANW, PAYC, PCTY, PD, PEGA, PFPT, PING, PLAN, PRGS, PRO, PS, PTC, QLYS, QTWO, RNG, RP, RPD, SAIL, SAP, SCWX, SHOP, SMAR, SNPS, SPLK, SPSC, SPT, SQ, SVMK, SWI, TDC, TDOC, TEAM, TENB, TLND, TRMB, TUFN, TWLO, TWOU, TYL, VEEV, VG, VMW, VRNS, VRNT, VRSN, WDAY, WIX, WK, WORK, YEXT, ZEN, ZM, ZS, and ZUO.

Coincident with the partial reversal in high-growth software valuations in the first quarter, we noticed a subtle shift in the IPO market, which remains active with approximately 100 companies going public year to date (excluding special purpose acquisition companies, or SPACs). According to our sample, as the market raced higher in the second half of 2020, the average IPO popped 34% on its first day of trading, with less than one-fourth turning negative. Since March 1, we estimate IPOs enjoyed a 16% first-day gain on average, which is close to the long-term mean, according to data from NASDAQ's chief economist. Nearly 40% of recent offerings turned negative on day one.

We also noticed aggressive behavior that could be viewed as unfriendly to public shareholders. Roblox, a video game platform described as "shepherds of the metaverse" by its CEO, filed for a traditional IPO in November (that we worked diligently on, and to be fair, we find the company and its opportunity fundamentally attractive) but switched to a direct listing in January following a seemingly unnecessary series H funding round that set a high reference price. With a direct listing, Roblox also circumvented traditional lock-ups for existing holders.

Outside of direct listing conversions like Roblox that eliminate lock-ups—and a torrent of SPACs that potentially avoid more-onerous scrutiny—we see interesting moves by insiders. For instance, bankers for two recent health care IPOs, Certara and Maravi, released restrictions under IPO lock-up agreements in concert with secondary offerings to allow private equity sponsors to sell part of their stakes early.

In perhaps the most aggressive action we've seen, telehealth provider American Well wiggled out of its lock-up agreements to facilitate sales by executives. Having owned competitor Teledoc in the past in our Small-Cap Growth strategy, leveraging our firm's connections with a private company Amwell purchased, and following the industry for over five years, we participated in Amwell's September 2020 IPO at $18 per share, or ~15x 2020 revenue, to benefit from strong trends in adoption of the company's technology and service. However, just three weeks later, its share price rapidly eclipsed our three-year price objective by more than 30%, and we exited the position in the mid-$30s.

In mid-January, approximately two months before the lock-up period would expire, Amwell announced a secondary, which included substantial sales by the co-CEOs who founded the company, one CEO's wife who runs the international division, the CFO and several private equity sponsors. We often get asked what raises red flags for us from a governance perspective. This hoists one the size of the garrison flag flown over Fort McHenry during the War of 1812.

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While the Volatility Index (VIX) ended the first quarter lower than it started, the market remained unsettled during the first quarter. Concurrently, our turnover of nearly 11% remained above our long-term average (30%–40% annually) but in line with historical norms during dicey periods. We trimmed Twilio, SiteOne and Etsy early in the quarter on valuation. We sold Live Nation as its price left little upside, in our view. We exited ServiceNow, Intuit, Dun & Bradstreet, Neurocrine Biosciences and Aspen Technologies to fund other opportunities. While we funded a few new positions, we used most of the capital to lean into about a dozen existing holdings.

Several events, both external and company-specific, gave us opportunities to improve the quality and return potential of the portfolio by adding to existing positions. The additions fall into three basic buckets. First, frenetic trading in Reddit favorites like GameStop gave way to headlines of hedge fund deleveraging in late January. We took advantage of that volatile period to build our existing positions in Insurance Auto Auctions and Liberty Broadband. Second, we used the tech sell off in late February and parts of March to add to GoDaddy, Zynga, Dynatrace, Veeva, Pinterest and Workiva.

Finally, we leaned into a handful of holdings with attractive long-term prospects that suffered from “short term-ism” following lackluster earnings reports. Verisk, which operates an enviable, high-return database business in the insurance vertical, saw weakness in its other two divisions (which serve energy and financial services end markets). We’re attracted to the long-term prospects of Verisk’s insurance business and also welcome its recent management change that put its CFO in charge of the noninsurance segments, perhaps signaling a willingness to turn them around more aggressively or exit them all together. Crop protection maker FMC runs a complicated chemicals business at global scale. It ran into a few short-term issues partially related to COVID-19 in front of what could be faster growth in pesticides and herbicides this year. Despite solid results, Ulta Beauty issued conservative guidance as it faced “reopening” uncertainty and a CEO transition. We like the new CEO, a company vet, and think expectations are now tame in front of a potential surge in demand for makeup and in-store experiences.

We participated in three IPOs during the quarter, two of which surged past our three-year price targets (Bumble and Qualtrics); we sold those two during the quarter. We added to the third, ACV Auctions. ACV should benefit from a classic offline-to-online transition. The company estimates 22 million vehicles change hands in the wholesale market each year. ACV’s nearly 400,000 auctioned-vehicle total in 2020 pales in comparison to the larger opportunity dominated by physical auctions and an opaque network of wholesalers.

We uncovered ACV a couple years ago during our due diligence for KAR Auction Services, a former MCG holding and erstwhile parent of one of our largest current holdings, Insurance Auto Auctions. ACV worried us. It was outcompeting TradeRev, KAR’s answer to the nascent online threat ACV posed to its physical auctions. Several calls with customers confirmed a cutthroat competition to gain scale by hiring vehicle inspectors and mounting losses at KAR's TradeRev unit because of it. Both TradeRev and ACV needed to gain "trust" in a large market for wholesale car auctions still largely performed in person or via "simulcast" online venues. TradeRev faltered, as did KAR’s stock price. After several management changes, it was combined with another online dealer-to-dealer marketplace owned by KAR called BacklotCars.

With its broad geographic presence, 700+ inspectors and scale, we think ACV’s digital lead is expanding. We believe the company can grow fee revenue at a healthy double-digit clip for years (and generate healthy margins at that scale). ACV should ultimately eat further into KAR’s mainstay business as that “old-school” competitor struggles to defend its large physical plant (ADESSA) and decades of investment.

We bought Chipotle during the quarter because we think the burrito chain could double its store count in the U.S. over the next decade. We also expect the company to significantly grow average unit revenue from a current run rate in the low $2 million range to well over $3 million over the next decade through numerous initiatives, including delivery, drive-through windows called "Chipotlanes," the potential for delivery-only locations akin to "ghost kitchens," a second make line in most locations, persistent menu innovation and price. We see a path for the company to push over $100 of per-share earnings sometime after 2025 from a depressed level closer to $10 today. In the shorter term, we still see an upside of about 50% over the next three years.

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MID-CAP GROWTH REVIEW AND OUTLOOK

First Quarter 2021

Chipotle's valuable brand, unique pricing power in a competitive industry, persistent growth and attractive "four-wall" economics have been known for years. So why didn't we own it? Since the firm suffered from (and triumphed over) well-publicized foodborne illness issues, we feared the rise of aggregators like Doordash would push a higher percentage of Chipotle's sales through its less-profitable delivery channel. That was partly true. Dispatched orders are less profitable and dramatically increased due to COVID-19. Nevertheless, substantial price hikes on deliveries during the fourth quarter with little pushback from customers changed our minds.

Wayfair, another first-quarter addition, has spent the last decade building the largest e-commerce platform for home goods. That mature $840 billion global category may only enjoy mid-single-digit percentage growth. Nonetheless, online penetration remains quite low, just eclipsing 20% in 2020 in the U.S (~$300 billion of the $800 billion), even with a boost from the pandemic shut-in. The category meaningfully lags other consumer niches, some of which have 50%+ e-commerce penetration. In the end, Wayfair's $14 billion of revenue still pales in comparison to what could ultimately be a trillion-dollar global opportunity and the company estimates it takes between 20% and 40% of all incremental dollars spent online.

The size of the global market for home goods has never been in question, nor has a steady shift from physical purchases to online, but for years, we questioned Wayfair's scalability. The company achieved positive segment margins one year after the IPO in 2015 but ramped infrastructure investment in its logistics network, causing losses as utilization hovered around 50% in 2019. However, as volume flowed through the finished system in 2020, Wayfair showed strong evidence of scalability with strong gross and operating margin gains.

Conversations with suppliers highlighted Wayfair's growing dominance and the unique service and scale of its delivery network (dubbed Castlegate and Wayfair Delivery Network). We think this could still be underappreciated, especially since Wayfair is often compared to Amazon. We also believe sales growth and Wayfair's gross margin can prove more resilient than some think in the short term. We took advantage of 40% underperformance after its share price peaked in August 2020 to build a position in this unique online retailer that we think could return over 100% in a bullish scenario over the next three to five years.

Given all that is happening, we hope everyone reading this—as well as your family, friends and colleagues—is safe and healthy. As always, we remain committed to achieving attractive, risk-adjusted returns over a full market cycle by owning a diversified portfolio of companies that we believe could one day grow much larger. We are grateful for your support and look forward to updating you at the conclusion of the second quarter.

SECTOR DIVERSIFICATION

First Quarter 2021

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- The strategy's weight in technology declined in the first quarter with the sale of ServiceNow, Intuit, Aspen Technology and Dun & Bradstreet.
- We found several new opportunities in consumer discretionary this quarter, adding investments in Wayfair, ACV Auctions and Chipotle, and are now modestly overweight the sector.
- KKR is our only holding in financials.
- The strategy is modestly overweight industrials.
- We are overweight health care, with broad exposure to services, devices and pharmaceuticals/biotechnology.
- While we have no direct investments in oil and gas. However, the strategy is exposed to oil price fluctuations through fuel card operator WEX in industrials.
- Agricultural chemical maker FMC is our only holding in basic materials.

ICB SECTOR	REPRESENTATIVE MID-CAP GROWTH ACCOUNT (%)	RUSSELL MIDCAP® GROWTH INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE MID-CAP GROWTH ACCOUNT (%)	
	Q1'21	Q1'21	Q1'21	Q4'20	Q1'20
Basic Materials	2.02	1.48	0.54	1.77	4.13
Consumer Discretionary	20.77	15.34	5.43	--	--
Consumer Goods	--	--	--	5.25	4.33
Consumer Services	--	--	--	16.30	16.70
Consumer Staples	2.60	4.48	-1.89	--	--
Energy	--	1.44	-1.44	--	--
Financials	1.52	3.90	-2.38	3.31	5.72
Health Care	22.44	19.90	2.54	20.17	18.79
Industrials	18.05	16.25	1.80	20.65	28.95
Oil & Gas	--	--	--	--	--
Real Estate	2.03	2.88	-0.85	--	--
Technology	26.09	32.03	-5.94	32.55	21.37
Telecommunications	1.78	2.17	-0.39	--	--
Utilities	2.70	0.09	2.61	--	--
Unassigned	--	0.03	-0.03	--	--

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. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Sector diversification excludes cash and cash equivalents. Sectors are based on the ICB Sector Classification system. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

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First Quarter 2021

	REPRESENTATIVE MID-CAP GROWTH ACCOUNT		RUSSELL MIDCAP GROWTH INDEX		ATTRIBUTION ANALYSIS		
ICB SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Basic Materials	1.87	-3.40	1.39	7.65	0.05	-0.18	-0.13
Consumer Discretionary	18.27	-0.17	15.24	1.20	0.09	-0.28	-0.19
Consumer Staples	2.47	10.78	4.25	3.17	-0.04	0.15	0.11
Energy	--	--	1.45	-0.44	-0.02	--	-0.02
Financials	1.38	20.99	3.85	-1.49	0.04	0.28	0.33
Health Care	23.10	-1.22	20.21	-1.70	-0.06	0.09	0.03
Industrials	17.95	-2.85	15.71	2.57	0.10	-0.91	-0.81
Real Estate	1.93	-1.42	2.76	6.82	-0.06	-0.14	-0.20
Technology	28.72	0.81	32.59	-3.31	0.16	1.17	1.33
Telecommunications	1.67	-7.89	2.43	-4.18	-0.01	-0.02	-0.03
Utilities	2.65	5.49	0.10	1.27	0.19	-0.05	0.14
Unassigned	--	-0.11	0.02	3.64	-0.10	--	-0.10
Total	**100.00**	**-0.10**	**100.00**	**-0.57**	**0.35**	**0.11**	**0.46**

- Outperformance in technology was broad-based in the quarter and helped by strong contributions from NXP, Pinterest and Dynatrace. Our underweight to momentum-oriented software also helped performance in the quarter.
- Our relative performance in industrials was hurt by several names we don't own, as well as a decline in Ball Corp.'s share price after outperformance in 2020.

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. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Total portfolio return figures provided above reflect the sum of the returns of the equity holdings in the representative account portfolio due to price movements and dividend payments or other sources of income, and exclude cash. Past performance is not indicative of future results. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Sectors are based on the ICB Classification system. Sector attribution excludes cash and cash equivalents. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

QUARTER-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN

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First Quarter 2021 Representative Mid-Cap Growth Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
KLAC	KLA Corporation	Designs, manufactures and markets process control and yield management solutions for the semiconductor and related nanoelectronics industries	2.09	27.98	0.48
PINS	Pinterest Inc. Class A	Operates a pinboard-style photo-sharing website	3.89	11.70	0.38
NXPI	NXP Semiconductors NV	Manufactures, designs and provides mixed-signal semiconductor solutions	1.55	26.91	0.37
CASY	Casey's General Stores Inc.	Operates convenience stores and gasoline stations	1.82	21.03	0.33
ETSY	Etsy Inc.	Operates an online marketplace for buying and selling of handmade and vintage goods	1.25	13.40	0.29

- KLAC reported a strong fourth-quarter result and positive outlook for 2021. The stock also rallied with the semiconductor sector on strong capital expenditure plans from customers and the prospect of government subsidies for semiconductor production capacity expansion.
- Pinterest continues to benefit from strong demand for digital advertising, particularly among omnichannel retailers. Recent product initiatives and increased engagement drove greater-than-expected pricing and volume growth, and the revenue outperformance flowed through to profits and cash flows.
- Demand at NXPI rebounded strongly from weak results in mid-2020, with a particularly strong outlook for NXPI's cyclical end markets, like autos and industrials.
- Casey's performed well during the pandemic despite lower store traffic as fuel margins remain elevated across the industry.
- Etsy's marketplace platform continued to benefit from strong consumer demand during the COVID-19 pandemic as well. Improved features for sellers have also increased monetization rates.

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QUARTER-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

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First Quarter 2021 Representative Mid-Cap Growth Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
MIME	Mimecast Limited	Provides cloud security and risk management services for corporate information and email	1.49	-29.04	-0.61
IAA	IAA Inc.	Provides automobile auction services	3.50	-15.30	-0.46
ASND	Ascendis Pharma A/S Sponsored ADR	Develops drug candidates	1.05	-22.90	-0.27
BLL	Ball Corporation	Supplies metal and plastic packaging to the beverage and food industries	2.84	-8.90	-0.26
GWRE	Guidewire Software Inc.	Provides software products for property and casualty insurers	1.05	-21.05	-0.25

- After a meaningful run headed into the end of the year, shares of Mimecast fell in the first quarter after the company disclosed a breach in some of its customers related to the Solarwinds cyber attack, causing minor near-term sales disruption.
- IAA shares retreated after a strong rebound off of COVID-19 lows in mid-2020, but we believe secular trends driving higher total loss rates and the company's digital transformation can continue to drive years of double-digit EBITDA growth.
- Ascendis shares declined more than the biotech sector in the quarter, but we see no changes to our long-term thesis and anticipate several meaningful catalysts over the course of 2021.
- After strong performance off the March bottom, shares of Ball Corporation underperformed in the first quarter in anticipation of difficult comparisons and as concerns around long-term industry capacity growth emerged.
- Guidewire shares underperformed in the quarter as the company executes on a slow, but we believe ultimately successful, transition to the cloud.

QUARTER-TO-DATE ADDITIONS/DELETIONS

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First Quarter 2021 Representative Mid-Cap Growth Account Portfolio Activity

- ACVA should benefit from a transition to digital. The company estimates 22 million vehicles change hands in the wholesale market each year. ACV's nearly 400,000 auctioned-vehicle total in 2020 pales in comparison to the larger market, which is dominated by physical auctions and an opaque network of wholesalers.

- We bought Chipotle during the quarter because we think the burrito chain could double its store count in the U.S. over the next decade. We also expect the company to meaningfully grow average unit revenue from a current run rate in the low $2 million range to well over $3 million over the next decade through numerous initiatives. These include delivery, drive-through windows called "Chipotlanes," the potential for delivery-only locations akin to "ghost kitchens," a second make line in most locations, persistent menu innovation and price.

- Wayfair has spent the last decade building the largest e-commerce platform for home goods. That mature $840 billion global category may only enjoy mid-single-digit percentage growth. Nonetheless, online penetration remains quite low, just eclipsing 20% in 2020 in the U.S., even with a boost from the pandemic shut-in.

- After following the company since 2018, we participated in the IPO of Qualtrics, a leader in experience management software. However, we sold our small position when the stock sailed past our three-year price target.

- We also had valuation concerns for Bumble, a company we've followed for several years, as it relates to our investment in the Match Group. We like the global secular trend of online dating and the specific brand Bumble has built around its women-centric platform. After more than a 60% increase in the share price on the first day of trading, we eliminated our small allocation in favor of better opportunities.

- We sold our positions in Aspen Technology, Neurocrine Biosciences, Dun & Bradstreet and ServiceNow to fund other opportunities.

	ADDITIONS	SECTOR
ACVA	ACV Auctions Inc. Class A	Consumer Discretionary
CMG	Chipotle Mexican Grill Inc.	Consumer Discretionary
W	Wayfair Inc. Class A	Consumer Discretionary

	DELETIONS	SECTOR
AZPN	Aspen Technology Inc.	Information Technology
DNB	Dun & Bradstreet Holdings Inc.	Industrials
INTU	Intuit Inc.	Information Technology
LYV	Live Nation Entertainment Inc.	Communication Services
NBIX	Neurocrine Biosciences Inc.	Health Care
NOW	ServiceNow Inc.	Information Technology

	ADD & DELETE	SECTOR
BMBL	Bumble, Inc. Class A	Information Technology
XM	Qualtrics International Inc. Class A	Information Technology

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. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

PORTFOLIO CHARACTERISTICS

First Quarter 2021

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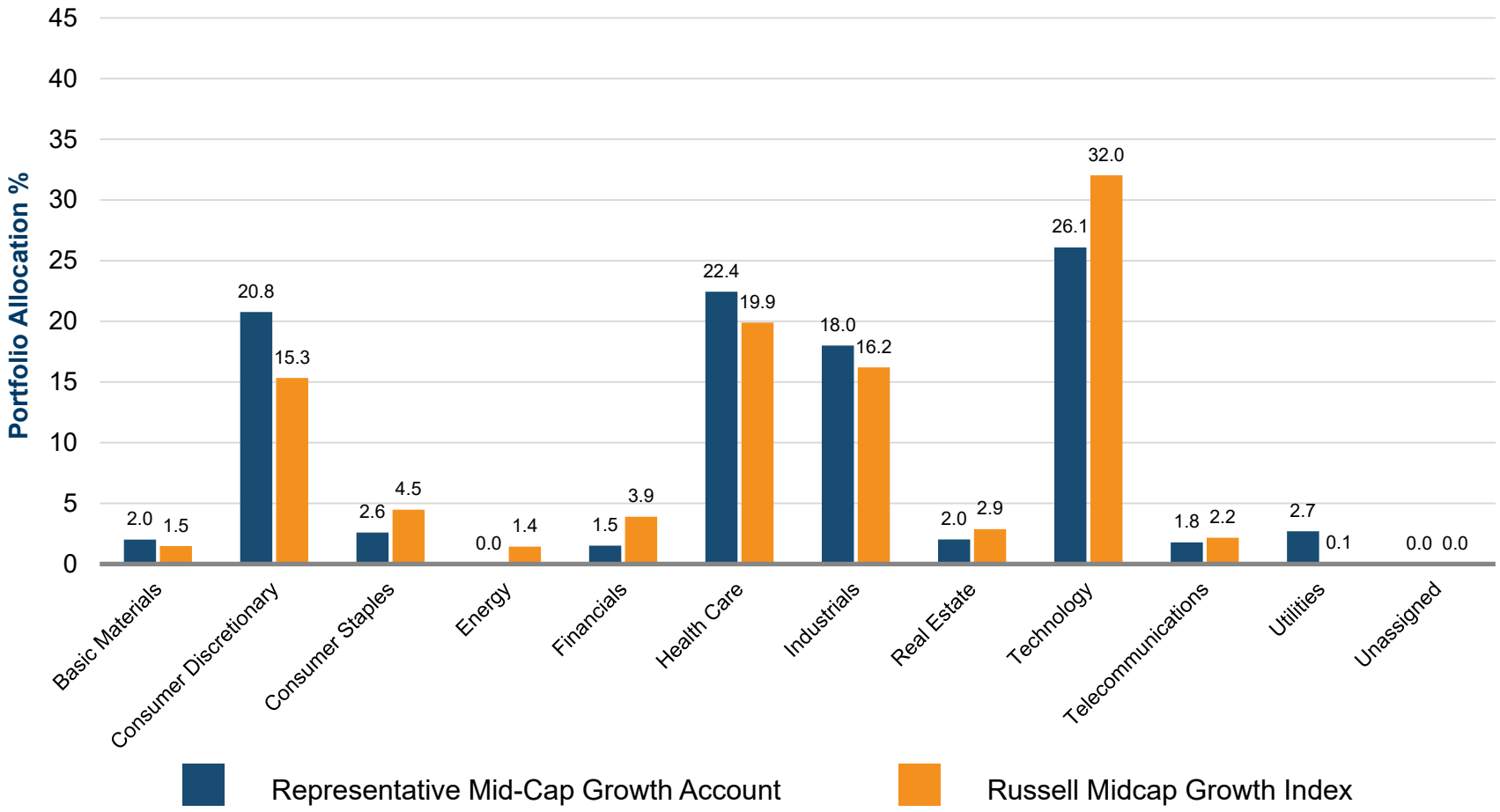
	REPRESENTATIVE MID-CAP GROWTH ACCOUNT	RUSSELL MIDCAP GROWTH INDEX
Number of Holdings	59	358
Dividend Yield (%)	0.3	0.5
P/E Ratio FY2 Est. (x)	32.4	30.2
Top 10 Equity Holdings (%)	31.1	11.8
Active Share (%)	84.6	
Market Capitalization ($ B)		
Weighted Average	23.8	24.5
Maximum	60.9	55.9
Minimum	2.6	0.7

Source: FactSet. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Portfolio statistics and characteristics exclude cash and cash equivalents. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

SECTOR DIVERSIFICATION

First Quarter 2021 ICB Sectors as of 03/31/2021



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GICS SECTOR	REPRESENTATIVE MID-CAP GROWTH ACCOUNT (%)	RUSSELL MIDCAP® GROWTH INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE MID-CAP GROWTH ACCOUNT (%)	
	Q1'21	Q1'21	Q1'21	Q4'20	Q1'20
Communication Services	12.19	5.38	6.81	11.78	7.88
Consumer Discretionary	13.96	12.50	1.47	9.87	9.70
Consumer Staples	2.60	3.56	-0.96	2.34	2.26
Energy	--	0.50	-0.50	--	--
Financials	1.52	3.22	-1.70	1.26	1.28
Health Care	22.44	20.83	1.61	22.24	18.79
Industrials	12.99	12.03	0.96	14.87	19.31
Information Technology	27.48	37.73	-10.25	30.80	29.31
Materials	4.78	2.49	2.30	4.79	8.00
Real Estate	2.03	1.68	0.35	2.05	3.46
Utilities	--	0.09	-0.09	--	--

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. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Sector diversification excludes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

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QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

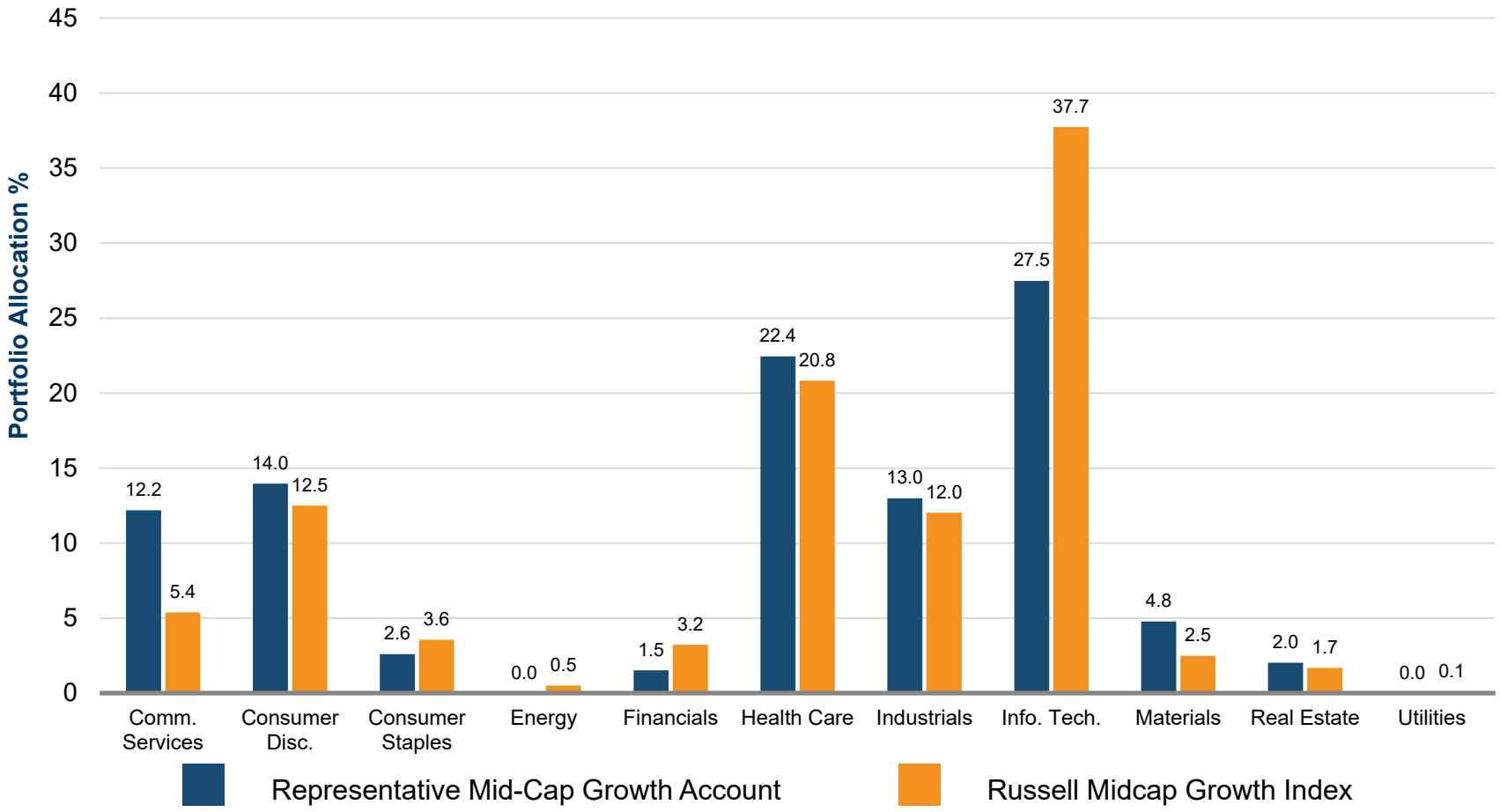
First Quarter 2021

	REPRESENTATIVE MID-CAP GROWTH ACCOUNT		RUSSELL MIDCAP GROWTH INDEX		ATTRIBUTION ANALYSIS		
SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	12.11	-0.61	5.65	-4.18	-0.24	0.47	0.23
Consumer Discretionary	11.16	5.90	12.25	5.61	-0.05	0.04	-0.01
Consumer Staples	2.47	10.78	3.40	0.50	0.02	0.22	0.24
Energy	--	--	0.47	19.61	-0.08	--	-0.08
Financials	1.38	20.99	3.22	-2.57	0.05	0.30	0.35
Health Care	23.08	-1.22	21.11	-0.83	-0.03	-0.11	-0.14
Industrials	13.91	-4.26	11.68	0.40	0.00	-0.65	-0.65
Information Technology	29.26	0.65	38.21	-3.16	0.24	1.03	1.27
Materials	4.71	-6.56	2.41	1.34	0.05	-0.37	-0.32
Real Estate	1.92	-1.42	1.51	22.26	0.07	-0.38	-0.31
Utilities	--	--	0.10	1.27	--	--	--
Total	**100.00**	**0.01**	**100.00**	**-0.57**	**0.04**	**0.53**	**0.57**

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. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Total portfolio return figures provided above reflect the sum of the returns of the equity holdings in the representative account portfolio due to price movements and dividend payments or other sources of income, and exclude cash. Past performance is not indicative of future results. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Sector attribution excludes cash and cash equivalents. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

SECTOR DIVERSIFICATION

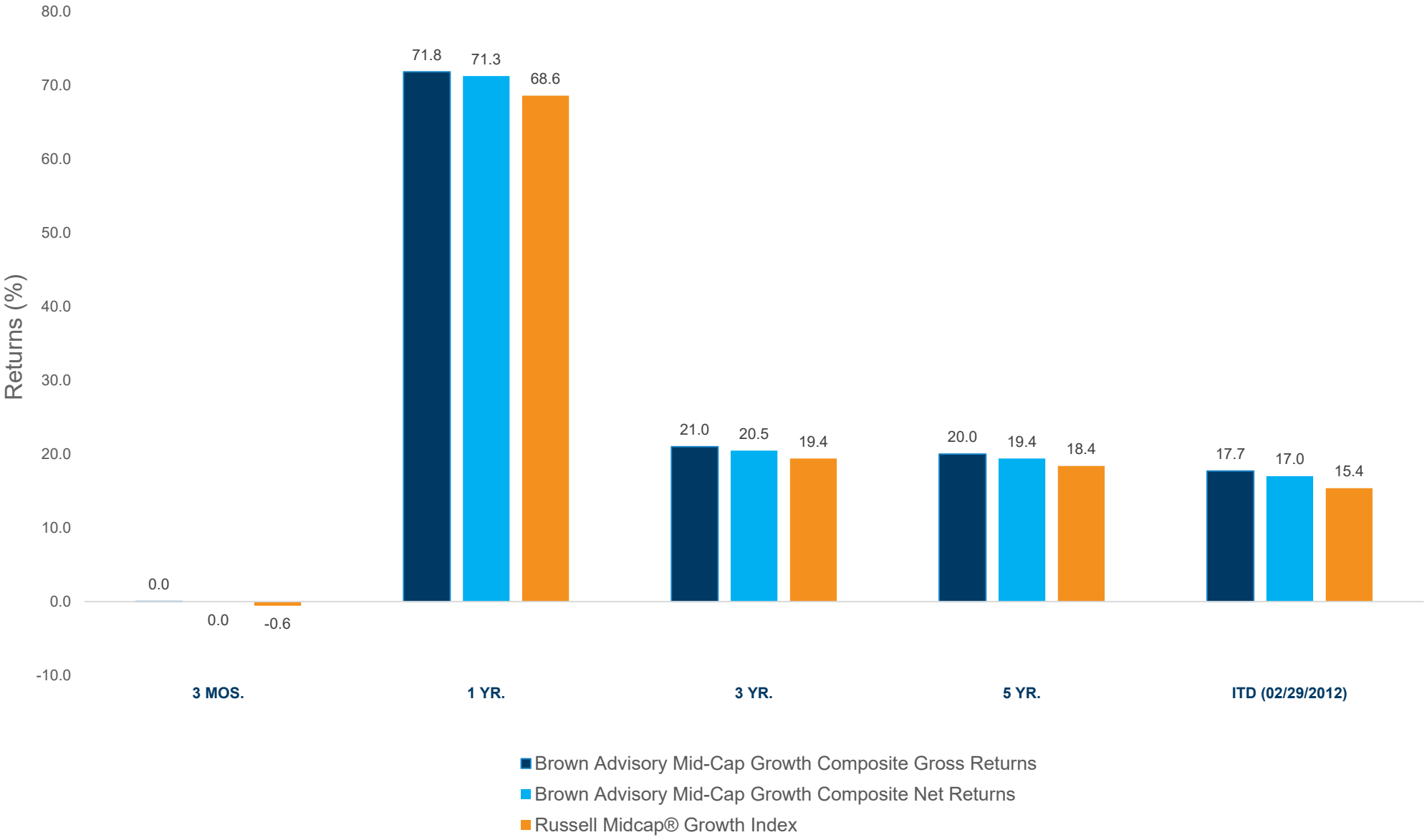
First Quarter 2021 GICS Sectors as of 03/31/2021



Source: FactSet. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. Sector diversification excludes cash and cash equivalents. Sectors are based on the Global Industry Classification System (GICS). Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

COMPOSITE PERFORMANCE

First Quarter 2021 as of 03/31/2021



Source FactSet. All returns greater than one year are annualized. Past performance is not indicative of future results. The composite performance shown above reflects the Mid-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 Small-Cap Growth disclosure statement at the end of this presentation for a GIPS compliant presentation.

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TOP 10 PORTFOLIO HOLDINGS

First Quarter 2021 Representative Mid-Cap Growth Account as of 03/31/2021

Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Pinterest Inc. - Cl A	4.1
GoDaddy Inc. Cl A	3.5
Teleflex Inc.	3.4
IAA Inc.	3.4
Marvell Technology Group Ltd.	3.0
Edwards Lifesciences Corp.	2.7
Dynatrace Holdings LLC	2.7
Ball Corp.	2.7
Waste Connections Inc.	2.6
Zynga Inc.	2.3
Total	**30.4%**

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. Portfolio information is based on a representative Mid-Cap Growth account, includes cash and is provided as supplemental information. Please see disclosure statement at the end of this presentation for additional information. Figures in table may not total due to rounding.

DISCLOSURES

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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.

The Russell Midcap® Value Index measures the performance of the midcap value segment of the US equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true midcap value market.

An investor cannot invest directly into an index.

Figures shown on sector diversification and quarterly attribution by detail slides may not total due to rounding.

TERMS AND DEFINITIONS

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All financial statistics and ratios are calculated using information from FactSet as of the report date unless otherwise noted.

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. The portfolio and benchmark returns provided reflect the sum of the returns of the equity holdings in the portfolio and the benchmark, respectively. The returns exclude cash.

Allocation Effect measures the impact of the decision to allocate assets differently than those in the benchmark.

Selection and Interaction Effect reflects the combination of selection effect and interaction effect. Selection effect measures the effect of choosing securities that may or may not outperform those of the benchmark. Interaction effect measures the effect of allocation and selection decisions (i.e., did we overweight the sectors in which we underperformed).

Total Effect reflects the combination of allocation, selection and interaction effects. Totals may not equal due to rounding.

Contribution To Return is calculated by multiplying a security's beginning weight as a percentage of a portfolio by that security's return for the period covered in the report.

EBITDA is the Earnings Before Interest, Taxes, Depreciation and Amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

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.

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.

Active Share measures the percentage of holdings in a manager's portfolio that differ from those in the benchmark index. An active share of 0% means that the portfolio is identical to the benchmark, while an active share of 100% means that the portfolio has no common holdings with the benchmark.

Market Capitalization refers to the aggregate value of a company's publicly traded stock. Statistics are calculated as follows: Weighted Average: 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); Maximum and Minimum: the market caps of the largest and smallest companies, respectively, in the portfolio.

All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio's holding, EXCEPT for P/E ratios, which are expressed as a weighted harmonic average.

MID-CAP GROWTH COMPOSITE

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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	39.4	38.7	35.5	13.5	13.9	34	0.2	337	42,426
2018	-0.7	-1.2	-4.8	11.5	12.8	25	0.2	164	30,529
2017	23.9	23.1	25.3	9.8	10.9	Five or fewer	N/A	48	33,155
2016	9.3	8.6	7.3	11.0	12.2	Five or fewer	N/A	2	30,417
2015	7.1	6.3	-0.2	10.7	11.3	Five or fewer	N/A	1	43,746
2014	8.8	8.0	11.9	N/A	N/A	Five or fewer	N/A	2	44,772
2013	38.3	37.3	35.7	N/A	N/A	Five or fewer	N/A	1	40,739
2012**	8.5	8.0	3.4	N/A	N/A	Five or fewer	N/A	1	26,794

**Return is for period March 1, 2012 through December 31, 2012.

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.

1. *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.
2. The Mid Cap Growth Composite (the Composite) is comprised of all discretionary accounts with no material investment restrictions, which invest primarily in the common stock of U.S. medium market capitalization companies. The strategy seeks capital appreciation by managing a concentrated portfolio of companies that offer long-term growth potential. There is not a minimum account market value required for Composite inclusion.
3. Prior to September 1, 2016 the Composite was named Mid Cap Composite. There was no change in investment strategy.
4. Effective January 1, 2017, a significant cash flow policy was implemented for the Composite. Accounts with greater than or equal to 15% external cash flows will be removed from the Composite for the entire month that the external cash flow occurred. The accounts will be added back to the Composite the following month, if it meets the Composite inclusion requirements. The external cash flow percentage is calculated using beginning market value.
5. The Composite was created in 2014. The Composite inception date is March 1, 2012.
6. The benchmark is the Russell Mid Cap Growth – Total Return Index. The Russell Midcap Growth – Total Return Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap Growth – Total Return Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market. The Russell Mid Cap Growth – Total Return 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.
7. 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. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the Composite for the entire period.
8. 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: 0.90% on the first $25 million; 0.80% on the next $25 million; 0.70% on the next $50 million; and 0.60% on the balance over $100 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.
9. 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, 2014, and prior, because 36 month returns for the Composite were not available (N/A.)
10. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
11. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
12. Past performance is not indicative of future results.
13. 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.