

Mortgage Securities Fund

Investor: **BIAZX** Institutional: **BAFZX**

Fourth Quarter 2023

INTERMEDIATE-TERM BOND

WHY INVEST IN THE BROWN ADVISORY MORTGAGE SECURITIES FUND?

We believe that mortgage securities offer better income potential compared to traditional fixed income securities because investors are compensated for prepayment risk. Because mortgage securities are issued by the U.S. government, government-sponsored enterprises or private entities, their credit quality is generally high. The Fund manager employs a strategy centered around individual security analysis that aims to maximize total return over the intermediate term and beyond by identifying underappreciated loan characteristics or inexpensive call options, which can slow the speed of refinancing and enhance a bond's yield.

The Fund's investment process seeks to identify market dislocations. Mortgage-backed securities can be structured in a number of ways, such as pass-throughs or collateralized mortgage obligations, etc. Proprietary decision-making models and fundamental research seek to identify opportunities to add alpha and control risk. Because the price and yield of mortgage securities are closely tied to interest rate changes, the process is designed to construct a diversified portfolio that can potentially outperform the Index, regardless of rate changes.

The Fund is a concentrated portfolio of high-conviction ideas. We believe that portfolio should be concentrated around our best ideas and invested independently from the benchmark. We have a culture and firm equity ownership structure that attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

Portfolio Manager: Garritt Conover, CFA, CAIA

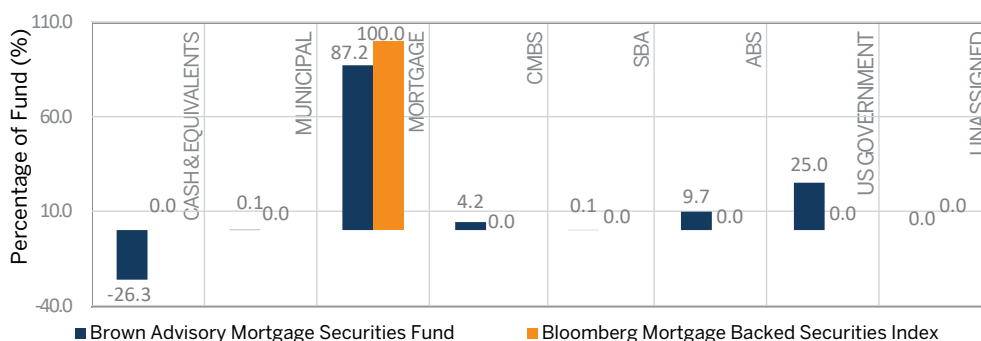
Associate Portfolio Manager: Chris Roof

Benchmark Index: Bloomberg Mortgage Backed Securities Index

A HIGH-CONVICTION APPROACH AND WILLINGNESS TO DIFFER FROM THE INDEX

SECTOR DISTRIBUTION*

As of 12/31/2023



Source: Advent Portfolio Exchange® for Fund data, FactSet® for benchmark data. Sector breakdown includes cash and equivalents. 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. Figures may not total 100% due to rounding. Cash balance can be negative to reflect economic exposure to derivatives and other forward contracts.

AVERAGE ANNUAL TOTAL RETURNS % (As of 12/31/2023)

	3 MOS.	1 YR.	3 YR.	5 YR.	10 YR.	SINCE INCEPTION (12/26/2013)	SINCE INCEPTION (05/13/2014)
Brown Advisory Mortgage Securities Fund							
Investor Class - BIAZX Inception: 12/26/2013	6.62	4.34	-2.41	0.95	1.53	1.53	--
Institutional Class - BAFZX Inception: 05/13/2014	6.53	4.28	-2.39	0.96	--	--	1.41
Bloomberg Mortgage Backed Securities Index	7.48	5.05	-2.86	0.25	1.38	1.40	1.13
Excess Return vs. Index (Investor)	-0.85	-0.71	0.45	0.70	0.15	0.13	--
Morningstar % Rank in Category (Investor) ¹		52	13	8	4	--	--
# of funds in Intermediate Government Fund		228	220	209	170	--	--

1. Based on total return

Gross Expense Ratios: **0.53%** (Investor), **0.48%** (Institutional) Net Expense Ratios: **0.53%** (Investor), **0.48%** (Institutional)

OVERALL MORNINGSTAR RATING™



As of 12/31/2023 for Investor Shares among 220 U.S. Intermediate Government funds (derived from a weighted average of the fund's three-, five- and 10-year risk adjusted return measure).

CHARACTERISTICS

As of 12/31/2023	BIAZX	INDEX
Morningstar Category	Intermediate Government	--
Fund Assets (\$MM)	301.2	--
Average life (yrs)	8.5	8.7
Effective Duration (years)	5.7	5.9
30-Day SEC Yield (%) (Investor Share Class)	4.04	--

Source: Fund net assets provided by U.S. Bank; portfolio characteristics from FactSet® and include cash and equivalents. Total net assets are as of the last day of the quarter and include all share classes.

Source: U.S. Bank. Performance data quoted represents past performance and is no guarantee of future results. Performance for periods greater than one year is annualized. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Performance for other share classes will vary. Shares redeemed or exchanged within 14 days of purchase will be charged a 1.00% fee. Performance data quoted does not reflect the redemption or exchange fee. If reflected, total returns would be reduced. For the most recent month-end performance, please call 1-800-540-6807.

Morningstar Rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Past performance does not guarantee future results.

CREDIT QUALITY COMPOSITION %

As of 12/31/2023	BIAZX	INDEX
AAA/Aaa	97.9	100.0
AA/Aa	0.6	--
AA-	0.1	--
A	0.1	--
BBB	0.1	--
Not Rated	1.2	--

Credit quality is calculated using ratings assigned by Moody's. If Moody's does not rate a holding then Standard & Poor's is used. If Moody's and Standard & Poor's do not rate a holding then Fitch is used. A bond is considered investment grade if its credit rating is BBB- or higher according to Standard & Poor's; more specifically, a rating of "AAA" represents the highest credit quality with minimal risk of default and a rating of "BB" or below represents speculative financial security. High Yield, if noted, includes holdings that are rated BB+ or lower according to Moody's. Not Rated category, if noted, includes holdings that are not rated by any rating agencies. All ratings are as of 12/31/2023

TOP 5 PORTFOLIO HOLDINGS % (As of 12/31/2023)

Shown as a % of total net assets	
United States Treasury Bill, 0.00% Due 01/02/2024	16.2
FNCL 2 1/21, 2.00%	4.5
G2SF 2.5 1/21, 2.50%	3.5
First American Government Obligations Fund, 5.26%	2.6
GNMAII JUMBO TBA 30YR TBA 3% JAN, 3.00%	2.5
Total	29.3 %

Source: U.S. Bank. Portfolio holdings include cash and equivalents. Fund holdings are subject to change and should not be considered a suggestion or a recommendation 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.

DURATION DISTRIBUTION %

As of 12/31/2023	BIAZX	INDEX
< 1 Year	24.7	--
1 to 3 Years	2.8	7.9
3 to 5 Years	19.4	19.3
5 to 7 Years	26.9	35.4
7 to 10 Years	24.6	37.4
> 10 Years	1.6	--

Source: FactSet®. Duration distribution includes cash and equivalents. Distribution is subject to change and should not be a recommendation 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.

EXPERIENCED MANAGEMENT



Garritt Conover, CFA, CAIA

Garritt is a principal and portfolio manager on the fixed income team.

Investment experience dating from 2008; joined Brown Advisory 2021



Chris Roof

Chris is an associate portfolio manager at Brown Advisory.

Investment experience dating from 2015; joined Brown Advisory 2021

BROWN ADVISORY: AN INDEPENDENT INVESTMENT FIRM

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.

- Independent since 1998
- Founded in 1993
- 100% of colleagues own approximately 70% of the firm's equity

Before investing you should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information is in the summary or statutory prospectus, a copy of which may be obtained by calling 1-800-540-6807 or visiting the Fund's website, www.brownadvisoryfunds.com. Please read the prospectus carefully before you invest.

The **Bloomberg Mortgage Backed Securities Index** is an unmanaged index comprising 15- and 30-year fixed-rate securities backed by mortgage pools of Ginnie Mae, Freddie Mac and Fannie Mae. Bloomberg Indices are trademarks of Bloomberg or its licensors, including Bank PLC. It is not possible to invest directly in an index.

Bloomberg® and Bloomberg Mortgage Backed Securities Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Brown Advisory. Bloomberg is not affiliated with Brown Advisory, and Bloomberg does not approve, endorse, review, or recommend the Brown Advisory Mortgage Securities Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Brown Advisory Mortgage Securities Fund.

© 2023 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.** Morningstar Rating™ is a trademark of Morningstar, Inc. Morningstar Rating™ is for the Investor share class only; other classes may have different performance characteristics. "The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods." Brown Advisory Mortgage Securities Fund was rated against the following numbers of U.S. domiciled Intermediate Government funds over the following time periods: 220 funds in the last three year, 209 funds in the last five year and 170 for last ten-year period ending 12/31/2023. With respect to these U.S. Intermediate Government funds, Brown Advisory Mortgage Securities Fund received a Morningstar Rating of 4 stars, 5 stars and 5 stars for the three-, five and ten-year periods respectively.

Mutual Fund investing involves risk. Principle loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed and Mortgage-Backed securities include additional risks that investor should be aware of including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Certain fixed income securities held by the Fund may be difficult (or impossible) to sell at the time and at the price the Advisor would like.

As a result, the Fund may have to hold these securities longer than it would like and may forego other investment opportunities. Issuers may experience an acceleration in prepayments of mortgage loans or other receivables backing the issuers' fixed income securities when interest rates decline, which can shorten the maturity of the security, force the Fund to invest in securities with lower interest rates, and reduce the Fund's return. Issuers may decrease prepayments of principal when interest rates increase, extending the maturity of a fixed income security and causing the value of the security to decline. Investing involves risk. Principal loss is possible. Investors should consult a tax professional for advice and information concerning the tax features of mortgage backed securities and fixed coupon bonds

Mortgage-backed securities (MBS) are bonds secured by a mortgage or collection of mortgages. Diversification does not assure a profit nor protect against loss in a declining market. Investing involves risk. Principal loss is possible. Investors should consult a tax professional for advice and information concerning the tax features of mortgage backed securities and fixed coupon bonds. Unlike traditional fixed-coupon bonds that pay semiannual coupons, MBS distribute monthly payments of interest and principal, and the coupon amount may vary each month. Because of the general complexity of mortgage-backed securities, and the difficulty that can accompany assessing the creditworthiness of an issuer, they may not be suitable for all individual investors.

Terms & Definitions for Sector Distribution

Pass-throughs MBS are a mechanism in the form of a trust through which mortgage payments are collected and distributed to investors. The majority of pass-throughs have stated maturities of 30 years, 15 years and five years. Because these securities "pass through" the principal payments received, the average life is much less than the stated maturity life, and varies depending upon the paydown experience of the pool of mortgages underlying the bond. Collateralized mortgage obligations (CMO) are a complex type of pass-through security. Instead of passing along interest and principal cash flow to an investor from a generally like-featured pool of assets, CMOs are made up of many pools of securities. Front and back sequential bonds refer to types of CMOs that are structured to pay in a sequence of tranches. Each tranche's holder receives interest payments as long as the tranche's principal amount has not been completely paid off. Each tranche receives regular interest payments, but the principal payments received are made to the first tranche alone, until it is completely retired. Once the first tranche is retired, principal payments are applied to the second tranche until it is fully retired, and the process continues until the last tranche is retired. A Forward Contract is a customizable derivative (an instrument whose value derives from a bond price, interest rate, or other bond market value) contract between two parties to buy or sell an asset at a specified price on a future date.

General Terms & Definitions

Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. **Average Life** is the average period of time for all principal dollars to be returned to investors. **Effective Duration** is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. **30-Day SEC Yield** is a measure of the yearly rate paid to investors of an interest-bearing account, based on the returns earned in a 30-day period. FactSet® is a registered trademark of FactSet Solutions LLC. Advent Portfolio Exchange® is a registered trademark of Advent Software, Inc.

The Brown Advisory Funds are distributed by ALPS Distributors, Inc., which is not affiliated with Brown Advisory LLC.