

Mortgage Securities Fund

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

Fourth Quarter 2022

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 intermediateterm 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.

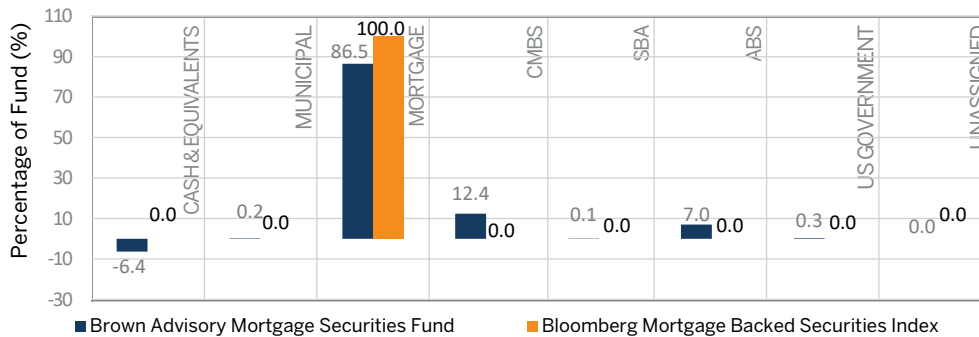
The Fund is a concentrated portfolio of high-conviction ideas. We believe that portfolio should be concentrated around our best ideas and invested independently from the benchmark. We have a culture and firm equity ownership structure that attract and retain professionals who share those beliefs, and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

Portfolio Manager: Garritt Conover, CFA, CAIA & Chris Roof
Benchmark Index: Bloomberg Mortgage Backed Securities Index

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

SECTOR DISTRIBUTION*

As of 12/31/2022



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 12/31/2022)

	3 MOS.	1 YR.	3 YR.	5 YR.	SINCE INCEPTION (12/26/2013)	SINCE INCEPTION (05/13/2014)
Brown Advisory Mortgage Securities Fund						
Investor Class - BIAZX Inception: 12/26/2013	1.37	-10.64	-2.05	0.24	1.22	--
Institutional Class - BAFZX Inception: 05/13/2014	1.38	-10.52	-2.00	0.29	--	1.08
Bloomberg Mortgage Backed Securities Index	2.14	-11.81	-3.22	-0.53	1.01	0.69
Excess Return vs. Index (Investor)	-0.77	1.17	1.17	0.78	0.22	--
Morningstar % Rank in Category (Investor) ¹		23	18	10	--	--
# of funds in Intermediate Government Fund		235	222	213	--	--

Gross Expense Ratios: 0.49% (Investor), 0.44% (Institutional)

1. Based on total return

OVERALL MORNINGSTAR RATING™



As of 12/31/2022 for Investor Shares among 222 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 12/31/2022	BIAZX	INDEX
Morningstar Category	Intermediate Government	--
Fund Assets (\$MM)	299.9	--
Average life (yrs)	9.2	8.3
Effective Duration (years)	5.7	5.7
30-Day SEC Yield (%) (Investor Share Class)	4.67	--

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.

CREDIT QUALITY COMPOSITION %

As of 12/31/2022	BIAZX	INDEX
AAA/Aaa	98.6	100.0
AA/Aa	2.0	--
A	1.9	--
BBB	0.4	--
Not Rated	-2.9	--

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 12/31/2022

TOP 5 PORTFOLIO HOLDINGS % (As of 12/31/2022)

Shown as a % of total net assets	
First American Government Obligations Fund, 4.07%	9.3
FNCL 2 1/21, 2.00%	5.7
FNMA TBA 30YR TBA 4% JAN, 4.00%	5.2
FNMA TBA 30YR TBA 3.50% JAN, 3.50%	3.5
Freddie Mac Pool SD8196, 3.50% Due 02/01/2052	1.4
Total	25.1 %

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 12/31/2022	BIAZX	INDEX
< 1 Year	10.9	--
1 to 3 Years	0.8	2.3
3 to 5 Years	13.0	22.7
5 to 7 Years	49.0	61.5
7 to 10 Years	24.2	13.6
> 10 Years	2.1	--

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.brownavisoryfunds.com. Please read the prospectus carefully before you invest.

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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.

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