

Small-Cap Fundamental Value Fund

Investor: **BIAUX** Advisor: **BAUAX** Institutional: **BAUUX**

Third Quarter 2020

U.S. SMALL BLEND

WHY INVEST IN BROWN ADVISORY SMALL-CAP FUNDAMENTAL VALUE FUND?

The Fund seeks to invest primarily in equity securities of small companies that we believe are mispriced relative to our assessment of their underlying value. Fund manager David Schuster believes, at times, the market price of a stock does not necessarily equate to a company's value. We focus on identifying companies that have sustainable free cash flow and management teams that demonstrate effective use of capital.

Our fund manager and investment team have backgrounds that support our unique research-intensive approach. Many members of our investment team, including David, have extensive investment banking backgrounds. They seek to assess classic value-oriented opportunities or special business situations where the market is overlooking or mispricing a company's entire worth. These valuation gaps may provide a margin of safety and the potential for relative outperformance over the long term.

A shared culture of thoughtful investing.

Brown Advisory's investment team is made up of independent thinkers who nonetheless share a common philosophy. We invest for the long term in what we consider to be exceptional businesses, and we keep our portfolios focused on a relatively small number of our best investment ideas. We believe that this sort of active management is the best way to attempt to generate long-term outperformance vs. our benchmarks.

Fund Manager: J. David Schuster
Benchmark: Russell 2000® Value Index

AVERAGE ANNUAL TOTAL RETURNS % (AS OF 09/30/2020)

	3 MOS.	YTD	1YR.	3YR.	5YR.	10YR.	INCEPTION (12/31/2008)	INCEPTION (07/28/2011)	INCEPTION (10/19/2012)
Brown Advisory Small-Cap Fundamental Value Fund									
Investor Class – BIAUX Inception: 12/31/2008	3.80	-21.89	-17.72	-4.30	3.52	8.89	10.41	–	–
Advisor Class – BAUAX Inception: 07/28/2011	3.77	-22.03	-17.92	-4.53	3.26	-	–	6.55	–
Institutional Class - BAUUX Inception: 10/19/2012	3.84	-21.79	-17.60	-4.15	3.67	-	–	–	6.99
Russell 2000® Value Index	2.56	-21.54	-14.88	-5.13	4.11	7.09	8.41	6.02	6.18
Excess Return vs. Index (Investor)	1.24	0.35	-2.84	0.83	-0.59	1.79	2.00	–	–
Morningstar % Rank in Category (Investor)			92	86	84	50	–	–	–
# of Funds in Small Blend Category			658	617	503	358	–	–	–

CALENDAR YEAR RETURNS %

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Brown Advisory Small-Cap Fundamental Value Fund, Investor Class - BIAUX	23.99	-13.29	12.20	21.86	-5.70	5.98	40.36	21.40	2.05	27.50
Russell 2000® Value Index	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05	-5.50	24.50
Excess Return vs. Index (Investor)	1.60	-0.43	4.36	-9.88	1.77	1.76	5.84	3.35	7.55	3.00

Gross Expense Ratios: 1.37% (Investor), 1.22% (Institutional), 1.62% (Advisor)

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.**

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.

OVERALL MORNINGSTAR RATING[†]



As of 09/30/2020 for Investor Shares among 617 Small Blend funds (derived from a weighted average of the fund's three-, five- and 10-year risk adjusted return measure).

CHARACTERISTICS (AS OF 09/30/2020)

	BIAUX	INDEX
Morningstar Category (U.S.)	U.S. Small Blend	--
Fund Assets (\$MM)	786	
Number of Holdings	60	1,459
Wtd. Avg. Market Capitalization (\$B)	2.7	1.9
Earnings Growth 3-5 Yr. Est (%)	12.2	10.1
Price-to-Earnings Ratio (P/E, FY1)	14.9	13.3
Price-to-Earnings Ratio (P/E, FY2)	13.6	12.1

Source: Fund net assets provided by U.S. Bank and are as of the last day of the quarter and include all share classes. Characteristics exclude cash and equivalents and are derived from FactSet® and are applicable to the investor share class only. Performance figures and charts include the reinvestment of dividend and capital gain distributions. Returns would have been lower during the specified periods if the payment of certain fees by the Fund had not been waived or expenses reimbursed. Earnings growth 3-5 year estimate is not a measure of the Fund's future performance.

PORTFOLIO DIVERSIFICATION (AS OF 09/30/2020)

Sector Composition %	Fund	Index	Weighting Difference
Communication Services	7.2	2.4	4.8
Consumer Discretionary	11.6	13.5	-1.8
Consumer Staples	1.9	3.5	-1.6
Energy	1.7	3.8	-2.1
Financials	27.2	27.1	0.1
Health Care	6.5	7.0	-0.4
Industrials	19.8	16.8	3.0
Information Technology	12.3	5.7	6.6
Materials	2.3	5.7	-3.4
Real Estate	6.3	10.0	-3.7
Utilities	3.1	4.4	-1.3

Source: U.S. Bank. Sector breakdown (excluding cash and equivalents) and Fund holdings (including cash and equivalents) are subject to change at any time. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Numbers may not total due to rounding.

TOP 10 PORTFOLIO HOLDINGS % (AS OF 09/30/2020)

Top 10 Positions	% of
Cash and Equivalents	4.3
National General Holdings Corp	3.8
GCI Liberty Inc	3.6
Nexstar Media Group Inc	3.3
Magellan Health Inc	3.3
Providence Service Corp/The	2.9
Core-Mark Holding Co Inc	2.7
Cabot Microelectronics Corp	2.6
Assurant Inc	2.6
Virtus Investment Partners Inc	2.6
Total % of Net Assets	31.7%

EXPERIENCED MANAGEMENT



J. DAVIDSCHUSTER

David Schuster is the portfolio manager for the Small-Cap Fundamental Value strategy. Investment experience dating from 1995; joined Brown Advisory 2008; manager since inception

BROWN ADVISORY: AN INDEPENDENT INVESTMENT FIRM

that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. Our mission is to make a material and positive difference in the lives of our clients. We are committed to delivering a combination of first-class performance, customized strategic advice and the highest level of personalized service.

- Independent since 1998
- Founded in 1993
- 100% of colleagues collectively 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.

Investments in smaller companies generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock. The value of the Fund's investments in REITs may change in response to changes in the real estate market such as declines in the value of real estate, lack of available capital or financing opportunities, and increases in property taxes or operating costs. The Fund may invest in ETFs, which may trade at a discount to the aggregate value of the underlying securities and although expense ratios for ETFs are generally low, frequent trading of ETFs by the Fund can generate brokerage expenses. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater in emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Private Placement issued securities are restricted securities that are not publicly traded. Delay or difficulty in selling such securities may result in a loss to the Fund.

Performance figures and charts include the reinvestment of dividend and capital gain distributions.

The Fund is the successor to the investment performance of the Predecessor Fund as a result of the reorganization of the Predecessor Fund into the Fund on October 19, 2012. Accordingly, the performance information shown for periods prior to October 19, 2012 is that of the Predecessor Fund. Investor Shares commenced operations on December 31, 2008 as part of the Predecessor Fund and Advisor Shares commenced operations on July 28, 2011 as part of the Predecessor Fund. Performance shown prior to inception of the Advisor Shares is based on the performance of Investor Shares, adjusted for the higher expenses applicable to Advisor Shares. Prior to July 1, 2011, the Advisor Shares were known as A Shares. Institutional Shares commenced operations on October 19, 2012. Prior to October 19, 2012, Investor Shares were known as Institutional Shares.

The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 2000® Value Index and Russell® are trademarks/service marks of the London Stock Exchange. An investor cannot invest directly into an index.

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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 Small-Cap Fundamental Value Fund was rated against the following number of U.S. Small Blend funds over the following time periods: 617 funds in the last three years, 503 in the last five years and 358 in the last ten years for the period ending 09/30/2020. With respect to these, Brown Advisory Small-Cap Fundamental Value received a Morningstar Rating of 2 stars, 2 stars and 3 stars for the three-, five- and ten-year periods respectively. **Past performance is no guarantee of future results.**

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Terms and Definitions

Market Capitalization is the value of the fund as determined by the market price of its issued and outstanding stock. The **Weighted Average Market Capitalization** of a portfolio equals the average of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greater influence on the calculation). **Earnings growth rate** is the amount of increase that a specific variable has gained within a specific period and context and is based on consensus estimates derived from FactSet as of 09/30/2020 for the 3-5 year period, and is not a measure of the Fund's future performance. **Earnings Growth 3-5 Year Est.** is the forecasted growth rate of a company's earnings per share. Estimated EPS Growth Rate is not a measure of the Fund's future performance. **Price-Earnings Ratio (P/E Ratio)** is the ratio of the share of a company's stock compared to its per-share earnings. **Free cash flow (FCF)** is a measure of how much cash a business generates after accounting for capital expenditures such as buildings or equipment. **Margin of safety** is the difference between the intrinsic value of a stock and its market price.

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