

# SMALL-CAP FUNDAMENTAL VALUE REVIEW AND OUTLOOK



## Second Quarter 2021

The Brown Advisory Small-Cap Fundamental Value strategy was up for the quarter but trailed relative to the Russell 2000® Value Index benchmark. Very similar to the first quarter, we outperformed nicely during the first part of the quarter, including earnings season, but trailed during the later part as the retail-led rally in highly-shorted stocks drove our relative underperformance.

During the second quarter of 2021, small-cap shares experienced many of the same themes as during the first quarter. "Meme" stocks captured the retail investors' imagination and were the principal drivers of overall returns. AMC Entertainment became a stock of outsized importance, as GameStop was in the prior quarter. Even though it only has a 0.65% weighting in the Index, it generated 115 basis points of return during the quarter, representing over 25% of the Index's total return. This is even higher than GameStop's dramatic first-quarter performance. While the initial part of the small-cap rally that started last November was characterized by lower quality companies (generally defined by Return On Equity), we saw this trend reverse during the first quarter and continue into the second. We also saw solid operating performance out of our portfolio companies during the earnings season. As we head into the second half of the year, we will be curious to see the durability of the retail investors' impact on the market. More important, we are keenly focused on the duration of this level of heightened economic activity coming out of the pandemic.

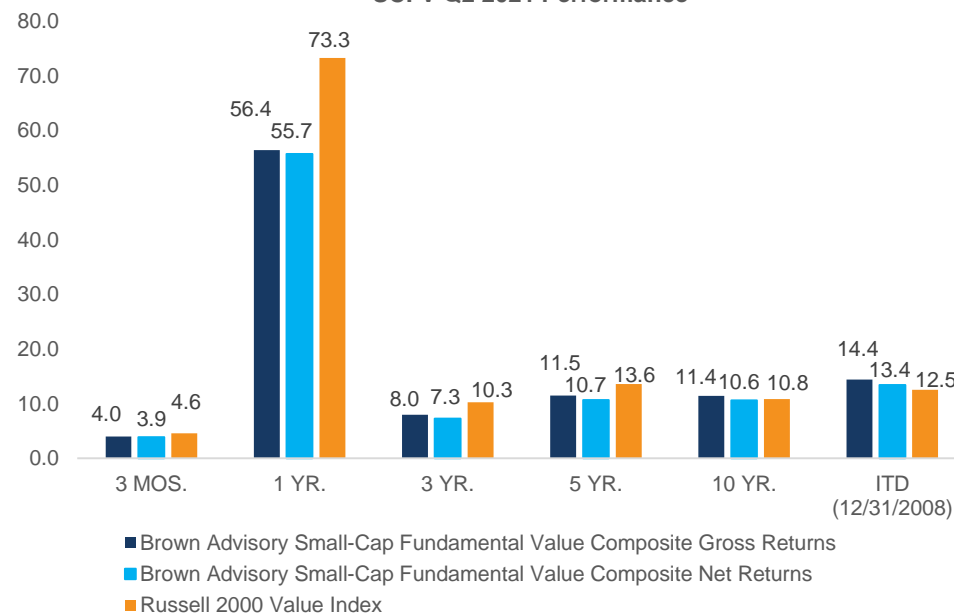
Our performance on a sector level was fairly balanced. Financials were the strongest contributor. This was partially driven by our investment in Virtus Investment Partners. It was also due to our underweight in banks, which were the worst performing subsector in the Index. Consumer discretionary and health care were also strong contributors due to our investment in Vista Outdoor and our recent investment this quarter in Owens & Minor this quarter. Communications services was overwhelmingly our largest detractor. AMC Entertainment is included in this sector. We also underperformed in the consumer staples, information technology and energy sectors. Our portfolio companies have generally been performing well within consumer staples, but concerns about ongoing inflationary pressures weighed on the shares. Energy was the index's second strongest sector. While our investments performed well, they did not keep overall pace with the index.

Activity levels in the portfolio have continued to moderate. We made three new investments during the quarter: one in health care, one consumer discretionary company and one in the materials sector. While in disparate industries, what they all shared in common was attractive business fundamentals that we have been following for a number of years. In each case, however, we have passed

on the opportunity in the past because of leverage. Over the years, though, each has worked to bring leverage down to acceptable levels, which has allowed us to confidently make an investment. We exited four investments during the quarter. Extended Stay was acquired by a partnership between Blackstone and Starwood Capital. Maximus made a sizable and, we believe, ill-timed and poorly structured, acquisition which caused us to sell our investment. Corporate mergers and acquisitions continue to be active in the small-cap space. Within our portfolio, Coremark agreed to be acquired by Performance Food Group in a stock and cash transaction. We continue to evaluate the transaction as well as our options.

While disappointed that GameStop and AMC Entertainment have overshadowed the year-to-date performance of the portfolio, we are very pleased with the current portfolio positioning. We feel our portfolio companies are poised to continue to execute and thrive in the current environment, which has many cross-currents from inflationary and other commodity price pressures.

SCFV Q2 2021 Performance



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 Small-Cap Fundamental Value 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 end of this presentation for important disclosures and the Brown Advisory Small-Cap Fundamental Value disclosure statement for a GIPS compliant presentation.

# SECTOR DIVERSIFICATION

Second Quarter 2021

- Our weighting within materials increased during the period as we made an investment in Ingevity Corporation.
- Our information technology weighting reflects our elimination of MAXIMUS, Inc.

SECTOR	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT (%)	RUSSELL 2000® VALUE INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT (%)	
	Q2 '21	Q2 '21	Q2 '21	Q1 '21	Q2 '20
Communication Services	3.78	4.66	-0.88	3.81	6.80
Consumer Discretionary	12.93	9.03	3.90	12.86	11.40
Consumer Staples	3.92	2.71	1.21	4.67	2.27
Energy	4.96	6.52	-1.56	4.79	1.74
Financials	29.8	25.78	4.01	30.88	28.52
Health Care	1.79	10.87	-9.08	--	6.46
Industrials	20.16	13.91	6.26	20.74	17.53
Information Technology	8.83	6.1	2.72	10.95	13.98
Materials	5.41	4.69	0.73	3.11	3.24
Real Estate	5.50	11.32	-5.83	5.09	6.12
Utilities	2.92	4.41	-1.49	3.11	1.93
Unassigned	--	--	--	--	--

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 Small-Cap Fundamental Value 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.

# QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

Second Quarter 2021

SECTOR	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT		RUSSELL 2000® VALUE INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	3.82	5.79	3.02	55.43	0.36	-1.56	-1.20
Consumer Discretionary	12.44	9.29	14.38	5.24	0.08	0.43	0.51
Consumer Staples	4.31	-10.9	3.25	-3.09	-0.07	-0.38	-0.45
Energy	4.83	13.45	5.16	19.31	0.01	-0.30	-0.29
Financials	30.77	2.88	26.84	-0.11	-0.16	0.93	0.77
Health Care	0.74	36.1	6.44	4.09	0.18	0.18	0.36
Industrials	20.54	2.07	16.31	1.51	-0.09	0.10	0.01
Information Technology	9.51	0.15	5.64	5.36	-0.06	-0.35	-0.41
Materials	4.63	7.44	6.45	4.73	-0.02	0.04	0.02
Real Estate	5.36	15.74	8.77	8.27	-0.12	0.35	0.23
Utilities	3.05	0.69	3.73	-2.22	0.04	0.09	0.13
Unassigned	--	--	--	-21.96	--	--	--
<b>Total</b>	<b>100.00</b>	<b>4.24</b>	<b>100.00</b>	<b>4.56</b>	<b>0.15</b>	<b>-0.47</b>	<b>-0.32</b>

Source: FactSet. 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. The portfolio information provided is based on a representative Small-Cap Fundamental Value 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.

# QUARTER-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN



## Second Quarter 2021 Representative Small-Cap Fundamental Value Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
VSTO	Vista Outdoor Inc	Designs, manufactures and markets consumer products in the outdoor sports and recreation markets	2.58	44.31	0.97
CHX	ChampionX Corporation	Produces chemicals and equipment for oil & gas drilling industries	3.42	18.04	0.54
CORE	Core-Mark Holding Company, Inc.	Engages in distributing and marketing of consumer products	2.78	16.67	0.43
EPRT	Essential Properties Realty Trust, Inc.	Owns, manages and leases real estate properties	2.26	19.59	0.39
VRTS	Virtus Investment Partners, Inc.	Provides investment management services	2.00	18.31	0.33

- Vista Outdoor continues to benefit from strong demand in both its Outdoor Products segment and Shooting Sports segment, which drove revenue growth of 40% in the quarter. The company held an investor day and raised long-term revenue and margin guidance, indicating confidence in sustained demand.
- ChampionX Corporation, an oilfield services company, was a top contributor to performance during the period as the energy sector advanced alongside the recent rise in commodity prices. We believe that ChampionX is well positioned to benefit from increased production activity as underlying demand improves from the global economy reopening.
- Core-Mark Holding Company received a cash and stock buyout offer from Performance Food Group at close to a 20% premium.
- Essential Properties Realty Trust's stock performance in the quarter was propelled by a successful equity offering in April (raising over \$150M at \$23.50) and the company's first unsecured bond issuance in June (raising \$400M of ten-year bonds at a rate under 3%), both of which demonstrate the company's strong access to attractively-priced capital to propel its ongoing best-in-class growth.
- Virtus Investment Partners continues to benefit from a strong equity market as well as the incremental positive impact from recent acquisitions.

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. Returns listed represent the period when the security was held during the quarter. The portfolio information provided is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Top five and bottom five contributors 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.

# QUARTER-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

## Second Quarter 2021 Representative Small-Cap Fundamental Value Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
CCMP	CMC Materials, Inc.	Manufactures polishing compounds and polishing pads for the semiconductor industry	2.45	-14.53	-0.35
THS	TreeHouse Foods, Inc.	Manufactures pickles, coffee creamer, sauces and salad dressing	2.20	-14.78	-0.34
AMWD	American Woodmark Corporation	Manufactures and distributes kitchen and bath cabinets	1.77	-17.28	-0.33
LZB	La-Z-Boy Incorporated	Manufactures and retails upholstery products, accessories and casegoods furniture products	1.91	-12.50	-0.22
SFM	Sprouts Farmers Markets, Inc.	Operates a network of food retail stores	2.12	-6.65	-0.16

- CMC Materials was a detractor to performance during the period as the company reported a somewhat disappointing quarter in early May. Despite the near-term expectations miss, management still raised guidance for the full year as the company's core electronic materials segment is seeing accelerating trends looking into the back half of the year.
- TreeHouse Foods underperformed as food manufacturers face rising input costs that will likely result in near-term margin pressure. There are also concerns that private label will be impacted more severely than branded food manufacturers due to lower pricing power.
- Despite incredibly strong underlying demand (19% organic revenue growth), American Woodmark (AMWD) was a detractor during the period as increased inflation across hardwoods, freight and labor squeezed margins during the quarter. AMWD is sitting on a record backlog and has taken pricing to offset these headwinds in the back half of the year.
- La-Z-Boy underperformed in the quarter despite continued strong demand as supply chain constraints and rising input cost inflation is expected to result in margin compression over the next six months.
- Sprouts Farmers Markets shares underperformed after strong first quarter outperformance as the company continues to lap difficult same store sales comparisons from the COVID-19 lockdowns.

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# QUARTER-TO-DATE ADDITIONS

## Second Quarter 2021 Representative Small-Cap Fundamental Value Account Portfolio Activity

- Monarch Casino & Resort (MCRI) is a regional casino operator with two properties, one in Black Hawk, Colorado and one in Reno, Nevada. We believe that MCRI will see outsized market share gains in its respective markets and meaningful margin expansion due to recent property renovations, new regulatory changes in Colorado and strong regional markets in both Denver and Reno.
- Ingevity Corporation (NGVT) is a specialty chemicals company with industry leading margins that is trading at a sizable discount to peers for the first time in years. The company has demonstrated strong pricing power historically across all its businesses given its leading market shares and its free cash flow (FCF) conversion remains near the top end of the group. We believe that the stock's recent underperformance provides a compelling opportunity and at the time of our initial purchase NGVT was trading at less than 9 times earnings before income, taxes, depreciation and amortization with a 7.5% FCF yield.
- Owens & Minor is a health care distributor and manufacture that is over-earning in the short-run due to COVID-19 but it's sustainable levels of cash flow generation is underappreciated in our view. Management has done an admirable job improving their core distribution business but we also believe that this improvement path is still in the early innings.

SYMBOL	ADDITIONS	SECTOR
MCRI	Monarch Casino & Resort, Inc.	Consumer Discretionary
NGVT	Ingevity Corporation	Materials
OMI	Owens & Minor, Inc.	Health Care

# QUARTER-TO-DATE DELETIONS

## Second Quarter 2021 Representative Small-Cap Fundamental Value Account Portfolio Activity

- We chose to exit our position in Century Casinos as the stock had already seen a meaningful recovery from the COVID-induced lows and market capitalization constraints limited our ability to take a full position size.
- We sold Extended Stay as the company was acquired by Blackstone and Starwood Capital.
- Maximus, a long-held position, was sold after management embarked on a series of large acquisitions that could change the capital structure of the company for the foreseeable future.
- We exited our position in Solaris during the period as we became concerned around pricing for the company's rental fleet. The company's valuation was baking in a recovery in the business into 2022 and we believed that scenario was getting harder to achieve. We used the proceeds to allocate capital to other opportunities in the energy space at more favorable valuations.

SYMBOL	DELETIONS	SECTOR
CNTY	Century Casinos, Inc.	Consumer Discretionary
STAY.U	Extended Stay America, Inc.	Consumer Discretionary
MMS	MAXIMUS, Inc.	Information Technology
SOI	Solaris Oilfield Infrastructure, Inc. Class A	Energy

# PORTFOLIO CHARACTERISTICS

Second Quarter 2021



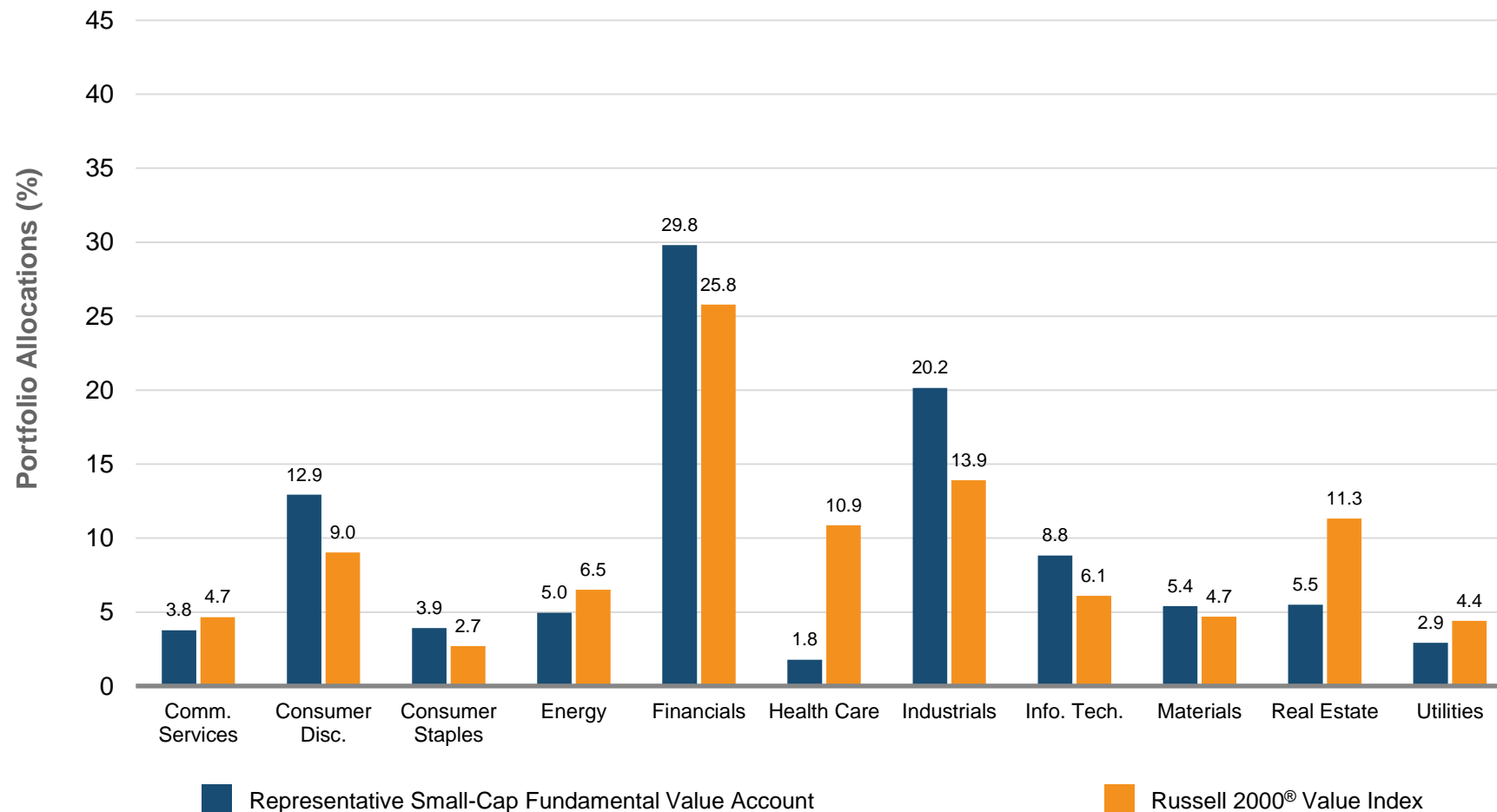
	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT	RUSSELL 2000® VALUE INDEX
Number of Holdings	57	1,384
Market Capitalization (\$ B)		
Weighted Average	3.4	3.0
Weighted Median	3.0	2.5
Maximum	9.5	25.5
Minimum	0.1	0.0
Top 10 Equity Holdings (%)	30.7	5.2
Three-Year Annualized Portfolio Turnover (%)	37.5	--

Source: FactSet. Portfolio information is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Please see disclosure statements at the end of this presentation for additional information. All characteristics exclude cash and cash equivalents with the exception of Top 10 equity holdings. Please see the end of this presentation for a complete list of terms and definitions.



# SECTOR DIVERSIFICATION

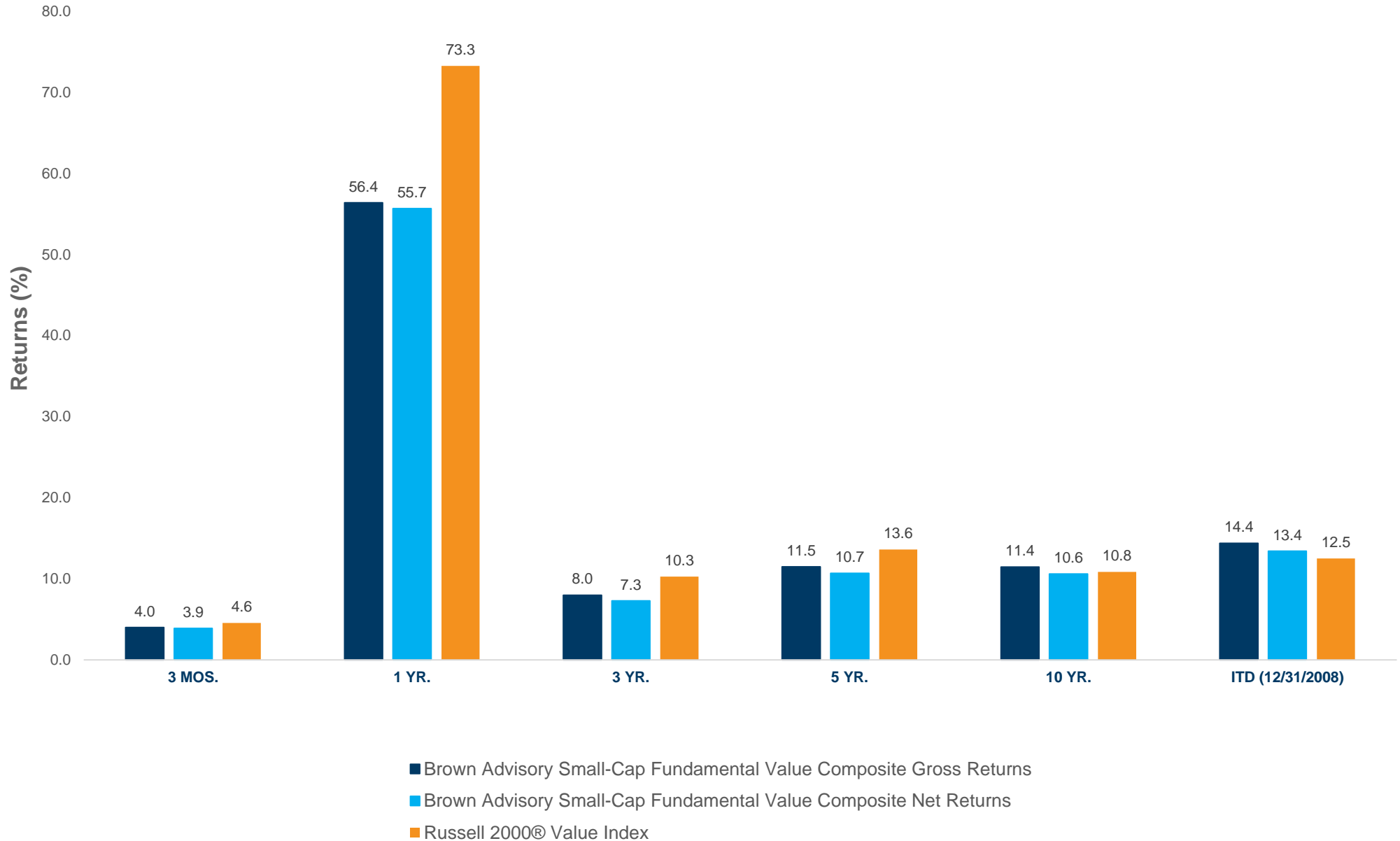
Second Quarter 2021 Global Industry Classification Standard (GICS) as of 06/30/2021



Source: FactSet. The portfolio information provided is based on a representative Small-Cap Fundamental Value 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.

# COMPOSITE PERFORMANCE

Second Quarter 2021 as of 06/30/2021



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# TOP 10 EQUITY HOLDINGS

Representative Small-Cap Fundamental Value Account as of 06/30/2021

## Top 10 Equity Holdings

TOP 10 EQUITY HOLDINGS	% OF PORTFOLIO
Nexstar Media Group, Inc.	3.7
ChampionX Corp.	3.5
UMB Financial Corp.	3.3
Vista Outdoor, Inc.	3.1
Eagle Materials, Inc.	3.0
Pacific Premier Bancorp, Inc.	2.8
Core-Mark Holding Co., Inc.	2.8
Veritex Holdings, Inc.	2.7
Eastern Bankshares, Inc.	2.6
Onto Innovation, Inc.	2.5
<b>Total</b>	<b>30.1%</b>

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 Small-Cap Fundamental Value account and is provided as supplemental information. Cash and cash equivalents of 1.9% are included but not shown in the top 10 equity holdings featured above. Please see disclosure statement at the end of this presentation for additional information. Figures in chart may not total due to rounding.

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 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 that 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 of the London Stock Exchange Group Companies.

An investor cannot invest directly into an index.

Global Industry Classification Standard (GICS®) and “GICS” are service makers/trademarks of MSCI and Standard & Poor’s.

FactSet® is a registered trademark of FactSet Research Systems, Inc.

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

# TERMS AND DEFINITIONS

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. Standard benchmark-, sector- and portfolio-level returns are the sums of the weights of each security multiplied by its return, summed and calculated daily and summed over the period covered by the report or by an otherwise-noted period.

**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 in the portfolio by the security's return on a daily basis, and geometrically linking the return to the reporting period.

**Free Cash Flow** is a measurement of profitability that excludes the non-cash expenses of the income statement and includes spending on equipment and assets as well as changes in the working capital from the balance sheet.

**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); Weighted Median: the value at which half the portfolio's market capitalization weight falls above and half falls below; Maximum and Minimum: the market caps of the largest and smallest companies, respectively, in the portfolio.

**Earnings Growth 3-5 Year Est.** is the average predicted annual earnings growth over the next three to five years based on estimates provided to FactSet by various outside brokerage firms, calculated according to each broker's methodology.

**Portfolio Turnover** is the ratio of the lesser of the portfolio's aggregate purchases or sales during a given period, divided by the average value of the portfolio during that period, calculated on a monthly basis. Portfolio turnover is provided for a three-year trailing period.

# SMALL-CAP FUNDAMENTAL VALUE COMPOSITE



Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)*	GIPS Firm Assets (\$USD Millions)*
2020	-4.9	-5.8	4.6	24.3	26.1	43	0.9	1,491	59,683
2019	25.3	24.4	22.4	13.9	15.7	38	0.3	1,442	42,426
2018	-12.3	-13.1	-12.9	13.4	15.8	41	0.2	1,334	30,529
2017	13.3	12.4	7.8	12.2	14.0	48	0.3	1,808	33,155
2016	23.4	22.4	31.7	13.0	15.5	46	0.3	1,660	30,417
2015	-4.6	-5.3	-7.5	12.3	13.5	45	0.2	1,186	43,746
2014	7.1	6.3	4.2	10.7	12.8	41	0.4	1,002	44,772
2013	42.0	41.0	34.5	14.1	15.8	32	0.3	693	40,739
2012	23.0	21.9	18.1	17.7	19.9	13	0.1	269	26,794
2011	2.9	1.9	-5.5	20.6	26.1	9	0.6	190	19,962

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, 2020. The Verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

- \*For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the Institutional and Balanced Institutional asset management divisions of Brown Advisory. As of July 1, 2016, the firm was redefined to exclude the Brown Advisory Private Client division, due to an evolution of the three distinct business lines.
- The Small-Cap Fundamental Value Composite (the Composite) includes all discretionary portfolios invested in the Small Cap Fundamental Value Strategy. The strategy invests primarily in U.S. smaller market capitalization equities that generate high levels of free cash flow and are currently undervalued by the market. The minimum account market value required for inclusion in the Composite is \$1.5 million.
- The Composite was created in 2009. The Composite inception date is January 1, 2019.
- The benchmark is the Russell 2000® Value Index. 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 Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- The composite dispersion presented is an equal-weighted standard deviation of portfolio gross 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.
- 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: 1.00% on the first \$25 million; 0.90% on the next \$25 million; 0.80% on the next \$50 million; and 0.70% 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.
- The investment management fee for the Investor Shares of the Brown Advisory Small Cap Fundamental Value Fund (the Fund), which is included in the Composite, is 0.85%, and represents the highest fee charged excluding Advisor Shares. The total expense ratio for the Investor Shares of the Fund as of the most recent fiscal year end (June 30, 2020) was 1.12%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The investment management fee for the Dollar Class B Acc Shares of the Brown Advisory US Small Cap Blend Fund (the UCITS), which is included in the composite, is 1.00%. The total expense ratio for the Dollar Class B Acc Shares of the UCITS as of the most recent fiscal year end (October 31, 2020) was 1.19%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- 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, 2009 and December 31, 2010 because 36 month returns for the Composite were not available (N/A).
- Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
- A complete list of composite descriptions and broad distribution and limited distribution pooled funds is available upon request.
- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
- Past performance is not indicative of future results.
- This piece is provided for informational purposes only and should not be construed as a research report, a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell or hold any of the securities mentioned, including any mutual fund managed by Brown Advisory.