

# SMALL-CAP FUNDAMENTAL VALUE REVIEW AND OUTLOOK

Third Quarter 2021

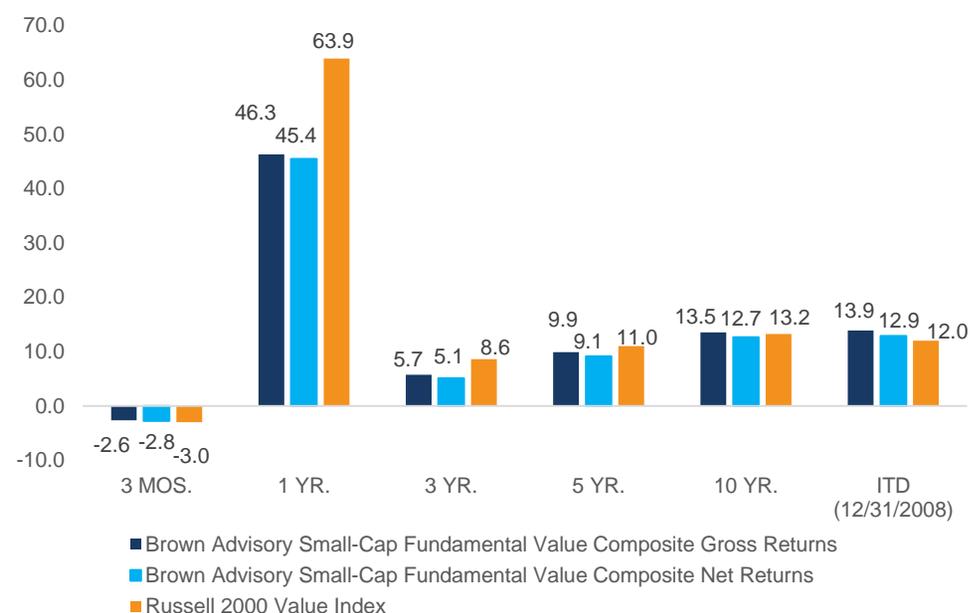
The Brown Small-Cap Fundamental Value strategy was down for the quarter but beat its benchmark, the Russell 2000® Value Index, by a modest amount. Small-cap value shares were down during the quarter following a meaningful rally over the past year. The relative spread between small-cap value and small-cap growth continues to grow as valuations for small-cap value companies continue to be attractive on an absolute and relative basis. Although they still have had a dramatic impact on year-to-date performance, the meaningful rally in both highly shorted and unprofitable companies looks like it is starting to finally unwind. Companies with attractive valuations and high return on equity are showing signs of reasserting themselves as positive, albeit modest, drivers of performance. As the discussion regarding inflation continues to gain traction, investors have been keenly focused on which companies have pricing power and which ones do not. Finally, we believe that an active mergers and acquisitions market as well as the potential for higher rates bodes well for small-cap value shares.

Similar to earlier quarters, the strategy outperformed early in the quarter but trailed during the last month. Earnings season was generally positive. However, several portfolio companies dealt with headwinds with inflation having an impact on their margins. While a number of our companies have been able to proactively take pricing actions to get ahead of these inflationary impacts, in some cases the cost pressures have been so rapid that it has caused short-term pressures to margins. In only one circumstance do we feel that the competitive dynamic has prevented a company from maintaining margins in the current environment. We started the sale process on this investment and are concluding it during the current quarter.

Most of the sectors in the Russell 2000 Value Index posted negative returns for the quarter with the exception of energy and financials. Both sectors have come back materially over the past twelve months. Energy in particular was up over 15% during September. Consumer discretionary and communication services were the biggest detractors for the Index. Our strategy's relative performance was generally inline with a few exceptions. Communication services and financials were the strongest relative sectors while energy and materials were our largest detractors.

During the quarter we made five new investments. These included two new banks, which helped to increase our weighting within financials. We also made an investment in a cable company, which made a divestment at an attractive multiple. Interestingly, all three had undergone sizable transactions. The two banks had merged with other entities, while the cable company had completed a divestment. We also made two very small investments in the sub-\$500 million market-cap range, including a retailer and a energy services company. Earlier in the year, Coremark announced it was selling itself to Performance Food Group in a cash and stock transaction. We retained our shares until closing and then promptly sold the shares received in the transaction. Finally, we also sold a bank investment due to valuation and to help fund the other bank investments.

SCFV Q3 2021 Performance



# SECTOR DIVERSIFICATION

Third Quarter 2021

- Our weighting within communication services increased during the period since made an investment in WideOpenWest, Inc.
- We remain underweight within health care, real estate and, to a lesser extent, energy.
- Our largest overweight positions are in industrials, financials and consumer discretionary.

SECTOR	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT (%)	RUSSELL 2000® VALUE INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT (%)	
	Q3 '21	Q3 '21	Q3 '21	Q2 '21	Q3 '20
Communication Services	5.76	4.31	1.45	3.78	7.23
Consumer Discretionary	12.43	8.59	3.84	12.93	11.71
Consumer Staples	3.53	2.69	0.84	3.92	1.92
Energy	4.15	6.97	-2.82	4.96	1.68
Financials	30.56	26.13	4.43	29.80	27.21
Health Care	1.72	10.90	-9.18	1.79	6.51
Industrials	19.43	13.89	5.54	20.16	19.80
Information Technology	8.17	6.18	1.99	8.83	12.27
Materials	5.55	4.54	1.01	5.41	2.26
Real Estate	5.70	11.36	-5.66	5.50	6.27
Utilities	3.00	4.41	-1.41	2.92	3.14
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 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

Third 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	5.37	-0.90	4.11	-17.28	0.02	0.76	0.78
Consumer Discretionary	13.18	-4.22	8.91	-8.34	-0.22	0.51	0.30
Consumer Staples	3.72	-3.52	2.72	-4.64	-0.02	0.04	0.02
Energy	4.19	-11.55	6.15	2.47	-0.16	-0.62	-0.78
Financials	28.40	2.83	25.63	1.97	0.19	0.23	0.42
Health Care	1.95	-25.91	10.81	-5.39	0.24	-0.50	-0.25
Industrials	19.93	-2.75	14.23	-2.67	0.04	-0.02	0.02
Information Technology	8.41	-6.19	6.30	-7.28	-0.11	0.09	-0.01
Materials	5.79	-9.55	4.70	-4.19	-0.03	-0.37	-0.39
Real Estate	5.93	1.15	11.75	-1.06	-0.11	0.10	-0.01
Utilities	3.12	-0.61	4.66	-3.95	0.02	0.11	0.13
Unassigned	--	--	0.02	43.33	-0.01	--	-0.01
<b>Total</b>	<b>100</b>	<b>-2.78</b>	<b>100</b>	<b>-2.99</b>	<b>-0.13</b>	<b>0.35</b>	<b>0.21</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



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

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
MUSA	Murphy USA, Inc.	Markets and distributes of retail motor fuel and gasoline product	1.96	25.62	0.44
VBTX	Veritex Holdings, Inc.	Operates as a bank holding company	2.81	11.81	0.33
KAI	Kadant Inc.	Develops, manufactures and markets equipment and products for the papermaking and paper recycling industries	1.96	16.06	0.28
VRTS	Virtus Investment Partners, Inc.	Provides investment management services	2.26	12.01	0.25
CRAI	CRA International, Inc.	Provides economic consulting services	1.57	16.38	0.25

- Murphy USA reported strong Q2 results on better-than-expected in-store sales and elevated fuel margins.
- Veritex benefited from above average organic loan and deposit growth while maintaining top quintile profitability among banks. With recent fee business acquisitions, Veritex has also diversified its revenue base and leveraged its excess capital to improve profitability.
- Kadant reported strong second quarter earnings, increased guidance for 2021 and completed two highly-accretive acquisitions that should drive double digit free cash flow accretion in 2022. Kadant has seen solid bookings trends year-to-date and is sitting on a record backlog, providing good visibility into the early parts of 2022.
- Virtus benefited from strong flows, especially from its recent acquisitions, and the positive leverage implications from higher levels of assets under management. The company also continues to demonstrate strong capital allocation decisions including share repurchases, a sizable dividend increase and several tuck-in acquisitions.
- CRA International shares rose on strong earnings. The company is benefitting from a strong mergers and acquisitions environment, growing overall revenue and profit growth of more than 20% in the quarter.

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

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

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
OMI	Owens & Minor, Inc.	Distributes medical and surgical products	1.95	-25.91	-0.58
CHX	ChampionX Corporation	Produces chemicals and equipment for oil & gas drilling industries	2.90	-12.81	-0.44
VSTO	Vista Outdoor Inc	Designs, manufactures and markets consumer products in the outdoor sports and recreation markets	3.08	-12.90	-0.40
CCMP	CMC Materials, Inc.	Manufactures polishing compounds and polishing pads for the semiconductor industry	1.90	-18.03	-0.37
NGVT	Ingevity Corporation	Engages in the manufacturing of specialty chemicals	2.43	-12.33	-0.33

- Owens & Minor was a detractor during the period primarily due to 2Q margins in its products business. Margins were worse-than-expected due to the moderation of peak margins and pricing from COVID-19 related demand shortages. There was also a reversal of the benefit from the increasing prices of surgical gloves to their customers before the increased costs of those gloves made their way through the supply chain. We continue to believe that the company's sustainable levels of cash flow generation are underappreciated and the improvement of its core distribution business is still in the early innings.
- ChampionX was a detractor to overall results during the period despite posting better-than-expected second quarter results and issuing a favorable outlook for the back half of the year. We continue to like the consistent free cash flow generation and targeted capital allocation of this business. The improving energy markets should also be a tailwind to the company over the coming quarters.
- Vista Outdoor underperformed despite a strong quarter and sustained demand for both shooting sports and outdoor products. The stock was down after a 40% increase over the last two months of 2Q21. This followed the company's investor day and announcement of updated long-term targets.
- CMC Materials was a detractor during the period as the company reported disappointing results and slightly lowered EBITDA guidance for its fiscal year. Similar to what we are hearing from more and more companies in the current environment, CMC saw accelerating levels of inflation in their supply chain and underlying cost of goods sold. It was unable to pass those costs through immediately. While this is frustrating, especially after raising guidance just last quarter, we expect CMC to implement pricing tactics to help offset the increased costs and to use its strong free cash flow to increase its share repurchase activity in the intermediate period.
- Ingevity was a detractor during the third quarter as more cyclical parts of the market came under pressure after a strong start to the year. Despite a short term change in sentiment, underlying fundamentals at Ingevity remain strong with second quarter results coming in well ahead of expectations and management raising guidance again. Product pricing and free cash flow are set to accelerate in the back half of the year and we expect management to remain very active from a share repurchase standpoint at current prices.

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# QUARTER-TO-DATE ADDITIONS

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

- Civeo is a dominant player in the remote hospitality services space for energy/mining companies. It has a greater than 50% market share in non-operator owned rooms in its two key markets, Canada and Australia. We believe that Civeo is unique among many other small-cap energy facing businesses in that the customers and projects they are serving are incredibly long duration in nature. This provides the company with good visibility of base level demand from its customers on a go forward basis and also reduces the overall cyclical nature of the business. This is proven out in the fact that the company has been free cash flow positive every year since its emergence as a public company in 2014. Civeo's balance sheet has dramatically improved over the past few years. With fundamentals improving in both of its core markets, we expect the company to begin returning more capital to shareholders in the future. At the time of our initial investment, the company was trading at under 6x EBITDA and with a 25% free cash flow yield.
- JOANN is the category leader in sewing products and accessories. It is one of the fastest growing players in the arts and crafts industry in the United States. We believe that the company is uniquely positioned within the \$40B creative products industry. We believe that company-specific initiatives, combined with new entrants entering the industry from COVID-19 related activities, will result in sustained comparable sales growth of low-single digits and meaningful free cash flow generation.
- Premier Financial Corp. is a highly profitable Ohio-based bank that we believe is undervalued. The company recently completed a merger-of-equals of two smaller and not well-known banks. It is not well known or highly followed among investors. As investors get to know the new entity and the company demonstrates its pro forma profitability, the company should see multiple expansion on top of strong organic performance.

SYMBOL	ADDITIONS	SECTOR
CVEO	Civeo Corp	Consumer Discretionary
JOAN	JOANN, Inc.	Consumer Discretionary
PFC	Premier Financial Corp.	Financials
WOW	WideOpenWest, Inc.	Communication Services
WSFS	WSFS Financial Corporation	Financials

- WideOpenWest is a challenger cable company. We believe it will see improved margins in its ongoing shift from video subscribers to the much more profitable broadband business. The company announced a transaction to sell a third of its business, which should allow it to reduce its elevated debt burden. The company trades at a discount to cable peers as well as to the assets it just sold, which were of lower quality than the remaining entity.
- WSFS Financial Corporation is an attractive banking franchise highlighted by highly diversified fee revenues, which make up 30% of total revenues, and top-quintile profitability among banks. WSFS's commercial focus and highly-coveted deposit franchise help drive the company's mid-to-high teens return on its tangible common equity profitability profile.

# QUARTER-TO-DATE DELETIONS, PURCHASED & SOLD

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

- Core-Mark Holding Company was acquired by Performance Food Group Company in a stock and cash transaction.
- We exited Renasant Corporation for two primary reasons. First, its valuation was high and its multiples looked stretched. Second, Renasant has experienced an outsized contribution from mortgage banking. Should mortgage volumes drop off materially in coming quarters, profitability for the company could deteriorate materially.
  
- Performance Food Group Company acquired Core-Mark Holding Company. We sold the shares received in the transaction.

SYMBOL	DELETIONS	SECTOR
CORE	Core-Mark Holding Company, Inc.	Consumer Discretionary
RNST	Renasant Corporation	Financials

SYMBOL	PURCHASED & SOLD	SECTOR
PFGC	Performance Food Group Company	Consumer Staples

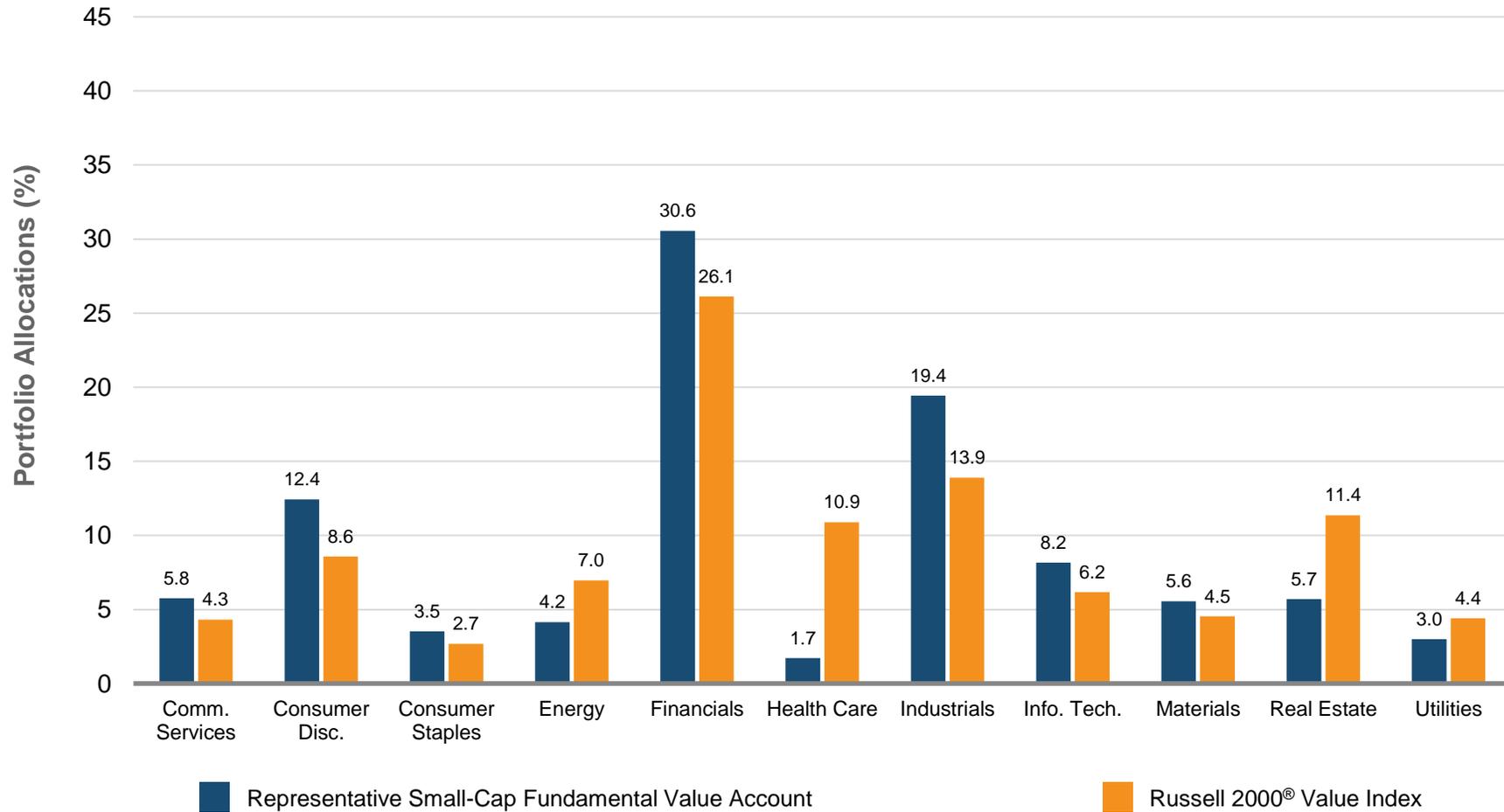
# PORTFOLIO CHARACTERISTICS

Third Quarter 2021

	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT	RUSSELL 2000® VALUE INDEX
Number of Holdings	59	1429
Market Capitalization (\$ B)		
Weighted Average	3.2	2.9
Weighted Median	2.6	2.4
Maximum	9.4	19.5
Minimum	0.1	--
Top 10 Equity Holdings (%)	30.0	5.3
Three-Year Annualized Portfolio Turnover (%)	37.4	--

# SECTOR DIVERSIFICATION

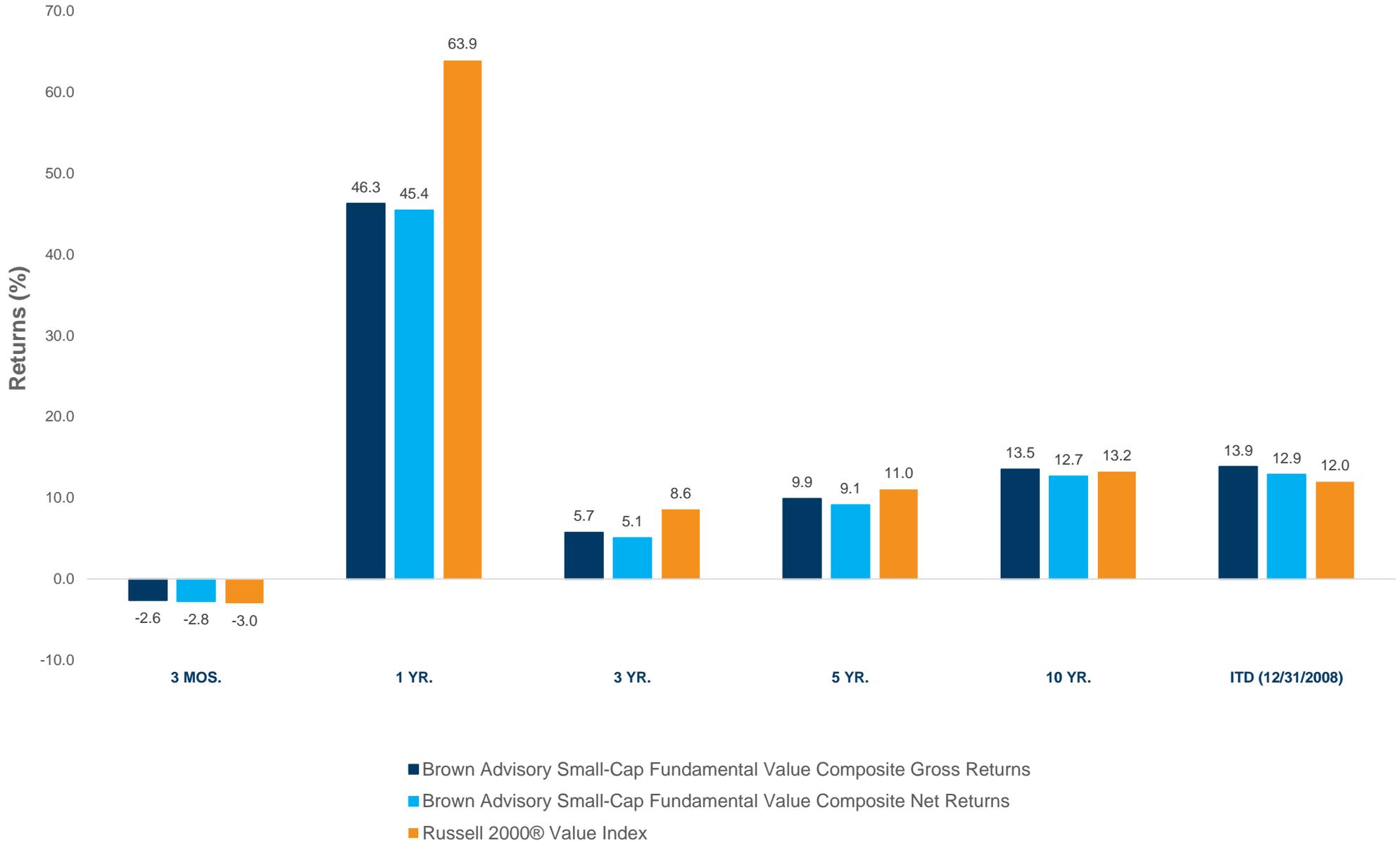
Third Quarter 2021 Global Industry Classification Standard (GICS) as of 09/30/2021



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

Third Quarter 2021 as of 09/30/2021



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

# TOP 10 EQUITY HOLDINGS

Representative Small-Cap Fundamental Value Account as of 09/30/2021

## Top 10 Equity Holdings

TOP 10 EQUITY HOLDINGS	% OF PORTFOLIO
Nexstar Media Group, Inc.	3.9
Veritex Holdings, Inc.	3.1
Eagle Materials, Inc.	3.1
Vista Outdoor, Inc.	3.0
UMB Financial Corp.	3.0
Pacific Premier Bancorp, Inc.	2.8
ChampionX Corp.	2.7
Eastern Bankshares, Inc.	2.7
Virtus Investment Partners, Inc.	2.3
Ingevity Corp.	2.3
<b>Total</b>	<b>28.9</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 3.4% 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.

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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.

**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.

**EBITDA**, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is sometimes used as an alternative to net income.

# 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.