

Brown Advisory Small-Cap Fundamental Value Strategy

We believe that our strategy uses a differentiated investment approach that focuses on free cash flow, capital allocation and valuation to produce attractive risk-adjusted returns.

February 2020 Monthly Report

Performance Contributors

TOP FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
CBPX	Continental Building Products, Inc.	Industrials	0.06	0.03	0.00
ALRS	Alerus Financial Corporation	Financials	0.26	-3.03	-0.01
SGU	Star Group LP	Utilities	0.74	-1.97	-0.01
NGS	Natural Gas Services Group, Inc.	Energy	0.20	-6.08	-0.01
SMMCU	South Mountain Merger Corp Units Cons of 1 Sh + 1/2 Wt	Financials	0.73	-2.53	-0.02

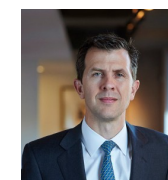
BOTTOM FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
DLX	Deluxe Corporation	Industrials	1.66	-30.91	-0.54
EPRT	Essential Properties Realty Trust, Inc.	Real Estate	2.92	-17.02	-0.48
CATM	Cardtronics plc Class A	Information Technology	2.19	-19.39	-0.42
EXP	Eagle Materials Inc.	Materials	3.02	-13.43	-0.42
MGLN	Magellan Health, Inc.	Health Care	2.11	-18.06	-0.39

Top 10 Equity Holdings (%)

Cash and equivalents: 4.4%

1. Nexstar Media Group, Inc.	3.3	6. Virtus Investment Partners, Inc.	2.3
2. Eagle Materials, Inc.	2.9	7. McGrath RentCorp	2.3
3. Essential Properties Realty Trust, Inc.	2.7	8. Assurant, Inc.	2.3
4. GCI Liberty, Inc. CIA	2.5	9. Mueller Water Products, Inc.	2.2
5. Extended Stay America, Inc.	2.3	10. Cabot Microelectronics Corp.	2.1



J. DAVID SCHUSTER
Portfolio Manager



MICHAEL POGGI, CFA
Associate Portfolio Manager

INSIDE THE STRATEGY: FACTS & TYPICAL PORTFOLIO FIGURES

Inception: 12/31/2008
Benchmark: Russell 2000® Value Index
Portfolio: 45–60 Holdings
Position Size: 0.3%–5.0%

Portfolio Comments

The Brown Advisory Small-Cap Fundamental Value Composite fell 11.2% (net of fees) during February, underperforming its benchmark, the Russell 2000® Value Index, which fell 9.7%.

There were several names in the portfolio that were flat for the month. These names included Continental Building Products, Star Group LP, and Natural Gas Services Group, Inc.

The portfolio's underperformance during the month was primarily due to our relative underperformance in more growth-oriented sectors, such as health care and information technology. Additionally, February was a heavy earnings month for the portfolio, and there were a handful of investments that reported disappointing results.

In February, we eliminated one holding from the portfolio and added one holding to the portfolio. [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. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. The security returns listed represent the period of when the security was held during the month. Top five and bottom five contributors exclude cash and cash equivalents. 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 for the reporting period. The top 10 equity holdings include cash and equivalents. The portfolio information provided is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. This representative account may differ from specific client portfolios. 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

Brown Advisory 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)*
2018	-12.3	-13.1	-12.9	13.4	15.8	41.0	0.2	1,334	30,529
2017	13.3	12.4	7.8	12.2	14.0	48.0	0.3	1,808	33,155
2016	23.4	22.4	31.7	13.0	15.5	46.0	0.3	1,660	30,417
2015	-4.6	-5.3	-7.5	12.3	13.5	45.0	0.2	1,186	43,746
2014	7.1	6.3	4.2	10.7	12.8	41.0	0.4	1,002	44,772
2013	42.0	41.0	34.5	14.1	15.8	32.0	0.3	693	40,739
2012	23.0	21.9	18.1	17.7	19.9	13.0	0.1	269	26,794
2011	2.9	1.9	-5.5	20.6	26.1	9.0	0.6	190	19,962
2010	28.3	26.7	24.5	NA	NA	Five or fewer	N/A	61	16,859
2009	25.7	24.0	20.6	NA	NA	Five or fewer	N/A	30	11,058

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, 2018. The Verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. GIPS® is a registered trademark owned by CFA Institute

1. *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.
2. The Small-Cap Fundamental Value 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 composite inclusion is \$1.5 million.
3. This composite was created in 2009.

Disclosures

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. Please see composite disclosure statements for additional information.

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. Russell® and other service marks and trademarks related to the Russell indexes are trademarks of the London Stock Exchange Group of companies. An investor cannot invest directly into an index. FactSet® is a registered trademark of FactSet Research Systems, Inc. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC

4. 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.
5. The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the composite for the entire period.
6. 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. 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.
7. 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 monthly returns for the composite were not available (NA).
8. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
9. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request..
10. Past performance is not indicative of future results.
11. 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.

Terms and Definitions for Representative Account Calculations

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. **Contribution To Return** is calculated by multiplying a security's beginning portfolio weight by its daily return and geometrically linking the security's daily contribution to return over the entire reporting period.