

# SMALL-CAP FUNDAMENTAL VALUE REVIEW AND OUTLOOK

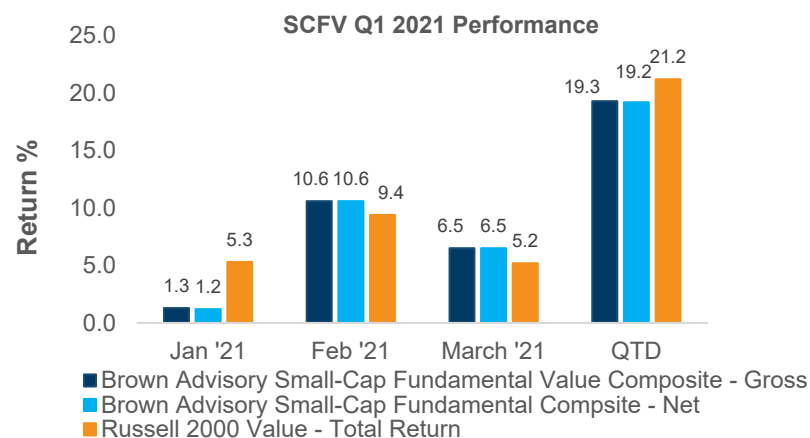


## First Quarter 2021

The Brown Advisory Small-Cap Fundamental Value strategy was up materially on an absolute basis but trailed relative to the Russell 2000® Value Index during the quarter. Despite trailing the index, we were pleased with the portfolio's performance during the quarter due to the source of returns. All of the underperformance was generated during January, when low-quality stocks led the market. During February and March, we outperformed nicely in each month as the portfolio again posted solid earnings results and the leadership within the index started to shift away from lower-quality companies toward the higher-quality names we seek to invest in.

The speculative excitement for small-cap shares that started with the vaccine news in November continued into the first quarter of 2021. Following the record-breaking performance during the fourth quarter, small-cap value shares were up over 20%, marking their seventh-best quarter in history as well as their second-best quarter relative to growth. Perhaps the stock that most embodies the mood of the first quarter was GameStop. Even off its highs at the end of the quarter, it still produced a 900% return for the quarter and generated nearly 75 basis points of the total Russell 2000 Value Index's overall return.

While low Return on Equity (ROE), high-leverage and small-cap stocks all continued to produce nearly 1,000 basis points of outperformance for the quarter, we started to see the leadership finally start to migrate to higher-quality companies late in the quarter. Following the passage of stimulus and the introduction of the administration's infrastructure proposal, market participants have also started to focus on the potential for higher corporate taxes.



Small-cap value company valuations are not stretched, but we think taxes could have a material impact. Inflation has also become an important factor. As we previously noted, by focusing on cyclical companies that have defensible market positions, we believe our investments can preserve, if not expand, margins in this environment. Every single one of our cyclical companies has raised prices so far this year, and one company, Eagle Materials, has raised its prices on wallboard twice in just the last six months.

As mentioned previously, a wave of reopening enthusiasm within the consumer discretionary sector was our largest headwind for relative returns, followed by the industrial sector, which was also driven largely by early cyclical parts of the index. On the positive side, recent investments in consumer staples helped drive strong relative performance. Our health care relative returns were driven by our underweight and our investment in Magellan.

Corporate actions continued to play a strong role in the portfolio during the quarter and prompted higher-than-usual activity. At the beginning of the quarter, Magellan announced its sale to Centene at a 16% premium in an all-cash transaction. Extended Stay also announced its sale late in the quarter to a consortium of private equity buyers, including Blackstone and Starwood Capital, also in a cash transaction. During the quarter, we exited all of our Magellan investment and most of our Extended Stay position. In addition, we completed the sale of the Liberty Broadband shares we received through its acquisition of GCI Liberty. Cardtronics also received another higher offer for the company from NCR. While we had pared our position back, we completed our sale on the announcement. We also sold three bank investments that had appreciated materially over the past six months. We used proceeds to make two other financial sector investments and one consumer staples investment.

Over the next several months, we expect the economy to continue to open and gain momentum. We intend to be acutely focused on monitoring whether the actual results can match the high expectations that have been set in many small-cap sub-sectors. As always, we believe that our process and philosophy have enabled us to assemble a portfolio of investments that are positioned to deliver attractive risk-adjusted returns to our investors.

# SECTOR DIVERSIFICATION

First Quarter 2021

- Our weighting within financials increased during the period as we made investments in Ladder Capital and The Bancorp Inc. The positive performance of Pacific Premier Bancorp Inc. and UMB Financial Corporation also increased our financials weighting.
- Our health care weighting reflects the acquisition of Magellan by Centene.
- Information technology weighting was up over the quarter due to the performance of the investments.

SECTOR	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT (%)	RUSSELL 2000® VALUE INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT (%)	
	Q1 '21	Q1 '21	Q1 '21	Q4 '20	Q1 '20
Communication Services	3.81	2.57	1.24	3.96	5.99
Consumer Discretionary	12.86	14.59	-1.74	14.32	12.64
Consumer Staples	4.67	3.38	1.29	1.53	0.77
Energy	4.79	4.95	-0.16	2.53	1.39
Financials	30.88	27.15	3.73	30.92	30.60
Health Care	--	6.41	-6.41	3.14	5.15
Industrials	20.74	16.50	4.24	21.16	18.25
Information Technology	10.95	5.86	5.09	11.44	12.30
Materials	3.11	6.37	-3.26	2.22	4.03
Real Estate	5.09	8.42	-3.34	5.62	7.93
Utilities	3.11	3.80	-0.69	3.16	0.95
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

First 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	3.71	29.02	2.48	18.22	-0.03	0.40	0.37
Consumer Discretionary	13.91	19.29	14.20	34.14	0.16	-2.08	-1.93
Consumer Staples	3.68	30.32	3.38	19.22	0.08	0.53	0.61
Energy	4.40	32.94	4.91	43.49	-0.27	-0.27	-0.54
Financials	32.19	20.51	26.92	21.17	0.04	-0.27	-0.23
Health Care	0.34	13.93	6.71	16.24	0.24	0.25	0.49
Industrials	20.40	17.05	16.52	19.51	-0.02	-0.61	-0.62
Information Technology	10.37	17.58	6.32	14.33	-0.18	0.20	0.02
Materials	2.87	32.65	6.15	21.31	0.00	0.27	0.28
Real Estate	5.20	6.97	8.60	12.46	0.34	-0.27	0.07
Utilities	2.93	12.47	3.82	5.44	0.22	0.20	0.42
Unassigned	--	--	--	-1.90	0.02	--	0.02
<b>Total</b>	<b>100.00</b>	<b>20.12</b>	<b>100.00</b>	<b>21.16</b>	<b>0.60</b>	<b>-1.64</b>	<b>-1.04</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

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

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
NXST	Nexstar Media Group Inc. Class A	Provides television broadcasting services	3.71	29.17	1.05
PPBI	Pacific Premier Bancorp Inc.	Operates as a bank holding company, through its subsidiary provides banking services	2.94	39.70	1.05
UMBF	UMB Financial Corporation	Operates as a bank holding company	3.30	34.42	1.04
CHX	ChampionX Corporation	Produces chemicals and equipment for oil and gas drilling industries	2.66	41.43	0.86
EXP	Eagle Materials Inc.	Manufactures and distributes cement, gypsum wallboard and recycled paperboard products	2.87	32.65	0.85

- Nexstar's scale allowed it to capitalize on a strong political spending environment and hit its pre-pandemic 2020 cash flow guidance despite significant disruption to the ad market. After quickly de-levering after the Tribune acquisition in late 2019, Nexstar capital returns should shift more to share repurchases.
- As credit concerns across the banking sector have been reduced meaningfully, Pacific Premier has risen along with the sector. In addition, Pacific Premier's buyback announcement signaled that to the market the company has meaningful excess capital and is focused on using it to maximize shareholder returns.
- While the banking sector as a whole performed well during the period, UMB Financial Corporation's impressive fourth-quarter earnings against elevated expectations drove meaningful outperformance relative to its peers.
- We initiated a meaningful position in ChampionX during the fourth quarter of 2020 due to the combination of the company's asset-light business model, a clear line of sight on "self-help"/cost-saving measures, leading global market shares and defined capital allocation program. The company's fourth-quarter earnings results reported in February were a confirmation of our initial thesis as quarterly results and forward guidance both came in well ahead of expectations. We have been impressed with management's execution and integration from the merger last summer and continued debt reduction efforts. Shortly after the quarter reported, ChampionX announced price increases across the majority of its products to help offset inflationary pressures and could potentially benefit EBITDA later in the year.
- Eagle Materials was a top contributor to performance during the period and is one of the few cyclical companies that saw little to no disruption to their operations from COVID-19 over the last 12 months. We added to our sizable position at the beginning of the quarter. Heading into the rest of this year, the company remains optimistic on both pricing and volume trends in its two main businesses, wallboard and cement. Eagle Materials took a double-digit price increase in its wallboard segment in October and then another one in early January. A mid-single-digit price increase is slated for cement on April 1 and a finalized infrastructure bill could potentially tighten the cement market even further. In the meantime, Eagle Materials continues to generate outsized levels of Free Cash Flow (FCF), and we expect ongoing capital expenditures needs to remain muted going forward.

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 year. 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

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

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
HELE	Helen of Troy Limited	Designs, manufactures, develops and distributes personal care electrical and nonelectrical products	2.02	-5.21	-0.09
CTS	CTS Corporation	Manufactures electronic components and sensors	0.68	-9.48	-0.08
LBRDK	Liberty Broadband Corp. Class C	Provides entertainment, information and communications solutions	0.01	-4.13	-0.01
CULP	Culp Inc.	Manufactures, sources and markets mattress fabrics and upholstery fabrics	0.48	-3.03	-0.01
CNXN	PC Connection Inc.	Operates as a direct marketer of information technology solutions	0.55	-1.33	0.00

- After a strong run through 2020, Helen of Troy underperformed along with other COVID-19 winners due to difficult comparisons in 2021.
- CTS Corporation was a detractor during the period despite a strong fourth-quarter earnings report and a favorable setup heading into 2021. CTS Corporation was hit incredibly hard during COVID-19 as its core transportation market saw a 53% sales decline during second quarter of 2020. Sales grew meaningfully off those levels in the back half of the year, and the outlook for 2021 continues to improve. The company initiated a large restructuring program last year that should add roughly 25% earnings growth from 2020 levels as the program is completed next year. Lastly, unlike many other cyclical, CTS Corporation operates in a net cash position from a balance sheet perspective. The combination of the recent underperformance, a conservative balance sheet and improved outlook drove us to increase our position size at the end of the quarter.
- We received Liberty Broadband stock as a result of its acquisition of GCI Liberty, which closed in late fourth quarter of 2020. Given that our investment thesis in GCI Liberty had played out, we sold our shares of Liberty Broadband early in 2021.
- After a strong performance in the second half of 2020, Culp shares underperformed despite strong fiscal third quarter results reported in early March. We continue to believe Culp should produce increased levels of EBITDA and FCF over the next year.
- PC Connection was hit hard in 2020 as its core small and medium business customers pulled back on technology spending due to COVID-19. Internally, the company had hiccups with its Enterprise Resource Planning (ERP) implementation. The fourth quarter's earnings report was an improvement off of second- and third-quarter levels, but both dynamics are still presenting headwinds for the company. The good news is that comparisons should get much easier as the year progresses, but we will need to see improved execution and strong top-line leverage as business trends pick up. PC Connection is currently trading at a high-signal-digits FCF yield and maintains a net cash balance sheet.

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. 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 ADDITIONS

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

- The Bancorp is branchless and is the largest prepaid card issuing bank in the nation. Through cheap deposits gathered from the prepaid business, the bank generates diversified and low-risk spread income in niche areas, like securities-backed lines of credit and SBA, in addition to attractive fee income from payments. This compelling investment case came at a fair 1.6x P/tangible book value (TBV) and 9x price-to-earnings '21.
- Ladder Capital is a commercial real estate-focused Real Estate Investment Trust (REIT). It was trading at a wide discount to its book value despite having 15% of its assets in cash. We feel the market is overly concerned about its first mortgage portfolio since the loans have an average equity cushion of 30%+. The discount should close as more clarity is gained in the CRE markets.
- TreeHouse Foods is the largest private-label food manufacturer in the United States. We believe that share losses over the course of 2020 that resulted in downward pressure on the stock, a valuation of 20% below the company's historical average and 40% below branded food peers are a product of COVID-19-induced dynamics rather than structural industry changes. We believe a return to normal buying behaviors combined with strategic initiatives implemented over the past three years creates a compelling opportunity as we move beyond COVID-19.

SYMBOL	ADDITIONS	SECTOR
TBBK	Bancorp Inc.	Financials
LADR	Ladder Capital Corp. Class A	Financials
THS	TreeHouse Foods Inc.	Consumer Staples

# QUARTER-TO-DATE DELETIONS

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

- We exited our investment in Ameris Bancorp due to valuation as well as our concern that the recent positive and outsized impact from the company's mortgage business would continue in the face of rising rates.
- We exited after NCR emerged as the winner in a bidding race to acquire Cardtronics.
- We received Liberty Broadband stock as a result of its acquisition of GCI Liberty, which closed in late fourth quarter of 2020. Given that our investment thesis in GCI Liberty had played out, we sold our shares of LBRDK early in 2021.
- A leader in the increasingly important and strategic areas of behavioral health and pharmacy benefits management, Magellan agreed to be acquired by Centene, a national managed care organization.
- Triumph Bancorp had a strong 2020. The transportation business was fueled by a booming trucking market, and the payment business saw accelerated adoption. We sold after the stock re-rated to >3x TBV.
- After the recent rally, we think the relative upside for Washington Federal versus other banks is limited given its less asset-sensitive balance sheet, elevated payoffs and BSA consent order still in place.

SYMBOL	DELETIONS	SECTOR
ABCB	Ameris Bancorp	Financials
CATM	Cardtronics plc Class A	Information Technology
LBRDK	Liberty Broadband Corp. Class C	Communication Services
MGLN	Magellan Health Inc.	Health Care
TBK	Triumph Bancorp Inc.	Financials
WAFD	Washington Federal Inc.	Financials

# PORTFOLIO CHARACTERISTICS

First Quarter 2021



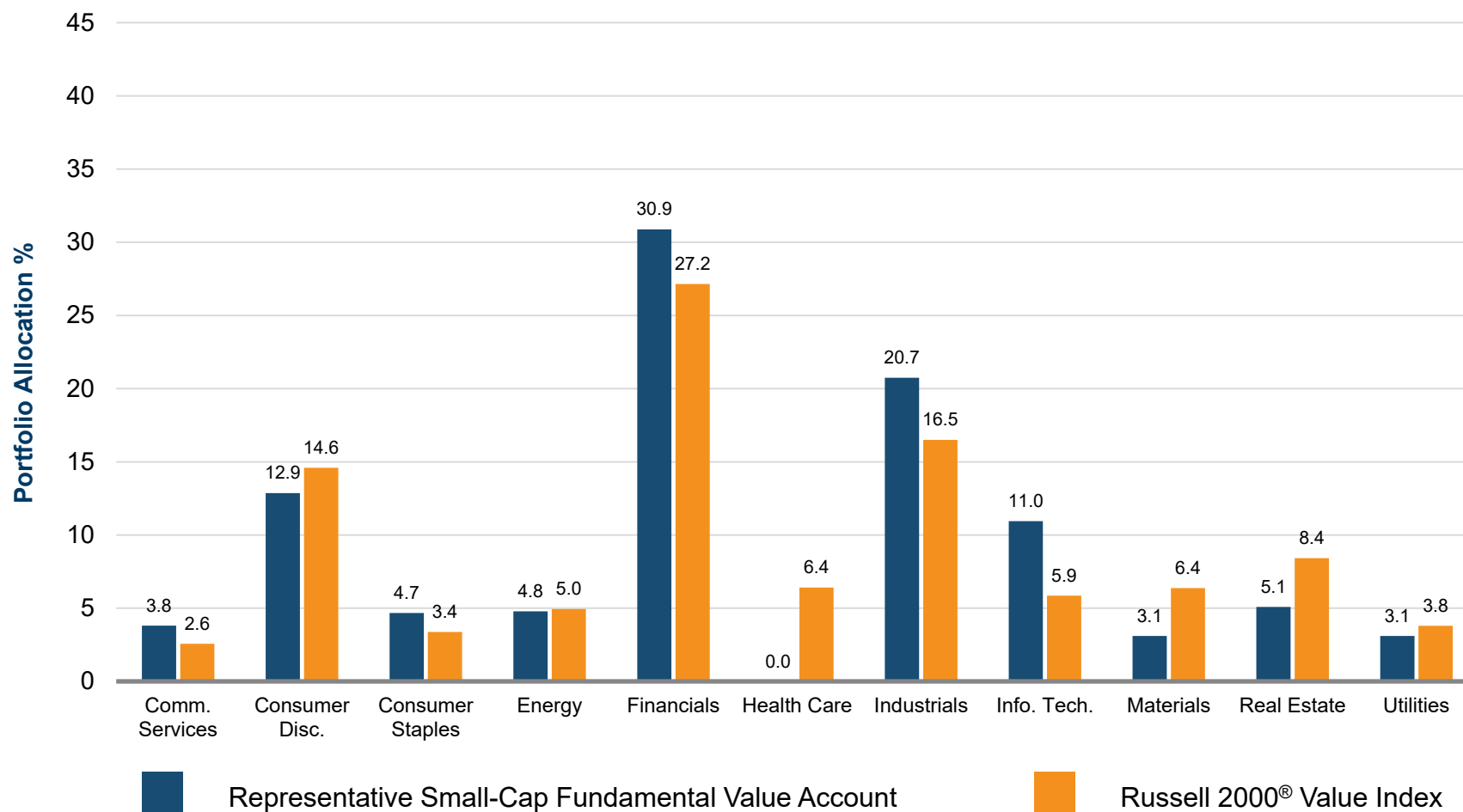
	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT	RUSSELL 2000® VALUE INDEX
Number of Holdings	57	1,507
Market Capitalization (\$ B)		
Weighted Average	3.3	3.1
Weighted Median	3.1	2.6
Maximum	8.2	18.2
Minimum	0.1	0.1
Top 10 Equity Holdings (%)	28.8	5.6
Three-Year Annualized Portfolio Turnover (%)	41.3	--

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

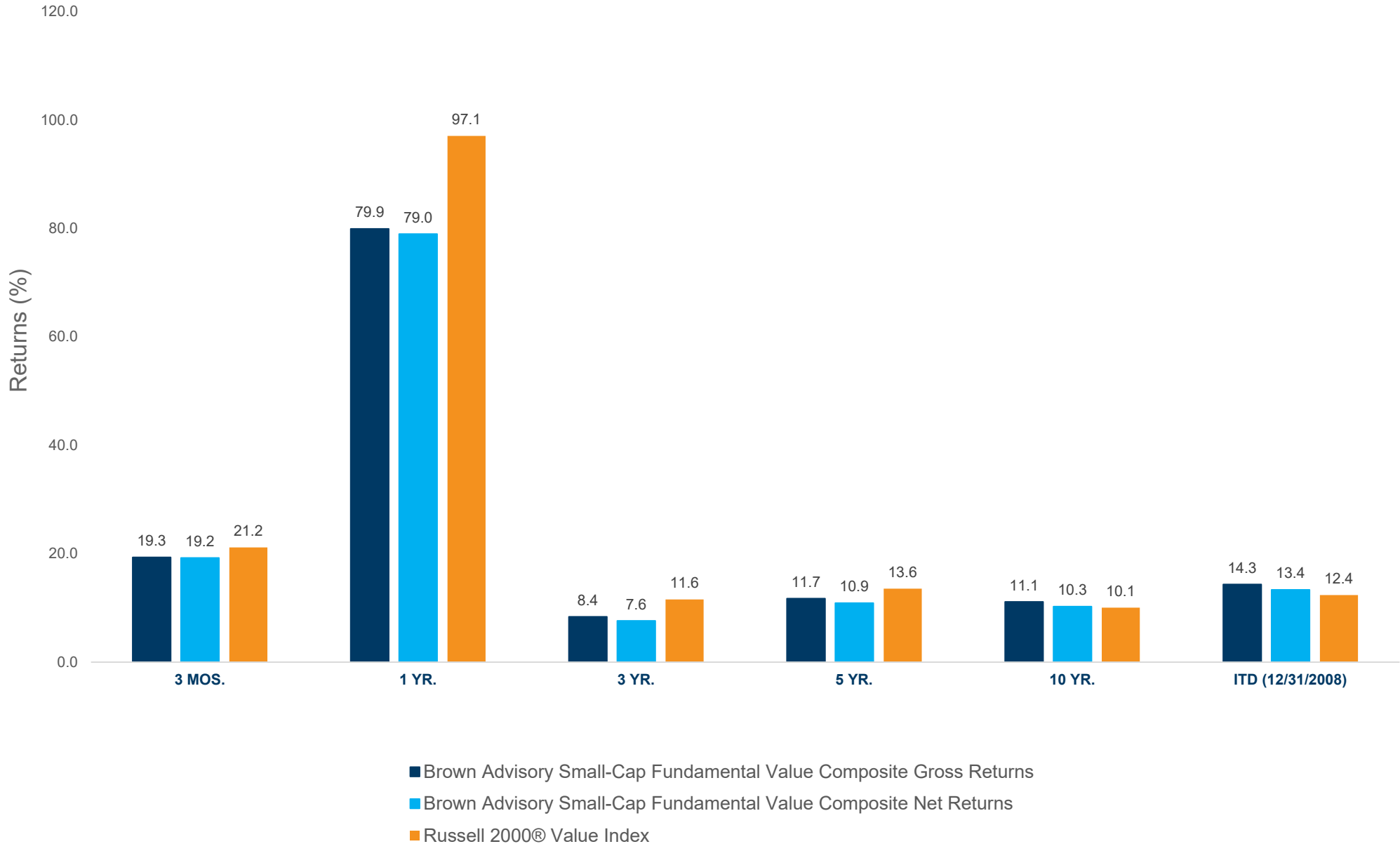
First Quarter 2021 Global Industry Classification Standard (GICS) as of 03/31/2021



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

First Quarter 2021 as of 03/31/2021



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 03/31/2021

## Top 10 Equity Holdings

TOP 10 EQUITY HOLDINGS	% OF PORTFOLIO
Nexstar Media Group Inc.	3.7
UMB Financial Corp.	3.4
ChampionX Corp.	3.1
Pacific Premier Bancorp Inc.	3.0
Eagle Materials Inc.	3.0
CMC Materials Inc.	2.6
Veritex Holdings Inc.	2.6
Eastern Bankshares Inc.	2.6
Core-Mark Holding Co. Inc.	2.5
Treehouse Foods Inc.	2.3
<b>Total</b>	<b>28.8%</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 3.9% 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.

**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.

**EBITDA** is the Earnings Before Interest, Taxes, Depreciation and Amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

**Free Cash Flow (FCF)** is a measure of how much cash a business generates after for accounting for capital expenditures, such as buildings or equipment.

**Tangible Book Value (TBV)** is a measure of a firm's net asset value excluding the intangible assets and goodwill.

**Price-Earnings Ratio (P/E Ratio)** is the ratio of the share of a company's stock compared to its per-share earnings. P/E calculations presented use FY2 earnings estimates; FY1 estimates refer to the next unreported fiscal year, and FY2 estimates refer to the fiscal year following FY1. Calculated as a weighted harmonic average.

# 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)*
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
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, 2019. 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.

- \*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 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 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, policies for valuing portfolios, calculating performance, and preparing compliant presentations 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.