

Brown Advisory Small-Cap Growth Strategy

We believe that our strategy can produce excess risk-adjusted returns through a portfolio of diversified companies with above-average earnings growth purchased at attractive valuations. We systematically seek to exploit an inefficient market by investing in companies with durable growth, sound governance and scalable go-to-market strategies.

January 2021 Monthly Report

Performance Contributors

TOP FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
SFIX	Stitch Fix, Inc. Class A	Consumer Discretionary	1.14	62.44	0.61
PHR	Phreesia, Inc.	Information Technology	1.90	20.33	0.33
ESTA	Establishment Labs Holdings, Inc.	Health Care	1.07	34.46	0.29
HQY	HealthEquity Inc	Health Care	1.54	19.85	0.26
CTLT	Catalent Inc	Health Care	2.48	10.55	0.25

BOTTOM FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
MIME	Mimecast Limited	Information Technology	1.84	-24.22	-0.54
IAA	IAA, Inc.	Industrials	3.09	-12.07	-0.37
BFAM	Bright Horizons Family Solutions, Inc.	Consumer Discretionary	2.36	-12.15	-0.31
EVOP	EVO Payments, Inc. Class A	Information Technology	1.97	-14.99	-0.28
G	Genpact Limited	Information Technology	3.06	-7.45	-0.22

Top 10 Equity Holdings (%)

Cash and equivalents: 4.9%

1. Workiva, Inc.	3.4	6. Hain Celestial Group, Inc.	2.7
2. Charles River Laboratories International, Inc.	3.2	7. Catalent, Inc.	2.5
3. Zynga, Inc.	3.0	8. NeoGenomics, Inc.	2.5
4. Genpact Ltd.	2.8	9. Waste Connections Inc	2.3
5. IAA, Inc.	2.8	10. Bright Horizons Family Solution, Inc.	2.2



CHRIS BERRIER
Portfolio Manager



GEORGE SAKELLARIS, CFA
Associate Portfolio Manager

INSIDE THE STRATEGY: FACTS & TYPICAL PORTFOLIO FIGURES

Strategy Inception: 02/28/1993	Benchmark: Russell 2000® Growth Index
Portfolio Manager: Christopher Berrier	Manager Tenure: PM since 2006
Portfolio: 50–80 Holdings	Position Size: 0.5%–5.0%
Top 10 Weight: 20%–40%	Cash Position: 0%–10%

Portfolio Comments

The Brown Advisory Small-Cap Growth composite declined 0.3% during the month of January, underperforming its benchmark, the Russell 2000® Growth Index, which returned 4.8%. Flows into small-cap stocks continued to push up the smallest and least liquid names, continuing to drive the “low quality” rally experienced toward the end of 2020.

The portfolio’s top contributor for the month was Stitch Fix, a leading online personal styling service. The company saw accelerating new client growth, retention and positive signals around its direct buy efforts. Other top performers included Establishment Labs Holdings and Phreesia.

On the negative side, Mimecast Limited, a cloud-based email security company, declined after a strong run of late due to its indirect exposure to the Solar Winds security breach that has been popular in the press. While this is certainly not a Mimecast specific issue, investors became worried that it may harm growth in 2021. Additionally, IAA and Bright Horizons Family Solutions, both above average sized positions, failed to keep pace with the monthly rally in the Index, negatively impacting relative results.

Over the course of the month, we eliminated four positions and added two. **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 exclude cash and equivalents. The portfolio information provided is based on a representative Small-Cap Growth account and is provided as supplemental information. This representative account may differ from specific client portfolios. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions. Past performance is not indicative of future results. The composite performance shown above reflects the Small-Cap Growth 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 Growth disclosure statement at the end of this presentation for a GIPS compliant presentation.

Brown Advisory Small-Cap Growth 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 Firms Assets (\$USD Millions)*
2019	35.6	34.8	28.5	14.7	16.4	34	0.3	3,456	42,426
2018	-3.3	-4.0	-9.3	13.5	16.5	29	0.3	2,204	30,529
2017	18.8	18.1	22.2	12.2	14.6	33	0.2	2,301	33,155
2016	11.4	10.7	11.3	14.0	16.7	30	0.3	1,797	30,417
2015	8.9	8.2	-1.4	13.1	15.0	32	0.4	1,311	43,746
2014	1.4	0.8	5.6	11.8	13.8	32	0.3	1,597	44,772
2013	42.6	41.8	43.3	15.4	17.3	44	0.7	1,830	40,739
2012	16.0	15.4	14.6	18.3	20.7	32	0.6	1,178	26,794
2011	-1.7	-2.4	-2.9	20.6	24.3	29	0.5	1,023	19,962
2010	30.8	29.8	29.1	27.1	27.7	25	0.1	993	16,859
2009	43.1	41.9	34.5	25.2	24.9	16	1.0	481	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.

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 Growth Equity Composite (the Composite) includes all discretionary portfolios invested in U.S. equities with strong earnings growth characteristics and small market capitalizations. The minimum account market value required for Composite inclusion is \$1.5 million.

3. The Composite was created in 1997. The Composite inception date is March 1, 1993.

4. The benchmark is the Russell 2000® Growth Index. The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 2000® Growth 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 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.

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.

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.

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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.