

# SMALL-CAP GROWTH REVIEW AND OUTLOOK

## First Quarter 2022

On Saturday night, March 26, 2022, Phil Collins and Genesis performed their last concert together at The O2 Arena in London, England, United Kingdom. “The Last Domino” tour certainly represented the end of an era that began circa 1967 when the band was formed. Ten days earlier, another era ended as the Federal Reserve raised the Fed Funds Rate by 25 basis points, representing lift off from the zero bound and a pivot away from historically unprecedented monetary support. The final domino for Fed Chair Jerome Powell was not asset price inflation (i.e. bubbles), but Main St. inflation – gas, food, rent, etc. – soaring to heights not seen since the 1970s. As Milton Friedman said “Inflation is always and everywhere a monetary phenomenon.” It just took a while to show up!

One of my personal favorite Genesis songs was their third single from the 1986 album, Invisible Touch, titled “Land of Confusion.” Unfortunately, this song, which questions the wisdom of world leaders during the nuclear arms race between the United States and Russia, would be a timely release today given the horrific events taking place across the Ukraine.

*“Just tell me why this is the land of confusion?” – Genesis*

If you are like me, perhaps you have rhetorically asked a similar question about the investment landscape. But, let’s attempt to answer it anyway. My conclusion is that the truth lies in the following set of exhibits. Amidst an environment of surging gross domestic product growth, record low unemployment and aggregate demand far outstripping our global supply chain’s capacity, the first quarter saw the Fed’s balance sheet hit a new all time high and U.S. 10-year real yields hit a 50 year low. Confused? You should be. First, without a risk-free rate, asset price valuations – bonds, stocks and homes – soared. Then, it was the prices of everything else.

We are now beginning the era of *attempted* policy normalization. Equity valuations began correcting in the fourth quarter and have continued year-to-date. While the volatility displayed in the first quarter of 2022 was certainly a bit greater than anticipated, it was not out of line directionally with our expectations. If the Federal Reserve was, indeed, forced to reverse their accommodative policies, driving up

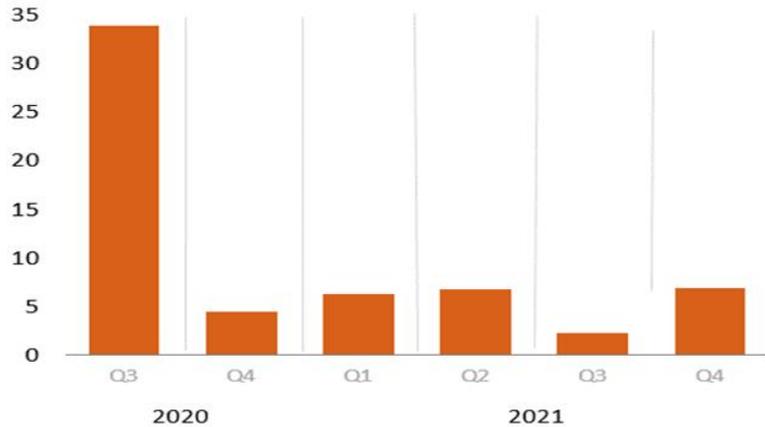
discount rates, it felt like equity prices, particularly those of the growth stock variety, would encounter some more difficult sledding. Although the Brown Advisory Small-Cap Growth strategy was able to compare favorably with its benchmark, the Russell 2000® Growth Index, and the majority of its peers, we still encountered our fair share of surprising price swings, causing our absolute return for the period to be negative. As we cast our gaze back on the last 5-6 months of results, we are pleased that our stock selection has been positive and our focus on quality, valuation and diversification at the portfolio level has paid, at least relative, dividends.

As we look ahead, we often write in these pages that while we can’t predict future volatility we can certainly strive to prepare for it. With a few basis points of relative performance under our belts, we are starting to turn our attention from our recent defensive bias to a more offensive one. We have a fairly long list of businesses that we have admired from afar over the last couple years due to high valuations that are rapidly becoming more compelling, some by the minute. Furthermore, we generally believe that the outlook for “growth” stocks will improve later in the year as these equities should rapidly incorporate (or discount) our new interest rate regime now, while their value peers will likely face increasingly difficult earnings comparisons and a slowing macro-economic backdrop as the year pushes on. It might be somewhat premature to be too optimistic, but we believe a time will come where it will pay to be greedy if others grow too fearful. We’ll endeavor to leverage our knowledge of the U.S. small-cap space during this time of stress in an effort to increase our future potential risk-adjusted returns by buying and/or sizing up positions in businesses that meet our “3G” criteria – durable growth, sound governance & scalable go-to-market strategies – at ever attractive prices.

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First Quarter 2022

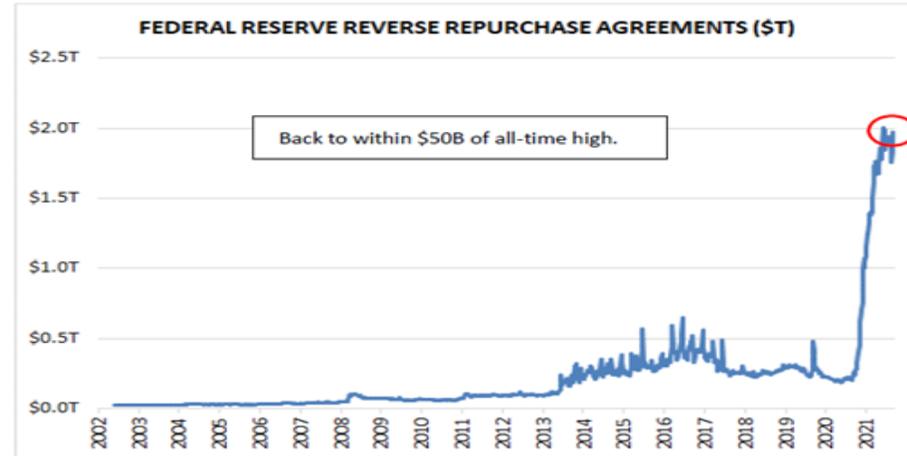
**Exhibit I: U.S. Real GDP: Percent change from preceding quarter**



U.S. Bureau of Economic Analysis Seasonally adjusted at annual rates

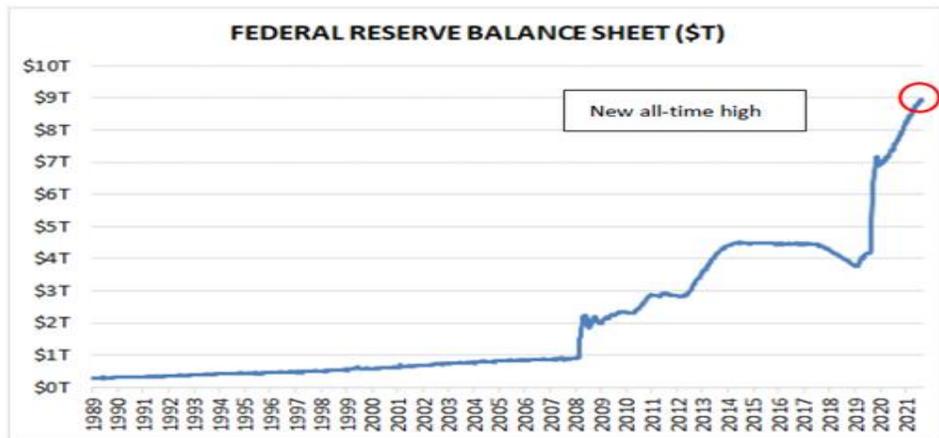
Source: Bureau of Economic Analysis. Data as of 12/31/2021.

**Exhibit III: Reverse repos back just below Dec '21 all-time high**



Source: Furey Research Partners and FactSet; Weekly data as of 4/1/22

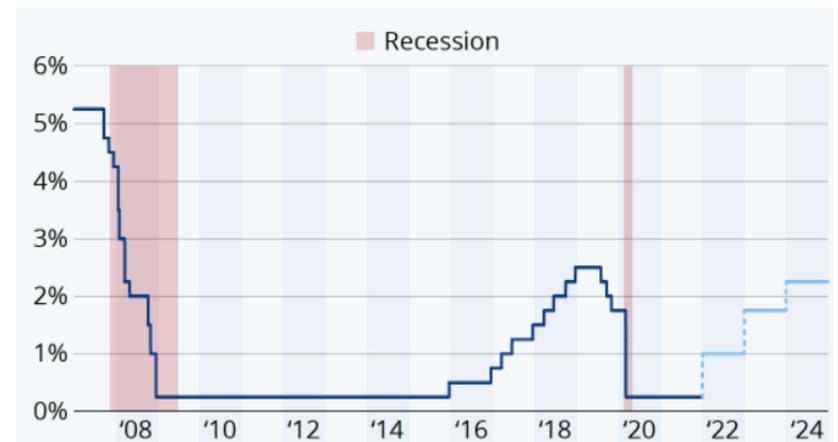
**Exhibit II: The Fed Balance sheet ended 1Q22 at a new all-time high**



Source: Furey Research Partners and FactSet; Weekly data as of 4/1/22

**Exhibit IV: Fed Expects Rate Hikes for 2022 and Beyond**

Upper limit of the U.S. federal funds target rate range\*



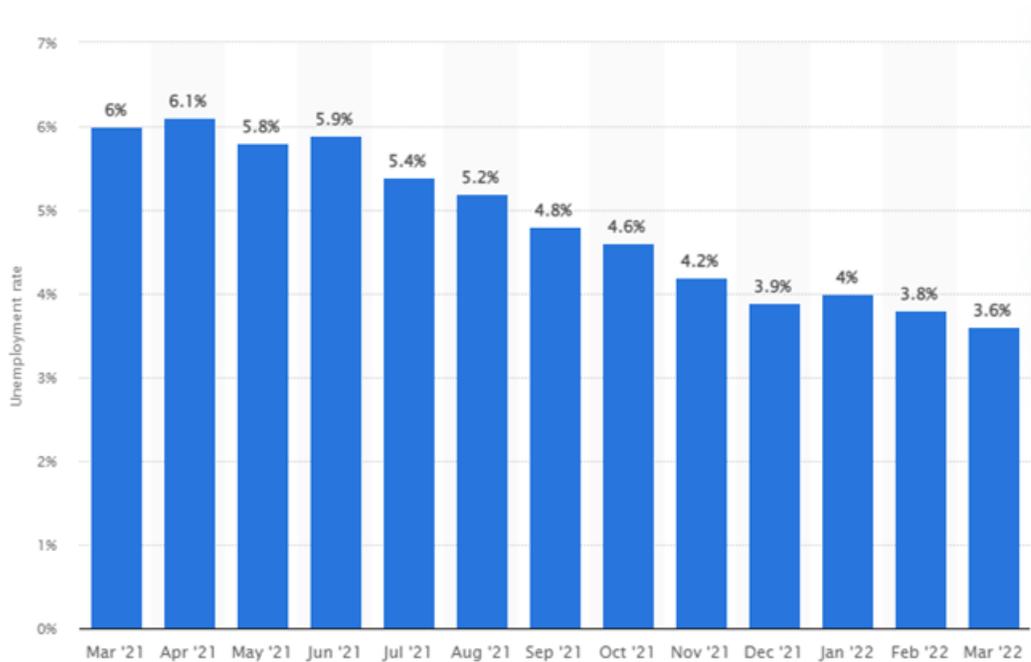
\*rates for 2022 and beyond are median projections of the upper limit of the appropriate target range for the federal funds rate at the end of the specified calendar year; as of December 2021

Source: U.S. Federal Reserve

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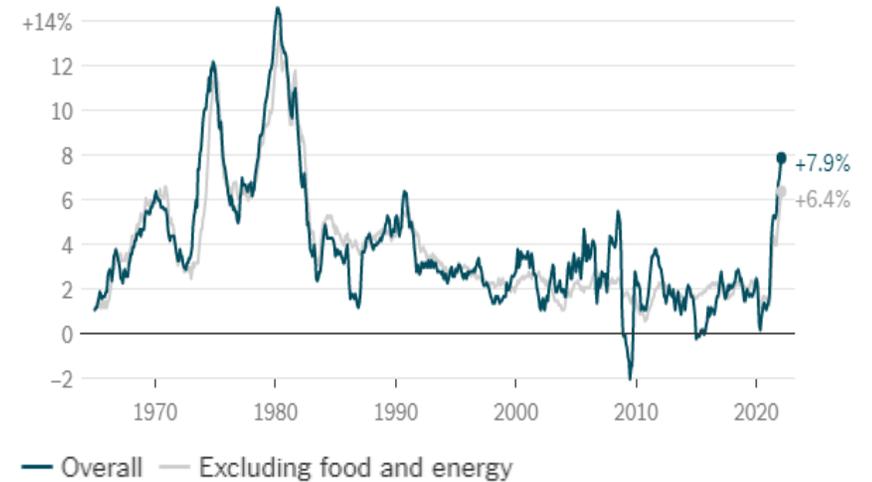
First Quarter 2022

Exhibit V: U.S. Monthly Unemployment Rate



Source: Statista; data as of 3/31/22

Exhibit VI: Year-over-year changes in Consumer Price Index



Source: Bureau of Labor Statistics; The New York Times. Data as of 12/31/2021

# SECTOR DIVERSIFICATION

First Quarter 2022

- Basic materials remains a small and steady allocation in the portfolio.
- Consumer discretionary appears to be a sizeable overweight, but our holdings contain very little traditional consumer exposure. We are largely anchored by business and consumer services franchises.
- Consumer staples is hovering around benchmark levels and is concentrated in two holdings.
- Energy remains an underweight, but we remain pleased with the single business we hold in the category.
- Financials, based on our internal allocations, is less of an underweight as recorded by ICB.
- Health care remains our largest sector allocation and we are looking opportunistically to add to a few select holdings.
- Industrials has remained a fairly consistent absolute weighting over the last few quarters. We are likely less cyclical overall than the benchmark.
- Real estate is comprised of two holdings and happens to be neutral to the benchmark.
- Technology has been a closely monitored sector weight the last 12-18 months due to the tremendous valuations afforded the space for a period of time. We are looking to add to our allocation on weakness.
- Telecommunications and Utilities absolute allocations have grown modestly over the last several quarters.

ICB SECTORS	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT (%)	RUSSELL 2000® GROWTH INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT (%)	
	Q1'22	Q1'22	Q1'22	Q4'21	Q1'21
Basic Materials	1.40	3.71	-2.31	1.63	1.55
Consumer Discretionary	20.71	15.02	5.69	19.48	18.82
Consumer Staples	3.53	3.41	0.12	3.19	5.50
Energy	1.57	3.82	-2.25	0.94	0.57
Financials	2.61	5.51	-2.91	2.49	3.25
Health Care	23.02	24.55	-1.53	25.12	25.67
Industrials	21.33	16.51	4.82	22.46	19.68
Real Estate	3.21	3.27	-0.06	3.23	1.58
Technology	16.31	20.82	-4.51	15.67	18.42
Telecommunications	2.78	2.20	0.58	2.71	2.42
Utilities	3.53	1.15	2.38	3.08	2.55
Unassigned	--	0.01	-0.01	--	--

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 Growth account and is provided as Supplemental Information. Sector diversification excludes cash and cash equivalents. Sectors are based on the ICB Sectors. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

# ATTRIBUTION DETAIL BY SECTOR

First Quarter 2022

ICB SECTOR	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT		RUSSELL 2000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Basic Materials	1.59	-24.98	3.65	-2.53	-0.17	-0.36	-0.54
Consumer Discretionary	20.87	-6.81	16.04	-17.32	-0.28	2.16	1.88
Consumer Staples	3.36	-2.93	3.46	-12.68	-0.003	0.33	0.32
Energy	1.39	49.13	3.24	26.36	-0.61	0.16	-0.45
Financials	2.90	-3.39	5.62	-12.45	-0.01	0.25	0.24
Health Care	22.73	-16.49	23.99	-15.17	-0.02	-0.36	-0.38
Industrials	22.42	-12.93	16.54	-9.79	0.18	-0.68	-0.50
Real Estate	3.18	-11.48	3.27	-12.93	0.001	0.05	0.05
Technology	15.57	-12.10	20.71	-15.17	0.15	0.47	0.62
Telecommunications	2.72	-8.77	2.37	-13.19	-0.01	0.12	0.12
Utilities	3.27	2.69	1.09	-3.11	0.22	0.16	0.38
Unassigned	--	--	0.01	-24.62	0.002	--	0.002
<b>Total</b>	<b>100.00</b>	<b>-10.90</b>	<b>100.00</b>	<b>-12.63</b>	<b>-0.55</b>	<b>2.28</b>	<b>1.73</b>

- Stock selection was the primary driver of relative results in a volatile and difficult quarter for the small-cap growth space.

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# TOP FIVE CONTRIBUTORS TO RETURN

## First Quarter 2022 Representative Small-Cap Growth Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
ZNGA	Zynga Inc. Class A	Develops, markets, operates and provides online social game services	3.49	44.35	1.02
HQY	HealthEquity Inc	Provides range of solutions for managing health care accounts	1.37	52.44	0.59
WHD	Cactus, Inc. Class A	Designs, manufactures, sells and rents a range of wellheads and pressure control equipment	1.39	49.13	0.47
MANT	ManTech International Corporation Class A	Provides technologies and solutions for national security programs	1.42	18.72	0.23
WEX	WEX Inc.	Provides payment processing and information management services	1.03	27.09	0.23

- Zynga agreed to be acquired by Take-Two Interactive in January. The merger appears on track to close in the second quarter of 2022.
- HealthEquity shares rose on the expectation of a continued rise in interest rates and further economic re-opening. Fundamentally, HSA account growth, a key metric, is expanding at a double-digit rate and the company's commuter business appears poised to recover as work-from-home hours decline.
- Cactus benefitted from strong fourth quarter earnings results and the further run-up in crude oil prices in the quarter. Furthermore, the company's strong ability to deliver to customers in a constrained supply chain environment has enabled them to capture more than their fair share of new wellhead opportunities.
- ManTech was reported to be considering a sale as the co-founder and controlling shareholder stepped away from the Board. As a leader in cyber-security, we believe that the company is also well positioned to assist the Federal government during the current heightened threat environment.
- WEX provided a solid outlook for calendar year 2022 due to their leverage to economic re-opening and rising fuel prices.

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# BOTTOM FIVE CONTRIBUTORS TO RETURN

## First Quarter 2022 Representative Small-Cap Growth Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
NEO	NeoGenomics, Inc.	Provides genetic and molecular testing services	1.20	-64.40	-1.21
AZEK	AZEK Company Inc Class A	Manufactures building products	1.47	-46.35	-0.97
G	Genpact Limited	Engages in business process management, outsourcing, shared services and information outsourcing	3.57	-17.83	-0.70
IAA	IAA, Inc.	Provides automobile auction services	2.28	-24.45	-0.62
CRL	Charles River Laboratoires International, Inc.	Provides laboratory testing and research services on a contract basis	1.93	-24.68	-0.62

- NeoGenomics declined meaningfully due to the termination of their CEO. Unfortunately, it appears that the board selected the wrong individual for the job and it caused performance in the company's Clinical segment to disappoint in the short term. Its asset base, customer relationship and strategic positioning remain interesting, in our view, especially at present levels.
- AZEK sold off following a recent strong move higher due to concerns that rising interest rates could exacerbate the slow down in growth as post-COVID demand trends normalize.
- Genpact gave a weaker than expected margin outlook for 2022, as wage inflation outpaced the company's prior expectations. Genpact is taking pricing actions, which should offset margin headwinds over time, but it does take time to flow through the income statement.
- IAA shares declined as it continued to lose market share in one of its largest customers to its duopoly competitor. Although the share losses have been steeper than originally assumed, we believe the bad news is now largely priced into the stock.
- Charles River Laboratories declined on concerns that a less robust funding environment for biotechnology companies could lead to a slow down in growth over the next 1-2 years.

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# ADDITIONS

## First Quarter 2022 Representative Small-Cap Growth Account Portfolio Activity

- Power Integrations (POWI) is a power semiconductor company with a long heritage in silicon-based charging and power conversion. POWI is building onto this base with new GaN (Gallium Nitride) power technology, which is opening up new markets and gaining meaningful adoption due to its ability to charge devices faster and convert power more efficiently, all with better thermal characteristics compared to compared to competing technologies. GaN should enable POWI to grow HSD/LDD with operating leverage through at least the middle of the decade.

SYMBOL	ADDITIONS	GICS SECTOR
POWI	Power Integrations, Inc.	Information Technology

# DELETIONS, PURCHASED & SOLD

## First Quarter 2022 Representative Small-Cap Growth Account Portfolio Activity

- We were unsettled with a false advertising lawsuit loss to a competitor (CareDx), and concluded that Natera's culture was a bit too aggressive and probably pushed governance. A short report (by Hindenburg), while generally being unfair to the company, did raise some governance issues as well.
- Shares of Oak Street Health were sold due to our inability to accurately assess the ability of the company's novel business model to truly scale in the near-to-medium term. Given this uncertainty coupled with the magnitude of financial losses the company is set to produce, we believe that the most prudent move was to exit.

SYMBOL	DELETIONS	GICS SECTOR
NTRA	Natera, Inc.	Health Care
OSH	Oak Street Health, Inc.	Health Care

SYMBOL	ADDS & DELETES	GICS SECTOR
	None	

# PORTFOLIO CHARACTERISTICS

First Quarter 2022

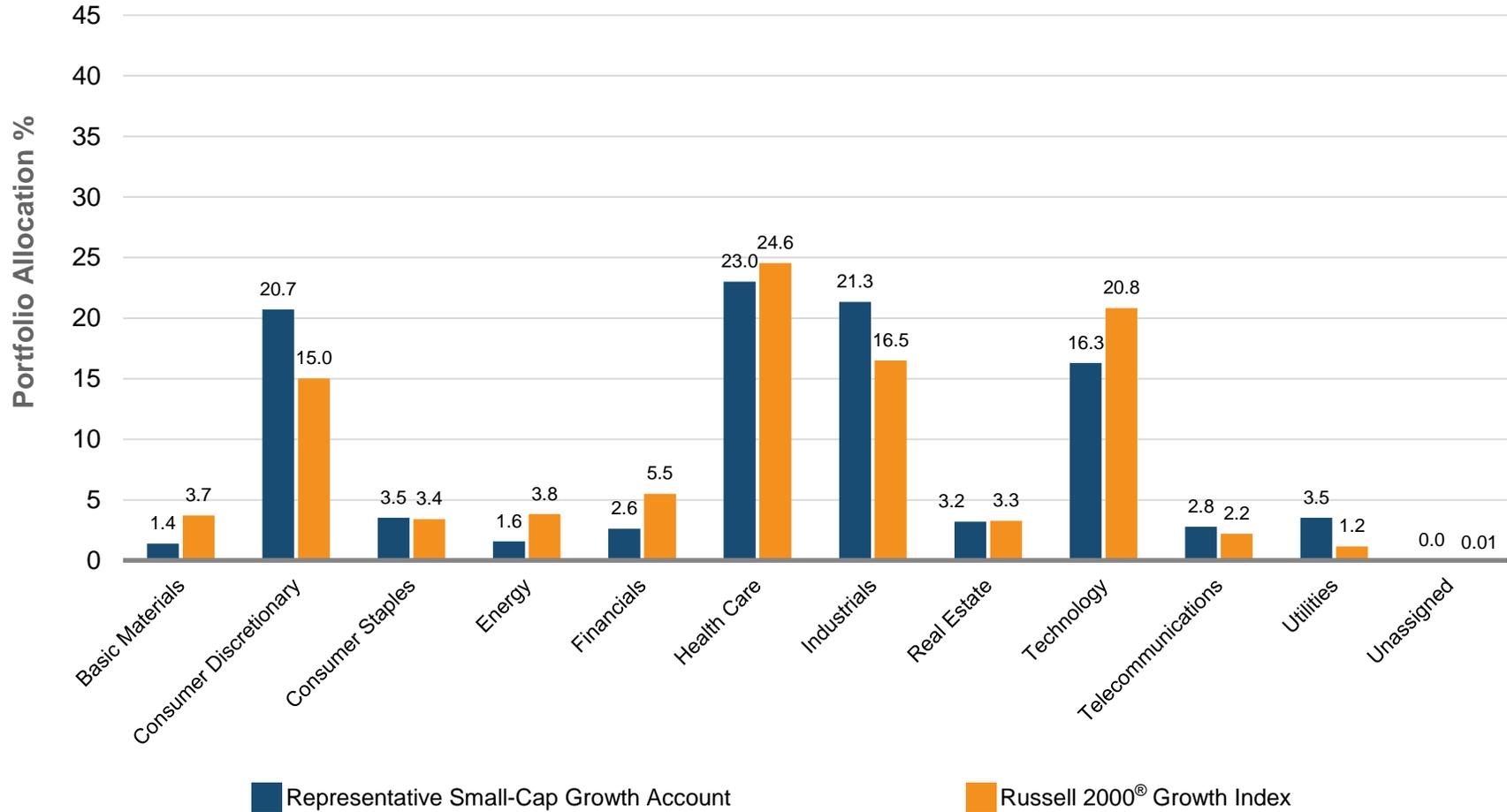


	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT	RUSSELL 2000® GROWTH INDEX
Market Capitalization (\$ B)		
Weighted Average	7.2	3.6
Weighted Median	5.5	3.5
Maximum	36.4	14.0
Minimum	0.8	0.01
P/E Ratio FY2 Est. (x)	22.8	15.1
Earnings Growth 3-5 Yr. Consensus Est. (%)	21.4	18.4
ROE (%)	0.6	5.0
Dividend Yield (%)	0.5	0.4
Top 10 Equity Holdings (%)	27.9	5.9
Three-Year Annualized Portfolio Turnover (%)	32.5	--

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# SECTOR DIVERSIFICATION

First Quarter 2022 ICB Sectors as of 03/31/2022



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# SECTOR DIVERSIFICATION

First Quarter 2022

GICS SECTORS	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT (%)	RUSSELL 2000® GROWTH INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT (%)	
	Q1'22	Q1'22	Q1'22	Q4'21	Q1'21
Communication Services	6.33	2.48	3.84	4.95	5.99
Consumer Discretionary	14.02	13.92	0.10	13.64	12.62
Consumer Staples	3.53	3.96	-0.42	3.19	5.50
Energy	1.57	3.22	-1.65	0.94	0.57
Financials	2.61	5.72	-3.12	2.49	3.25
Health Care	21.26	24.71	-3.45	23.60	23.72
Industrials	15.71	15.29	0.42	16.79	15.34
Information Technology	28.72	23.50	5.22	27.77	29.88
Materials	3.04	3.68	-0.64	3.40	1.55
Real Estate	3.21	3.15	0.07	3.23	1.58
Utilities	--	0.36	-0.36	--	--

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# ATTRIBUTION DETAIL BY SECTOR

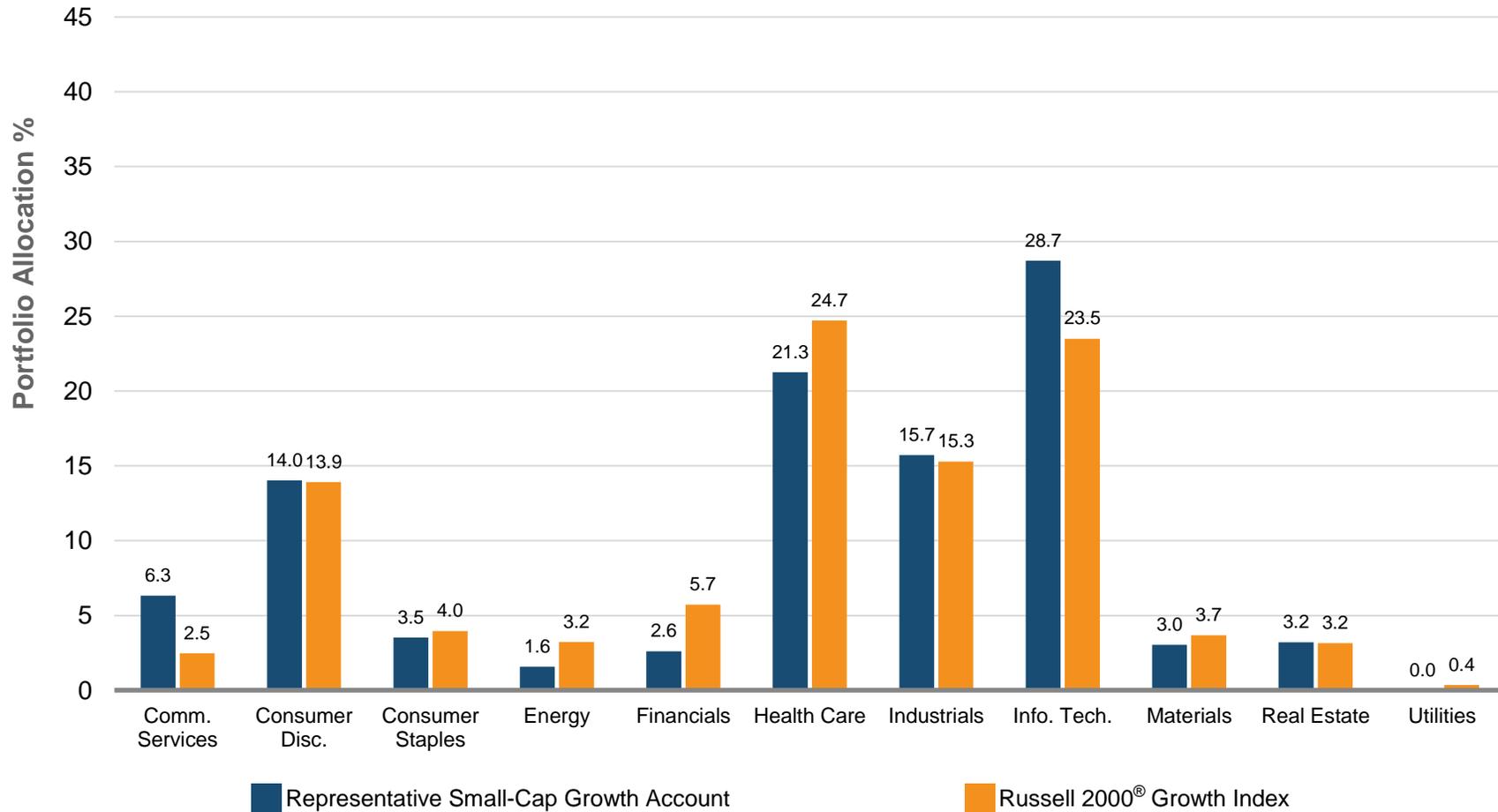
First Quarter 2022

GICS SECTOR	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT		RUSSELL 2000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	6.16	7.97	2.45	-5.63	0.23	0.62	0.86
Consumer Discretionary	14.16	-9.47	14.89	-18.26	0.01	1.27	1.28
Consumer Staples	3.36	-2.93	3.98	-8.75	-0.02	0.19	0.17
Energy	1.39	49.13	2.69	38.94	-0.52	0.06	-0.47
Financials	2.90	-3.39	5.90	-14.69	0.06	0.31	0.37
Health Care	21.23	-15.10	24.27	-14.72	0.01	-0.13	-0.12
Industrials	16.34	-13.88	15.21	-9.10	0.04	-0.77	-0.72
Information Technology	27.96	-11.84	23.55	-16.06	-0.10	1.16	1.05
Materials	3.33	-21.48	3.58	0.29	-0.01	-0.71	-0.72
Real Estate	3.18	-11.48	3.12	-11.74	--	0.01	0.02
Utilities	--	--	0.36	-9.72	-0.01	--	-0.01
<b>Total</b>	<b>100.00</b>	<b>-10.90</b>	<b>100.00</b>	<b>-12.63</b>	<b>-0.30</b>	<b>2.03</b>	<b>1.73</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. 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 Growth account and is provided as Supplemental Information. Sectors are based on the 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. Past Performance is not indicative of future results.

# SECTOR DIVERSIFICATION

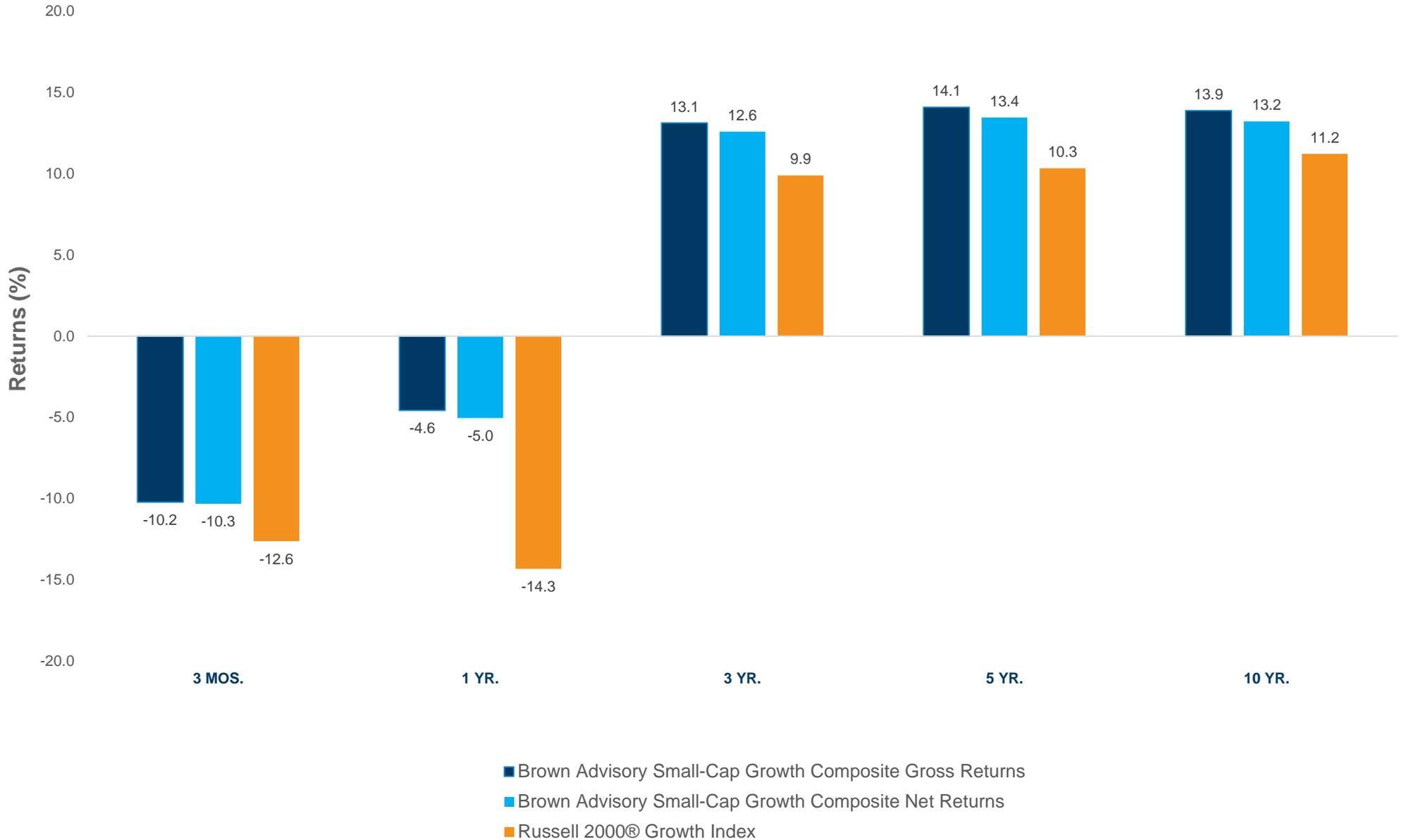
First Quarter 2020 Global Industry Classification Standard (GICS) as of 03/31/2022



Source: FactSet. The portfolio information provided is based on a representative Small-Cap Growth account and is provided as Supplemental Information. 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. 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 2022 as of 03/31/2022



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 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.

# TOP 10 EQUITY HOLDINGS

Representative Small-Cap Growth Account as of 03/31/2022

## Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Zynga, Inc.	3.7
Waste Connections Inc	3.5
Genpact Ltd.	3.2
Workiva, Inc.	3.0
Bright Horizons Family Solution, Inc.	2.7
Prosperity Bancshares, Inc.	2.6
Eastgroup Properties Inc	2.4
Casey's General Stores, Inc.	2.3
Evo Payments, Inc. Cl A	2.2
IAA, Inc.	2.1
<b>Total</b>	<b>27.9</b>

Source: FactSet. The top 10 Holdings exclude Cash & Equivalents which was 5.1% as of 03/31/2022 and is provided as Supplemental Information. 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 Growth account, includes cash and is provided as Supplemental Information. Please see disclosure statement at the end of this presentation for additional information. Figures in table may not total due to rounding.

# 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.

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 **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The **Russell 2000® Value Index** is designed to measure the performance of small capitalization companies in the United States equities market. The index is a composite of roughly 2,000 securities issued by companies with market capitalization values averaging \$2 billion. The indices are completely reconstituted annually. Russell® and other service marks and trademarks related to the Russell indexes are trademarks of the London Stock Exchange Group Companies.

An investor cannot invest directly in an index.

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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.

**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.

**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.

**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.

**Return on Equity (ROE)** is equal to a company's net income for a full fiscal year, divided by total shareholder equity.

**Dividend Yield** is the ratio of a stock's projected annual dividend payment per share for the fiscal year currently in progress, divided by the stock's price.

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

# SMALL-CAP GROWTH EQUITY 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	33.5	32.6	34.6	23.7	25.1	54	0.5	4,905	59,683
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

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 March 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 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.
- The Composite was created in 1997. The Composite inception date is March 1, 1993.
- 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.
- 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.
- 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.
- The investment management fee for the Investor Shares of the Brown Advisory Small-Cap Growth 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, which is included in the Composite, is 1.00%. The total expense ratio for the Dollar Class B Acc Shares of the US Small Cap Blend Fund 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 investment management fee for the Dollar Class B Acc Shares of the Brown Advisory US Smaller Companies Fund, which is included in the Composite, is 0.75%. The total expense ratio for the Dollar Class B Acc Shares of the US Smaller Companies Fund as of the most recent fiscal year end (October 31, 2020) was 0.89%. 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 March 31.
- 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.
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