

# **BROWN ADVISORY SUSTAINABLE CORE FIXED INCOME STRATEGY**

AS OF DECEMBER 31, 2019

Sustainable Core Fixed Income

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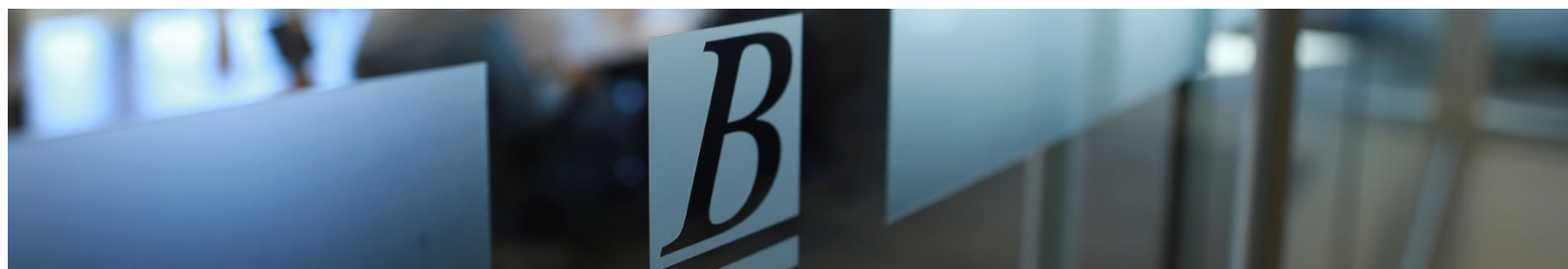
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Appendix

## FIRM OVERVIEW

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# BROWN ADVISORY: FIRM & STRATEGY OVERVIEW



Independent, fundamentally driven investment management firm

## FIRM

### 1993

Launched as an investment management arm of Alex. Brown & Sons

### 1998

Investment team and management-led buyout enables independence, focus and expansion

### 2008

Expands globally and today has clients in 39 countries

### 100%

of colleagues collectively own 70% of the firm's equity

## INVESTMENT SCOPE

### 100+ professionals

On our investment team, including 17 dedicated to fixed income research and portfolio management

### 16 years

Average investment experience of our fixed income research team

### \$81 billion\*

In total assets under management for clients

### \$38 billion\*

In institutionally marketed strategy assets

## SUSTAINABLE INVESTMENTS

### \$6.3 billion\*

In total assets under management for clients under ESG or sustainable mandates

### 100%

Of the firm's proprietary equity and fixed income strategies available with client-defined ESG screens

### 9 sustainable investment strategies

Large-Cap Sustainable Growth Equity, Sustainable Core Fixed Income, Tax-Exempt Sustainable Fixed Income, Sustainable Short Duration, Balanced ESG, U.S. Large-Cap ESG, U.S. Small-Cap ESG, U.S. Core ESG and U.S. All-Cap Socially Responsible

\*Please see the end of the presentation for disclosures and information regarding assets.

# BROAD SUSTAINABLE INVESTING CAPABILITIES

1983	1992	1993	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Early Pioneer of Sustainable Investing	Start of Fixed Income SRI Investing	Our Firm Founding	Additional Expertise Joins	Large-Cap Sustainable Growth Strategy Launch	Additional Expertise Joins	Sustainable Growth Mutual Fund Launch	Customized Sustainable Investment Advice	Sustainable Fixed Income Solutions	Integrated Sustainable Solutions	Sustainable Investment Advisory Board	Expansion of Sustainable Investment Suite	Expansion of Sustainable Investment Suite	Expansion of Sustainable Investment Suite
Key members of the Sustainable Investing Team begin managing ESG-focused equity portfolios at Winslow Management Company	Key members of the Sustainable Investing Team begin managing SRI-focused bond portfolios at Cavanaugh Capital Management	Brown Advisory founded	Winslow Management Company joins Brown Advisory  Key Sustainable Investing Team members begin managing multi-strategy sustainable portfolios	Launch the Large-Cap Sustainable Growth Strategy, which invests in fundamentally strong companies with sustainability drivers  Cavanaugh Capital Management joins Brown Advisory	Boston private client team with strong sustainable expertise joins Brown Advisory		Brown Advisory joins the Forum for Sustainable and Responsible Investment (US SIF)	Brown Advisory signs the U.N. Principles for Responsible Investment (UN PRI)	Brown Advisory offers a variety of sustainable equity, fixed income and other strategy solutions	Brown Advisory forms an sustainable investing advisory to help guide long-term strategic thinking	Brown Advisory launches the U.S. Sustainable Growth UCITS Fund, Sustainable Bond Fund, Sustainable Balanced and U.S. Large-Cap and U.S. Small-Cap Actively Screened ESG solutions	Brown Advisory launches the U.S. All-Cap Socially Responsible UCITS Fund and Strategy and Core ESG Strategy	Brown Advisory launches the Global Leaders Sustainable UCITS Fund and the Tax-Exempt Sustainable Bond Fund

- Long history in sustainable investing that predates the firm's founding
- Perspectives from multiple firms have contributed to our approach over time
- Deep commitment to advancing sustainable investing principles through support of various sustainable investment organizations

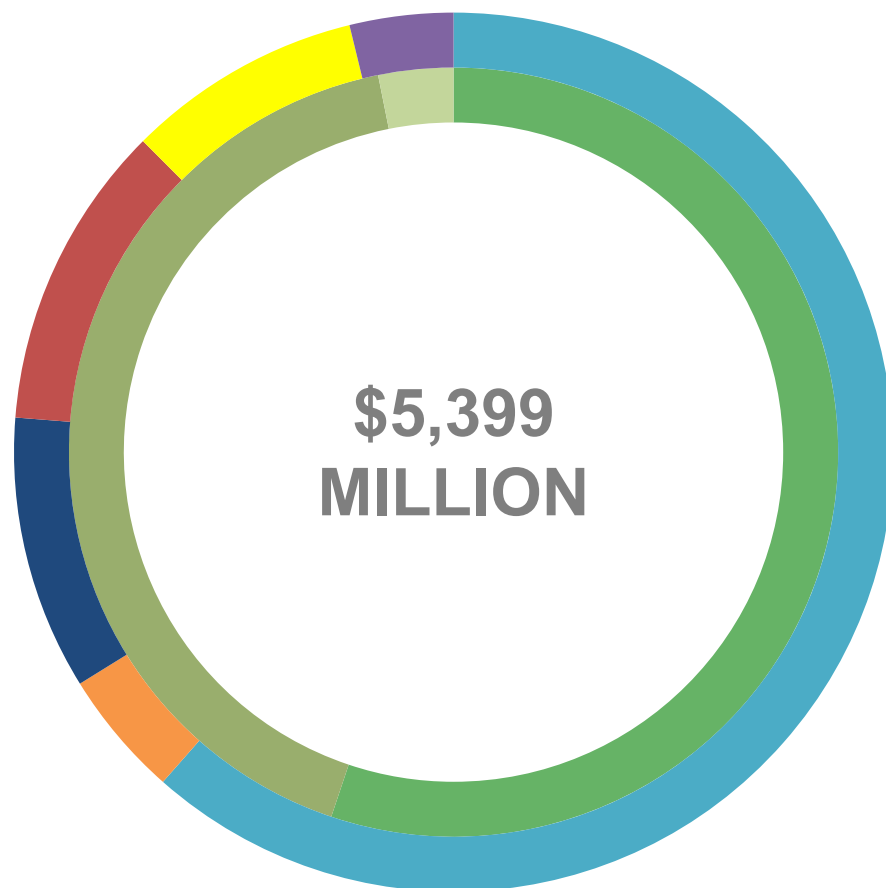
## Members, signatories or supporters of:

Signatory of:



<sup>1</sup> Brown Advisory entities included are: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Ltd., and Brown Advisory Trust Company of Delaware, LLC.

# BROWN ADVISORY FIXED INCOME ASSETS



## Traditional Fixed Income Strategies (Millions)

Municipal Bond	\$2,892
Strategic Bond	\$220
Intermediate Income	\$474
Core Fixed Income	\$529
Limited Duration	\$408
Enhanced Cash	\$179

## Sustainable Fixed Income Strategies (Millions)

Sustainable Core	\$384
Tax-Exempt Sustainable	\$290
Sustainable Short Duration	\$22

Numbers may not total due to rounding. Total fixed income strategy assets include accounts that are excluded from the composite. These assets include (1) single strategy assets of balanced accounts, (2) accounts that do not meet the composite minimum market value requirement and (3) accounts with restrictive guidelines. Fixed Income strategy assets include the Core Fixed Income, Sustainable Core Fixed Income, Enhanced Cash, Intermediate Income, Limited Duration, Municipal Bond, Strategic Bond, Sustainable Short Duration and Tax-Exempt Sustainable strategies. Please see the end of this presentation for important disclosures.

# SUSTAINABLE FIXED INCOME OVERVIEW

We have worked for many years with clients seeking to achieve sustainable investment goals, whether those clients are seeking a predefined sustainable fixed income strategy or a more customized approach to applying their values and principles to their bond portfolios.



## Sustainable Fixed Income



### Sustainable Core Fixed Income

Broad portfolio of fixed income securities selected on fundamental credit and ESG merits, that seeks long-term outperformance vs. the Bloomberg Barclays U.S. Aggregate Bond Index.



### Sustainable Short Duration

Portfolio of fixed income securities selected on fundamental credit and ESG merits, that seeks long-term outperformance vs. the Bloomberg Barclays 1-5 Year Government/Credit Index.



### Tax-Exempt Sustainable Fixed Income

Portfolio of municipal fixed income securities selected on their fundamental credit and ESG merits, that seeks long-term outperformance vs. the Bloomberg Barclays Municipal Bond 1-10 Year Blend Index.



## Custom Portfolios



### ESG Policy Development

We help clients develop or refine investment policy statements to include clear ESG-related definitions and boundaries.



### Mission-Related Investing

Explore ways in which clients can advance their sustainability priorities by investing in bonds that fund specific activities.



### Client-Defined Screening

We can fully customize ESG screening as an option for clients invested in all of our fixed income strategies.

## **SUSTAINABLE CORE FIXED INCOME**

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# ESG—AN IDEAL INVESTING FRAMEWORK FOR FIXED INCOME

**We find sustainable investing to be a particularly useful and impactful approach.**

Historically, investors have applied ESG principles primarily to equity investments; use of these ideas within the fixed income market has been comparatively limited.

*We think differently.*



## Performance Advantages

- **Common focus on downside risk:** The exercise of valuing bonds focuses on worst-case scenarios—the probability of default, and the likely recovery rate in case of default.

*This fact makes ESG data—which primarily looks at downside risk factors—all the more valuable to an overall bond valuation effort.*

- **High correlation across issuers:** Typically, bonds with similar structures should produce highly correlated results. A green bond from the World Bank should perform just like a traditional Freddie Mac bond with the same characteristics.

*We can invest in positive-impact bonds with no meaningful impact on the performance of the portfolio.*



## Impact Advantages

- **Clarity on use of capital:** The use of proceeds is often clearly defined in bond issues. Thus we can direct capital to fund projects that have tangible environmental and/or social impact.
- **Emerging standards:** The ICMA Principles (GBP's, SBP's) promote greater transparency into the labeled bond market and provide guidelines for issuers, underwriters and investors.

# INVESTMENT PHILOSOPHY



The Brown Advisory Sustainable Core Strategy seeks to deliver **attractive risk-adjusted returns** by incorporating ESG research that **strengthens bottom-up, credit-focused research**, while producing **positive environmental and social impacts**

## Credit with Clear, Tangible Impact

- We look to identify issuers with a clear and stated sense of *responsibility* for the environmental and social impacts of their operations
- Strong disclosure and measurable financial performance are hallmarks of a strong ESG credit

## Bottom-Up Process to Identify Sustainable Advantages

- Our investment process is rooted in fundamental credit analysis and used to identify, evaluate and price risk across sectors and capital structures.
- Assessing an issuer's ability to mitigate environmental and social risks and to make that mitigation central to a winning strategy is a core element of our fundamental research and pricing process

## Responsible & Sustainable Investments Drive Outperformance

- We seek out issuers with durable business models with sustainable advantages we believe will drive outperformance in the long run
- We believe labeled bonds and corporates with strong sustainability profiles offer additional impact benefits without sacrificing quality or total return

# FIXED INCOME RESEARCH TEAM

## Research Principles

- Focus on bottom-up, fundamental analysis
- Commit to a sense of shared responsibility
- Promote the highest standards of ethics and transparency

### SUSTAINABLE CORE FIXED INCOME PORTFOLIO MANAGEMENT

**AMY HAUTER, CFA**

Investment experience since 2011

**TOM GRAFF, CFA**

Head of Fixed Income

Investment experience since 1999

### PORTFOLIO MANAGEMENT

**PAUL CORBIN, CFA**

Investment experience since 1977

**STEVE SHUTZ, CFA**

Investment experience since 1996

### RESEARCH

**TOM BANDUROWSKI, CFA**

Investment experience since 2006

**JAMES DAVIE, CFA**

Investment experience since 2010

**LISA ABRAHAM**

Investment experience since 2018

**JOHN HENRY IUCKER, CFA**

Investment experience since 2013

**AMY HAUTER, CFA**

Investment experience since 2011

**KATHERINE LEE**

Investment experience since 2012

**JOSH PERRY, CFA, CAIA, FRM**

Investment experience since 2006

**CHRIS ROOF**

Investment experience since 2020

**JAKE SHELDON**

Investment experience since 2019

**ROB SNYDER**

Investment experience since 1997

**LYN WHITE, CFA**

Investment experience since 2003

### TRADING

**JASON VLOSICH**

Investment experience since 1998

**TY ANDREWS**

Investment experience since 2016

**KELLY MCCONKEY**

Investment experience since 2015

# DEFINING THE UNIVERSE OF OPPORTUNITY

Capital Allocation Across Diverse Risk Profiles

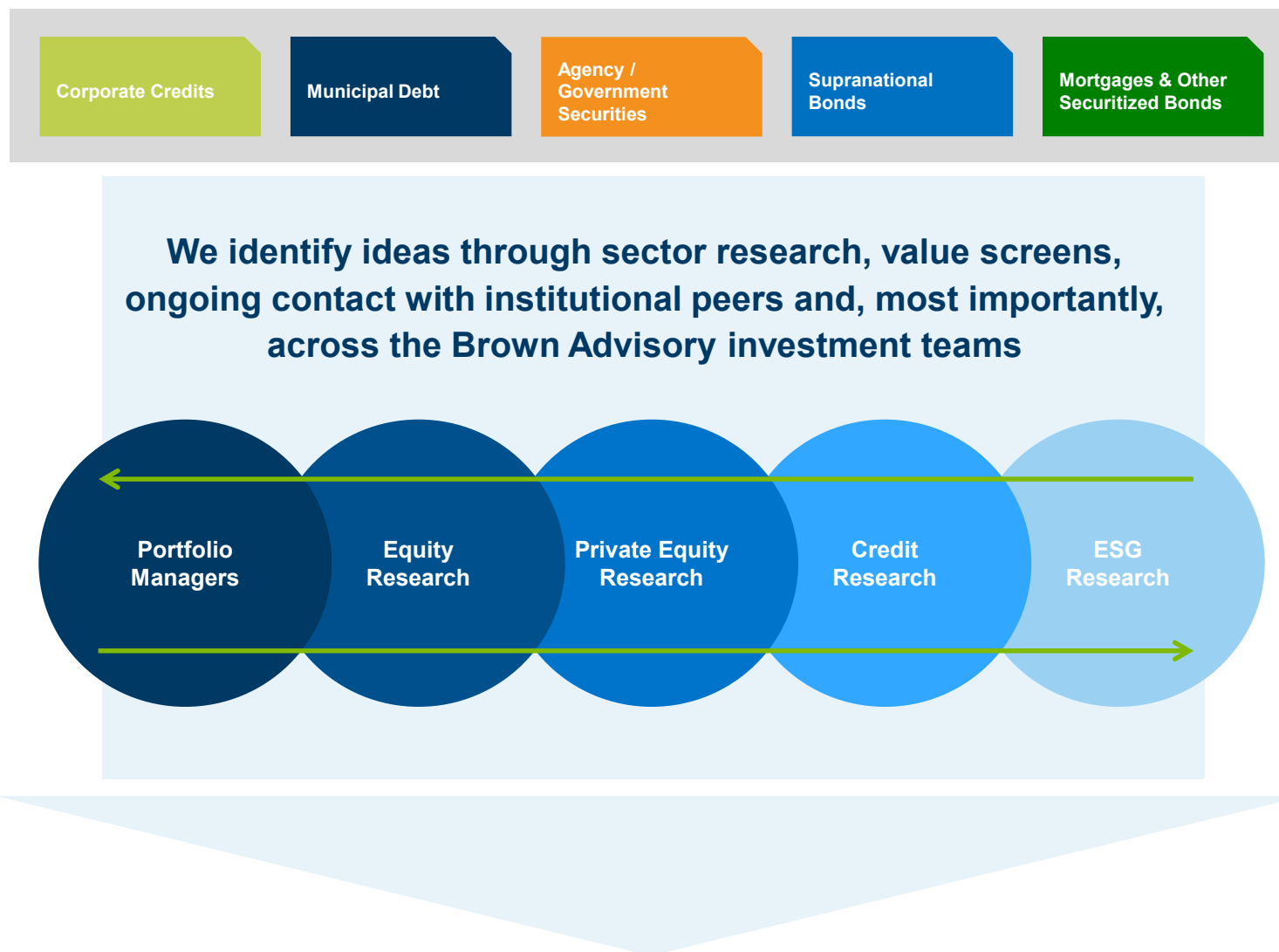
**The Fixed Income Universe includes a broad and diverse array of government, corporate, municipal and structured issues covering a wide range of capital structure, credit and duration characteristics used to create the most efficient exposure to ESG themes and ideas**

Corporate Credits	Municipal Debt	Agency / Government Securities	Supranational Bonds	Mortgages & Other Securitized Bonds
<ul style="list-style-type: none"> <li>Companies with clear and well-documented commitments to sustainability</li> <li>Focus on responsible procurement, commitment to fair human capital management and resource-efficient operations</li> </ul>	<ul style="list-style-type: none"> <li>States and municipalities with strong histories of supporting resource conservation</li> <li>Essential public purpose projects</li> <li>State- or local-issued green-labeled bonds with clearly stated uses of proceeds</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Treasuries (held primarily for liquidity and duration management)</li> <li>Issuers that finance economic development, housing or agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Entities that fund environmental, social and economic development projects</li> <li>Clearly stated uses of proceeds and strong track records of appropriate use</li> </ul>	<ul style="list-style-type: none"> <li>Focused on high-quality, mostly government-backed issues</li> <li>Securities backed by mortgages that fund positive impact outcomes such as: affordable housing and neighborhood revitalization</li> </ul>

Please see end of presentation for important disclosures and a complete list of terms and definitions.

# IDEA GENERATION

Collaborative Approach Across Investment teams

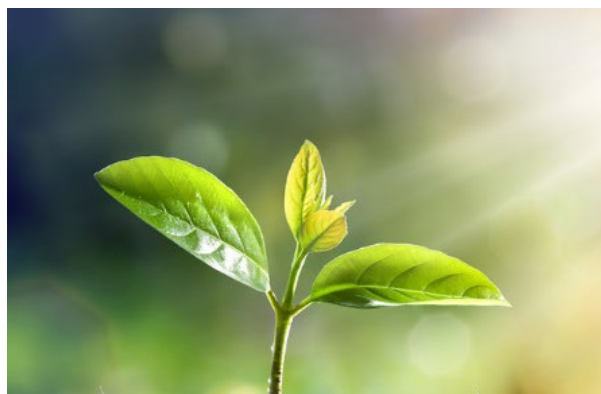


Please see end of presentation for important disclosures.

# IDENTIFYING IMPACTFUL BONDS



The ICMA Principles (GBP's, SBP's) are an essential mechanism for standardizing the way the market views impact bonds. We leverage our understanding of them to identify non-labeled bonds that still have positive impact. Overall, we define impactful bonds in three categories for our portfolios.



## Labeled Bonds

Investment in labeled green, social, or sustainability bonds whose proceeds are funding specific environmental or social projects in adherence to the Green, Social & Sustainability Bond Principles and Guidelines.



## Targeted Use of Proceeds

Investment in bonds that are not officially labeled but are funding environmental or social projects that fit our criteria.

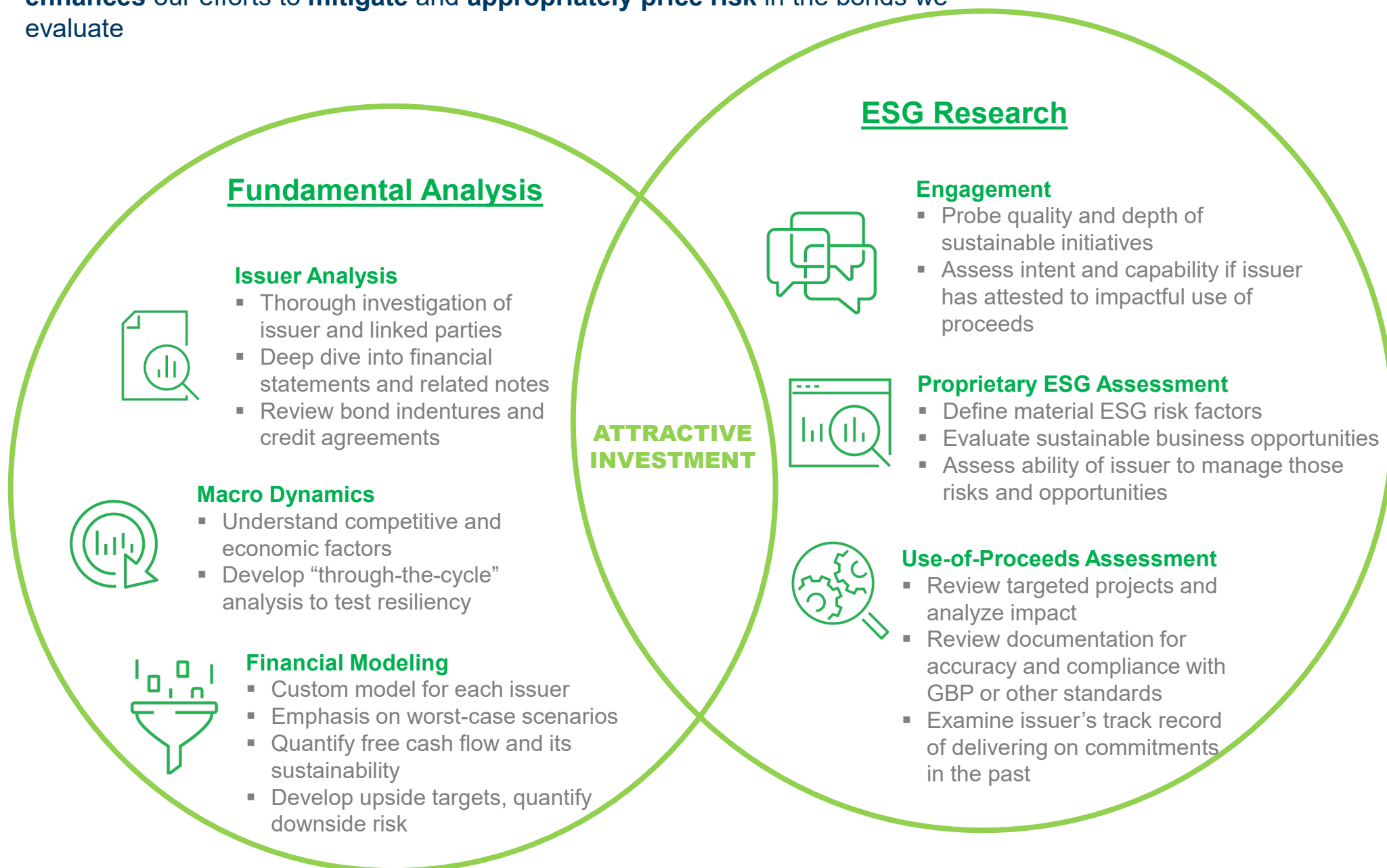


## Impactful Issuer

Investment in issuers that we believe are generating environmental or social impacts within their operations or offerings.

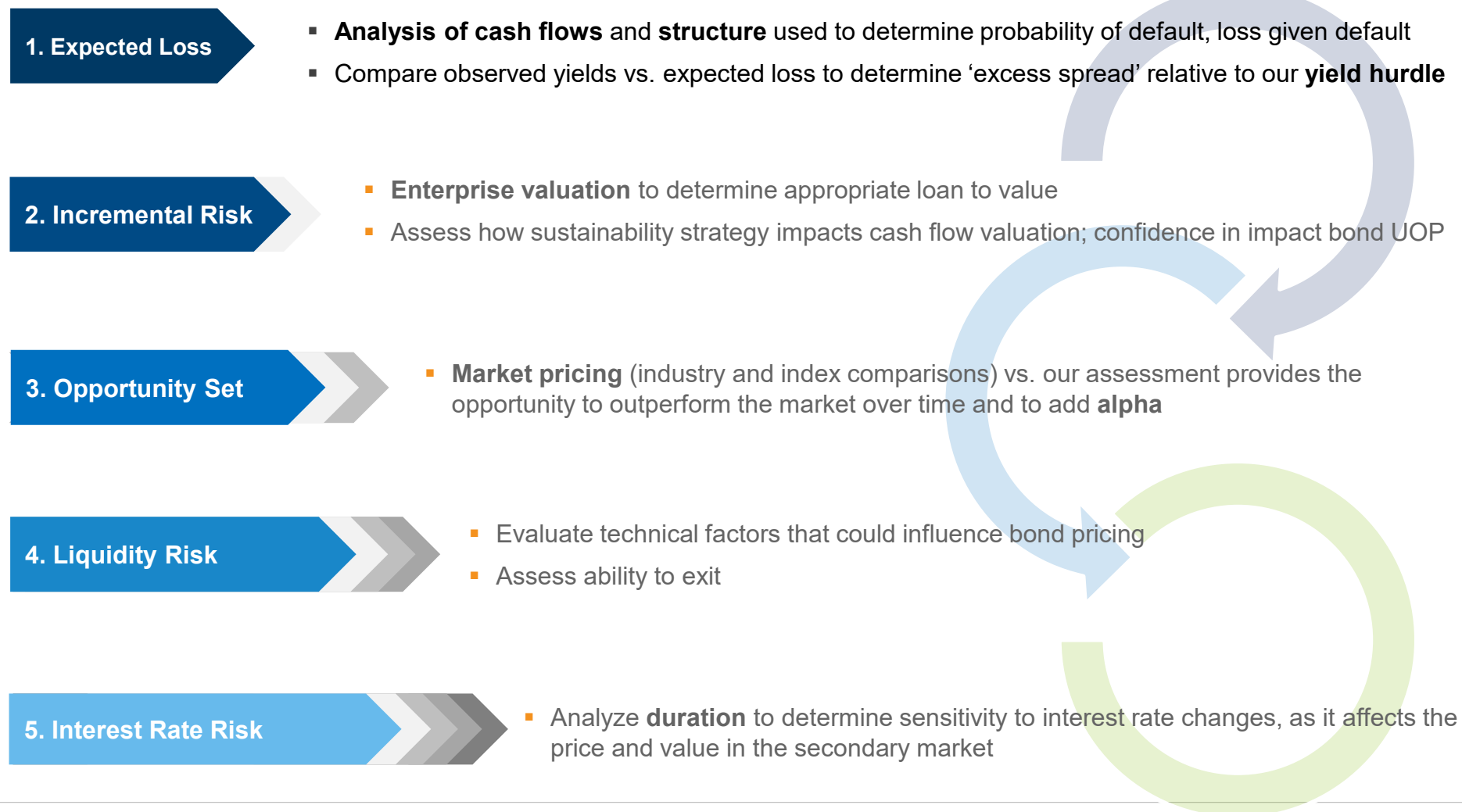
# INVESTMENT DUE DILIGENCE

We think **integrating ESG factors** into our fundamental research process **enhances** our efforts to **mitigate** and **appropriately price risk** in the bonds we evaluate



# PROPRIETARY DECISION FRAMEWORK

Fundamental Credit Work Drives Buy Discipline



Please see end of presentation for important disclosures and a complete list of terms and definitions.



# PROPRIETARY DECISION FRAMEWORK

Risk Pricing Model Serves Dual Capital Allocation & Risk Management Roles

Our research process helps us to select securities across the different sectors.



Please see end of presentation for important disclosures and a complete list of terms and definitions.

# MANAGING THE PORTFOLIO



## Risk Management

- We do not view risk in terms of tracking error, but rather as a way to review the portfolio to determine whether upside potential is commensurate with downside risk
- We monitor both fundamental and ESG risks on an ongoing basis as part of a disciplined portfolio risk assessment process



## Liquidity Management

- Provide the flexibility to react to market opportunities in a nimble fashion, as well as to meet client draw needs at a low cost



## Position Management

- Generally hold between 30 and 50 credits
- Credit-sensitive securities generally held to 1% to 2% of portfolio per issuer
- Sell discipline on thesis violation, thesis realization or better risk-adjusted value elsewhere

Please see end of presentation for important disclosures and a complete list of terms and definitions.

## **PORTFOLIO ATTRIBUTES**

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As of 12/31/2019

# INVESTING ACROSS THE ENTIRE IMPACT SPECTRUM

## Economic Development & Social Inclusion

### Affordable Housing

Investments supporting affordable housing initiatives



### Economic Mobility & Community Development

Investments supporting community economic development efforts



### Education

Investments supporting education accessibility and improvement



### Diversity, Inclusion & Equality

Investments fostering racial and gender diversity



## Environment

### Clean Energy

Investments developing, building or providing renewable energy



### Efficient Product & Conservation

Investments improving resource efficiency



### Sustainable Agriculture & Natural Resource Management

Investments engaging sustainable farming and resource management



### Sustainable Technology Innovation

Investments driving product innovation



## Health & Well Being

### Health & Wellness

Investments promoting wellness and providing access to health care services



### Clean Water & Sanitation

Investments improving access to clean water and solving critical water quality and sanitation issues



## Multi-Sector

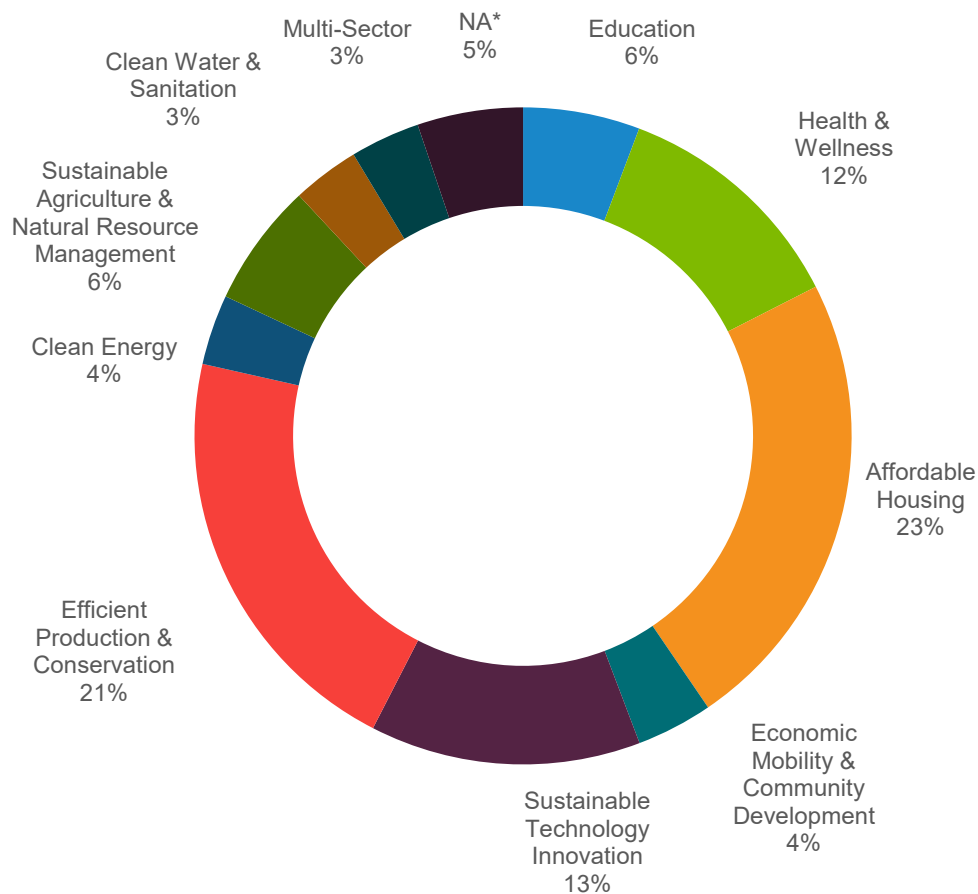


Investments which help finance projects spanning multiple sectors, as well as companies whose sustainable initiatives span multiple themes

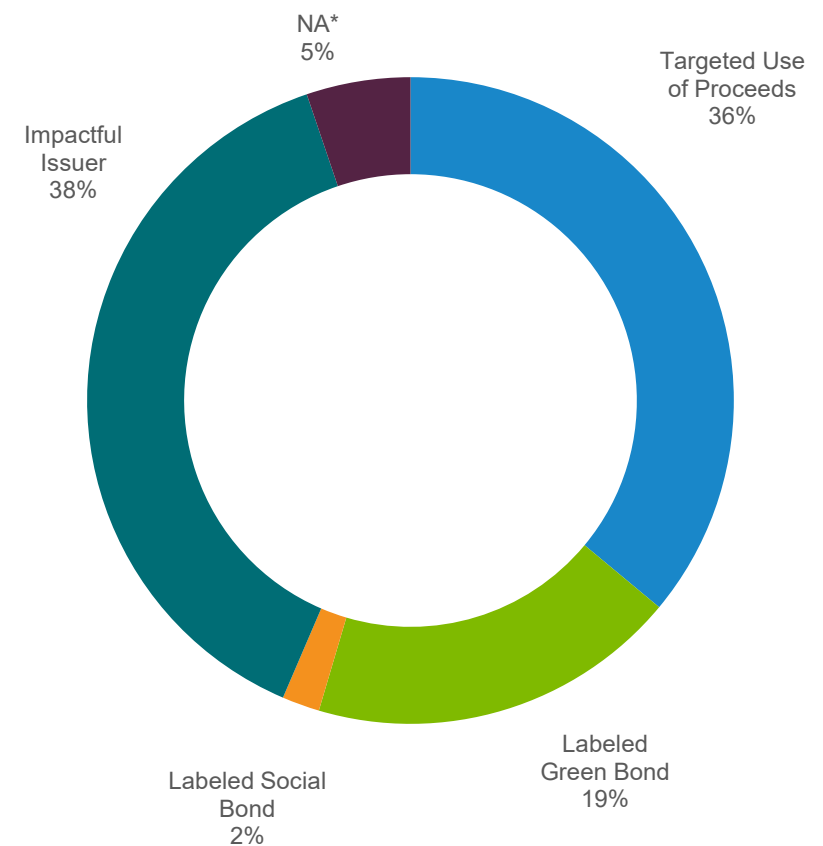
# Impact Distribution

## SUSTAINABLE CORE FIXED INCOME

### Impact Distribution



### Impact Source

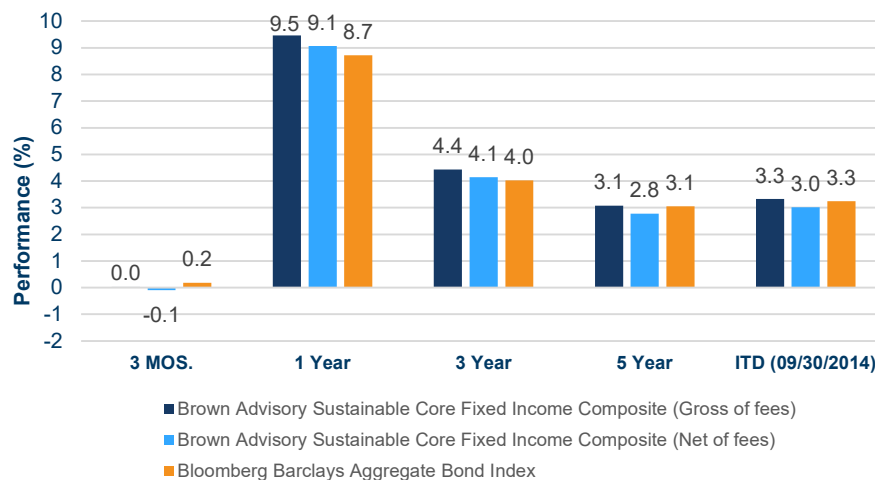


Source: FactSet. Impact breakdowns are based on a representative Sustainable Core Fixed Income account and include cash. \*NA refers to cash and equivalents, treasuries, and ESG neutral securities. Numbers may not total due to rounding. The information provided in this material is not intended to be 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. Please see the end of this presentation for important disclosures.

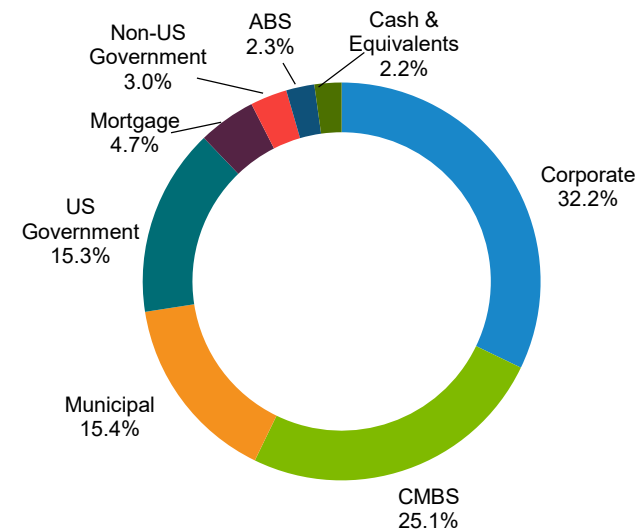
We seek to deliver attractive performance by considering social and environmental factors in our investment research that have a clear tangible impact on performance. We believe that a portfolio of fixed income securities, identified through fundamental and quantitative analysis and concentrated on our best ideas, has the potential to deliver attractive risk-adjusted returns over time.

## Composite Performance (As of 12/31/2019)<sup>1</sup>

Strategy Inception Date: 09/30/2014



## Sector Distribution<sup>2</sup>



PORTFOLIO CHARACTERISTICS <sup>2</sup>		
	Rep. Account	Benchmark
Avg. Credit Quality	Aa3	Aa2
Effective Duration (years)	6.0	5.8
Yield to Worst (%)	2.5	2.3
Avg. Life (years)	8.0	7.9

CREDIT QUALITY COMPOSITION (%) <sup>2</sup>		
	Rep. Account	Benchmark
AAA/Aaa	52.0	72.0
AA/Aa	16.0	3.3
A	9.0	10.7
BBB	23.0	12.8
High Yield	--	0.9
Not Rated	--	0.3

DURATION DISTRIBUTION (%) <sup>2</sup>		
	Rep. Account	Benchmark
Less than 1 Year	7.9	1.2
1 to 3 Years	9.9	33.0
3 to 5 Years	18.2	31.3
5 to 7 Years	30.7	11.3
7 to 10 Years	24.3	6.7
Greater than 10 years	9.1	16.7

1. Source: FactSet®. The composite performance shown above reflects the Sustainable Core Fixed Income 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 end of this presentation for a GIPS compliant presentation.

2. Source: FactSet. The portfolio information is based on a representative Sustainable Core Fixed Income account and is provided as supplemental information. Benchmark shown is the Bloomberg Barclays Aggregate Bond Index. Portfolio level information includes cash and equivalents. Fixed income sectors, quality distribution and duration distribution may not total 100% due to rounding.

3. Please see the Brown Advisory Sustainable Fixed Income Composite performance disclosure statement at the end of this presentation for more information. For definitions of fixed income characteristics, please see the end of the presentation.

## **SAMPLE PORTFOLIO HOLDINGS**

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# HEXCEL

## Portfolio Holding: Hexcel Corporation

Lead manufacturer of lightweight, high performance composite materials for aerospace and wind energy applications



### Fundamental Strengths

- **High revenue visibility with key customers:** Years-long production backlog at both major customers, creating revenue and free cash flow visibility.
- **Light-weighting megatrend:** Content growth of carbon fiber material on commercial, cargo and military aircraft expected to continue as OEMs make fleets as fuel-efficient & safe as possible.
- **Barriers to Entry:** Highly complex process for approving and implementing new materials technology into passenger aircraft, providing meaningful protection from competitive threats.

### Sustainability Drivers

- **Sustainable Products:** Carbon fiber has highest strength to weight ratio of any known material (5X stronger and 30% lighter than aluminum)
  - Enables meaningful fuel savings in commercial aerospace markets
  - Supports wind turbine production, offering longer, lighter, stiffer, and more efficient blades
- **Sustainable Operations:** Improvements underway– e.g. through the use of 25% renewable energy

Source: Brown Advisory analysis 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. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.



# CALIFORNIA 'NO PLACE LIKE HOME' (SOCIAL BOND)

Portfolio Holding: California Health Facilities Financing Authority

Initiative led by the Department of Housing and Community Development to combat homelessness in California



## Fundamental Strengths

- **Security:** Secured by a personal income tax equal to 1% of taxable income in excess of \$1 million (Proposition 63 Tax). Tax was approved in 2004 and does not expire.
- **Track record:** Tax revenue has steadily increased over the past decade, and has more than doubled since 2008.
- **Debt service coverage (DSC):** The low statutory limit of \$2 billion in issuance results in strong DSC at more than 15x using fiscal 2018 revenues.

## Sustainability Drivers

- **Access to Housing & Health Services:** 'No Place Like Home' program aims to address the homelessness crisis in California, home to roughly a quarter of the nation's homeless population (approx. 130,000), a quarter of whom suffer from severe mental illness.
- **Social Bond Proceeds** will finance the development of permanent supportive housing (low-cost housing plus mental health services) for those suffering from homelessness and mental illness to break the cycle of chronic homelessness.

Source: Brown Advisory analysis 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. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

## **SAMPLE IMPACT PROJECTS FUNDED BY PORTFOLIO HOLDINGS**

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## **\$40M Financing to finance the largest LED streetlight retrofit project in the world.**

- Under the LED Street Lighting Energy Efficiency Program, the City of Los Angeles retrofitted 141,089 street lights with LED bulbs.
- Before the program, the city street lights consumed 168 gigawatt hours of electricity at an annual cost of \$15 million, while emitting 110,000 metric tons of carbon dioxide. The new lights reduce energy usage by 63.1 percent and reduce carbon emissions by 47,583 metric tons a year.
- LED lights, on average, lower energy consumption, delivering between 44 and 53 percent annual savings in energy costs when compared with high pressure sodium lights. In addition, they have a longer lifespan of up to 20 years, reducing maintenance costs while providing greater functionality.



### **Environmental Benefits**

#### **ESTIMATED ANNUAL SAVINGS:**

- Water use avoided (1,000/liters): 1,407,000
- Nonhazardous waste avoided (metric tons): 700
- MWh reduced from efficiency projects: 71,000

# ANTIOCH UNIFIED SCHOOL DISTRICT



## **\$30M Qualified Zone Academy Bonds (QZABs) for solar and energy efficiency equipment.**

- Financing will provide funds for the District to purchase solar panels for installation at 24 school sites, as well as energy efficiency equipment for lighting and HVAC upgrades. The systems will be used to produce electricity and offset utility costs, generating additional revenue and energy savings.
- The solar project will be integrated into the Pathway to Engineering program of study at Antioch High School. Students in the program will be provided a “living solar laboratory” where clean renewable energy is not only generated for the benefit of the District’s electrical energy consumption, but also monitored, measured and integrated into the core engineering curriculum.
- The entire energy project is expected to save the District \$34.3 million over the 25-year useful life of the project.



### **Environmental Benefits**

#### **ESTIMATED ANNUAL SAVINGS:**

- Global Warming metric tons CO2e avoided: 7,700
- Water use avoided (1000/liters): 206,000
- Non-hazardous waste avoided (metric tons): 103
- MWh reduced from efficiency projects: 1,700
- MWh produced from renewable project: 8,700

# NEXTERA, PIONEER PLAINS



## \$170M tax equity investment in a wind power partnership with NextEra Energy Resources.

- NextEra Energy Resources is one of the largest operators of wind and solar power assets in the United States.
- The partnership finances the Blackwell and Minco III wind farms, in central and eastern Oklahoma, respectively, for a total of 160 MW of power generation. The facilities have been in operation since December 2012 and have enough installed capacity to generate power for more than 42,000 average homes.
- Additionally, the facilities deliver clean, renewable power to the citizens of Oklahoma City and surrounding areas.



### Environmental Benefits

#### ESTIMATED ANNUAL SAVINGS:

- Global warming metric tons CO2e avoided: 157,000
- Water use avoided (1000/liters): 4,209,000
- Non-hazardous waste avoided (metric tons): 2,000

## APPENDIX

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# ESG INVESTMENT CAPABILITIES

- As of December 31, 2019, Brown Advisory managed approximately \$6.3 billion\* in ESG mandates. We offer a range of investment solutions and resources to serve the varying needs of our clients.

## Services

- Customized screening
- Mission-related investing
- Proxy voting
- ESG policy development

*Services available across Brown Advisory's equity and fixed income strategies*

## Strategies

- Large-Cap Sustainable Growth Strategy
- Sustainable Short Duration Fixed Income Strategy
- Sustainable Core Fixed Income Strategy
- Tax-Exempt Sustainable Fixed Income Strategy
- U.S. Large-Cap ESG
- U.S. Small-Cap ESG
- U.S. Core ESG
- U.S. All-Cap Socially Responsible
- Balanced ESG

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## Resources

- Research: internal expertise supplemented by MSCI ESG Manager®, the Carbon Disclosure Project, Bloomberg and a variety of other sources
- Portfolio compliance: Advent Rules Manager® is a comprehensive system for trading compliance and portfolio monitoring
- Proxy voting: third-party research by ISS guides governance-related voting and supports internal analysis of sustainability-related proposals

\*Brown Advisory entities included are: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Ltd., and Brown Advisory Trust Company of Delaware, LLC.

# PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) SIGNATORY

- Global initiative supported by the United Nations Global Compact and the UNEP Finance Initiative
- Supported by more than 2,000 signatories representing more than \$86 trillion in assets under management as of the end of 2019

*Signatory of:*



*We believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios, and we also believe that investors may better align themselves with the broader objectives of society through the consideration of ESG issues. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:*

- 1. We will incorporate ESG issues into investment analysis and decision-making processes*
- 2. We will be active owners and incorporate ESG issues into our ownership policies and practices*
- 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest*
- 4. We will promote acceptance and implementation of the Principles within the investment industry*
- 5. We will work with other signatories to enhance their effectiveness in implementing the Principles*
- 6. We will report on our activities and progress towards implementing the Principles*



# Brown Advisory

## RESEARCH & INVESTMENT TEAM

### LISA ABRAHAM

#### Sustainability Fixed Income Research Analyst

- University of Wisconsin, B.A.; Johns Hopkins University, M.B.A.
- Impact Assessment & Reporting, Millennium Challenge Corporation
- Investment experience since 2018; Joined Brown Advisory 2019

### PRIYANKA AGNIHOTRI, CFA

#### Financial Services Research Analyst

- Lady Shri Ram College for Women, New Delhi. B.A.; Indian Institute of Management, Ahmedabad, PGDip; Columbia University, M.B.A.
- Analyst, Bernstein Research; Analyst, Phoenix Asset Management Partners
- Investment experience since 2009; Joined Brown Advisory 2015

### TY ANDREWS

#### Fixed Income Portfolio Analyst; Fixed Income Trader

- Towson University, B.S.
- Financial Associate, Morgan Stanley; Investment Services, T. Rowe Price
- Investment experience since 2016; Joined Brown Advisory 2014

### VICTORIA AVARA, CPA

#### Sustainability Equity Research Analyst

- James Madison University, B.B.A.
- Senior Audit Accountant, SC&H Group Inc.; Senior Equity Compensation Specialist, Brown Advisory
- Investment experience since 2019; Joined Brown Advisory 2016

### MANEESH BAJAJ, CFA

#### Flexible Equity Portfolio Manager

- University of Kentucky, M.S. University of Pennsylvania, The Wharton School, M.B.A.
- Senior Associate, McKinsey & Company; Senior Associate, Standard & Poor's
- Investment experience since 2003; Joined Brown Advisory 2005

### TOM BANDUROWSKI, CFA

#### Fixed Income Research Analyst

- Boston University, B.S.B.A, B.A.
- Manager, Credit Restructuring Advisory, EY; Associate, Restructuring & Special Situations Group, Macquarie Capital
- Investment experience since 2006; Joined Brown Advisory 2016

### CHRISTOPHER BERRIER

#### Small-Cap Growth Portfolio Manager; Mid-Cap Growth Portfolio Manager

- Princeton University, A.B.
- Vice President, T. Rowe Price Group
- Investment experience since 2000; Joined Brown Advisory 2005

### JOHN BOND, CFA

#### Technology Equity Research Analyst

- Harvard University, A.B.; Columbia Business School, M.B.A.
- Senior Analyst and Assistant Portfolio Manager, Nicusa Capital
- Investment experience since 1999; Joined Brown Advisory 2012

### RUPERT BRANDT, CFA

#### Latin American Portfolio Manager

- University of Manchester, BSc, University of Exeter, M.A.
- Portfolio Manager, Findlay Park Latin American Fund. Merged into Brown Advisory Latin American Fund on 30<sup>th</sup> April 2018. Analyst, Foreign and Colonial Investment Trust.
- Investment experience since 1994; Joined Brown Advisory 2018

### JOHN CANNING, CFA

#### Technology Equity Research Analyst

- Dartmouth College, B.A.
- Investment experience since 2014; Joined Brown Advisory 2014

### LAUREN CAHALAN

#### Investigative Equity Research Analyst

- Towson University, B.S.
- Investment experience since 2018; Joined Brown Advisory 2018

### ERIN CAWLEY

#### Risk Equity Research Analyst

- Loyola University, B.S.
- Investment experience since 2017; Joined Brown Advisory 2012

### PETER CAWSTON

#### Latin American Portfolio Manager

- University of Cambridge, M.A., MPhil.
- Portfolio Manager, Findlay Park Latin American Fund. Merged into Brown Advisory Latin American Fund on 30<sup>th</sup> April 2018. Analyst and Fund Manager, Baillie Gifford.
- Investment experience since 2001; Joined Brown Advisory 2018

### ERIC CHA, CFA

#### Consumer Equity Research Analyst

- University of Virginia, B.A.; New York University, M.B.A.
- Equity Analyst, Bethlehem Steel Pension Fund; Equity Analyst, Oppenheimer Funds
- Investment experience since 2000; Joined Brown Advisory 2007

### RAN CHANG

#### Generalist Equity Research Analyst

- London Business School M.F.A.
- Zhengnian Capital, Beijing
- Investment experience since 2017; Joined Brown Advisory 2019

# Brown Advisory

## RESEARCH & INVESTMENT TEAM

### **PAUL CHEW, CFA** Chief Investment Officer

- Mount St. Mary's, B.A.; Duke University, Fuqua School of Business, M.B.A.
- International Asset Management Department, J.P. Morgan & Co.
- Investment experience since 1989; Joined Brown Advisory 1995

### **KENNETH COE, CFA** Financial Services Equity Research Analyst

- Wake Forest University, B.A.
- Analyst, First Annapolis Consulting; Research, Independent Financial Econometrics Study
- Investment experience since 2010; Joined Brown Advisory 2013

### **PAUL CORBIN** Fixed Income Portfolio Manager

- University of Virginia, B.A.; George Washington University, M.B.A.
- Senior Portfolio Manager, First Maryland Asset Management
- Investment experience since 1977; Joined Brown Advisory 1991

### **JAMES DAVIE, CFA** Fixed Income Research Analyst

- Ithaca College, B.A.; Boston University, M.B.A.
- Performance Analyst, State Street Investment Analytics
- Investment experience since 2010; Joined Brown Advisory in 2015

### **MICK DILLON, CFA** Global Leaders Portfolio Manager

- University of Melbourne, B.A.
- Co-Head of Asian Equities & Portfolio Manager, HSBC Global Asset Management; Analyst, Arete Research
- Investment experience since 2000; Joined Brown Advisory 2014

### **EMILY DWYER** Sustainability Equity Research Analyst

- Smith College, B.A.
- Investment experience since 2014; Joined Brown Advisory 2014

### **THOMAS FITZALAN HOWARD** General Equity Research Analyst

- University of Edinburgh, M.A.
- Investment experience since 2016; Joined Brown Advisory 2016

### **MICHAEL FOSS, CFA** Flexible Equity Research Analyst

- Virginia Tech, B.A.; University of Pennsylvania, The Wharton School, M.B.A.
- Equity Research, Alex. Brown Investment Management; Managing Director & Portfolio Manager, JP Morgan Fleming; Equity Analyst, Gabelli & Co.; Retail Broker, Tucker Anthony
- Investment experience since 1987; Joined Brown Advisory 2004

### **KARINA FUNK, CFA** Head of Sustainable Investing; Large-Cap Sustainable Growth Portfolio Manager

- Purdue University, B.S.; MIT, Masters in Civil & Environmental Engineering; MIT, Masters in Technology & Policy; École Polytechnique - France, Post-Graduate Diploma in Management of Technology
- Manager, Massachusetts Renewable Energy Trust; Principal, Charles River Ventures
- Investment experience since 2003; Joined Brown Advisory 2007

### **ROBERT FURLONG, CFA** Business Services Equity Research Analyst

- York College of Pennsylvania, B.S.; University of Baltimore, Merrick School of Business, M.S.F.
- Portfolio Manager, Carson Group; Director of Research, GARP Research & Securities
- Investment experience since 2000; Joined Brown Advisory 2018

### **DREW FRANCK** Technology Equity Research Analyst

- Iowa State University, B.S.
- Investment experience since 2019; Joined Brown Advisory 2019

### **ERIC GORDON, CFA** Director of Equity Research

- University of North Carolina, Chapel Hill, B.A.
- Equity Research, Alex. Brown Investment Management; Investment Banking Analyst, Deutsche Bank Alex. Brown, Merrill Lynch & Co.; Equity Research, Citigroup
- Investment experience since 1998; Joined Brown Advisory 2008

### **THOMAS GRAFF, CFA** Head of Fixed Income; Fixed Income Portfolio Manager

- Loyola University, B.A.
- Managing Director, Cavanaugh Capital Management
- Investment experience since 1999; Joined Brown Advisory 1999

### **BRIAN GRANEY, CFA** Equity Income Portfolio Manager

- George Washington University, B.A.
- Portfolio Manager, Equity Research, Alex. Brown Investment Management; Writer/Analyst, The Motley Fool
- Investment experience since 1996; Joined Brown Advisory 2001

### **TIMOTHY HATHAWAY, CFA** Head of U.S. Institutional Business

- Randolph-Macon College, B.A.; Loyola University, M.B.A.
- Co-Portfolio Manager of Small-Cap Growth Strategy, Brown Advisory; Investor Relations, T. Rowe Price
- Investment experience since 1993; Joined Brown Advisory 1995

# Brown Advisory

## RESEARCH & INVESTMENT TEAM

### AMY HAUTER, CFA

Fixed Income Portfolio Manager;  
Sustainability Fixed Income Research Analyst

- Old Dominion University, B.S.
- Fixed Income Client Service, Morgan Stanley
- Investment experience since 2011; Joined Brown Advisory 2012

### SHA HUANG

Financials Equity Research Analyst

- Vassar College, B.A.
- Investment experience since 2016; Joined Brown Advisory 2016

### JOHN HENRY IUCKER, CFA

Fixed Income Portfolio Manager;  
Securitized Products Analyst

- Johns Hopkins University B.A.
- Investment experience since 2013; Joined Brown Advisory 2013

### SANJEEV JOSHI, CFA

Health Care Equity Research Analyst

- India Institute of Technology – Roorkee B.S.; University of Mumbai, M.A.; University of Chicago M.B.A.
- Equity Research, UBS Asset Management; Equity Research, SG Asia Securities; Equity Research, DBS Securities; Analyst, Kotak Securities
- Investment experience since 1994; Joined Brown Advisory 2018

### MARK KELLY

Health Care Equity Research Analyst

- Johns Hopkins University B.A.; Johns Hopkins University M.H.S.
- Equity Research, Stifel Nicolaus; Managing Consultant, Navigant
- Investment experience since 2008; Joined Brown Advisory 2017

### KATHERINE KROLL

Sustainability Equity Research Analyst

- University of Vermont, B.A.
- Shareholder Advocate, Green Century Capital Management; Operations Coordinator, Renewable Energy Vermont
- Investment experience since 2015; Joined Brown Advisory 2018

### KATHERINE LEE

Fixed Income Credit Analyst

- Duke University, B.S.
- Analyst, PFM Group; Investment Banking Associate, Raymond James & Associates
- Investment experience since 2012; Joined Brown Advisory 2018

### PATRICK MAHONEY

Consumer Equity Research Analyst

- University of Notre Dame, B.S.
- Associate Analyst, Oppenheimer & Co.
- Investment experience since 2007; Joined Brown Advisory 2013

### CAMERON MATHIS

Financials Equity Research Analyst

- University of Pennsylvania, B.A.
- Investment Banking, Equity Research, Evercore
- Investment experience since 2013; Joined Brown Advisory 2018

### KELLY MCCONKEY

Fixed Income Portfolio Analyst;  
Fixed Income Trader

- Coastal Carolina University, B.S.B.A.
- Investment experience since 2015; Joined Brown Advisory 2011

### DAN MOONEY, CFA

Consumer Equity Research Analyst

- Georgetown University, B.S.; University of Virginia, M.B.A.
- Senior REIT Analyst, CB Richard Ellis Investors; Investment Banker, Barclays Capital; Equity Research Senior Associate, Green Street Advisors; Fixed Income Research Associate, Bear Sterns
- Investment experience since 2001; Joined Brown Advisory 2011

### KEVIN OSTEN, CFA

Product Specialist

- Parks College of St. Louis University, B.S.; University of Missouri St. Louis, M.B.A.
- Senior Research Analyst, Summit Strategies; Institutional Consulting, Merrill Lynch Pierce, Fenner & Smith
- Investment experience since 1999; Joined Brown Advisory 2012

### ADI PADVA

Industrials & Basic Materials Equity Research Analyst

- Open University of Israel, B.A.; Harvard Business School, M.B.A.
- Senior Research Analyst, Neuberger Berman
- Investment experience since 2005; Joined Brown Advisory 2015

### SUNG PARK, CFA

Health Care Equity Research Analyst

- Johns Hopkins University, B.A.; University of Maryland, Smith School of Business, M.B.A.
- Associate Portfolio Manager and Research Analyst, Croft Leominster
- Investment experience since 2003; Joined Brown Advisory 2006

### SIMON PATERSON, CFA

Industrials & Basic Materials Equity Research Analyst

- Queen's University, Ontario, Canada B.Sc. and B.A.; Princeton University, M.A.
- Senior Equity Analyst, MTB Investment Advisors
- Investment experience since 2002; Joined Brown Advisory 2011

**JOSHUA PERRY, CFA, CAIA, FRM**

Fixed Income Portfolio Manager;  
Fixed Income Credit Analyst

- Princeton University, B.S.E.; University of Chicago, M.B.A.
- Analyst, Driehaus Capital Management
- Investment experience since 2006; Joined Brown Advisory 2012

**MICHAEL POGGI, CFA**

Small-Cap Fundamental Value Associate Portfolio  
Manager

- University of Richmond, B.S.B.A.
- Investment experience since 2003; Joined Brown Advisory 2003

**DAVID POWELL, CFA**

Large-Cap Sustainable Growth Portfolio Manager

- Bowdoin College, B.A.
- Investor Relations, T. Rowe Price
- Investment experience since 1997; Joined Brown Advisory 1999

**CHRIS ROOF**

Fixed Income Research Analyst

- Towson University, B.B.A.
- Investment experience since 2020; Joined Brown Advisory 2017

**GEORGE SAKELLARIS, CFA**

Mid-Cap Growth Portfolio Manager; Small-Cap Growth  
Associate Portfolio Manager

- Robert H. Smith School of Business, M.B.A.; University of Maryland, B.S.
- Portfolio Manager, Credo Capital Management; Director of Research, GARP Research & Securities
- Investment experience since 2001; Joined Brown Advisory 2014

**J. DAVID SCHUSTER**

Small-Cap Fundamental Value Portfolio Manager

- Georgetown University, B.S.B.A.
- Managing Director, Citigroup; Managing Director, Lazard Freres & Co.; Officer, U.S. Army
- Investment experience since 1995; Joined Brown Advisory 2008

**RODDY SEYMOUR-WILLIAMS**

General Equity Research Analyst

- University of Bristol, B.S.
- Investment experience since 2018; Joined Brown Advisory 2018

**JAKE SHELDON**

Fixed Income Research Analyst

- University of Virginia, B.A.
- Investment experience since 2019; Joined Brown Advisory 2019

**STEPHEN SHUTZ, CFA**

Fixed Income Portfolio Manager

- Frostburg State University, B.S.
- Vice President and Assistant Portfolio Manager, Cavanaugh Capital Management
- Investment experience since 1996; Joined Brown Advisory 2003

**ROBERT SNYDER**

Fixed Income Portfolio Manager

- Cornell University, B.A.
- Principal, Kingsland Capital; Senior Analyst, Katonah Capital; Securities and Lending, Chase Manhattan Bank; Cash Management, Morgan Stanley Trust Company
- Investment experience since 1997; Joined Brown Advisory 2014

**KENNETH STUZIN, CFA**

Large-Cap Growth Portfolio Manager

- Columbia University, B.A.; Columbia Business School, M.B.A.
- Senior Portfolio Manager and Quantitative Strategist, J.P. Morgan
- Investment experience since 1986; Joined Brown Advisory 1996

**BERTIE THOMSON, CFA**

Global Leaders Portfolio Manager

- Edinburgh University, M.A.
- Senior Investment Manager, Aberdeen Asset Management
- Investment experience since 2002; Joined Brown Advisory 2015

**ALEX TREVINO**

Consumer Equity Research Analyst

- University of Virginia, B.S.
- Investment experience since 2016; Joined Brown Advisory 2016

**R. HUTCHINGS VERNON, CFA**

Flexible Equity Advisor

- University of Virginia, B.A.
- Portfolio Manager & Equity Research, Alex. Brown Investment Management; Portfolio Manager and Research Analyst, T. Rowe Price, Legg Mason and Wachovia Bank
- Investment experience since 1982; Joined Brown Advisory 1993

**JASON VLOSICH**

Fixed Income Portfolio Manager;  
Head Fixed Income Trader

- University of Baltimore, B.S.; Loyola University, M.B.A.
- Taxable Fixed Income Trader, Ferris, Baker Watts, Inc. and Deutsche Bank Alex. Brown
- Investment experience since 1998; Joined Brown Advisory 2008

# Brown Advisory

## RESEARCH & INVESTMENT TEAM

### **EMILY WACHTMEISTER, CFA**

#### Technology Equity Research Analyst

- Washington & Lee University, B.A.
- Junior Associate, Morgan Stanley
- Investment experience since 2011; Joined Brown Advisory 2013

### **LYN WHITE, CFA**

#### Fixed Income Research Analyst

- University of Delaware, B.S.
- Senior Investment Analyst, Fidelity & Guaranty Life Insurance; Senior Portfolio Manager, Standard Insurance Company
- Investment experience since 2003; Joined Brown Advisory 2015

### **JAMIE WYATT**

#### Industrials & Basic Materials Equity Research Analyst

- Johns Hopkins University, B.S.
- Investment experience since 2018; Joined Brown Advisory 2018

### **NINA YUDELL**

#### Portfolio Manager; Flexible Equity Generalist

- University of Baltimore, B.S., M.B.A.; Johns Hopkins University, M.S.B.
- Portfolio Manager and Investment Analyst, Alex. Brown Investment Management; Investment Assistant, Oppenheimer & Co., Inc.; Investment Assistant, T. Rowe Price
- Investment experience since 1986; Joined Brown Advisory 1992

Our independent Board of Directors provides objective guidance and insights.

**WILLIAM C. BAKER\***

Will is a director of Brown Advisory Incorporated and Brown Investment Advisory & Trust Company. He is president and CEO of the Chesapeake Bay Foundation. He is a trustee of Johns Hopkins Medicine, the Open Society Institute — Baltimore and the Clayton Baker Trust. He also serves as an emeritus board member of the Baltimore Community Foundation, a director of the Central Maryland Transportation Alliance, a member of the UMBC Board of Visitors and an honorary board member of the Garden Club of America. He is a founding director of the Greater Washington Board of Trade's Green Committee and the Living Classrooms Foundation.

**HOWARD E. COX JR.**

Howard is a director of Brown Advisory Incorporated. He is a special limited partner with Greylock Partners. In addition to his past Greylock Partners directorships, he is a past director of the Boston Globe, former director of the Foundation Board of Forum of Young Global Leaders, former director of the Population Council, former director of Partners HealthCare's investment committee, former director of the Kleberg Foundation's investment committee and the past chair of the National Venture Capital Association. He is director emeritus of Stryker (NYSE: SYK), a director for the Defense Business Board, and an executive committee member and board member of In-Q-Tel. Howard is an investment committee member of the Dana-Farber Cancer Institute, the Brookings Institution and the Museum of Fine Arts. He also serves as advisory trustee of various Fidelity mutual funds. Howard serves on various advisory boards for the Harvard Business School, Harvard Kennedy School, Harvard Medical School and Harvard T.H. Chan School of Public Health. He is president of the Clermont Foundation.

**MATTHEW CUTTS**

Matthew is a director of Brown Advisory Incorporated. He is a partner at Squire Patton Boggs LLP where he serves as co-chair of the Strategic Advocacy Public Policy Group, chair of the Tax and Financial Services Public Policy Group and as a member of the firm's Recruitment Committee. He has an extensive background in corporate litigation and spends a majority of his time advocating on federal tax policy. Matthew serves on the Federal City Council Board as Vice President and as Chairman of the Langston Initiative Project — a non-profit created to redevelop DC's publicly owned golf courses. He also serves on the board of the Ron Brown Scholar Program Steering Committee. Matthew is an Aspen Institute's Socrates Program Scholar. He was formally a member of Presidential Candidate Barack Obama's Mid-Atlantic Finance Committee and Mayor Adrian M. Fenty's Transition team and served as chair of the Washington, DC's Sports and Entertainment Commission, overseeing the capital construction of the Washington National's baseball stadium.

**JOHN O. DOWNING**

John is the vice chairman of the board of directors of Brown Advisory Incorporated, and a co-founder of CDK|Brown Advisory, a predecessor firm focused on hedge fund advisory solutions. Prior to founding CDK in 2002, he spent 19 years at Goldman Sachs & Co., where he was a general partner from 1992 to 2000 and served on the firm's Commitments and Credit Committees. During his last 10 years at Goldman Sachs, he ran European Equity Capital Markets and subsequently was one of several senior partners in the Global Equity Capital Markets group in New York. John is on the Investment Committee of Hotchkiss School, is a director of the Medical University of South Carolina Foundation and has served on several other endowment boards including Vanderbilt University. Additionally, John is the co-founder and board member of Vermont 99 Foods.

**ROBERT J. FLANAGAN**

Bob is a director of Brown Advisory Incorporated and serves as chair of the governance committee. He is president of Clark Enterprises and oversees the acquisition, management and development of new investment opportunities. He is also managing director of CNF Investments and serves on the boards of Eagle Oil & Gas Co, Svelte Medical Systems and Vascular Therapies. He is a director of the A. James & Alice B. Clark Foundation. Bob is also a member of the board of advisors of Georgetown University's McDonough School of Business. He was chair of the board of directors of Washington, D.C.'s Federal City Council, Martek Biosciences Corporation (NASDAQ: MATK) and Sagent Pharmaceuticals (NASDAQ: SGNT). Bob also was treasurer, secretary and a member of the board of directors of the Baltimore Orioles.

**BENJAMIN H. GRISWOLD IV\***

Ben is a partner of Brown Advisory and serves as a senior advisor. He is a director of Brown Advisory Incorporated, where he serves as chair of the investment committee, and is the chair of Brown Investment Advisory & Trust Company. Ben graduated from Princeton University and served as an artillery officer in the U.S. Army before receiving his MBA from Harvard. He joined Alex. Brown & Sons and became a partner of the firm in 1972, was elected director and vice chair of the board in 1984, and became chair of the board in 1987. Ben was a former director of the New York Stock Exchange and Stanley Black & Decker Inc. He is currently nonexecutive chair of W.P. Carey & Co. LLC and is a member of Flowers Foods (lead director), Signal Hill Capital and Deutsche Bank's Americas advisory boards. He is trustee emeritus of the Johns Hopkins University.



Our independent Board of Directors provides objective guidance and insights.

**MICHAEL D. HANKIN\***

Mike is a partner, a member of the Executive Team and serves as president and chief executive officer. He is a director of both Brown Advisory Incorporated and Brown Investment Advisory & Trust Company. As chair of the Baltimore Healthy Harbor Project and executive committee member of the Baltimore Waterfront Partnership and Management Authority, he has challenged the city to achieve a goal of making Baltimore's Inner Harbor swimmable and fishable by 2020. He is a trustee of the Johns Hopkins University, trustee and vice chair of Johns Hopkins Medicine and chair of the board of managers of the Johns Hopkins University Applied Physics Lab. He also serves as president of Land Preservation Trust, is a trustee of the Center for Large Landscape Conservation, and is a director for the National Steeplechase Association and Associated Black Charities. Mike also serves on the board of directors of Stanley Black & Decker Inc. and on the boards of directors of three private companies, Tate Engineering Services, Inc., The Wills Group, Inc. and 1251 Capital Group, Inc. Mike earned a B.A. and M.A. from Emory University in 1979 where he graduated Summa Cum Laude and Phi Beta Kappa, and he received a J.D. from The University of Virginia School of Law in 1982.

**BEATRICE H.M. HOLLOND**

Bea is a director of Brown Advisory Incorporated. She is the chair of the U.K. Pearson's family investment office, chair of Millbank Investment Management and deputy chair of Millbank Financial Services. Bea also serves as the chair of Keystone Investment Trust, nonexecutive director and chair of the audit committee at Henderson Smaller Companies Investment Trust, senior independent director at Templeton Emerging Markets Investment Trust, independent director at M&G Group Limited, nonexecutive director of Telecom Plus and nonexecutive director of Foreign & Colonial Investment Trust. Bea remains involved at her alma mater, serving as chair of the investment committee and as an advisory fellow at Pembroke College at Oxford University. Additionally, Bea serves as a board member of the Soho Theatre Company in London, as trustee and as investment committee member of the Esmée Fairbairn Foundation and as a member of the finance advisory group of Salisbury Cathedral.

**KATHERINE B. KALIN**

Katherine is a director of Brown Advisory Incorporated. She has more than 25 years experience as a senior executive in the healthcare and professional services industries. Katherine's healthcare industry expertise spans diagnostics, medical devices and pharmaceuticals. Most recently, she led corporate strategy at Celgene for five years. She also held leadership roles in marketing, sales, strategy and new business development at Johnson & Johnson. Prior to that, Katherine was a partner at McKinsey and Company, where she negotiated and led consulting assignments, operating as a strategic advisor to senior executives. She also served as a manager in corporate finance at Nomura International in the U.K. and Japan. Her international work experience includes Asia, Europe and North America. Katherine also serves as a board member for Clinical Genomics Technologies and Primari Analytics.

**GLENN R. MARTIN\***

Glennie is a director of both Brown Advisory Incorporated and Brown Investment Advisory & Trust Company. She is the president of Clay County Port and of Universal Sales Corporation. Glennie serves as trustee for the Women's Hospital Foundation, the Missionary Emergency Foundation and the Richard S. Reynolds Foundation.

**ROBERT S. MURLEY**

Bob is a director of Brown Advisory Incorporated and serves as chair of the finance committee. He is vice chair and a senior advisor at Credit Suisse (NYSE: CS) and chair of investment banking in the Americas. Bob serves as the vice chair of the Ann & Robert H. Lurie Children's Hospital of Chicago, chair of the Lurie Children's Foundation, chair of the board of the UCLA Anderson School of Management, trustee of the Museum of Science and Industry of Chicago and a member of the Economic Club and the Commercial Club of Chicago. Bob also serves as trustee emeritus of his alma mater, Princeton University, and of the Princeton University Investment Company.

## BOARD OF DIRECTORS

Our independent Board of Directors provides objective guidance and insights.

### **CHARLES E. NOELL III**

Charlie is a director of Brown Advisory Incorporated. He is the co-founder of JMI Equity Partners, a technology-focused private equity firm based in Baltimore, MD and San Diego, CA. He currently serves as a director of CoreHR, Iris Software Systems, LZ Labs, Scalable Software and Greystar Real Estate Partners. Since 1991, Charlie has been president of the family investment company of John J. Moores, the founder and former chairman and CEO of BMC Software, Inc. Prior to joining JMI, Charlie served as a managing director and co-head of the technology group of investment bank Alex. Brown & Sons. He serves on the Board of Trustees of Center Stage, Baltimore's largest professional producing theatre, and on the Board of Governors of St. Christopher's School and St. James Academy.

### **WALTER D. PINKARD JR.\***

Wally is a director of Brown Advisory Incorporated and Brown Investment Advisory & Trust Company. He is a senior advisor at Cushman & Wakefield. He also serves as president, investment committee member and board member for the France-Merrick Foundation and as a trustee of Johns Hopkins Medicine. He is the chair of the Hippodrome Foundation and of the National Advisory Council of the Johns Hopkins University School of Nursing. Wally is a trustee emeritus of the Johns Hopkins University, the Baltimore Community Foundation and the Stulman Foundation. Wally is a board member of Dome Corporation and Central Maryland Transportation Alliance. Wally is a director and chair of finance and the investment committee for Baltimore Life Insurance Company.



# 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.

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As of December 31, 2019, Brown Advisory had approximately \$81.3 billion in client assets for the following entities: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Securities LLC, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware, LLC, Brown Advisory Investment Solutions Group, LLC, Meritage Capital, LLC, NextGen Venture Partners LLC and Signature Family Wealth, LLC. Regarding ESG/sustainable assets, as of December 31, 2019, Brown Advisory had \$6.3 billion in assets for the following entities: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Ltd., and Brown Advisory Trust Company of Delaware LLC. Numbers may not total due to rounding.

## Terms and Definitions for Representative Account Calculations

All financial statistics and ratios are calculated using information from BondEdge® as of the report date unless otherwise noted.

**Alpha** is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a portfolio and compares its risk-adjusted performance to a benchmark index.

**Effective Duration** is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder.

**Yield to Worst** is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

**Average Life** is the period of time for all principal dollars to be returned to investors.

# SUSTAINABLE CORE 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)*	Firm Assets (\$USD Millions)*
2018	0.4	0.1	0.0	2.8	2.8	19	0.3	217	30,529
2017	3.7	3.4	3.5	2.8	2.8	11	0.3	113	33,155
2016	1.0	0.8	2.7	N/A	N/A	9	0.1	91	30,417
2015	1.2	0.8	0.6	N/A	N/A	Five or fewer	N/A	60	43,746
2014**	2.0	1.9	1.8	N/A	N/A	Five or fewer	N/A	5	44,772

\*Return is for period October 1, 2014 through December 31, 2014.

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.

- \*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 Sustainable Core Composite is comprised of all discretionary accounts with no material investment restrictions, which invest primarily in fixed income securities that have a target duration between four and seven years. At least 80% of the securities in each portfolio in this composite will have credit quality ratings of A or better at the time of purchase. Accounts included in the composite are invested primarily in taxable securities. The guidelines of accounts specifically indicate a preference for sustainability related investments. Bonds in composite accounts are evaluated according to a variety of environmental, social and governance factors. These factors are used by the portfolio manager to seek holdings with attractive ESG risk profiles and or bonds whose uses of proceeds meet the standards of the Green Bond Principles. ESG factors are not used for the purposes of absolute negative screening in composite accounts. The minimum account market value required for composite inclusion is \$2 million. From July 2016 to September 2019, the minimum account market value required for composite inclusion was \$1 million. Prior to July 2016, the minimum account market value required for composite inclusion was \$2 million.
- Effective 1/1/2016 a significant cash flow policy was implemented for the Sustainable Core composite. Accounts with a greater than or equal to 14% external cash flow will be removed from the composite for the entire month that the external cash flow occurred. The account will be added back to the composite the following month if it meets the composite inclusion requirements. The external cash flow percentage is calculated using beginning market value.
- The composite creation date is 11/1/2015. The composite inception date is 10/1/2014.
- The benchmark is the Bloomberg Barclays Aggregate Bond Index. The Bloomberg Barclays Aggregate Bond Index is an unmanaged, market-value weighted index comprised of taxable U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate, asset-backed, and mortgage-backed securities between one and ten years. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC. 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. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.375% on the first \$10 million; 0.25% on the next \$15 million and 0.20% on the balance over \$25 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, 2014, December 31, 2015 and December 31, 2016 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.
- Some portfolios may utilize derivative securities. To date, any derivatives used have been CMOs and range accrual notes. Any CMO at the time of purchase must pass the FFIEC volatility tests.
- Duration is a measure of interest rate risk.