

Brown Advisory Sustainable Small-Cap Core Strategy

We believe that our strategy seeks to produce competitive risk-adjusted returns through a concentrated portfolio of high-conviction investments that reflect both attractive fundamental characteristics as well as compelling ESG profiles.

November 2022 Monthly Report



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Performance Contributors

TOP FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
ONTO	Onto Innovation, Inc.	Information Technology	3.31	19.61	0.60
NGVT	Ingevity Corporation	Materials	2.70	16.35	0.43
NEO	NeoGenomics, Inc.	Health Care	1.06	47.40	0.42
SFM	Sprouts Farmers Market, Inc.	Consumer Staples	2.38	16.34	0.39
FUL	H.B. Fuller Company	Materials	2.45	15.53	0.37

BOTTOM FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
HQY	HealthEquity Inc	Health Care	2.11	-18.52	-0.46
SIBN	SI-BONE, Inc.	Health Care	0.68	-36.83	-0.38
SATS	EchoStar Corporation Class A	Information Technology	1.57	-7.79	-0.14
ACCD	Accolade, Inc.	Information Technology	0.61	-18.09	-0.14
BLD	TopBuild Corp.	Consumer Discretionary	1.11	-9.44	-0.12

Monthly Portfolio Activity

NEW INVESTMENT

TICKER	NAME	REASON FOR DECISION
	None	

DELETION

TICKER	NAME	REASON FOR DECISION
	None	

Top 10 Equity Holdings (%)

Cash and equivalents: 8.4%

1.	Comfort Systems USA, Inc.	3.1	6.	Nexstar Media Group, Inc.	2.4
2.	Onto Innovation, Inc.	3.0	7.	UMB Financial Corporation	2.4
3.	Eastern Bankshares, Inc.	2.9	8.	H.B. Fuller Company	2.3
4.	Federal Signal Corporation	2.8	9.	SPX Technologies, Inc.	2.2
5.	Ingevity Corporation	2.5	10.	Sprouts Farmers Market, Inc.	2.1

INSIDE THE STRATEGY: FACTS & TYPICAL PORTFOLIO FIGURES

Inception: 06/30/2017

Benchmark: Russell 2000® Index

Portfolio: 60-80 Holdings

Portfolio Comments

The Brown Advisory Sustainable Small-Cap Core Composite gained 4.5% (net of fees) during November, while the Russell 2000® Index, gained 2.3% during the same period.

The portfolio's information technology and materials holdings provided a positive contribution, relative to the benchmark, during the month. Among the top five contributors were Ingevity Corporation (NGVT) and Onto Innovation, Inc. (ONTO). NGVT, a chemical manufacturing company, was a top contributor to performance for the month after the company reported record third quarter results and raised its outlook for the full year. We believe demand remains strong in both of its business segments and the company continued on its balanced capital allocation plan by reducing the share count over 4% year over year.

ONTO, a software solutions semiconductor company, was a top contributor during the month after third quarter earnings and the fourth quarter outlook were better than we feared given the slowdown in the semiconductor capital equipment market. We believe the market will begin to improve in the second half of 2023.

The portfolio's utilities and information technology holdings were the largest detractors to performance in November. The largest detractors to performance were SI-BONE, Inc. (SIBN) and HealthEquity Inc. (HQY). SIBN, a medical device company, was forced to lower 2022 revenue guidance as a result of supply chain challenges that we believe limited the company's ability to source implant for its surgical procedures.

HQY, a financial technology and business services company, took a pause after being up 50% YTD.

In November, we did not add any new holdings to the portfolio.



*Source: FactSet®. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. The security returns listed represent the period of when the security was held during the month. Top five and bottom five contributors exclude cash and cash equivalents. Contribution to return is calculated by multiplying a security's beginning weight in the portfolio by the security's return on a daily basis, and geometrically linking the return for the reporting period. The top 10 equity holdings exclude cash and equivalents. The portfolio information provided is based on a representative Sustainable Small-Cap Core account and is provided as supplemental information. This representative account may differ from specific client portfolios. The composite performance shown above reflects the Sustainable Small-Cap Core 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 Sustainable Small-Cap disclosure statement at the end of this presentation for a GIPS compliant presentation

Brown Advisory Sustainable Small-Cap 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)*	GIPS Firm Assets (\$USD Millions)*
2020	25.8	25.3	20.0	23.7	25.3	33	1.2	16	59,683
2019	36.2	35.6	25.5	N/A	N/A	6	N/A	5	42,426
2018	-5.8	-6.3	-11.0	N/A	N/A	Five or fewer	N/A	1	30,529
YTD 2017	9.8	9.6	9.2	N/A	N/A	Five or fewer	N/A	0.1	33,155

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, 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 Sustainable Small-Cap Core Composite (the Composite) is composed of all discretionary portfolios which invest primarily in the common stocks of U.S. small and medium market capitalization companies. Using both fundamental research & proprietary ESG analysis, the strategy takes a tax-sensitive approach to managing a concentrated portfolio of high-conviction companies while seeking to outperform the Russell 2000 Index over the long term.
- Prior to June 1, 2021, the Composite was named the U.S. Small-Cap ESG Composite. The strategy remains the same.
- ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk. The strategy intends to invest in companies with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular companies and industries. Brown Advisory relies on third parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.

Disclosures

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client. Please see composite disclosure statements for additional information.

All investments involve risk. The value of the investment and the income from it will vary. There is no guarantee that the initial investment will be returned. ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk. The strategy intends to invest in companies with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular companies and industries. Brown Advisory relies on third parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. An investor cannot invest directly into an index. FactSet® is a registered trademark of FactSet Research Systems, Inc. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC

Terms and Definitions for Representative Account Calculations

The **Average Weight** of a position or sector refers to the daily average for the period covered in this report of a stock's value as a percentage of the portfolio. **Free Cash Flow** represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets. The **Total Return** of an equity security is the sum of the return from price movement and the return due to dividend payments or other sources of income. Standard benchmark-, sector- and portfolio-level returns are the sums of the weights of each security multiplied by its return, summed and calculated daily and summed over the period covered by the report or by an otherwise- noted period. **Contribution To Return** is calculated by multiplying a security's beginning portfolio weight by its daily return and geometrically linking the security's daily contribution to return over the entire reporting period.

- The Composite creation date is August 31, 2017. The Composite inception date is July 1, 2017.
- The benchmark is the Russell 2000® Index. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index. The Russell 2000® Index and FTSE 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. 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. Net-of-fee performance returns reflect the deduction of actual management fees and all trading commissions. Certain accounts in the Composite pay asset-based custody fees that include commissions. For these accounts, gross and net returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.65% on all assets with a minimum account size of \$250,000. 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 three-year annualized standard deviation is not presented as of December 31, 2017, December 31, 2018 and December 31, 2019 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 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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