

Tax-Exempt Bond Fund

Investor: **BIAEX** Institutional: **BTEIX**

Fourth Quarter 2023

MUNICIPAL NATIONAL INTERMEDIATE

WHY INVEST IN THE BROWN ADVISORY TAX-EXEMPT BOND FUND?

The Fund Seeks to invest primarily in high quality, tax-exempt bonds, which can offer taxpayers the opportunity for tax-free income.

The Fund focuses on securities that have provided a high level of income exempt from federal income taxes. We seek to maximize potential total return by actively managing the portfolio to changing market conditions and interest-rate environments based on an understanding of an array of market probabilities.

Our investment process seeks to add alpha and control risk.

We have a time-tested process that incorporates bottom up, fundamental research, which drives security selection and emphasizes risk mitigation. We look for opportunities for price appreciation potential, not just current yield, and focus attention to actively managing average maturity to fall between five to 10 years.

We believe the Fund benefits from the philosophy, process and people at Brown Advisory.

We follow a philosophy that fixed income strategies built from a foundation of stability coupled with fundamental research can seek to generate alpha and control risk. Portfolios are concentrated based on security selection, but diversified across sectors. We have a culture and firm equity ownership structure that attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

Portfolio Manager: Stephen M. Shutz, CFA Associate Portfolio Manager: Joshua Perry, CFA, CAIA, FRM
Benchmark Index: Bloomberg 1-10 YR Municipal Bond Blend Index

PHILOSOPHY

Under normal circumstances, the Brown Advisory Tax-Exempt Bond Fund will invest at least 80% of the Fund's net assets (plus borrowings for investment purposes) in securities the interest of which is exempt from Federal income taxes and that do not subject shareholders to the federal alternative minimum tax ("AMT"). This 80% policy cannot be changed without shareholder approval. The Fund may invest up to 20% of its assets in securities that may subject shareholders to the AMT. In addition, all capital gains are subject to Federal and state taxes in addition to the AMT. The Fund is non-diversified, which means that it may invest a significant portion of its assets in the securities of a single issuer or small number of issuers.

DURATION DISTRIBUTION (%)

As of 12/31/2023	BIAEX	INDEX
Less than 1 Year	36.7	6.5
1 to 3 Years	14.4	35.6
3 to 5 Years	9.4	30.2
5 to 7 Years	5.6	19.0
7 to 10 Years	15.0	8.5
Greater than 10 years	18.6	0.2

Source: FactSet®

Distribution is subject to change and should not be a recommendation 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. Figures may not total 100% due to rounding.

OVERALL MORNINGSTAR RATING™



As of 12/31/2023 for Investor Shares among 259 Muni National Intermediate funds (derived from a weighted average of the fund's three-, five- and 10-year risk adjusted return measure).

CREDIT QUALITY COMPOSITION (%)

As of 12/31/2023	BIAEX	INDEX
AAA/Aaa	9.8	18.2
AA/Aa	34.9	54.9
A	43.3	22.4
BBB	9.1	3.5
High Yield	--	--
Not Rated	2.9	1.0

Source: FactSet®

Credit quality is calculated using ratings assigned by Moody's. If Moody's does not rate a holding then Standard & Poor's is used. If Moody's and Standard & Poor's do not rate a holding then Fitch is used. A bond is considered investment grade if its credit rating is BBB- or higher according to Standard & Poor's; more specifically, a rating of "AAA" represents the highest credit quality with minimal risk of default and a rating of "BB" or below represents speculative financial security. High Yield, if noted, includes holdings that are rated BB+ or lower according to Moody's. Not Rated category, if noted, includes holdings that are not rated by any rating agencies. All ratings are as of 12/31/2023.

FUND PROFILE & CHARACTERISTICS

As of 12/31/2023	BIAEX
Avg. Credit Quality	A1
Effective Duration (years)	4.5
Average life (yrs)	7.1
Yield to Worst (%)	3.9
30-Day SEC Yield (Unsubsidized) (%)	3.30
# of Holdings	160
Dividend Frequency	Monthly
Gross Expense Ratio	0.49% (Investor) 0.44% (Institutional)
Minimum Investment	\$100 (Investor) \$1,000,000 (Institutional)

Source: FactSet®. Characteristics include cash and equivalents

SECTOR DIVERSIFICATION (%)

As of 12/31/2023	BIAEX	INDEX
Cash & Equivalents	2.1	--
Revenue	75.4	63.5
General Obligation	15.4	31.4
Pre-Refunded	7.0	5.2

Source: FactSet® and Advent Portfolio Exchange®. Sector diversification includes cash and equivalents. 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. Figures may not total 100% due to rounding.

AVERAGE ANNUAL TOTAL RETURNS % (As of 12/31/2023)

	3 MOS.	1 YR	3 YR	5 YR	10YR	SINCE INCEPTION (06/29/2012)	SINCE INCEPTION (07/02/2018)
Brown Advisory Tax-Exempt Bond Fund							
Investor Class - BIAEX Inception: 06/29/2012	5.98	7.16	0.13	2.22	2.56	2.22	--
Institutional Class - BTEIX Inception: 07/02/2018	6.00	7.10	0.17	2.25	--	--	2.31
Bloomberg 1-10 Year Municipal Bond (1-12)	5.46	4.61	0.03	1.96	2.19	2.02	2.06
Excess Return vs. Index (Investor)	0.52	2.55	0.10	0.26	0.38	0.20	--
Morningstar % Rank in Category (Investor)		5	11	27	33	--	--

Gross Expense Ratios: **0.49%** (Investor), **0.44%** (Institutional) Net Expense Ratios: **0.49%** (Investor), **0.44%** (Institutional) Source: U.S. Bank

TOP 10 HOLDINGS (As of 12/31/2023)

#	SECURITY	% PORTFOLIO	#	SECURITY	% PORTFOLIO
1	Main Street Natural Gas Inc, 5.32% Due 12/01/2053	3.3	6	Love Field Airport Modernization Corp, 4.00% Due 11/01/2036	2.1
2	Tobacco Settlement Financing Corp/RI, 5.00% Due 06/01/2035	2.8	7	Metropolitan Transportation Authority, 5.00% Due 11/15/2038	2.0
3	Chandler Industrial Development Authority, 5.00% Due 06/01/2049	2.7	8	Massachusetts Health & Educational Facilities Authority, 4.15% Due 07/01/2027	1.7
4	First American Government Obligations Fund, 5.26%	2.7	9	New York State Urban Development Corp, 4.00% Due 03/15/2037	1.7
5	Black Belt Energy Gas District, 4.22% Due 10/01/2052	2.7	10	Illinois State Toll Highway Authority, 5.00% Due 01/01/2038	1.7

Source: U.S. Bank

Fund holdings include cash and equivalents and are subject to change and should not be considered 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.

Morningstar Rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Past performance does not guarantee future results.

Performance data quoted represents past performance and is no guarantee of future results. Performance for periods greater than one year is annualized. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Shares redeemed or exchanged within 14 days of purchase will be charged a 1.00% fee. Performance data quoted does not reflect the redemption or exchange fee. If reflected, total returns would be reduced. For the most recent month end performance, please call 1-800-540-6807.

EXPERIENCED MANAGEMENT



STEPHEN M. SHUTZ, CFA

Steve Shutz is a Portfolio Manager of the Brown Advisory Tax-Exempt Bond Fund and a member of the Fixed Income Investment Team. Investment experience dating from 1996; joined Brown Advisory 2003; portfolio manager since inception.



JOSHUA PERRY, CFA, CAIA, FRM

Josh Perry is a Portfolio Manager of the Brown Advisory Tax-Exempt Bond Fund and a member of the Fixed Income Investment Team. Investment experience dating from 2006; joined Brown Advisory 2012; portfolio manager since 2019.

BROWN ADVISORY: AN INDEPENDENT INVESTMENT FIRM

that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. Our mission is to make a material and positive difference in the lives of our clients by providing them first-rate investment performance, customized strategic advice and the highest level of personalized service.

- Independent since 1998
- Founded in 1993
- 100% of colleagues own approximately 70% of the firm

Before investing you should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information is in the summary or statutory prospectus, a copy of which may be obtained by calling 1-800-540-6807 or visiting the Fund's website, www.brownadvisoryfunds.com. Please read the prospectus carefully before you invest.

Mutual fund investing involves risk. Principal loss is possible.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The Fund is non-diversified meaning its assets may be concentrated in fewer individual holdings than diversified funds. Municipal securities may decrease in value during times when tax rates are falling. The Fund's investments are affected by changes in federal income tax rates applicable to, or the continuing federal tax-exempt status of, interest income on municipal obligations. A non-diversified fund may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, a non-diversified fund is more exposed to individual stock volatility than a diversified fund. In addition, the Fund is susceptible to risks from investments in derivatives, municipal securities, and its investments in other investment companies.

Performance figures include the reinvestment of dividend and capital gain distributions.

The Bloomberg 1-10 Year Municipal Bond Blend Index consists of a broad selection of investment-grade general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and pre-funded bonds with maturities of at least 1 year and less than 12 years. It is an unmanaged index representative of the tax-exempt bond market. An investor cannot invest directly into an index.

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"The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods." Brown Advisory Mortgage Securities Fund was rated against the following numbers of U.S. domiciled Intermediate Government funds over the following time periods: 259 funds in the last three year, 236 funds in the last five year and 176 funds in the last ten year period ending 12/31/2023. With respect to these U.S. Intermediate Government funds, Brown Advisory Mortgage Securities Fund received a Morningstar Rating of 5 stars, 5 stars and 4 stars for the three-year, five year and ten year periods, respectively.

Income from tax-exempt funds may be subject to state and local taxes and a portion of income may be subject to the Federal Alternative minimum tax for certain investors.

Terms and Definitions for Fund Characteristics

Average Life is the average period of time for all principal dollars to be returned to investors. **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. **SEC Yield (Unsubsidized)** is computed under an SEC standardized formula based on income net income earned over the past 30 days excluding expense reimbursements. **Alpha** is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha.

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