

Tax-Exempt Bond Fund

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

Fourth Quarter 2019

MUNICIPAL NATIONAL INTERMEDIATE

WHY INVEST IN 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 Barclays 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 12/31/2019	BIAEX	INDEX
Less than 1 Year	26.9	5.4
1 to 3 Years	11.2	33.2
3 to 5 Years	17.6	31.6
5 to 7 Years	11.9	22.9
7 to 10 Years	18.9	6.5
Greater than 10 years	13.5	0.4

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 12/31/2019 for Investor Shares among 239 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 12/31/2019	BIAEX	INDEX
AAA/Aaa	4.3	17.1
AA/Aa	28.1	52.8
A	33.0	20.9
BBB	29.1	7.1
High Yield	1.8	0.1
Not Rated	3.7	2.0

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 12/31/2019.

FUND PROFILE & CHARACTERISTICS

As of 12/31/2019	BIAEX
Avg. Credit Quality	A2
Effective Duration (years)	5.2
Average life (yrs)	7.6
Yield to Worst (%)	2.3
30-Day SEC Yield (Unsubsidized) (%)	1.86%
# of Holdings	157
Dividend Frequency	Monthly
Gross Expense Ratio	0.48%(Investor) 0.43%(Institutional)
Minimum Investment	\$100 (Investor) \$1,000,000(Institutional)

Source: FactSet®. Characteristics include cash and equivalents

SECTOR DIVERSIFICATION (%)

As of 12/31/2019	BIAEX	INDEX
Cash & Equivalents	2.9	--
Revenue	75.7	58.4
General Obligation	19.8	32.4
Pre-Refunded	1.5	9.2

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 12/31/2019)

	3 MOS.	1 YR	3 YR	5 YR	SINCE INCEPTION(06/29/2012)	SINCE INCEPTION(07/02/2018)
Brown Advisory Tax-Exempt Bond Fund						
Investor Class - BIAEX Inception: 06/29/2012	0.59	7.48	4.83	3.29	2.91	--
Institutional Class - BTEIX Inception: 07/02/2018	0.60	7.53	--	--	--	5.99
Bloomberg Barclays 1-10 Year Municipal Bond (1-12)	0.86	5.63	3.57	2.60	2.53	4.77
Excess Return vs. Index (Investor)	-0.27	1.85	1.26	0.69	0.38	--
Morningstar % Rank in Category (Investor)		26	16	23	--	--

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.

TOP 10 HOLDINGS (As of 12/31/2019)

Gross Expense Ratios: Source: U.S. Bank

#	SECURITY	% PORTFOLIO	#	SECURITY	% PORTFOLIO
1	First American Government Obligations Fund, 1.48%	4.0	6	New York Liberty Development Corp, 2.80% Due 09/15/2069	2.3
2	Detroit City School District, 5.25% Due 05/01/2030	3.4	7	Virginia Small Business Financing Authority, 5.00% Due 07/01/2049	2.2
3	Tobacco Settlement Financing Corp/RI, 5.00% Due 06/01/2035	2.7	8	City of Cedar Rapids IA, 2.29% Due 08/15/2029	2.1
4	State of Illinois, 5.00% Due 11/01/2024	2.4	9	Tennessee Energy Acquisition Corp, 4.00% Due 05/01/2048	2.0
5	State of Illinois, 5.00% Due 11/01/2025	2.4	10	Main Street Natural Gas Inc, 4.00% Due 03/01/2050	2.0

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.

EXPERIENCED MANAGEMENT



STEPHEN M. SHUTZ, CFA

Steve Shutz is the 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 the Associate 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; associate portfolio manager since 2017.

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.

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

Must be preceded by or accompanied by a prospectus.

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.

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

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

The Bloomberg Barclays 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 prerefunded 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. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC. 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." 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 is no guarantee of future results.** Brown Advisory Tax-Exempt Bond Fund was rated against the following numbers of U.S. domiciled Muni National Intermediate funds over the following time periods: 239 funds in the last three year and 215 funds in the last five year period ending 12/31/2019. With respect to these Muni National Intermediate funds, Brown Advisory Tax-Exempt Bond Fund received a Morningstar Rating of 4 stars and 4 stars for the three and five 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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