

EQUITY INCOME REVIEW AND OUTLOOK

Second Quarter 2023

During the second quarter, the strategy trailed the strong performance of its benchmark, the S&P 500® Index. The attention of investors seemed to shift rapidly and dramatically during the quarter, away from shorter-term economic concerns, and toward the long-term growth potential of the emerging technology of Generative AI. This sudden shift and narrowing of investor enthusiasm seemed to crest during the month of May, when a small cohort of tech-related companies accounted for virtually all the market's positive performance. In contrast during that month, most of the Equity Income strategy's holdings declined in price.

The narrow and bifurcated nature of the stock market so far in 2023 is unusual, but it is certainly not unprecedented. Most recently in 2020, the Equity Income strategy similarly trailed the Index during the market's sharp recovery from its Covid-related lows. Some investors might also recall the market environment of the late 1990s, when technology- and internet-related companies dominated all other possible investment opportunities. Then as now, the type of defensive and income-oriented businesses favored by the Equity Income strategy were largely overshadowed by the general fervor for other segments of the stock market.

During the second quarter, the information technology, communication services, and consumer discretionary sectors were the best-performing sectors for the Index. Unfortunately, our holdings in all three sectors detracted from relative performance as they did not keep pace with the Index. For instance, in information technology, the strong performance of large holdings such as Microsoft and Apple was not enough to offset weakness in names such as Analog Devices and Cisco Systems during the quarter.

The energy and utilities sectors were the only two sectors of the Index to decline during the quarter. Energy was the lone bright spot for the strategy, thanks to the positive performance of energy services holding Baker Hughes. As a result, energy was the only sector to contribute positively to the strategy's relative performance during the quarter.

The sole activity in the portfolio during the quarter related to our investment in medical products company Becton Dickinson, which converted from a high-yielding convertible preferred security into common shares during the quarter. We decided to keep the common shares we received as a result of the conversion. We believe the company's management team is executing well on

its plan to boost revenue growth and improve margins at the company.

We emphasize dividend growth in our investment research and were pleased when several holdings announced dividend increases during the quarter. However, we have noticed that the rate of absolute dividend growth has slowed so far this year compared to recent years. This may reflect the uncertain macroeconomic environment as management teams continue to adjust to operating in a world of higher inflation and interest rates.

The shift to Generative AI and the outlook for potentially slower near-term dividend and earnings growth adds to the challenging backdrop as we look for investment opportunities in fundamentally strong businesses that are run by management teams who are committed to paying consistent dividends to shareholders. Ultimately, our goal is to build the best possible portfolio of investments that offer above-average yields with a strong potential for future growth at reasonable valuations.

SECTOR DIVERSIFICATION

Second Quarter 2023

- Our information technology weighting increased because of favorable stock price performance. The strategy remains underweight to information technology.
- Our health care weighting declined because of unfavorable stock price performance. The strategy remains overweight to health care.
- Our consumer staples weighting declined because of unfavorable stock price performance. The strategy remains overweight to consumer staples.
- Our consumer discretionary weighting increased because of favorable stock price performance. The strategy remains underweight to consumer discretionary.
- The strategy is underweight to communication services partly because of a relative lack of dividend-paying stocks in that sector.

SECTOR	REPRESENTATIVE EQUITY INCOME ACCOUNT (%)	S&P 500® INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE EQUITY INCOME ACCOUNT (%)	
	Q2'23	Q2'23	Q2'23	Q1'23	Q2'22
Communication Services	3.61	8.40	-4.80	3.43	2.64
Consumer Discretionary	9.28	10.67	-1.39	8.91	8.76
Consumer Staples	7.35	6.68	0.67	8.01	6.69
Energy	3.61	4.00	-0.40	3.60	3.54
Financials	16.26	12.43	3.83	16.34	16.32
Health Care	19.72	13.44	6.28	20.24	21.59
Industrials	9.05	8.50	0.55	9.45	10.58
Information Technology	21.30	28.30	-7.00	19.60	18.27
Materials	4.61	2.50	2.11	4.55	4.13
Real Estate	3.24	2.50	0.74	3.66	4.56
Utilities	1.99	2.58	-0.59	2.22	2.91

Source: FactSet®. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. The portfolio information provided is based on a representative Equity Income account and is provided as Supplemental Information. Sector diversification excludes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

ATTRIBUTION DETAIL BY SECTOR

Second Quarter 2023

SECTOR	REPRESENTATIVE EQUITY INCOME ACCOUNT	S&P 500® INDEX	ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	AVERAGE WEIGHT (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	3.56	8.42	-0.20	-0.13	-0.34
Consumer Discretionary	9.02	10.15	-0.06	-0.58	-0.63
Consumer Staples	7.83	7.11	-0.06	-0.47	-0.53
Energy	3.55	4.43	0.11	0.18	0.29
Financials	16.19	12.77	-0.11	-0.36	-0.47
Health Care	20.51	14.12	-0.39	-0.36	-0.75
Industrials	8.99	8.42	-0.01	-0.68	-0.69
Information Technology	20.17	26.70	-0.52	-0.95	-1.47
Materials	4.59	2.54	-0.11	0.09	-0.02
Real Estate	3.43	2.56	-0.05	-0.38	-0.44
Utilities	2.15	2.79	0.07	-0.09	-0.02
Total	100.00	100.00	-1.34	-3.73	-5.07

- Energy was the largest contributor to relative performance during the quarter because of favorable stock selection. The sector was among the worst performing sectors for the Index overall.
- Information technology was the best performing sector for the Index during the quarter. It was the largest detractor to relative performance because of unfavorable stock selection.
- Health care, industrials, and consumer discretionary also detracted from relative performance during the period because of unfavorable stock selection

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TOP FIVE CONTRIBUTORS TO RETURN

Second Quarter 2023 Representative Equity Income Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)
MSFT	Microsoft Corporation	Develops, manufactures and distributes software products	6.88
AAPL	Apple Inc.	Designs, manufactures and markets mobile communication, media devices, personal computers, and portable digital music players	6.53
MRK	Merck & Co., Inc.	Discovers, develops and markets human and animal health products	4.43
AMP	Ameriprise Financial, Inc.	Provides financial planning, brokerage, asset management and insurance services to individuals, businesses and institutions	3.78
JPM	JPMorgan Chase & Co.	Provides investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity	2.54

- Software maker Microsoft (MSFT) rose after reporting quarterly results that were ahead of expectations. We believe the company is well-positioned in the emerging field of Generative AI and, through its partnership with industry leader OpenAI, is incorporating the technology into its existing products such as Azure.
- iPhone maker Apple (AAPL) gained after reporting quarterly results that were ahead of expectations, driven largely by solid iPhone sales during the quarter. The company also increased its dividend by 4%.
- Pharmaceutical maker Merck (MRK) rose after reporting quarterly results that were ahead of expectations. The company noted strong sales of its key drugs Keytruda and Gardasil during the quarter and raised its revenue guidance for the full-year.
- Financial services provider Ameriprise Financial (AMP) gained after reporting quarterly earnings that were ahead of expectations, as its wealth management segment benefited from higher interest rates. The company also increased its dividend by 8%.
- Global banking company JPMorgan Chase (JPM) rose after acquiring the troubled First Republic during the quarter. The company expects the deal will boost its net interest income slightly during the second half of the year.

BOTTOM FIVE CONTRIBUTORS TO RETURN

Second Quarter 2023 Representative Equity Income Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)
TGT	Target Corporation	Operates department and discount stores	2.26
ABBV	AbbVie, Inc.	Engages in the research and development, manufacturing, commercialization & sale of immunology medicines and therapies	3.20
WPC	W. P. Carey Inc.	Operates as a real estate investment trust which invests in retail stores, industrial warehouses and self-storage properties	1.61
UPS	United Parcel Service, Inc. Class B	Provides global package delivery and supply chain management solutions	2.53
TFC	Truist Financial Corporation	Operates as a bank holding company	1.64

- Target's (TGT) stock declined after forecasting a slowdown in same-stores sales because of weaker near-term consumer traffic, which was exacerbated by a social media-driven boycott of its stores during the quarter.
- Pharmaceutical maker AbbVie (ABBV) declined on expectations that biosimilar versions of its key drug Humira will be priced at a lower level than expected in the U.S. The company said it has been expecting heavy discounting as the rival biosimilars roll out, and it has not adjusted its near-term guidance as a result.
- Corporate and industrial real estate operator W.P Carey (WPC) declined despite reporting quarterly financial results that were in line with expectations. However, investors are increasingly concerned about the uncertain macroeconomic outlook and the impact that higher interest rates could have on real estate companies such as W.P. Carey.
- United Parcel Service's (UPS) stock fell after its large Teamsters union authorized a strike if the company and the union cannot negotiate a new contract before their current one expires on July 31.
- Banking company Truist Financial (TFC) dropped after reporting quarterly financial results that were below expectations. The company also reduced its revenue growth expectations for the full year because of higher funding costs related to the current interest rate environment.

Source: FactSet. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. The portfolio information provided is based on a representative Equity Income account and is provided as Supplemental Information. Top five contributors exclude cash and cash equivalents. Commentary regarding an investment's contribution to return and relative performance has been assessed on a gross performance basis. Contributors are sorted in order of their contribution to return on a gross basis. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

ADDITIONS/DELETIONS

Second Quarter 2023 Representative Equity Income Account Portfolio Activity

- Our investment in medical products company Becton, Dickinson and Co. converted from a high-yielding convertible preferred security into common shares during the quarter. We decided to keep the common shares we received from the conversion; the company's management team is executing on a plan to boost revenue growth and improve margins at the company.

symbol	Additions	Sector
BDX	Becton, Dickinson and Company	Health Care

symbol	Deletions	Sector
BDXB*	Becton, Dickinson and Company Depository Shs Repr 1/20th Cum Conv Pfd Rg Shs 2020-01.06.23 Ser B	Health Care

PORTFOLIO CHARACTERISTICS

Second Quarter 2023

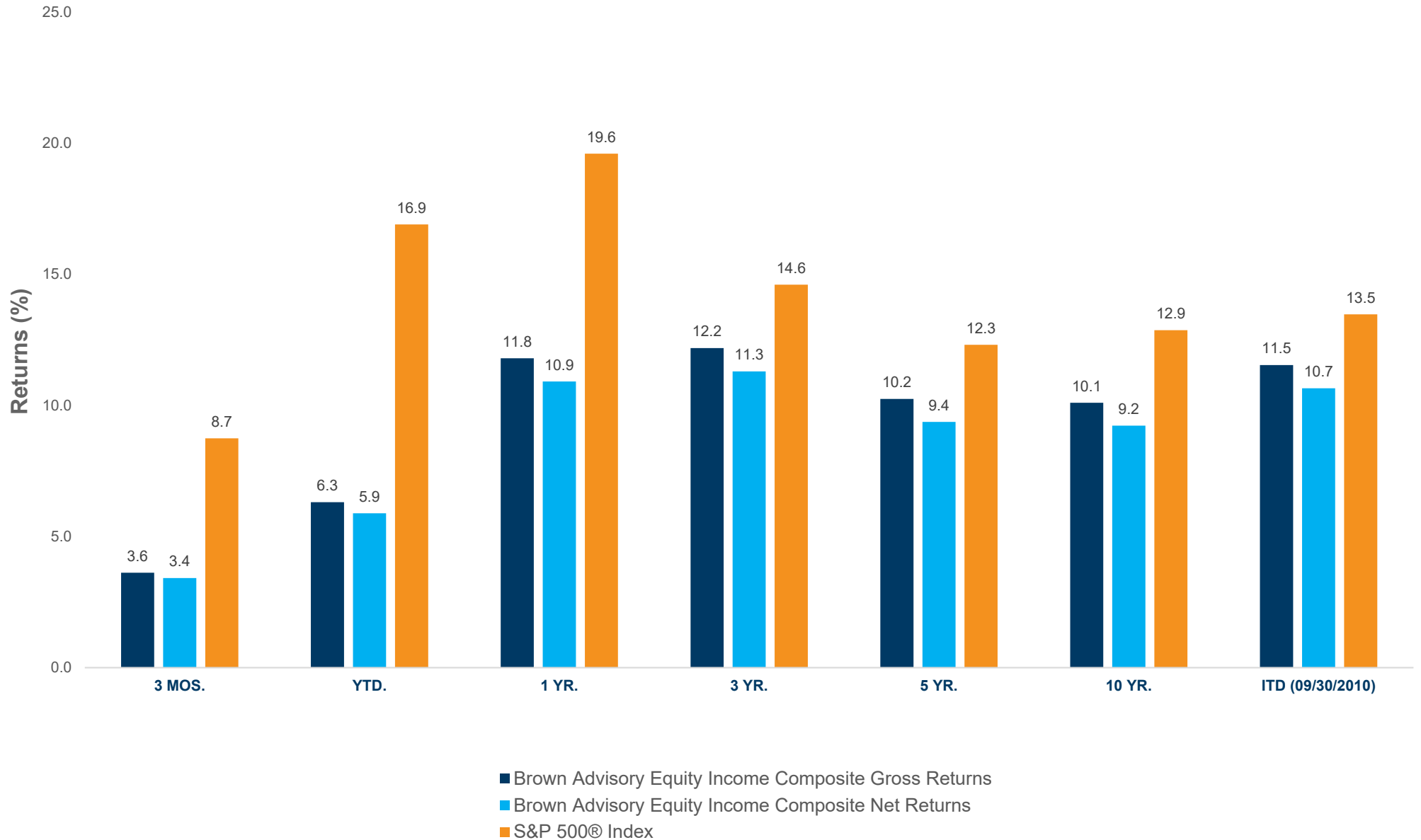


	REPRESENTATIVE EQUITY INCOME ACCOUNT	S&P 500 INDEX
Number of Holdings	42	502
Dividend Yield (%)	2.6	1.5
P/E Ratio FY2 Est. (x)	15.4	18.4
Top 10 Equity Holdings (%)	41.1	30.5
Active Share (%)	72.7	
Market Capitalization (\$ B)		
Weighted Average	536.2	681.6
Maximum	3,049.9	3,049.9
Minimum	1.5	3.6
Three-Year Annualized Portfolio Turnover (%)	16.8	

Source: FactSet. The portfolio information provided is based on a representative Equity Income account and is provided as Supplemental Information. Portfolio statistics and characteristics exclude cash and cash equivalents. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

COMPOSITE PERFORMANCE

Second Quarter 2023 as of 06/30/2023



TOP 10 PORTFOLIO HOLDINGS

Representative Equity Income Account as of 06/30/2023

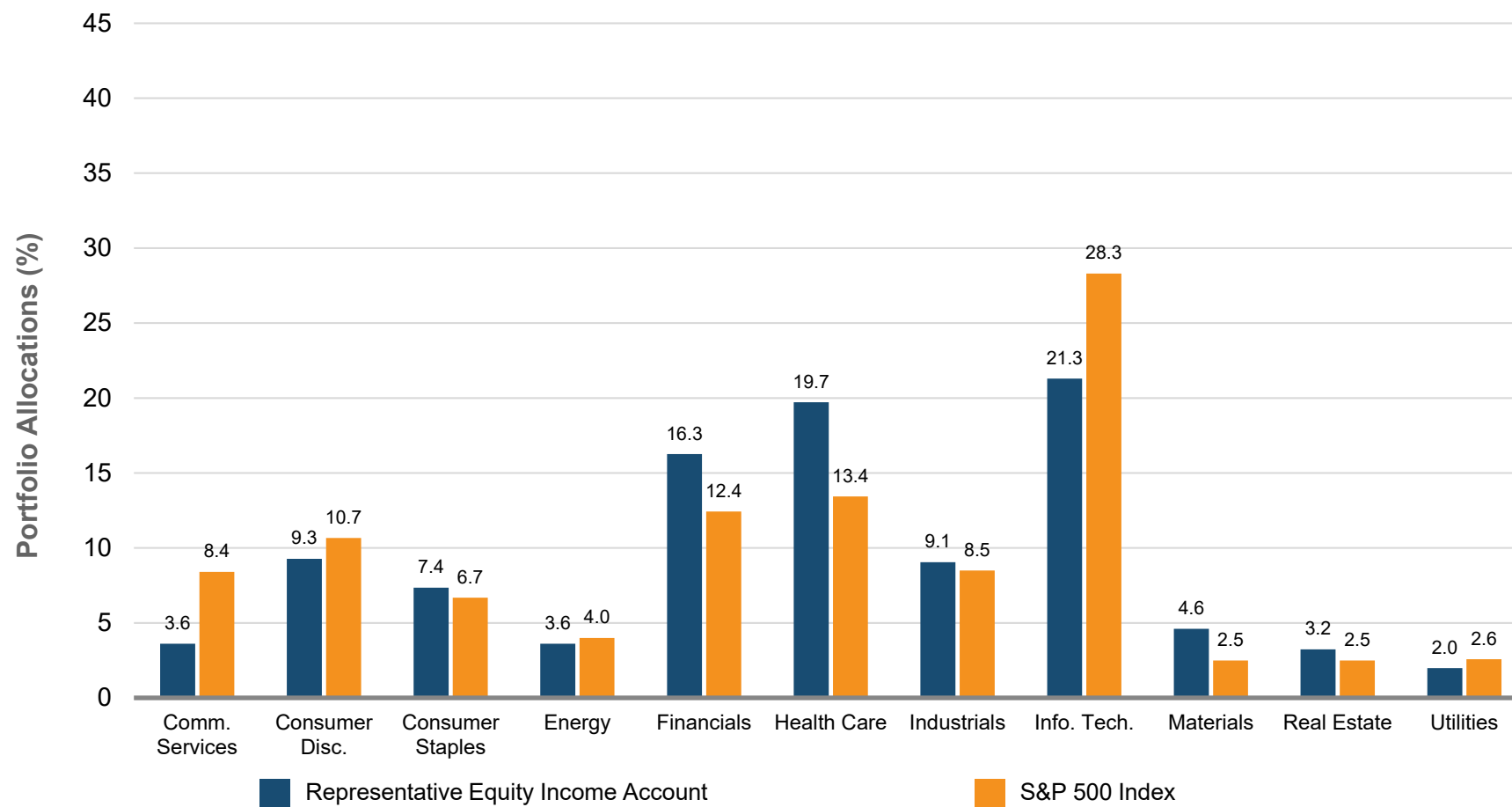
Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corp.	7.0
Apple, Inc.	6.8
Merck & Co, Inc.	4.2
Ameriprise Financial, Inc.	3.8
Linde PLC	3.3
McDonald's Corp.	3.1
Automatic Data Processing, Inc.	3.1
Procter & Gamble Co.	2.8
AbbVie, Inc.	2.7
JPMorgan Chase & Co.	2.5
Total	39.2

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. Portfolio information is based on a representative Equity Income account and is provided as Supplemental Information. Top 10 portfolio holdings include cash and equivalents which was 4.5% as of 06/30/2023. Figures in chart may not total due to rounding. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

SECTOR DIVERSIFICATION

Second Quarter 2023 Global Industry Classification Standard (GICS) as of 06/30/2023



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The S&P 500[®] Index represents the large-cap segment of the U.S. equity markets and consists of approximately 500 leading companies in leading industries of the U.S. economy. Criteria evaluated include market capitalization, financial viability, liquidity, public float, sector representation and corporate structure. An index constituent must also be considered a U.S. company. Standard & Poor's, S&P, and S&P 500[®] are trademarks/service marks of MSCI and Standard & Poor's.

An investor cannot invest directly into an index.

Global Industry Classification Standard (GICS[®]) and "GICS" are service makers/trademarks of MSCI and Standard & Poor's.

Factset[®] is a registered trademark of Factset Research Systems, Inc.

Figures shown on sector diversification and quarterly attribution by detail slides may not total due to rounding.

TERMS AND DEFINITIONS

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

The **Average Weight** of a position or sector refers to the daily average for the period covered in this report of a stock's value as a percentage of the portfolio.

Allocation Effect measures the impact of the decision to allocate assets differently than those in the benchmark.

Selection and Interaction Effect reflects the combination of selection effect and interaction effect. Selection effect measures the effect of choosing securities that may or may not outperform those of the benchmark. Interaction effect measures the effect of allocation and selection decisions (i.e., did we overweight the sectors in which we underperformed).

Total Effect reflects the combination of allocation, selection and interaction effects. Totals may not equal due to rounding.

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

Price-Earnings Ratio (P/E Ratio) is the ratio of the share of a company's stock compared to its per-share earnings. P/E calculations presented use FY2 earnings estimates; FY1 estimates refer to the next unreported fiscal year, and FY2 estimates refer to the fiscal year following FY1.

Active Share measures the percentage of holdings in a manager's portfolio that differ from those in the benchmark index. An active share of 0% means that the portfolio is identical to the benchmark, while an active share of 100% means that the portfolio has no common holdings with the benchmark.

Market Capitalization refers to the aggregate value of a company's publicly traded stock. Statistics are calculated as follows: Weighted Average: the average of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greater influence on the calculation); Maximum and Minimum: the market caps of the largest and smallest companies, respectively, in the portfolio.

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

All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio's holding, EXCEPT for P/E ratios, which are expressed as a weighted harmonic average.

Brown Advisory

EQUITY INCOME 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)*
2022	-11.0	-11.7	-18.1	19.3	20.9	30	0.2	169	58,575
2021	27.8	26.8	28.7	16.5	17.2	30	0.2	196	79,715
2020	7.5	6.6	18.4	16.9	18.5	26	0.1	173	59,683
2019	31.6	30.6	31.5	10.6	11.9	33	0.3	219	42,426
2018	-5.0	-5.7	-4.4	9.4	10.8	28	0.2	171	30,529
2017	21.5	20.5	21.8	8.7	9.9	49	0.3	289	33,155
2016	10.5	9.7	12.0	9.7	10.6	44	0.2	252	30,417
2015	-4.4	-5.2	1.4	10.1	10.5	53	0.2	331	43,746
2014	11.3	10.4	13.7	8.3	9.0	72	0.3	446	44,772
2013	29.2	28.2	32.4	8.6	11.9	84	0.3	450	40,739

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, 2022. 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 Equity Income Composite (the Composite) includes all discretionary portfolios invested in the Equity Income Strategy. The strategy invests primarily in U.S. equities that exhibit above-average dividend yields, dividend growth and return on equity. The minimum account market value required for Composite inclusion is \$1.5 million.
- The Composite was created in 2010. The Composite inception date is October 1, 2010.
- The benchmark is the S&P 500® Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks that is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Index returns assume reinvestment of dividends and do not reflect any fees or expenses. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers. Standard & Poor's, S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of S&P Global Inc.
- 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, and gross of foreign withholding taxes (if applicable). Net-of-fees performance returns are calculated by adjusting the gross-of-fees performance return by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis. Certain accounts in the Composite may pay asset-based custody fees that include commissions. For these accounts, gross returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.80% on the first \$10 million; 0.65% on the next \$15 million; 0.50% on the next \$25 million; and 0.40% on the balance over \$50 million. Further information regarding investment advisory fees is described in Part 2A of the firm's Form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
- Effective July 1, 2023, the firm transitioned from using actual account fees in the calculation of net performance returns to applying the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV. The net performance track record was revised back to Composite inception.
- The investment management fee for the Investor Shares of the Brown Advisory Equity Income Fund (the Fund), which is included in the Composite, is 0.60%, and represents the highest fee charged excluding Advisor Shares. The total expense ratio for the Investor Shares of the Fund as of the most recent fiscal year end (June 30, 2022) was 0.91%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The three-year annualized standard deviation is not presented as of December 31, 2010, 2011 and 2012 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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