

## GLOBAL LEADERS REVIEW AND OUTLOOK

### First Quarter 2024

The Global Leaders strategy is focused on delivering attractive long-term performance by investing in a concentrated portfolio of companies that can uniquely solve a problem for their customers and generate attractive economics for shareholders. Given its concentrated nature the Global Leaders strategy's performance is primarily an output of our stock-picking.

The Global Leaders strategy performed inline with its benchmark, the MSCI All Country World Index, in the first quarter of 2024. Performance was primarily driven by the industrial companies held in the portfolio, followed by technology. Financials detracted from relative performance, particularly emerging markets investments. The strategy's exposure to financials – its largest exposure is via companies with strong, structural growth trends and predominantly through financial market infrastructure companies and differentiated financials in emerging markets as well as large payment providers. General Electric and Safran, two investments in the aerospace industry, were top performers in the quarter.

We have long been invested in Safran which owns 50% of the CFM International joint venture (JV) the leading narrow body aircraft engine manufacturer globally. CFM has approximately 60% share of currently flying Airbus A320/1s and Boeing 737 planes (installed base) and a higher share of declared backlog on planes yet to be delivered. Safran has been a top 10 contributor to Global Leaders since inception. We initiated our investment in their JV partner General Electric in June 2023 as management's plan to split the GE conglomerate into 3 simpler more focused businesses (GE Healthcare, GE Vernova and GE Aerospace) was approaching its final stages. As of April 2nd 2024 the breakup of GE will be complete. With the final spin-off of GE Vernova on April 2nd GE will have transformed into a pureplay aero engine manufacturer with c.70% of revenues from after market servicing and spare parts thus uncovering highly predictable free cash flow for the remaining company, something hidden within the conglomerate structure. In our minds GE Aerospace was always the crown jewel within GE.

The team attended both capital market days – GE Aerospace and GE Vernova – in New York in March which confirmed that there is underlying strength in free-cash-flow generation at GE Aerospace as well as significant opportunity for improvement in GE Vernova. The aero engine business requires limited investment requirements through this decade before R&D ramps up on new

engine programmes. The CFM International JV is entering the peak aftermarket period for the highly profitable CFM56 engine platform. We expect to become holders of GE Vernova as a result of the spin-off and we are currently analyzing the stand-alone investment case.

During the quarter, we conducted a drawdown review on global consumer staples company Unilever. We originally invested in Unilever in 2015, when launching the strategy. Over the last few years, we have, however, been increasingly disappointed by the company's inability to deliver on our expectations. Our investment process has two distinct parts: investment selection and capital allocation. Within investment selection, we seek companies that meet our business model quality thresholds at a valuation that can deliver double-digit annualized base case returns over a minimum five-year investment horizon. These are very high hurdles, hence our concentrated approach—the bar is deliberately set very high. Unilever, while delivering positive returns, has not been able to outperform our benchmark over three or five years. We, therefore, drew on our drawdown review framework to re-underwrite the investment in early 2024. We use the drawdown review process to force a capital allocation decision: either add more or exit the investment.

The aim of our capital allocation process, is to put significant capital weight behind our best ideas in order to maximise returns whilst minimising contribution drag from investments that underperform the benchmark. Across the strategy, since inception, we have been able to deliver on the investment selection part of the process with an annual hit rate of 55% since inception (see our most recent investment letter "Darwinian Investing"). The work with our behavioral coach also shows that our largest positions have driven performance outcomes. With this as context Unilever, a large holding over time that had not delivered, was an investment we had to re-underwrite.

Over our holding period, Unilever has had a turnaround from a classical compounder to having a new management team under leadership from outsider CEO Hein Schumacher that has to focus on re-accelerating organic growth. Market share matters in consumer staples, and we are closely watching developments at Unilever, since it has lost ground to rivals recently. The new streamlined strategy steps make sense and, if successful, can refocus the company on its leading consumer brands and unparalleled distribution in key

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# GLOBAL LEADERS REVIEW AND OUTLOOK

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emerging markets. We welcome the first meaningful strategic decision to separate the ice cream business and can imagine further shareholder value creating simplification here. We added to Unilever following the drawdown review this quarter and are closely monitoring progress to assess probabilities and potential outcomes.

Technology is our second biggest sector allocation in the Global Leaders strategy and is the biggest contributor to outperformance over five years. Within technology, we own several technology infrastructure companies, such as Taiwan Semiconductor Manufacturing (TSM), ASML and Marvell Technology, as well as a diversified number of software leaders, such as Intuit, Adobe and Autodesk, with Microsoft positioning itself as a leader in both enterprise software and infrastructure. Share prices for the entire sector have benefited from the promise of generative AI (GenAI), most tangibly for developer tools and media generation. While we share the excitement of what could be possible with the compute power of new GPUs, which our team witnessed firsthand at this year's Nvidia GTC conference in San Jose, we remain conservative in our assumptions about monetization in our five-year base cases. Microsoft is already benefiting from reaccelerating growth in its cloud business driven by GenAI, as are revenues for our semiconductor investments. Where we saw an opportunity, we trimmed positions, as the share prices had increased faster than our base case assumption, which compressed IRRs, as in the case of ASML. We also had an opportunity to add to our investment in Adobe this quarter when investors were disappointed with near-term revenue forecasts on the monetization of GenAI. We see Adobe as the leader in digital content creation, management and delivery. Across its three divisions, Creative Cloud, Document Cloud and Digital Experience, Adobe is able to provide the most comprehensive solution for customers migrating online. Following the recent share price correction, we see a double-digit IRR in our five-year base case for Adobe, and we added to our position in March.

Since the inception of the Global Leaders strategy, we have looked for high-quality companies with superior customer outcomes that we believe are able to pass on prices and generate high levels of recurring revenue while requiring low leverage. This approach is helping us focus on the long term and capital preservation. Our process continues to guide us successfully to invest in quality companies whose economics compound over long periods to generate attractive returns for our investors. It is this time-based arbitrage paired with a thoughtful,

repeatable process that we see as the core driver of value generation within the Global Leaders strategy.

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# SECTOR DIVERSIFICATION

First Quarter 2024

- Global Leaders is a concentrated global equity strategy that focuses on investing in a small number of franchises that we believe can deliver exceptional outcomes for their customers and outstanding economics for shareholders. Accordingly, sector and country diversification is an output of stock picking, with the team more focused on business models and end-market economics than the sector in which a company is classified.
- At the same time, the strategy seeks differentiated exposures but should not compromise philosophically. The portfolio managers are happy to have no exposure in certain areas, such as energy, real estate or utilities, that do not satisfy their investment criteria.
- The strategy's exposure to financials – its largest exposure is via companies with strong, structural growth trends and predominantly through financial market infrastructure companies and differentiated financials in emerging markets as well as large payment providers.
- The strategy's overweight position in financials and information technology is a function of several attractive, high-quality franchises, such as Microsoft, Visa and London Stock Exchange Group, being positioned in these sectors.
- The strategy's underweight position in health care is the result of many attractive companies currently not passing the strategy's valuation test.

SECTOR	REP. BROWN ADVISORY GLOBAL LEADERS ACCOUNT (%)	MSCI ACWI INDEX (%)	DIFFERENCE (%)	REP. BROWN ADVISORY GLOBAL LEADERS ACCOUNT (%)	
	Q1'24	Q1'24	Q1'24	Q4'23	Q1'23
Communication Services	7.16	7.56	-0.40	6.75	7.94
Consumer Discretionary	4.38	10.86	-6.48	4.50	4.57
Consumer Staples	5.97	6.43	-0.45	5.61	7.02
Energy	--	4.55	-4.55	--	--
Financials	29.06	16.06	13.00	31.49	32.59
Health Care	7.94	11.15	-3.21	7.94	6.56
Industrials	18.54	10.79	7.75	16.83	13.64
Information Technology	24.69	23.66	1.03	24.70	25.53
Materials	2.25	4.23	-1.98	2.18	2.14
Real Estate	--	2.20	-2.20	--	--
Utilities	--	2.46	-2.46	--	--

# QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

First Quarter 2024

SECTOR	REPRESENTATIVE GLOBAL LEADERS ACCOUNT		MSCI ACWI INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	6.81	14.76	7.54	11.39	-0.02	0.23	0.21
Consumer Discretionary	4.46	5.37	10.87	5.94	0.15	-0.03	0.11
Consumer Staples	5.65	4.83	6.61	2.63	0.06	0.12	0.18
Energy	--	--	4.45	9.37	-0.06	--	-0.06
Financials	30.02	-1.43	15.88	9.24	0.14	-3.35	-3.21
Health Care	7.97	9.09	11.36	7.05	0.04	0.16	0.21
Industrials	17.59	19.19	10.62	9.03	0.08	1.69	1.78
Information Technology	25.33	12.46	23.66	11.91	0.11	0.16	0.27
Materials	2.16	11.56	4.22	1.84	0.15	0.21	0.36
Real Estate	--	--	2.25	-1.01	0.22	--	0.22
Utilities	--	--	2.49	1.43	0.18	--	0.18
Unassigned	--	--	0.06	-6.90	0.01	--	0.01
<b>Total</b>	<b>100.00</b>	<b>8.38</b>	<b>100.00</b>	<b>8.14</b>	<b>1.06</b>	<b>-0.82</b>	<b>0.24</b>

- The strategy performed inline with the benchmark during the quarter. Industrials was the largest positive contributor, while financials was the main detractor.
- Aerospace leader General Electric was the largest positive contributor within industrials. Within financials, the strategy's exposure to emerging market financials HDFC Bank, B3 and AIA Group were the main drivers of negative contribution.
- Technology, the second biggest exposure in the strategy, contributed positively. The largest contribution came from technology infrastructure companies, such as TSMC, ASML and Marvell Technology, as well as the leading technology and communication companies Microsoft and Alphabet (Alphabet been categorized in communication services), which are leaders in the global cloud infrastructure build-out through Microsoft's Azure and Alphabet's Google Cloud.

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 Global Leaders account and is provided as Supplemental Information. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Sector attribution is gross of fees and excludes cash and cash equivalents. Attribution Analysis shown is calculated on a gross of fees basis. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

# QUARTER-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN

First Quarter 2024 Representative Global Leaders Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
GE	General Electric Company	Develops and manufactures products for the generation, transmission, distribution, control and utilization of electricity; manufactures aircraft engines and medical equipment	4.41	37.60	1.49
MSFT	Microsoft Corporation	Develops, manufactures and distributes software products	9.31	12.05	1.12
TSM	Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	Manufactures, distributes and tests integrated circuits, silicon wafers, diodes and related semiconductor components	3.76	31.31	1.07
SAFRF	Safran SA	Designs, manufactures and markets aircraft, defense and communication equipment	3.78	28.79	1.01
ASML	ASML Holding NV ADR	Engages in the development, production, marketing, selling and servicing of semiconductor equipment systems	1.85	28.40	0.64

- General Electric (GE) is approaching the end of its transformation into a pureplay aero engine manufacturer. The underlying strength in free-cash-flow generation is apparent in its performance as the aero engine business requires limited investment requirements through this decade and the company is entering the peak aftermarket period for the highly profitable CFM56 engine platform. The spin-off of GE Vernova on April 2nd will leave GE Aerospace as independent company.
- Microsoft's (MSFT) core business is strengthening with Azure taking market share in cloud. We are seeing real growth and cashflow from GenAI at Microsoft. This growth and the leadership of its generative AI enabled cloud business does have a cost reflected in elevated capex levels. Investments that we expect to be highly strategic in the long-term.
- Taiwan Semiconductor Manufacturing (TSM) continues to deliver solid revenue growth and guided for 2024 revenue growth well above expectations. This is supported by a strong outlook for high performance computing (HPC) and AI infrastructure build out where TSM benefits from its leadership in leading node manufacturing allowing it to take market share. A quicker slowdown of capex requirements to the low-to-mid-30s capex/revenue target is having additional positive impact on FCF generation.
- Safran (SAFRF) benefits from similar drivers as General Electric, their CFM56 joint venture partner, as it relates to a favourable period of strong performance and limited investment requirements driving free-cash-flow. LEAP engine deliveries, spare part pricing and shop visit volumes for both LEAP and CFM56 engines combined drove strong FCF growth for Safran. The company continues to benefit from the continued recovery of flight activity post-Covid.
- ASML Holding (ASML) is benefitting from the industry infrastructure build out across mature as well as leading nodes. The industry is moving out of a down cycle with recovery in memory and investment in capacity with a faster than expected adoption of its low NA EUV lithography machines and the first shipment of a high NA tool.

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. 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. Past performance is not indicative of future results. The portfolio information provided is based on a representative Global Leaders account and is provided as Supplemental Information. Top five and bottom 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.

# QUARTER-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

## First Quarter 2024 Representative Global Leaders Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
HDB	HDFC Bank Limited Sponsored ADR	Provides national banking services	3.04	-16.60	-0.68
AAIGF	AIA Group Limited	Provides life and health insurance services	2.41	-22.95	-0.63
BOLSF	B3 SA - Brasil, Bolsa, Balcao	Provides exchange trading, clearing and other trade services	1.67	-19.52	-0.39
ADBE	Adobe Inc.	Develops digital media software	2.26	-15.29	-0.34
RHHVF	Roche Holding Ltd Dividend Right Cert.	Operates as a research-focused healthcare company with combined focus in pharmaceuticals and diagnostics	2.91	-9.82	-0.33

- HDFC Bank (HDB) merged with HDFC Ltd last year. We believe that HDFC is in a very attractive position within the Indian economy to benefit from an increasing demand in financial products and services and, therefore, take share in a growing deposit market. We expect profitability, impacted due to temporary merger accounting, to recover as margins improve, loan growth picks up and loan mix shifts from wholesale toward retail.
- AIA Group's (AAIGF) share price has been impacted by market concern around demand from China and Hong Kong, the main drivers of growth for AIA. We see the combination of AIA's excellence in underwriting skills, distribution via a high-quality tied agent network and its exposure to long-term structural growth as driving the company's competitive advantage and its ability to grow and scale.
- B3 SA (BOLSF) is managing through a volatile business and macro environment in Brazil. It is the sole financial markets infrastructure provider in Brazil and, thus, well positioned to benefit from secular growth drivers.
- Adobe (ADBE) is a leader in GenAI for media content, with rapid uptake of its FireFly GenAI tools. However, there is significant disruption and, therefore, volatility due to innovation in this sector. We believe that Adobe is well positioned to benefit from its leadership position in AI, its competitive advantage in content editing and its mitigation of legal risks associated with using AI-generated content. We see GenAI driving seat growth and revenue per user across its core three divisions.
- Roche (RHHVF) continues to perform well with a core R&D engine that is one of the strongest in the industry, which we see undervalued by a market focused on big narrative-driving growth assets. Roche shows solid contributions from pipeline drugs, and its diagnostics segment is performing well. Roche is actively prioritizing R&D by focusing on internal efforts as well as external partnerships, which we believe can further drive pipeline growth and success.

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. 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. Past performance is not indicative of future results. The portfolio information provided is based on a representative Global Leaders account and is provided as Supplemental Information. Top five and bottom 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.

# QUARTER-TO-DATE ADDITIONS/DELETIONS

## First Quarter 2024 Representative Global Leaders Account Portfolio Activity

- None

SYMBOL	ADDITIONS	SECTOR
	None	

SYMBOL	DELETION	SECTOR
	None	

# PORTFOLIO CHARACTERISTICS

First Quarter 2024 Global Leaders Representative Account as of 03/31/2024

	GLOBAL LEADERS REPRESENTATIVE ACCOUNT	MSCI ACWI NET INDEX
ROIC (LFY ex. financials) Median (%)	20.7	9.0
Sales Growth (% , 3 Year Median)	10.5	6.1
FCF Yield ex. financials (NTM Median) (%)	3.4	3.9
Volatility	15.8	15.4
Alpha (Net of fees)	2.8	-
Net Debt to EBITDA ex. Financials*	0.3	1.3

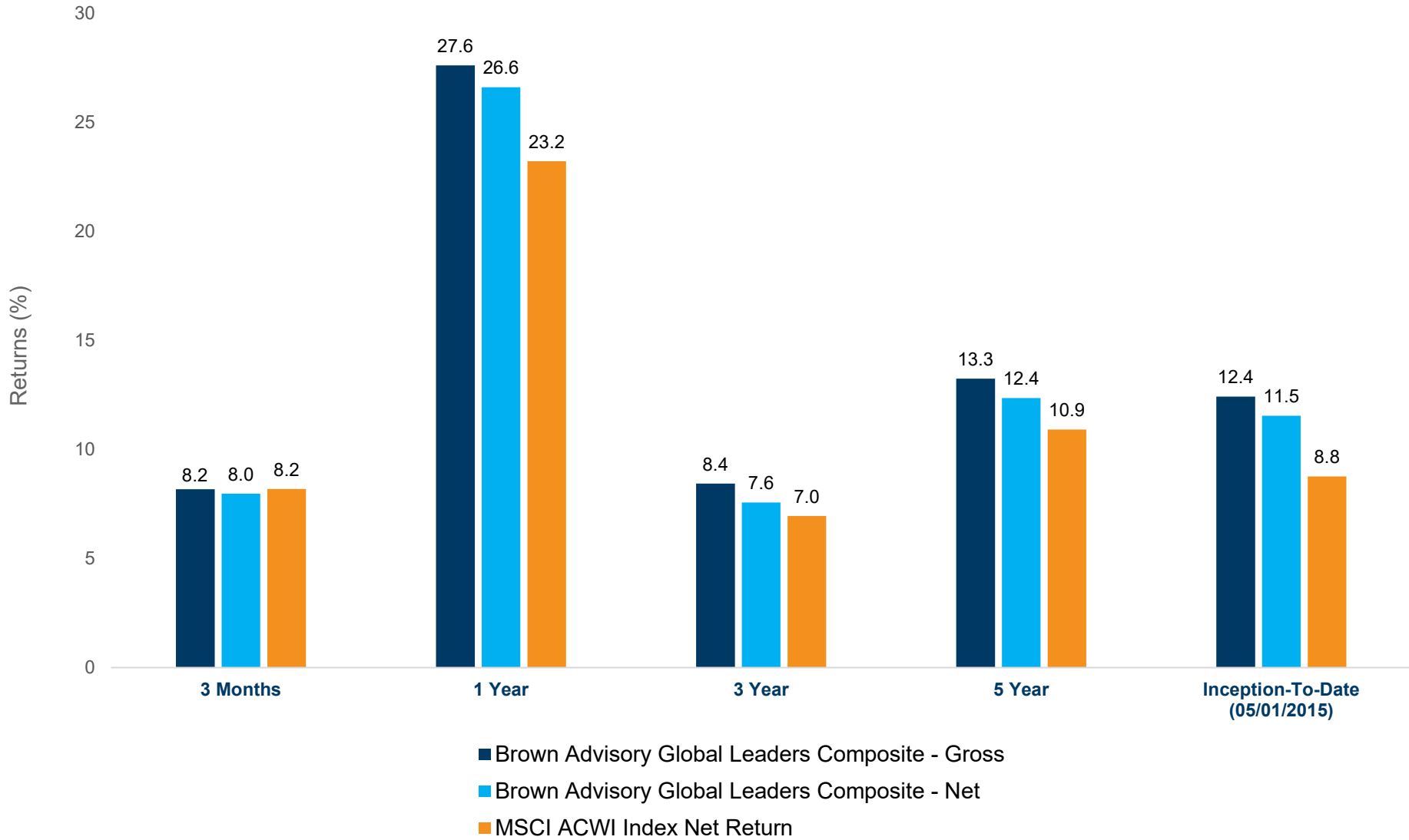
\*Median Figure as of 12/31/2023.

Source: FactSet. Past performance is not indicative of future results. The portfolio information provided is based on a representative Global Leaders account and is provided as Supplemental Information. Portfolio characteristics include cash and cash equivalents, and are based on gross returns. Calculations for ROIC, FCF Yield and Net Debt to EBITDA exclude Banks and Insurance. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.



# COMPOSITE PERFORMANCE

First Quarter 2024 as of 03/31/2024



Source: FactSet®. All returns greater than one year are annualized. Past performance is not indicative of future results and you may not get back the amount invested. The composite performance shown above reflects the Global Leaders 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 Global Leaders GIPS Report at the end of this presentation.

# TOP 10 PORTFOLIO HOLDINGS

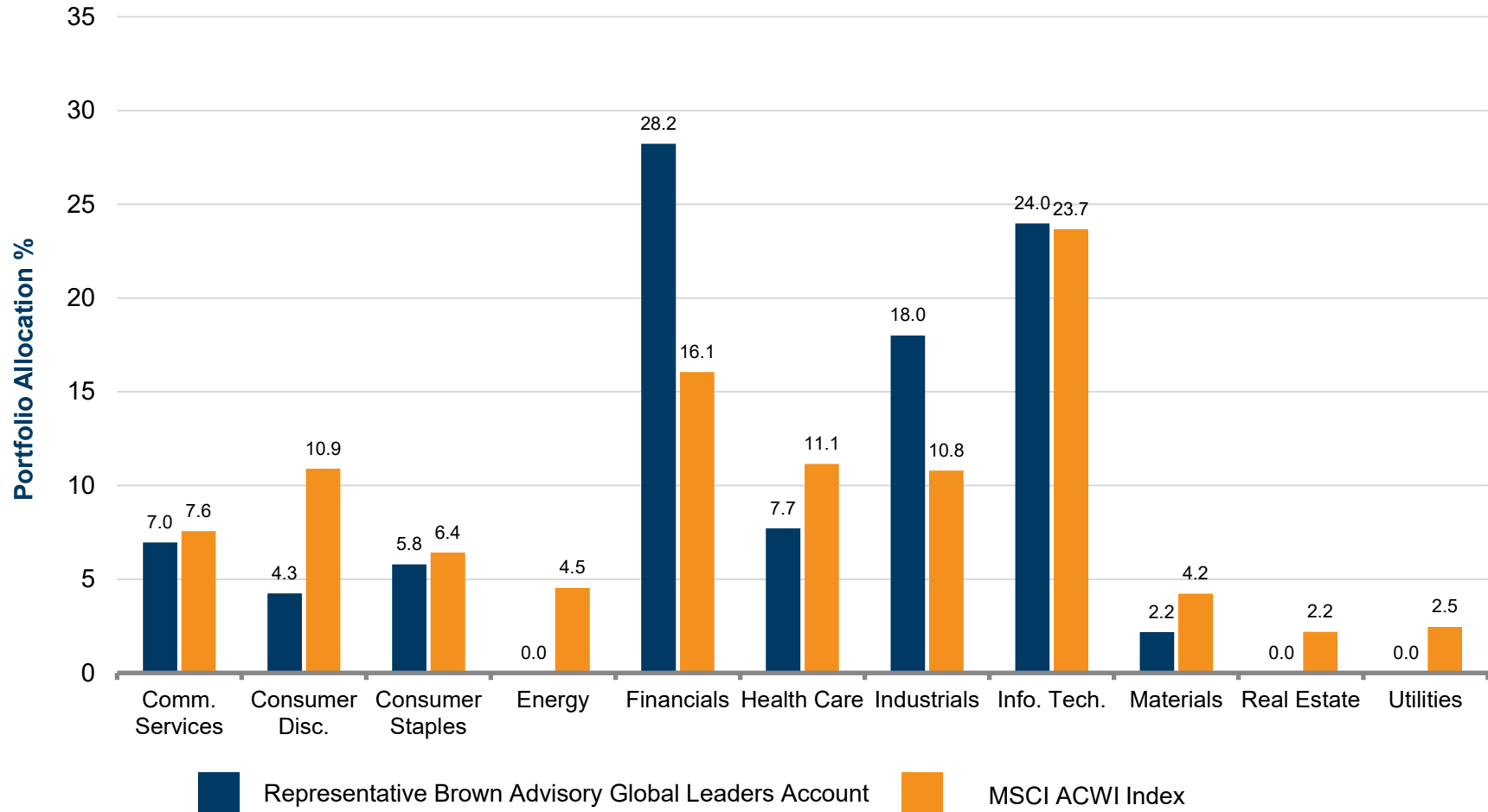
Global Leaders Representative Account as of 03/31/2024

TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corporation	9.0
General Electric Company	4.9
Alphabet Inc. Class C	4.4
Mastercard Incorporated Class A	4.3
Safran SA	4.0
London Stock Exchange Group plc	3.9
Deutsche Boerse AG	3.9
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	3.8
Unilever PLC	3.4
Visa Inc. Class A	3.0
<b>Total</b>	<b>44.6</b>

Source: FactSet. Top 10 holdings includes cash and cash equivalents which was 2.9% as of 03/31/2024. 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 Global Leaders Representative account and is provided as Supplemental Information. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions. Figures in chart may not total due to rounding.

# SECTOR DIVERSIFICATION

First Quarter 2024 Global Industry Classification Standard (GICS) as of 03/31/2024



Source: FactSet. The portfolio information provided is based on a representative Global Leaders 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.

# DISCLOSURES

For institutional investors and professional clients only.

Past performance may not be a reliable guide to future performance and investors may not get back the amount invested. 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.

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.

Sustainable investment considerations are one of multiple informational inputs into the investment process, alongside data on traditional financial factors, and so are not the sole driver of decision-making. Sustainable investment analysis may not be performed for every holding in the strategy. Sustainable investment 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 be desirable based on our analysis of sustainable investment related risks and opportunities, but investors may differ in their views. 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 excluded from other funds that focus on sustainable investment risks. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The strategy incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone.

The **MSCI ACWI® (All Country World Index)**, MSCI's flagship global equity index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 24 emerging markets. As of May 2022, it covers more than 2,933 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market. The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations reflecting conditions across regions, market cap sizes, sectors, style segments and combinations.

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

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

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

## TERMS AND DEFINITIONS

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

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.

**RoIC** is a measure of determining a company's financial performance.  $ROIC = NOPAT / IC$ .  $NOPAT = EBIT + \text{Amortization of acquired intangibles} - \text{Cash tax paid}$ .  $IC = \text{Total Debt} + \text{Total Equity} + \text{Total unfunded pension liabilities} - \text{Excess Cash}$ . ROIC ex financials excludes Banks and Insurance companies, and outliers excluded from the benchmark.

**Sales growth rate** is based on reported company revenue for the past three years at the end of the current quarter, provided as a historical average.

**Volatility** is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index.

**Net debt-to-EBITDA** (earnings before interest depreciation and amortization) ratio is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The calculation presented excludes Banks and Insurance companies, and outliers excluded from the benchmark.

**Free Cash Flow (FCF)** is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base. Free cash flow is important because it allows a company to pursue opportunities that enhance shareholder value. Without cash, it's tough to develop new products, make acquisitions, pay dividends and reduce debt.

**Free Cash Flow (FCF) yield** is a measure of financial performance calculated as operating cash flow minus capital expenditures divided by enterprise value. FCF yield ex. financials calculations presented use the median NTM (Next Twelve Months) and excludes Banks and Insurance companies, and outliers excluded from the benchmark.

**Internal rate of return (IRR)** is a metric used in financial analysis to estimate the profitability of potential investments.

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)*
2023	27.0	26.0	22.2	17.7	16.3	Five or fewer	N/A	4,730	81,325
2022	-19.0	-19.7	-18.4	20.6	19.9	Five or fewer	N/A	3,680	57,575
2021	17.6	16.7	18.5	17.2	16.8	Five or fewer	N/A	4,368	79,715
2020	21.0	20.0	16.3	18.1	18.1	Five or fewer	N/A	2,428	59,683
2019	35.1	34.0	26.6	11.6	11.2	Five or fewer	N/A	731	42,426
2018	-2.2	-2.8	-9.4	11.0	10.5	Five or fewer	N/A	303	30,529
2017	35.1	34.0	24.0	N/A	N/A	Five or fewer	N/A	77	33,155
2016	-0.6	-1.4	7.9	N/A	N/A	Five or fewer	N/A	38	30,417
2015**	1.2	0.7	-7.3	N/A	N/A	Five or fewer	N/A	24	43,746

\*\*Return is for period May 1, 2015 through December 31, 2015

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, 2023. 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 Global Leaders Composite (the Composite) aims to achieve capital appreciation by investing primarily in global equities. The strategy will invest in equity securities of companies that the portfolio manager believes are leaders within their industry or country, as demonstrated by an ability to deliver high relative return on invested capital over time. The minimum account market value required for Composite inclusion is \$1.5 million.
- Sustainable investment considerations are one of multiple informational inputs into the investment process, alongside data on traditional financial factors, and so are not the sole driver of decision-making. Sustainable investment analysis may not be performed for every holding in the strategy. Sustainable investment considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The Global Leaders Strategy ("Strategy") seeks to identify companies that it believes may be desirable based on our analysis of sustainable investment related risks and opportunities, but investors may differ in their views. 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 excluded from other strategies that focus on sustainable investment risks. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The Strategy incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone.
- The Composite creation date is August 26, 2015. The Composite inception date is May 1, 2015.
- The benchmark is the MSCI ACWI Net Index. The MSCI ACWI Net Index captures large and mid cap representation across Developed Markets (DM) and Emerging Markets (EM) countries. The Index covers approximately 85% of the global investable equity opportunity set. All MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- As of September 1, 2022, the Composite benchmark was changed from the FTSE All-World Net Index to the MSCI ACWI Net Index. The change was applied retroactively from the Composite inception date. The Advisor determined that MSCI indices are more widely used for global products, and thereby provide more relevant data to shareholders and prospects as well as comparisons to competitors.
- Composite dispersion 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 \$50 million; 0.55% on the next \$50 million; 0.45% on the next \$50 million; and 0.40% on the balance over \$150 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 Global Leaders Fund (the Fund), which is included in the Composite, is 0.65%, 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, 2023) was 0.92%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The investment management fee for the Dollar Class B Acc Shares of the Brown Advisory Global Leaders Fund (the UCITS), which is included in the composite, is 0.75%. The total expense ratio for the Dollar Class B Acc Shares of the UCITS as of the most recent fiscal year end (October 31, 2023) was 0.85%. 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 3 year annualized standard deviation is not presented as of December 31, 2015, December 31, 2016 and December 31, 2017 because the 36 month returns were not available for the Composite (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.
- This is not an offer to sell securities. That may only be accomplished by the issuance of a private offering memorandum/subsidiary documents.
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