

Brown Advisory US Small Cap Blend Fund

Supplement No. 5 dated 1 December 2022 to the Prospectus of the Company dated 22 December 2020 for Brown Advisory Funds plc

This Supplement contains specific information in relation to Brown Advisory US Small Cap Blend Fund (the “**Fund**”), a fund of Brown Advisory Funds plc (the “**Company**”) an umbrella type open-ended investment company with variable capital and segregated liability between funds, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the “**Central Bank**”).

This Supplement forms part of and should be read in conjunction with the Prospectus of the Company dated 22 December 2020.

The Directors of Brown Advisory Funds plc, whose names appear in the **Directors of the Company** section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The Investment Manager has determined that the Fund is an Article 6 financial product pursuant to the SFDR.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Dated: 1 December 2022

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Definitions

In this Supplement, the following words and phrases shall have the meanings indicated below:

“Russell 2000® Net Index”	the Russell 2000® Net Index provided by FTSE Russell which measures the performance of the small-capitalization sector of the U.S. equity markets;
“SFDR”	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, along with any regulatory technical standards (RTS) thereto, as the context requires; and
“Taxonomy Regulation”	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, along with any regulatory technical standards (RTS) thereto, as the context requires.

Investment Objective and Policies

Investment Objective

The objective of the Fund is to achieve capital appreciation by investing primarily in U.S. equities.

Investment Policies

The Fund invests at least 80% of its net assets in equity securities of small U.S. companies. The Fund seeks to invest primarily in small companies which are listed or traded on the U.S. markets and exchanges listed in Appendix I of the Prospectus. Small companies are companies whose market capitalisations are equal to or less than \$6 billion at the time the Fund purchases the issuer's securities (**“Market Capitalisation Range”**). The Fund may invest in U.S. Rule 144A Securities, American and Global Depository Receipts, U.S. treasury bills, fixed and/or floating rate U.S. government securities and ancillary liquid assets subject to the limits set out in the Prospectus.

Profile of a Typical Investor and Target Market Identification

The Fund is suitable for any investor (institutional and, unless prohibited by the rules of a particular jurisdiction, retail) seeking to achieve capital appreciation over the long term (*i.e.*, greater than five (5) years). As the Fund invests primarily in equities, investors should consider an investment in the Fund as medium to high risk.

The Fund is categorised as a non-complex UCITS fund vehicle. This Fund is appropriate for all investors (retail, professional clients, and eligible counterparties) with a basic knowledge of the capital markets who seek to achieve capital appreciation over the long term (*i.e.*, greater than five (5) years) as a core or component of a portfolio of investments. Investors should be prepared to bear all losses (*i.e.*, 100% of the original investment amount). The Fund may not be compatible for investors outside the target market or those that are not able to bear all losses with respect to their investment. The Fund is available through all distribution channels (*e.g.*, investment advice, portfolio management, non-advised sales, and pure execution services).

Investment Manager's Investment Process

The Fund invests in companies which have above average growth prospects (“**Growth Companies**”); and/or which are undervalued, broadly defined as trading at a discount to the estimated economic value of their underlying business (“**Value Companies**”). The Investment Manager's investment process is different for Growth Companies and Value Companies.

Growth Companies - Purchasing Portfolio Securities

The Investment Manager begins by identifying a universe of small cap growth companies within the Market Capitalisation Range. From these companies, the Investment Manager uses research and other sources of information to select those companies it believes have the potential to grow earnings at an above average rate annually. The Investment Manager then performs an in-depth analysis of the companies' fundamentals to identify those that have:

- substantial business opportunities relative to their operating history and size. These opportunities may arise from addressing large and fragmented markets or markets that are growing at rapid rates. In addition, the company's ability to innovate may help create new markets for its products or services;
- proprietary products, services or distribution systems that provide the company with a competitive edge; and
- management that demonstrates a “growth mentality” and a plan that the Investment Manager can clearly understand, monitor and evaluate;
- attractively priced securities compared to their growth potential.

Growth Companies - Selling Portfolio Securities

The Investment Manager monitors the companies in the Fund's portfolio to determine if there have been any fundamental changes in the companies. The Investment Manager may sell a security if it believes:

- the security subsequently fails to meet the Investment Manager's initial investment criteria or investment thesis;
- a more attractively priced security is found or if funds are needed for other purposes; and/or
- the security becomes overvalued relative to the long-term expectation for the security price.

Value Companies - Purchasing Portfolio Securities

The Investment Manager begins by identifying a universe of small cap companies within the Market Capitalisation Range. From these companies, the Investment Manager uses research and other sources of information to select those companies it believes are undervalued. In particular, the Investment Manager will select companies which may be out-of-favour with, or under-followed by, the market and cash generating with sustainable business models, strong finances, competent management and a demonstrable record of profitability and self-funded growth. The Investment Manager may also select cyclical companies or companies that have experienced a temporary setback if the valuation of the company is at an appropriate discount to the long-term earnings potential of the company.

Value Companies - Selling Portfolio Securities

The Investment Manager monitors the companies in the Fund's portfolio to determine if there have been any fundamental changes in the companies. The Investment Manager may sell a security if it believes:

- it has reached its target price (*i.e.* the security's fair value in the opinion of the Investment Manager);
- its present reward to risk ratio is unattractive;
- it is overvalued; and/or
- the company's fundamentals have deteriorated in a material, long-term manner.

ESG and Sustainable Investments Integration

The Investment Manager may also evaluate environmental, social and governance (“**ESG**”) factors and may incorporate these considerations into its decision-making process for certain securities when it deems the analysis to be material to long-term performance. ESG reporting is part of the Investment Manager's periodic review process of certain ESG characteristics of its portfolio.

The Investment Manager defines sustainability as an issuer's ability to incorporate various ESG factors in an effort to generate opportunities and/or mitigate risks that can impact long-term performance. The Investment Manager believes that consideration of these factors on a case-by-case basis may provide an important input into its investment process. In such cases, the Investment Manager may take into account both qualitative and quantitative material ESG risks and opportunities as a part of its research process.

Unlike investment vehicles which promote ESG characteristics or with a specific sustainability or impact objective that may have a constrained investment universe, the Fund is primarily aimed at maximising financial performance, whereby ESG aspects may be input factors within the investment process as the Investment Manager considers appropriate to pursue the Fund's investment objective. The investments underlying this Fund do not take into account the criteria for environmentally sustainable economic activities contained in the Taxonomy Regulation.

The Manager (in conjunction with the Investment Manager) does not consider the adverse impacts of its investment decisions on sustainability factors in respect of the holdings in the Fund, as it has been determined that this is neither practicable or proportionate to do so based on the *Investment Objective* and *Investment Policies* of the Fund. Should this position change, this Supplement will be updated.

Benchmark Index

The Fund uses the Russell 2000® Net Index as a Comparator Benchmark to compare performance. The Fund is actively managed and is not constrained by any benchmark.

Financial Derivative Instruments

Subject to the Regulations and to the conditions and limits laid down by the Central Bank from time to time, the Fund may utilise FDIs. The Fund only intends to use forward foreign exchange contracts to hedge currency foreign exchange risks arising for Hedged Share Classes of the Fund. The leverage exposure of the Fund through the use of FDIs will not exceed 100% of the Fund's Net Asset Value, as measured using the commitment approach.

This section is to be read in conjunction with the section **FUNDS – Use of FDI** in the Prospectus.

Investment Restrictions

In addition to the investment restriction set out below, the general investment restrictions set out under the heading **FUNDS - Investment Restrictions** in the Prospectus shall apply.

Investments made by the Fund in shares or units of a UCITS or AIFs may not exceed, in aggregate, 10% of the Net Asset Value of the Fund. The UCITS or AIFs, in which the Fund invests, must be prohibited from investing more than 10% of their net assets, in aggregate, in UCITS or AIFs.

Borrowings

In accordance with the general provisions set out in the Prospectus under the heading **FUNDS - Borrowing and Lending Powers** the Fund may borrow up to 10% of its net assets on a temporary basis. It is not intended to borrow for leverage purposes.

Risk Factors

Investment in the Fund carries with it a degree of risk including, but not limited to, the risk factors set out under the heading **Risk Factors** of the Prospectus. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before making an application for Shares. There can be no assurance that the Fund will achieve its investment objective.

ESG Risks

A “**Sustainability Risk**” means an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. If a Sustainability Risk associated with an investment materialises, it could lead to the loss in value of an investment.

Key Information for Buying and Selling

Base Currency

U.S. Dollars.

Business Day

Any day (except Saturday or Sunday) on which the New York Stock Exchange is open, or such other day as the Directors may, with the consent of the Depositary, determine and notify to Shareholders in advance.

Dealing Day

Each Business Day.

Dealing Deadline

3.00 p.m. Irish Time on each Business Day.

Valuation Point

10.00 p.m. Irish Time on each Business Day.

Share Class Information

As of the date of this Supplement, the Share Classes listed in the tables below with a corresponding tick (✓) under the heading **Subscription Open** are available for subscription in the Fund. Share Classes listed in the tables below with a corresponding check (X) under the heading **Subscription Open** are no longer available for subscription in the Fund. Investors seeking to invest in any other Classes as set out in the Prospectus in the **SHARE CLASS INFORMATION** section should contact the Manager. Upon receipt of sufficient interest in an unlaunched Class, such a Class may be launched.

The applicable Minimum Shareholding, Minimum Initial Investment Amount, and Minimum Additional

Investment Amount for the Shares are set as out in the Prospectus under the heading SHARE CLASS INFORMATION.

Initial Offer Period / Initial Issue Price

In relation to the Share Classes listed in tables below with a corresponding tick (✓) under the heading **Initial Offer Period Open**, the Initial Offer Period remains open and will close upon the earlier of: (i) the first investment by a Shareholder in such Class of Shares; or (ii) 3.00 p.m. (Irish Time) on 1 June 2023; or (iii) such earlier or later date as the Directors may determine and notify to the Central Bank.

Investors may apply to subscribe for such Shares during the Initial Offer Period at the Initial Issue Price for each Class. The Initial Issue Price for such Classes is as set out in the tables below under the heading **Initial Issue Price**.

The Share Classes listed in the tables below with a corresponding check (X) under the heading **Initial Offer Period Open** are currently in issue and are available for subscription at prices calculated with reference to the Net Asset Value per Share, as indicated by "NAV" under the heading **Initial Issue Price**.

After the Initial Offer Period, Shares will be continuously open for subscriptions on the relevant Dealing Day and the Issue Price shall be the Net Asset Value of the relevant Class of Shares on the relevant Dealing Day.

Class A Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class A Acc Shares	✓	X	NAV
Sterling Class A Acc H Shares	✓	✓	£10.00
Euro Class A Acc Shares	✓	✓	€10.00

Class B Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class B Acc Shares	✓	X	NAV
Sterling Class B Acc Shares	✓	X	NAV
Sterling Class B Acc H Shares	✓	✓	£10.00
Sterling Class B Dis Shares	✓	X	NAV
Euro Class B Acc Shares	✓	✓	€10.00

Class C Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class C Acc Shares	✓	X	NAV
Dollar Class C Dis Shares	✓	✓	\$10.00
Sterling Class C Dis Shares	✓	✓	£10.00

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Sterling Class C Dis H Shares	✓	✓	£10.00

Class P Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Euro Class P Acc H Shares	✓	✓	€10.00

Settlement Date

In the case of applications, two (2) Business Days after the relevant Dealing Day.

In the case of repurchases, two (2) Business Days after the relevant Dealing Day (assuming the receipt of the relevant duly signed repurchase documentation including all relevant anti-money laundering documentation).

Preliminary Charge

None.

Repurchase Charge

1%

Anti-Dilution Charge

Cost of dealing.

The Repurchase Charge will only be charged in instances where there is a significant (typically in excess of 10%) net redemption or in the case of an investor engaging in excessive trading.

Fees and Expenses

Investment Management Fee and Expense Limitation

The Investment Manager is entitled to receive from the Company out of the assets of the Fund an annual fee not exceeding the amounts set out in the Prospectus in the **FEES AND EXPENSES** section (plus VAT, if any) per Share Class of the Net Asset Value of the Fund.

Notwithstanding the foregoing and anything to the contrary in the Prospectus, the Investment Manager is entitled to receive from the Company out of the assets of the Fund an annual fee of up to 1.75% (plus VAT, if any) per Class A Shares and an annual fee of up to 1.00% (plus VAT, if any) per Class B Shares of the Net Asset Value of the Fund, which shall be accrued and calculated in accordance with the procedures set out in the Prospectus in the **FEES AND EXPENSES** section.

Such fee shall accrue and be calculated at each Valuation Point and be payable monthly in arrears. The Investment Manager may, at its absolute discretion, pay any portion of the management fee to any third party in any manner whatsoever, whether by rebate or otherwise. The Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for its properly vouched out-of-pocket costs and expenses in the performance of its duties.

The Investment Manager has committed to reimburse the Fund's operating expenses, in order to keep

the Fund's total operating expenses (excluding the fees of the Manager) from exceeding an annual rate of 0.25% of the daily Net Asset Value of the Fund.

Management Fee

The fees and expenses of the Manager are paid out of the assets of the Fund as set out in the Prospectus in the **FEES AND EXPENSES** section.

Administration Fee

The Administrator shall be entitled to receive out of the net assets of the Fund an annual fee, accrued and calculated at each Valuation Point and payable monthly in arrears at an annual rate which will not exceed 0.07% of the net assets of the Fund (plus VAT, if any) subject to an annual minimum fee which will not exceed US\$48,000 and will also receive registration fees and transaction charges at normal commercial rates. The Administrator shall also be entitled to receive a monthly fee of up to US\$500 per share class of the Fund launched (this fee will not be applied to the first two share classes of the Fund launched by the Company, namely the Dollar Class A Shares and Dollar Class B Shares) subject to an annual minimum fee for the Company which will not exceed US\$10,000. The Administrator is entitled to be repaid all of its properly vouched out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

Depositary Fee

The Depositary shall be entitled to receive an annual maximum fee of 0.03% per annum of the Net Asset Value of the Fund accrued at each Valuation Point and shall be payable monthly in arrears. The Depositary's fees are accrued at each Valuation Point, payable monthly in arrears, and subject to a minimum charge of US\$25,000 per annum. The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees and expenses, transaction charges and cash service charges (all at normal commercial rates) and to recover properly vouched out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

This section should be read in conjunction with the section entitled **FEES AND EXPENSES** in the Prospectus.

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