

## **Brown Advisory US Sustainable Value Fund**

### **Supplement No. 14 dated 12 May 2023 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 Sustainable Value 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.

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

Dated: 12 May 2023

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## Definitions

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

<b>“Comparator Benchmark”</b>	for the purposes of this Supplement, the Russell 1000® Value Net Index;
<b>“Environmentally Sustainable Investment”</b>	an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on nature, provided that such investment does not significantly harm any economic or social objectives and that the investee entity follows good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;
<b>“ESG”</b>	environmental, social and governance;
<b>“Russell 1000® Value Net Index”</b>	measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 1000® Value Net Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics;
<b>“SFDR”</b>	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;
<b>“Socially Sustainable Investment”</b>	an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investment does not significantly harm any economic or social objectives and that the investee entity

follows good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;

**“Sustainable Investment”**

an Environmentally Sustainable Investment and/or Socially Sustainable Investment, as the context requires;

**“Sustainability Risk”**

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;

**“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 aims to achieve its investment objective by investing in the equity securities of undervalued high-quality large-sized companies which are listed or traded on the U.S. markets and exchanges listed in **Appendix I** of the Prospectus. The Fund invests primarily in a concentrated low turnover portfolio of undervalued U.S.-based companies that the Investment Manager believes possess the following fundamentals: (i) have durable free cash flow streams; (ii) exhibit capital discipline through both balance sheet management and capital expenditures; (iii) are run by management teams that have a proven and capable capital allocation track record; and (iv) are attractively valued and provide a favourable reward vs. risk outlook. In addition, the Fund promotes certain environmental and social characteristics and, as a result, the companies in which the Fund invests must satisfy the Investment Manager’s ESG requirements (as described under **ESG Promotion and Integration of Sustainability Risks** below).

The equity securities in which the Fund may invest include common stock, preferred stock, U.S. Rule 144A Securities (subject to a limit of 10% of Net Asset Value), American Depositary Receipts (“**ADRs**”), and Global Depositary Receipts (“**GDRs**”). ADRs are equity securities traded on U.S. securities exchanges, which are generally issued by banks or trust companies to evidence ownership of foreign equity securities. GDRs are the non-U.S. equivalents of ADRs. In addition, the Fund may also invest in Money Market Instruments including U.S. treasury bills and fixed and/or floating rate U.S. government securities subject to the limits set out in the Prospectus.

The Fund will aim to maintain a concentrated portfolio, typically consisting of up to forty-five (45) companies. However, the Fund reserves the right to hold a less concentrated portfolio should the Investment Manager regard it as being in the interests of Shareholders.

The Investment Manager believes that a portfolio with these characteristics has the ability to deliver

attractive risk-adjusted returns over the long term while providing a strong margin of safety for Shareholders.

The Fund will invest primarily in large companies characterised by market capitalisation of \$3 billion and greater at the time of purchase. The market capitalisations of the companies in the Fund's portfolio will change over time; the Fund will not automatically sell or cease to purchase stock of a company it already owns just because the company's market capitalisation grows or falls outside this range.

The Fund seeks to purchase the securities of undervalued companies which the Investment Manager believes has attractive fundamentals in, appropriate ESG risk management systems in place, and strong or evolving sustainable opportunities, at what it considers attractive valuations in the context of the fundamental position of each underlying company. The Investment Manager considers that companies possess a sustainable opportunity where they have ESG characteristics that may improve the company's financial position, including sustainable products, services or operations (as described under **ESG Promotion and Integration of Sustainability Risks** below).

#### *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) by investing in a diversified portfolio consisting primarily of equity securities. Investors should desire that ESG factors be considered as part of the Fund's investment due diligence process. The Fund invests primarily in equities as described above, and so investors should consider 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 Investment Manager employs a bottom-up research process to build a mosaic of information comprised of integrated fundamental and ESG research to evaluate and analyse a company's investment profile (as further detailed under **ESG Promotion and Integration of Sustainability Risks** below). This process identifies up to 45 companies that meet the *Investment Policies* of the Fund. The Investment Manager seeks companies trading at attractive free cash flow yields run by management teams with a history of prudent capital allocation. Fundamental analysts work side by side with the Investment Manager's sustainable investing team to identify companies that demonstrate sustainable business characteristics through the Investment Manager's "3P" investment filter: People - Process – Product (as described under *ESG Research Integration* below)

The Investment Manager believes that investing in companies focused on culture and capital discipline, operational excellence, and superior customer outcomes will drive a Sustainable Cash Flow Advantage ("**SCFA**") over time. Through its ESG research expertise, it seeks to uncover companies with SCFAs (as described under *ESG Research Integration* below).

The Fund seeks to leverage ESG research in the investment process in an effort to help to identify Sustainability Risks and sustainable opportunities associated with particular companies that may impact

the company's financial performance.

The Investment Manager looks for value and sustainability across a wide range of industries and sectors, subject to the application of the Investment Manager's Socially Responsible Investment ("SRI") Guidelines as explained further below. The Investment Manager defines "value" as durable, free cash flow businesses that exhibit capital discipline.

The Investment Manager believes that when executed successfully, this investment approach can achieve the Investment Objective of the Fund.

#### *Purchasing Portfolio Securities*

The Investment Manager seeks out securities with attractive fundamentals, appropriate ESG risk management systems in place, and strong or evolving sustainable opportunities.

The Investment Manager believes that it can find durable, competitive characteristics through using its ESG research process to uncover companies with a SCFA (as further described under *ESG Research Integration* below.)

The Investment Manager utilises resources such as: (i) company filings and reports; (ii) interviews with management, suppliers, customers, and industry experts; (iii) public/private databases, business publications, information from policymakers; and (iv) third-party research (e.g., sell-side businesses, rating agencies, MSCI Inc., Institutional Shareholder Services (ISS), etc.) as part of its research process to determine the initial universe of potential investments.

From the initial universe of securities meeting the investment thesis of the strategy, the Investment Manager uses bottom-up fundamental and ESG research to build in-depth financial models to identify free cash flow characteristics and what the potential upside return might be (and, conversely, potential downside return). From there, the Investment Manager constructs a concentrated portfolio of its highest conviction ideas, with price targets allowing for comparisons/competition across holdings. Ongoing portfolio and risk management includes monitoring of applicable fundamental and ESG characteristics of each stock, continually optimising the Fund's portfolio based on risk/return profiles and engaging with management teams of investee companies.

#### **Engagement Philosophy and Approach**

The Fund pursues strategic, active engagement across the portfolio.

While the vast majority of companies in the portfolio of the Fund will already be focused on culture and capital discipline, operational excellence, and superior customer outcomes that will drive a SCFA, the Investment Manager will also invest in companies that are moving towards achieving SCFAs. Companies with evolving SCFAs will require on-going monitoring, and at times, engagement to enable full maturation of the SCFA.

The purpose of engagement may be to enhance due diligence, monitor ESG risks that may materially impact investment performance, and encourage companies to improve their ESG practices. This engagement may be conducted directly with companies, and/or with other key stakeholders that impact the potential of the opportunity thesis.

The Investment Manager's engagement is focused on encouraging the development of the identified SCFAs, mitigating and monitoring risks, and/or supporting improvements on ESG issues.

The following approaches are utilised:

- **ESG Due Diligence:** to conduct discussions with companies to inform its investment research and decision-making;
- **Impact:** to collaborate with companies and industry groups to advocate for improved ESG practices;
- **Advisory:** to advise companies on best practices such as developing robust ESG programs, and to advise key ESG-related stakeholders of a company (e.g., third party data providers, non-profit organizations, other investors) to bolster shared ESG knowledge related to engagement outcomes; and
- **Collaboration:** to partner with investor groups and non-governmental organisations (NGOs) to advance ESG-related issues and tools that can benefit the larger investment community.

### *Selling Portfolio Securities*

The Investment Manager will monitor 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 or reduce its position in a security if:

- the security subsequently fails to meet the Investment Manager's initial investment criteria, such as a violation of the free cash flow thesis or increased execution risk from capital allocation decisions;
- the investment no longer meets the Fund's ESG criteria;
- a superior business model or more attractive investment opportunity is found or if funds are needed for other purposes;
- the security becomes overvalued relative to the long-term expectation for the security price;
- a material risk arises that significantly jeopardises the investment thesis; and/or
- or if the opportunity is unable to develop sufficiently within the investment time-horizon.

The Investment Manager completes a comprehensive after-action review when a security is sold.

In order to respond to adverse market, economic, political, or other conditions, the Fund may assume a temporary defensive position that is inconsistent with its Investment Policies of the Fund and invest in cash and prime quality cash equivalents such as prime commercial paper and other Money Market Instruments, subject to the limits set out in the Prospectus. A defensive position, taken at the wrong time, may have an adverse impact on the Fund's performance. The Fund may be unable to achieve its Investment Objective during the employment of a temporary defensive measure.

## **ESG Promotion and Integration of Sustainability Risks**

### *An Overview of the Investment Manager's ESG Integration Approach*

The Investment Manager integrates ESG research as part of its investment process. The Investment Manager's funds that are categorised as Article 8 under SFDR, including the Fund, integrate ESG research in a manner it believes is appropriate to achieving each stated investment objective and to promoting the stated environmental or social characteristics of the Fund.

ESG research is provided through in-house ESG research. In-house ESG research is produced by ESG research analysts who work alongside fundamental analysts across asset classes and industry sectors. In-house ESG research takes third-party ESG research and ratings into account, but does not rely on such information alone to make investment decisions. The portfolio manager of the Fund oversees the bottom-up, fundamental research process that seeks to examine individual securities to drive performance, and includes an assessment of Sustainability Risks and opportunities.

An ESG research assessment is provided for every company in the Fund's portfolio. These assessments will be delivered in the form of an "**ESG Assessment**" created by the ESG research analysts and includes an assessment of ESG risks and sustainable opportunities. The ESG Assessment will analyse ESG information that may contribute or detract from the financial performance of the security. At the Investment Manager's discretion, the Fund is permitted to make an investment without a written ESG Assessment on file at the time of purchase, as long as the Investment Manager believes the relevant security meets the Fund's sustainability criteria as outlined in this Supplement.

The ESG risks that could be included as part of the ESG Assessment will include any one or a combination of, but are not limited to, the following:

- **Environmental Risks:** climate change vulnerability, emissions, energy, waste, water, and biodiversity;
- **Social Risks:** human capital management, human rights, diversity and inclusion, product quality and safety, and data privacy and security; and
- **Governance Risks:** board and committee composition, limits to shareholder rights, business ethics, and management incentives.

The ESG Assessment also takes into account the SRI Guidelines which seek to limit or exclude exposures to certain industries or sectors.

The assessment of sustainable opportunities aims to identify ESG factors with the potential to enhance long-term performance and generate positive environmental or social benefits. Examples may include products or services that solve for environmental and/or social challenges like climate change, human capital management processes that promote the retention of a strong workforce, or operational efficiencies that create more compelling margins while also enabling resource efficiency.

The Fund may identify companies where the SCFA thesis is still developing and where an engagement strategy can support that development. In these cases, the developing sustainable opportunity thesis must be reasonably expected to occur within the investment time-horizon.

Fundamental and ESG research are considered when making portfolio decisions for the Fund. Integrating ESG research into the investment due diligence process in a systematic manner is integral to the Investment Manager's philosophy for Article 8 financial products (pursuant to the SFDR), including the Fund.

#### *ESG Research Integration*

The Fund will promote ESG characteristics through its investment selection. Specifically, through the ESG research integration process, the Fund will identify companies that possess strong or evolving SCFAs. A company is considered to have SCFAs if it is focused on culture and capital discipline, operational excellence and superior customer outcomes that lead to both long-term financial performance and certain positive ESG outcomes. Analysis of the SCFAs of a company will form part of the analysis of sustainable opportunities in the ESG Assessment described above. SCFAs have one or more characteristics that, as stated below, seek to simultaneously strengthen both long-term financial performance and ESG outcomes. These characteristics are defined by the Investment Manager as the "3P Filter":

- People: For example:
  - Attraction, retention and internal promotion of employees drives cost savings while



also creating a cultural advantage

- Leadership on diversity, equity and inclusion has the potential to serve as both a mechanism for improved employee management and generation of revenue tied to innovation
- Process: For example:
  - Sound operations that promote a safe and healthy community can bolster franchise value, while also avoiding regulatory and reputational risk
  - Margin improvement through operations that save costs and resources, enabling meaningful reduction in carbon emissions and natural resource consumption
- Product: For example:
  - Products or services that provide superior customer outcomes resulting in recurring revenue while also providing environmental and/or social solutions

The Fund will limit exposure to companies that the Investment Manager deems to be laggards on certain environmental and social characteristics and do not have a positive ESG trajectory. For example, guided by thresholds set out in the SRI Guidelines, the Investment Manager will avoid investing in: (i) companies that derive significant direct revenue, in the judgment of the Investment Manager, from tobacco, adult entertainment, or civilian firearms; (ii) companies that produce certain controversial weapons; (iii) and those companies the Investment Manager is aware have been expelled by the United Nations from participation in the UN Global Compact framework. In determining whether or not to invest based upon these principles, the Investment Manager may use third-party ESG data to assess relevant exposures. For a complete list of exclusions, please see the SRI Guidelines.

The Fund will exclude holdings the Investment Manager deems inconsistent with applicable ESG characteristics described above. As a result, the universe of investments available to the Fund will be more limited than other funds that do not apply such characteristics. However, the Fund may, subject to compliance with the SRI Guidelines set out below, have exposures to certain companies which some investors consider contrary to ESG principles. The application of the ESG characteristics could result in performance that is better or worse than the performance of a similar fund, depending on the performance of the excluded investments and the investments included in place of such excluded investments. The Fund's ESG characteristics may effectively accommodate the requirements of certain Fund investors but not others, and may be more or less restrictive than a particular fund an investor might otherwise prefer.

In addition to the Fund's Investment Policies, the SRI Guidelines and Investment Restrictions, the Investment Manager may adopt certain additional internal investment criteria which may further restrict Fund investments, such as evolving internal Investment Manager policies limiting or prohibiting investments in businesses that engage in certain types of weapons manufacturing, natural resource activities or are identified as failing to meet certain criteria put forth by the United Nations or other global organisations (including "sanctions" lists, such as those maintained by the United States Office of Foreign Assets Control (OFAC) and the European Union (the foregoing, together with the SRI Guidelines, the "**ESG Investment Limitations**").

Further information in relation to the Investment Manager's sustainable investing philosophy is available at [www.browoadvisory.com/us/sustainable-investing](http://www.browoadvisory.com/us/sustainable-investing).

### *Integration of Sustainability Risks*

All investments are vetted for Sustainability Risk. Research seeks to identify material Sustainability Risks and the portfolio manager of the Fund takes these Sustainability Risks into consideration when making an investment decision.

Accordingly, consideration of Sustainability Risks is systematically integrated in the Investment Manager's investment process and investment decisions for all investments for the Fund.

The Investment Manager's ESG research approach seeks, first and foremost, to contribute positively to the performance of the Fund. The Investment Manager's ESG research efforts aim to uncover Sustainability Risks that may materially impact the return from an investment.

Accordingly, the results of ESG Assessment on investments and the implementation of ESG Investment Limitations as part of the Investment Manager's investment process for security due diligence and selection, together with the participation in ESG Engagement, are likely to diminish the impacts of Sustainability Risks on the returns, and improve the overall risk profile, of the Fund.

The Manager (in conjunction with the Investment Manager) conducts an assessment of the principal adverse impacts of its investment decisions on sustainability factors across all of the holdings in the Fund. Further information is available in the Statement on the Due Diligence Policies of the Manager on the Principal Adverse Impacts of Investment Decision, available at: <https://www.brownadvisory.com/intl/ucits-legal-document-library>. In addition, information on principal adverse impacts on sustainability factors will be available in the annual report and audited financial statements of the Manager.

### **Transparency of Environmentally Sustainable Investments**

#### *Environmentally Sustainable Economic Activities and Do No Significant Harm*

The Investment Manager has determined that the Fund is an Article 8 Fund pursuant to the SFDR as the Fund promotes environmental and social characteristics by integrating ESG research into the overall research process.

The "do no significant harm" principle applies to only those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Although the Fund promotes environmental characteristics and may from time to time hold investments in economic activities that qualify as environmentally sustainable activities under the Taxonomy Regulation ("**Taxonomy-Aligned Investments**"), the minimum level within the Fund will be 0%, as the Investment Manager wishes to maintain a flexible approach in selecting investments with environmental characteristics that are suitable for the Fund. However, at least 50% of the Fund's underlying investments that promote environmental and social characteristics will be in Sustainable Investments.

#### *Technical Screening Criteria*

The Manager (in conjunction with the Investment Manager) does not currently commit to investing in Taxonomy-Aligned Investments and, as such, does not monitor the Fund's portfolio against the Taxonomy Regulation Technical Screening Criteria. As such, and although the Fund may hold Taxonomy-Aligned Investments, the minimum level of Taxonomy-Aligned Investments within the Fund is 0%.

## SRI Guidelines

Socially responsible investment is broadly defined as an investment approach that aims to integrate social, environmental and ethical considerations into investment selection. Therefore, the equity securities in which the Fund invests are screened based on certain SRI criteria in accordance with various principles set out in declarations and conventions signed by the international community.

Accordingly, in addition to seeking to gain exposure to issuers that have a SCFA, the Fund will limit its exposure to particular companies and industries, as further described below. In addition to the Investment Manager's proprietary and qualitative ESG analysis described above, the Investment Manager relies on MSCI as a third-party provider to apply a rules-based screening process which will identify companies that may have controversial business involvement, as determined by the Investment Manager.

Specifically, the Fund will exclude knowingly owning equity securities of companies:

- a) that defy the ten United Nations Global Compact Principles (UNGC); and/or
- b) that directly manufacture of controversial weapons (including, though not limited to, cluster munitions, land mines, biological weapons, and/or chemical weapons); and/or
- c) that conduct animal testing for non-medical purposes and do not exhibit strong ethical policies and practices; and/or
- d) whose primary business activities are directly tied to conventional exploration, extraction, production, manufacturing or refining coal, oil, or gas; and/or
- e) whose primary business activities are directly tied to producing electricity derived from fossil fuels; and/or
- f) with significant assets directly invested in conventional fossil fuel reserves,

where, in the case of (d) to (f) above, such companies do not have evidence of a transition towards decarbonising their business.

The Fund will apply the following investment guidelines in respect of underlying issuers to ensure that a company will not be included if it knowingly has more than 5% of its revenue derived directly from:

- the manufacture of conventional weapons; and/or
- alcohol products; and/or
- tobacco products; and/or
- adult entertainment; and/or
- gambling.

Investors are informed that the Investment Manager continues to monitor and develop its "*socially responsible*" screens and that additional criteria to those disclosed above may be applied from time to time and the Supplement will be updated to reflect any such additional criteria.

(the above, collectively, the "**SRI Guidelines**").

### *SRI Research*

The Investment Manager will exclude companies based on information from credible and independent research on companies represented in the Fund (which, when utilised, will be considered SRI Guidelines). The Investment Manager will monitor the Fund's compliance with the SRI Guidelines. A number of sources are used in this research and may comprise information obtained from official sources, organisations or from the companies themselves.

### **Benchmark Index**

The Fund uses the Comparator Benchmark to compare performance. The Fund is actively managed and is not constrained by any benchmark.

In its construction and method of calculation, the Comparator Benchmark does not take into account the sustainability characteristics described under **ESG Promotion and Integration of Sustainability Risks** in a manner that is consistent with the Fund's approach towards the sustainability characteristics. Further information in respect of the methodology used for the calculation of the benchmark can be found at:

- <https://research.ftserussell.com/Analytics/FactSheets/Home/DownloadSingleIssue?issueName=US1002USD&isManual=True>

### **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 ("**FX**") contracts to hedge currency FX 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 CIS may not exceed, in aggregate, 10% of the Net Asset Value of the Fund. The CIS, in which the Fund invests, must be prohibited from investing more than 10% of their net assets, in aggregate, in CIS.

### **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 Asset Value on a temporary basis. It is not intended to borrow for leverage purposes.

The Manager operates a Risk Management Process on behalf of the Fund in relation to its use of FDIs, details of which are set out in the sub-section entitled Risk Management of the section entitled **Funds – Use of FDI** in the Prospectus.

### **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 and the further risk factors set out below. 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.

#### *Environmental, Social and Governance Policy Risk*

Because the Fund's ESG criteria exclude securities of certain issuers for non-financial reasons, the Fund may forgo some market opportunities available to funds that do not use these criteria. In addition, the Fund may otherwise reduce its exposure to certain securities when it might be advantageous to

maintain its position. The Fund's integration of ESG criteria, as well as any guideline restrictions referenced in this Supplement or the Prospectus may adversely impact the performance of the Fund.

In assessing ESG factors of a security or issuer, the Investment Manager may use information and data from third-party ESG research providers, which may be incomplete, inaccurate or unavailable. It may also seek to rely on its own proprietary models which may similarly rely on information which is incomplete, inaccurate or unavailable. As a result, there is a risk that the Investment Manager may incorrectly assess a security, issuer or index. There is also a risk that the Investment Manager, or third-party ESG research providers the Investment Manager may use, may not interpret or apply the relevant ESG factors correctly. Neither the Fund nor the Investment Manager or any of their affiliates make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any such ESG Assessment.

#### *ESG Risks*

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 under the **SHARE CLASS INFORMATION** section should contact the Investment Manager. Upon receipt of sufficient interest in any such 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 will begin at 9.00 a.m. (Irish time) on the Business Day following the date of this Supplement, 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 10 November 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

<b>Class</b>	<b>Subscription Open</b>	<b>Initial Offer Period Open</b>	<b>Initial Issue Price</b>
Dollar Class A Acc Shares	✓	✓	\$10.00
Dollar Class A Dis Shares	✓	✓	\$10.00
Sterling Class A Acc Shares	✓	✓	£10.00
Sterling Class A Acc H Shares	✓	✓	£10.00
Sterling Class A Dis Shares	✓	✓	£10.00
Sterling Class A Dis H Shares	✓	✓	£10.00
Euro Class A Acc Shares	✓	✓	€10.00
Euro Class A Acc H Shares	✓	✓	€10.00
Euro Class A Dis Shares	✓	✓	€10.00
Euro Class A Dis H Shares	✓	✓	€10.00
Swiss Franc Class A Acc Shares	✓	✓	CHF10.00
Swiss Franc Class A Acc H Shares	✓	✓	CHF10.00
Swiss Franc Class A Dis Shares	✓	✓	CHF10.00
Swiss Franc Class A Dis H Shares	✓	✓	CHF10.00

#### Class B Shares

<b>Class</b>	<b>Subscription Open</b>	<b>Initial Offer Period Open</b>	<b>Initial Issue Price</b>
Dollar Class B Acc Shares	✓	✓	\$10.00
Dollar Class B Dis Shares	✓	✓	\$10.00
Sterling Class B Acc Shares	✓	✓	£10.00
Sterling Class B Acc H Shares	✓	✓	£10.00
Sterling Class B Dis Shares	✓	✓	£10.00

<b>Class</b>	<b>Subscription Open</b>	<b>Initial Offer Period Open</b>	<b>Initial Issue Price</b>
Sterling Class B Dis H Shares	✓	✓	£10.00
Euro Class B Acc Shares	✓	✓	€10.00
Euro Class B Acc H Shares	✓	✓	€10.00
Euro Class B Dis Shares	✓	✓	€10.00
Euro Class B Dis H Shares	✓	✓	€10.00
Swiss Franc Class B Acc Shares	✓	✓	CHF10.00
Swiss Franc Class B Acc H Shares	✓	✓	CHF10.00
Swiss Franc Class B Dis Shares	✓	✓	CHF10.00
Swiss Franc Class B Dis H Shares	✓	✓	CHF10.00

#### Class C Shares

<b>Class</b>	<b>Subscription Open</b>	<b>Initial Offer Period Open</b>	<b>Initial Issue Price</b>
Dollar Class C Acc Shares	✓	✓	\$10.00
Dollar Class C Dis Shares	✓	✓	\$10.00
Sterling Class C Acc Shares	✓	✓	£10.00
Sterling Class C Acc H Shares	✓	✓	£10.00
Sterling Class C Dis Shares	✓	✓	£10.00
Sterling Class C Dis H Shares	✓	✓	£10.00
Euro Class C Acc Shares	✓	✓	€10.00
Euro Class C Acc H Shares	✓	✓	€10.00
Euro Class C Dis Shares	✓	✓	€10.00
Euro Class C Dis H Shares	✓	✓	€10.00

#### Class M Shares

<b>Class</b>	<b>Subscription Open</b>	<b>Initial Offer Period Open</b>	<b>Initial Issue Price</b>
Dollar Class M Acc Shares	✓	✓	\$10.00
Dollar Class M Dis Shares	✓	✓	\$10.00
Sterling Class M Acc Shares	✓	✓	£10.00
Sterling Class M Acc H Shares	✓	✓	£10.00
Sterling Class M Dis Shares	✓	✓	£10.00
Sterling Class M Dis H Shares	✓	✓	£10.00
Euro Class M Acc Shares	✓	✓	€10.00
Euro Class M Acc H Shares	✓	✓	€10.00
Euro Class M Dis Shares	✓	✓	€10.00
Euro Class M Dis H Shares	✓	✓	€10.00

#### Class SI Shares

<b>Class</b>	<b>Subscription Open</b>	<b>Initial Offer Period Open</b>	<b>Initial Issue Price</b>
Dollar Class SI Acc Shares	✓	✓	\$10.00

<b>Class</b>	<b>Subscription Open</b>	<b>Initial Offer Period Open</b>	<b>Initial Issue Price</b>
Dollar Class SI Dis Shares	✓	✓	\$10.00
Sterling Class SI Acc Shares	✓	✓	£10.00
Sterling Class SI Acc H Shares	✓	✓	£10.00
Sterling Class SI Dis Shares	✓	✓	£10.00
Sterling Class SI Dis H Shares	✓	✓	£10.00
Euro Class SI Acc Shares	✓	✓	€10.00
Euro Class SI Acc H Shares	✓	✓	€10.00
Euro Class SI Dis Shares	✓	✓	€10.00
Euro Class SI Dis 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*

If subscribing through a financial intermediary for Class A Shares, a Preliminary Charge of up to 3% of the Issue Price may be deducted from the amount payable in respect of the subscription.

The Preliminary Charge is payable to financial intermediaries appointed by the Manager or by a Distributor, in accordance with applicable laws and regulations. The Preliminary Charge may either be deducted from the net amount received by the Administrator for the subscription for Shares or from the amount received by a financial intermediary from investors.

**No Preliminary Charge is payable in respect of Class A Shares if subscribing directly into the Fund through the Administrator.**

There is no Preliminary Charge payable for other Share Classes.

#### *Repurchase Charge*

1%.

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.

#### *Anti-Dilution Charge*

Cost of dealing.

### **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 not exceeding the amounts as set out below (plus VAT, if any) per Share Class 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.

Class C Shares	Up to .40%
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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 investment 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 waive its investment management fee or reimburse the Fund's operating expenses, in order to keep the Fund's total operating expenses (excluding the fees of the Manager but including the fees and out of pocket expenses of the Administrator and the Depositary) from exceeding an annual rate of 0.25% of the daily Net Asset Value of the Fund. If annual operating costs are less than this amount, no reimbursement will be made by the Investment Manager, and the lower amount will be charged to 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 Asset Value 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 Asset Value 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) 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.

*Establishment Costs*

The costs of establishing the Fund did not exceed \$65,000 and are being borne by the Fund and amortised over the first five (5) years of the Fund (or such other period as may be determined by the Directors in their discretion).

\* \* \*

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Brown Advisory US Sustainable Value Fund (the “Fund”)

Legal entity identifier: 635400UMUKKW8KI6QR86

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **50%** of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Words and expressions defined in the Prospectus of the Fund shall, unless the context appears otherwise, have the same meaning when used in this Annex.**



### What environmental and/or social characteristics are promoted by this financial product?

The Investment Manager will uncover companies that possess strong or evolving Sustainable Cash Flow Advantages (“SCFAs”) through its ESG research expertise. A company is considered to have SCFA if it is focused on culture and capital discipline, operational excellence and superior customer outcomes that lead to both long-term financial performance and certain positive ESG outcomes.

The nature of the environmental or social outcomes associated with the identified SCFA will vary by company, however the Fund's environmental and social characteristics are to maintain a set of investments that collectively:

1. Have relatively low emissions footprints or have set targets to reduce their emissions footprint and are making reasonable progress toward such targets;
2. Have appropriate levels of diversity (gender and other minority groups) on the board and in senior management; and
3. Do not violate any of the principles of the UN Global Compact (UNGC).

In the case of 1 and 2 above, the investment manager will engage directly with companies that do not possess these characteristics or are laggards when compared to other companies in their industry.

In the case of 3 above, companies will be excluded if the Investment Manager deems the principles of the UNGC have been violated.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager will use the following indicators to assess the attainment of the environmental and social characteristics the Fund promotes:

1. Greenhouse Gas intensity of investee companies: The portfolio's weighted average of its holding issuers' GHG Intensity including scope 1 and scope 2 GHG emissions/USD million revenue
2. Emissions reduction target: Whether a company has adopted an emissions reduction goal and its progress toward achieving this goal
3. Diversity: The % of the board and senior management represented by females and other underrepresented minority groups
4. Violations of the UN Global Compact: Companies in the Fund that the Investment Manager may deem to violate the principles of the UNGC.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

While the Fund does not commit to making Taxonomy-Aligned Investments, the Fund will hold Sustainable Investments. The Sustainable Investments that the Fund makes are those that demonstrate at least one of the following:

1. a significant product/service or range of products/services that solve for environmental or social challenges, and/or
2. operations, capital discipline, policies or programs that drive improved efficiency and/or conserve resources resulting in positive environmental or social outcomes, and/or
3. a franchise and/or business model whose value is clearly enhanced by its positive environmental or social characteristics.

The companies the Investment Manager assesses to be sustainable investments will have a meaningful positive impact on at least one environmental or social characteristic. These may include, though are not limited to:

- sustainable technology solutions
- sustainable financing programs
- sustainable agriculture practices
- efficient production and conservation efforts
- the promotion of health and wellness
- the enablement of economic mobility and community development
- superior health and safety outcomes

In order to qualify as a “sustainable investment”, the Investment Manager will use an internal framework to determine if a company meets a necessary threshold to constitute a meaningful positive contribution toward the environmental or social characteristic. The exact indicators used to arrive at this conclusion will vary by sector.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Fund will avoid investments that severely negatively impact society or the environment, especially where there is no evidence of efforts to reduce the harm they contribute to. In assessing harm, the Investment Manager may consider available Principal Adverse Impacts (‘PAI’) (as defined in Annex 1 of SFDR (“Annex 1”)), controversial business exposures, ESG controversies, and ESG risk exposure and management practices.

As an additional means of avoiding certain harmful business activities, the Fund will also abide by certain exclusions.

Specifically, the Fund will exclude knowingly investing in equity securities of companies:

- a) that defy the ten United Nations Global Compact Principles (UNGC); and/or
- b) that directly manufacture controversial weapons (including, though not limited to, cluster munitions, land mines, biological weapons, and/or chemical weapons); and/or
- c) that conduct animal testing for non-medical purposes and do not exhibit strong ethical policies and practices; and/or
- d) whose primary business activities are directly tied to conventional exploration, extraction, production, manufacturing or refining coal, oil or gas; and/or
- e) whose primary business activities are directly tied to producing electricity derived from fossil fuels; and/or
- f) with significant assets directly invested in conventional fossil fuel reserves,

where, in the case of (d) to (f) above, such companies do not have evidence of a

transition towards decarbonising their business.

The Fund also applies the following investment guidelines in respect of underlying issuers to ensure that a company will not be included if it knowingly has more than 5% of its revenue derived directly from:

- the manufacture of conventional weapons; and/or
- alcohol products; and/or
- tobacco products; and/or
- adult entertainment; and/or
- gambling.

Where an investee company is deemed to be doing significant harm to the environment or society, and due diligence (including engagement) with the company indicates that the harm is systemic, detractive from our investment, and the harm is unlikely to be mitigated within the Investment Manager's investment horizon, the Investment Manager will exit the position.

— — — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Investment Manager will consider adverse impacts on sustainability factors as part of the ESG Assessment conducted for every company in this fund. The ESG Assessment combines quantitative and qualitative metrics to assess the impact that a company has on environmental and social factors. For example, the Investment Manager may consider the following:

- Environmental characteristics are measured, for example, by indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on nature.
- Social characteristics are measured, for example, by identifying investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities.

The above named indicators are not exhaustive and are analysed to the extent disclosure and data are available.

A company is assigned an overall "ESG Risk Management Rating" and companies performing poorly on this rating will not be considered to be Sustainable Investments.

The Investment Manager has engaged a third-party data provider to help collate adverse impact indicators at both the company and fund level.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

An assessment of a company's alignment with the OECD Guidelines and UN Guiding Principles on Business and Human rights is included in the Fund's ESG Assessment. The Fund considers a company to be aligned with these Guidelines and Principles when it has not been involved in significant human rights controversies that are systemic, detractive from the Fund's investment, and where the harm resulting from the controversy is unlikely to be mitigated within the Fund's investment horizon.



### Does this financial product consider principal adverse impacts on sustainability factors?

- Yes, a company's performance on the adverse impact indicators in Table 1 of the Annex I are reviewed to the extent data is determined to be available and reliable. Except for where these indicators align with the Fund's SRI Guidelines, no specific thresholds are set for how a company or the overall fund must perform on a specific indicator.
- No

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### What investment strategy does this financial product follow?

The Fund's investment strategy is to invest in the equities securities of undervalued high-quality large-sized companies listed on US markets and exchanges in a concentrated portfolio consisting of up to forty-five (45) companies. The Fund invests primarily in a concentrated low turnover portfolio of undervalued U.S.-based companies that the Investment Manager believes: (i) has durable free cash flow streams from a fundamental and sustainability perspective; (ii) exhibit capital discipline through both balance sheet management and capital expenditures; (iii) are run by management teams that have a proven and capable capital allocation track record; and (iv) are attractively valued and provide a favourable reward vs. risk outlook. The Fund will aim to maintain a concentrated portfolio, typically consisting of up to forty-five (45) companies. The Fund seeks to purchase the securities of undervalued companies which the Investment Manager believes has attractive fundamentals, appropriate ESG risk management systems in place, and strong or evolving sustainable opportunities, at what it considers attractive valuations in the context of the fundamental position of each underlying company.

The Investment Manager believes that investing in companies focused on culture and capital discipline, operational excellence, and superior customer outcomes will drive SCFAs over

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

time. While the vast majority of companies in the portfolio of the Fund will possess a clear SCFA, the Investment Manager will also invest in companies that are moving towards achieving a SCFA.

SCFAs have one or more characteristics that, as stated below, seek to simultaneously strengthen both long-term financial performance and ESG outcomes. These characteristics are defined by the Investment Manager as the “3P Filter”:

- People: For example:
  - Attraction, retention and internal promotion of employees drives cost savings while also creating a cultural advantage
  - Leadership on diversity, equity and inclusion has the potential to serve as both a mechanism for improved employee management and generation of revenue tied to innovation
- Process: For example:
  - Sound operations that promote a safe and healthy community can bolster franchise value, while also avoiding regulatory and reputational risk
  - Margin improvement through operations that save costs and resources, enabling meaningful reduction in carbon emissions and natural resource consumption
- Product: For example:
  - Products or services that provide superior customer outcomes resulting in recurring revenue while also providing environmental and/or social solutions

The Fund uses both qualitative and quantitative ESG information to assess each investment in the portfolio:

- Environmental characteristics are measured, for example, by indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on nature.
- Social characteristics are measured, for example, by identifying investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities.

The above-named indicators are not exhaustive and are analysed to the extent disclosure and data are available.

The Fund pursues strategic, active engagement across the portfolio. The investment strategy is implemented on a continuous basis throughout the lifecycle of an investment, from the ESG Assessment conducted as part of the Investment Manager’s investment due diligence through the ongoing monitoring, ESG research and engagement conducted on investments in the portfolio to ensure that the continue to meet the ESG standards set by the Investment Manager.



- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager will conduct ESG analysis for every company in the Fund, including an assessment of sustainable opportunities and ESG risks.

In addition, the Investment Manager will exclude knowingly investing in equity securities of companies:

- a) that defy the ten United Nations Global Compact Principles (UNGC); and/or
- b) that directly manufacture controversial weapons (including, though not limited to, cluster munitions, land mines, biological weapons, and/or chemical weapons); and/or
- c) that conduct animal testing for non-medical purposes and do not exhibit strong ethical policies and practices; and/or
- d) whose primary business activities are directly tied to conventional exploration, extraction, production, manufacturing or refining coal, oil or gas; and/or
- e) whose primary business activities are directly tied to producing electricity derived from fossil fuels; and/or
- f) with significant assets directly invested in conventional fossil fuel reserves,

where, in the case of (d) to (f) above, such companies do not have evidence of a transition towards decarbonising their business.

The Fund also applies the following investment guidelines in respect of underlying issuers to ensure that a company will not be included if it knowingly has more than 5% of its revenue derived directly from:

- the manufacture of conventional weapons; and/or
- alcohol products; and/or
- tobacco products; and/or
- adult entertainment; and/or
- gambling.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

No process is undertaken to reduce the size of the investable universe.

- ***What is the policy to assess good governance practices of the investee companies?***

All companies added to the portfolio are analyzed according to a variety of applicable governance factors. This analysis forms part of the Fund's general ESG analysis. Applicable governance factors may include, though are not necessarily limited to:

- Ownership and Control
- Board and management composition and structure
- Employee relations
- Tax Transparency
- Remuneration practices

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

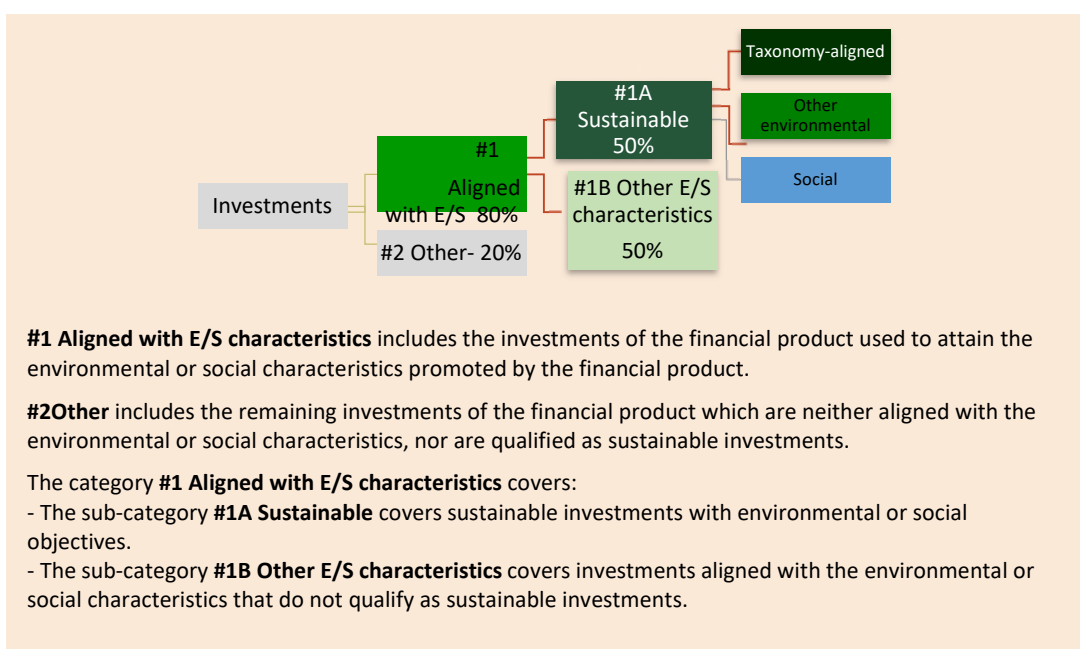
- Shareholder Rights
- Accounting Practices
- Transparency and Disclosure
- Business Ethics



**Asset allocation** describes the share of investments in specific assets.

### What is the asset allocation planned for this financial product?

80% of investments of the Fund, excluding cash, are assessed and determined to promote environmental and social characteristics. A minimum of 50% of the Fund’s investments that promote environmental and social characteristics will be in companies that have been determined to be sustainable investments. The remaining 50% may also include sustainable investments, but is also permitted to include other investments that promote environmental or social characteristics. All non-cash investments will be assessed to abide by the good governance principles and not cause significant harm to environmental or social outcomes.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Manager (in conjunction with the Investment Manager) does not currently commit to investing in EU Taxonomy aligned investments and, as such, does not monitor the Fund’s portfolio against the Taxonomy Regulation Technical Screening Criteria. Therefore, although the Fund may from time to time hold such investments, the minimum level within the Fund is 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**



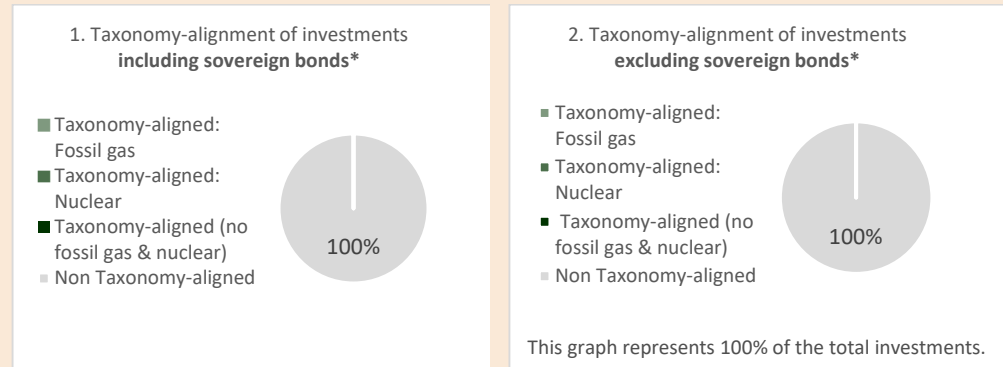
are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

Yes:

In fossil gas  In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

**What is the minimum share of investments in transitional and enabling activities?**

0%. The Fund does not commit to investing in EU Taxonomy aligned investments.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

0%. The sustainable investments in the Fund may have an environmental, social or both an environmental and social objective. The Fund does not set threshold requirements for these.



**What is the minimum share of socially sustainable investments?**

0%. The sustainable investments in the Fund may have an environmental, social or both an environmental and social objective. The Fund does not set threshold requirements for these.



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Investments under "#2 Other" may include other investments that have not been determined to be aligned with the environmental and/or social characteristics of the Fund. For such investments, the Investment Manager will still apply the exclusions set out in the Supplement and the binding elements described above.

Cash that has not yet been allocated to an investment or that is used for liquidity or hedging purposes will also be included under '#2 Other'.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No, the Fund does not use a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://www.brownadvisory.com/intl/ucits-legal-document-library>