

# SMALL-CAP GROWTH REVIEW AND OUTLOOK

## Second Quarter 2024

The Brown Advisory Small-Cap Growth strategy remains focused on the power of compounding. We leverage a consistent philosophy and process that is anchored to a few enviable business qualities – durable Growth, sound Governance, and scalable Go-to-market strategies (our “3G” approach). Coupling franchise quality with diversification and an attention to valuation, the portfolio has generated solid risk-adjusted returns with the simple aim of building an “all weather” strategy that outperforms over a full market cycle.

For the second quarter of 2024, the portfolio trailed the results of our primary benchmark, the Russell 2000® Growth Index (“the Index”). The less than favorable comparison was produced by a handful of stocks categorized in the Health Care sector performing poorly. However, some of the moves feel exaggerated relative to the fundamental results.

The market cycle that we currently inhabit is certainly interesting, if not unique. Stimulus checks and interest rates at the zero-bound catalyzed by the COVID-19 pandemic sent markets soaring and retail investor activity to become unhinged. Then, under the crushing weight of sky-high valuations fueled by speculation, growth stocks came hurling back to earth as rampant inflation forced the Federal Reserve’s policy priorities to take a hawkish turn. For a moment, traditional growth areas such as Technology and Health Care flatlined. While the latter remains near death, the former sprung back to life as Generative Artificial Intelligence rebooted the Information Technology sector, spurring a historic period of market concentration. In the large-cap space, nation-state sized tech companies vacuumed in nearly every incremental dollar of invested capital. And in the small-cap arena, Super Micro Computer, Inc. (SMCI) became the first company to ever be housed in the Russell 2000® Index and the S&P 500® Index at the same time. Its running mate, MicroStrategy Inc. (MSTR), a levered play on bitcoin, also produced staggering gains over a brief period (see our 1Q24 commentary). In fact, the largest 15 names in the Russell 2000® Growth Index, the strategy’s benchmark, produced a weighted average gain of 77.5% in the first half of 2024. Stunning.

For the strategy, we have endured a period of relative highs and lows over the last few years. We managed to do an admirable job keeping up in 2020 given our manner of investing. We rode stock selection to high single digit gains in 2021, besting the benchmark nicely. Our downside protection enabled us to endure 2022, positing a <20% gross decline against a benchmark that fell over 26%. However, while the portfolio generally treaded water with the Index in 2023, a

higher-level depiction would be a strategy that found it increasingly more difficult to keep up as market concentration accelerated and retail participation once again swelled. With the recent Russell reconstitution, we may have very well hit the zenith of peculiarities in small-cap land. Let’s examine the “recon” in more depth.

The most important element is that the primary outliers in the Russell 2000® and Russell 2000® Growth Indices have departed. With SMCI leaving, the maximum market capitalization drops from nearly \$48 billion to just under \$11 billion. In addition, the concentration in the Russell 2000 Growth Index comes down meaningfully. The table on page 2 highlights the changes in sector weights.

The resultant index produces one slightly more aligned with our present portfolio weights. Due to meaningfully less exposure to Biotechnology, we are modestly underweight Health Care. Our Information Technology allocation is very close to the benchmark at approximately 20%. And although we are over 4% the Index allocation to Industrials, this includes a 5%+ position in Waste Management companies, which likely are better mapped as Utilities or Consumer Staples. Other exposures of note would include underweights to money losing entities and financial leverage.

We are reminded that as the world has evolved our monthly tracking error has risen from around 1.5% pre-COVID to nearly 2.4% post-COVID. Given that many of our underlying characteristics remain somewhat stable, it leads to the conclusion that marked changes in benchmark architecture and market structure have likely caused our higher variance. Despite this fact, we remain committed to executing against our philosophy and process. Our experience is that while our relative swings can be meaningfully positive or negative over short periods due to various exposures and stock price swings, over the long run, our fortunes will be governed by the fundamental progress of our businesses. We continue to remain active, feeding our winners, cutting or selling our poorer performers, and adding new positions in favorably skewed risk/reward ideas.

*(Continue on the following page)*

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Second Quarter 2024

## New top-end of the R2 & R2G is over \$10B; New R2V adds Bond Proxy exposure:

Table 3 - Given a few big Tech names move up to R1, sector really trims down in R2 and R2G

Russell 2000				Russell 2000 Growth				Russell 2000 Value			
GICS Sector	New	Current	Diff	GICS Sector	New	Current	Diff	GICS Sector	New	Current	Diff
Comm Services	2.5	2.2	0.3	Comm Services	2.1	2.0	0.1	Comm Services	2.9	2.4	0.5
Discretionary	10.0	10.4	-0.4	Discretionary	10.0	10.4	-0.4	Discretionary	10.0	10.5	-0.5
Staples	2.8	3.5	-0.8	Staples	3.3	4.8	-1.5	Staples	2.3	2.2	0.0
Energy	6.6	7.5	-0.9	Energy	4.2	4.6	-0.5	Energy	9.2	10.4	-1.2
Financials	17.2	16.0	1.2	Financials	7.8	5.9	1.9	Financials	26.8	26.2	0.6
Health Care	17.3	15.2	2.1	Health Care	25.1	21.6	3.5	Health Care	9.2	8.7	0.6
Industrials	17.1	17.2	-0.1	Industrials	21.6	19.9	1.7	Industrials	12.5	14.4	-1.9
Info Tech	13.3	15.3	-2.0	Info Tech	20.3	24.0	-3.8	Info Tech	6.1	6.4	-0.3
Materials	4.6	4.5	0.0	Materials	3.9	4.0	-0.2	Materials	5.3	5.0	0.3
Real Estate	6.0	5.6	0.4	Real Estate	1.4	1.4	-0.0	Real Estate	10.7	9.9	0.9
Utilities	2.7	2.6	0.2	Utilities	0.5	1.3	-0.8	Utilities	5.0	3.9	1.2
Mkt Cap (\$Mil)				Mkt Cap (\$Mil)				Mkt Cap (\$Mil)			
	New	Current	Diff		New	Current	Diff		New	Current	Diff
Maximum	10,802.1	47,978.3	-37,176.2	Maximum	10,802.1	47,978.3	-37,176.2	Maximum	7,455.3	15,053.5	-7,598.1
Wtd. Average	3,054.7	4,427.4	-1,372.8	Wtd. Average	3,603.6	5,867.3	-2,263.8	Wtd. Average	2,492.5	2,960.3	-467.8
Average	1,439.2	1,570.2	-131.0	Average	1,652.7	1,891.4	-238.8	Average	1,225.0	1,342.8	-117.8
Median	861.8	873.4	-11.6	Median	1,069.4	1,162.6	-93.3	Median	693.2	751.4	-58.2
Minimum	16.9	8.0	8.9	Minimum	16.9	8.0	8.9	Minimum	16.9	10.6	6.3

Source: FactSet®, FTSE Russell, Jefferies as of June 30, 2024

# SECTOR DIVERSIFICATION

Second Quarter 2024

- Information technology remains an underweight due primarily to our lack of ownership of SCMI and MSTR. Upon the quarter end reconstitution, these stocks will exit the benchmark.
- Industrials is optically a large overweight driven by a couple of recent additions and a meaningful position in waste management businesses that likely should be included in “utilities” or “consumer staples”. As mentioned in prior commentaries, we are decidedly less cyclical than the typical small-cap industrial.
- Health care is a modest overweight with a meaningful sub-sector underweight to biotechnology, which is in-line with the strategy’s long-term history.
- Communication services and real estate are minor over weights coupled with the category of “Unassigned”.
- Consumer discretionary and consumer staples are the largest combined underweight in the portfolio due to our view that pent up savings from COVID-19 lockdowns and stimulus has largely been bled down while high inflation and interest rates are putting pressure on non-discretionary expenditures.
- Materials, energy and financials are minor underweights.

GICS SECTORS	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT (%)	RUSSELL 2000® GROWTH INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT (%)	
	Q2'24	Q2'24	Q2'24	Q1'24	Q2'23
Communication Services	3.22	2.02	1.20	4.06	4.55
Consumer Discretionary	7.36	10.37	-3.00	9.10	11.70
Consumer Staples	3.10	4.79	-1.69	3.09	3.66
Energy	3.98	4.63	-0.65	3.33	5.03
Financials	4.71	5.92	-1.21	5.10	4.41
Health Care	22.88	21.58	1.29	23.07	23.75
Industrials	27.24	19.88	7.36	23.95	21.62
Information Technology	19.92	24.02	-4.10	20.44	16.92
Materials	3.36	4.02	-0.66	3.56	3.64
Real Estate	1.94	1.44	0.50	2.08	2.16
Utilities	--	1.33	-1.33	--	--
Unassigned*	2.28	--	2.28	2.22	2.55

Source: FactSet®. \*Unassigned represents the SPDR S&P BIOTECH ETF and Denbury Inc. holdings in the Small-Cap Growth strategy; Denbury Inc. was eliminated from the strategy in Q4 2023. 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 Small-Cap Growth 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.

# QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

Second Quarter 2024

GICS SECTOR	REPRESENTATIVE SMALL-CAP GROWTH ACCOUNT		RUSSELL 2000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	3.67	7.64	1.95	2.25	0.07	0.25	0.32
Consumer Discretionary	8.51	-5.80	10.46	-5.68	0.05	-0.02	0.03
Consumer Staples	3.16	17.45	4.52	5.75	-0.11	0.28	0.17
Energy	3.69	-3.46	4.71	-1.98	-0.01	-0.05	-0.06
Financials	4.94	-11.54	6.02	-5.45	0.03	-0.32	-0.29
Health Care	22.78	-11.26	21.25	-1.82	0.02	-2.18	-2.16
Industrials	25.44	-0.30	20.20	-3.59	-0.04	0.80	0.76
Information Technology	20.15	-5.37	23.81	-3.30	0.02	-0.44	-0.42
Materials	3.52	-9.84	4.25	-4.58	0.02	-0.20	-0.18
Real Estate	1.94	-10.53	1.49	-7.51	-0.01	-0.07	-0.09
Utilities	--	--	1.33	1.63	-0.06	--	-0.06
Unassigned*	2.20	-2.18	--	--	0.02	--	0.02
<b>Total</b>	<b>100.00</b>	<b>-4.88</b>	<b>100.00</b>	<b>-2.92</b>	<b>-0.01</b>	<b>-1.96</b>	<b>-1.96</b>

- A handful of individual stocks categorized in the Health Care sector performed poorly, although some of the moves feel quite exaggerated relative to fundamental results.

Source: FactSet®. \*Unassigned represents the SPDR S&P BIOTECH ETF holding in the Small-Cap Growth strategy. 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 Small-Cap Growth account and is provided as Supplemental Information. Sectors are based on the GICS classification system. Sector attribution excludes cash and cash equivalents. Past Performance is not indicative of future results. 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



## Second Quarter 2024 Representative Small-Cap Growth Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
CASY	Casey's General Stores, Inc.	Operates convenience stores and gasoline stations	2.71	19.92	0.47
PINS	Pinterest, Inc. Class A	Operates a pinboard-style photo-sharing website	1.61	26.18	0.44
VMI	Valmont Industries, Inc.	Manufactures and produces fabricated metal products, steel and aluminum pole, tower and other structures	1.96	20.50	0.37
SITM	SiTime Corporation	Develops and manufactures analog semiconductors	0.97	33.14	0.29
GWRE	Guidewire Software, Inc.	Develops software platform for property and casualty insurers	1.05	18.15	0.19

- Casey's General Stores (CASY) reported a strong fiscal 4Q by maintaining strong fuel margins and reporting solid same-store-sales in prepared food and beverages. CASY performed better than peers and consensus expectations through strong execution.
- Pinterest (PINS) reported a solid quarter and appears to be making progress around monetization on the site as they better engage advertisers.
- Valmont (VMI) delivered strong first quarter results showing margin progression and better than expected results in North American irrigation. The company also upwardly revised 2024 earnings guidance driven by optimism around their infrastructure segment.
- SiTime Corporation (SITM) bounced on positive first quarter earnings. In addition, guidance for the second quarter implied year over year growth for the first time in 6 quarters. Management was finally able to discuss the likelihood for sequential improvements through 2024 as channel inventory has mostly been cleared.
- Guidewire (GWRE) reported solid fiscal third quarter results with all revenue segments outperforming management's expectations with annual recurring revenue +15%, which bested consensus expectations. The demand environment remains strong for GWRE both for new logos and Cloud migrations. Gross margin also outperformed expectations, despite the accelerated shift to Cloud, which provides incremental confidence that the business will scale successfully over time.

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 Small-Cap Growth account and is provided as Supplemental Information. Top five and bottom five contributors exclude cash and cash equivalents. Past Performance is not indicative of future results. 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 disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

# QUARTER-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

## Second Quarter 2024 Representative Small-Cap Growth Account Bottom Five Contributors

NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
BRKR	Bruker Corporation	1.90	-32.83	-0.74
ACCD	Accolade, Inc.	0.66	-65.84	-0.59
WEX	WEX Inc.	1.71	-25.42	-0.50
SPT	Sprout Social, Inc. Class A	0.30	-47.82	-0.41
BL	BlackLine, Inc.	1.23	-24.64	-0.37

- Bruker Corporation (BRKR) shares collapsed after the company announced the opportunistic acquisition of Nanostring. While the price paid looks attractive relative to the assets acquired, many life sciences companies have struggled far worse than Bruker of late, leaving the marginal investor concerned that perhaps the deal was being done to mask potentially slowing growth in the future. During our ownership of the business, we have found management to be prudent and good stewards of capital, which may be due to the CEO's large ownership position in the company.
- Accolade, Inc. (ACCD) continued to emphasize profitability instead of short-term revenue growth, which left investors struggling to understand how these two factors will balance out over the long-term.
- WEX Inc. (WEX) lagged during the quarter following a renewal of their contract with Booking, a large client in their online travel agency virtual card business. We believe the ultimate impact is small compared to the draw down in the stock.
- Sprout Social (SPT) reported earnings, announcing disappointing guidance for 2Q24. Furthermore, management halted the disclosure of certain metrics that we relied on to forecast the business, thus the stock was eliminated after our recent purchase.
- Blackline (BL) reported weak Q1 results with forward looking metrics such as Calculated Billings and Net Revenue Retention both decelerating year over year and quarter over quarter. Management also refinanced their Convertible Note, despite messaging to investors that they would consider using cash to settle the debt. Profitability came in better than consensus expectations, while management navigates the weak demand environment.

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# QUARTER-TO-DATE ADDITIONS/DELETIONS

## Second Quarter 2024 Representative Small-Cap Growth Account Portfolio Activity

- Applied Industrial Technologies (AIT) is a leading high-touch, value-added industrial distributor specializing on machinery and related parts. The best analogy for AIT is that it is a leading 'arms dealer' to North American manufacturers for products that are production or movement related, including components related to power transmission, fluid power, and flow control, as well as bearings and general maintenance items. We believe AIT is well run by a veteran management team that has done a spectacular job of taking share organically and adding capabilities and geographies inorganically. AIT is not well-followed nor well-known despite its enviable business position, which allowed us to purchase shares at an attractive price.
- Haemonetics (HAE) sports an upgraded management team that is using the free cash flow from its dominant plasma collection business to acquire faster growing companies that sell into interventional cardiology and electrophysiology labs. These products now represent ~20% of sales and should dramatically improve corporate level profitability over the next few years, driving what we believe could be ~25% EPS growth.
- Kadant (KAI) is a high quality small-cap industrial company based on durability, cyclical and long-term growth prospects. KAI is a high-mix, low-volume manufacturer of various types of equipment for process industries, with many very attractive attributes including low capital intensity, very high aftermarket mix (65% of revenue), and goods that are a small percentage of the cost of customers' large and expensive operations. The company's veteran management team has a proven track record of first-rate capital allocation including the recent acquisitions of Key Knife, KWS, and Dynamic Sealing Technologies. Our view is that we were able to enter the stock at an attractive price considering its history and prospects for future growth at reasonable returns.

SYMBOL	ADDITIONS	GICS SECTOR
AIT	Applied Industrial Technologies, Inc.	Industrials
HAE	Haemonetics Corporation	Health Care
KAI	Kadant Inc.	Industrials
OII	Oceaneering International, Inc.	Energy
PCVX	Vaxcyte, Inc.	Health Care

- Oceaneering International (OII) is a leading provider of robotics technology that is levered to the offshore energy and defense sectors. The company has an opportunity to build on its history of driving solid free cash flow generation as offshore energy activity picks up and OII benefits from increased defense spending geared toward protecting surface and sea floor assets.
- Vaxcyte (PCVX) is a later stage biotechnology company with a potential best in class pneumococcal vaccine. Its unique approach enables broader coverage of pneumococcal types with similar safety and efficacy to historical standards of care.

# QUARTER-TO-DATE DELETIONS

## Second Quarter 2024 Representative Small-Cap Growth Account Portfolio Activity

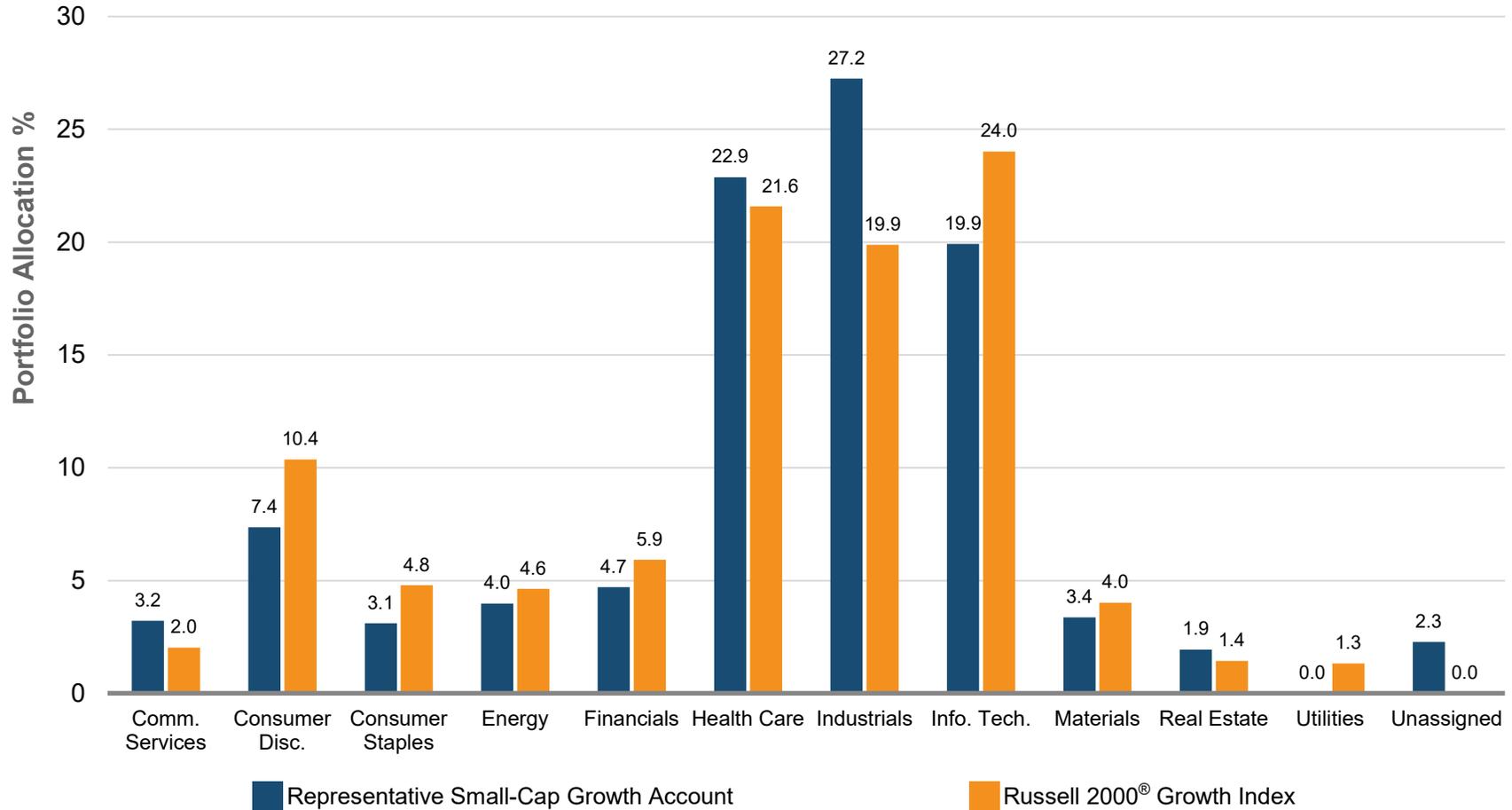
- The agilon health (AGL) sale was completed during the period.
- The Bentley Systems (BSY) sale was completed during the period on rumor of a potential acquisition. We believe this is a high-quality franchise that may be worth revisiting in the future.
- Definitive Healthcare (DH) posted disappointing results, fueling worries that the recent degradation in revenue growth may be more than industry weakness.
- The Knight-Swift Transportation (KNX) sale was completed during the period.
- Sprout Social (SPT) reported a perplexing 1Q24 where forward guidance was reduced and certain key metric disclosures, which we used for modeling purposes, were discontinued. We eliminated our starter position immediately.
- The XPEL, Inc. (XPEL) sale was completed during period.
- Loar Holdings Inc. (LOAR) was an aerospace and defense initial public offering that the strategy participated in after several due diligence discussions and meetings. Loar soared through our upside price targets, forcing us to eliminate our small allocation on the deal. We believe this is a high-quality business that may be worth revisiting in the future.

SYMBOL	DELETIONS	GICS SECTOR
AGL	agilon health inc	Health Care
BSY	Bentley Systems, Incorporated Class B	Information Technology
DH	Definitive Healthcare Corp. Class A	Health Care
KNX	Knight-Swift Transportation Holdings Inc. Class A	Industrials
SPT	Sprout Social, Inc. Class A	Information Technology
XPEL	XPEL, Inc.	Consumer Discretionary

SYMBOL	ADDS AND DELETES	GICS SECTOR
LOAR	Loar Holdings Inc.	Industrials

# SECTOR DIVERSIFICATION

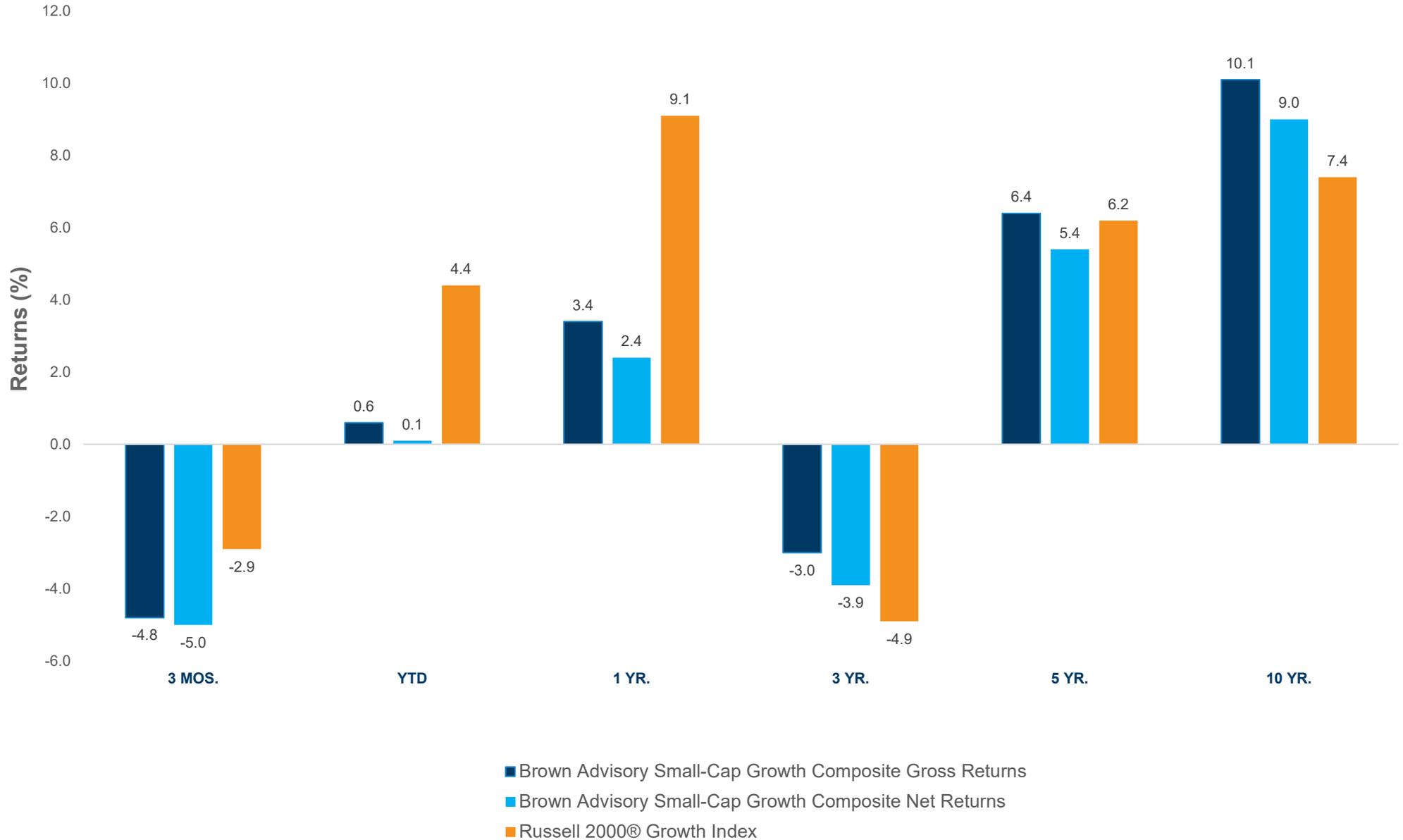
Second Quarter 2024 Global Industry Classification Standard (GICS) as of 06/30/2024



Source: FactSet®. The portfolio information provided is based on a representative Small-Cap Growth account and is provided as Supplemental Information. 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. Sector diversification excludes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

# COMPOSITE PERFORMANCE

Second Quarter 2024 as of 06/30/2024



Source FactSet®. All returns greater than one year are annualized. Past performance is not indicative of future results. The composite performance shown above reflects the Small-Cap Growth 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 Small-Cap Growth disclosure statement at the end of this presentation for a GIPS compliant presentation.

# TOP 10 EQUITY HOLDINGS

Representative Small-Cap Growth Account as of 06/30/2024

## Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Waste Connections Inc	4.2
Bright Horizons Family Solution, Inc.	3.5
ChampionX Corp.	2.5
Casey's General Stores, Inc.	2.5
Valmont Industries, Inc.	2.4
Prosperity Bancshares, Inc.	2.2
Neurocrine Biosciences, Inc.	2.2
Dynatrace Holdings LLC	2.2
SPDR S&P Biotech ETF	2.1
Encompass Health Corp.	2.1
<b>Total</b>	<b>25.9%</b>

Source: FactSet®. The top 10 Holdings include Cash & Equivalents which was 5.7% as of 06/30/2024 and is provided as Supplemental Information. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Portfolio information is based on a representative Small-Cap Growth account, includes cash and is provided as Supplemental Information. Please see disclosure statement at the end of this presentation for additional information. Figures in table may not total due to rounding.

# DISCLOSURES

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The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

The Russell 2000® Index consists of the smallest 2,000 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization.

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

**The S&P 500 Index**, an unmanaged index, consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index (stock price times number of shares outstanding), with each stock’s weight in the Index proportionate to its market value.

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# TERMS AND DEFINITIONS

## Terms and Definitions

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

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

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

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

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

**EBITDA**, or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income.

**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.

**SMALL-CAP GROWTH EQUITY COMPOSITE**

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)*	GIPS Firm Assets (\$USD Millions)*
2023	13.7	12.5	18.7	17.4	21.8	59	0.2	4,468	81,325
2022	-19.6	-20.4	-26.4	23.7	26.2	44	0.3	4,004	58,575
2021	8.8	7.7	2.8	22.5	23.1	57	0.3	5,120	79,715
2020	33.5	32.2	34.6	23.7	25.1	54	0.5	4,905	59,683
2019	35.6	34.3	28.5	14.7	16.4	34	0.3	3,456	42,426
2018	-3.3	-4.3	-9.3	13.5	16.5	29	0.3	2,204	30,529
2017	18.8	17.7	22.2	12.2	14.6	33	0.2	2,301	33,155
2016	11.4	10.3	11.3	14.0	16.7	30	0.3	1,797	30,417
2015	8.9	7.8	-1.4	13.1	15.0	32	0.4	1,311	43,746
2014	1.4	0.4	5.6	11.8	13.8	32	0.3	1,597	44,772

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 Small-Cap Growth Equity Composite (the Composite) includes all discretionary portfolios invested in U.S. equities with strong earnings growth characteristics and small market capitalizations. The minimum account market value required for Composite inclusion is \$1.5 million.
- The Composite was created in 1997. The Composite inception date is March 1, 1993.
- The benchmark is the Russell 2000® Growth Index. The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 2000® Growth Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- The composite dispersion presented is an equal-weighted standard deviation of portfolio gross returns calculated for the accounts in the Composite for the entire calendar year period.
- 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: 1.00% on the first \$25 million; 0.90% on the next \$25 million; 0.80% on the next \$50 million; and 0.70% on the balance over \$100 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 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.
- 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/subsription documents.
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