American Fund

QUARTERLY UPDATE

Second Quarter 2017

PERFORMANCE (%)

	RETURNS NET OF FEES*	RUSSELL 3000® INDEX
3 Mos.	3.6	3.0
1 YR	20.0	18.5
3 YR	5.4	9.1
5 YR	11.5	14.6
ITD (9 May 2008)	7.4	8.7

*American Fund B USD share class net of fees.

CHARACTERISTICS

	AMERICAN FUND	RUSSELL 3000® INDEX
Weighted Avg. Market Cap.	$140.7 B	$140.2 B
Weighted Median Market Cap.	$52.2 B	$59.8 B
Earnings Growth 3-5 Year Est.	13.8%	12.2%
P/E Ratio (FY2 Est.)	17.8x	16.9x
PEG Ratio	1.3x	1.4x

TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Visa Inc. Class A	3.9
Berkshire Hathaway Inc. Class B	3.7
Alphabet Inc. *	3.6
Wells Fargo & Company	3.1
Mastercard Incorporated Class A	2.9
Priceline Group Inc.	2.6
Charles Schwab Corporation	2.6
CarMax, Inc.	2.5
Apple Inc.	2.4
JPMorgan Chase & Co.	2.4
TOTAL	**29.7**

*Alphabet Inc. represents a 2.0 holding in Class C shares, and a 1.6% holding in Class A shares.

Review & Outlook

The American Fund aims to achieve capital appreciation through a combination of Brown Advisory in-house U.S. equity strategies. For the quarter the Fund returned 3.61% vs. 3.02% for the Russell 3000 benchmark. The strategy allocation for the Fund is a fixed apportionment of 75% to Flexible Equity and 25% to Small-Cap Blend.

U.S. FLEXIBLE EQUITY STRATEGY

In the second quarter, the Flexible Equity Strategy exceeded the results of its benchmark, the S&P 500® Index.

Recent results reflect a favorable environment for equities – low interest rates, general economic expansion and business, investor and consumer confidence that is rising or already high. We see no immediate reason for this to change, but history shows that it does. Owning stocks of quality companies at sensible prices is a wise investment over time. However, owning them without the disposition and financial capacity to keep or add to them in less favorable environments can present problems if you are not prepared for market shifts when they occur.

Flexible Equity results in the last year benefited from rising interest rates and a shift in investor preferences from income-oriented investments (like those found in the utilities and consumer staples sectors of the economy) toward more growth sensitive sectors (like financials, information technology and industrials). We had relatively more of the latter and less of the former as we believed interest rates would eventually rise from historic lows and valuations were stretched in the income-driven sectors relative to the others. The graphic on the following page shows how dramatic the shift has been in performance over the past two years with what we now know as the turning point coming roughly in June a year ago. We think this shift can continue so we have not materially altered our exposures.

One of our basic beliefs as investors is that opportunities are spread unevenly across the market and time. Seeking the clusters of opportunity as they occur gives us the opportunity to outperform when we are right in our judgment or underperform when we are wrong in our judgment or wrong in our timing. As investors with a value philosophy—that is, seeking a lot for our money—an "opportunity" for us is more often an investment whose price we believe will appreciate in the future to reflect its value than one that is moving up quickly already. Different investors will define opportunity differently – there is a buyer for every seller and that is what makes markets. A key aspect of successful portfolio management is keeping the right balance between allocating capital into new opportunities with the potential to increase in price from past opportunities that have already delivered their investment potential.

It would take Superman (or Superwoman) to keep this in perfect balance and outperform the indices all the time. Clearly Super Beings don't exist in the investment world but the belief in them is strong. The illusion of their existence is created because most investment managers do look "Super" at times across their careers. Investors looking for investment managers often hire the managers whose recent results look most like Superman's and often move on to a new Super Being when the prior one falters for a bit.

In recent years investors, with a growing number of dollars, have taken up index funds that match the market all the time based on the evidence that the average manager underperforms the market overtime. This evidence is indisputable–the average of all managers who collectively own all the stocks is, after fees, going to underperform the index average of all stocks with no fees assessed, or in the case of an index fund, a much lower fee.

Have investors buying index funds given up their belief in Super Beings? While possible, we think the surge in index funds versus active managers reflects active managers having performed particularly poorly in recent years. Said differently, index funds have performed particularly well in recent years versus active managers. This has happened before and reflects an ebb and flow in the markets. With this strong performance relative to the active manager universe, indexes appear to be the new Super Beings that some investors are seeking for the moment.

CONTINUED

Do index funds beat all managers? No, and the good news for managers who have added value over time is we don't have to be Super Beings to do so. Normal beings organized for the investment game and sticking to their knitting with knowledge of the past and respect for the future still do fine over time versus an index. We do need to do a better job of educating our investors that we don't and can't outperform all the time even as we can outperform over time.

We search for investment bargains, particularly among long-term attractive businesses with shareholder-oriented management. These businesses typically have competitive advantages that produce good economic results, managers who allocate capital well, capacity to adjust to changes in the world, and the ability to grow in value over time. Bargains in these types of stocks arise for many reasons, but are often due to short-term investor perceptions, temporary business challenges that will improve, as-yet-undiscovered or unrecognized opportunities, and company or industry changes for the better. Despite the occasional investment that will go awry, we are optimistic about the long-term outlook for equities of good companies purchased at reasonable prices and our ability to find them.

U.S. SMALL-CAP GROWTH STRATEGY

The U.S. equity market is being driven by a number of forces and factors which propelled stocks higher once again. During the second quarter of 2017 our strategy kept pace with its primary benchmark, the Russell 2000® Growth Index, for the period, and it appears our risk-adjusted return so far in 2017 is reasonably solid as we keep one eye on absolute; and one eye on relative returns.

So, what are the factors moving the market? Clearly, the economy is performing well and earnings are chugging along just fine. But, while this is the headline, below the fold is a more interesting story. In a quasi self-reinforcing manner, extraordinarily easy monetary policy, the ascendency of index and exchange traded funds, the collapse in publicly listed companies, and the existential risk faced by active managers have moved equity valuations to ever increasing levels.

For almost a decade, The Federal Reserve and other global central banks have dramatically increased the supply of money – liquidity – in order to save and then support the global economy. An intended byproduct of such policies is the hoped for creation of a wealth effect – higher asset prices driving greater economic activity (i.e. consumption). At the same time and for a variety of reasons, despite much higher nominal levels of GDP, the number of listed companies in the U.S. has been roughly cut in half. Simply put, greater investment demand + lower public investment supply = higher prices. The Fed has engineered its wealth effect.

This increased investment demand is importantly accessing supply through emerging channels. Throughout history, the vast majority of investment decisions were made by human beings attempting to balance fundamentals, expectations and valuations to build a responsible portfolio for themselves or clients. While this certainly still occurs, machines have become the incremental investor, caring mostly about index construction and factors (i.e. market capitalization, momentum, volatility, etc.), and less about valuation and risk. Although many investors laud the attributes of passive investing, even a good thing can be taken too far.

As equity prices continue to drift higher and higher, and volatility lower and lower, the dividends paid to the remaining "active" human investors for valuation and risk management plummet. The outcome has become what many are viewing as an existential threat to human-based analysis and decision making.

What is the response of the remaining set of active managers? Rightly believing that their careers are at risk, many of those still occupying their desk chairs have concluded that owning anything that is "not working" is unacceptable. Thus, both passive and active managers over time continue to buy a similar list of securities, driving their prices ever higher. This is dangerous territory. Instead of asking if they are getting good value, managers are asking if their investment is going to continue "working" this quarter. When managers fear the loss of their seat in the short term, the motivation to think about the long term fades quickly, so in short, many of them are simply selling what is going down and buying what is going up.

We are certainly not immune from these natural behavioral triggers. However, we rely on our philosophical underpinnings to guide us through short-term temptations, and we focus our time and attention on generating solid risk-adjusted returns through the long-term power of compounding. We take comfort in our results over the last decade; our process, rooted firmly in fundamental research, has worked, and we trust it will continue to work over time. We are also comforted by the mindset of our clients; they broadly share our long-term focus and that gives us a very strong foundation for making the right decisions on their behalf. We believe that our philosophy can generate excellent results over time, but it takes a sufficient scale and runway to practice that philosophy, and our clients provide us with both.

For the first half of the year, the strategy has continued to vacillate from slight outperformance to slight underperformance. We see a number of reasons why we may begin to see more tailwinds for our approach vs. the headwinds of recent years, but we know that a laser focus on execution—building our investment pipeline, exercising careful due diligence and engaging in robust debate about our ideas—will be the key to success moving forward.

In sum we believe that, valuations are high, volatility will come, and we hope to leverage the hard work of our team to use it to our advantage.

U.S. SMALL-CAP VALUE STRATEGY

During the second quarter of 2017, small-cap value stocks continued to underperform both small-cap growth stocks and the broader market on a relative basis, despite generally decent reported results. While investors have grown increasingly concerned about a lack of progress on tax and other policy efforts in Washington, these have been overshadowed by a weakening oil price and a flattening yield curve. Small-cap value ETF outflows accelerated during the second quarter and represented approximately 20% of the inflows those ETFs received during the fourth quarter of 2016.

During the quarter, our strategy generated a decent absolute return and outperformed relative to its benchmark, the Russell 2000® Value Index. April returns were more or less flat both on an absolute and relative basis. During May, the Index was down 3.1% and then rebounded 3.5% in June. We generated most of our outperformance during May and were able to slightly outperform the Index in June.

The most notable sector during the quarter was energy, which declined more than 20%. As oil prices slid, small-cap exploration and production companies fell meaningfully, especially those with levered balance sheets. Amazingly, the market participants continued to grow production budgets, fueled by a seemingly never-ending supply of capital. Energy was a positive contributor to our strategy's results and was our single largest source of alpha during the quarter. Within the energy sector, we made one new investment in an entity that recently emerged from bankruptcy. Our industrial investments were also a positive contributor due to individual company results.

Consumer discretionary was our worst-performing sector for the quarter. This was partially due to one company-specific performance issue with exposure to mall traffic. Nexstar was another poor performer, impacted by concern that it would acquire one of its sizable competitors. Financials were also a material detractor. The biggest detractor within financials was Capital Bank Financial Corp., after an announcement was made regarding its potential acquisition. Its shares had been up in the previous quarter based on merger & acquisition rumors. Unfortunately, the premium announced in the stock-for-stock transaction was modest and, more damaging, the shares of the acquiring company fell on the announcement.

In addition to our new energy investment, we also made an investment in a specialty insurance company. As we were building our position, M&A rumors drove its share price up before we could build out our full position. A final addition to the portfolio was Cars.com, which was spun out of Tegna as anticipated.

We sold our small investment in Green Plains, as it had reached our target price and had achieved a solid total return from both its share price appreciation and sizable quarterly dividend payments. Air Methods' announced sale to private equity also closed early in the quarter.

During the quarter, small-cap shares were impacted by a number of macroeconomic factors and the resulting ETF flows that seemed to rapidly follow. While we are aware of the potential positive and negative impacts that these may have, we remain focused on the current and prospective cash flows of each of our individual investments.

Sector Diversification

- We base our investment approach on individual company selection and incorporate a reasonable balance of sector exposures as part of risk management. Companies in the same economic sectors can vary as greatly in their business economics and profiles as companies in completely different sectors.
- Within information technology, we received a new position in Cars.com after it was spun off from Tegna, a current portfolio holding.

SECTOR	AMERICAN FUND (%)	RUSSELL 3000® INDEX (%)	DIFFERENCE (%)	AMERICAN FUND (%)	
	Q2 '17	Q2 '17	Q2 '17	Q1 '17	Q2 '16
Consumer Discretionary	17.42	12.60	4.82	18.33	14.49
Consumer Staples	1.58	8.01	-6.43	1.54	6.91
Energy	3.42	5.58	-2.16	3.80	2.93
Financials	24.60	14.93	9.67	24.36	16.10
Health Care	9.99	14.02	-4.02	9.96	15.20
Industrials	10.01	10.80	-0.78	10.03	8.50
Information Technology	28.76	21.45	7.30	27.70	28.37
Materials	0.78	3.37	-2.58	0.89	2.47
Real Estate	2.65	4.09	-1.44	2.58	4.18
Telecom. Services	0.69	1.97	-1.28	0.75	0.84
Utilities	0.07	3.18	-3.11	0.06	--

Sector diversification excludes cash and cash equivalents.

Quarterly Attribution Detail by Sector

- We saw outperformance in numerous sectors during the second quarter. Energy, industrials, information technology, real estate, consumer staples, health care, telecommunications and utilities all outperformed the benchmark.
- Information technology was our strongest contributor due to both our higher sector weighting and higher return.
- Our worst performing sector on a relative basis was consumer discretionary due to our higher sector weighting and its lower return versus the Index holdings.

SECTOR	AMERICAN FUND		RUSSELL 3000® INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	17.97	0.09	12.75	2.99	0.01	-0.52	-0.51
Consumer Staples	1.53	1.44	8.31	1.23	0.11	0.00	0.12
Energy	3.51	-7.55	5.73	-7.53	0.25	-0.01	0.24
Financials	24.23	3.06	14.84	3.85	0.08	-0.19	-0.11
Health Care	9.80	11.58	13.50	7.36	-0.16	0.38	0.22
Industrials	9.99	6.41	10.73	4.09	-0.01	0.22	0.22
Information Technology	28.72	6.32	21.48	4.17	0.08	0.60	0.68
Materials	0.81	-1.85	3.35	2.79	0.01	-0.04	-0.03
Real Estate	2.65	6.69	4.04	2.44	0.01	0.11	0.12
Telecom. Services	0.72	-3.64	2.08	-6.53	0.13	0.02	0.16
Utilities	0.06	19.21	3.19	2.23	0.02	0.01	0.03
Total	**100.00**	**4.15**	**100.00**	**3.02**	**0.54**	**0.60**	**1.13**

Sector attribution excludes cash and cash equivalents.

Quarterly Contribution to Return

- **Edwards Lifesciences'** stock price rebounded following its first quarter earnings report, as results exceeded investors' expectations. U.S. transcatheter aortic valve replacement (TAVR) sales were better than estimates. We believe that the company is still in the early innings of penetrating the potential market for replacement heart valves delivered by catheters rather than open-heart surgery, such that its growth can continue for a long time.

- Yahoo! completed its sale of its core internet business to Verizon and renamed the company as **"Altaba, Inc."** We expect to realise additional value in the company's holdings, namely Alibaba, the "Amazon of China".

- **Aetna, Inc.** reported strong 1st quarter results and raised their guidance for the balance of the year. The company appears to be well positioned for growth and profitability.

- **PayPal Holdings** continues to take share and add capabilities, such as Venmo, in the evolving mobile payments industry.

- **Mastercard** posted double-digit revenue and earnings growth, each was better than Wall Street estimates.

- **Kinder Morgan** declined in the quarter as investors worried that the company's Canadian pipeline project could be delayed due to a change in government in the province of British Columbia. The national government of Canada has given conditional approval of this project.

- **Lowe's** sales were impacted by unfavorable weather and the company reported first quarter results that missed analysts' estimates. We view Lowe's as a long-term investment, particularly given the recovery in housing investment and home improvement.

- **Walt Disney Co.** reported attractive second quarter results overall, but ESPN subscribers declined.

- **TJX Companies** fell along with other retailers which posted weaker results. While TJX reported comparable sales growth, it was less than investors' expectations. Investors continue to be concerned about the competitive threat from online or Internet retailers, but we believe that TJX has a defensible business model and a strong management team.

- **United Rentals,** probably the most volatile stock in the portfolio, retreated after large gains over the last year.

AMERICAN FUND TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
EW	Edwards Lifesciences Corporation	2.20	25.69	0.50
AABA	Altaba Inc.	1.80	17.39	0.30
AET	Aetna Inc.	1.61	19.50	0.29
PYPL	PayPal Holdings Inc.	1.27	24.76	0.28
MA	Mastercard Incorporated Class A	3.02	8.20	0.25
AMERICAN FUND BOTTOM FIVE CONTRIBUTORS				
KMI	Kinder Morgan Inc. Class P	2.05	-11.33	-0.26
LOW	Lowe's Companies, Inc.	2.56	-5.30	-0.13
DIS	Walt Disney Company	1.94	-6.30	-0.13
TJX	TJX Companies Inc.	1.12	-8.38	-0.10
URI	United Rentals, Inc.	0.81	-9.87	-0.10

Quarterly Portfolio Activity

- **Appian Corp** is a provider of business process management (BPM) solutions. Its low-code software enables rapid and more cost-effective custom application development, and may be on the cusp of broader adoption as more applications move to the "cloud".
- **BWX Technologies** is a leading supplier of nuclear components and fuel to the U.S. government. It also provides technical, management and site services to support governments in the operation of complex facilities and environmental remediation activities, and it supplies precision manufactured components and services for the commercial nuclear power industry. The company is largely a sole source supplier to the U.S. for critical defense force structure needs. We believe that BWX has a large moat that protects its long-term profit generation potential.
- **Cars.com** was spun out of Tegna, a current investment. Cars.com sells subscriptions to auto dealers to list lot inventory on its website. With 75% of the website's traffic coming from organic sources and high incremental margins on upsells of additional products to dealers, we like the free-cash-flow characteristics of the business.
- **Carvana** is an e-commerce platform for buying used cars. The e-commerce model is potentially very disruptive to the current auto market, given its potential to deliver a superior experience in terms of convenience, seamless transactions and customer service.
- **Habit Restaurants, Inc.** owns and operates The Habit Burger Grill, which prepares made-to-order burgers and sandwiches. We believe that it possesses ample room for new unit expansion, broad demographic appeal, a compelling value proposition and strong unit economics. We think its valuation can rise from its current level as this experienced management team continues to execute its growth strategy.
- **Linn Energy** successfully reemerged from bankruptcy on February 28th of this year with a dramatically improved capital structure and liquidity profile. The distressed bond investors converted their debt for equity and now own 55% of the outstanding shares and control the board. Since reemerging, the company has sold four properties with net proceeds of over $1 billion (paying down all remaining debt), while three more properties are actively being marketed. We expect the new board to continue to maximize the value of Linn's diverse portfolio of assets through joint ventures, partnerships or outright sales. The recent announced partnership with Citizen Energy to form "Roan Resources" as a SCOOP/STACK/Merge pure play with sizable scale and a debt-free balance sheet is a meaningful step to realizing that value. This transaction not only helps to unlock the value of Linn's acreage in the region, but it also de-risks the capex and free cash flow profile of the remaining Linn assets. Even when assigning conservative multiples to Linn's interest in the new Roan entity, we believe we are purchasing the remaining Linn assets at a sizable discount to its peers and its sum of the parts analysis.
- **State National Company** is an attractive and differentiated insurance franchise trading at a discount to peers. The company benefits from a profitable fronting business that provides an attractive stream of fee income with little underwriting risk, as well as a lender-placed / collateral protection insurance business that is short-tail, low-limit and predictable in nature which makes it less susceptible to reserve development than other non-standard players. Our analysis suggests that the company could post full-year EPS of up to $1.29, nearly 10% higher than the current guidance mid-point. Furthermore, two new relationships announced in May could add another 6 cents to 2017 EPS and up to 15 cents run-rate (12% accretion). While certain key client risks do exist, we believe a combination of organic growth and new relationships (similar to those announced in May) should offset the majority of the expected attrition, ultimately reducing an overhang on the stock. With roughly a quarter of the shares owned by founding family members and private equity funds, a history of capital return and with the stock trading at a discount to peers (despite a premium franchise with more stability in earnings), we find the shares attractive.

AMERICAN FUND PORTFOLIO ACTIVITY		
ADDITIONS		**SECTOR**
APPN	Appian Corporation Class A	Information Technology
BWXT	BWX Technologies, Inc.	Industrials
CARS	Cars.com, Inc.	Information Technology
CVNA	Carvana Co. Class A	Consumer Discretionary
HABT	Habit Restaurants, Inc. Class A	Consumer Discretionary
LNGG	Linn Energy, Inc. Class A	Energy
SNC	State National Cos., Inc.	Financials
DELETIONS		**SECTOR**
AIRM	Air Methods Corporation	Health Care
GPP	Green Plains Partners LP	Energy
PEGA	Pegasystems Inc.	Information Technology
SNCR	Synchronoss Technologies, Inc.	Information Technology

- **Air Methods** completed its announced sale to private equity firm American Securities.
- We sold **Green Plains,** as it had reached our target price and achieved an attractive total return from price appreciation and its sizable quarterly dividend.
- **Pegasystems** was sold due to high valuation.
- **Synchronoss** reported its intention to move away from its traditional activation business, and into the enterprise segment via the acquisition of Intralinks. After analyzing the transaction and management's commentary about the deal, we sold our position.

Disclosures

For institutional investors and professional clients only.

Performance data relates to the Brown Advisory American Fund. The performance is net of management fees and operating expenses. Past performance may not be a reliable guide to future performance and you may not get back the amount invested. Changes in exchange rates may have an adverse effect on the value price or income of the product. The difference at any one time between the sale and repurchase price of units in the UCITS means that the investment should be viewed as medium to long term. This review is issued by Brown Advisory Limited, authorised and regulated by the Financial Conduct Authority. This is not an invitation to subscribe and is by way of information only.

Cancellation rights do not apply and UK regulatory complaints and compensation arrangements may not apply. This is not intended as investment advice. Investment decisions should not be made on the basis of this Review. You should read the Fund's prospectus in full to understand the features and risks associated with this Fund. The Fund's prospectus and Key Investor Information Document are available by calling 020 3301 8130 or visiting the Fund website.

Brown Advisory American Fund is a sub-fund of Brown Advisory Funds plc, an umbrella fund with segregated liability between sub-funds. The Fund is authorised in Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities Regulations, 2011 as may be amended, supplemented or consolidated from time to time) and a recognised collective investment scheme for the purposes of section 264 of the Financial Services and Markets Act 2000. The Fund is managed by Brown Advisory LLC.

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Portfolio information is based on the Brown Advisory American Fund. The S&P 500 Index represents the large-cap segment of the U.S. equity markets and consists of approximately 500 leading companies in leading industries of the U.S. economy. Criteria evaluated include market capitalization, financial viability, liquidity, public float, sector representation and corporate structure. An index constituent must also be considered a U.S. company. The Russell 3000® Index measures the performance of the U.S. equity universe. It measures the performance of 3,000 publicly held U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market The Russell 3000® Index is a trademark/service mark of the Frank Russell Company. The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure that new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 1000® Growth Index is a trademark/service mark of the Frank Russell Company. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure that new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 1000® Value Index is a trademark/service mark of the Frank Russell Company. 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 Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. Both indices are completely reconstituted annually. The Russell 2000® Growth Index and the Russell 2000® Index are trademarks/service marks of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. An investor cannot invest directly into an index.

Sector diversification, attribution, top and bottom five contributors and portfolio additions and deletions source: FactSet. Contribution to return is calculated by multiplying a security's beginning weight in the portfolio by the security's return on a daily basis, and geometrically linking the return for the reporting period. The portfolio information provided is based on the Brown Advisory American Fund and is provided as supplemental information. 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 security returns listed represent the period of when the security was held during the quarter. Top five and bottom five contributors exclude cash and cash equivalents. Sector diversification and attribution excludes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS) classification system. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC. The individual amounts shown for top ten holdings, sector diversification and quarterly attribution may not sum to the total amount shown due to rounding. Please see composite disclosure statements above for additional information.

Terms and Definitions for Representative Account Calculations

All financial statistics and ratios are calculated using information from FactSet as of the report date unless otherwise noted. **Market Capitalization** refers to the aggregate value of a company's publicly-traded stock. Statistics are calculated as follows: **Weighted Average:** equals the average of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greater influence on the calculation). **Weighted Median**: the value at which half the portfolio's market capitalization weight falls above and half falls below. **Earnings Growth 3-5 Year Estimate** is the average predicted annual earnings growth over the next three to five years based on estimates provided to FactSet by various outside brokers, calculated according to each broker's methodology. **Price-Earnings Ratio (P/E Ratio)** is the ratio of the share of a company's stock compared to its per-share earnings. P/E calculations presented use FY2 earnings estimates; FY1 estimates refer to the next unreported fiscal year, and FY2 estimates refer to the fiscal year following FY1. **P/E / Growth Ratio, or PEG Ratio,** is the ratio of a portfolio's P/E Ratio divided by its Est. 3-5 Yr. EPS Growth rate. All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio holding, EXCEPT for P/E ratios, which are expressed as a weighted harmonic average. **Portfolio Turnover (3 yr. avg.)** is the ratio of the lesser of the portfolio's aggregate purchases or sales during a given period, divided by the average value of the portfolio during that period, calculated on a monthly basis. 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. The **Total Return** of an equity security is the sum of the return from price movement and the return due to dividend payments or other sources of income. Standard benchmark-, sector- and portfolio-level returns are the sums of the weights of each security multiplied by its return, summed and calculated daily and summed over the period covered by the report or by an otherwise-noted period. **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. **Contribution To Return** is calculated by multiplying a security's beginning weight as a percentage of a portfolio by that security's return for the period covered in the report.