Solutions For Senior Living and Health Care Institutions

BROWN ADVISORY INVESTMENT SOLUTIONS FOR ENDOWMENTS AND FOUNDATIONS

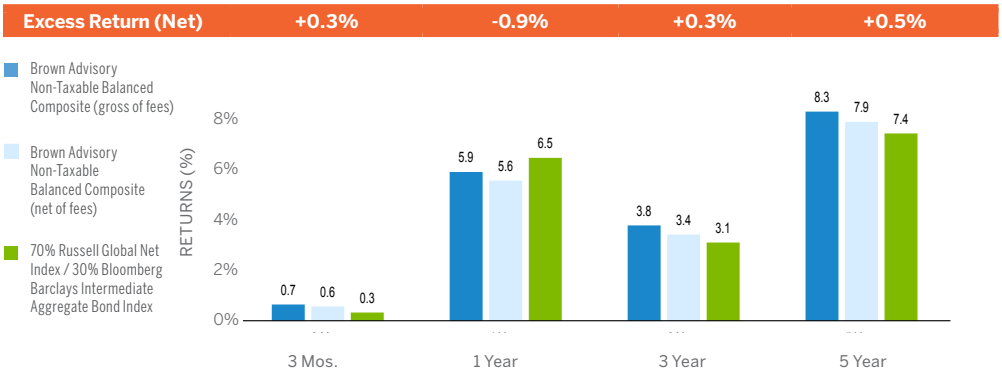
Fourth Quarter 2016

We believe that nonprofits deserve an investment partner committed to delivering performance, creative strategic advice and the highest levels of service. These principles are all essential components of our solution.

We have more than 20 years of experience partnering with endowments and foundations to deliver customized solutions. When you partner with Brown Advisory, we adapt to your needs. You control the nature of the relationship, ranging from purely consultative to full discretion outsourced chief investment officer (OCIO) solutions deployed on your behalf.

Performance Over Time

Source: FactSet®, as of 12/31/2016



Performance Statistics

Source: FactSet, as of 12/31/2016

NON-TAXABLE BALANCED COMPOSITE NET OF FEES RISK STATISTICS				
	3 YEAR		5 YEAR	
	Composite	Blended Benchmark	Composite	Blended Benchmark
Annualized Alpha	0.05	--	0.12	--
Beta	0.90	--	0.86	--
Sharpe Ratio	0.46	0.39	1.10	0.92
Annualized Standard Deviation	2.06	2.21	2.05	2.30
Annualized Upside Capture %	92.24	--	90.63	--
Annualized Downside Capture %	88.72	--	83.71	--

Source: FactSet. Composite performance is based on the Brown Advisory Non-Taxable Balanced Composite. Returns are shown through 12/31/2016 and all returns greater than one year are annualized. Past performance is not indicative of future results. Numbers may not total 100% due to rounding. The benchmark for this composite is a blend of 70% Russell Global Net Index and 30% Bloomberg Barclays Intermediate Aggregate Bond Index rebalanced quarterly. Excess returns provided are defined as the Brown Advisory Institutional Non-Taxable Balanced Composite returns (net of fees) less the corresponding blended benchmark returns. Please see the reverse page for the Brown Advisory Non-Taxable Balanced compliant presentation, additional information and a complete list of terms and definitions.

FIRM OVERVIEW

Brown Advisory is a leading independent investment firm that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. We oversee $53.7 billion in client assets and $3.9 billion in endowment and foundation assets.*

Private & Independent Since 1998: Every one of our colleagues owns equity in the firm, which aligns colleagues' interests with long-term client success.

Commitment to Research: Our research and advisory team includes more than 100 professionals that oversee internal strategies, support asset allocation and external manager research, and offer clients strategic advice on fiduciary matters.*

100% Flexibility Building Portfolios: Our goal is to bring the "Endowment Model" to a wider range of institutions. We use all investment options available to us to in an effort to build the exact portfolio that each client needs.

EXPERIENCED ADVISOR TO SENIOR LIVING AND HEALTH CARE INDUSTRIES

Leveraging decades of experience in investment management and public finance, we help service providers in the senior living and health care industries address a wide variety of challenges, from aligning their portfolio investments with specific institutional goals to helping them meet the covenants of debtholders and lending institutions.

- We have served as an investment advisor to hospitals, continuing care retirement communities, nursing homes and other health care organizations since 1994.
- Our team includes a Municipal Fixed Income Portfolio Manager with over 30 years of experience in public finance, providing a broader perspective as clients seek solutions to asset and debt management.
- We manage a range of portfolios for health care clients including endowment-type accounts as well as construction and reserve funds.
- We are actively involved in national and regional LeadingAge and other health care-related conferences.

*As of 12/31/2016 for the following entities: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware LLC, Highmount Capital LLC, Brown Advisory Investment Solutions Group, LLC and Blackhaw Wealth Management. Colleague data as of 01/01/2017.

Investment Philosophy

PORTFOLIO CONSTRUCTION

- We divide each client's assets into three "buckets"—an operating account for near-term needs, a core portfolio, and a pool for opportunistic, timely investments.
- We focus on portfolio drivers that matter, such as volatility, liquidity and correlation, when allocating assets.
- We tightly align decisions about asset allocation and manager selection, to ensure that selected strategies express the intended investment thesis.

MANAGER SELECTION

- We look for managers whose proprietary research consistently finds investments priced at a wide gap from their assessment of intrinsic value.
- Having a long-term time horizon with less sensitivity to liquidity provides an opportunity to compound wealth at higher rates.
- We seek long-term partnerships with strong investment organizations and generally avoid manager changes in portfolios based on short-term market factors. Similarly we rarely make tactical shifts in portfolio weights unless we perceive a multiyear market opportunity.

CONTACT US

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BROWN ADVISORY NON-TAXABLE BALANCED 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 ($USD Millions)	Firm Assets ($USD Millions)
2015	-0.1	-0.5	-1.0	6.8	7.6	95	1.3	1,545	43,746
2014	5.7	5.3	4.0	6.4	7.6	94	1.7	1,182	44,799
2013	19.8	19.3	15.9	8.8	9.9	86	3.5	1,147	40,739
2012	11.3	10.8	12.7	10.3	12.0	60	1.5	786	26,794
2011	0.0	-0.5	-3.6	11.6	14.7	52	1.9	703	19,989
2010	14.1	13.6	12.6	14.3	17.8	39	2.1	557	16,859
2009	24.6	24.0	28.0	13.2	16.3	32	5.0	446	11,058
2008	-25.9	-26.2	-30.6	11.4	13.1	29	3.4	363	8,547
2007	6.7	6.3	10.2	5.9	6.2	24	2.8	218	7,385
2006	13.4	12.9	16.1	5.7	6.0	21	1.2	169	6,770

Brown Advisory claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Brown Advisory has been independently verified for the periods from January 1, 1993 through December 31, 2015. The Verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. GIPS® is a registered trademark owned by CFA Institute.

1. For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the institutional asset management division of Brown Advisory LLC. As of July 1, 2016, the firm was redefined to exclude Brown Advisory Retail due to an evolution of the two distinct business lines. Prior to July 1, 2016 Brown Advisory, an independent investment management firm is defined as: 1) Brown Investment Advisory and Trust Company ("BIATC"), 2) its subsidiary Brown Investment Advisory Incorporated ("BIAI") and selected affiliated investment advisors, including from July 2008, 3) Alex. Brown Investment Management, LLC ("ABIM") from July 2010, 4) Winslow Management Company, LLC ("Winslow") and 5) Brown Advisory Cavanaugh, LLC ("BAC") and from April 2013, 6) Brown Advisory, Ltd. Effective January 2012, all of the above entities except BIATC and Brown Advisory, Ltd combined into Brown Advisory LLC, a registered investment adviser. Registration does not imply a certain level of skill or training.
2. The Balanced Non Taxable Composite includes all discretionary diversified non-taxable portfolios with a moderate growth and income goal. Typical asset allocation for these portfolios could be centered around 70/30 percent equity to fixed income. The minimum portfolio market value required for composite inclusion is $3 million. Prior to 3/31/15, the strategy was named Balanced 70/30 Non Taxable. The composite was terminated as of July 1,2016 in line with the re-definition of the GIPS firm
3. This composite was created June 1st , 2014.
4. The benchmark is a blend of 70% Russell Global Index and 30% Bloomberg Barclays Intermediate Aggregate Bond Index rebalanced quarterly. The Russell Global Index measures the performance of the global equity market based on all investable equity securities. All securities in the Russell Global Index are classified according to size, region, country, and sector; as a result the Index can be segmented into thousands of distinct benchmarks. The Russell Global Index is constructed to provide a comprehensive and unbiased barometer for the global segment and is completely reconstituted annually to accurately reflect the changes in the market over time. The Russell Global Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. Index returns assume reinvestment of dividends and do not reflect any fees or expenses. The Bloomberg Barclays Intermediate Aggregate Bond index is an unmanaged index that consists of 1-10 year governments, 1-10 year corporates, all mortgages, and all asset-backed securities within the Aggregate Index. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC. An investor cannot invest directly into an index.
5. Benchmark returns are not covered by the report of the independent verifiers.
6. The dispersion of annual returns is the equal weighted standard deviation of portfolio returns.
7. 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-fee performance returns reflect the deduction of actual management fees and all trading commissions. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.80% on the first $10 million; 0.65% on the next $15 million; 0.50% on the next $25 million; and 0.40% on the balance over $50 million. Further information regarding investment advisory fees is described in part II A of the firm's Form ADV. Actual fees paid by accounts in the composite may differ from the current fee schedule.
8. The three-year annualized ex-post standard deviation measures the variability of the composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The 3 year annualized standard deviation is not presented as of December 31, 2004 because 36 monthly returns for the composite were not available (NA.)
9. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
10. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
11. Past performance does not indicate future results.
12. This piece is provided for informational purposes only and should not be construed as a research report, a recommendation, or an offer to buy or sell a security, including any mutual fund managed by Brown Advisory.
13. The use of shorting, derivatives and leverage maybe used within the strategy but is not integral to the investment process.

TERMS AND DEFINITIONS

FactSet® is a registered trademark of FactSet Research Systems, Inc. **Alpha** is a risk-adjusted measure of performance. It is equal to the excess return of a portfolio over a risk-free investment, minus that portfolio's expected return given its volatility relative to its benchmark index. **Beta** is a measure of portfolio volatility. It is equal to the ratio of a portfolio's volatility relative to its benchmark index's volatility over time. It is equal to the excess return of a portfolio over a risk-free investment, minus that portfolio's expected return given its volatility relative to its benchmark index. **Sharpe Ratio** is a benchmark-independent risk-adjusted measure of performance. It is equal to the excess return of a portfolio over a risk-free investment, per unit of volatility or total risk. **Standard Deviation** is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. The **upside capture ratio** is defined as how well a portfolio performs in time periods where the benchmark's returns are greater than zero. For example, if the benchmark's upside capture is 100% and the portfolio's is 92%, then when the benchmark is up 10% your portfolio is up 9.2%. This portfolio did worse than the benchmark when the market returns were up in certain historic periods. The **downside capture ratio** is defined as how well a portfolio performs in time periods where the benchmark's returns are less than zero. For example, if the benchmark downside capture is 100% and the portfolio's is 86%, then when the benchmark is down 10% your portfolio is down 8.6%. This portfolio did better than the benchmark when the market returns were down in certain historic periods.