

First Quarter 2017

### COMPOSITE PERFORMANCE (%)

	COMPOSITE GROSS OF FEES	COMPOSITE NET OF FEES	RUSSELL GLOBAL LARGE-CAP NET INDEX®
3 Mos.	9.25	9.06	6.85
1 YR	9.61	8.71	15.04
ITD (04/30/2015)	5.08	4.23	3.72

Provided as supplemental information.

### REP. ACCOUNT CHARACTERISTICS

	GLOBAL LEADERS REP. ACCT.	RUSSELL GLOBAL LARGE-CAP NET INDEX
P/E (NTM) (Wtd Average)	21.0x	21.1x
ROIC (LFY) Median (%)*	21.5	10.4
Hist 3Yr Sales Growth (Wtd Average) (%)	10.6	5.3
PEG Ratio	1.5x	1.3x
NTM EV/EBIT (Wtd Average)	15.1	24.2

\*Excludes Financials

### REP. ACCOUNT TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Alphabet Inc. Class C	4.4
Unilever PLC	4.1
Visa Inc. Class A	4.0
Microsoft Corporation	3.9
Estee Lauder Companies Inc. Class A	3.9
JPMorgan Chase & Co.	3.8
Taiwan Semiconductor Manufacturing Co., Ltd.	3.5
Mastercard Inc. Class A	3.4
TJX Companies Inc	3.2
AIA Group Limited	3.2
<b>TOTAL</b>	<b>37.4</b>



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Co-Portfolio Manager,  
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## Review & Outlook

The Global Leaders Strategy outperformed its benchmark, the Russell Global Large-Cap Index, in the first quarter of 2017.

Positive investor sentiment continued in the first quarter with numerous global indices reaching all-time highs as the rally that started with the election of Donald Trump as U.S. president in November 2016 became more broad based.

The Global Leaders Strategy is focused on delivering long-term performance by building a concentrated portfolio of companies that uniquely satisfy their customers and generate attractive economics for shareholders. In the context of long-term compounding, one quarter is an incredibly short space of time; but, it was nevertheless gratifying to see positive performances in the first quarter from a number of areas that lagged the post-election euphoria at the end of 2016.

Given its concentrated nature, the Global Leaders strategy's performance is an output of our stock-picking. First quarter performance benefitted from a reversal of fortunes for our consumer staples holdings. Specifically, **Unilever** posted strong gains following Kraft-Heinz's opportunistic bid for the company. We applaud Unilever management's thoughtful response and welcome the renewed focus on internal improvement at the Anglo-Dutch food and personal care group. Elsewhere, **Estee Lauder's** first quarter results included some encouraging signs which resulted in the cosmetics giant being another positive contributor to performance in the first quarter. It was a similar reversal of fortunes for our Asian financials, **AIA Group Limited**, **Bank Rakyat Indonesia** and **HDFC Bank**, with underlying fundamentals superseding previous concerns stemming from dollar strength, management transition and demonetization in India, respectively.

There were only a few meaningful detractors during the period. Shares in our Japanese ice-maker and catering equipment holding **Hoshizaki** lagged the first quarter rally after the company issued a characteristically conservative outlook for 2017. **Edwards Lifesciences** shares continued to be volatile in the wake of their fourth quarter results release for 2016. We have conducted extensive primary research and still see a bright future for Edwards in the TAVR heart valve market.

**FleetCor** shares gave up some of the previous month's gains on the back of the release of a short-seller's report criticizing certain facets of the company. FleetCor provides fleet managers with a method to easily measure and control their fuel costs. Following extensive discussions with management we remain comfortable with our position and viewed this short-term volatility as an opportunity to add to our position.

In the final week of the period, we established a new position in **Aurelius Equity Opportunities**. Aurelius is a restructuring specialist with a history of improving the European companies in which it invests. The investment is highly differentiated from the existing Global Leaders portfolio and we exploited a bargain moment stemming from the release of an overly negative research report to establish a position.

Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

## Sector Diversification

Sector and country diversification are an output of stock-picking, our team is more focused on business models and endmarket economics than a company's assigned sector. The strategy simultaneously seeks differentiated exposures that do not require philosophical compromise and is not required to have exposure in areas that do not satisfy its investment criteria.

- The strategy does not have exposure in energy, telecoms, real estate, and utilities.
- The strategy's overweight position in information technology – its largest – is a function of a number of attractive high-quality franchises, such as **MasterCard**, **Microsoft** and **Facebook**, located in that sector.

SECTOR	GLOBAL LEADERS REP. ACCOUNT (%)	RUSSELL GLOBAL LARGE-CAP NET INDEX (%)	DIFFERENCE (%)	GLOBAL LEADERS REP. ACCOUNT (%)	
	Q1 '17	Q1 '17	Q1 '17	Q4 '16	Q4 '16
Consumer Discretionary	12.18	13.64	-1.46	12.00	14.48
Consumer Staples	12.89	9.20	3.69	5.46	8.63
Energy	--	6.39	-6.39	--	--
Financials	17.40	18.47	-1.08	8.74	8.44
Health Care	7.41	10.98	-3.57	5.56	9.10
Industrials	12.60	10.20	2.4	5.29	4.51
Information Technology	31.31	15.82	15.49	25.17	21.80
Materials	6.20	5.48	0.72	5.98	6.47
Real Estate	--	3.55	-3.55	--	--
Telecommunication Services	--	3.11	-3.11	--	--
Utilities	--	3.13	-3.13	--	--

Sector diversification excludes cash and cash equivalents.

## Quarterly Attribution Detail by Sector

- Consumer staples was a major source of positive performance following Kraft-Heinz's bid for **Unilever**. Additionally, **Estee Lauder** shares were strong following encouraging 1Q17 results.
- After lagging in 4Q16, financials were another major area of strength due to healthy performances from the strategy's holdings in Asian financials **AIA**, **Bank Rakyat** and **HDFC Bank**.
- Health care was the main area of weakness following a lackluster performance from **Edwards Lifesciences** following 4Q16 results.

SECTOR	GLOBAL LEADERS REP. ACCOUNT		RUSSELL GLOBAL LARGE-CAP INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	12.48	8.90	13.53	8.14	--	0.09	0.09
Consumer Staples	12.81	12.48	9.13	7.09	0.01	0.67	0.68
Energy	--	--	6.63	-4.06	0.76	--	0.76
Financials	16.79	9.60	18.72	5.35	0.03	0.69	0.71
Health Care	7.50	6.82	10.92	8.54	-0.05	-0.12	-0.17
Industrials	12.60	7.41	10.2	6.80	--	0.05	0.05
Information Technology	31.60	10.15	15.48	12.68	0.91	-0.72	0.19
Materials	6.22	11.41	5.55	7.79	--	0.21	0.22
Real Estate	--	--	3.57	4.47	0.09	--	0.09
Telecommunication Services	--	--	3.15	1.76	0.17	--	0.17
Utilities	--	--	3.07	7.13	--	--	--
<b>Total</b>	<b>100</b>	<b>9.65</b>	<b>100</b>	<b>6.85</b>	<b>1.94</b>	<b>0.86</b>	<b>2.80</b>

Sector attribution excludes cash and cash equivalents.

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## Quarterly Contribution to Return

- **Unilever** outperformed following an opportunistic bid from Kraft-Heinz and the ensuing strategic review.
- **Facebook**, **Priceline** and **Visa** posted strong gains following encouraging results. Facebook and Visa recovered 4Q16 underperformance that stemmed from a sector rotation following the election of Donald Trump as U.S. president.
- The negative research report that helped give us our initial bargain moment to purchase shares of **Aurelius** further contributed to their slide after our purchase.
- **Hoshizaki** also detracted from performance after the company issued a characteristically conservative outlook for 2017.
- **Edwards Lifesciences** and **Verisk** were both relatively weak following 4Q16 results that failed to live up to high expectations.
- **FleetCor** surrendered some of the previous month's gains on the back of the release of a short-seller's report criticizing certain facets of the company.

GLOBAL LEADERS REP. ACCOUNT TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
UL	Unilever PLC	4.10	22.09	0.85
FB	Facebook Inc. Class A	3.05	23.47	0.65
HDB	HDFC Bank Limited	2.62	25.19	0.61
PCLN	Priceline Group Inc	2.94	21.41	0.60
V	Visa Inc. Class A	4.21	14.12	0.60
GLOBAL LEADERS REP. ACCOUNT BOTTOM FIVE CONTRIBUTORS				
B17NLM	AURELIUS Equity Opportunities SE & Co. KGaA	0.03	-38.55	-0.24
6465	HOSHIZAKI Corp.	1.38	-0.87	-0.03
EW	Edwards Lifesciences Corporation	3.09	0.39	--
FLT	FleetCor Technologies Inc.	1.23	2.69	--
VRSK	Verisk Analytics Inc	2.15	-0.04	--

## Portfolio Activity

- In the final week of the period, we established a new position in **Aurelius Equity Opportunities**. Aurelius is a restructuring specialist with a solid track record of improving the European companies in which it invests. The investment is highly differentiated from the existing Global Leaders portfolio and we exploited a bargain moment stemming from the release of an overly negative research report to establish a position.
- We initiated a new position in fuel-card specialist **FleetCor** during the quarter. FleetCor delivers a strong customer outcome to the corporations that use its services and we see significant opportunity for growth through contract wins and geographic expansion.
- There were no deletions in the period.

GLOBAL LEADERS REP. ACCOUNT PORTFOLIO ACTIVITY		
ADDITIONS		SECTOR
B17NLM	AURELIUS Equity Opportunities SE & Co. KGaA	Financials
FLT	FleetCor Technologies, Inc.	Information Technology
DELETIONS		SECTOR
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# Brown Advisory Global Leaders 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)
2016	-0.6	-1.4	8.1	N/A	N/A	2	N/A	38	30,417
2015*	1.23	0.68	-7.11	N/A	N/A	2	N/A	24	43,746

\*Return is for period May 1, 2015 through December 31, 2015.

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, 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.

- 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 Global Leaders Composite aims to achieve capital appreciation by investing primarily in global equities. The strategy will invest in equity securities of companies that the portfolio manager believes are leaders within their industry or country, as demonstrated by an ability to deliver high relative return on invested capital over time.
- This composite was created in 2015.
- The benchmark is the Russell Global Large-Cap Net Index. This index offers investors access to the large-cap segment of the entire global equity universe. The index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to accurately reflect the changes in the market over time. Russell® is a trademark/service mark of the London Stock Exchange Group companies. One cannot invest directly in an index. Benchmark returns are not covered by the report of the independent verifiers. Benchmark returns are not covered by the report of the independent verifiers.
- The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the composite for the entire 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-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 \$25 million; 0.70% on the next \$25 million; 0.65% on the next \$50 million; and 0.50% on the balance over \$100 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.
- 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, 2015, because 36 monthly returns for the composite were not available (NA) and the composite did not exist.
- 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, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- Past performance does not indicate future results.
- This piece is provided for informational purposes only and should not be construed as a research report, 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, including any mutual fund managed by Brown Advisory.

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Composite performance is based on the Brown Advisory Global Leaders Composite and was obtained through FactSet®. All information and returns shown are as of 03/31/2017 for each period. Returns greater than one year are annualized. Past performance is not indicative of future results. Representative account characteristics and top 10 holdings were obtained through FactSet. This information is based on a representative Global Leaders account and is provided as supplemental information. Account characteristics exclude cash and cash equivalents; top 10 holdings list includes cash and cash equivalents. FactSet® is a registered trademark of FactSet Research Systems, Inc.

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### 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. **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. **Return on Invested Capital (ROIC)** is the percentage amount that a company is making for every percentage point over the Cost of Capital/ Weighted Average Cost of Capital (WACC). More specifically the return on investment capital is the percentage return that a company makes over its invested capital. **Sales growth** rate is based on FactSet reported company revenue for the past three years at the end of the current quarter, provided as a historical average. **EV/EBIT** is a financial ratio used to measure a company's return on investment. **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. The portfolio and benchmark returns provided reflect the sum of the returns of the equity holdings in the portfolio and the benchmark, respectively. The returns exclude cash. **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.