

Brown Advisory Large-Cap Growth Strategy

We believe that our strategy can produce excess risk-adjusted returns over a full market cycle by investing in a concentrated portfolio of diversified companies with 14% or higher earnings growth purchased at attractive valuations.

March 2018 Monthly Report

Performance Contributors

TOP FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
DXCM	Dexcom, Inc.	Health Care	1.80	32.10	0.50
EL	Estee Lauder Companies Inc. Class A	Consumer Staples	3.48	8.15	0.28
SBAC	SBA Communications Corp. Class A	Real Estate	3.30	8.68	0.26
ZTS	Zoetis, Inc. Class A	Health Care	4.70	3.28	0.15
ADBE	Adobe Systems Incorporated	Information Technology	3.84	3.32	0.13

BOTTOM FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
FB	Facebook, Inc. Class A	Information Technology	3.33	-10.39	-0.34
GOOG	Alphabet Inc. Class C	Information Technology	3.81	-6.60	-0.30 [†]
GOOGL	Alphabet Inc. Class A	Information Technology	0.62	-7.01	
CHTR	Charter Communications, Inc. Class A	Consumer Discretionary	2.28	-8.98	-0.21
AMZN	Amazon.com, Inc.	Consumer Discretionary	4.68	-4.31	-0.21
APH	Amphenol Corporation Class A	Information Technology	3.32	-5.56	-0.18

Monthly Portfolio Activity

NEW INVESTMENT

TICKER	NAME	REASON FOR DECISION
	None	

DELETION

TICKER	NAME	REASON FOR DECISION
GOOGL	Alphabet Inc. Class A	We exited our small position in Alphabet's Class A share class, as we sought to trim our overall position in the company.
ECL	Ecolab Inc.	The company's growth has slowed, and we believe Cintas represents a better opportunity going forward.

Top 10 Equity Holdings (%)

Cash and equivalents: 2.7%

1. Zoetis, Inc.	4.7	6. PayPal Holdings, Inc	3.7
2. Amazon.com, Inc.	4.3	7. Intuit, Inc.	3.6
3. Visa, Inc.	4.0	8. Adobe Systems, Inc.	3.6
4. Intuitive Surgical, Inc.	3.9	9. Roper Technologies, Inc.	3.6
5. Salesforce.com, Inc.	3.7	10. Estee Lauder Companies, Inc. Cl A	3.6

*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. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. The security returns listed represent the period of when the security was held during the month. Top five and bottom five contributors exclude cash and cash equivalents. 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 top 10 equity holdings include cash and equivalents. [†]For GOOGL and GOOG, the Class A and C holdings, respectively, the contribution to return equals the sum of the contribution to return for both securities. The contribution of Alphabet Inc represents the combination of -0.25% contribution to return in Class A shares and -0.05% contribution to return in Class C shares. Numbers may not total due to rounding. Portfolio information provided is based on a representative Large-Cap Growth account and is provided as supplemental information. The composite performance shown above reflects the Large-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 Large-Cap Growth disclosure statement at the end of this presentation for a GIPS compliant presentation.

INSIDE THE STRATEGY: FACTS & TYPICAL PORTFOLIO FIGURES

Inception: 05/31/1996
Benchmark: Russell 1000® Growth Index
Concentrated Portfolio: 30–35 Holdings
Top 10 Weight: 35%–50%
Position Size: 1.5%–5%
Cash Position: 1%–3.5%



KENNETH STUZIN, CFA
Portfolio Manager

Portfolio Comments

The benchmark Russell 1000® Growth Index experienced another meaningful pull back in March as U.S. stock markets continued to be volatile, falling 2.7%. The Brown Advisory Large Cap Growth Composite continues to ride out the storm relatively well, falling only 0.1% (net of fees) during the month. The global economic backdrop remains relatively positive, however hawkish comments on trade emanating from the Trump administration weighed on market sentiment.

Health care and technology stocks led the broad market lower, as Facebook came under scrutiny after reports of data misuse were widely publicized, elevating the potential for new regulatory measures. Biotech stocks were also weak, dragging the health care sector lower. For both the technology and health care sectors, the portfolio holdings performed much better than the benchmark, and these two sectors contributed a meaningful portion of the portfolio's excess returns for the month.

From a sector perspective, consumer discretionary was a major detractor from the portfolio's performance. However, the relative underperformance was very modest. Charter Communications gave back some the gains from earlier in the year, as speculation about potential acquirers wavered.

Dexcom received FDA approval for its next generation glucose monitor. The new device eliminates the need for calibration by the user, thus completely eliminating finger sticks. The stock was the largest positive contributor for the month.

We finished the sale of our position in Ecolab this month which was used to fund the purchase of Cintas. Ecolab is a good business, but its growth has slowed and we believe Cintas represents a better opportunity going forward. We exited our small position in Alphabet's Class A share class, as we sought to trim our overall position in the company. [Z](#)

Brown Advisory Large-Cap Growth 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)
2016	-2.3	-2.7	7.1	11.2	11.2	148	0.1	9,786	30,417
2015	7.8	7.4	5.7	10.2	10.7	168	0.3	12,583	43,746
2014	7.1	6.6	13.1	11	9.6	181	0.2	14,674	44,772
2013	30.3	29.7	33.5	15.5	12.2	212	0.3	15,740	40,739
2012	16.7	16.2	15.3	18.7	15.7	148	0.4	8,525	26,794
2011	0.4	0	2.6	19.7	17.8	102	0.3	5,622	19,962
2010	25.7	25.3	16.7	22.5	22.1	65	0.5	3,936	16,859
2009	53.3	53	37.2	20	19.7	41	0.6	1,191	11,058
2008	-35.7	-36.3	-38.4	16.5	16.4	32	0.3	120	8,547
2007	12.1	11.8	11.8	8.9	8.5	30	0.3	160	7,385

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, 2016. 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 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.

Disclosures

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested. 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. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client. Please see composite disclosure statements above for additional information.

The benchmark is the Russell 1000® Growth Index. 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. Russell 1000® Growth Index and Russell® when related to the Russell indexes is a trademark of the London Stock Exchange Group of companies. An investor cannot invest directly into an index. FactSet® is a registered trademark of FactSet Research Systems, Inc. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC.

Terms and Definitions for Representative Account Calculations

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. **Contribution to Return** is calculated by multiplying a security's beginning portfolio weight by its daily return and geometrically linking the security's daily contribution to return over the entire reporting period.

2. The Large-Cap Growth Institutional Composite includes all discretionary institutional portfolios (and carve-outs through 2009) invested in U.S. equities with strong earnings growth characteristics and large market capitalizations. This composite has been examined for the periods from January 1, 2006 through December 31, 2009. The examination reports are available upon request. The minimum account market value required for composite inclusion is \$1.5 million.
3. Through 2009, cash was allocated to carve-outs based on a strategic asset allocation percentage.
4. This composite was created in 1997.
5. The benchmark is the Russell 1000® Growth Index. 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 new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 1000® 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.
6. The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns. Prior to 2004 the dispersion of annual returns is measured by the range between the high and low 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. For calendar year end 2006-2009 the percent of the composite composed of carve-outs was 85%, 38%, 33% and 5% respectively.
9. 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.
10. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
11. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
12. Past performance does not indicate future results.
13. 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.