Large-Cap Sustainable Growth

SUSTAINABLE BUSINESS ADVANTAGE (SBA) PROFILE MATRIX

Brown ADVISORY Thoughtful Investing.

Third Quarter 2018

The Brown Advisory Large-Cap Sustainable Growth Strategy seeks competitive risk-adjusted returns over a full market cycle through a concentrated portfolio of companies that we believe offer durable fundamental strengths, sustainable competitive advantages and compelling valuations. These companies are building powerful business models on a foundation of sustainable business advantages (SBA), which we believe can drive attractive long-term performance and risk protection through revenue growth, cost improvements and enhanced franchise value.

SBA PROFILES FOR PORTFOLIO HOLDINGS (AS OF 09/30/2018)

COMPANY	SBA PROFILE
A.O. Smith Corp.	A.O. Smith is a global leader in producing residential and commercial water heating technologies. By creating products with the highest thermal efficiency ratings, they are able to provide many customers attractive payback periods based on energy savings. They have also gained substantial market share in emerging markets, where its line of affordable in-home air purification products and residential water treatment solutions are in high demand.
Adobe	Adobe is the unparalleled leader in digital content creation—Adobe's twenty year history in digital documents has enabled customers to save money and resources. According to the company, Adobe's document cloud leads to cost savings of over 90% based on a drastically lower environmental footprint per document compared to printing. Adobe processes over 50 billion documents every year.
Alphabet, Inc.	Alphabet's sustainability efforts go far beyond its internal environmental efforts. Its custom-designed data centers are materially more energy-efficient than the industry average, an increasingly important advantage as energy costs become an ever-larger percentage of data center budgets. Google has been operating as a carbon neutral company since 2007, and in 2017, achieved 100% renewable energy procurement for its operations.
Amazon.com	Amazon is a leader in cloud-computing services (AWS) and ecommerce. AWS auctions computation power in real time, allowing Amazon to more evenly distribute its servers' loads and process more data on less hardware. Moreover, AWS enables secondary environmental and health benefits to customers (e.g., efficiently crunching intensive simulations to design more efficient clinical trials, improve safety, and reduce patient burdens). Amazon recently acquired Whole Foods Market, a leading retailer of organic and natural foods, a category that has been growing above conventional food products.
American Tower Corporation	American Tower is one of the largest wireless tower operators; its strong environmental compliance track record, focus on driving alternative energy into its remote tower base, and its work to reduce carriers' dependence on highly inefficient generators has earned the company a strong reputation in international markets and helped it gain market share.
Aptiv PLC	Aptiv has a leadership position in offering safe, green, and connected solutions to vehicle manufacturers that satisfy tighter safety, emissions and fuel economy regulations. Most notably, Aptiv is positioned at the heart of the strong secular growth in active safety technology, which helps to prevent vehicle collisions. The company has also implemented Lean principles into its operations, resulting in significant waste, energy and water reduction.
Autodesk Inc.	Autodesk is the world's largest design software company that enables its customers to design, visualize and simulate buildings and products in a more energy- and resource-efficient manner. The company's Building Information Modeling solutions help design sustainable buildings and infrastructure by more accurately predicting building performance, reducing construction waste and improving construction productivity. Autodesk's Product Design and Manufacturing software solutions help customers reduce product material use, improve product energy-efficiency and manage factory processes.
Ball Corporation	Ball is a leading global supplier and innovator of metal packaging to the beverage, food, personal care and household product industries. Given the superior sustainability features of metal (i.e. lighter weight, indefinite recyclability) aluminum cans have taken share at the expense of glass in North America, South America and Europe over the past 10 years. Ball formalized its own internal sustainability initiative in 2006 and has a strong record of achievement in energy reduction and waste minimization.
Danaher Corp.	Danaher's environmental businesses help clients reduce operating costs, material waste, and environmental impact. Offerings include water analysis and water quality solutions, water filtration and treatment, and services that reduce energy and water usage at manufacturing sites. These environmentally-oriented business lines have proven to be among the most resilient and fastest-growing among the companies entire portfolio.
Ecolab, Inc.	Ecolab, a leading provider of cleaning, food safety and health protection products and services for the food, energy, healthcare, industrial and hospitality markets, helps its customers cut energy and materials costs, improve efficiency, and boost bottom line results.
Edward Lifesciences Corp.	Edwards Lifesciences is a leading developer and manufacturer of technologies that treat structural heart disease. The company's Transcatheter Aortic Valve Replacement is less invasive than traditional open heart surgery and is approved for use with patients who are often deemed too high risk for traditional open-heart surgery. Edwards' minimally invasive surgery technologies effectively increase the probability of survival, reduce the length of hospital stays and readmission rates, and provide patients with a significantly higher quality of life post-surgery.
Facebook, Inc.	Facebook is a social networking website with over 2 billion monthly active users and 5 million advertisers. Facebook is a leader in minimizing the environmental impact of infrastructure technology, and as a result, has saved over $2 billion in operating and capital expenses over a three year period by using low-power servers, efficient data center design and renewable energy in its network. These energy-efficient efforts are driving higher margins and lower capital expenditures.
Fortive	Fortive was formed by a spin-off from Danaher Corporation and focuses on instrumentation, transportation and automation technologies. The company's solutions offer strong customer value propositions by enabling adherence to changing environmental regulations, improving energy efficiency and connectivity of devices, and meeting increasing safety and security requirements.
The Home Depot, Inc.	The Home Depot is a leading retailer of building materials and home improvement products. A growing revenue stream for the retailer comes from environmentally sustainable product options, which have become the fastest growing category in Home Depot's product assortment. The company is also implementing systems to improve the efficiency of its logistics network, which has resulted in reduced truckloads and significant cost savings.
IDEXX Laboratories	IDEXX is the leading provider of veterinarian diagnostic, reference lab and consulting services. The company's water business provides testing solutions for detection of E. coli and other microbials, helping to ensure water safety for 2 billion people around the world. IDEXX also sells diagnostic tests used to manage the health of livestock and poultry to ensure the quality and safety of milk and food; for example, the company's principle dairy product detects antibiotic drug residue in milk.

SUSTAINABLE BUSINESS ADVANTAGES (CONT'D.)

COMPANY	SBA PROFILE
Intuit, Inc.	The market leader in personal and small business financial management software, Intuit offers numerous ways for clients to reduce waste through electronic tax, online payroll, and email invoice software. Intuit has been a carbon neutral company since 2015, and was one of the first large corporations to transition to cloud computing (Amazon Web Services) for their IT infrastructure. Intuit has a goal to move all of their IT to AWS over the next few years.
J.B. Hunt Transport Services, Inc.	A leader in intermodal transportation services (i.e. moving freight via a combination of railroad and trucking), J.B. Hunt helps its customers achieve significant fuel-cost savings and reduced carbon emissions compared to trucking-only shipping solutions.
Marriott International	Marriott is a leading global lodging company that has made sustainability a business priority. Environmentally sustainable operations help properties realize operational efficiencies and costs savings and enhance the company's brand recognition in delivering sustainable lodging facilities and event services. Marriott has a long history incorporating sustainability into its operations—it was the first major hotel chain to calculate their carbon footprint and began implementing energy efficiency and water conservation efforts in 2007.
Marvell Technology Group Ltd.	Marvell is a leading fabless semiconductor provider of high-performance, application-specific products in storage, networking and connectivity. The company is a pioneer in designing low-power, low-cost Ethernet transceivers and storage controllers, and has been an early adopter of energy efficient ARM-based systems.
Mettler-Toledo International Inc.	Mettler-Toledo is a leading manufacturer of precision weighing instruments, specialized metal detection systems, analytical instruments, and automated chemistry systems used in laboratory, drug, industrial, and food retailing industries. Mettler Toledo's food safety and water treatment businesses, which help to avoid product recalls and unsafe products, are two of the company's fastest growing businesses that enhance the company's overall growth rate. Mettler Toledo also has a strong culture of continuous improvement, which has helped the company save on energy and resource use, leading to cost improvements.
Microsoft Corporation	Microsoft is a leading developer of software and hardware services. We believe strong SBA can be found in the company's Azure cloud computing platform and infrastructure; when customers move their services to a Microsoft hosted cloud, they are able to reduce their per-user carbon footprint by up to 90%. Moreover, Microsoft has been operating as a carbon neutral company since 2012 when the company implemented its own internal carbon fee.
Monolithic Power Systems, Inc.	Monolithic Power Systems specializes in high-performance analog and mixed-signal integrated circuits. The company's unique technology combines drivers, logic and power on one piece of silicon versus using three separate semiconductor technologies. As a result, Monolithic Power Systems delivers differentiated products that offer energy-efficient, cost-effective and easy-to-use solutions for industrial, cloud computing and automotive applications.
Nordson Corporation	Nordson is a leading manufacturer of precision technology solutions focused on efficient material dispensing for adhesives and industrial coatings, and advanced technology systems including precision tools used for manufacturing solar cells, LEDs and water treatment applications. In particular, Nordson's dispensing products help to improve their customer's manufacturing productivity and yield, drive more efficient consumption of input materials and enhance the overall quality and durability of the end product.
Red Hat Inc.	Red Hat is a global leader in open source software solutions for the enterprise. Open source software has greater flexibility, efficiency, lower cost, and increased transparency of the code versus proprietary software. Moreover, Red Hat's operating system (Red Hat Enterprise Linux) is considered one of the most energy-efficient operating system available, using less power than competing operating systems on identical hardware. Red Hat Enterprise Linux also has less hardware requirements, making it possible to use commodity hardware while still getting the same functionality.
Salesforce.com, Inc.	Salesforce.com is a leading customer relationship management software company, and a globally recognized pioneer in the field of cloud computing, enabling its customers to avoid the economics and risks associated with hosting an internal computer network. Salesforce.com has achieved net-zero greenhouse gas emissions and is now providing a carbon neutral cloud for all customers.
The TJX Companies, Inc.	TJX is a leading off-price retailer of apparel and home products. The company has consistently implemented industry-leading energy reduction and waste minimization practices at its facilities. TJX has also shifted to using fuel efficient intermodal transport (moving freight via a combination of railroad and trucking), and through its logistics efficiency efforts, the company has been able to significantly reduce the amount of total shipments.
Thermo Fisher Scientific Ltd.	A leader in producing emissions monitoring, radiation detection, and water quality testing equipment, Thermo Fisher provides strategic supply chain services that help its biopharmaceutical clients comply with regulations, produce products safely, and operate more efficiently.
Tyler Technologies, Inc.	Tyler Technologies is a leading provider of software for the public sector, enabling local government functions to become more efficient in handling information and data, operations, and responding to constituents. We identify strong SBA particularly in Tyler's e-filing business—by converting paper-centric tasks and documents to electronic form, Tyler helps reduce a jurisdiction's reliance on paper, automate manual processes, and thereby respond more effectively to constituents.
Unilever NV	Unilever is a leading multinational consumer goods company. The company's Sustainable Living Brands have been delivering top-line results for the company, growing faster than the rest of the business and accounting for over half the company's growth. Unilever has also been successful in embedding sustainability into its supply chain practices and company culture, helping the company to operate more efficiently and reduce supply chain risks (i.e. shortages of raw materials).
UnitedHealth Group	UnitedHealth provides health care coverage, software and data consultancy services. The company's Optum software provides customers with analytical insight that helps drive higher quality and increased efficiency in the health care system, enabling customers to reduce costs and patient health risks, improve clinical performance and patient outcomes, and adapt to the changing health system landscape.
Verisk Analytics, Inc.	Verisk is a leading provider of climate and environmental-risk data to the insurance and reinsurance industries. Once a small sideline providing data to the government, climate-data provision is now a thriving business for Verisk fueled by strong demand from insurers around the world.
Visa	Visa's electronic transaction network gives emerging-market populations access via mobile phone to electronic financial services that would otherwise be unavailable. Access to Visa's global payments system is a key ingredient in improving the flow of goods and services in emerging markets, ultimately creating major societal benefits as well as a powerful platform for Visa's future growth.
Welbilt, Inc.	Welbilt is a leading commercial foodservice equipment company. It designs connected and energy efficient cooking, holding, food preparation, beverage dispensing, refrigeration and ice-making technologies for restaurants and the food processing industry, which helps its customers improve quality control and food safety, while reducing energy, water, and labor costs.
West Pharmaceutical Services, Inc.	West Pharmaceutical Services is a leading manufacturer of packaging components and delivery systems for injectable drugs and healthcare products. West's products and services promote the safety, purity and efficacy of the world's pharmaceutical drug supply. The company's high quality products are designed to reduce particulates and defects, which can lead to wasteful product recalls, and to ensure consistency of medication delivery.

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