Large-Cap Sustainable Growth

QUARTERLY STRATEGY UPDATE

Third Quarter 2017

COMPOSITE PERFORMANCE (%)

	COMPOSITE GROSS OF FEES	COMPOSITE NET OF FEES	RUSSELL 1000® GROWTH INDEX
3 MOS.	4.85	4.71	5.90
YTD	20.43	19.96	20.72
1 YR.	18.18	17.57	21.94
3 YR.	15.34	14.73	12.69
5 YR.	16.58	15.93	15.26
ITD (01/01/2010)	16.14	15.57	14.45

The composite performance shown above reflects the Brown Advisory Large-Cap Sustainable Growth Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a division of Brown Advisory LLC, and Brown Advisory Institutional is a GIPS compliant firm. Please see the end of this for a GIPS compliant presentation.

REP. ACCOUNT CHARACTERISTICS

	LARGE-CAP GROWTH REP. ACCT.	RUSSELL 1000® GROWTH INDEX
Wtd. Avg. Market Cap.	$143.4 B	$208.0 B
P/E Ratio (FY2 Est.)	24.5x	20.0x
Earnings Growth (3-5 Yr. Est.)	15.8%	15.0%
PEG Ratio	1.6x	1.3x
Portfolio Turnover (3 Yr. Avg.)	33.3%	--

REP. ACCOUNT TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Alphabet. Inc. (Class A & C)*	4.7
Microsoft Corp.	4.7
Visa, Inc.	4.6
Thermo Fisher Scientific, Inc.	4.5
UnitedHealth Group, Inc.	4.3
Adobe Systems, Inc.	4.3
American Tower Corp.	4.3
Danaher Corp.	4.1
Facebook, Inc.	4.1
Amazon.com, Inc.	3.4
TOTAL	**43.0**

*Alphabet Inc. represents a 4.0% holding position in class A and 0.7% in class C shares of the stock.

KARINA FUNK, CFA
Portfolio Manager

DAVID POWELL, CFA
Portfolio Manager

Review & Outlook

The Large-Cap Sustainable Growth strategy underperformed its benchmark, the Russell 1000® Growth Index, primarily due to disappointing results from holdings within health care and materials. Weak stock-specific performance within our industrials and technology holdings also negatively impacted performance. Partially offsetting these results was steady performance from our consumer staples names.

Equity markets performed well in the third quarter and traditional "growth" sectors such as technology and health care outpaced the broader large-cap market. Investors have maintained a "risk on" mentality during the past few quarters. During periods of continued strength, it is incumbent for us not to become enamored with the most rapidly growing companies, which typically lead the market when sentiment is particularly bullish. We also try to avoid the trap of searching for companies whose growth is poised to spike in the near term, but to a level we judge to be unsustainable over the long term. Rather, regardless of the market environment, we look for companies with attractive business models and sustainable strategies for long-term growth.

Wabtec Corporation disappointed this quarter, and it has missed expectations in four out of the last five quarters. The slowdown in North American freight has negatively impacted new railcar and locomotive builds. Wabtec provides braking systems and electronics for these builds. Compounding the problem is a slowdown in the company's high-margin Precision Train Control technology. It is our understanding that despite a very difficult market environment, Wabtec's competitive position is unchanged (and actually improved in transit after the acquisition of Faiveley). Should the company's competitive position change, or should the market environment deteriorate further, we will reevaluate our position.

We made a few minor changes to the portfolio during the quarter, adding to **Ecolab**, **Cavium** and **Monolithic Power**. In the case of Ecolab, headwinds from negative currency translation and commodity prices have subsided, and we expect its growth to improve going forward. We believe that Cavium will soon benefit from its rollout of ARM server technology, and that Monolithic Power Systems should continue to drive impressive growth due to its differentiated technology. To fund our additions, we trimmed **Amazon**, **Facebook** and **Visa**.

New in the portfolio this quarter is **Nordson**, a company that sells precision dispensing systems used in high-speed manufacturing plants. The company is the undisputed leader in its industry. The company's strength is due in part to its global direct sales force as well as its strong customer relationships built over several decades. Nordson offers a great deal of value to its manufacturing customers. Its precision technology helps customers save money on expensive materials, and reduces bottlenecks in their manufacturing processes. Over the last ten years, management has worked to reduce dependence on cyclical end-markets such as semiconductors and to broaden the portfolio into less-volatile industries such as health care. The company has raised its dividend every year for the last fifty years, a fact that offers a strong signal of the strength of its business model.

As a reminder, we construct our portfolio by focusing on companies with unique fundamental strengths, that use sustainable strategies to improve their business even further by growing their revenue more quickly, cutting costs to become more competitive or adding to their franchise value. This philosophy has served us well over the last seven years and we believe it will continue to do so in the years ahead.

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 allocation in both absolute and relative terms did not change significantly during the third quarter.
- Consistent with prior quarters, the portfolio is overweight industrials and underweight consumer staples, energy and financials. We do not use sector rotation as a driver of return; our sector weightings are primarily determined by where we find opportunities in our bottom-up stock selection process.
- As we have previously noted, many of our industrial and information technology holdings could be categorized within other sectors. Several of our industrial firms primarily serve in the health care sector, while several technology holdings are involved in financial services.

SECTOR	LARGE-CAP SUSTAINABLE GROWTH REP. ACCOUNT (%)	RUSSELL 1000® GROWTH INDEX (%)	DIFFERENCE (%)	LARGE-CAP SUSTAINABLE GROWTH REP. ACCOUNT (%)	
	Q3 '17	Q3 '17	Q3 '17	Q2 '17	Q3 '16
Consumer Discretionary	7.02	17.68	-10.66	8.45	12.68
Consumer Staples	2.80	6.74	-3.94	4.52	2.11
Energy	--	0.90	-0.90	--	--
Financials	--	3.42	-3.42	--	--
Health Care	19.34	13.76	5.58	19.17	22.37
Industrials	22.94	12.49	10.45	19.97	25.36
Information Technology	37.22	37.62	-0.41	37.26	30.97
Materials	6.28	3.82	2.46	6.11	2.45
Real Estate	4.41	2.56	1.85	4.52	4.07
Telecommunication Services	--	0.99	-0.99	--	--
Utilities	--	0.01	-0.01	--	--

Quarterly Attribution Detail by Sector

- Consistent with our strategy's history, our performance relative to the benchmark was driven by stock selection more than allocation.
- Within technology, Visa, Facebook and **Red Hat** all posted strong gains this past quarter. Despite these strong results, we still slightly underperformed.
- Some of our health care and materials holdings were laggards this quarter; **Edwards Lifesciences**, **Danaher** and **Idexx** each gave back some of the strong gains they have earned throughout 2017.
- Steady performance from **Unilever** helped us outperform in consumer staples. The sector is broadly challenged by changing consumer preferences in traditional food and retail markets.

SECTOR	LARGE-CAP SUSTAINABLE GROWTH REP. ACCOUNT		RUSSELL 1000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	7.71	-1.29	18.05	0.96	0.51	-0.17	0.34
Consumer Staples	3.43	6.61	7.10	-2.49	0.29	0.36	0.66
Energy	--	--	0.80	6.35	-0.01	--	-0.01
Financials	--	--	3.35	7.52	-0.05	--	-0.05
Health Care	19.40	3.13	13.67	6.72	0.05	-0.67	-0.62
Industrials	20.89	4.92	12.24	7.54	0.16	-0.47	-0.31
Information Technology	37.91	8.76	37.39	9.36	0.04	-0.22	-0.19
Materials	6.04	-2.47	3.80	4.07	-0.04	-0.41	-0.44
Real Estate	4.62	3.80	2.61	3.18	-0.05	0.04	-0.02
Telecommunication Services	--	--	0.97	11.15	-0.05	--	-0.05
Utilities	--	--	0.01	48.79	-0.01	--	-0.01
Total	**100.00**	**5.20**	**100.00**	**5.90**	**0.85**	**-1.55**	**-0.70**

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Quarterly Contribution to Return

- Three of our five top contributors this quarter were technology companies. The continued proliferation of technology into all facets of our daily lives offers a compelling backdrop for investment.
- Visa reported a strong quarter and raised estimates for the year. New client wins and cross-border activity drove better-than-expected payment volume growth. The integration of Visa Europe is progressing ahead of expectations. Going forward, we believe that Visa is well positioned to capture a disproportionate share of e-commerce payment volume.
- Facebook has strong pricing power in its core advertising business, one of several factors driving the company's strong performance. We believe that premium video, Instagram and WhatsApp are all emerging as worthy supplements to Facebook's core business.
- **J.B. Hunt's** stock rose as supply/demand fundamentals are improving across the transportation landscape. We expect stronger prices to translate into improved growth for the company in 2018.
- Red Hat reported another outstanding quarter and raised guidance for the year. The company's OpenShift and OpenStack products are gaining increased traction with customers looking to maximize their IT infrastructure in a hybrid cloud environment.
- **Healthcare Services Group** reported revenue growth that far exceeded expectations. The company is having increased success cross-selling additional services into its core base of long-term care customers.
- Wabtec Corporation missed estimates in the second quarter and guided below consensus for the year. We were surprised by the magnitude of the miss but remain bullish on the company's long-term position within freight and transit.
- Edwards Lifesciences reported a strong quarter yet the stock sold off as investors were hoping for an even better set of results. The company remains the leader in the transcatheter heart valve replacement market and we expect continued solid growth going forward.
- **Starbucks** posted weaker-than-expected same-store-sales growth in the U.S. for the second quarter. Starbucks is facing the daunting task of maintaining a double-digit growth rate at a time when its store base is maturing. Over the past few quarters, we have lowered the position size to account for this challenge to its business.
- Nordson reported a strong second quarter but warned that difficult comparisons will restrain growth in the coming quarters. We believe that a number of capital allocation decisions made over the last decade have strengthened the company's fundamental outlook. We took advantage of the sell-off in the stock and added to our position.
- Ecolab reported a relatively muted set of results for the second quarter. Over the last few years, the growth rate has been negatively impacted by negative currency translation and weak commodity prices. We believe that both of these headwinds are behind the company, so we expect improved growth going forward. We therefore added to our position.

LARGE-CAP SUSTAINABLE GROWTH REP. ACCOUNT TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
V	Visa Inc. Class A	4.96	12.40	0.60
FB	Facebook, Inc. Class A	4.56	13.17	0.58
JBHT	J.B. Hunt Transport Services, Inc.	2.22	21.87	0.50
RHT	Red Hat, Inc.	3.22	15.78	0.50
HCSG	Healthcare Services Group, Inc.	2.95	15.67	0.43
LARGE-CAP SUSTAINABLE GROWTH REP. ACCOUNT BOTTOM FIVE CONTRIBUTORS				
WAB	Westinghouse Air Brake Technologies Corporation (Wabtec)	2.37	-17.08	-0.50
EW	Edwards Lifesciences Corporation	2.76	-7.55	-0.22
SBUX	Starbucks Corporation	1.70	-7.47	-0.14
NDSN	Nordson Corporation	1.03	-7.42	-0.12
ECL	Ecolab Inc.	2.99	-2.84	-0.09

Portfolio Activity

- Nordson manufactures precision technology solutions focused on material dispensing. The company has leading market share, a global presence and a strong track record of technological innovation. Nordson helps customers improve manufacturing productivity by increasing precision, lowering waste and improving speed. We view its business model quite positively; nearly half of its sales are recurring and capital intensity is relatively low. Nordson's strong cash flow generation has enabled it to increase its annual dividend for 50 consecutive years.
- We eliminated **TreeHouse Foods** after another disappointing set of results in the second quarter. Growth has slowed in the traditional retail food industry and customers have demanded price concessions from suppliers. Our original investment thesis did not anticipate these increasingly difficult market conditions. We no longer expect the company to meet our growth expectations therefore we sold the position.

LARGE-CAP SUSTAINABLE GROWTH REP. ACCOUNT PORTFOLIO ACTIVITY		
ADDITIONS		SECTOR
NDSN	Nordson Corporation	Industrials
DELETIONS		SECTOR
THS	TreeHouse Foods, Inc.	Consumer Staples

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Large-Cap Sustainable 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	6.6	6.0	7.1	11.5	11.2	32	0.1	503	30,417
2015	13.7	13.1	5.7	11.1	10.7	23	0.3	405	43,746
2014	7.1	6.5	13.1	9.9	9.6	25	0.1	303	44,772
2013	34.5	33.7	33.5	12.1	15.5	24	0.2	288	40,739
2012	16.5	15.9	15.3	15.7	15.7	22	0.3	211	26,794
2011	5.4	5.0	2.6	NA	NA	21	0.3	37	19,962
2010	23.5	23.1	16.7	NA	NA	18	N/A	13	16,859

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, 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.
2. The Large-Cap Sustainable Growth Composite includes all discretionary portfolios invested in the Sustainable Large Cap Strategy. The strategy invests primarily in large market capitalization companies with financially and environmentally sustainable business models. The minimum account market value required for composite inclusion is $1.5 million. Prior to 2012, the minimum was $100,000.
3. This composite was created in 2010. Prior to 3/31/13, the strategy was named Large-Cap Sustainability. Prior to 12/31/2011 the strategy was named Winslow Green Large Cap. No changes have been made to the strategy since inception.
4. 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.
5. 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.
6. 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.
7. 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, 2010 and December 31, 2011 because 36 monthly returns for the composite were not available (NA).
8. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
9. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
10. Past performance does not indicate future results.
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Composite performance is based on the Brown Advisory Large-Cap Sustainable Growth Composite and was obtained through FactSet®. All information and returns shown are as of 09/30/2017 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 Large-Cap Sustainable Growth 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.

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 sector attribution excludes cash and cash equivalents. Total portfolio return figures provided reflect the sum of the returns of the equity holdings in the representative account portfolio due to price movements and dividend payments or other sources of income, and exclude cash. Performance figures may vary from actual portfolio performance, as calculations are based on end-of-day security prices and do not incorporate the actual cost basis or sale price of individual securities. 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. **Weighted Average Market Cap** refers to 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). **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. **Earnings Growth 3-5 Year Est.** is the average predicted annual earnings growth over the next three to five years based on estimates provided to FactSet by various outside brokerage firms, calculated according to each broker's methodology. **P/E / Growth Ratio,** or **PEG Ratio,** is the ratio of a portfolio's P/E Ratio divided by its Earnings Growth 3-5 Year Est. **Portfolio Turnover** 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. Portfolio turnover is provided for a three-year trailing period. 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. 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.