

Mid-Cap Growth

QUARTERLY STRATEGY UPDATE

Third Quarter 2018

COMPOSITE PERFORMANCE (%)

	COMPOSITE GROSS OF FEES	COMPOSITE NET OF FEES	RUSSELL MIDCAP® GROWTH INDEX®
3 MOS.	7.26	7.13	7.57
YTD	19.30	18.85	13.38
1 YR.	24.05	23.47	21.10
3 YR.	20.14	19.38	16.65
5 YR.	15.64	14.87	13.00
ITD (02/29/2012)	17.09	16.32	14.14

The composite performance shown above reflects the Brown Advisory Mid-Cap Growth Equity 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.



CHRISTOPHER A. BERRIER
Portfolio Manager



GEORGE SAKELLARIS, CFA
Portfolio Manager

Review & Outlook

The Mid-Cap Growth strategy lagged its benchmark, the Russell Midcap® Growth Index, during the third quarter, as underperformance in the technology sector more than offset relative gains in health care and materials.

Volatility remained low, as our benchmark climbed for the 12th straight quarter and was the best of the dozen. The Index's appreciation in the last three months bested the previous peak quarterly gain during the three-year streak despite valuations in the mid-cap space that are hovering at the high end of their five-year range. The Index has now appreciated 59% since its last quarterly decline in the third quarter of 2015.

Health care and technology stocks, which led in the first quarter, were back on top in this quarter, while cyclical in the materials and energy sectors lagged. Returns came from price momentum, while valuation sensitivity was out of fashion. Does this story sound familiar? It should—it has been a recurring theme during this three-year run. There was one major difference from the first half, however. In the third quarter, large-caps outpaced small-caps; the Russell 1000® Growth Index beat the Russell 2000® Growth Index by more than 3%.

This environment likely provided a headwind to our relative returns over this short period. While our weighted-average market cap has grown over the last two years, we still tilt down-cap slightly relative to our benchmark and tend to outpace the Index when small-caps beat large-caps. Also, we are underweight information technology (due to Russell increasing the sector's weight in the Index in June, not because we changed the portfolio) during a quarter when software stocks moved higher. Finally, we employ a valuation-sensitive "traditional growth" approach, which can lag in periods when investors throw caution to the wind and drive momentum stocks higher.

We had several laggards in the quarter. **Electronic Arts**—last quarter's darling—turned into this quarter's loser when it reported subpar growth in "live services" and delayed the release of an important game. **CTrip**, **Microchip Technology**, **BankUnited** and **Marvell Technology Group** also detracted, more due to investors' shifting fears of cyclicality as opposed to major company-specific issues. Still, these detractors were more than offset by solid contributions from **Ball Corporation**, **Edwards Lifesciences**, **Dexcom**, **HEICO** and **Worldpay**, leaving us just shy of the benchmark in the quarter, likely due to our philosophical or structural tilt more so than stock-specific issues.

We often describe that philosophical tilt using the phrases "traditional growth" or "somewhere between core and aggressive growth." Simply put, we strive to generate attractive risk-adjusted returns in the mid-cap space through stock selection. Thus, we construct the portfolio from the bottom up in companies that we think will compound over many years at an above-average rate, not from the top down to closely match a specific index. There are two reasons this places us closer to "growth" than "value," and each has more to do with what we do not own, rather than what we do.

Utilities, energy companies, banks and REITs give the Russell Midcap Index (the core index) its "value" flavor. Those sectors and industries comprise approximately 20% more of the core index than the Russell Midcap Growth Index. We avoid most, but not all, companies in those spaces because their success depends on exogenous variables that can be difficult to predict, namely commodity prices, regulation and interest rates. They often lack strong secular growth drivers and require more capital to generate profits. To be fair, we own one utility, **Cogent Communications**, but it is more of a tech company (a low-cost internet service provider) with high single-digit revenue growth. We also own **Webster Financial**, a "smid-cap" bank, that owns HSA Bank, which benefits from strong secular trends in domestic health insurance. Avoiding these verticals automatically places us squarely in the "growth" category.

The benchmark Index often contains more "momentum stocks" than the core index and our portfolio. Most of these reside in tech and health care. Companies in those two sectors with EV/EBITDA multiples over 40x (using current unreported-year consensus estimates) comprise 12% of our benchmark, compared to 9% of our strategy. On the surface, the difference seems minimal, but we hold a position in **Autodesk**, a mature software company that is transitioning from a licensing to subscription model and has temporally depressed EBITDA. We hold another 2% in clinical-stage biotechs that have no pretax earnings. To highlight the momentum-oriented market of the quarter, the stocks we do not own within that 12% (in our benchmark) cost us over 60 basis points of relative performance due to their strong relative gains.

As always, we remain committed to achieving attractive risk-adjusted returns over a full market cycle by owning a diversified portfolio of companies that we believe could one day grow much larger. We are grateful for your support and look forward to updating you at the conclusion of the fourth quarter. **B**

REP. ACCOUNT CHARACTERISTICS

	MID-CAP GROWTH REP. ACCT.	RUSSELL 2000® GROWTH INDEX
Weighted Avg. Market Cap.	\$16.6B	\$16.9B
P/E Ratio (FY2 Est.)	23.9x	20.5x
Dividend Yield	0.6%	0.8%

REP. ACCOUNT TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Waste Connections Inc	3.8
Catalent, Inc.	3.2
Edwards Lifesciences Corp.	2.9
Electronic Arts, Inc.	2.9
TransUnion	2.6
Mimecast, Ltd.	2.5
Ball Corp.	2.4
Cogent Communications Group, Inc.	2.4
Welbilt, Inc.	2.4
Genpact Ltd.	2.3
TOTAL	27.4

Sector Diversification

The Mid-Cap Growth strategy employs a bottom-up, fundamental approach. Thus, our sector weights result from our opportunity set and research effort. Over the long run, stock selection drives our results. Nonetheless, we believe this analysis helps describe when the strategy's returns might experience a headwind or a tailwind relative to its benchmark over short periods.

- The strategy is approximately equal-weight consumer discretionary.
- While we have no direct investments in energy, the strategy is exposed to oil price fluctuations through fuel card operator **WEX** in financial services.
- The strategy is slightly underweight financial services. Within the sector, we tilt toward services companies and away from asset managers, investment banks and insurance companies. We do not believe that the portfolio expresses a major bet for or against rising interest rates.
- We are overweight health care, with broad exposure to services, devices and pharma/biotech. The overweight decreased in the quarter after a private equity-backed competitor purchased **Cotiviti**.
- We are slightly overweight materials. Within the sector, our holdings tilt larger-cap and less cyclical.
- According to our internal classifications, we are overweight producer durables. **Waste Connections**, unassigned by Russell Global, is listed within producer durables in our internal classification. Nonetheless, we believe that our holdings are less cyclical than those of our benchmark.
- Technology is a material underweight after the reconstitution of the Index in June. Within technology, we have a tilt away from high-multiple stocks.
- Internet provider **Cogent** is our only position in utilities.

RUSSELL GLOBAL SECTORS	MID-CAP GROWTH REP. ACCOUNT (%)	RUSSELL MIDCAP® GROWTH INDEX (%)	DIFFERENCE (%)	MID-CAP GROWTH REP. ACCOUNT (%)	
	Q3'18	Q3'18	Q3'18	Q2'18	Q3'17
Consumer Discretionary	17.90	18.44	-0.54	15.59	17.55
Consumer Staples	3.91	2.90	1.01	3.73	3.32
Energy	--	1.69	-1.69	--	--
Financial Services	14.51	16.03	-1.53	16.21	18.36
Health Care	15.64	14.34	1.30	17.26	16.53
Materials & Processing	6.07	5.12	0.95	6.12	6.29
Producer Durables	17.50	15.69	1.81	17.19	12.90
Technology	18.16	25.56	-7.40	17.26	18.88
Utilities	2.45	0.22	2.23	2.75	2.11
Unassigned	3.86	--	3.86	3.90	4.06

Quarterly Attribution Detail by Sector

- During the third quarter, negative selection effects in the technology sector were offset by solid relative performance in the materials and health care sectors.
- While we had a few meaningful detractors in the technology sector (including **Marvell**, **Microchip Technology** and **Mimecast**), our underperformance can be attributed primarily to the stocks we did not own. Technology was the second-best performing sector in the benchmark during the third quarter and was driven primarily by software stocks—the strategy is currently underweight this subsector.
- A recovery in Ball Corp.'s share price, coupled with an underweight to building materials, drove outperformance in the materials sector during the quarter. **Dexcom**, **Cooper**, **Edwards**, **Charles River** and **Henry Schein** all contributed to solid performance in the health care sector.

RUSSELL GLOBAL SECTORS	MID-CAP GROWTH REP. ACCOUNT		RUSSELL MIDCAP® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	17.24	4.68	18.58	4.56	0.06	0.02	0.08
Consumer Staples	3.97	5.96	2.99	7.38	0.02	-0.05	-0.03
Energy	--	--	1.64	-0.80	0.14	--	0.14
Financial Services	14.94	6.23	16.17	5.58	0.03	0.08	0.12
Health Care	14.90	16.73	13.76	12.97	0.06	0.50	0.57
Materials & Processing	6.08	13.88	5.34	-0.61	-0.06	0.84	0.79
Producer Durables	17.59	7.33	15.73	8.91	0.03	-0.27	-0.23
Technology	18.47	3.02	25.37	9.98	-0.19	-1.28	-1.47
Utilities	2.55	5.56	0.24	-4.82	-0.27	0.24	-0.03
Unassigned	4.26	5.45	0.17	4.07	-0.19	0.08	-0.11
Total	100.00	7.38	100.00	7.57	-0.12	-0.07	-0.19

Quarterly Contribution to Return

- Ball Corporation's shares benefited from strong second-quarter earnings and management's consistent profit outlook despite the sale of its U.S. Food and steel aerosol assets.
- Solid data from a competitor's product validated Edwards Lifesciences' emerging minimally invasive mitral valve repair system, a pipeline opportunity. We expect Edwards to launch its own, and potentially superior, version of this same class of device (dubbed Pascal) in 2019.
- Dexcom posted strong revenue growth as demand for its products far exceeded expectations. With the recent approval of its latest continuous glucose monitor and partnerships, we believe Dexcom can further penetrate this large and growing market.
- HEICO's better-than-expected quarterly results that saw double-digit organic growth and margin expansion in each of its segments drove the stock higher.
- Worldpay's stock price rose after investor fears around growth and cost synergies proved unfounded in the quarter.
- Electronic Arts announced slower-than-expected growth in its FIFA Ultimate Team business. Subsequently, management indicated it would delay the launch of an important title, Battlefield V, by one month. We view both issues as short term and added to the position on weakness.
- Ctrip underperformed alongside other China-related internet stocks, as macro concerns about China's economic growth and regulatory fears overshadowed second-quarter earnings that were in line with expectations.
- Microchip Technology reported weak results from recently acquired Microsemi. Adding fuel to the fire, management noted general end-market weakness. We sold the position in favor of NXP Semiconductors during the quarter. While NXP has similar end-market exposure (autos and industrials), we think it sports a better secular growth profile and lower financial leverage.
- BankUnited's share price came under pressure with other banks in the third quarter over concerns of slowing loan growth.
- Marvell underperformed in the quarter on weak results from recently acquired Cavium, as well as general semiconductor end-market worries and trade/tariff fears.

MID-CAP GROWTH REP.ACCOUNT TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
BLL	Ball Corporation	2.34	24.04	0.51
EW	Edwards Lifesciences Corporation	2.50	19.60	0.48
DXCM	Dexcom, Inc.	1.01	50.60	0.41
HEI	HEICO Corporation	1.62	27.09	0.40
WP	Worldpay, Inc. Class A	1.77	23.83	0.39
MID-CAP GROWTH REP.ACCOUNT BOTTOM FIVE CONTRIBUTORS				
EA	Electronic Arts Inc.	2.52	-14.56	-0.35
CTRP	Ctrip.com International Ltd Sponsored ADR	1.01	-21.96	-0.23
MCHP	Microchip Technology Incorporated	1.36	-11.22	-0.18
BKU	BankUnited, Inc.	1.37	-12.88	-0.18
MRVL	Marvell Technology Group Ltd.	1.57	-9.73	-0.18

Portfolio Activity

- **Black Knight** is leveraging its dominant position in first-lien mortgage servicing software to grow in second-lien mortgages (HELOCs). Black Knight also hopes to cross-sell data and analytics products and cultivate a small loan origination software business that could be bigger. We funded this addition by selling **CoreLogic**. We believe that Black Knight enjoys better growth prospects, less cyclicity and a superior risk/reward profile.
- **Six Flags** is a proven operator in the modestly growing regional theme park industry with reasonable barriers to entry and a shareholder-friendly management team. We believe that a shift from season passes to memberships can boost organic growth, smooth seasonality and grow return on capital.
- We swapped our position in **Microchip Technology** for a new position in **NXP Semiconductors**. While it has similar end-market exposures, we think NXP has a better organic growth profile and lower financial leverage.
- We funded two small biotech positions by selling **Ultragenyx** (fundamentals) and **HealthEquity** (valuation).
- We exited **Cambrex** after one of our key metrics (non-Hepatitis C revenue from Gilead) underperformed our expectations.
- Private equity-backed **Verscend** completed its acquisition of Cotiviti Holdings during the quarter.
- While we like **Gartner's** business model, we believe that valuation priced in too much success in recently acquired CEB.

MID-CAP GROWTH REP.ACCOUNT PORTFOLIO ACTIVITY		
ADDITIONS		SECTOR
BKI	Black Knight, Inc.	Information Technology
GBT	Global Blood Therapeutics Inc	Health Care
LOXO	Loxo Oncology Inc	Health Care
NXPI	NXP Semiconductors NV	Information Technology
SIX	Six Flags Entertainment Corporation	Consumer Discretionary
DELETIONS		SECTOR
CBM	Cambrex Corporation	Health Care
CLGX	CoreLogic, Inc.	Information Technology
COTV	Cotiviti Holdings, Inc.	Consumer Discretionary
IT	Gartner, Inc.	Information Technology
HQY	HealthEquity Inc	Health Care
MCHP	Microchip Technology Incorporated	Information Technology
RARE	Ultragenyx Pharmaceutical, Inc.	Health Care

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

GLCS Sector Diversification

SECTOR	MID-CAP GROWTH REP. ACCOUNT (%)	RUSSELL MIDCAP® GROWTH INDEX (%)	DIFFERENCE (%)	MID-CAP GROWTH REP. ACCOUNT (%)	
	Q3 '18	Q3 '18	Q3 '18	Q2 '18	Q3 '17
Communication Services	6.51	3.69	2.82	6.36	9.09
Consumer Discretionary	15.43	16.37	-0.94	14.96	11.53
Consumer Staples	4.64	2.90	1.74	4.49	5.06
Energy	--	1.69	-1.69	--	--
Financials	2.60	6.65	-4.05	3.10	2.60
Health Care	15.64	15.28	0.36	15.18	14.22
Industrials	22.32	16.47	5.85	22.76	19.56
Information Technology	26.21	31.37	-5.16	26.58	30.21
Materials	4.84	3.55	1.29	4.57	4.71
Real Estate	1.81	2.01	-0.21	1.99	3.01
Utilities	--	--	--	--	--

GLCS Quarterly Attribution Detail by Sector

SECTOR	MID-CAP GROWTH REP. ACCOUNT		RUSSELL MIDCAP® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	6.19	-1.80	3.82	-3.93	-0.25	0.14	-0.11
Consumer Discretionary	15.00	4.55	16.50	5.77	0.04	-0.18	-0.14
Consumer Staples	4.68	5.36	2.99	7.38	0.02	-0.10	-0.08
Energy	--	--	1.67	-0.15	0.14	--	0.14
Financials	2.95	-9.80	7.14	-0.24	0.32	-0.29	0.03
Health Care	14.89	16.73	14.69	12.30	0.01	0.60	0.61
Industrials	22.83	5.47	16.51	9.41	0.12	-0.86	-0.74
Information Technology	26.91	8.93	30.86	11.62	-0.15	-0.69	-0.84
Materials	4.72	17.68	3.74	-5.04	-0.12	1.04	0.92
Real Estate	1.83	-2.72	2.08	-1.78	0.02	-0.02	--
Total	100.00	7.38	100.00	7.57	0.16	-0.36	-0.20

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

Mid-Cap Growth Equity 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)
2017	23.9	23.1	25.3	9.8	10.9	Five or fewer	N/A	48	33,155
2016	9.3	8.6	7.3	11.0	12.2	Five or fewer	N/A	2	30,417
2015	7.1	6.3	-0.2	10.7	11.3	Five or fewer	N/A	1	43,746
2014	8.8	8	11.9	N/A	N/A	Five or fewer	N/A	2	44,772
2013	38.3	37.3	35.7	N/A	N/A	Five or fewer	N/A	1	40,739
2012*	8.5	8	3.4	N/A	N/A	Five or fewer	N/A	1	26,794

*Return is for period March 1, 2012 through December 31, 2012.

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, 2017. 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 Mid Cap Growth Composite is comprised of all discretionary accounts with no material investment restrictions, which invest primarily in the common stock of U.S. medium market capitalization companies. The strategy seeks capital appreciation by managing a concentrated portfolio of companies that offer long-term growth potential. There is not a minimum account market value required for composite inclusion.
- Effective 1/1/17, a significant cash flow policy was implemented for the Mid Cap Growth composite. Accounts with greater than or equal to 15% external cash flows will be removed from the composite for the entire month that the external cash flow occurred. The account will be added back to the composite the following month, if it meets the composite inclusion requirements. The external cash flow percentage is calculated using beginning market value.
- Prior to September 1 2016 the composite was named Mid Cap Composite, there was no change in investment strategy.
- This composite was created in 2014.
- The benchmark is the Russell Mid Cap Growth – Total Return Index. The Russell Midcap Growth – Total Return Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap Growth – Total Return Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market. The Russell Mid Cap Growth – Total Return 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.
- 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: 0.90% on the first \$25 million; 0.80% on the next \$25 million; 0.70% on the next \$50 million; and 0.60% 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, 2014, and prior, because 36 month returns for the composite were not available (NA.)
- 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.

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.

Composite performance is based on the Brown Advisory Mid-Cap Growth Composite and was obtained through FactSet®. All information and returns shown are as of 09/30/2018 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 Mid-Cap 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.

Sector diversification, attribution, top and bottom five contributors and portfolio additions and deletions source: FactSet. The portfolio information provided is based on a representative Mid-Cap Growth account and is provided as supplemental information. The information provided in this material should not be considered a recommendation to buy or sell 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. 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 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 Russell Global Sectors and the Global Industry Classification Standard (GICS®) classification systems. Russell® is a registered trademark of the London Stock Exchange Group. 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.

The Russell Midcap® Growth Index is an unmanaged index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap® Value Index is an unmanaged index considered representative of includes mid-cap value stocks. The Russell Midcap® Growth Index, the Russell Midcap® Value Index and Russell® are trademark/service marks of the London Stock Exchange Group Companies.

Please see composite disclosure statement 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. Statistics are calculated as follows: **Weighted Average**: 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. **Dividend Yield** is the ratio of a stock's projected annual dividend payment per share for the fiscal year currently in progress, divided by the stock's price.

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. 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. **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.