

Mid-Cap Growth

QUARTERLY STRATEGY UPDATE

Fourth Quarter 2018

COMPOSITE PERFORMANCE (%)

	COMPOSITE GROSS OF FEES	COMPOSITE NET OF FEES	RUSSELL MIDCAP® GROWTH INDEX®
3 MOS.	-16.73	-16.84	-15.99
1 YR.	-0.66	-1.16	-4.75
3 YR.	10.41	9.73	8.59
5 YR.	9.41	8.69	7.42
ITD (02/29/2012)	13.34	12.60	10.73

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.

REP. ACCOUNT CHARACTERISTICS

	MID-CAP GROWTH REP. ACCT.	RUSSELL MIDCAP® GROWTH INDEX
Weighted Avg. Market Cap.	\$13.94B	\$14.49B
Weighted Median Market Cap.	\$10.64B	\$13.04B
Earnings Growth (3-5 Yr. Est.)	14.82%	16.86%
P/E Ratio (FY2 Est.)	20.3x	17.6x

REP. ACCOUNT TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Waste Connections Inc	4.0
Ball Corp.	3.0
Catalent, Inc.	2.9
Edwards Lifesciences Corp.	2.8
Mimecast, Ltd.	2.6
Cooper Companies, Inc.	2.5
Teleflex, Inc.	2.5
Genpact Ltd.	2.4
TransUnion	2.4
Electronic Arts, Inc.	2.4
TOTAL	27.5



GEORGE SAKELLARIS, CFA
Portfolio Manager



CHRISTOPHER A. BERRIER
Portfolio Manager

Review & Outlook

The Mid-Cap Growth Strategy lagged its benchmark, the Russell Midcap® Growth Index, during the fourth quarter of 2018, as underperformance in the technology and consumer discretionary sectors more than offset relative gains in health care and materials. Despite a lag in the quarter, when compared to its benchmark, 2018 marked the portfolio's third-best calendar year since its 2012 inception.

An epic 59% run for midcap growth stocks over 12 straight quarters came to an abrupt halt in the fourth quarter. Volatility soared, and the Russell Midcap Growth Index sank 16%—its worst showing since the third quarter of 2011, when investors agonized over a recently collapsed oil price, the European debt crisis and waning GDP growth. Mid- and large-cap growth stocks performed similarly in the fourth quarter. Both trounced small-caps as the Russell 1000® Growth Index beat its small-cap counterpart by nearly 8%. Consumer staples stocks in our benchmark mostly held their ground, while the energy sector dropped 25%. Technology outperformed the broader index, while health care lagged. The portfolio's lower volatility profile likely helped in the quarter, but its small-cap tilt and health care overweight likely did not. Regardless, stock selection drove our underperformance. Underwhelming earnings reports sent Welbilt, Catalent, Electronic Arts and BWX Technologies sharply lower during a period where mistakes were disproportionately punished.

We took advantage of the drawdown in the quarter to build new positions in well-run companies that we think will be much larger in three to five years. We bought Teleflex, ServiceNow, Integra and Aspen Technology in the last three months. We also added to several existing holdings on weakness, including Catalent, Electronic Arts, SiteOne, National Vision, GoDaddy and CarMax.

Shifting the lens just slightly, since peaking in mid-September, our benchmark retrenched 22% through Christmas Eve, its recent low. While similar in magnitude to its last pullback (-20% from June 23, 2015 through February 11, 2016), this drawdown seems broader. Biotech, energy and tangential cyclicals were hit hard in late 2015, while most sectors were down 20 to 25% this time around.

There is less slack in the economy now versus mid-2015 (when unemployment was over 5%), monetary policy is less supportive, interest rates are higher, trade ties are weaker, growth in China is slower, the election and tax reform are in the rearview mirror, and certain industries are showing cracks, such as building materials and semiconductors. It's difficult to see how the market could enjoy the same buoyancy it did in 2016/2017 in the next 12 months.

That said, we have yet to see small businesses "turtle." For instance, Cintas (which rents uniforms to approximately 1 million customers) noted no signs of slowing demand for its services on its December 20 earnings call. Also, the U.S. consumer remains optimistic, and valuations seem reasonable (the Russell Midcap Growth Index trades near its historical average forward price-to-earnings ratio). Regardless of which way the market turns in 2019, we do not think the portfolio expresses a major bet for or against the domestic economic cycle, and our positioning remains conservative relative to the Russell Midcap Growth Index due to our philosophy, approach and valuation sensitivity.

If the strategy is "conservative" with a beta typically around 0.9 and a five-year downside capture ratio of approximately 65%, how did we underperform in the fourth quarter? Have we changed our approach? The simple answer is no. First and foremost, stock selection drives our returns in the long run, and it drove our underperformance in the fourth quarter. A more nuanced answer lies in the unpredictable nature of monthly equity returns and the calculation of downside protection.

The strategy demonstrated downside protection near its five-year average year-to-date through October. A mild lag in the month of December pushed the full-year stat closer to 80%. Downside capture is expressed as one number, but, unsurprisingly, the underlying data (monthly returns for down months) have a wide range. For instance, during the last five years, the strategy endured 15 months where its benchmark declined 1% or more. During that period, we captured anywhere from approximately 50% to 200% of the monthly declines. The range narrows the larger the decline. For instance, the strategy endured four months in the last five years where its benchmark fell more than 5%. Our downside capture spanned from 70 to 100% in that small data set, with an average near 85%. Interestingly, most of the months where the strategy shows below average downside capture happened during earnings season. This brings us back to our first point: its stock selection.

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 first quarter.

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

Sector Diversification

The Mid-Cap Growth Strategy employs a bottom-up, fundamental approach. Thus, our sector weights largely result from stock selection and our opportunity set. Nonetheless, we believe this analysis helps describe when the strategy's returns might experience a headwind or a tailwind relative to its benchmark.

- The strategy is approximately equal weight consumer discretionary and underweight staples since we reduced our exposure to both **Calavo Growers** and **Church & Dwight** in the fourth quarter.
- While we have no direct investments in energy, the strategy is exposed to oil price fluctuations through fuel card operator **WEX Inc.** in financial services.
- The strategy is 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.
- We are slightly overweight materials. Within the sector, our holdings tilt larger-cap and less cyclical.
- We are overweight producer durables. Note: **Waste Connections**, unassigned by Russell Global, is listed within producer durables in our internal classification. We believe that our holdings are less cyclical than those of our benchmark.
- Technology is a material underweight after the reconstitution of the Russell Midcap Index in June 2018. 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 (%)	
	Q4 '18	Q4 '18	Q4 '18	Q3 '18	Q4 '17
Consumer Discretionary	18.32	18.66	-0.34	17.90	15.94
Consumer Staples	2.14	3.38	-1.23	3.91	3.12
Energy	--	1.51	-1.51	--	--
Financial Services	11.92	15.61	-3.69	14.51	18.80
Health Care	18.05	13.62	4.43	15.64	15.97
Materials & Processing	5.92	5.29	0.63	6.07	6.66
Producer Durables	16.35	15.37	0.98	17.50	13.62
Technology	20.73	26.36	-5.64	18.16	20.05
Utilities	1.44	0.20	1.25	2.45	1.88
Unassigned	5.13	--	5.13	3.86	3.96

Quarterly Attribution Detail by Sector

- Negative selection effects in the technology and consumer discretionary sectors drove our underperformance during the fourth quarter.
- **Electronic Arts** detracted from our performance in the technology sector in the fourth quarter. Moreover, the technology sector outpaced the broader index in the quarter; our relative performance also lagged because of benchmark holdings that we did not own (including **Red Hat**, **Workday** and **Xilinx**).
- **Ball Corp.** and **Ecolab** drove outperformance in the materials sector during the quarter. The portfolio's tilt away from benchmark momentum stocks (such as **Align Technology** and **ABIOMED**) coupled with solid returns from **Teleflex**, **Cooper Companies** and **Henry Schein** drove outperformance 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	17.78	-19.67	18.92	-14.17	0.01	-1.03	-1.03
Consumer Staples	3.17	-6.28	3.22	-2.04	0.07	-0.05	0.02
Energy	--	--	1.66	-25.02	0.20	--	0.20
Financial Services	12.70	-19.31	15.94	-18.05	0.13	-0.15	-0.02
Health Care	17.51	-17.93	13.79	-20.73	-0.11	0.49	0.37
Materials & Processing	5.92	-2.75	5.24	-13.48	0.06	0.58	0.65
Producer Durables	16.98	-19.78	15.52	-16.89	0.00	-0.58	-0.58
Technology	19.05	-19.75	25.44	-14.22	-0.11	-1.04	-1.14
Utilities	1.77	-18.05	0.20	-34.22	-0.24	0.27	0.02
Unassigned	5.12	-11.34	0.07	2.16	0.61	-0.39	0.22
Total	100.00	-17.29	100.00	-15.99	0.62	-1.91	-1.29

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Quarterly Contribution to Return

- **Church & Dwight** rose on a strong earnings report with organic growth of almost 5%. The company remains fairly unique among staples companies in its ability to raise price.
- **Ball** reported strong earnings with growth in global can volumes and improving margins.
- Growth in **Teleflex's** core business accelerated this quarter despite a difficult comparison. Additionally, the company's high-potential Urolift product grew almost 50% despite a part supply issue, and the device received regulatory approval in Japan. We believe that meaningful upside remains if Urolift gets traction in its \$30 billion addressable market.
- We took advantage of volatility in the quarter to purchase a position in **ServiceNow**. While macroeconomic concerns drove a market sell-off, demand for digital transformation services (what ServiceNow offers) have remained positive. The company's revenue growth held steady at 35% in the third quarter.
- **Biohaven** primarily focuses on developing therapies for neurological diseases with large markets. Two new data points—positive trial results for the fast-dissolving tablet version of its migraine drug and positive safety data—boosted its stock price in the quarter.
- **Catalent** reported a disappointing quarter due to an ibuprofen ingredient shortage and one customer's decision to bring its manufacturing in-house.
- **Welbilt** presented lower-than expected earnings on lower-than-expected margins. Shares felt additional pressure due to a recent management change and fears surrounding tariffs.
- **Electronic Arts** reported further deceleration in its Live Services business this quarter, while early Battlefield V launch numbers have also been mixed.
- **National Vision Holdings** reported strong earnings results, but high-multiple retail stocks fell meaningfully in the broader market sell-off. We like the long-term prospects for the business and have added to our position.
- After significant expansion earlier in 2018, **TransUnion's** multiple fell this quarter despite strong results on concerns around the cyclical nature of the business in an economic downturn.

MID-CAP GROWTH REP.ACCOUNT TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
CHD	Church & Dwight Co., Inc.	1.09	11.13	0.13
BLL	Ball Corporation	2.91	4.74	0.07
TFX	Teleflex Incorporated	1.87	1.87	0.06
NOW	ServiceNow, Inc.	0.59	0.26	0.04
BHVN	Biohaven Pharmaceutical Holding Company Ltd.	0.11	13.23	0.04
MID-CAP GROWTH REP.ACCOUNT BOTTOM FIVE CONTRIBUTORS				
CTLT	Catalent Inc	3.22	-31.55	-1.15
WBT	Welbilt Inc	1.99	-46.79	-1.12
EA	Electronic Arts Inc.	2.59	-34.51	-1.01
EYE	National Vision Holdings, Inc.	1.54	-37.59	-0.66
TRU	TransUnion	2.56	-22.71	-0.61

Portfolio Activity

- We sold a small remaining position in **Blackbaud** to purchase **Aspen Technology**, a leading simulation software provider to the process industries. The company is seeing improving growth in its core business and now has a new suite of software to sell around asset maintenance, which should add several points of growth this year.
- We sold **Alder** to fund a small position in **Biohaven**, a clinical-stage biotech targeting the large acute migraine market with an oral anti-calcitonin gene-related peptide therapy.
- We swapped **BankUnited** for **KKR** in the quarter. We believe that KKR has resilience in an economic downturn with predictable fees earned on locked-up committed capital and significant dry powder that can be deployed opportunistically with market volatility.
- **ServiceNow** is gaining share in the information technology service management (workflow software) space and successfully expanding into other parts of the enterprise (HR, for instance). We took advantage of stock volatility in the quarter to initiate a position.
- We purchased **Teleflex**, a diversified medical device company with a strong presence and/or rising share in most key product categories. Significant upside exists if the company has success in the \$30 billion market around treatment for benign prostatic hyperplasia, where Teleflex's Urolift procedure appears to have fewer undesired side effects than surgery or drug treatment.
- We also sold **Estee Lauder** and **Global Payments** to help fund new ideas in the quarter.

MID-CAP GROWTH REP.ACCOUNT PORTFOLIO ACTIVITY		
ADDITIONS		SECTOR
AZPN	Aspen Technology, Inc.	Information Technology
BHVN	Biohaven Pharmaceutical Holding Company Ltd.	Health Care
IART	Integra LifeSciences Holdings Corporation	Health Care
KKR	KKR & Co. Inc. Class A	Financials
NOW	ServiceNow, Inc.	Information Technology
TFX	Teleflex Incorporated	Health Care
DELETIONS		SECTOR
ALDR	Alder Biopharmaceuticals, Inc.	Health Care
BKU	BankUnited, Inc.	Financials
BLKB	Blackbaud, Inc.	Information Technology
EL	Estee Lauder Companies Inc. Class A	Consumer Staples
GPN	Global Payments Inc.	Information Technology

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GLCS Sector Diversification

SECTOR	MID-CAP GROWTH REP. ACCOUNT (%)	RUSSELL MIDCAP® GROWTH INDEX (%)	DIFFERENCE (%)	MID-CAP GROWTH REP. ACCOUNT (%)	
	Q4 '18	Q4 '18	Q4 '18	Q3 '18	Q4 '17
Communication Services	5.95	4.00	1.95	7.42	8.42
Consumer Discretionary	14.72	16.43	-1.71	14.52	10.66
Consumer Staples	2.14	3.42	-1.27	4.64	4.95
Energy	--	1.51	-1.51	--	--
Financials	2.50	6.61	-4.10	2.60	2.61
Health Care	18.05	14.62	3.43	15.64	13.85
Industrials	21.63	15.91	5.73	22.32	19.19
Information Technology	27.96	31.59	-3.63	26.21	32.47
Materials	4.88	3.64	1.23	4.84	5.02
Real Estate	2.16	2.28	-0.12	1.81	2.83
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	6.50	-24.29	4.05	-12.66	0.19	-0.93	-0.74
Consumer Discretionary	14.40	-19.68	16.65	-15.16	--	-0.69	-0.70
Consumer Staples	3.29	-7.66	3.23	-2.00	0.11	-0.12	-0.01
Energy	--	--	1.66	-25.02	0.20	--	0.20
Financials	2.70	-19.38	6.74	-16.38	0.04	-0.08	-0.04
Health Care	17.51	-17.93	14.79	-19.76	-0.04	0.30	0.26
Industrials	22.05	-19.27	16.24	-17.86	-0.12	-0.35	-0.48
Information Technology	26.64	-17.74	30.84	-15.69	--	-0.59	-0.59
Materials	4.89	-0.12	3.61	-14.39	0.07	0.63	0.70
Real Estate	2.02	0.78	2.20	-4.48	-0.01	0.11	0.10
Total	100.00	-17.29	100.00	-16.00	0.43	-1.72	-1.29

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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.

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 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.
3. 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.
4. Prior to September 1 2016 the composite was named Mid Cap Composite, there was no change in investment strategy.
5. This composite was created in 2014.
6. 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.
7. 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.
8. 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.
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. 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.)
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 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

Past performance is not a guarantee of future performance and you may not get back the amount invested.

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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 12/31/2018 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); **Weighted Median**: the value at which half the portfolio's market capitalization weight falls above and half falls below. **Earnings Growth 3-5 Year Estimate** is the average predicted annual earnings growth over the next three to five years based on estimates provided to FactSet by various outside brokers, calculated according to each broker's methodology. **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. 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.