National Municipal Bond

STRATEGY FACT SHEET

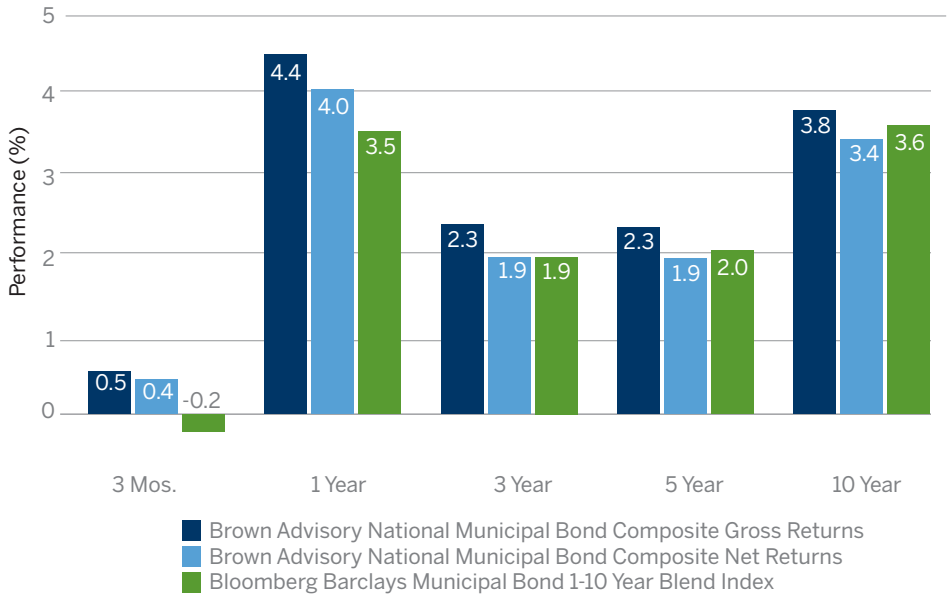
Fourth Quarter 2017

PHILOSOPHY

The Brown Advisory Municipal Bond team believes a portfolio of intermediate-term municipal fixed income securities, identified through fundamental analysis and concentrated on our best ideas, has the potential to deliver attractive and tax-efficient risk-adjusted returns over time.

STRATEGY INCEPTION DATE: 05/31/1993

PERFORMANCE (AS OF 12/31/2017)[1]



STRATEGY CLASSIFICATION

Strategy Type	Separate Account
Asset Class Focus	Intermediate-term, High-grade Intermediate Municipal
Geographic Focus	United States
Domicile	United States
Objective	Total Return Tax-Advantaged
Benchmark	Bloomberg Barclays Municipal Bond 1-10 Year Blend Index

PORTFOLIO CHARACTERISTICS[2]

	REP. ACCOUNT	BLOOMBERG BARCLAYS MUNI BOND 1-10 YR BLEND. INDEX
Avg. Credit Quality	A3	AA2/AA3
Effective Duration (years)	4.1	4.2
Yield to Worst (%)	2.5	2.0
Avg. Life (years)	6.4	5.9

SECTOR BREAKDOWN (%)[2]

	REP. ACCOUNT	BLOOMBERG BARCLAYS MUNI BOND 1-10 YR BLEND. INDEX
Cash & Equivalents	2.1	--
Municipal – Revenue	74.2	54.4
Municipal – Pre Refunded	0.8	13.0
Municipal – VRDN	4.3	--
Municipal –ARS	10.7	--
Municipal – GO	7.9	32.6

QUALITY DISTRIBUTION (%)[2]

	REP. ACCOUNT	BLOOMBERG BARCLAYS MUNI BOND 1-10 YR BLEND. INDEX
AAA/Aaa	7.1	17.0
AA/Aa	27.2	55.1
A	22.8	22.5
BBB/Baa	24.0	5.4
High Yield	8.6	--
Other	10.3	--

DURATION DISTRIBUTION (%)[2]

	REP. ACCOUNT	BLOOMBERG BARCLAYS MUNI BOND 1-10 YR BLEND. INDEX
Less than 1 Year	29.3	3.7
1 to 3 Years	10.2	32.1
3 to 5 Years	15.9	27.3
5 to 7 Years	22.8	24.7
7 to 10 Years	19.3	11.8
Greater than 10 years	2.5	0.4

Notes:

1. Source: FactSet®. Returns shown are through 12/31/2017 for each period. All returns greater than one year are annualized. Past performance is not indicative of future results.
2. Source: FactSet®. The portfolio information on the right is based on a representative National Municipal Bond account and is provided as supplemental information. Portfolio level information includes cash and cash equivalents. Fixed income sectors, quality distribution and duration distribution may not total 100% due to rounding.
3. Please see the Brown Advisory National Municipal Bond Composite performance disclosure on the reverse side for additional information and a complete list of terms and definitions.

About Brown Advisory

Brown Advisory is a leading independent investment firm that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. Our mission is to make a material and positive difference in the lives of our clients by providing them first-rate investment performance, customized strategic advice and the highest level of personalized service.

We follow a philosophy that fixed income strategies built from a foundation of stability coupled with fundamental credit research can seek to generate alpha and control risk. We have a culture and firm equity ownership structure that attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

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Brown Advisory National Municipal Bond

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	0.7	0.3	-0.1	2.5	2.4	134	0.3	883	30,417
2015	1.9	1.6	2.5	2.3	2.1	123	0.3	731	43,746
2014	5.7	5.4	4.7	2.4	2.2	45	0.5	415	44,772
2013	-1.1	-1.4	-0.3	2.5	2.5	24	0.4	283	40,739
2012	3.5	3.1	3.6	2.3	2.5	20	0.9	293	26,794
2011	6.8	6.5	7.6	3.4	3.2	9	0.8	48	19,962
2010	3.7	3.3	3.1	4.5	4.2	12	0.6	25	16,859
2009	8.6	8.3	7.2	4.4	3.9	12	0.7	31	N/A
2008	3.6	3.2	4.2	3.5	3.3	11	0.7	38	N/A
2007	4.5	4.2	4.8	1.9	1.8	8	0.2	25	N/A

* Returns prior to 2010 were earned at Brown Advisory Cavanaugh, LLC previously named Cavanaugh Capital Management Inc. , therefore firm assets are not applicable.

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 National Municipal Bond Composite is comprised of all discretionary accounts with no material investment restrictions, which invest in tax-exempt fixed income securities of an intermediate target duration, and flexibility to invest in bonds from multiple states. At least 80% of the securities in each portfolio in this composite will have credit quality ratings of A or better at the time of purchase. The minimum account market value required for composite inclusion is $2 million. Prior to October 2012 the name of this composite was Intermediate Municipal Bond (AMT-Free) Composite. The strategy remains the same except the maximum federal tax bracket requirement is relaxed. Prior to October 2012 the minimum account market value required for composite inclusion was $1 million.
3. This composite was defined and initially created on March 1, 2006.
4. The current benchmark is the Bloomberg Barclays Municipal Bond 1-10 Year Blend (1-12) Index. The Bloomberg Barclays Municipal Bond 1-10 Year Blend (1-12) Index consists of a broad selection of investment-grade general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds with maturities of at least 1 year and less than 12 years. It is an unmanaged index representative of the tax-exempt bond market. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
5. The composite dispersion presented is an equal-weighted standard deviation of portfolio returns calculated for the accounts in the composite for the entire calendar year 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: 0.375% on the first $10 million; 0.25% on the next $15 million and 0.20% on the balance over $25 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.
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.
11. 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.
12. Some portfolios may utilize derivative securities. To date, any derivatives used have been CMOs and range accrual notes. Any CMO at the time of purchase must pass the FFIEC volatility tests.
13. Duration is a measure of interest rate risk.

Terms and Definitions for Representative Account Calculations

FactSet® is a registered trademark of FactSet Research Systems, Inc.

Effective Duration is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. **Yield to Worst** is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. **Average Life** is the average period of time for all principal dollars to be returned to investors. **Alpha** is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index.