Small-Cap Fundamental Value

QUARTERLY STRATEGY UPDATE

Second Quarter 2018

COMPOSITE PERFORMANCE (%)

	COMPOSITE GROSS OF FEES	COMPOSITE NET OF FEES	RUSSELL 2000® VALUE INDEX
3 MOS.	5.14	4.93	8.30
YTD	2.99	2.58	5.44
1 YR.	13.22	12.33	13.10
3 YR.	10.97	10.09	11.22
5 YR.	12.70	11.82	11.18
ITD (12/31/2008)	16.50	15.42	13.23

The composite performance shown above reflects the Brown Advisory Small-Cap Fundamental Value 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

	SMALL-CAP FUND. VALUE REP. ACCT..	RUSSELL 2000® VALUE INDEX
Weighted Avg. Market Cap.	$2.6 B	$2.1 B
Weighted Median Market Cap.	$2.1 B	$1.9 B
Dividend Yield	1.9%	2.0%
Portfolio Turnover (3 YR Avg.)	32.6%	--

REP. ACCOUNT TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Albany International Corp. Cl A	4.4
Linn Energy, Inc.	4.2
Nexstar Media Group, Inc.	3.8
Cash & Equivalents	3.6
McGrath RentCorp	3.5
Simpson Manufacturing Co., Inc.	3.1
Echostar Corp.	3.1
Virtus Investment Partners, Inc.	2.8
Extended Stay America, Inc.	2.7
Continental Building Products, Inc.	2.6
TOTAL	**33.8**

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Review & Outlook

The second quarter of 2018 felt eerily similar to the fourth quarter of 2016. At the end of 2016, investors gravitated toward domestic companies in anticipation of tax reform, regulatory relief and new infrastructure plans. By the first quarter of 2018, the markets finally seemed to have absorbed most of this enthusiasm. Then, during the second quarter, against a backdrop of strong economic news, a further rebound in the price of oil, and most significantly, rhetoric around trade and the growing potential for tariffs and other barriers, investors renewed their appetite for small domestic companies. At one point, the Russell 2000® Value Index (the strategy's benchmark) was up over 10% for the quarter before finally settling down and finishing the quarter ahead more than 8%, handily beating the S&P 500® Index. Similarly to 2016, small-cap ETF inflows were meaningful. Flows equaled nearly 5% of beginning assets in small-cap value ETFs. Finally, unprofitable companies and those with low return on equity drove a significant portion of return in the small-value space. The current bull market for small-cap companies is now more than nine years old, its second-longest on record.

Despite good absolute performance, our strategy trailed its benchmark for the quarter. Within the quarter, April and May were the strongest months for the benchmark and the most challenging for our strategy on a relative basis; in June, we regained ground. We outperformed during the first quarter; the strategy is behind the benchmark year-to-date through June.

Underperformance was broad based across nine of 11 sectors. Energy was the top-performing sector in the benchmark and the biggest source of underperformance for us. We are excited about the upside of **Linn Energy**, our largest energy holding and one of our largest overall investments, but the shares garnered little investor attention and basically ended the quarter flat. Since its emergence from bankruptcy, Linn has materially reduced general and administrative expenses, aggressively sold noncore assets, and recently announced a simplifying split-up of the company. While there has been little reaction to these events from the market, the company has used its cash flows to aggressively repurchase shares and has retired nearly 16% since coming out of bankruptcy. Technology was our second-largest detractor, due to **EchoStar's** precipitous stock decline on little news during the quarter. At the end of the quarter, we learned that the company had an unsuccessful takeover discussion with a competitor, but more meaningfully, we also learned that one of EchoStar's largest shareholders liquidated its investment to return capital to its investors.

Financials were a bright spot, with solid performance across the board, including **National Bank Holdings**, which we feel is an attractive takeover target. We are optimistic about the potential for increased M&A within the banking sector and have heard from various management teams that regulatory restrictions are no longer acting as an impediment. **Farmers Capital** announced its takeover by WesBanco, a West Virginia-based bank with an attractive operating model. We expect the transaction to close in the third quarter and are still evaluating whether to roll our investment into the new entity.

Health care posted the second-highest performance for the benchmark. **Addus** and **Providence** both performed well, which helped to mute the impact of our health care underweight. While we have been pleased with the operational performance of Addus, we sold our investment at the end of the quarter, as we felt the valuation had more than priced in any potential further operational improvement. Proceeds were used to fund a new investment in **Magellan Health**.

Trading activity for the quarter overall was high, especially compared to the relatively light first quarter, with eight sales during the quarter and seven new investments. Much of the activity was driven by valuation.

In addition to health care, the consumer sector was a source of a number of trades, including two sales and three investments. Industrials and materials were sectors where we sold and bought two companies, respectively. We also significantly pared back our long-time investment in **Broadridge**.

Within financials, we sold our investment in **Colony Capital** and invested the proceeds in **Triangle Capital** at a much lower book value multiple. Within the consumer space, we sold our longtime investment in **Casey's** based on a concern that the company was embarking on an expensive digital engagement plan to help alleviate short-term competitive challenges. The three new investments we made included **HRG Group**, a company undergoing a significant transformation, and two small investments at the bottom end of our market cap spectrum. Within industrials and materials, we finished our sale of **Clearwater** based on cash flow and leverage concerns. We also eliminated our investment in **EnPro** and used the proceeds to start positions in **Mueller** and **MRC Global**, two industrial companies with strong market positions. We sold our investment in **Tegna** to increase our investment in **Nexstar**, which was exposed to the same general end markets and had a comparable valuation to Tegna with a more attractive capital allocation plan. Finally, DST's sale transaction for cash to SS&C closed during the 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 weighting within the consumer discretionary sector increased due to our investments in **Century Casinos** and **Lifetime Brands** during the quarter. Our weighting in consumer staples increased as we made a new investment in HRG Group.
- Our financial weighting increased slightly as we made a new investment in Triangle Capital Corp.
- In health care, we made a new investment in Magellan Health.
- Our weighting in the industrials sector increased during the period due to two new investments: MRC Global and Mueller Water Products.
- Our weighting in information technology decreased as we continued to trim our position in Broadridge and given the completed acquisition of **DST Systems** by SS&C.

SECTOR	SMALL-CAP FUNDAMENTAL VALUE REP. ACCOUNT (%)	RUSSELL 2000® VALUE INDEX (%)	DIFFERENCE (%)	SMALL-CAP FUNDAMENTAL VALUE REP. ACCOUNT (%)	
	Q2 '18	Q2 '18	Q2 '18	Q1 '18	Q2 '17
Consumer Discretionary	19.29	11.40	7.89	17.87	15.58
Consumer Staples	2.09	2.68	-0.59	1.08	1.12
Energy	6.12	6.84	-0.73	6.17	2.95
Financials	30.18	28.36	1.83	29.25	29.77
Health Care	3.28	4.65	-1.37	2.41	1.91
Industrials	20.47	12.06	8.41	19.43	17.32
Information Technology	7.14	10.72	-3.58	10.64	11.86
Materials	1.41	4.45	-3.04	1.68	6.23
Real Estate	8.43	12.06	-3.63	9.74	10.06
Telecommunication Services	0.92	0.55	0.37	1.10	2.68
Utilities	0.68	6.23	-5.55	0.62	0.52

Quarterly Attribution Detail by Sector

- Underperformance for the quarter was widespread, but we were especially impacted by the relative performance of our energy and technology investments.
- Our stock selection within the financial sector was a positive contributor to performance.

SECTOR	SMALL-CAP FUNDAMENTAL VALUE REP. ACCOUNT		RUSSELL 2000® VALUE INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	18.17	5.17	10.92	8.40	0.02	-0.56	-0.54
Consumer Staples	1.18	-11.26	2.16	6.05	0.04	-0.18	-0.14
Energy	6.10	2.20	6.50	22.06	0.06	-1.20	-1.13
Financials	30.40	5.96	30.95	4.36	0.01	0.46	0.48
Health Care	2.62	13.86	6.72	11.39	-0.16	0.06	-0.11
Industrials	20.02	6.68	12.71	5.99	-0.15	0.12	-0.03
Information Technology	8.92	-0.98	8.91	6.83	--	-0.68	-0.68
Materials	1.46	13.14	4.34	6.45	0.06	0.08	0.14
Real Estate	9.45	9.81	10.24	14.88	-0.10	-0.48	-0.58
Telecommunication Services	1.02	-11.20	0.49	15.10	0.05	-0.29	-0.24
Utilities	0.66	6.07	6.05	8.42	0.01	-0.01	-0.01
Total	**100.00**	**5.46**	**100.00**	**8.31**	**-0.16**	**-2.68**	**-2.84**

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Quarterly Contribution to Return

- **McGrath RentCorp** has seen strong results from some internal improvement initiatives, adding to strong macro trends in construction, education and a recovering energy market that have supported results.
- **CTS** rose during the period on the back of strong first-quarter earnings, where the company reported its highest organic revenue growth rate in several years. We believe that management has done an excellent job restructuring its manufacturing footprint as well as the sales force over the last few years, and its efforts are beginning to pay off.
- **Xenia** reported better-than-expected first-quarter results and increased guidance for 2018, sending its share price up during the quarter. RevPAR growth has accelerated for the company and the broader industry, driving multiple expansion on top of its solid fundamental performance.
- Nexstar rose on the announcement of a $200 million expansion to its share repurchase program and first-quarter results that were in line with management's expectations. Further, all of the broadcast stocks benefited from progress made by Sinclair and Tribune toward the closing of their merger, which suggests a favorable environment for continued station M&A.
- National Bank Holdings outperformed the banking sector in the quarter following first-quarter earnings that were ahead of expectations, coupled with positive updates to company-issued guidance for fiscal year 2018.
- EchoStar's stock fell on the exit of a large investment fund shareholder (due to the fund being shut down), some concern around increasing competition in consumer broadband from Viasat, and uncertainty around the company's interest in bidding for U.K. satellite company Inmarsat. Inmarsat's assets are complementary to EchoStar's, but it was unclear what price EchoStar may pay for the revenue-producing assets and for potential upside from spectrum assets. Subsequent to the end of the quarter, EchoStar withdrew its offer for Inmarsat.
- **GCI Liberty** pulled back on concerns of slowing growth for traditional cable businesses (including cord cutting and slower broadband subscriber growth), along with general fears of increasing competition over the long term as Verizon begins to deploy initial rollout of its "5G" technology.
- **Albany** fell during the quarter despite reporting favorable first-quarter results. We still like the company's long-term prospects, and it remains our largest holding.
- **Loral** fell on no news as investors wait for a potential conclusion to the company's exploration of strategic alternatives for its stake in Telesat.
- Casey's share price fell during the quarter as the company missed fourth-quarter targets due to weather and fuel margins.

SMALL-CAP FUNDAMENTAL VALUE REP. ACCOUNT TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
MGRC	McGrath RentCorp	3.93	18.58	0.73
CTS	CTS Corporation	2.16	32.50	0.63
XHR	Xenia Hotels & Resorts, Inc.	2.18	24.92	0.60
NXST	Nexstar Media Group, Inc. Class A	3.66	11.03	0.43
NBHC	National Bank Holdings Corporation Class A	2.12	16.48	0.34
SMALL-CAP FUNDAMENTAL VALUE REP. ACCOUNT BOTTOM FIVE CONTRIBUTORS				
SATS	EchoStar Corporation Class A	3.72	-15.86	-0.61
GLIBA	GCI Liberty, Inc. Class A	1.36	-14.72	-0.20
AIN	Albany International Corp. Class A	4.85	-3.81	-0.19
LORL	Loral Space & Communications Inc.	1.31	-9.72	-0.14
CASY	Casey's General Stores, Inc.	0.69	-10.71	-0.13

Portfolio Activity

- Century Casinos operates 30 casinos in niche submarkets across the world, with concentrations in the U.S., Canada, Poland and England. The company was founded in the early 1990s by a pair of European casino executives who continue to serve as co-CEOs. Century's expertise is navigating the unique industry opportunities and regulatory issues that are found in niche markets (such as Alberta, Canada, and Warsaw, Poland), where it is typically the dominant operator and enjoys a strong relationship with gaming authorities that affords the company a stable backdrop and insulation from competitive incursion. Importantly, Century has several casinos that are temporarily closed and under construction, which together have depressed profitability in the short term and provided an entry point in the stock at a run rate valuation that we believe to be very attractive (<7x EBITDA and a double-digit free-cash-flow yield). We believe we have clear line of sight to these casinos coming online over the next few quarters, at which point profitability and free cash flow (FCF) should ramp up materially. Lastly, we believe our downside is well-protected by a very strong balance sheet (leverage <1.0x on a pro forma basis), low level of development risk and dominant market positions, which have all been hallmarks of the way this management team has run Century for over 20 years.

- HRG Group is a holding company that owns a stake of approximately 45% of Spectrum Brands (SPB), a consumer products company. We purchased HRG ahead of its pending merger with Spectrum Brands, wherein HRG will essentially be collapsed into SPB, and after which we will own shares of SPB (allowing us to buy SPB at a slight discount). SPB is a $5 billion revenue company with a broad portfolio of leading brands in household categories sold through major retailers globally. Its brands span across a range of categories, including batteries, residential locksets, builders' hardware, plumbing, shaving and grooming products, small appliances, insecticides and more. Key brands are Rayovac, Baldwin, Kwikset, Stanley, Pfister, Remington, Black & Decker, Russell Hobbs and Cutter. SPB is currently under contract to sell its battery business to Energizer for $2 billion and is marketing for sale its appliance business for roughly $1.5 billion. Further, the HRG transaction brings meaningful net operating losses to SPB, which SPB will use to shield these divestments from taxes. We believe that the complexity of these pending transactions masks an attractive valuation for the underlying SPB business. Furthermore, SPB has recently suffered substantial disruption to its business from its consolidation of multiple distribution centers across the U.S. into two large new facilities. We view this disruption as temporary and believe it has added another layer to an already complex situation that has afforded us the opportunity to buy the stock at a meaningful discount. We expect the HRG transaction to close in early in the third quarter, followed by the battery sale later in calendar 2018; we also believe that progress on the sale of the appliance business along with resolution of the warehouse disruption will serve as catalysts over the next few quarters.

- Lifetime Brands (LCUT) designs, sources and sells branded kitchenware, tableware and other products used in the home and markets its products under a number of widely recognized brand names and trademarks. Given the fragmented nature of the housewares market (2,000+ companies with 90%+ smaller than $50 million in revenue), LCUT has historically been very acquisitive through small tuck-in acquisitions to buy a brand or category to then sell through its large retail distribution network. In the summer of 2017, Filament Brands approached LCUT about a transaction where LCUT would acquire Filament Brands to create the largest player in the nonelectric housewares industry while also extending LCUT's reach into new segments and improving its profitability through increased scale. We believe the market is underestimating the value created by the Filament Brands transaction and what will accrue back to shareholders through rapid debt pay down and a possible rerating of LCUT's low multiple.

- Magellan Health is a health care management company focused on delivering effective and innovative solutions to drive more efficient, higher-quality, cost-effective care to some of the most complex and challenging areas of health care. These areas include behavioral health care, pharmaceutical services, and specialty populations (those with mental illness and/or other high-acuity/high-need conditions). Its management solutions target some of the most high-cost services and populations in health care, and the company has established itself as a national leader among health plan, employer and government program customers in its ability to exact lasting impact on these high-spend and challenging areas. Across its offerings, Magellan utilizes high-touch, clinically based solutions to move both patients and providers from high-cost/high-volume services to high-value/high-quality care. Magellan has been undergoing a strategic diversification that has enabled it to enter several new markets. The logistics of such entries require meaningful investments in terms of capital, people and other resources. Often these initial efforts drag on longer than initially anticipated by management, which was the case with Magellan and the Commonwealth of Virginia. This, taken with several other factors, weighed on the stock, allowing us a compelling entry valuation.

SMALL-CAP FUNDAMENTAL VALUE REP. ACCOUNT PORTFOLIO ACTIVITY

ADDITIONS		SECTOR
CNTY	Century Casinos, Inc.	Consumer Discretionary
HRG	HRG Group, Inc.	Consumer Staples
LCUT	Lifetime Brands, Inc.	Consumer Discretionary
MGLN	Magellan Health, Inc.	Health Care
MRC	MRC Global Inc.	Industrials
MWA	Mueller Water Products, Inc. Class A	Industrials
TCAP	Triangle Capital Corporation	Financials

- MRC Global is one of the largest global distributor of pipe, valves, fittings and related products and services to the energy industry. MRC holds leading positions across the upstream (29% of revenues), midstream (43% of revenues) and downstream (28% of revenues). The company operates more than 300 service centers globally (regional distribution centers, branches, and third-party pipe yards) and carries over 170,000 SKUs. These branches act as an intermediary between the 16,000 global customers and 12,000 suppliers MRC deals with on a daily basis. MRC gained a meaningful amount of market share during the recent energy downturn, and we believe those share gains should continue as many of its competitors lack the balance sheet capacity to build working capital. We like the company's countercyclical free cash flow profile and its diversified revenue mix. While many investors tend to focus on upstream activity given the recent rise in oil prices, we think the market is currently underestimating the potential margin benefit from a return to growth in the downstream segment after three tough years. MRC has dramatically underperformed the Russell 2000 Value Index over the last 12 months and five years as estimates were continually revised lower. As MRC's end markets now recover, we think that revision period is behind the company, which makes for a compelling entry point.

- Mueller Water Products is a leading manufacturer and marketer of products and services that are used in the transmission, distribution and measurement of water in North America. Its products are used by local municipalities/utilities as well as the residential/nonresidential construction industries, and are designed to help manage water infrastructure in the most efficient and reliable way possible. The company enjoys leading market share in many of the products across its portfolio, including fire hydrants, engineered valves, metering products and systems, and leak detection. We believe that Mueller's top-line growth should accelerate in 2018 after a confluence of weather-related events in 2017 (record West Coast rain and Hurricanes Harvey and Irma) deferred a significant amount of operations and maintenance spending by some large municipalities. We also think that Mueller's struggling "Technologies" segment is masking the underlying attractiveness of the core infrastructure segment. When applying a below peer multiple to the technologies segment, we believe we are purchasing the core infrastructure business for less than 8.5x 2018 EBITDA. Finally, after the sale of its anvil division last January, Mueller's net leverage is <1.0x, setting up the potential for increased capital returns to shareholders going forward.

- Triangle Capital (TCAP) presents the opportunity to un-invested cash held within a BDC structure at an 18% discount to NAV. TCAP, currently a business development company with an approximate $1 billion investment portfolio, was approached by Benefit Street Partners (BSP) to purchase its entire investment portfolio in exchange for $981.2 million in cash. TCAP will use the proceeds to pay down all debt, resulting in a balance sheet of cash only. Simultaneously, TCAP will enter into an external management agreement with Barings (part of MassMutual). The company will initially invest in liquid, noninvestment-grade debt to ramp the balance sheet, after which the company will gradually shift into a private senior secured debt portfolio over two years (more representative of a traditional BDC). The company is targeting an initial yield on NAV of 5–6%. We believe the shares should see a rerating given an outsized discount to NAV which, when combined with the dividend, should generate an attractive total return.

Portfolio Activity

- We sold our investment in Addus at the end of the quarter, as we felt the valuation had more than priced in any potential further operational improvement.
- We sold our position in Casey's; convenience store industry trends are under pressure, and Casey's has been earning lower returns on new store openings. In response, the company has embarked on a costly digital initiative.
- We sold our position in Clearwater Paper based on a weakening tissue market in North America and our concerns about the company's leverage profile and cash flow.
- SS&C Technology finalized its merger with DST Systems.
- We eliminated our position in EnPro to fund our initial positions in Mueller and MRC Global. While EnPro was a successful long-term holding, we recently became concerned with slight changes in management's capital allocation philosophy as well as the company's ability to drive further margin expansion from here. In the case of both Mueller and MRC, we felt that we were able to use proceeds from EnPro to swap into companies with attractive market positions and end market growth, both of which were available at a similar valuation.
- **Medley** and Colony were eliminated from the portfolio to invest the proceeds in a new name, Triangle Capital, at a lower book value multiple.
- We sold Tegna to increase our position in our other broadcast asset, Nexstar.

SMALL-CAP FUNDAMENTAL VALUE REP. ACCOUNT
PORTFOLIO ACTIVITY

DELETIONS		SECTOR
ADUS	Addus HomeCare Corporation	Health Care
CASY	Casey's General Stores, Inc.	Consumer Staples
CLW	Clearwater Paper Corporation	Materials
CLNY	Colony Capital, Inc. Class A	Real Estate
DST	DST Systems, Inc.	Information Technology
NPO	EnPro Industries, Inc.	Industrials
MDLY	Medley Management, Inc. Class A	Financials
TGNA	TEGNA, Inc.	Consumer Discretionary

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Small-Cap Fundamental Value 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	13.3	12.4	7.8	12.2	14.0	47	0.3	1,806	33,155
2016	23.4	22.4	31.7	13.0	15.5	46	0.3	1,660	30,417
2015	-4.6	-5.3	-7.5	12.3	13.5	45	0.2	1,186	43,746
2014	7.1	6.3	4.2	10.7	12.8	41	0.4	1,002	44,772
2013	42.0	41.0	34.5	14.1	15.8	32	0.3	693	40,739
2012	23.0	21.9	18.1	17.7	19.9	13	0.1	269	26,794
2011	2.9	1.9	-5.5	20.6	26.1	9	0.6	190	19,962
2010	28.3	26.7	24.5	NA	NA	Five or fewer	N/A	61	16,859
2009	25.7	24	20.6	NA	NA	Five or fewer	N/A	30	11,058

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 Small-Cap Fundamental Value Composite includes all discretionary portfolios invested in the Small Cap Fundamental Value Strategy. The strategy invests primarily in U.S. smaller market capitalization equities that generate high levels of free cash flow and are currently undervalued by the market. The minimum account market value required for composite inclusion is $1.5 million.
3. This composite was created in 2009.
4. The benchmark is the Russell 2000® Value Index. The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 2000® Value 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: 1.00% on the first $25 million; 0.90% on the next $25 million; 0.80% on the next $50 million; and 0.70% 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.
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, 2009 and December 31, 2010 because 36 month 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 is not indicative of future results.
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Composite performance is based on the Brown Advisory Small-Cap Fundamental Value Composite and was obtained through FactSet®. All information and returns shown are as of 06/30/2018 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 representativeSmall-Cap Fundamental Value account and is provided as supplemental information. Account characteristics exclude cash and cash equivalents; top 10 holdings list excludes 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 Small-Cap Fundamental Value account and is provided as supplemental information. 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. 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. Top five and bottom five contributors exclude cash and cash equivalents. Sector diversification and attribution excludes cash and cash equivalents. 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 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:** equals 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. **Portfolio Turnover (3 yr. avg)** 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. **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. 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. 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. Numbers may not total due to rounding.