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COMPOSITE PERFORMANCE(%)

	COMPOSITE GROSS OF FEES	COMPOSITE NET OF FEES	RUSSELL 2000® GROWTH INDEX
3 MOS.	3.58	3.42	2.30
1 YR.	17.04	16.26	18.63
3 YR.	11.52	10.81	8.77
5 YR.	14.19	13.48	12.90
10 YR.	12.41	11.65	10.95

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

Review & Outlook

The Small-Cap Growth strategy posted solid returns for the first quarter of 2018, outperforming the +2.3% gain of its primary benchmark, the Russell 2000® Growth Index, and the -0.1% drop in the Russell 2000® Index. Stock selection was the primary determinant of both absolute and relative results.

It would appear that the equity market's linear ascent of the past couple years has ended. Although volatility within small-caps was not historically appreciable, it felt extreme when compared to the all-time lows achieved during 2017 and, in particular, the fourth quarter of 2017. We have repeatedly mentioned in these pages that volatility felt poised to increase—and it finally has. We welcome these gyrations, as they enable capital to be deployed at improved risk/rewards. High-valuation momentum markets are not exactly the friend of our 12-year-old blend of philosophy, process and portfolio construction.

Volatility was not the only change that occurred during the first quarter of 2018; the market also narrowed. Only a handful of subsectors, predominantly within technology and health care, posted meaningfully positive results. What did not change in the period? Due to the weighting and composition of the aforementioned sectors, growth stocks once again outperformed value stocks (+2.3% versus -2.6%) and loss-making businesses, which represent 35–40% of the Russell 2000 Growth Index, performed strongly. Typically, when market breadth is poor and gains are consolidated into a small cohort, the efficacy of stock selection improves.

Examining the portfolio, we see similar features as in prior years. We have an up-cap bias relative to the Russell 2000 indices due to our long-term investment horizon. Two recently eliminated holdings that exemplify this tenet are **Global Payments** and **IDEXX Laboratories**, which were originally purchased in 2007 and 2008, respectively. These two positions are emblematic of what we strive to accomplish in the strategy—identify 3G (durable growth, sound governance and scalable go-to-market strategies) business models relatively early in their life and benefit as they compound. As we have historically, when these ideas have reached their maturity, we recycle the capital into new holdings of smaller market capitalization to stay squarely within the small-cap sandbox.

Another consistent philosophical skew in the portfolio structure is the absence of purely commodity-oriented businesses, as well as a very sizeable relative underweight to money-losing enterprises. Given the latter's recent performance, this has been a headwind to relative returns. History would show, however, that this tends to be a cyclical (bull/bear market) phenomenon.

At this point in the market and economic cycle, we are proceeding, but with care. We are closely monitoring liquidity, leverage and valuations. While you may see more movement in ensuing quarters, we have already witnessed our information technology weight drift lower, as it has been quite a challenge to find interesting risk/reward opportunities. Nonetheless, it does not mean that our activity has grinded to a halt. We have planted a few seeds in the sector that will opportunistically grow in weight and, hopefully, contribution in the future.

Overall, the start to 2018 has been constructive, as we have seen an increased probability that volatility may move back to historical norms, enabling us to activate a higher percentage of new ideas in our pipeline. Portfolio downside capture has remained consistently solid, and a change in market leadership away from loss-makers to something else would likely improve our upside capture. Even absent such a change, we see a handful of names throughout the portfolio trading at attractive prices with potentially solid fundamental progressions over the next 12–18 months, hopefully driving good returns as standalone holdings or via a merger and acquisition event.

We greatly appreciate your interest and support. 2018 already “feels” very different from the world we have inhabited for a good while, so we look forward to updating you as events unfold. With Fed policy reversals, trade wars, technology regulation, tweets, excessive debt, lofty valuations, Russian aggression and other geopolitical conflagrations, we are unlikely to lack sufficient material to discuss. Our goal is to link these topics back to our investment environment and how it influences our process and evolves our opportunity set.

(Going forward, we plan to write more lengthy semiannual and annual commentary while keeping the first and third quarter commentary relatively brief and topical.) **B**

REP. ACCOUNT CHARACTERISTICS

	SMALL-CAP GROWTH REP. ACCT.	RUSSELL 2000® GROWTH INDEX
P/E Ratio (FY2 Est.)	22.8x	18.1x
Earnings Growth (3-5 Yr. Est.)	16.6%	14.9%
Wtd. Avg. Market Cap.	\$5.4 B	\$3.0 B
Weighted Median Market Cap.	\$4.9 B	\$2.6 B
Portfolio Turnover (3 YR Avg.)	34.7%	--

REP. ACCOUNT TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Waste Connections Inc	4.8
Cash & Equivalents	3.8
Bright Horizons Family Solution, Inc.	3.5
Broadridge Financial Solutions, Inc.	3.2
Cogent Communications Group, Inc.	2.8
Catalent, Inc.	2.8
Genpact Ltd.	2.7
Cavium, Inc.	2.6
Charles River Laboratories International, Inc.	2.3
Woodward, Inc.	2.3
TOTAL	30.8

Sector Diversification

- Consumer staples modestly increased in weight sequentially while our consumer discretionary weighting decreased.
- Energy remains absent from the portfolio, although a couple potential candidates have surfaced recently.
- Financial services increased due to the appreciation of previously acquired holdings.
- Health care allocation increased over 100 basis points quarter over quarter.
- Materials and processing remained consistent over the last quarter.
- Producer durables expanded to a more significant overweight. However, it is important to remember that this allocation simply offsets the underweights to other macro-sensitive or cyclical areas, such as energy and materials and processing.
- Technology declined in weight as the portfolio exited and trimmed a couple of positions.
- The weighting in utilities represents a single telecommunications holding.

RUSSELL GLOBAL SECTORS	SMALL-CAP GROWTH REP. ACCOUNT (%)	RUSSELL 2000® GROWTH INDEX (%)	DIFFERENCE (%)	SMALL-CAP GROWTH REP. ACCOUNT (%)	
	Q1 '18	Q1'18	Q1'18	Q4'17	Q1'17
Consumer Discretionary	13.72	15.29	-1.57	15.02	16.36
Consumer Staples	3.90	2.18	1.72	3.11	3.49
Energy	--	1.08	-1.08	--	--
Financial Services	13.96	10.39	3.57	13.63	9.50
Health Care	18.09	25.02	-6.93	17.05	16.68
Materials & Processing	2.29	8.00	-5.71	2.27	2.60
Producer Durables	21.25	15.57	5.68	19.36	18.30
Technology	18.64	20.61	-1.97	21.65	23.18
Utilities	2.96	1.86	1.10	2.31	3.33
Unassigned	5.20	--	5.20	5.60	6.55

Quarterly Attribution Detail by Sector

- The outperformance during the period was generally balanced across sectors and led by stock selection.

RUSSELL GLOBAL SECTORS	SMALL-CAP GROWTH REP. ACCOUNT		RUSSELL 2000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	12.57	1.88	15.54	-0.03	0.12	0.22	0.34
Consumer Staples	3.51	-12.81	2.21	-6.17	-0.08	-0.20	-0.28
Energy	--	--	1.13	-14.11	0.20	--	0.20
Financial Services	14.02	8.14	10.34	0.09	-0.07	1.09	1.02
Health Care	18.70	9.72	24.48	6.67	-0.22	0.47	0.25
Materials & Processing	2.32	4.63	8.29	-4.33	0.41	0.21	0.62
Producer Durables	20.09	-1.13	15.84	-2.12	-0.18	0.13	-0.05
Technology	19.69	7.08	20.07	9.40	-0.04	-0.42	-0.46
Utilities	2.43	-3.09	2.05	-2.36	-0.00	-0.00	-0.00
Unassigned	6.68	-0.56	0.05	-4.83	-0.36	0.13	-0.23
Total	100.00	3.70	100.00	2.30	-0.23	1.63	1.40

Quarterly Contribution to Return

- **BeiGene** shares rose on a number of significant clinical and commercial developments in its primary market, China, and globally.
- **Broadridge** reported a relatively solid fourth quarter.
- **Mimecast** reported strong earnings and financial guidance driven by continued high customer growth in its Office365 and TTP products. We view cyber security as a secular problem, and we believe that the company is well-positioned to capitalize on this opportunity.
- **Aspen Technology's** overall business took a turn for the better, highlighted by its APM suite.
- **Agios Pharmaceuticals** again reported a number of key clinical and commercial developments; these propelled the stock higher.
- **Core-Mark** pre-announced negative fourth quarter results due to cost overruns associated with the onboarding of significant new accounts. This was compounded by the decline in cigarette volume experienced by its California convenience store customers.
- **Healthcare Services Group** made additional progress in growing its dining segment. However, a mix shift in the business and new customer onboarding caused a modest compression in margins and a rise in days sales outstanding. This prompted investors to reassess the premium multiple afforded the stock.
- **Acxiom** declined on the announcement that Facebook would discontinue the practice of using third-party data providers in an attempt to demonstrate that the company is doing "something" to enhance data privacy and protection.
- **Woodward** modestly fell following its fourth quarter report due to continued weakness in certain industrial end markets and higher-than-anticipated expenses driven primarily by a timing issue.
- **Formula One** is a long-term player in the monetization of an ill-managed asset under prior owners. We anticipate meaningful choppiness on the path to value creation.

SMALL-CAP GROWTH REP. ACCOUNT TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
BGNE	BeiGene Ltd. Sponsored ADR	1.18	71.92	0.63
BR	Broadridge Financial Solutions, Inc.	2.99	21.51	0.60
MIME	Mimecast Limited	2.29	23.58	0.49
AZPN	Aspen Technology, Inc.	1.93	19.17	0.33
AGIO	Agios Pharmaceuticals, Inc.	0.79	43.05	0.26
SMALL-CAP GROWTH REP. ACCOUNT BOTTOM FIVE CONTRIBUTORS				
CORE	Core-Mark Holding Company, Inc.	1.07	-32.38	-0.48
HCSG	Healthcare Services Group, Inc.	1.88	-17.21	-0.35
ACXM	Acxiom Corporation	1.31	-17.60	-0.22
WWD	Woodward, Inc.	2.28	-6.20	-0.19
FWONA	Liberty Media Corporation Series A Liberty Formula One	1.33	-10.48	-0.17

Portfolio Activity

- **Calavo Growers** markets and distributes avocados, prepared avocados and other perishable foods to grocery retailers, food services, club stores, mass merchandisers, food distributors, wholesalers, supermarkets, specialty/natural retailers and convenience stores worldwide.
- **Choice Hotels International** franchises hotel properties. The company offers vacation rental properties, travel tips and other services. Choice Hotels International serves customers worldwide.
- **Coupa Software** designs and develops software solutions. The company offers procurement and expense management software to engineering, government, education, health care, retail and staffing industries.
- **Everbridge** operates as an enterprise software company. The company provides applications that automate the delivery of critical information to help keep people safe and businesses running. Everbridge offers a software-as-a-service platform that delivers messaging to a large group of people during critical situations.
- **HealthEquity, Inc.** provides a range of solutions for managing health care accounts (health savings accounts, health reimbursement arrangements and flexible spending accounts) for health care plans, insurance companies and third-party administrators. The company's platform provides an ecosystem where consumers could access their tax-advantaged health care savings, compare treatment options and pricing, evaluate and pay health care bills, receive personalized benefit and clinical information, earn wellness incentives, and make educated investment choices to improve their tax-advantaged health care savings.
- **TopBuild Corp.** engages in the installation, distribution and sale of insulation and other building products to the U.S. construction industry. The company operates in two segments: installation and distribution.
- **BroadSoft's** acquisition by Cisco closed during the quarter.
- We sold Global Payments after a strong multi-year run in the portfolio.
- IDEXX Laboratories is one of the best businesses we have ever owned. We sold due to a combination of a surging market capitalization and valuation.
- We sold **MACOM Technology Solutions** prior to its disappointing fourth quarter earnings results. We exited the position on the belief that our original thesis had likely been compromised.
- We eliminated **WageWorks** due to a delay in its fourth quarter financial filing.

SMALL-CAP GROWTH REP. ACCOUNT PORTFOLIO ACTIVITY		
ADDITIONS		SECTOR
CVGW	Calavo Growers, Inc.	Consumer Staples
CHH	Choice Hotels International, Inc.	Consumer Discretionary
COUP	Coupa Software, Inc.	Information Technology
EVBG	Everbridge, Inc.	Information Technology
HQY	HealthEquity Inc	Health Care
BLD	TopBuild Corp.	Consumer Discretionary
DELETIONS		SECTOR
BSFT	BroadSoft, Inc.	Information Technology
GPN	Global Payments Inc.	Information Technology
IDXX	IDEXX Laboratories, Inc.	Health Care
MTSI	MACOM Technology Solutions Holdings, Inc.	Information Technology
WAGE	WageWorks, Inc.	Industrials

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

GICS SECTOR	SMALL-CAP GROWTH REP. ACCOUNT (%)	RUSSELL 2000® GROWTH INDEX (%)	DIFFERENCE (%)	SMALL-CAP GROWTH REP. ACCOUNT (%)	
	Q1 '18	Q1 '18	Q1 '18	Q4 '17	Q1 '17
Consumer Discretionary	12.79	13.38	-0.59	13.60	16.49
Consumer Staples	3.90	2.45	1.46	2.64	2.88
Energy	--	1.19	-1.19	--	--
Financials	6.74	6.09	0.65	6.50	2.70
Health Care	18.09	25.25	-7.16	17.05	16.68
Industrials	23.92	17.67	6.25	22.95	22.49
Information Technology	31.55	25.06	6.49	34.91	35.38
Materials	--	4.36	-4.36	--	--
Real Estate	--	3.19	-3.19	--	--
Telecommunication Services	2.96	0.73	2.23	2.31	3.33
Utilities	--	0.62	-0.62	--	--

GLCS Quarterly Attribution Detail by Sector

SECTOR	SMALL-CAP GROWTH REP. ACCOUNT		RUSSELL 2000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	12.21	-4.60	13.85	-3.13	0.09	-0.26	-0.17
Consumer Staples	3.43	1.74	2.47	-4.17	-0.03	0.18	0.16
Energy	--	--	1.27	-15.53	0.24	--	0.24
Financials	6.66	2.33	6.15	2.33	--	0.01	0.01
Health Care	18.71	9.72	24.73	6.42	-0.21	0.51	0.30
Industrials	23.41	-0.38	17.98	-2.83	-0.28	0.54	0.26
Information Technology	32.76	8.06	24.38	9.81	0.60	-0.54	0.06
Materials	--	--	4.52	-0.94	0.15	--	0.15
Real Estate	--	--	3.10	-7.32	0.33	--	0.33
Telecommunication Services	2.78	-2.43	0.91	-2.01	-0.04	--	-0.04
Utilities	--	--	0.65	-10.55	0.10	--	0.10
[Unassigned]	0.04	--	--	-15.82	--	0.01	0.01
Total	100.00	3.70	100.00	2.30	0.95	0.45	1.40

Small-Cap Growth Equity Composite

Year	Composite TotalGross Returns (%)	Composite TotalNet Returns (%)	BenchmarkReturns (%)	Composite 3-Yr AnnualizedStandard Deviation (%)	Benchmark 3-Yr AnnualizedStandard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)	GIPS Firm Assets (\$USD Millions)
2017	18.8	18.1	22.2	12.2	14.6	33	0.2	2,301	33,155
2016	11.4	10.7	11.3	14.0	16.7	30	0.3	1,797	30,417
2015	8.9	8.2	-1.4	13.1	15.0	32	0.4	1,311	43,746
2014	1.4	0.8	5.6	11.8	13.8	32	0.3	1,597	44,772
2013	42.6	41.8	43.3	15.4	17.3	44	0.7	1,830	40,739
2012	16	15.4	14.6	18.3	20.7	32	0.6	1,178	26,794
2011	-1.7	-2.4	-2.9	20.6	24.3	29	0.5	1,023	19,962
2010	30.8	29.8	29.1	27.1	27.7	25	0.1	993	16,859
2009	43.1	41.9	34.5	25.2	24.9	16	1	481	11,058
2008	-38.9	-39.4	-38.5	23.3	21.3	17	0.2	323	8,547
2007	17.2	16.1	7	14	14.2	16	0.5	411	7,385

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 Small-Cap Growth Equity Composite includes all discretionary portfolios invested in U.S. equities with strong earnings growth characteristics and small market capitalizations. The minimum account market value required for composite inclusion is \$1.5 million.
- This composite was created in 1997.
- The benchmark is the Russell 2000® Growth Index. The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 2000® Growth Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns.
- 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: 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.
- 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.
- 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.

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Composite performance is based on the Brown Advisory Small-Cap Growth Composite and was obtained through FactSet®. All information and returns shown are as of 3/31/2018 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 Small-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 Small-Cap Growth 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. Top five and bottom five contributors exclude cash and cash equivalents. Sector diversification and attribution excludes cash and cash equivalents. Total portfolio return figures provided above 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 Classification System and the Global Industry Classification Standard (GICS®) classification system. Sectors are based on the Russell Global Classification System and the Global Industry Classification Standard (GICS®) classification system. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC. The individual amounts shown for top ten holdings, sector diversification and quarterly attribution may not sum to the total amount shown due to rounding.

Please see composite disclosure statements above for additional information.

Terms and Definitions for Representative Account Calculations

Price-Earnings Ratio (P/E Ratio) is the ratio of the share of a company's stock compared to its per-share earnings. P/E calculations presented use FY2 earnings estimates; FY1 estimates refer to the next unreported fiscal year, and FY2 estimates refer to the fiscal year following FY1. **Earnings Growth 3-5 Year Estimate** is the average predicted annual earnings growth over the next three to five years based on estimates provided to Factset by various outside brokerage firms, calculated according to each broker's methodology. **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. **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. **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. **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. Totals may not equal due to rounding.