U.S. Small-Cap Blend Fund

QUARTERLY UPDATE

Fourth Quarter 2017

Review & Outlook

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The U.S. Small-Cap Blend Fund aims to achieve capital appreciation through a combination of the Brown Advisory U.S. Small-Cap Growth and U.S. Small-Cap Value strategies. The allocation is currently 50%-50%. This is not a fund of funds. The Fund is diversified and style-agnostic making it more reflective of the broad U.S. small-cap universe.

U.S. SMALL-CAP GROWTH STRATEGY

Our strategy has been very consistent over almost a dozen years. We strive to produce attractive risk-adjusted returns over a full market cycle through long-term security selection and mitigating downside risk through portfolio diversification, quality and valuation sensitivity.

Generally, we have found our path to be effective. At times, however, we have been challenged to keep pace with the most vigorous of "risk-on" trades by our primary benchmark, the Russell 2000® Growth Index, particularly when the drivers of these rallies lie away from our philosophical approach. If momentum, loss makers and/or more commodity-oriented businesses drive returns, we need near perfect stock selection as an offset. Unfortunately, this was the environment in which the portfolio found itself during the latter stages of 2017 and we were certainly nowhere near perfect.

Specifically in November, the strategy experienced a handful of lackluster Q3 2017 earnings reports that arrested the momentum of the portfolio against a backdrop of increasing momentum in the market. Thus, a solid year of hanging around the benchmark—with lower beta and volatility—ended in disappointment. We finished the year with another round of what we believed to be solid absolute returns, but fell short of our relative bogey.

In sum, holding some cash and too little biotech, as well as a couple of disappointing stocks was too large a burden to overcome in the current market environment given our philosophical approach. We will strive to learn from the mistakes of the prior year, drive stronger relative results going forward and would expect that most changes in market leadership would be more neutral-to-positive to relative results than the recent headwinds faced.

We wanted to start a new segment discussing a portfolio company that we believe represents a great example of our process, but lies outside of the top contributors/detractors and is not included in the recent additions/deletions list. We hope that from this practice our clients have a better sense of our process and thinking. Additionally, we want to reinforce our discipline of spending as much time focusing on the companies out of the headlines as those in them.

Envestnet, Inc. (ENV) entered our new idea pipeline in January 2014. The company, which provides a fully integrated cloud-based software platform for financial and registered investment advisers, was benefiting from many secular tailwinds such as an increasing i) prevalence of independent advisors; ii) level of fee-based assets (as opposed to commission-based fees); and iii) technology spend by advisors to keep up with changing client preferences. These drivers pushed a rapid adoption of the ENV platform. Given these trends, our initial screening of the idea made it a philosophical fit with our 3G (Growth, Governance and Go-to-market) approach due to its large addressable market, consistent share gains and enviable economic model at scale.

After multiple due diligence calls and meetings with the management team, we felt we had a good grasp of the underlying economics and factors affecting the company. We then modeled out several fundamental scenarios to inform the construction of an appropriate valuation framework. We quickly realized, however, that the assumptions embedded in the stock price were simply way too aggressive. We chose to wait for expectations to decline to establish a position.

PERFORMANCE (%)

	RETURNS NET OF FEES*	RUSSELL 2000® INDEX
3 Mos.	2.84	3.34
1 YR	14.33	14.65
3 YR	9.91	9.96
ITD (8 Jul 2013)	10.99	11.33

*U.S. Small-Cap Blend Fund B USD share class net of fees.

CHARACTERISTICS

	SMALL-CAP BLEND FUND	RUSSELL 2000® INDEX
P/E Ratio (FY2 Est.)	21.5x	18.4x
Earnings Growth 3-5 YR Estimate	13.3%	12.9%
Weighted Avg. Market Cap.	$4.4 B	$2.4 B
Weighted Median Market Cap.	$3.4 B	$2.1 B
PEG Ratio	1.6x	1.4x

TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Waste Connections, Inc.	2.5
Albany International Corp. Class A	2.3
BankUnited, Inc.	2.2
Broadridge Financial Solutions, Inc.	2.1
EchoStar Corporation Class A	2.0
Linn Energy, Inc. Class A	1.8
BroadSoft, Inc.	1.7
Bright Horizons Family Solutions, Inc.	1.7
MAXIMUS, Inc.	1.7
Liberty Interactive Corporation Ventures Series A	1.6
TOTAL	**19.6**

Characteristics and Holdings include cash and cash equivalents.

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In August of 2015, estimates (along with the stock) started to come down to more tolerable levels. At this point, the company announced the acquisition of Yodlee in an attempt to build out its data aggregation and personal financial management capabilities. A combination of limited financial guidance and poor investor perception around deal rationale led to a large sell-off in the stock. The drawdown was substantial enough that we felt that at those prices, we were effectively getting the Yodlee business for free, which greatly reduced the execution risk on the transaction. Over the course of these events, we initiated, then increased a position the company.

Over the last couple years, a combination of record-setting fundamental performance and strong financial markets has propelled the stock to new highs. A perfect environment has once again potentially created unrealistic expectations for the stock. For this reason, we have lowered our position size.

Despite our recent trim due to our belief that the market environment being as good as it gets for ENV, we still believe that over the long term this is one of the most well-positioned asset management companies in the U.S. Thus, we continue to own a position in the stock. To reiterate, the market opportunity is large, the potential for share gains is sound and the management team has consistently pushed to drive innovation and differentiation in its solution set via both M&A and internal R&D. Our decision to trim is one based on risk/reward probabilities at current prices and an understanding of the market's historical propensity to overreact to positive/negative news flow with regard to this stock. This is likely going to be a solid story over the very long term, but we are just executing against our discipline.

The wave that is today's equity bull market has been building for a long time. As it approaches the shore, its momentum has accelerated and led to an impressive surge where the returns-to-investors surfing has been great, in our view. However, valuations now run high going into 2018.

Stock prices move on changes at the margin and, since the election of Donald Trump, the incremental macro- and micro-gyrations have been positive. This development produced a lack of volatility in 2017 that was a surprise to many, including us. While we do not know if this period of calm will be interrupted in 2018, we will make sure we are prepared to act if it is. .

With valuations high, stocks will likely depend on global synchronized growth to carry consensus estimates and prices higher in the new year. History would suggest that market leadership may change as a world that has long suffered from a lack of growth now finds it in spades. We are thinking long and hard about our portfolio exposures as accelerating economic expansion may catalyze inflation and interest rates higher.

The strategy's calendar year could be summarized as one of robust absolute, but disappointing relative returns. A brief explanation for the latter would be holding a little cash, too little biotech and a couple of disappointing stock outcomes. Given our investment philosophy and approach, this was simply too much to overcome given the market environment in the short run.

We remain laser focused on generating attractive risk-adjusted returns over a full market cycle. As always, since we do not control outcomes, we work hard to strengthen our foundation (i.e. team), adhere to our philosophy and continuously improve our investment process—the three facets we can control and those that drive returns over the long term.

We greatly appreciate your support and interest in the strategy. Our philosophy is to harness the power of compounding, driving returns through stock selection and mitigating downside risk through diversification, quality and valuation sensitivity. We look forward to the year ahead and updating you on our progress.

Please get in touch for an extended version of this commentary.

U.S. SMALL-CAP VALUE STRATEGY

After a lackluster start in 2017, small-cap stocks rebounded during the last three or four months of the year. In particular, the rally was driven by both positive fundamental results within cyclical sectors, as well as the anticipation and eventual passage of the tax overhaul. Although small-cap value shares trailed both the broader markets and small-cap growth companies by a considerable margin, the strategy's benchmark, the Russell 2000® Value Index, did produce a 7.8% return for the year after a rebound from its lows in late August.

The strategy posted solid results for the quarter and for the year in absolute terms, and was comfortably ahead of its benchmark for both periods. The second and especially the fourth quarters were our strongest, while we were flat or up modestly in the other two quarters. While the strategy did experience a number of corporate actions, generally strong operating results across our industrial and energy holdings drove performance.

Both the year and quarter were marked by a fairly wide dispersion of returns among sectors, subsectors and their respective constituents. For the year, the health care sector was up over 30%, while the energy and telecom sectors were down 20% and 26%, respectively.

Our strategy's performance for the year was driven by results within the industrial sector, where a number of our larger positions posted excellent results during a strong cyclical recovery, and within the energy sector, where the weakness of many energy companies contrasted with the strong performance of the companies we own. **Albany International**, our largest position, appreciated nearly 35% for the year, as it continued to benefit from strong growth in LEAP engine production. **Kadant's** shares were up 65% for the year due to a combination of solid results from its core business and recent acquisitions, as well as a growing understanding of the size and profitability of its aftermarket parts business.

Consumer discretionary and telecom were our biggest detractors for the full-year period. Within consumer discretionary, **Core-Mark** suffered from a combination of lost rebids on several contracts, and challenges in achieving operating leverage on new business won. In general, our consumer discretionary investments failed to keep up with the sector's performance, especially within gaming and in retailing (the latter benefiting from strong year-end positive sentiment). Within the telecom sector, our investment in **ATN International** was materially impacted by the hurricanes that hit the U.S. Virgin Islands.

For the quarter, technology and industrials were the strongest contributors, while consumer discretionary and energy were the largest detractors. **Simpson Manufacturing** was up materially in the quarter on the announcement of a concrete plan to improve margins, working capital and ROIC. In addition, a number of our larger IT services businesses, including **Broadridge** and **DST**, benefited from multiple expansion. Conversely, **Casey's General Stores**' rural convenience store business was impacted by the slowdown in the farm economy. Finally, energy shares of exploration and production (E&P) companies rallied at the end of the quarter and outperformed our energy investments.

While there was a fair amount of merger and acquisition activity during the year, only a few transactions were of notable consequence. Early in the year, **Air Methods** announced its sale to private equity buyers. This had been in the works for some time. The premium it paid helped our health care investments keep pace with the dramatic rise of the sector during the year. In addition, **Deltic Timber**, after a thorough review of its options, announced that it was selling itself to a timber REIT. We were pleased with the valuation we received, but are also keenly interested in the equity of the acquiring company. A number of other announcements were related to smaller holdings in the portfolio, and generated solid, albeit relatively modest, impacts. Some of these positions were intentionally small, but one, **State National**, was simply small due to the timing of our initial investment and the subsequent run-up in the shares following a rumor of its sale.

We continue to focus on the implications of the recent changes to the tax code on the net income and cash flows of our portfolio companies. Based on our understanding of the legislation, as well as discussions with our portfolio companies' management teams, it is clear that after-tax net income and cash flows will rise. However, our management teams are still working through the impact of any offsets. Finally, we have to evaluate the revised results in the context of a significant expansion of valuations over the past 15 months. Given the opaque outcomes, we have not made any material changes to the portfolio due to the tax bill, but believe that our management teams should soon be in a position to give some guidance into what the short- and medium-term impacts will be.

Activity was relatively heavy at the end of the quarter. We made four new investments. After surveying the carnage within the retail space, we made an investment in one retailer, **DSW**, a 500-store footwear retailer. We also made an investment in **REX American Resources**, which operates some of the most efficient ethanol facilities in the country. Other investments included **Landmark Infrastructure Partners**, an MLP focused on cell towers, and **Consolidated-Tomoka Land Co**., a C-corp that is liquidating its undeveloped land portfolio and converting to an REIT. We did receive shares through several M&A transactions that we either sold or are in the process of selling. Other than sales due to M&A transactions, the only investment we sold outright was **Carriage Services**, a funeral home business, due to valuation.

While valuations are high for the market overall, we are excited about our pipeline due to the wide dispersion of results throughout the year and the variation of valuations that this has created.

Sector Diversification

- Our energy weighting saw an increase due to positive performance from **Linn Energy**. We also initiated a new position, **REX American Resources**.
- Our weighting in the telecom sector decreased as we sold our position in **Hawaiian Telcom**. We also trimmed our position in **ATN International**.

SECTOR	U.S. SMALL-CAP BLEND FUND (%)	RUSSELL 2000® INDEX (%)	DIFFERENCE (%)	U.S. SMALL-CAP BLEND FUND (%)	
	Q4 '17	Q4 '17	Q4 '17	Q3 '17	Q4 '16
Consumer Discretionary	14.72	12.69	2.03	15.77	16.05
Consumer Staples	1.80	2.75	-0.95	1.89	1.90
Energy	2.74	3.64	-0.89	2.11	0.93
Financials	16.22	17.81	-1.59	14.70	17.08
Health Care	9.30	15.34	-6.04	8.77	8.81
Industrials	20.36	15.62	4.74	19.97	16.83
Information Technology	22.11	16.61	5.50	21.30	21.04
Materials	2.78	4.58	-1.79	2.74	3.73
Real Estate	4.06	6.71	-2.64	4.01	4.80
Telecom. Services	1.60	0.77	0.83	1.98	3.40
Utilities	0.26	3.50	-3.23	0.28	0.18
Cash	4.03	--	4.03	6.47	5.24

Sector diversification includes cash and cash equivalents.

Quarterly Attribution Detail by Sector

- Information technology and financials had the strongest relative performance, whilst consumer discretionary and consumer staples had the weakest.

SECTOR	U.S. SMALL-CAP BLEND FUND		RUSSELL 2000® INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION AND INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Consumer Discretionary	15.07	-0.13	12.34	7.84	0.09	-1.16	-1.07
Consumer Staples	1.88	0.46	2.68	7.28	-0.03	-0.12	-0.16
Energy	2.46	3.25	3.35	6.75	0.01	-0.12	-0.12
Financials	16.00	4.31	18.27	1.64	0.03	0.43	0.45
Health Care	9.02	-3.52	15.02	2.58	0.05	-0.55	-0.50
Industrials	20.43	5.58	15.33	6.07	0.13	-0.10	0.03
Information Technology	22.24	7.58	16.96	1.07	-0.13	1.39	1.27
Materials	2.78	3.06	4.53	3.67	-0.00	-0.02	-0.02
Real Estate	4.04	-1.69	7.04	-0.43	0.11	-0.05	0.05
Telecom. Services	1.75	-3.25	0.82	-3.47	-0.06	0.01	-0.05
Utilities	0.27	-4.30	3.67	1.07	0.08	-0.02	0.06
Cash	4.07	0.30	--	--	-0.14	--	-0.14
Total	**100.00**	**3.16**	**100.00**	**3.34**	**0.13**	**-0.31**	**-0.18**

Sector attribution includes cash and cash equivalents.

Quarterly Contribution to Return

- **BankUnited,** a recent portfolio addition, jumped higher after announcing that it expects to record a $295 million dollar tax refund benefit in the fourth quarter.
- **Cavium, Inc.** is a provider of integrated semiconductor processors that enable intelligent processing for wired and wireless infrastructure and cloud networking, communications, storage and security applications. Its share price rose 27% in the fourth quarter after the company reported better-than-expected earnings and also raised guidance. Following earnings, the company was acquired in a cash and stock deal by Marvell at a healthy premium, particularly if the acquirer continues to rally on the proposed synergies of the transaction.
- **Primerica** saw continued strength in the fourth quarter following reported earnings that exceeded consensus expectations.
- **Nexstar** rose on strong third-quarter reported results and expectations for continued improvement in core advertising growth in the fourth quarter. Since the close of the Media General acquisition in January, the company has repurchased $100 million of stock and reduced its debt outstanding by more than $100 million. In addition, in the fourth quarter, the FCC voted to reduce restrictions around local television ownership and initiated a Proposed Rulemaking proceeding to re-evaluate the national local television ownership cap of 39% reach of the U.S. population. Both regulatory developments benefit players with scale like Nexstar.
- **Broadridge** continued to post solid results and held a constructive analyst day where management announced positive three-year guidance and continues to display optimism surrounding the company's core regulatory and capital markets franchise. The company is also exploring opportunities for further penetration of the wealth management vertical.
- **Henry Schein** fell victim to rising concerns that Amazon was going to become a greater competitive threat to its profitable dental consumables franchise. While we believe there are multiple reasons why the perceived threat by Amazon is greater than the actual threat, the recent market pattern of companies facing competition from Amazon has been to remain weak until future results prove otherwise.
- **Medidata** shares fell as Q3 revenues and Q4 revenue guidance were slightly below consensus; however, the market tends to react meaningfully to small direction changes in growth rates for this company due to some opacity in the underlying key revenue metrics.
- **Papa John's** shares fell after reporting disappointing third- and fourth-quarter outlooks, which the management team largely attributed to a meaningful drop in NFL viewership, a key advertising forum for the business.
- **MACOM Technology** released third-quarter earnings results and guidance that disappointed due to an abrupt and continued pause in Chinese demand.
- **Liberty TripAdvisor Holdings** fell as Priceline, an advertising partner, surprisingly decided to raise its historical ROI metrics for its metasearch partners in Q3 2017, which pressured revenue per shopper as the company's auction pricing suffered from the pullback of a large bidder.

U.S. SMALL-CAP BLEND FUND TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
BKU	BankUnited, Inc.	1.58	15.18	0.33
CAVM	Cavium, Inc.	1.37	27.13	0.32
PRI	Primerica, Inc.	1.46	24.78	0.32
NXST	Nexstar Media Group, Inc. Class A	1.19	26.10	0.30
BR	Broadridge Financial Solutions, Inc.	2.19	12.54	0.26
U.S. SMALL-CAP BLEND FUND BOTTOM FIVE CONTRIBUTORS				
LTRPA	Liberty TripAdvisor Holdings Inc Class A	0.99	-23.68	-0.34
MTSI	MACOM Technology Solutions Holdings, Inc.	0.63	-27.06	-0.22
PZZA	Papa John's International, Inc.	0.34	-21.27	-0.14
MDSO	Medidata Solutions, Inc.	0.63	-18.82	-0.13
HSIC	Henry Schein, Inc.	0.69	-14.77	-0.12

Contribution includes cash and cash equivalents.

Quarterly Portfolio Activity

- **Alarm.com** provides cloud-based software platform solutions for smart homes and businesses.
- **AnaptysBio** maintains a unique antibody discovery platform to develop monoclonal antibody drugs targeting initial key indications of atopic dermatitis, peanut allergy and asthma.
- **Consolidated-Tomoka Land** is undergoing a shift in strategy from a land holding company to a triple-net-lease operator. We believe that the company is sitting on 8,100 acres of undeveloped land that, when accounting for recent contract pricing and expected sales proceeds, implies its underlying NNN lease portfolio is trading at an 8.8% implied cap rate, well above the approximate 6.8% average for publicly traded peers. Furthermore, proceeds from an accelerated land monetization plan laid out by management could be redeployed into income-producing properties that could more than double the NOI earned at the company, even at today's low cap rates. As the company transitions to a pure-play operator, we believe it will convert into an REIT structure.
- **DSW** is an off-price retailer of footwear and accessory brands that sells through over 500 retail stores and online. While the challenges of brick-and-mortar retail as well as the omnipresent threat of Amazon (Zappos) are well-known, we believe DSW presents a compelling investment opportunity. Although DSW's business has been impacted by secular retail issues, this is reflected in its low valuation (approximate 4x EBITDA), and we believe the business has shown early signs of stabilization in key metrics (same-store sales, profitability per square foot and inventory control). Further, the company has reduced store growth targets, almost entirely invested in the build-out of its omni-channel capabilities, and is now producing high levels of free cash flow (approximate 8% free-cash-flow yield).
- We acquired **First Horizon National Corp** after the company finalized its merger with Capital Bank Financial.
- **Landmark Infrastructure Partners LP (LMRK)** is an MLP that acquires and manages real property interests on land or structures underlying infrastructure in wireless communications (towers), outdoor advertising (billboards) and renewable power generation (utility-scale solar farms). We are buying an infrastructure-based MLP at a current yield of 8.4% that has growing cash flows from its existing asset base, which are long-lived leases with escalators supporting infrastructure that is critical to LMRK's customers' businesses. Additionally, LMRK's sponsor has an existing portfolio of assets, which LMRK will be able to purchase to grow its asset base and distribution.
- **Littelfuse** designs, manufactures and sells circuit protection devices. It operates through three segments: electronics, automotive and industrial.
- The **Maxar Technologies** deal to purchase Digital Globe closed during the quarter.
- **Mercury Systems** is a Tier-2 defense electronics company that has transformed itself to a high-tech, commercially oriented subsystems provider to the prime contractors.
- **REX American Resources (REX)** has ownership stakes in six leading ethanol production facilities in the Midwest. Despite the underlying volatility of the price of ethanol as well as its largest input prices (corn and natural gas), REX has been able to generate positive free cash flow every year since 2011. It has consistently shown that it has some of the most efficient, lowest-cost plants in the U.S., and the recent weakness in ethanol pricing gave us an opportunity to purchase these assets well below replacement cost. We think the outlook for ethanol remains favorable and should be supported by continued strength in the export market, as countries like China and India look to expand their biofuel mandates.

U.S. SMALL-CAP BLEND FUND PORTFOLIO ACTIVITY

ADDITIONS		SECTOR
ALRM	Alarm.com Holdings, Inc.	Information Technology
ANAB	AnaptysBio, Inc.	Health Care
CTO	Consolidated-Tomoka Land Co.	Real Estate
DSW	DSW Inc. Class A	Consumer Discretionary
FHN	First Horizon National Corporation	Financials
LMRK	Landmark Infrastructure Partners LP	Real Estate
LFUS	Littelfuse, Inc.	Information Technology
MAXR	Maxar Technologies Ltd.	Information Technology
MRCY	Mercury Systems, Inc.	Industrials
REX	REX American Resources Corporation	Energy
WBT	Welbilt Inc	Industrials
DELETIONS		**SECTOR**
CBF	Capital Bank Financial Corp. Class A	Financials
CSV	Carriage Services Inc.	Consumer Discretionary
CARS	Cars.com, Inc.	Information Technology
CVNA	Carvana Co. Class A	Consumer Discretionary
DGI	DigitalGlobe, Inc.	Consumer Discretionary
HCOM	Hawaiian Telcom Holdco, Inc.	Telecommunication Services
KEYW	KEYW Holding Corporation	Industrials
NTNX	Nutanix, Inc. Class A	Information Technology
PZZA	Papa John's International, Inc.	Consumer Discretionary
SPSC	SPS Commerce, Inc.	Information Technology
SNC	State National Cos., Inc.	Financials
THS	TreeHouse Foods, Inc.	Consumer Staples
TRIP	TripAdvisor, Inc.	Consumer Discretionary

- The **Capital Bank**, State National and Digital Globe transactions closed on schedule. We received shares in Maxar Technologies Ltd. (MAXR) from the Digital Globe transaction.
- We sold **Carriage Services** due to valuation and concern about the company's strategic goals.
- **Cars.com** was spun out of Tegna, a current investment.
- **Carvana** was acquired on its IPO, but we sold the position as a key metric trailed our expectations and the stock had rallied.
- **DigitalGlobe** was acquired.
- We sold out of **Hawaiian Telcom** after the company entered into a definitive agreement to be acquired by Cincinnati Bell (CBB) for $30.75, with a targeted 60%/40% cash/stock split.
- We eliminated **KEYW** as the company showed signs that the integration of a large acquisition may be proving more difficult than anticipated.
- **Nutanix** was a small IPO position that we sold after a very strong rally in the shares.
- We sold **Papa John's** as we felt the retooling of its marketing program due to weakness in NFL ratings would prove challenging in 2018.

- We markedly reduced **SPS Commerce** a few quarters ago and completed the sale as our long-term growth concerns remained.
- We sold our position in **State National** because the company was acquired and the transaction closed during Q4 2017.
- We eliminated **TreeHouse Foods** prior to a very challenging Q3 2017.
- **TripAdvisor** struggled with a business-model transition in 2016 and 2017. TRIP's results were hindered further in the second half of 2017 after Priceline reduced its advertising spend generally on hotel metasearch auctions.

Disclosures

Past performance may not be a reliable guide to future performance and you may not get back the amount invested.

For institutional investors and professional clients only.

Performance data relates to the Brown Advisory U.S. Small-Cap Blend Fund. The performance is net of management fees and operating expenses. Changes in exchange rates may have an adverse effect on the value price or income of the product. The difference at any one time between the sale and repurchase price of units in the UCITS means that the investment should be viewed as medium to long term. This review is issued by Brown Advisory Limited, authorised and regulated by the Financial Conduct Authority. This is not an invitation to subscribe and is by way of information only.

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Brown Advisory U.S. Small-Cap Blend Fund is a sub-fund of Brown Advisory Funds plc, an umbrella fund with segregated liability between sub-funds. The Fund is authorised in Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities Regulations, 2011 as may be amended, supplemented or consolidated from time to time) and a recognised collective investment scheme for the purposes of section 264 of the Financial Services and Markets Act 2000. The Fund is managed by Brown Advisory LLC.

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The benchmark is the Russell 2000® Index. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure that larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000® Index is a trademark/service mark of the Frank Russell Company. 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 and is completely reconstituted annually. The Russell 2000® Growth Index is a trademark/service mark of the Frank Russell Company. 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 that new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 2000® Value Index is a trademark/service mark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. An investor cannot invest directly into an index.

Sector diversification, attribution, top and bottom five contributors and portfolio additions and deletions source: FactSet. Contribution to return is calculated by multiplying a security's beginning weight in the portfolio by the security's return on a daily basis, and geometrically linking the return for the reporting period. The portfolio information provided is based on the Brown Advisory U.S. Small-Cap Blend Fund 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 include cash and cash equivalents. Sector diversification and attribution includes 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 statements above for additional information.

Terms and Definitions for Representative Account Calculations

Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value 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 larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics. Russell® is a service mark and trademark related to the FTSE or Russell indexes are trademarks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. **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. **P/E / Growth Ratio**, or **PEG Ratio**, is the ratio of a portfolio's P/E Ratio divided by its Est. 3-5 Yr. EPS Growth rate. **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.