

U.S. Small-Cap Blend Fund

QUARTERLY UPDATE

First Quarter 2017

Review & Outlook

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PERFORMANCE (%)

	RETURNS NET OF FEES*	RUSSELL 2000® INDEX
3 Mos.	2.51	2.47
1 YR	20.86	26.22
3 YR	7.43	7.22
ITD (8 Jul 2013)	10.09	10.40

*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.)	19.1x	17.3x
Earnings Growth 3-5 YR Estimate	15.3%	13.1%
Weighted Avg. Market Cap.	\$3.7 B	\$2.2 B
Weighted Median Market Cap.	\$2.6 B	\$2.0 B
PEG Ratio	1.2x	1.3x

TOP 10 PORTFOLIO HOLDINGS

SECURITY	% PORTFOLIO
Waste Connections, Inc.	2.5
Broadridge Financial Solutions, Inc.	2.1
EchoStar Corporation Class A	2.1
Albany International Corp. Class A	2.0
Synovus Financial Corp.	1.9
Liberty TripAdvisor Holdings Inc Class A	1.7
MAXIMUS, Inc.	1.7
Cogent Communications Holdings Inc.	1.7
Charles River Laboratories Intl., Inc.	1.6
Bright Horizons Family Solutions, Inc.	1.5
TOTAL	18.8

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

The Brown Advisory Small-Cap Growth Equity Strategy posted a nearly in-line first quarter when compared to its primary benchmark, the Russell 2000® Growth Index. Equity market dynamics normalized during the period following the post-election histrionics. Due to our philosophical bias toward secular vs. cyclical growth, the strategy welcomed this development. Overall, the portfolio experienced a modest tailwind from stock selection and its relative average market capitalization, while its bias toward quality and relative sector allocation produced a headwind. Over the long-term, we continue to expect stock selection to be the overwhelming driver of both absolute and relative returns.

The first quarter of 2017 might be described as a period of “digestion” for small-cap equities. Coming off a historic flurry of activity and fund flows in Q4 2016, the Russell 2000® Index posted a solid, but unspectacular return of +2.5%, enabling large-caps to reclaim market leadership. Within small-caps, the recent massive outperformance of value ended, with growth besting value by well over 500 basis points. The likely cause of these reversals is a market moving from a mostly speculative to a now real-world view of the Trump administration’s policy priorities in both magnitude and timing. As investors digest the reality of Washington D.C., it will be interesting to watch the market unfold over the balance of the year.

We are very much bottom-up, fundamental investors. We would posit that thinking and acting differently against a universe of ideas where one possesses a unique or non-consensus view best produces attractive risk-adjusted returns. However, we are ardent believers that to fully understand the micro, one must appreciate the macro. We visualize the world of smaller company investment as being composed of a periodic table of small-cap elements. Each of these building blocks has the potential to create either a more or less favorable environment for small-cap equities in the future. Although a comprehensive, quantitative list is outside the bounds of these pages, the following provides a brief, qualitative summary:

FAVORABLE ENVIRONMENT	UNFAVORABLE ENVIRONMENT
+Improving US economy	-Historically high valuations
+ Recovering earnings growth	-Lower systemic liquidity (i.e. Fed policy)
+ Less regulation	-Increasing leverage
+ Lower (pending) corporate taxes	-Improved sentiment
+ Improved confidence	-Low volatility

Despite the present environment for small-caps appearing fairly balanced, our team is spending most of its time thinking and preparing for greater volatility ahead. The combination of market calm and high valuations usually breeds short- to intermediate-term dislocations that can rapidly change the prevailing opportunity set. Successfully navigating these periods is a critical factor in enabling long-term outperformance.

As always, we appreciate your support and interest in the strategy and look forward to updating you on our progress following Q2. Until then, we will focus on putting the portfolio in a position to navigate whatever world lies ahead and continue to seek out the “fat pitches” that produce favorable risk-adjusted returns.

U.S. SMALL-CAP VALUE STRATEGY

While small-cap value companies dominated the U.S. markets during the fourth quarter of 2016 following the election, they materially lagged the broader market and especially large-cap growth companies during the first quarter of 2017. Small-cap stocks rose dramatically at the end of the year on heightened expectations for tax reform and other anticipated, business-friendly regulatory shifts; weaker results for small-caps so far in 2017 reflect anxiety about the prospects and timing of tax and regulatory reform as well as the broader economic climate.

During the quarter, our strategy produced a modest gain on an absolute basis, and outperformed its benchmark, the Russell 2000® Value Index, which declined slightly during the period. Our relative performance was strongest during January and March, the two months that the benchmark posted negative returns.

The strategy benefited from a number of developments. Our financial stocks were strong relative contributors vs. the benchmark's holdings (many of which are more asset-sensitive banks that performed well last year but reversed course during the quarter). Several of our financial holdings, especially Primerica, benefited from positive earnings performance. Our energy holdings also performed well; similar to the situation in financials, broader sentiment dampened performance of the benchmark's energy roster, while our investment in Parr Pacific posted positive results. Relatively weak quarterly results from several of our larger consumer discretionary investments and one materials investment weighed on our performance. The strongest sector within the benchmark was health care and technology was second strongest, consistent with the broader rotation in the market towards growth.

While we normally would expect to underperform during a rotation toward growth stocks, corporate actions on the part of Air Methods and EchoStar enabled us to outperform in those sectors during the quarter. In March, Air Methods finally announced its sale to American Securities, a private equity firm. Recall that in the fourth quarter of 2015, Air Methods announced that it had hired Goldman Sachs to evaluate its strategic options. By the first quarter of 2016, the board announced that they had completed their review and were going to remain independent. We and other shareholders pointed out that the process could not have been thorough given the modest duration of time dedicated to it. The decline in the stock only further widened the gap between the public equity value and the valuation at which KKR purchased Air Methods' largest competitor. A re-started process culminated in the announcement in March. From the proxy however, there was at least one potential and legitimate bidder that was excluded for regulatory reasons. The share price has increased above the deal price in the hopes of a potential topping bid. In response, we have sold the bulk of our stake and will hold the remainder for the potential that a topping bid materializes.

Echostar, a spin-off from Dish, announced that it was purchasing the retail broadband business from Dish in exchange for its set-top box business. We believe Dish may have entered into the transaction for broader strategic objectives. We are thrilled about the outcome for Echostar because it is shedding a low-margin, low-growth business for one that, in our view, has very attractive financial characteristics.

American Capital completed its sale of Ares Capital. Northstar Realty Finance and Northstar Asset Management also completed their three-party merger with Colony. In both cases, we believe the cash flows and post closing valuations are attractive. However, given the weighting in the portfolio we trimmed our Colony investment and modestly added to our Ares investment.

Within financials, we sold our remaining stake in Maiden Holdings due to its valuation and business prospects. Early in the quarter, we also took advantage of the rising valuations of many of our smaller bank investments and trimmed a number of positions. We are bullish on the prospects for heightened M&A activity within the bank sector and re-invested a portion of these proceeds into two new banks. One has materially lagged the rally over the past 18 months, so was very attractive from a valuation perspective, in our view, and the other was attractively priced with a well-defined plan to create shareholder value.

Besides the two new investments in financials, we made two investments in cyclical companies, both of which generate attractive free cash flow with what we view as material upside, and we also invested in two companies that are embarking on meaningful strategic repositioning in order to unlock shareholder value. One of these is a REIT and the other is a broadcast media company in the consumer discretionary sector. Besides the one financial investment, we also sold one consumer discretionary investment due to valuation.

While we have a robust pipeline of new ideas, it is heavily weighted towards investments that need to see some price decline in order to meet our return objectives. We are keenly interested in the upcoming earnings season to give us a better indication of economic activity. Given the continued high valuation of the markets, we are approaching the rest of 2017 with caution.

Sector Diversification

- The information technology weighting was higher as a result of the sector's strong performance in the portfolio.
- Our financials weighting is fairly consistent with quarters past. While underweight the benchmark, we believe many of our technology holdings are more appropriately classified in financial services, putting us more in-line with the benchmark.
- We initiated a new position in Simpson Manufacturing (industrials), in Altisource Residential (real estate), and in Natural Gas Services (energy).

SECTOR	U.S. SMALL-CAP BLEND FUND (%)	RUSSELL 2000® INDEX (%)	DIFFERENCE (%)	U.S. SMALL-CAP BLEND FUND (%)	
	Q1 '17	Q1 '17	Q1 '17	Q4 '16	Q1 '16
Consumer Discretionary	15.88	12.42	3.45	16.17	13.37
Consumer Staples	2.09	2.88	-0.79	2.00	1.99
Energy	0.93	2.94	-2.02	0.98	1.49
Financials	17.33	19.37	-2.04	18.02	16.49
Health Care	9.37	12.99	-3.62	8.85	10.98
Industrials	20.41	14.68	5.74	18.97	19.05
Information Technology	23.82	17.37	6.45	22.21	25.76
Materials	3.31	5.22	-1.92	3.94	4.20
Real Estate	3.55	7.77	-4.21	5.06	3.39
Telecom. Services	3.09	0.70	2.39	3.59	3.24
Utilities	0.21	3.66	-3.44	0.19	--

Sector diversification excludes cash and cash equivalents.

Quarterly Attribution Detail by Sector

- We saw outperformance in numerous sectors during the first quarter. Our holdings in consumer staples, financials, energy, health care and industrials all outperformed those of the benchmark.
- In consumer discretionary, underperformance was stock specific as Core-Mark and Regis, two of our larger holdings, struggled.

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	15.84	-4.65	12.57	1.10	-0.05	-0.91	-0.95
Consumer Staples	2.02	7.35	2.86	-1.47	0.04	0.17	0.21
Energy	0.92	10.89	3.13	-13.15	0.38	0.22	0.60
Financials	17.01	2.54	19.55	-1.54	0.10	0.69	0.79
Health Care	9.67	14.90	12.75	12.47	-0.27	0.22	-0.05
Industrials	19.92	4.33	14.67	1.34	-0.05	0.57	0.52
Information Technology	23.74	5.60	17.29	5.94	0.22	-0.10	0.12
Materials	3.44	-5.13	5.12	5.91	-0.04	-0.41	-0.46
Real Estate	3.91	-1.06	7.78	0.30	0.08	-0.01	0.07
Telecom. Services	3.30	-2.50	0.72	-5.41	-0.20	0.09	-0.11
Utilities	0.22	-13.70	3.56	4.69	-0.06	-0.04	-0.11
Total	100.00	3.11	100.00	2.47	0.15	0.49	0.64

Sector attribution excludes cash and cash equivalents.

Quarterly Contribution to Return

- **Waste Connections**, a long-term holding in the portfolio, continued to demonstrate solid momentum thanks to its financially attractive acquisition of Progressive Waste.
- **IDEXX Laboratories** gained after the company released positive second-quarter results and favorable guidance on its financial outlook for the year and for its longer-term vision.
- **Primerica** released strong quarterly results and increased its quarterly dividend. Investors still expect business-friendly regulatory reform from Washington, which is buoying financials.
- Following ongoing activist shareholder pressure and communications to explore strategic alternatives, **Air Methods** announced a definitive agreement to be acquired by private equity firm American Securities, at a ~20% premium to the unaffected price.
- **Charles River Laboratories** continues to see strong demand for its services driven by biotechnology demand. The company's shares appreciated on positive guidance for 2017.
- **Core-Mark's** performance suffered from the announced loss of the Kroger Convenience contract in January (~680 stores) and disappointing earnings primarily due to higher expenses associated with ramping up newly won business. The contract loss came on the heels of another major contract loss announced last year. While Core-Mark has been – and we believe it will continue to be – a large share gainer, these high-profile losses and uncertainty about another major contract currently under negotiation has caused near-term sentiment to be very negative despite recent sizeable 7-11 and Wal-Mart account wins.
- **Global Eagle** shares fell after the board announced the firing of the company's CEO and CFO at the end of February. Management was let go due to their inability to integrate recent transactions and a delayed 10-K filing which has subjected the company to future audit. An industry veteran has stepped off the board to become the new permanent CEO and has issued statements that there has been no evidence of fraudulent behavior. We currently believe the company is worth more than its current value and there is a minority investment on the table by a Chinese conglomerate. The delayed 10-K filing and management departure has dimmed investor confidence which will need to be rebuilt over time.
- **Regis** reported weaker-than-expected fourth-quarter same-store-sales growth in their company-owned locations, many of which are under pressure due to declines in mall traffic. While these pressures may continue, RGS is undergoing a shift from predominantly company-owned stores to a franchise model. RGS has a strong balance sheet and steady royalty stream, and that gives us confidence in the future prospects for the company as the company completes its re-franchising strategy.
- **Synchronoss Technologies** saw its share price fall after the company reported their intention to move away from their traditional activation business into the enterprise business via the acquisition of Intralinks. Investor concerns revolve around pre- and post-merger disclosures around organic growth in the company's "cloud business."

U.S. SMALL-CAP BLEND FUND TOP FIVE CONTRIBUTORS				
TICKER	NAME	AVG. WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
WCN	Waste Connections, Inc.	2.61	12.48	0.30
IDXX	IDEXX Laboratories, Inc.	0.98	31.84	0.28
PRI	Primerica, Inc.	1.51	19.15	0.27
AIRM	Air Methods Corporation	0.77	35.01	0.27
CRL	Charles River Laboratories	1.59	18.06	0.26
U.S. SMALL-CAP BLEND FUND BOTTOM FIVE CONTRIBUTORS				
CORE	Core-Mark Holding Company, Inc.	1.67	-27.38	-0.55
ENT	Global Eagle Entertainment, Inc.	0.51	-50.62	-0.32
RGS	Regis Corporation	1.18	-19.28	-0.25
SNCR	Synchronoss Technologies, Inc.	0.56	-36.29	-0.25
MGRC	McGrath RentCorp	1.27	-13.76	-0.19

- **McGrath's** fourth-quarter results and 2017 outlook were below expectations, driven by what we see as non-recurring items. That said, after a strong run last quarter, expectations were high and the market appears to be waiting for follow through in the actual results before rewarding the stock further.

Portfolio Activity

- **Acxiom Corporation** engages in marketing database intelligence development. It operates through the following segments: Marketing Services, Audience Solutions, and Connectivity.
- **Altisource Residential Corp** owns a portfolio of over 10,000 single family rental properties. We established our position at what we view as a 35% discount to un-depreciated book value, and a 27% discount to our estimate of NAV. The company is in the midst of a transition from a non-performing loan purchaser to a pure-play, single-family rental REIT. As this multi-quarter conversion takes place, earnings should stabilize and we believe that its valuation should rise to the level of its peers, which trade on multiples of un-depreciated book value, NAV and funds from operations (FFO). In the meantime, our downside is protected by a 9% share buyback authorization and a ~5% dividend yield that is covered by the stabilized portfolio.
- **Howard Bancorp** is a \$1bn asset bank headquartered in Ellicott City, MD. We initiated our position when the bank announced an equity offering in late January. The bank trades at only 1.3x pro-forma tangible book value and we believe the bank could achieve a 1% run-rate return on assets (ROA) with capital fully deployed. The raise could have an ancillary benefit as well, in that it may allow for inclusion in our benchmark index, based on the pro-forma market capitalization of the company. Given its geography and our discussions with other regional institutions, we believe that HBMD would make an attractive merger partner.
- **Jounce Therapeutics** is a clinical stage immunotherapy company specializing in developing therapies that enable the immune system to attack tumors.
- **National Bank Holdings Corp** is a Colorado-based bank trading at a discount to regional peers and to the small-cap bank universe. The company is at an inflection point in earning assets and profitability, which should allow them to reach their \$2/share EPS and 1% return on total assets (ROTA) goal within the next 18-24 months, up from a \$1.15 / 0.7% annualized as of Dec. 31, 2016. A combination of attractive geographical presence, robust loan growth and excess capital also make the franchise an attractive takeout candidate for a larger institution looking to expand in, or into, the Colorado and Missouri markets where NBHC operates. Our downside is protected by robust capital return; since 2013, the company has repurchased nearly 51% of shares outstanding.
- **Natural Gas Services Group** provides small to medium horsepower compression equipment to the natural gas industry. NGS manufactures rents, and services natural gas compressors that are primarily used at the wellhead in non-conventional oil and gas plays to enhance production levels. We think NGS presents an interesting opportunity for a number of reasons. After enduring over two years of one of the worst downturns in history, the recent increases in U.S. production levels should lead to a bottoming out in fleet utilization. With a young fleet and utilization rates that are down over 20% from 2014 levels, NGS is in a position to participate in an upcycle with little to no growth capex needed in the near future. We believe that NGS's combination of an overcapitalized balance sheet (\$5/share in net cash), lack of future capex needs and continued free cash flow (FCF) generation creates a high likelihood that management will begin to return cash to shareholders in the near future, through either dividends or buybacks.

U.S. SMALL-CAP BLEND FUND PORTFOLIO ACTIVITY

ADDITIONS		SECTOR
ACXM	Acxiom Corporation	Information Technology
RESI	Altisource Residential Corp. Class B	Financials
ARCC	Ares Capital Corporation	Financials
HBMD	Howard Bancorp, Inc.	Financials
JNCE	Jounce Therapeutics, Inc.	Health Care
NBHC	National Bank Holdings Corporation Class A	Financials
NGS	Natural Gas Services Group, Inc.	Energy
SSD	Simpson Manufacturing Co., Inc.	Industrials
TGNA	TEGNA, Inc.	Consumer Discretionary
DELETIONS		SECTOR
ACAS	American Capital, Ltd.	Financials
DPLO	Diplomat Pharmacy, Inc.	Health Care
INCY	Incyte Corporation	Health Care
LH	Laboratory Corporation of America Holdings	Health Care
MHLD	Maiden Holdings, Ltd.	Financials
MGPI	MGP Ingredients, Inc.	Consumer Staples
NRF	NorthStar Realty Finance Corp.	Real Estate
TDOC	Teladoc Inc	Health Care

- **Simpson Manufacturing** manufactures wood construction products such as connectors, fastening systems, truss plates and lateral systems that are used in residential and commercial light-frame construction. Relative to many of its industrial and building product peers, Simpson enjoys an enviable business model that is driven by selling “mission critical”, low-absolute-cost products (typically <0.5% of total cost of a house), with strong pricing power, high gross margins (in excess of 45% in many cases) and little capital intensity. This combination has led to a self-sustaining business with very high FCF conversion (7-9% of sales excluding working capital) throughout its history. With over \$225m of net cash on the balance sheet, we believe that the company can maintain a balanced capital allocation strategy between tuck-in M&A and returning 50% of operating cash flow to shareholders through buybacks (\$50m spent each of last two years and \$70m authorization) and dividends (1.7% yield). After years of heavy investment coming out of the downturn, we think selling, general and administrative costs will level out leading to high incremental margins going forward. Finally, we believe that the company's rollout of SAP, while not without risks, has the potential to drive meaningful cost savings and increase FCF through much-needed improvements in working capital management. Simpson's recent underperformance has left it trading at a discount to both its history as well as its peer group, giving us a rare opportunity to purchase a high-quality industrial at an attractive valuation and strong downside protection.

- **TEGNA**, the broadcasting arm of the former Gannett Co., is undergoing a strategic repositioning that we believe will unlock meaningful shareholder value. With the spin-off of Cars.com in the first half of 2017, and the completion of the strategic review of the CareerBuilder business (TGNA owns a majority stake), TGNA will be a standalone broadcasting company. Similar to our investment in Nexstar, this business offers high FCF conversion, and two trends in its industry provide opportunities for improving fundamentals: 1) continued growth in profits from affiliate revenues (or fees paid from cable operators to broadcast stations) after a one-time step-down in 2017, and 2) potential lessening of regulations around station ownership, allowing for greater flexibility to leverage costs across multiple stations in a given market. If we exclude the Cars.com and Careerbuilder businesses, we established our position at a price equivalent to 7-8 times EBITDA, a level that represents a discount to peers. TGNA has lower leverage than peers (though still 4x pro forma for the announced deals), and a history of both buybacks and dividends.
- On January 3rd, Ares Capital Corporation completed the previously announced acquisition of **American Capital (ACAS)**.
- We eliminated **Diplomat** due to a lack of start-up to intermediate-term fundamental visibility.
- **Incyte** reached market cap and price targets.
- Given the appreciation after its merger with Covance, we sold **Laboratory Corp of America**.
- We steadily trimmed **Maiden Holdings** during the back half of 2016 due to valuation concerns as well as its inability to achieve satisfactory returns in its diversified auto re-insurance business. Based on the most recent price increase, we sold the remainder of our investment.
- We exited **MGP Ingredients** after shares exceeded our price target on a very rich valuation that no longer offered an attractive risk/reward.
- In early January, **NorthStar Realty Finance** completed its merger-of-equals transaction with NorthStar Asset Management Group and Colony Capital, Inc. The new entity is listed under the ticker CLNS (Colony NorthStar, Inc.).
- Uncertainty around the company's long-term pricing model led us to sell **Teladoc**.

Disclosures

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