

CORE ATTRIBUTES

Active credit research. Integrated ESG analysis. Impact investments. Tax-exempt income.

Benchmark: *Bloomberg Barclays Municipal Bond 1-10 Year Blend Index*

Inception Date: *September 30, 2014*

Vehicles Available: *Separately Managed Account (\$250k minimum)*

WHY INVEST IN THE TAX-EXEMPT SUSTAINABLE FIXED INCOME STRATEGY?

Credit focus creates long-term return and yield potential. With a process rooted in credit analysis, our security selection aims to identify bond investments that offer return potential through stable and improving credit situations. We seek opportunities that, over time, we believe will offer both potential yield growth and an appropriate risk/reward balance. In conjunction with our sector outlooks and relative value focus, this process aims to achieve the portfolio volatility of a typical municipal manager while offering the opportunity to outperform.

Integrated ESG research helps identify impact opportunities and mitigate risk. We bring the same sophistication to our investment analysis as we do to our impact analysis; one is not more important than the other. We believe that integrating ESG factors into our research process enhances our ability to value securities and can uncover undesired issue- and issuer-specific risks that might not be revealed through fundamentals alone. This helps us identify high-quality issuers that are addressing society's challenges.

ESG IS MATERIAL TO FUNDAMENTALS. WE SEEK TO UNDERSTAND IT IN MULTIPLE STEPS.

ESG factors can warn investors of inherent risks. Our goal is to identify these risks, as well as controversial business activities, and exclude them from the portfolio.



ESG RISK ASSESSMENT

- Identifies exposure to material risks and management of those risks
- Monitors ESG-related news and controversies



ISSUER CONVERSATIONS

- We engage with issuers in which we invest - including ESG-related concerns
- We work to understand how an issuer reports on the impacts of projects funded by green bond proceeds



USE-OF-PROCEEDS ASSESSMENT

- We gauge, analyze and report on the impact of the project
- We examine past impact reporting for adherence to the Green Bond Principles

WE BELIEVE CLIENTS WANT REAL IMPACT.

By investing in issuers and issues that create tangible ESG impact, we deploy client assets to help fund projects across a variety of themes. Our diverse investment universe provides opportunity in the following:

Affordable Housing

Aiding low-and moderate- income families

Clean Energy, Efficient Production & Conservation

Responsible resource usage

Food, Water & Sustainable Agriculture

Healthier, safer and more responsible farming and food production

Economic Opportunity & Community Development

Improve quality of life in communities

Innovative Technologies & Climate Awareness

Support eco-friendly technologies

Education

Support schools, especially those in underserved areas

Health & Social Services

Improving health care access and quality for at-risk populations

Multi-Theme

Bonds that finance a range of projects across one or more themes

THE TAX-EXEMPT SUSTAINABLE FIXED INCOME STRATEGY IS A DIFFERENTIATED OFFERING

- **Fundamental analysis** of security-specific upside/downside scenarios forms the foundation of our portfolios.
- By **integrating third-party data** with our own analysis, we produce a proprietary, research-based ESG methodology aimed at providing additional understanding of the embedded risks in the bonds we evaluate.
- Our **experience across a range of fixed income strategies** provides clients the option of a customized strategy based on risk tolerance, liquidity needs and return expectations.
- Brown Advisory was an **early adopter of the Green Bond Principles** and has been a leading participant in the green bond market. This helps us **gain access to new-issue inventory** from many global green-bond issuers.
- We **concentrate our team's best ideas** in a duration-managed portfolio that seeks benchmark outperformance over a full market cycle.

OUR PROCESS.

- Our investment team collectively determines sector allocations based on sector outlooks focused on risk, alpha drivers and upside opportunities
- We create portfolio allocations based on sector risk-adjusted return potential and optimize the risk budget in terms of duration, liquidity and cash flow structure
- Security selection is a byproduct of fundamental research and relative value calculations
- We allocate securities across portfolios based on portfolio need and suitability

WHY IS BROWN ADVISORY DIFFERENT?

- All portfolios are constructed to optimize after-tax, risk-adjusted returns
- Our proprietary sector outlooks dictate consistent sector weightings across accounts
- We manage benchmark-agnostic portfolios of our highest conviction names with security selection based first on fundamental credit quality and then on relative valuation

PORTFOLIO GUIDELINE TARGETS

Number of Holdings	50-75	Sector Weightings	Typically less than 20% in one sector
Duration	3.5 to 5.5 years	Credit Quality	Investment grade with up to 20% high yield/non-rated

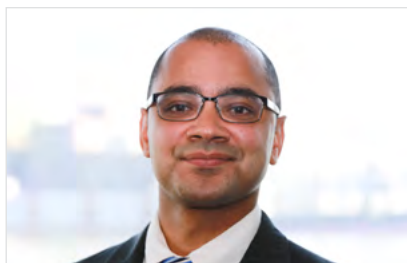
PORTFOLIO MANAGER PROFILES



STEVEN M. SHUTZ, CFA

Portfolio Manager

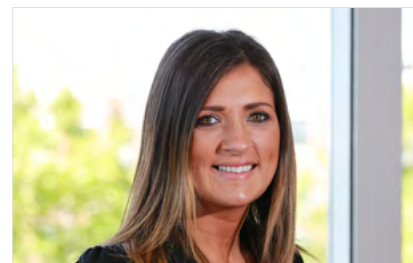
- With Brown Advisory since 2003
- Industry Experience since 1996



JOSHUA PERRY, CFA, CAIA, FRM

Associate Portfolio Manager/Credit Analyst

- With Brown Advisory since 2012
- Industry Experience since 2006



AMY HAUTER, CFA

Associate Portfolio Manager/ESG Research Analyst

- With Brown Advisory since 2012
- Industry Experience since 2011

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested. The information provided in this material is not intended to be and should not be considered to be 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. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client.