

Third Quarter 2019

All Cap SRI Review and Outlook



The Brown Advisory All-Cap SRI strategy leverages the power of our proprietary fundamental and ESG research to pursue returns that align with our investors' values. The focus of our portfolio allocation approach is to exclude companies that have controversial business involvement and poor ESG risk management, and attempt to isolate stock selection as a key driver of performance relative to the market. We do this by combining fundamental research with objective portfolio analysis in a thoughtful and efficient portfolio construction process. The result is a strategy that seeks to drive outperformance relative to its benchmark, the Russell 3000® Index, within the confines of a values-aligned investment universe.

Markets were somewhat volatile in the third quarter. Equity markets were up slightly over the three-month period, although this seemingly placid result masks a sharp sell-off at the end of July, and an equally sharp rise in the beginning of September. Through this volatility, the All-Cap SRI portfolio performed well, outperforming its benchmark. The positive results were driven almost entirely by strong stock selection and—to a lesser extent—our underweight to the energy sector.

Our process looks to minimize bets on individual sectors, macroeconomic or market factors, while maximizing our idiosyncratic upside opportunities. We expect stock picking to be the dominant driver of our relative performance against the market, as it was again this quarter. We were particularly encouraged that stock picking contributed across the portfolio, with all but one sector producing better than or roughly inline stock selection against the market benchmark.

While sector selection overall was not a meaningful contributor to performance in either direction this quarter, the portfolio continued to benefit from its underweight to energy. This underweight was a positive contributor to performance over the last three months, as the energy sector continued to struggle relative to the market.

At the time of this writing, many of the lingering uncertainties that have plagued the market over the past twelve months remain unresolved. Trade

negotiations between the U.S. and China, Brexit and increased antitrust scrutiny of big technology companies remain top of mind for many investors. More recent events, including an impeachment inquiry, rising Middle East tensions and protests in Hong Kong have clouded the outlook further. Encouragingly, domestic growth remains steady, albeit relatively low, and the U.S. consumer sector appears healthy. Central banks have remained dovish and have provided increased liquidity. Throughout this market volatility, however, one thing has not changed. We have not altered our focus on bottom-up security analysis, ESG analysis of our investments and thoughtful portfolio construction. We believe this process continues to work, and we are confident that, over time, adherence to our approach should drive positive outcomes for our clients.

In conclusion, the portfolio performed as expected for the quarter, despite volatile markets and increasing macroeconomic uncertainty. Performance was driven by stock selection and there was limited impact from relative factor or sector exposures. We are closely watching the markets and the factors impacting recent volatility, but by focusing on our process and staying disciplined with our portfolio we believe the portfolio has the potential to deliver outperformance over the long run.

Sector Diversification

- Our portfolio selection process aims to generate consistency and low tracking error to the Russell 3000 Index, thus isolating outperformance through our team's fundamental bottom-up stock selection process. We look to minimize sector and factor variation against the market, while maximizing our idiosyncratic upside opportunities. As a result, we do not expect meaningful divergence between sector weights in the portfolio and those in the benchmark.
- That said, the SRI nature of this portfolio gives it a natural tilt away from hydrocarbon producing and consuming companies, typically in the energy and utilities sectors. Offsetting those underweights (4.19% and 3.49% respectively) are corresponding overweights in sectors with similar risk and macroeconomic factor exposures: industrials and materials (offsetting energy), and real estate (offsetting utilities).

GICS SECTOR	REPRESENTATIVE ALL CAP SRI ACCOUNT (%)	RUSSELL 3000 INDEX (%)	DIFFERENCE (%)
	Q3 '19	Q3 '19	Q3 '19
Communication Services	6.88	9.34	-2.46
Consumer Discretionary	10.65	10.38	0.28
Consumer Staples	2.46	6.75	-4.30
Energy	--	4.19	-4.19
Financials	15.02	13.54	1.48
Health Care	12.92	13.49	-0.57
Industrials	14.65	10.13	4.52
Information Technology	22.43	21.48	0.95
Materials	5.52	2.92	2.60
Real Estate	6.69	4.29	2.41
Utilities	--	3.49	-3.49
[Cash]	2.77	--	2.77

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Quarter-to-Date Attribution Detail by Sector



REPRESENTATIVE ALL CAP SRI ACCOUNT			RUSSELL 3000® INDEX		ATTRIBUTION ANALYSIS		
GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	7.15	4.31	9.42	1.82	-0.02	0.17	0.16
Consumer Discretionary	11.32	6.03	10.45	0.53	-0.00	0.63	0.63
Consumer Staples	2.85	-5.03	6.62	5.89	-0.17	-0.32	-0.49
Energy	--	--	4.34	-7.57	0.41	--	0.41
Financials	14.86	4.99	13.43	1.81	0.01	0.46	0.47
Health Care	13.79	-1.98	13.78	-3.33	0.01	0.20	0.21
Industrials	14.97	0.59	10.04	0.66	-0.03	-0.00	-0.03
Information Technology	22.70	4.18	21.55	2.52	-0.00	0.38	0.38
Materials	5.58	5.56	2.90	-0.72	-0.05	0.35	0.30
Real Estate	6.78	6.86	4.15	7.46	0.16	-0.04	0.12
Utilities	--	--	3.33	8.02	-0.22	--	-0.22
Total	100.00	3.09	100.00	1.16	0.10	1.83	1.93

- The majority of the portfolio's outperformance relative to the Russell 3000 Index was driven by stock selection, across multiple sectors. Our stock picking was complemented in the quarter by the strategy's natural underweight toward the energy sector, which also contributed positively to our relative performance.
- Some of our largest investments performed well during the quarter. Apple and Zoetis continued their strong performance, and Alphabet's stock rebounded after antitrust concerns weighed on it during the second quarter. Our detractors were generally smaller positions, which limited their impact on overall performance.

Source: FactSet. 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. 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. The portfolio information provided is based on a Representative All Cap SRI Account and is provided as supplemental information. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Sector attribution excludes cash and cash equivalents. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

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Quarter-to-Date Top Five Contributors to Return

Representative All Cap SRI Account Top Five Contributors

NAME		AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
AAPL	Apple Inc.	3.87	13.60	0.48
GOOGL	Alphabet Inc. Class A	3.81	12.78	0.44
ZTS	Zoetis Inc. Class A	3.89	9.94	0.39
CINF	Cincinnati Financial Corporation	2.96	13.09	0.37
SHW	Sherwin-Williams Company	1.96	20.24	0.36

- Apple traded up on better-than-expected quarterly results and improvements, as well as an improving outlook for the upcoming quarter and into 2020. While investors feared that Apple would not have a 5G iPhone in 2020, a recently announced settlement and supply agreement with Qualcomm put that worry to bed.
- Growth in Alphabet's core advertising business rebounded in the most recent quarter. Google Cloud also demonstrated impressive results. The company disclosed that its cloud business has reached an annual run rate of \$8 billion, driven by solid demand for its compute and analytics offerings
- Zoetis continued to perform well as an attractive portfolio of pet and livestock pharmaceuticals continued to drive strong growth. Recent growth has been aided by new drugs for atopic dermatitis in pets (a segment that has seen strong demand and increased pricing), and excitement about the 2020 launch of Simparica Trio, a treatment for ticks, fleas and heartworm.
- Commercial property and casualty insurer Cincinnati Financial gained after reporting quarterly earnings that were ahead of expectations. We believe that data analytics have helped the company improve the profitability of several of its business lines.
- Sherwin Williams performed well on the back of solid earnings and business momentum. Despite unfavorable start to outdoor paint season and raw material inflation Sherwin saw solid same store sales growth of 4.2% and surprisingly good margin expansion due to pricing.

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Quarter-to-Date Bottom Five Contributors to Return

Representative All Cap SRI Account Bottom Five Contributors

	NAME	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
MTD	Mettler-Toledo International Inc.	1.33	-16.14	-0.25
MGLN	Magellan Health Inc.	1.29	-16.34	-0.24
ERIE	Erie Indemnity Company Class A	0.68	-26.74	-0.20
CVET	Covetrus Inc.	0.19	-47.63	-0.18
DIS	Walt Disney Company	2.55	-6.10	-0.16

- Mettler-Toledo traded-off recent highs this quarter despite reporting strong results. Given the strength of the company's product offering and sales prowess, we believe Mettler-Toledo is well-positioned to gain share in food safety and lab equipment going forward.
- Magellan Health's stock traded off recent highs as a result of some amount of "takeout" speculation coming out of the name after activist shareholder Starboard became involved in early 2019. We continue to believe that value exists in the assets held by MGLN, and that an out-right sale is not necessary for the investment to produce good returns.
- Erie Indemnity stock fell after reporting a sequential slowdown in its profit growth during the quarter, and following very strong growth over the past several quarters. Additionally, the company's management commented that they are starting to see a softer environment for auto insurance pricing generally.
- Covetrus's shares traded down after reporting disappointing profitability numbers. Management attributed the shortfall to weakness in the legacy Henry Schein animal health business. However, this shortfall was exacerbated by management's strategic decision to pull forward investments it was already planning in order to capture more of a changing marketplace. The position remains under review.
- The media subsector was weak across the board. Disney performed better than many of its media peers but underperformed the market in the quarter. Investors continued to worry about cable subscribers losses.

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Quarter-to-Date Additions and Deletions

Representative All Cap SRI Account Portfolio Activity

SYMBOL	ADDITIONS	GICS SECTOR
BPMC	Blueprint Medicines Corp.	Health Care
RNST	Renasant Corporation	Financials
TIF	Tiffany & Co.	Consumer Discretionary
WBS	Webster Financial Corporation	Financials

Representative All Cap SRI Account Portfolio Activity

SYMBOL	DELETIONS	GICS SECTOR
AGIO	Agios Pharmaceuticals Inc.	Health Care
BABA	Alibaba Group Holding Ltd. Sponsored ADR	Consumer Discretionary
CVET	Covetrus Inc.	Health Care
RF	Regions Financial Corporation	Financials
SPB	Spectrum Brands Holdings Inc.	Consumer Staples

Representative All Cap SRI Account Portfolio Activity

SYMBOL	PURCHASED & SOLD	GICS SECTOR
DISH	DISH Network Corporation Class A	Communication Services

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Portfolio Characteristics



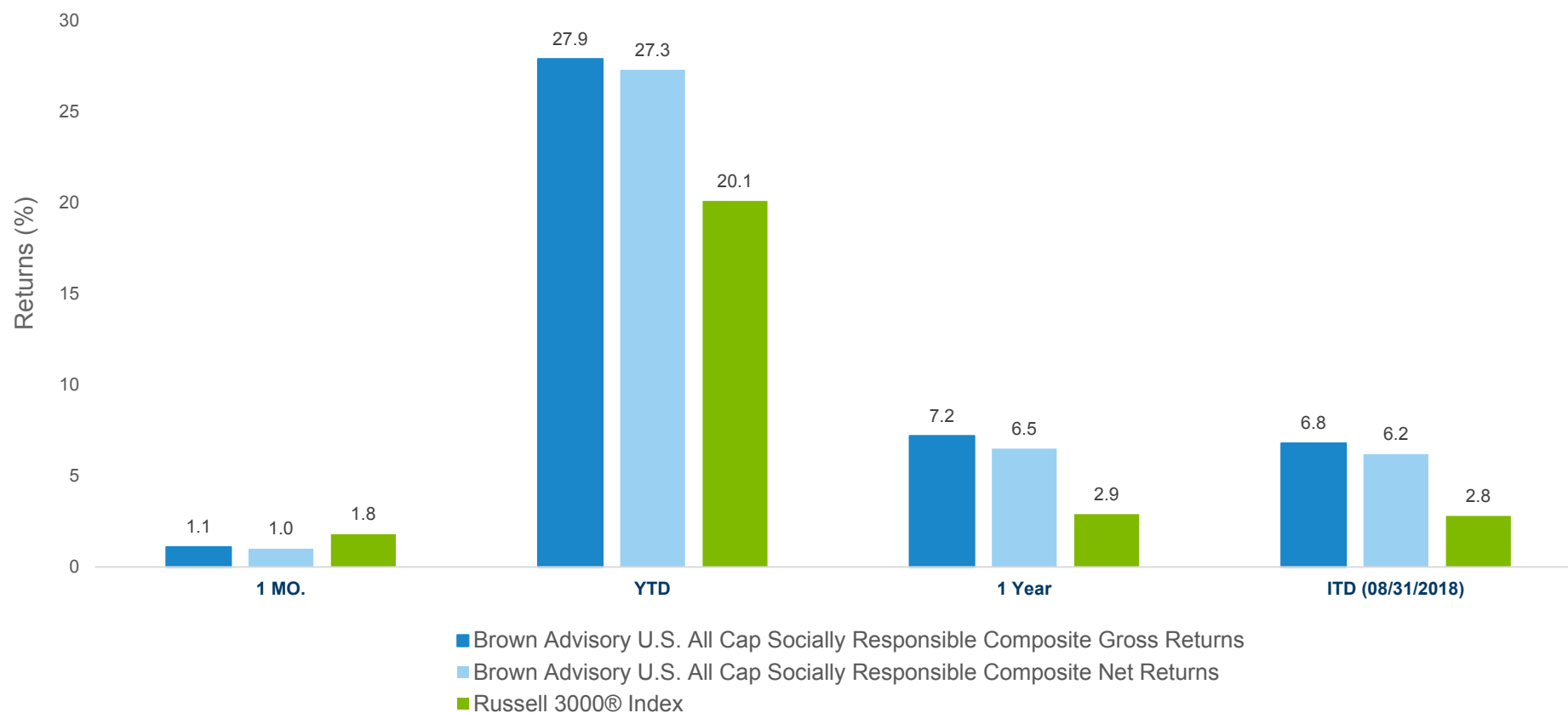
	REPRESENTATIVE ALL CAP SRI ACCOUNT	RUSSELL 3000® INDEX
Number of Holdings	79	3,005
Market Capitalization (\$ M)		
Weighted Average	196.3	212.4
Weighted Median	54.7	76.4
P/E Ratio FY2 Est. (x)	19.0	16.6
Earnings Growth 3-5 Yr. Consensus Est. (%)	12.8	11.8
PEG Ratio	1.5	1.4
Dividend Yield (%)	1.3	1.8
Top 10 Equity Holdings (%)	35.2	--

Source: FactSet. The portfolio information provided is based on a Representative All Cap SRI Account and is provided as supplemental information. Portfolio characteristics exclude cash and cash equivalents with the exception of number of holdings. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

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Composite Performance

As of 09/30/2019



Source FactSet. All returns greater than one year are annualized. Past performance is not indicative of future results. The composite performance shown above reflects U.S. All Cap Socially Responsible Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Please see the Brown Advisory U.S. All Cap Socially Responsible Composite disclosure statement at the end of this presentation for a GIPS compliant presentation.

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Top 10 Portfolio Holdings

Representative All Cap SRI Account

As of 09/30/2019

Top 10 Portfolio Holdings

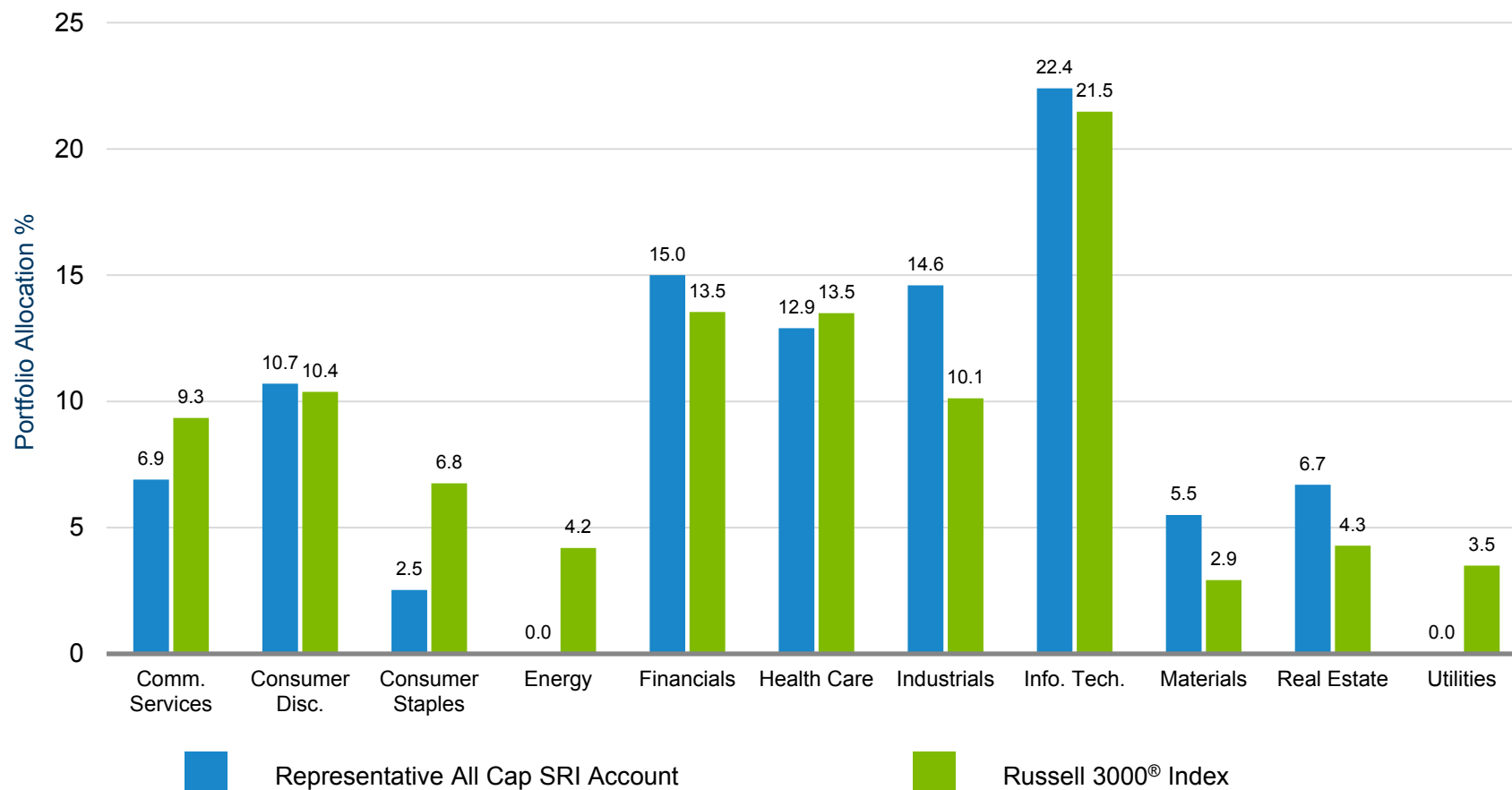
TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corporation	4.4
Apple Inc.	4.3
Zoetis, Inc. Class A	3.9
Alphabet Inc. Class A	3.8
Bank of America Corp	3.7
American Tower Corporation	3.2
Visa Inc. Class A	3.1
Home Depot, Inc.	3.1
Cincinnati Financial Corporation	3.0
Linde plc	2.7
Total	35.2%

Source: FactSet. 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. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Portfolio information is based on a representative All Cap SRI account and is provided as supplemental information. Please see disclosure statement at the end of this presentation for additional information. Figures in chart may not total due to rounding.

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Sector Diversification

Global Industry Classification Standard (GICS)
as of 09/30/2019



Disclosures, Terms and Definitions

Past performance is not a guarantee of future performance and you may not get back the amount invested.

For Institutional Investors Only.

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The **Russell 3000® Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000(®) Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure that new and growing equities are included and that the represented companies continue to reflect growth characteristics. Russell® and other service marks and trademarks related to the Russell indexes are trademarks of the London Stock Exchange Group Companies. An investor cannot invest directly into an index.

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Global Industry Classification Standard (GICS) and "GICS" are service makers/trademarks of MSCI and Standard & Poor's.

Figures shown on sector diversification and quarterly attribution by detail slides may not total due to rounding.

All financial statistics and ratios are calculated using information from FactSet as of the report date unless otherwise noted.

The **Average Weight** of a position or sector refers to the daily average for the period covered in this report of a stock's value as a percentage of the portfolio.

The **Total Return** of an equity security is the sum of the return from price movement and the return due to dividend payments or other sources of income. Standard benchmark-, sector- and portfolio-level returns are the sums of the weights of each security multiplied by its return, summed and calculated daily and summed over the period covered by the report or by an otherwise-noted period.

Allocation Effect measures the impact of the decision to allocate assets differently than those in the benchmark.

Selection and Interaction Effect reflects the combination of selection effect and interaction effect. Selection effect measures the effect of choosing securities that may or may not outperform those of the benchmark. Interaction effect measures the effect of allocation and selection decisions (i.e., did we overweight the sectors in which we underperformed).

Total Effect reflects the combination of allocation, selection and interaction effects. Totals may not equal due to rounding.

Contribution To Return is calculated by multiplying a security's beginning weight in the portfolio by the security's return on a daily basis, and geometrically linking the return to the reporting period.

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; Maximum and Minimum: the market caps of the largest and smallest companies, respectively, in the portfolio.

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 Est. 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.

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.

Dividend Yield is the ratio of a stock's projected annual dividend payment per share for the fiscal year currently in progress, divided by the stock's price.

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.

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U.S. All Cap Socially Responsible Composite



Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion(%)	Composite Assets (\$USD Millions)	GIPS Firm Assets (\$USD Millions)
2018*	-16.0	-16.2	-14.2	N/A	N/A	Five or fewer	N/A	13	30,529

*Return is for period 9/1/2018 through 12/31/2018.

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, 2018. The Verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. GIPS® is a registered trademark owned by CFA Institute.

1. *For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the Institutional and Balanced Institutional asset management divisions of Brown Advisory. As of July 1, 2016, the firm was redefined to exclude the Brown Advisory Private Client division, due to an evolution of the three distinct business lines.
2. The U.S. All Cap SRI Composite is composed of discretionary portfolios which invest primarily in the common stocks of U.S. small, medium, and large market capitalization companies. The strategy seeks to produce competitive risk-adjusted returns through a concentrated portfolio of high conviction names, which reflect both attractive fundamental characteristics and compelling ESG profiles. It is constructed using a combination of fundamental research and negative screens, and aims to maintain a low tracking error to the Russell 3000® Index.
3. The Composite creation date is 10/23/2018. The Composite inception date is 8/31/2018.
4. The benchmark is the Russell 3000® Index. The Russell 3000® Index is composed of 3000 large U.S. companies, as determined by market capitalization. This portfolio of securities represents approximately 98% of the investable U.S. equity market. The Russell 3000® Index is comprised of stocks within the Russell 1000® and the Russell 2000® Indices. Benchmark returns are not covered by the report of the independent verifiers. The Russell 3000® Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
5. Composite dispersion is an equal-weighted standard deviation of portfolio returns calculated for the accounts in the composite for the entire calendar year period. The composite dispersion is not currently presented because there is not five or more accounts in the composite for the entirety of the reported periods.
6. Gross-of-fees performance returns are presented before management fees but after all trading commissions, and gross of foreign withholding taxes (if applicable). Net-of-fee performance returns reflect the deduction of actual management fees and all trading commissions. The fee schedule is as follows: 0.40% on all assets with a minimum account size of \$250,000. Actual fees paid by accounts in the composite may differ from the current fee schedule.
7. The three-year annualized ex-post standard deviation measures the variability of the composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The 3 year annualized standard deviation is not presented because 36 monthly returns for the composite were not available (N/A).
8. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
9. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
10. Past performance is not indicative of future results.
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