

GLOBAL LEADERS SUSTAINABLE REVIEW AND OUTLOOK

The Brown Advisory Global Leaders Sustainable Fund launched under our Dublin UCITS umbrella on 1st November 2019. Managed by Mick Dillon and Bertie Thomson, the Global Leaders Sustainable Fund follows the same philosophy and process that the team has employed since May 2015 when the Global Leaders strategy was launched.

The Global Leaders Sustainable Fund expands on the ESG integration that is already built into their bottom-up research process by adding back-end screens to avoid certain business controversies as requested by our clients. Brown-Forman Corporation is screened out for its involvement in alcohol products, and Safran S.A. is excluded because of its involvement in military equipment and controversial weapons. These combined exclusions represent approximately 5% of total assets and this capital is redeployed across the remaining portfolio.

Despite continued uncertainty from the U.S.-China trade war and Brexit, global equities rose 9.1% in the quarter. The Global Leaders Sustainable Fund mildly underperformed its benchmark by 8 basis points during the quarter but the Global Leaders Strategy outperformed by 10% for the year.

The Global Leaders strategy is focused on delivering attractive, long-term performance by investing in a concentrated portfolio of companies that uniquely satisfy their customers and generate attractive economics for shareholders. Given its concentrated nature, the Global Leaders strategy's performance is primarily an output of our stock picking. Relative performance has been driven by our holdings in the communication services sector and no exposure to utilities.

We believe capital allocation is equally as important as stock selection. We are pleased to see five of our top 10 largest holdings in the Global Leaders Strategy were in our 10 biggest percentage gainers for the year, contributing significant alpha. In addition, our 10 bottom performers in percentage terms included five of our smallest 10 weights. This focus on getting big capital behind the big percentage winners and minimizing the impact of our losers is where we spend a lot of time. We are happy that the strategy outperformed its equal-weighted portfolio—an accomplishment we have achieved for three consecutive years.

One of the biggest detractors was Unilever. It underperformed meaningfully at the end of the quarter after pre-announcing fourth-quarter results, which indicated revenue growth would come in below expectations. This was a shock to investors after a very constructive Capital Markets Day in November 2019. We are very mindful of the market share issues that have arisen over the last several quarters and are monitoring the company's progress on that front carefully. We expect to see tangible signs of reacceleration and a return to broad market share gains by mid-2020 as the company's strategy to address specific losses in hair care and across its food portfolio take hold.

There has been one addition since inception. Roche Holding AG is a Swiss health care company operating globally to develop pharmaceuticals and diagnostic products. Roche has had a return on invested capital (RoIC) in excess of 20% for a long time, and its historical strength in research and development (R&D) innovation continues via breakthrough drugs in both its traditional oncology franchise and new central nervous system medicines. We do see risk in biosimilar erosion on its patent-expiring cancer drugs, but we believe this is offset by new drug ramp and some protection from the 6.5% projected free cash flow (FCF) yield.

The Global Leaders team remains focused on executing on the investment process and scouring the globe for high-quality companies. We remain very active on the research front and maintain extensive ready-to-review and ready-to-buy lists. Patience is an underrated virtue in investing, and we remain disciplined on entry points for attractive assets. We feel that overpaying for good businesses is an ever-present risk for quality-focused investors.

SECTOR DIVERSIFICATION

- The Global Leaders Sustainable Fund is a concentrated global Fund that focuses on investing in a small number of franchises that we believe deliver exceptional outcomes for their customers and outstanding economics for shareholders. Accordingly, sector and country diversification is an output of stock picking with the team more focused on business models and end-market economics than in which sector a company is classified.
- At the same time, the Fund seeks differentiated exposures but will not compromise philosophically. The portfolio managers are happy to have no exposure in certain areas, such as energy, real estate or utilities, that do not satisfy their investment criteria.
- The Fund's overweight position in information technology—its largest—is a function of a number of attractive, high-quality franchises located in that sector, such as Microsoft, Mastercard and Visa.

SECTOR	BROWN ADVISORY GLOBAL LEADERS SUSTAINABLE FUND (%)	FTSE ALL- WORLD INDEX (%)	DIFFERENCE (%)
	Q4'19	Q4'19	Q4'19
Communication Services	14.82	8.83	5.99
Consumer Discretionary	8.66	10.56	-1.90
Consumer Staples	7.73	8.07	-0.34
Energy	--	5.30	-5.30
Financials	21.06	16.90	4.16
Health Care	4.05	11.74	-7.69
Industrials	11.79	10.43	1.36
Information Technology	24.97	16.93	8.03
Materials	4.87	4.85	0.02
Real Estate	--	3.11	-3.11
Utilities	--	3.27	-3.27
[Cash]	2.05	--	2.05

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. The portfolio information provided is based on the Brown Advisory Global Leaders Sustainable Fund. Sector diversification includes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. 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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INCEPTION-TO-DATE ATTRIBUTION DETAIL BY SECTOR

BROWN ADVISORY GLOBAL LEADERS SUSTAINABLE FUND			FTSE ALL-WORLD INDEX		ATTRIBUTION ANALYSIS		
SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	14.59	8.32	8.87	5.13	0.02	0.39	0.42
Consumer Discretionary	8.39	1.76	10.48	4.54	0.02	-0.17	-0.16
Consumer Staples	7.86	2.69	8.17	2.71	-0.03	-0.08	-0.11
Energy	--	--	5.30	4.07	0.06	--	0.06
Financials	20.16	4.61	17.01	4.98	-0.03	0.04	0.01
Health Care	3.71	2.75	11.67	7.76	-0.22	-0.21	-0.43
Industrials	11.82	4.39	10.60	2.99	-0.02	0.16	0.14
Information Technology	24.93	7.96	16.72	8.59	0.27	-0.15	0.12
Materials	4.89	1.06	4.83	5.64	--	-0.27	-0.26
Real Estate	--	--	3.11	1.22	0.13	--	0.13
Utilities	--	--	3.25	2.07	0.11	--	0.11
[Cash]	3.66	0.67	--	--	-0.15	--	-0.15
Total	100.00	5.11	100.00	5.23	0.16	-0.28	-0.12

- Communication services was the top-performing sector over the quarter, driven by Alphabet, CTS Eventim and Tencent.
- We have had no investments in utilities since inception of the Global Leaders Strategy, and this added 11 basis points. We would love to find an investment in the utilities sector because of the differentiation it would bring; however, it would have to pass all of our tests, including a 20% RoIC and a good payoff or return. We have not found anything yet.
- Health care was the largest detractor of relative performance. Our underweight relative to the benchmark contributed to the underperformance, as it was the second top-performing sector in the benchmark. We intend to continue to look for future investments in this area.

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INCEPTION-TO-DATE TOP FIVE CONTRIBUTORS TO RETURN

Global Leaders Sustainable Fund Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
MSFT	Microsoft Corporation	Develops, manufactures, licenses, supports and sells computer software, electronics, personal computers and other related services	8.24	10.10	0.84
TSM	Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	Manufactures, distributes and tests integrated circuits, silicon wafers, diodes and related semiconductor components	3.94	12.15	0.47
700-HK	Tencent Holdings Ltd.	Operates investment holding company with interest in internet, mobile, and telecommunications value-added services	2.64	15.31	0.42
SCHW	Charles Schwab Corporation	Provides securities brokerage and other financial services	2.84	14.28	0.42
ATCO-A	Atlas Copco AB Class B	Provides industrial productivity solutions	3.78	9.87	0.41

- Momentum across Microsoft's business continued, with hypergrowth in the cloud portfolio supported by another strong quarter of growth in hybrid server and Windows PC products.
- Taiwan Semiconductor's shares rose in the quarter on increasing investor optimism around 5G and data, indicating strong 2020 demand for TSM's 7nm and 5nm nodes.
- Tencent reported good numbers for Q3 which demonstrated continued diversification away from core gaming business. The company rallied on this.
- Charles Schwab rebounded sharply from a relatively undemanding valuation as the market reacted favorably to their announcement of a merger with TD Ameritrade. The combined entity should benefit from meaningful synergies and will be well placed to address the challenges of an increasingly competitive industry with ongoing pricing pressure.
- Atlas Copco performed relatively strongly over the quarter, driven by resilient secular tailwinds toward energy-efficient air compressors as well as early indications of a trough of demand in semiconductor memory, a significant end market for their vacuum pumps division.

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. 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. Security returns listed represent the period when the security was held during the quarter. Past performance is not indicative of future results. The portfolio information provided is based on the Brown Advisory Global Leaders Sustainable Fund. Top five and bottom five contributors include 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.

INCEPTION-TO-DATE BOTTOM FIVE CONTRIBUTORS TO RETURN

Global Leaders Sustainable Fund Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
ULVR	Unilever PLC	Transactional consumer goods company	4.36	-3.50	-0.23
EW	Edwards Lifesciences Corporation	Designs, develops, manufactures and markets products to treat late-stage cardiovascular disease	2.84	-1.46	-0.03
DB1-DE	Deutsche Boerse AG	Operates securities and commodity exchanges	2.35	0.75	-0.01
1299-HK	AIA Group Limited	Provides general insurance services	3.35	0.15	-0.01
SHW	Sherwin-Williams Company	Engages in the development, manufacture, distribution and sale of paint, coatings and related products	2.75	0.86	-0.01

- Unilever PLC underperformed meaningfully at the very end of the quarter due to the company's pre-announcement of fourth-quarter results, indicating that revenue growth would come in below expectations. The company cited weaker-than-expected macroeconomic conditions in India (Unilever's largest emerging market exposure) and West Africa (where sudden and unexpected destocking resulted in a severe slowdown) as key drivers of the miss. We believe Unilever's top-line performance softening is due to fundamental mistakes that have resulted in weaker market share performance and due to prolonged softness in emerging markets. We view the EM weakness as transitory/cyclical, and therefore, while disappointing, we are willing to sit tight through this latest disappointment. We expect to see tangible signs of reacceleration and a return to broad market share gains.
- Edwards Lifesciences performed very well earlier in the year and has performed well over three years. Q4 was more muted but there are no fundamental concerns to the underlying economics.
- Deutsche Boerse remained flat in the last 2 months after a strong run-up in the first 10 months (up ~30%). Low volatility in European equity derivatives and cash equity trading volumes in Q4 further contributed to the stock's relative underperformance.
- AIA remained weak in the second half of 2019 due to ongoing protests in Hong Kong, their largest market, where new business has slowed down with a decline in demand for their products from mainland Chinese visitors.
- Sherwin Williams' Q3 numbers were solid and beat consensus with strong growth in particular in the Americas with 8.1% organic growth. Despite this, outside of Americas the environment was weaker with less strong numbers. The stocks remains fairly fully valued and hence underperformed for the quarter.

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QUARTER-TO-DATE ADDITIONS/DELETIONS

Global Leaders Sustainable Fund Portfolio Activity

- There was one addition during the fourth quarter. Roche Holding AG is a Swiss health care company operating globally to develop pharmaceuticals and diagnostic products. Roche has had in excess of 20% RoIC for a long time, and its historical strength in R&D innovation continues via breakthrough drugs in both its traditional oncology franchise and new central nervous system medicines. We do see risk in biosimilar erosion on its patent-expired cancer drugs, but this is offset by new drug ramp and some protection from the projected 6.5% FCF yield.
- There have been no deletions.

SYMBOL	ADDITIONS	SECTOR
ROG	Roche Holding AG	Health Care

SYMBOL	DELETIONS	SECTOR
	None	

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PORTFOLIO CHARACTERISTICS

As of 12/31/2019



	GLOBAL LEADERS SUSTAINABLE FUND	FTSE ALL WORLD NET INDEX
ROIC (LFY ex. financials) Median (%)	28.0	10.4
Sales Growth (% , 3 Year Median)	10.7	7.3
EV/NOPAT ex. financials (Weighted Average)*	21.0	18.2
FCF ex. financials (NTM Median) (%)	3.8	4.0
Volatility	11.9%	11.8%
Sharpe Ratio	1.0	0.6
Sortino Ratio	1.5	0.7
Beta	0.94	1.0
Alpha	5.6%	--
Net Debt to EBITDA ex. Financials (Weighted Average)	0.1	1.3

Source: FactSet. *Data as 11/30/2019. The portfolio information provided is based on the Brown Advisory Global Leaders Sustainable Fund. Portfolio characteristics include 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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UCITS PERFORMANCE SINCE INCEPTION

As of 12/31/2019



Source FactSet. All returns greater than one year are annualized. Past performance is not indicative of future results. The performance shown above reflects the Global Leaders Sustainable UCITS Fund which was launched under the firm's Dublin UCITS umbrella on 1 November, 2019. Please see disclosure statements at the end of this presentation for additional information and a complete list of terms and definitions.

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TOP 10 PORTFOLIO HOLDINGS

Global Leaders Sustainable Fund as of 12/31/2019



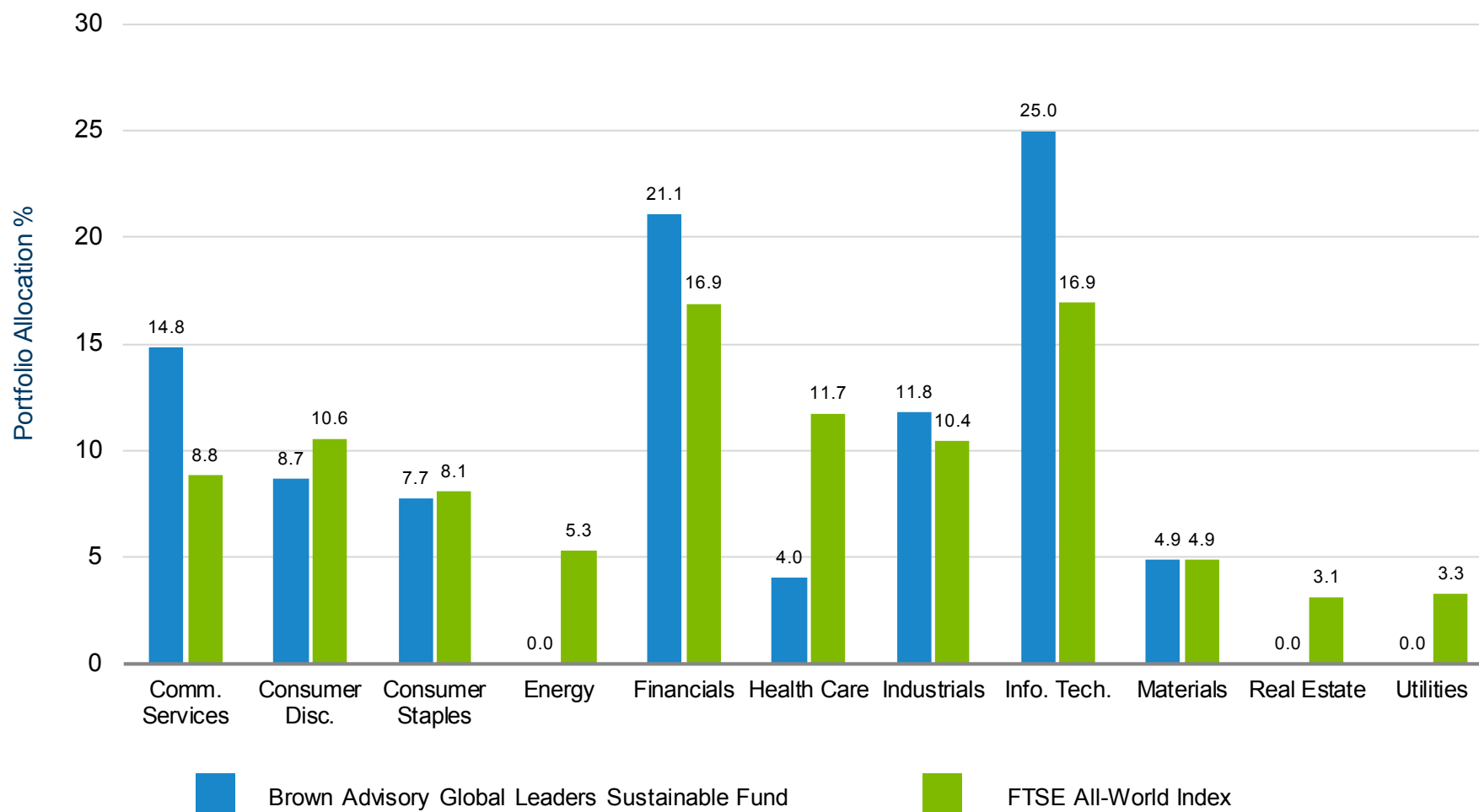
TOP 10 HOLDINGS	% OF PORTFOLIO
Microsoft Corporation	8.5
Alphabet Inc. Class C	5.5
Visa Inc. Class A	5.4
Mastercard Incorporated Class A	4.5
Unilever PLC	4.2
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	4.1
JPMorgan Chase & Co.	4.0
Atlas Copco AB Class B	3.8
Booking Holdings Inc.	3.8
Estee Lauder Companies Inc. Class A	3.5
Total	47.3%

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 the Brown Advisory Global Leaders Sustainable Fund. 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 12/31/2019



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

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

Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a portfolio and compares its risk-adjusted performance to a benchmark.

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.

ROIC is a measure of determining a company’s financial performance. It is calculated as NOPAT/IC; where NOPAT (net operating profit after tax) is (EBIT + Operating Leases Due 1-Yr)*(1-Cash Tax Rate) and IC (invested capital) is Total Debt + Total Equity + Total Unfunded Pension + (Operating Leases Due 1-Yr * 8) – Excess Cash. ROIC calculations presented use LFY (last fiscal year) and exclude financial services.

Free Cash Flow (FCF) yield is a measure of financial performance calculated as operating cash flow minus capital expenditures. FCF yield calculations presented use LFY and exclude financial services.

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BROWN ADVISORY FUNDS PLC



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.

The Brown Advisory Global Leaders Sustainable Fund is a sub-fund of Brown Advisory Funds plc (the "Fund" or "Funds"), 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.

Performance data relates to the Brown Advisory Global Leaders Sustainable 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.

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