

Brown Advisory Large-Cap Growth Strategy

We believe that our strategy can produce excess risk-adjusted returns over a full market cycle by investing in a concentrated portfolio of diversified companies with 14% or higher earnings growth purchased at attractive valuations.

February 2020 Monthly Report

Performance Contributors

TOP FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
DXCM	Dexcom, Inc.	Health Care	3.45	14.63	0.36
SBAC	SBA Communications Corp. Class A	Real Estate	4.25	6.22	0.15
BABA	Alibaba Group Holding Ltd. Sponsored ADR	Consumer Discretionary	2.05	0.68	0.02
BKNG	Booking Holdings Inc.	Consumer Discretionary	0.11	2.49	0.02
TJX	TJX Companies Inc	Consumer Discretionary	2.69	1.28	0.02

BOTTOM FIVE CONTRIBUTORS*

TICKER	NAME	SECTOR	AVG. WEIGHT (%)	MONTHLY RETURN (%)	CONTRIBUTION TO RETURN (%)
G	Genpact Limited	Information Technology	2.83	-13.13	-0.38
MA	Mastercard Incorporated Class A	Information Technology	0.77	-13.43	-0.30
AMZN	Amazon.com, Inc.	Consumer Discretionary	4.51	-6.22	-0.27
TMO	Thermo Fisher Scientific Inc.	Health Care	3.77	-7.15	-0.27
GOOG	Alphabet Inc. Class C	Communication Services	4.26	-6.62	-0.26

Monthly Portfolio Activity

NEW INVESTMENT

TICKER	NAME	REASON FOR DECISION
MA	Mastercard Incorporated Class A	The increased market volatility created an opportunity to execute a swap into Mastercard that we have been contemplating for some time. While the two businesses are similar, we view Mastercard as a marginally better business model.

DELETION

TICKER	NAME	REASON FOR DECISION
BKNG	Booking Holdings Inc.	The online travel agency (OTA) industry has become more competitive and more mature, which has led to slower growth. Given this backdrop, our confidence in Booking's ability to meet our growth requirements for this strategy has diminished.
V	Visa Inc. Class A	We decided to swap out of Visa and into Mastercard because of their marginally better business model, faster growth, and international execution.

Top 10 Equity Holdings (%)

Cash and equivalents: 3.6%

1. Microsoft Corp.	4.6	6. Alphabet, Inc. Class C	4.1
2. Zoetis, Inc.	4.4	7. Dexcom, Inc.	3.7
3. Amazon.com, Inc.	4.3	8. Autodesk, Inc.	3.7
4. SBA Communications Corp. Class A	4.3	9. Intuitive Surgical, Inc.	3.6
5. Mastercard, Inc. Class A	4.1	10. Thermo Fisher Scientific, Inc.	3.5

*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. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. The security returns listed represent the period of when the security was held during the month. Top five and bottom five contributors exclude cash and cash equivalents. 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 top 10 equity holdings include cash and equivalents. Numbers may not total due to rounding. Portfolio information provided is based on a representative Large-Cap Growth account and is provided as supplemental information. The composite performance shown above reflects the Large-Cap Growth 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 Large-Cap Growth disclosure statement at the end of this presentation for a GIPS compliant presentation.



KENNETH STUZIN, CFA
Portfolio Manager

INSIDE THE STRATEGY: FACTS & TYPICAL PORTFOLIO FIGURES

Inception: 05/31/1996
Benchmark: Russell 1000® Growth Index
Concentrated Portfolio: 30–35 Holdings
Top 10 Weight: 35%–50%
Position Size: 1.5%–5%
Cash Position: 1%–3.5%

Portfolio Comments

The Brown Advisory Large-Cap Growth Composite fell 5.1% (net of fees) outperforming its benchmark, the Russell 1000® Growth Index, which fell 6.8%.

Markets turned sharply lower, as fears over the global spread of the novel coronavirus took hold and investors pared back equity exposure. As is typical with rapid shifts in sentiment, the more cyclical sectors such as energy, industrials and materials went down the most. We do not hold any energy stocks, but the portfolio is overweight both materials and industrials sectors. Fortunately, solid stock selection outweighed the sector positioning and both sectors were additive on a relative basis.

The health care sector was the largest positive contributor to relative performance. On average, the portfolio positions fared better than the benchmark, which was dragged lower by large pharmaceutical and managed-care stocks. Dexcom moved higher, as final fourth-quarter results came in better than what the company had preannounced in January. Thermo Fisher fell more than the sector average, as the company reported some sluggishness in their China business, which has been growing very consistently.

The communication services sector was the largest drag on relative performance, as investors bid up shares of stay-at-home entertainment companies like Netflix. The court case involving Sprint and T-Mobile's pending merger finally came to a resolution, clearing a path for consummation of the merger. This helped to reduce uncertainty with respect to wireless spending in the U.S., benefiting tower companies such as SBA Communications.

We initiated a swap out of Visa into Mastercard this month. The increased market volatility impacted Mastercard more than Visa creating an opportunity to execute the swap which we had been contemplating for some time. While the two business are similar, we view Mastercard as a marginally better business model, as it is growing faster and has executed better internationally. We also exited a position in Booking Holdings due to weaker growth expectations for the online travel agency industry. **B**

Brown Advisory Large-Cap Growth 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	5.9	5.5	-1.5	13	12.1	88	0.3	9,285	30,529
2017	31.7	31.2	30.2	11.5	10.5	119	0.3	10,005	33,155
2016	-2.3	-2.7	7.1	11.2	11.2	148	0.1	9,786	30,417
2015	7.8	7.4	5.7	10.2	10.7	168	0.3	12,583	43,746
2014	7.1	6.6	13.1	11	9.6	181	0.2	14,674	44,772
2013	30.3	29.7	33.5	15.5	12.2	212	0.3	15,740	40,739
2012	16.7	16.2	15.3	18.7	15.7	148	0.4	8,525	26,794
2011	0.4	0	2.6	19.7	17.8	102	0.3	5,622	19,962
2010	25.7	25.3	16.7	22.5	22.1	65	0.5	3,936	16,859
2009	53.3	53	37.2	20	19.7	41	0.6	1,191	11,058
2008	-35.7	-36.3	-38.4	16.5	16.4	32	0.3	120	8,547

Brown Advisory claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Brown Advisory 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 CFAInstitute.

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.

Disclosures

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

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. 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. Please see composite disclosure statements above for additional information.

The benchmark is the Russell 1000® Growth Index. The Russell 1000® Growth 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 1000® Growth 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 1000® Growth Index and Russell® are trademarks of the London Stock Exchange Group of companies. An investor cannot invest directly into an index. FactSet® is a registered trademark of FactSet Research Systems, Inc. GICS® is a registered trademark of MSCI and Standard & Poor's Financial Services LLC.

Terms and Definitions for Representative Account Calculations

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. **Contribution to Return** is calculated by multiplying a security's beginning portfolio weight by its daily return and geometrically linking the security's daily contribution to return over the entire reporting period.

2. The Large-Cap Growth Equity Composite includes all discretionary portfolios (and carve-outs through 2009) invested in U.S. equities with strong earnings growth characteristics and large market capitalizations. The minimum account market value required for composite inclusion is \$1.5 million.
3. Through 2009, cash was allocated to carve-outs based on a strategic asset allocation percentage. For calendar year end 2006-2009, the percent of the composite composed of carve-outs was 85%, 38%, 33% and 5% respectively
4. This composite was created in 1997.
5. The benchmark is the Russell 1000® Growth Index. The Russell 1000® Growth 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 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 1000® Growth 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.
6. The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns
7. 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. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.80% on the first \$10 million; 0.65% on the next \$15 million; 0.50% on the next \$25 million; and 0.40% on the balance over \$50 million. Further information regarding investment advisory fees is described in Part II A of the firm's form ADV. Actual fees paid by accounts in the composite may differ from the current fee schedule.
8. For calendar year end 2006-2009 the percent of the composite composed of carve-outs was 69%, 62%, 56%, and 23% respectively.
9. 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.
10. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
11. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
12. Past performance does not indicate future results.
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