

U.S. Smaller Companies Review and Outlook

The Brown Advisory U.S. Smaller Companies strategy posted a third-quarter return that modestly trailed our primary benchmark, the Russell 2000® Growth Index. The glide path for smaller-cap equities was down for the majority of the period, and the strategy performed well on a relative basis during that time. However, a strong rally in a segment of the benchmark where we have little exposure—illiquid, value-oriented micro-caps—proved relatively costly. Comfortingly, as equity prices once again faded at the tail end of the quarter, the portfolio regained its footing and reclaimed its recent positive performance pattern. We recognize we could have overcome some of the stylistic headwinds we faced by avoiding a couple errors of commission over the last three months. We will, as always, strive to learn from such transgressions to improve our efforts in the future.

Let us look at the recent past and present environment, starting at 60,000 feet and working our way toward ground level. World GDP growth is slowing. The data emanating out of China, the European Union and the U.S. clearly demonstrates this fact. China's economy grew at its slowest pace in years; Germany, a leading exporter, is nearing a technical recession; and the Institute for Supply Management (ISM) survey in the U.S. registered its lowest reading since the Great Financial Crisis, signaling a contraction in manufacturing. Responding to the weakness, the yield curve flattened/inverted and global central banks, including the Federal Reserve, once again started the all too familiar process of lowering rates.

Lurking beneath this high-level appraisal, however, is a nontrivial investment debate as to whether the current economic weakness is structural—the final breadth of a long-tenured expansion—or the byproduct of more temporary dampeners of economic activity, such as the U.S.-China Trade War and/or the impact of Federal Reserve policy tightening. We believe that a successful absolute and relative portfolio construction process would need to differ markedly depending upon how the future unfolds. If this is only a brief pause in economic growth, then clearly a more pro-cyclical portfolio tilt would likely be constructive. A slow down that corresponds with historical norms would probably continue to benefit growth, yield proxies and safety.

Since we do not know the future, we build our portfolio from the bottom up, relying on a philosophy, investment filter and process that we believe breeds solid *risk-adjusted* returns over the long term. We attempt to drive returns through stock selection and mitigate downside risk through diversification, general asset quality and an attention to valuation. The net result tends to be a portfolio that can be characterized by the following *relative* characteristics: lower earnings and stock price volatility, less momentum, lower leverage, higher return on equity/capital and less economic cyclicality.

In the recent past, positive security selection and the overall tenor of the portfolio has produced attractive results. This quarter was not as kind. While we opened the first two months of the period with strong relative gains as the market declined, we gave back all of the relative progress and then some in the first part of September as a pro-cyclical rally in lower-quality, micro-cap, value-oriented stocks drove the smaller-cap indices higher. Our lack of exposure to these names left our portfolio treading water comparatively. In fact, it was an utter reversal of fortune as the best-performing stocks of the first half of the year became the worst performers and the worst-performing stocks became the best performers for several trading sessions. While the popular press described the period as a momentum meltdown, we felt there was also a healthy dose of "defensive downdraft" as well. We were likely harmed more by the latter than the former.

The above characteristics of the portfolio were not the only "sins" of omission during the quarter. From a sector perspective, utilities and real estate investment trusts (REITs) had the largest positive contribution to return, posting solid gains in a down market. We own nothing in these sectors. Also, at the industry level, the composition of our technology holdings was not ideal, as semiconductors and semiconductor capital equipment, an underweighted area, provided the greatest contribution to the Index's return, while software, our preferred area, was a laggard.

As mentioned at the opening, this period was not all about what we did not own. We had a few larger holdings give back a portion of their earlier year gains, a disappointing but non-fundamentally-driven development. Unfortunately, two holdings did experience operational setbacks. 2U Inc., a small, multiyear consumer services holding, saw the final stages of what had been a successful investment end in disappointment as the company was forced to take down its revenue growth targets amid online enrollment pressures from some of its traditional university customers. Management missteps and the erosion in certain of our targeted key metrics forced us to exit the position. Covetrus, a recent spin-off combination of Henry Schein's animal health business and an innovative software platform called Vets First Choice, was also a meaningful negative contributor during the period. Despite a compelling long-term rationale for combining the companies, recent "end market softness" led to a downward revision of the cash flow generation of its legacy Henry Schein business, causing net debt-to-EBITDA ratios to rise to unhealthy levels. Investors have thus been forced to underweight a fundamentally different risk profile than a couple quarters ago.

(Continued on the following page)

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U.S. Smaller Companies Review and Outlook



In sum, after 12-18 months of solid relative and absolute returns, we no doubt expected the possibility of having to consolidate some gains, at some point. This certainly happened in September, in what proved to be a wild, odd and thought-provoking month. Despite trailing the benchmark in a down quarter, we remain confident that our historical pattern of results, keeping up in robust times through stock selection and mitigating downside risk through portfolio construction, will remain in tact over the long-term. As we move into the final stanza of 2019, we carry with us the investment lessons of the past and hope to leverage them to execute at an even higher level in the future.

The complexity of the investment landscape today is as high as it ever has been, and we strive to meet the challenges ahead by continuing to drive strong team productivity and creativity in finding compelling opportunities for the next three to five years. We are committed to achieving attractive *risk-adjusted* returns over a full market cycle by owning a diversified portfolio of companies that we believe could one day grow much larger. As always, we are incredibly grateful for your support and interest in the strategy. We look forward to updating you at the conclusion of the year.

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Sector Diversification

- Our internal sector definitions differ materially from those typically assigned by ICB and GICS. Therefore, we believe that the table to the right should not be taken at face value.
- Consumer services remains overweight due to a couple of large and somewhat more defensive holdings in the area.
- Financials typically fluctuates between a modest overweight to a modest underweight position over time.
- Health care remains a sizable underweight, although more than 100% of the positioning is driven by our relatively small weight in biotechnology.
- Industrials in the ICB methodology is a catch-all category, and thus appears to be a very large overweight. This positioning does not reflect some of our cyclical concerns, and we believe our true weight is much closer to neutral and the constituents are arguably less economically sensitive than the average small-cap growth industrial company.
- Oil and gas represents one small, somewhat recently acquired position.
- Technology is a midteens absolute percentage weight, having been reduced substantially over the past 12 to 18 months.
- Basic materials, telecommunications and utilities are absent from the portfolio, although we continue to search for qualified candidates.

ICB SECTORS	REPRESENTATIVE U.S. SMALLER COMPANIES ACCOUNT (%)	RUSSELL 2000® GROWTH INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE U.S. SMALLER COMPANIES ACCOUNT (%)	
	Q3'19	Q3'19	Q3'19	Q2'19	Q3'18
Basic Materials	--	3.08	-3.08	--	--
Consumer Goods	4.96	8.23	-3.27	4.20	4.84
Consumer Services	20.38	10.78	9.60	18.86	15.63
Financials	8.39	10.74	-2.35	8.32	8.63
Health Care	15.23	26.17	-10.94	18.41	16.03
Industrials	34.64	21.77	12.88	33.34	34.72
Oil & Gas	0.70	1.12	-0.42	0.75	0.74
Technology	15.69	15.35	0.35	16.12	19.40
Telecommunications	--	0.66	-0.66	--	--
Utilities	--	2.04	-2.04	--	--
Unassigned	--	0.08	-0.08	--	--

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. The portfolio information provided is based on a representative U.S. Smaller Companies account and is provided as supplemental information. Sector diversification excludes cash and cash equivalents. Sectors are based on the ICB Sectors. 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 Attribution Detail by Sector



REPRESENTATIVE U.S. SMALLER COMPANIES ACCOUNT			RUSSELL 2000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
ICB SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Basic Materials	--	--	3.04	-8.03	0.12	--	0.12
Consumer Goods	4.25	-5.70	7.91	-0.86	-0.10	-0.17	-0.28
Consumer Services	20.46	-7.51	11.00	-6.48	-0.22	-0.28	-0.50
Financials	8.11	1.72	10.38	0.45	-0.09	0.10	0.01
Health Care	16.05	-7.54	26.75	-10.05	0.68	0.38	1.06
Industrials	33.78	-0.98	20.87	0.82	0.65	-0.65	0.00
Oil & Gas	0.68	-12.62	1.16	-12.50	0.05	0.00	0.05
Technology	15.52	-15.12	15.30	-2.97	0.04	-1.95	-1.90
Telecommunications	--	--	0.74	-16.12	0.10	--	0.10
Utilities	--	--	1.91	7.48	-0.20	--	-0.20
Unassigned	1.14	2.98	0.94	1.91	0.02	0.03	0.06
Total	100.00	-5.67	100.00	-4.18	1.05	-2.54	-1.49

- Positive stock selection in health care and industrials was offset by a shortfall in technology during the quarter. Note: Unlike in the table above, internally, we categorize Covetrus, our largest third-quarter detractor, in health care rather than technology. Thus, we view our out- and underperformance in those sectors, respectively, as more muted than shown above.

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. 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 U.S. Smaller Companies account and is provided as supplemental information. Sectors are based on ICB 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.

Quarter-to-Date Top Five Contributors to Return

Representative U.S. Smaller Companies Account Top Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
BLD	TopBuild Corp.	Provides installation services and distributes insulation products	1.96	16.52	0.29
BWXT	BWX Technologies Inc.	Provides components and services to nuclear power industry	1.92	10.13	0.18
KNX	Knight-Swift Transportation Holdings Inc. Class A	Provides trucking and freight management services	1.30	10.72	0.13
SITE	SiteOne Landscape Supply Inc.	Distributes commercial and residential landscape supplies	2.11	6.81	0.12
IART	Integra LifeSciences Holdings Corporation	Develops, manufactures and markets medical devices, implants and biomaterials	2.32	7.58	0.11

- TopBuild shares rose following solid earnings results, coupled with a decline in mortgage rates, which buoyed sentiment for housing-related stocks.
- BWX Technologies reported a series of choppy financial results over the past 12 months, but its most recent quarterly earnings release successfully highlighted its long-term fundamental potential.
- Knight-Swift Transportation moved higher as new truck orders continued to move lower, which points to better supply/demand dynamics and improved pricing for the company as we move into 2020.
- SiteOne Landscape Supply had a volatile, but positive quarter of share price fluctuation driven by second-quarter earnings results and improved sentiment from a general decline in interest rates, which tends to spur spending for both its commercial and residential customers.
- Integra LifeSciences delivered a strong quarter with 6.6% organic growth, lessening investor skepticism in the “back-half ramp” implied in its original guidance.

Quarter-to-Date Bottom Five Contributors to Return

Representative U.S. Smaller Companies Account Bottom Five Contributors

	NAME	DESCRIPTION	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
CVET	Covetrus Inc.	Develops software and technologies for the animal health industry	1.20	-51.40	-0.80
MIME	Mimecast Limited	Provides cloud security and risk management services for corporate information and email	2.73	-23.67	-0.65
EYE	National Vision Holdings Inc.	Operates retail locations offering eye exams, eyeglasses and contact lenses	2.00	-21.71	-0.47
WK	Workiva Inc. Class A	Provides business reporting solutions	1.76	-24.60	-0.46
TWOU	2U Inc.	Provides cloud-based software-as-a-service solutions for nonprofit colleges and universities to deliver education to qualified students	0.25	-57.16	-0.38

- Covetrus, an animal health technology and services company, was our largest detractor during the quarter. The company was forced to lower its previously anticipated cash flow guidance for 2019 due to a “slowing end market”. Unfortunately, this increased the company’s post-spin leverage profile versus decreasing it, turning a potential positive catalyst into a decidedly negative one. While we believe some of the profitability dynamics are self-inflicted with a view toward investing for the long term, the higher debt/EBITDA position clearly warrants attention and caution.
- Mimecast reported a strong first fiscal quarter in August, beating expectations and raising guidance. Despite this positive report, the stock was weak during the quarter based on foreign exchange exposure, weakness in Europe and fears that a “hard Brexit” might slow sales growth in the U.K.
- National Vision’s share price fell in the quarter following the publication of multiple “short reports.” Based on several interviews with industry participants in our ongoing due diligence, we disagree with the major points raised in these reports and continue to hold the position.
- Workiva reported solid financial results during the period, but ill-timed secondary and convertible offerings pressured the stock.
- 2U is a business we have owned for many years. In the middle of 2018, we cut our position size materially due to excessive valuation. Last quarter, the company disclosed a slowdown in the growth of its graduate programs due to the stagnation/decline of enrollments in several large programs for a variety of reasons. This quarter, we found out that the issues in the graduate business are more widespread than previously thought, and the short course business is now performing below expectations. We eliminated our position.

Quarter-to-Date Additions/Deletions

- Dynatrace is an enterprise software intelligence company providing application performance management, artificial intelligence for operations, cloud infrastructure monitoring and digital experience management.
- Iovance Biotherapeutics focuses on the development and commercialization of novel cancer immunotherapies.
- MSA Safety is a maker of sophisticated safety products that help protect workers who may be exposed to a variety of hazardous conditions.
- OrthoPediatrics is a medical device company engaged in designing, developing, manufacturing and distributing orthopedic implants and instruments specifically targeted at children
- Phreesia is a leading health care information technology (HCIT) business. The company's primary product is a patient point-of-service platform that includes self-service and mobile applications.
- We exited 2U due to a thesis violation.
- AnaptysBio was sold to fund other health care names.
- Array Biopharma was acquired by Pfizer.
- BankUnited was sold early in the period to lower our interest rate sensitivity.
- PagerDuty was sold due to valuation, following our participation in the IPO. This is a name we may revisit over time.

Representative U.S. Smaller Companies Account Portfolio Activity

SYMBOL	ADDITIONS	GICS SECTOR
DT	Dynatrace Inc.	Information Technology
IOVA	Iovance Biotherapeutics Inc.	Health Care
MSA	MSA Safety Inc.	Industrials
KIDS	OrthoPediatrics Corp.	Health Care
PHR	Phreesia Inc.	Information Technology

SYMBOL	DELETIONS	GICS SECTOR
TWOU	2U Inc.	Information Technology
ANAB	AnaptysBio Inc.	Health Care
ARRY	Array BioPharma Inc.	Health Care
BKU	BankUnited Inc.	Financials
PD	PagerDuty Inc.	Information Technology
PCTY	Paylocity Holding Corp.	Information Technology
WAGE	WageWorks Inc.	Industrials

- Paylocity was a long-term holding and an outperformer that was sold due to valuation and a desire to decrease our overall software weight.
- WageWorks was acquired by HealthEquity.

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Portfolio Characteristics

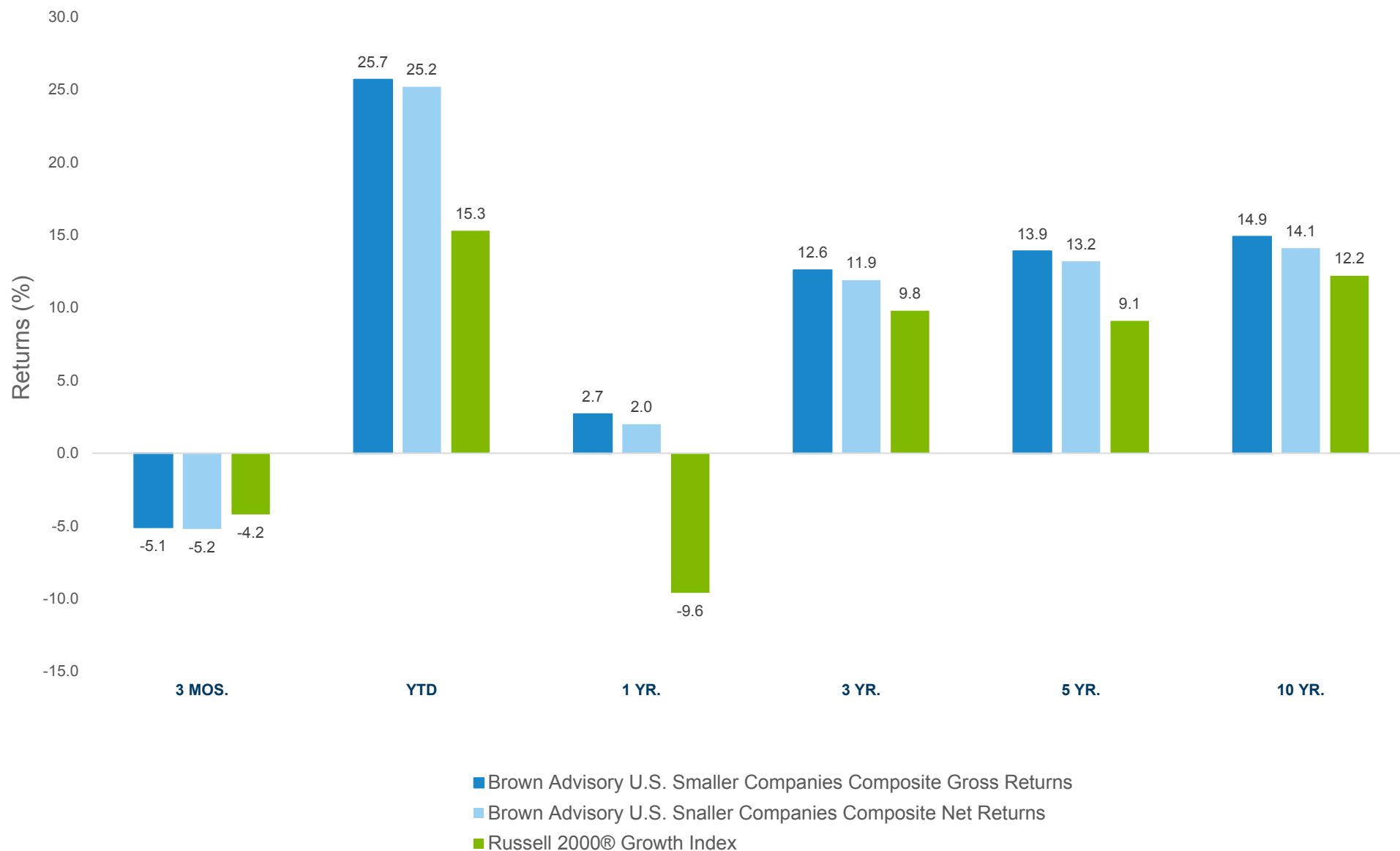


	REPRESENTATIVE U.S. SMALLER COMPANIES ACCOUNT	RUSSELL 2000® GROWTH INDEX
Number of Holdings	75	1,164
Market Capitalization (\$ B)		
Weighted Average	6.0	2.5
Weighted Median	5.1	2.3
Maximum	24.3	7.3
Minimum	0.2	0.0
P/E Ratio FY2 Est.	24.1	18.5
Earnings Growth 3-5 Yr. Consensus Est. (%)	14.4	16.9
ROE	9.1	4.2
Dividend Yield (%)	0.4	0.8
Top 10 Equity Holdings (%)	30.9	5.4
Three-Year Annualized Portfolio Turnover (%)	37.6	--

Source: FactSet. The portfolio information provided is based on a representative U.S. Smaller Companies account and is provided as supplemental information. Portfolio characteristics exclude 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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Composite Performance



Source FactSet. All returns greater than one year are annualized. Past performance is not indicative of future results. The composite performance shown above reflects the U.S. Smaller Companies 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. Smaller Companies disclosure statement at the end of this presentation for a GIPS compliant presentation.

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Top 10 Portfolio Holdings

Representative U.S. Smaller Companies Account

As of 09/30/2019

Top 10 Portfolio Holdings

TOP 10 HOLDINGS	% OF PORTFOLIO
Cash & Equivalents	5.0
Waste Connections Inc	4.6
Bright Horizons Family Solution, Inc.	4.3
Genpact Ltd.	3.8
Charles River Laboratories International, Inc.	2.9
GCI Liberty, Inc. CI A	2.6
Integra LifeSciences Holdings Corp.	2.4
Choice Hotels International, Inc.	2.3
Evo Payments, Inc. CI A	2.3
Mimecast, Ltd.	2.1
Total	32.3%

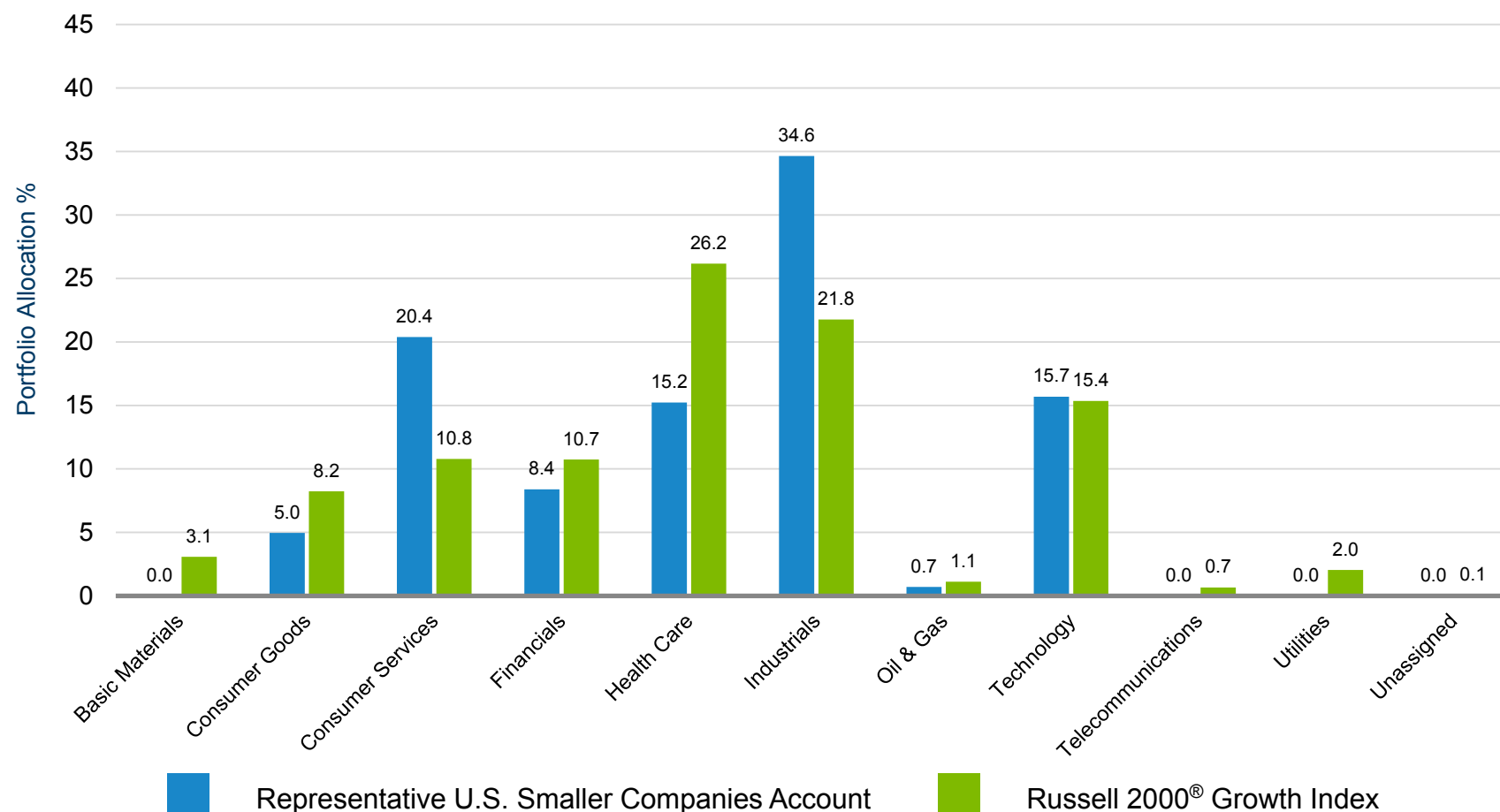
Source: FactSet. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including 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 a representative Small-Cap Growth account, includes cash and is provided as supplemental information. Please see disclosure statement at the end of this presentation for additional information. Figures in table may not total due to rounding.

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Sector Diversification

ICB Sectors

As of 09/30/2019



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GICS Sector Diversification



GICS SECTOR	REPRESENTATIVE U.S. SMALLER COMPANIES ACCOUNT (%)	RUSSELL 2000 GROWTH INDEX (%)	DIFFERENCE (%)	REPRESENTATIVE U.S. SMALLER COMPANIES ACCOUNT (%)	
	Q3'19	Q3'19	Q3'19	Q2'19	Q3'18
Communication Services	4.57	2.46	2.11	3.63	4.66
Consumer Discretionary	19.63	12.27	7.36	19.66	15.44
Consumer Staples	4.01	3.47	0.54	3.63	4.18
Energy	0.70	0.59	0.11	0.75	0.74
Financials	6.13	6.04	0.09	5.90	6.91
Health Care	16.72	27.29	-10.57	19.31	14.97
Industrials	22.14	19.84	2.29	21.09	24.31
Information Technology	26.10	18.20	7.91	26.03	28.79
Materials	--	3.18	-3.18	--	--
Real Estate	--	4.87	-4.87	--	--
Utilities	--	1.79	-1.79	--	--

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. The portfolio information provided is based on a representative U.S. Smaller Companies account and is provided as supplemental information. Sector diversification excludes 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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GICS Quarter-to-Date Attribution Detail by Sector



REPRESENTATIVE U.S. SMALLER COMPANIES ACCOUNT			RUSSELL 2000® GROWTH INDEX		ATTRIBUTION ANALYSIS		
GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	4.11	-1.09	2.60	-10.73	-0.10	0.43	0.33
Consumer Discretionary	19.81	-7.38	12.41	-3.89	0.04	-0.72	-0.68
Consumer Staples	3.62	0.93	3.33	3.63	0.01	-0.05	-0.04
Energy	0.68	-12.62	0.60	-19.10	--	0.05	0.05
Financials	6.10	-3.77	5.94	-2.66	0.01	-0.08	-0.07
Health Care	18.27	-11.16	28.22	-9.78	0.63	-0.27	0.36
Industrials	22.04	-0.36	19.25	0.02	0.13	-0.10	0.03
Information Technology	25.36	-7.23	18.23	-2.67	0.13	-1.15	-1.02
Materials	--	--	3.10	-6.32	0.06	--	0.06
Real Estate	--	--	4.64	2.95	-0.31	--	-0.31
Utilities	--	--	1.67	9.21	-0.20	--	-0.20
Total	100.00	-5.67	100.00	-4.17	0.39	-1.89	-1.49

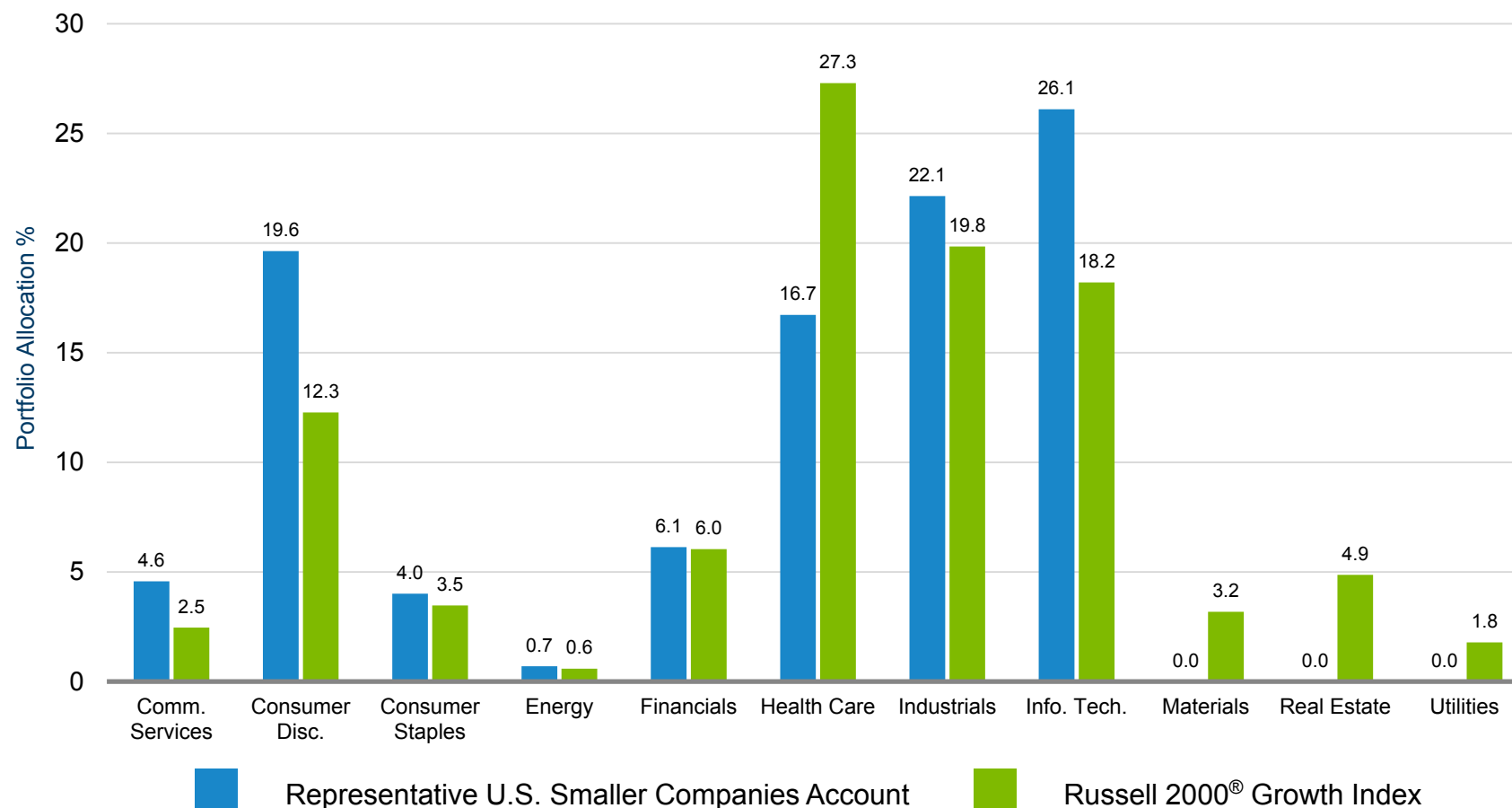
Source: FactSet®. Total portfolio return figures provided above reflect the sum of the returns of the equity holdings in the representative account portfolio due to price movements and dividend payments or other sources of income, and exclude cash. The portfolio information provided is based on a representative U.S. Smaller Companies 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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Sector Diversification

GICS Sectors

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.

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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. This index is completely reconstituted annually. Russell® and other service marks and trademarks related to the Russell indexes are trademarks of the London Stock Exchange Group Companies.

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

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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.

Return on Equity (ROE) is equal to a company's net income for a full fiscal year, divided by total shareholder equity.

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.

Portfolio Turnover 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. Portfolio turnover is provided for a three-year trailing period.

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.

Strategy 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	-3.3	-4.0	-9.3	13.5	16.5	29	0.3	2,204	30,529
2017	18.8	18.1	22.2	12.2	14.6	33	0.2	2,301	33,155
2016	11.4	10.7	11.3	14.0	16.7	30	0.3	1,797	30,417
2015	8.9	8.2	-1.4	13.1	15.0	32	0.4	1,311	43,746
2014	1.4	0.8	5.6	11.8	13.8	32	0.3	1,597	44,772
2013	42.6	41.8	43.3	15.4	17.3	44	0.7	1,830	40,739
2012	16.0	15.4	14.6	18.3	20.7	32	0.6	1,178	26,794
2011	-1.7	-2.4	-2.9	20.6	24.3	29	0.5	1,023	19,962
2010	30.8	29.8	29.1	27.1	27.7	25	0.1	993	16,859
2009	43.1	41.9	34.5	25.2	24.9	16	1.0	481	11,058
2008	-38.9	-39.4	-38.5	23.3	21.3	17	0.2	323	8,547

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.

- *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.
- The Small-Cap Growth Equity Composite includes all discretionary portfolios invested in U.S. equities with strong earnings growth characteristics and small market capitalizations. The minimum account market value required for composite inclusion is \$1.5 million.
- This composite was created in 1997. The composite inception date is 3/1/1993.
- The benchmark is the Russell 2000® Growth Index. 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. 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 2000® 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.
- The composite dispersion presented is an equal-weighted standard deviation of portfolio returns calculated for the accounts in the composite for the entire calendar year period.
- 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: The standard management fee schedule is as follows: 1.00% on the first \$25 million; 0.90% on the next \$25 million; 0.80% on the next \$50 million; and 0.70% on the balance over \$100 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.
- 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.
- Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
- A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- Past performance does not indicate future results.
- This piece is provided for informational purposes only and should not be construed as a research report, 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, including any mutual fund managed by Brown Advisory.