Flexible Equity
STRATEGY FACT SHEET

Fourth Quarter 2019

BrownADVISORY
Thoughtful Investing.

WHY INVEST IN BROWN ADVISORY FLEXIBLE EQUITY?

A flexible approach to finding quality businesses. Manager Maneesh Bajaj scours the entire U.S. Equity universe, from large-cap to small-cap and from growth to value, seeking compelling long-term investments. We believe that a strategy that casts a wide net for strong businesses with shareholder-oriented management teams that allocate capital well has the potential to outperform more constrained strategies over time.

A keen eye for "bargain moments". The manager seeks to invest in firms that are built to last, but looks for low-entry prices that may arise from short-term investor sentiment or temporary challenges from a company or industry. This sort of price recovery potential is an important component of the manager's stock selection process.

Portfolio Manager: Maneesh Bajaj, CFA

Benchmark: S&P 500® Index

STRATEGY PROFILE AS OF 12/31/2019

BENCHMARK
S&P 500® Index

STRATEGY
$5.3 billion

VEHICLES AVAILABLE
Separately Managed Account (SMA)
Model Only
Mutual Fund
Collective Investment Trust (CIT)
UCITS

CHARACTERISTICS AS OF 12/31/2019

	FLEXIBLE EQUITY REP. ACCT.	S&P 500 INDEX
Wtd. Avg. Market Cap.	$337.7B	$291.3B
Weighted Median Market Cap.	$257.6B	$126.5B
P/E Ratio (FY2 Est.)	18.6x	18.1x
Price/Book Value	3.7x	3.5x
Earnings Growth (3-5 Yr. Est.)	13.2%	10.7%
Return on Equity (ROE)	24.2%	24.5%
Active Share	71.2%	--
Portfolio Turnover (3-Yr. Average)	11.6%	--

PERFORMANCE (% AS OF 12/31/2019)

	3 MOS.	1 YR.	3 YR.	5 YR.	10 YR.	25 YR.
Inst. Flexible Equity Composite (Gross of Fees)	11.91	37.32	18.42	12.33	14.72	12.38
Inst. Flexible Equity Composite (Net of Fees)	11.79	36.78	17.95	11.88	14.23	11.69
S&P 500® Index	9.07	31.49	15.27	11.70	13.56	10.22

TOP 10 PORTFOLIO HOLDINGS %

Visa, Inc.	6.1
Mastercard, Inc.	5.3
Alphabet. Inc. (Class A & C)*	4.7
Microsoft Corp.	4.5
Berkshire Hathaway, Inc. Cl B	4.0
Facebook, Inc.	3.7
Bank of America Corp.	3.6
Cash & Equivalents	3.6
Lowe's Companies, Inc.	3.6
Apple, Inc.	3.5

SECTOR BREAKDOWN (%)

	REP. ACCT	INDEX
Communication Services	10.2	10.4
Consumer Discretionary	14.7	9.8
Consumer Staples	4.4	7.2
Energy	4.1	4.4
Financials	18.9	13.0
Health Care	10.2	14.2
Industrials	8.0	9.1
Information Technology	26.9	23.2
Materials	--	2.7
Real Estate	2.6	2.9
Utilities	--	3.3

PORTFOLIO MANAGER PROFILE
MANEESH BAJAJ, CFA
Maneesh Bajaj is the portfolio manager for the Flexible Equity strategy. Prior to joining the firm, he was a strategy consultant at McKinsey & Co., New York. He also worked in Corporate Value Consulting at Standard & Poor's and in design and development of telecommunication networks at Primus Telecommunications.

Source: FactSet®. *Alphabet, Inc. represents a 2.0% holding position in Class C shares of the stock and 2.7% holding position in Class A shares of the stock. The portfolio information provided is based on a representative Brown Advisory Flexible Equity account as of 12/31/2019. Sector breakdown and portfolio characteristics exclude cash and equivalents; top 10 portfolio holdings include cash and equivalents. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. 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. Composite performance is based on the Brown Advisory Institutional Flexible Equity Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a division of Brown Advisory LLC and Brown Advisory Institutional is a GIPS compliant firm. Returns greater than one year are annualized. Past performance is not indicative of future results. Please see the Brown Advisory Institutional Flexible Equity Composite performance disclosure on the reverse side for additional information and a complete list of terms and definitions. Numbers may not total due to rounding.

About Brown Advisory

Brown Advisory is a leading independent investment firm that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. Our mission is to make a material and positive difference in the lives of our clients. We are committed to delivering a combination of first-class performance, customized strategic advice and the highest level of personalized service.

We follow a philosophy that low-turnover, concentrated portfolios derived from sound bottom-up fundamental research provide an opportunity for attractive performance results over time. We have a culture and firm equity ownership structure that help us attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

B Brown ADVISORY
Thoughtful Investing.

HEAD OF U.S. INSTITUTIONAL SALES & SERVICE
Nicole Nesbitt
nnesbitt@brownadvisory.com
(410) 895-4822

U.S. INSTITUTIONAL BUSINESS DEVELOPMENT & CONSULTANT RELATIONS
Greg Caron
gcaron@brownadvisory.com
(410)537-5572

FINANCIAL INTERMEDIARIES
Matt Pedicino
mpedicino@brownadvisory.com
(443) 873-5252

Brown Advisory Institutional Flexible Equity

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	-3.7	-4.4	12.3	10.8	41	0.3	2,263	30,529
2017	25.1	24.6	21.8	11.4	9.9	50	0.3	2,912	33,155
2016	9.9	9.4	12.0	12.1	10.6	52	0.2	2,883	30,417
2015	-2.0	-2.4	1.4	11.1	10.5	56	0.2	2,686	43,746
2014	14.0	13.5	13.7	9.2	9.0	49	0.2	3,195	44,772
2013	37.5	36.9	32.4	11.9	11.9	44	0.4	2,247	40,739
2012	19.9	19.5	16.0	14.6	15.1	40	0.3	1,818	26,794
2011	5.8	5.4	2.1	18.5	18.7	43	1.1	1,714	19,962
2010	11.1	10.3	15.1	22.7	21.9	45	0.7	1,811	16,859
2009	37.1	36.0	26.5	21.3	19.6	48	3.4	1,905	11,058
2008	-36.5	-37.0	-37.0	16.6	15.1	51	1.9	1,541	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.

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 Institutional Flexible Equity Composite includes all actual, discretionary, institutional accounts with a flexible value equity objective of 100%. The strategy seeks bargains in "value" as well as "growth" stocks and invests primarily in the common stock of domestic companies with market capitalizations greater than $2 billion at the time of purchase. As of January 1, 2013, the minimum account market value required for composite inclusion is $1.5 million. Prior to August 2013 the name of this composite was Institutional Flexible Value. The strategy remains the same.
3. This composite was created in 1985.
4. The benchmark is the S&P 500® Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks that is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Index returns assume reinvestment of dividends and do not reflect any fees or expenses. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers. Standard & Poor's, S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of S&P Global Inc.
5. The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns. From January 2007, through December 2008, dispersion is calculated using the asset-weighted standard deviation of the annual gross returns of those accounts included in the composite for the full year.
6. Between October 2006 and December 2008, a significant cash flow policy was adopted for this composite. A significant cash flow is defined as a single flow of cash or securities of more than 25% of the portfolio's market value at prior month end. Accounts with significant cash flows are excluded from the composite for a grace period, defined as the month during which the flow occurred. Additional information regarding significant cash flow policies are available upon request.
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. Prior to 2011, net performance is based on a model fee using the highest fee in effect, 0.75% applied quarterly. The Actual fees may vary, depending on, among other things, the applicable fee schedule and portfolio size. The fee schedule is as follows: 0.60% on the first $25 million; 0.50% on the next $25 million; 0.45% on the next $50 million; and 0.40% on the balance over $100 million. For periods after 2011 actual fees are used to calculate net returns. Actual fees paid by accounts in the composite may differ from the current fee schedule.
8. 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.
9. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
10. A complete list of composite descriptions, policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
11. Past performance does not indicate future results.
12. 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.

Terms and Definitions for Representative Account Calculations

All financial statistics and ratios are calculated using information from FactSet as of the report date unless otherwise noted. FactSet® is a registered trademark of FactSet Research Systems, Inc. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS), "GICS" and "GICS Direct" are service marks of Standard & Poor's and MSCI ."GICS" is a trademark of MSCI and Standard & Poor's. **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. **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. **Price to Book Value** is a valuation ratio expressing the price of a security compared to its hard, or tangible, book value as reported in the company's balance sheet. The tangible book value number is equal to the company's total book value less the value of any intangible assets. Intangible assets can be such items as patents, intellectual property, goodwill etc. **Earnings Growth 3-5 Year Estimate** is the average predicted annual earnings growth over the next three to five years based on estimates provided to Factset by various outside brokers, calculated according to each broker's methodology. **ROE, or Return on Equity**, is equal to a company's net income for a full fiscal year, divided by total shareholder equity. All of the above ratios for a portfolio are expressed as a weighted average of the relevant ratios of each portfolio holdings, EXCEPT for P/E ratios, which are expressed as a weighted harmonic average. **Portfolio Turnover (3 yr. avg.)** 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. **Active Share** is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.