Second Quarter 2022

SUSTAINABLE CORE FIXED INCOME REVIEW

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The Sustainable Core Fixed Income strategy declined in the second quarter but outperformed its benchmark, the Bloomberg Aggregate Bond Index.

NAME	3-MONTH RETURN (%)	1-YEAR RETURN (%)	3-YEAR RETURN (%)	5-YEAR RETURN (%)	ITD RETURN (09/30/2014)
Sustainable Core Fixed Income Composite (Gross of fees)	-3.95	-8.80	0.57	2.02	2.14
Sustainable Core Fixed Income Composite (Net of fees)	-4.05	-9.14	0.18	1.67	1.80
Bloomberg U.S. Aggregate Bond Index	-4.69	-10.29	-0.93	0.88	1.50

Is Stagflation Here, Will it Last?

According to the Oxford English Dictionary, there are at least two necessary conditions to be met in order to consider an economy in stagflation: stagnant demand and severe inflation. By this definition, stagflation is here.

Economic growth in the U.S. was negative in the first quarter of 2022 and all indications suggest the possibility of negative growth in the current quarter. The drag from diminished levels of fiscal stimulus, exports, and inventories all weighed on the first-quarter report. Consensus expectations suggested the first quarter was an anomaly – simply noise to ignore because consumer spending was strong and poised to carry the economy through a potential downturn. While it is true employment remains strong and consumers have built up more than $2T of savings, soaring food and gas prices have soured their moods. The Misery Index (sum of unemployment and inflation), created by the mid-20th century American economist Arthur Okun and meant to measure the sense of economic distress felt by the average citizen, has reached or gone above levels last seen in the aftermath of the global financial crisis (GFC). We are watching the consumer in every economy closely; in the U.S., personal consumption makes up nearly 70% of GDP.

On the inflation front, the transitory narrative bandied about by central banks to start the year has officially been discredited and put to bed. Every major economy we follow, save China, faces inflation levels not seen for decades. In the U.S., the most widely followed measure of inflation, the Consumer Price Index (CPI), stands at 8.6%. This is the highest level in over 40 years and more than three times the average rate over the same historical period. Perhaps more importantly, large, core components of the CPI, such as shelter costs (representing the cost of housing and comprising approximately 1/3 of the overall CPI measure), are also experiencing high degrees of inflation that could continue longer than expected given the lagged nature of the data relative to recent home price appreciation.

Other accepted definitions of stagflation include weakening labor markets as an additional necessary condition to be met. This has been a challenging area to understand. Curiously, the unemployment rate has held at an extremely low level of 3.6%, vs the 50-year average of 6.1%, despite slowing growth and demand. We think this is likely a byproduct of the pandemic, such as changing work patterns and labor supply. In an environment where growth is negative and inflation uncomfortably high, expectations would be for higher unemployment. Employment will likely be the key factor determining the severity of the downturn, how long the weakness may last, and in determining if and when a recession has occurred.

Unlike most growth slowdowns over the past few decades, the Federal Reserve has not played its usual role in lowering interest rates to stimulate demand. In fact, the opposite has happened. The Federal Reserve and other central banks around the world have accelerated their paces of policy tightening in a “do whatever it takes” mentality to extinguish the highest level of inflation seen in decades. This quarter the Fed raised the overnight rate by 1.25%. And in a highly unusual single act, for the first time since 1994, the Fed raised rates by 0.75% at its June meeting. This removal of policy accommodation has led to a meaningful tightening of financial conditions that have exacerbated the slowdown.

Rising mortgage rates, the higher cost of corporate borrowing, and lower asset prices have all contributed to slowing down the economy. As it relates to

(Continued on the following page)

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 Sustainable Core Fixed Income 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 Sustainable Core Fixed Income Composite disclosure statement at the end of this presentation for a GIPS compliant presentation. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

corporate fundamentals, we are awaiting quarterly earnings results to get a better understanding of how companies have fared, and their expectations for earnings, margins, and investment in the quarters to come. We are reminded often of an apocryphal statement commonly credited to the late economist Rudi Dornbusch and paraphrased here that economic expansions do not die of old age, they are murdered by the Fed. Only time will tell.

Market Review & Portfolio Performance

As would be expected in the current macroeconomic backdrop, financial markets have been challenged in terms of correlations, volatility and valuation. Correlations between bonds and equities tend to be positive in macro environments characterized by a slowing global growth impulse and tightening monetary policy and this was certainly the case in the second quarter. The S&P 500® Index declined over 16% as the Bloomberg U.S. Aggregate Bond Index fell almost 5% over the second three months of the year. Within fixed income, riskier bonds performed the worst as high yield bonds fell almost 10% and investment-grade corporate debt declined over 7%. While unusual, the poor performance of both stocks and bonds is certainly a reflection of the state of affairs. A weaker economic outlook, the geopolitical landscape, ongoing supply chain challenges, and high inflation eroding the value of fixed income are all worrisome signs for investors.

Over the period, the strategy returned -3.95%, outperforming the Bloomberg U.S. Aggregate Index by 0.74%. Positively contributing to performance relative to the Index was an underweight duration position and positive security selection. What detracted from performance was driven by a combination of higher U.S. Treasury yields and a widening of credit spreads. The combination of Fed tightening and higher-than-expected inflation warranted a more defensive duration posture, in our view. Detracting from relative performance were overweight positions in investment-grade corporate bonds, as well as taxable municipals. The deteriorating growth outlook and increased likelihood of recession kept riskier fixed income on the back foot for the quarter. Of note, we meaningfully reduced risk in the strategy's exposure to these areas during the period.

Outlook

While we were expecting a rebound and stabilization in economic growth from the first quarter, that did not materialize and thus leaves our near-term outlook quite dour. Multi-decade high levels of inflation, a lack of renewed government spending, rising interest rates, and asset price depreciation all pose meaningful headwinds to rising interest rates, and asset price depreciation all pose meaningful headwinds to the economy moving forward. Even as the all-important job market remains robust, consumers' future expectations remain extremely depressed, thus threatening the largest component of GDP, personal consumption. Business surveys are also discouraging. A recent Conference Board survey revealed that 76% of the 750 CEOs polled expect a recession by the end of 2023.

At the beginning of each year, we model a series of economic scenarios that are updated on a quarterly basis and our most recent update now has stagflation as our central scenario. For us, this means negative or close to zero growth, inflation remains well above the Fed's 2% target, and a meaningful move higher in the unemployment rate. Whether or not the current economic environment will be officially declared by the relevant national agencies as a recession, we expect potentially weaker fundamentals to be the primary driver behind financial market performance.

In this environment, we suspect risk-free interest rates will be rangebound. In our view, the primary move higher in interest rates to reflect elevated inflation and central bank tightening is now behind us. It is likely that headline inflation has now peaked, as oil and other commodity prices have rolled over, and that the market has priced in an appropriate level of Fed rate hikes. We do expect, however, that the yield curve will continue to flatten and perhaps invert, meaning the yields on shorter-maturity Treasuries will exceed those of longer maturities.

Additionally, we expect further weakness in riskier fixed income, including investment grade and high yield corporate bonds as well as securitized bonds. We're particularly concerned about earnings power and margin pressure within the corporate universe as we progress into the second half of this year. History is informative in assessing valuations, but we expect corporate credit to perform better than in previous periods of stress. Strong balance sheets, including ample levels of liquidity and low debt-servicing costs, should allow most to weather the storm. And even as we expect residential home weakness in the U.S., there are not the same oversupply problems of the past.

Every cycle is different and we are keenly aware that the market is well ahead of discounting the troubled economic times ahead. This will require flexibility on our part, and to be ready to "re-risk" the portfolio sooner than we have in the past. This period has been a disappointing one for investors and a difficult one to navigate. Ultimately, we view the economy in a classic "late-cycle" state that demands a defensive posture with a focus on preserving capital. While the road may be rocky in the near term, there will be better times ahead for fixed-income investors.

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. 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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Sustainable Debt Landscape

Sustainability-linked bonds (SLBs) are the only segment of the labeled bond market that grew meaningfully as rising borrowing costs decreased the amount of total issuance globally. SLBs rose to nearly $10 billion in June from about $4.6 billion in May, according to data compiled by Bloomberg. First-half volume reached about $53 billion, an increase of 11.5% year-on-year, making it the fastest-growing type of sustainable debt after U.S. municipal bonds, up 17.4%.

The SLB market still faces a lot of investor criticism over the lack of standardized and weak environmental/social metrics. However, there are increasing efforts to create more alignment. These include a recent update to the voluntary guidelines that were released by the International Capital Market Association (ICMA) that includes over 300 specific KPI metrics. These guidelines outline how to select appropriate metrics and penalties if those metrics aren't met across a variety of sectors and issuance types. This should help push the SLB market toward a higher level of integrity if taken into consideration by issuers.

As previously mentioned, borrowing costs are rising as central banks around the world tighten monetary policy. Investors concerned about a slowdown are demanding higher risk premiums, making it more expensive for issuers to sell new bonds, including sustainable debt. Sales of green bonds–the largest category of sustainable debt by amount issued–fell to $41.5 billion in June from over $60 billion in May. Germany's state development bank, KFW, paid its most expensive premium yet to sell green bonds as costs rose for even the safest borrowers.

Social bond sales fell to about $3.5 billion in June from over $ 10 billion in May. Total sales in the first six months amounted to about $62 billion, a 60% plunge year-on-year, the biggest drop of all the segments. Sustainability bonds, green loans and sustainability-linked loans are also down this year.

While we want to continue to see rapid growth in labeled bonds, we realize this is a challenging market environment and are excited to see progress being made on more standardization and guidelines by the ICMA. In addition to the 300 KPI registry for SLBs mentioned earlier, multiple publications were released in the second quarter, including new definitions for green securitizations, a new climate transition finance methodology, and an updated mapping to the UN SDGs and a pre-issuance checklist for green bonds. All of these developments are a promising step forward for more transparency and integrity for the future of the sustainable debt market.

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PORTFOLIO ATTRIBUTES

Sustainable Core Representative Account as of 06/30/2022

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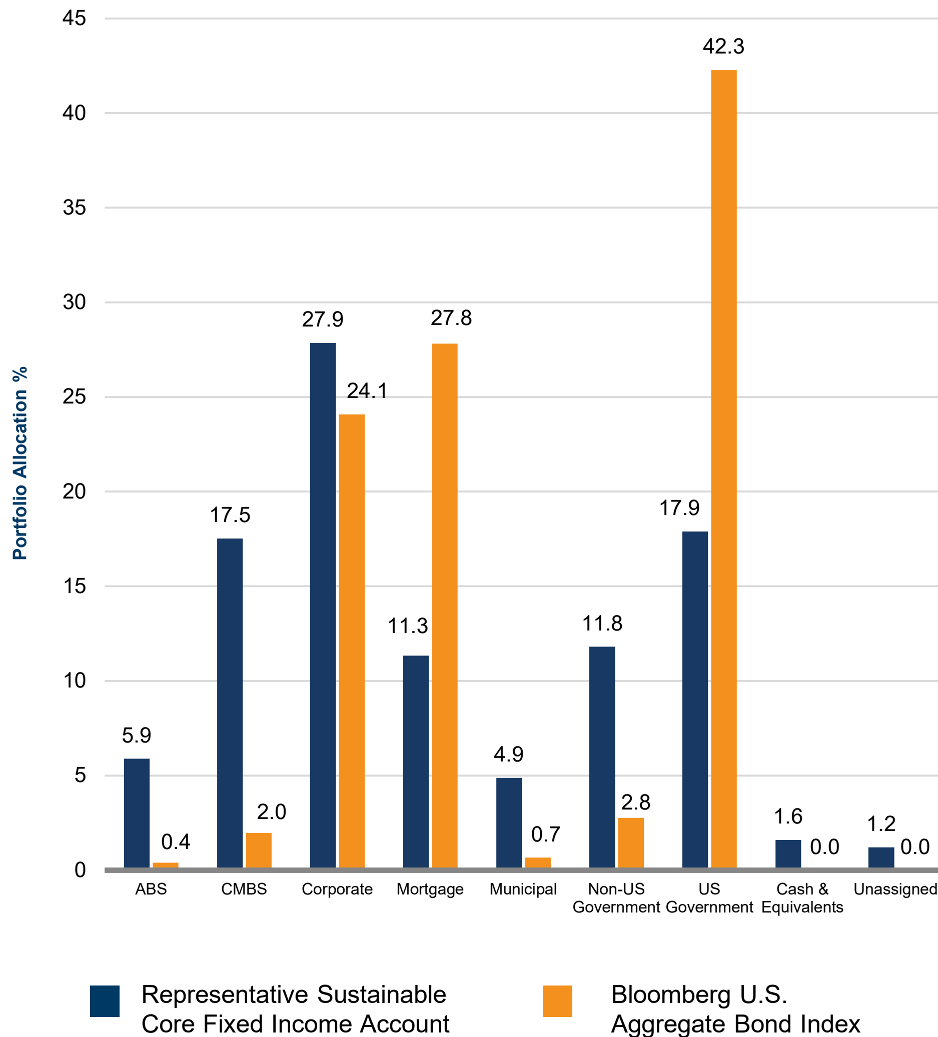

Portfolio Characteristics

	REP. ACCOUNT	BENCHMARK
Avg. Credit Quality	Aa2	Aa2
Effective Duration (years)	6.2	6.3
Yield to Worst (%)	3.8	3.7
Avg. Life (years)	7.5	8.5

Source: FactSet. The portfolio information is based on a representative Sustainable Core Fixed Income account as of 06/30/2022 and is provided as Supplemental Information. Sector breakdown includes cash and equivalents. Portfolio characteristics include cash and equivalents. 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. Numbers may not total 100% due to rounding. 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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SUSTAINABLE CORE FIXED INCOME

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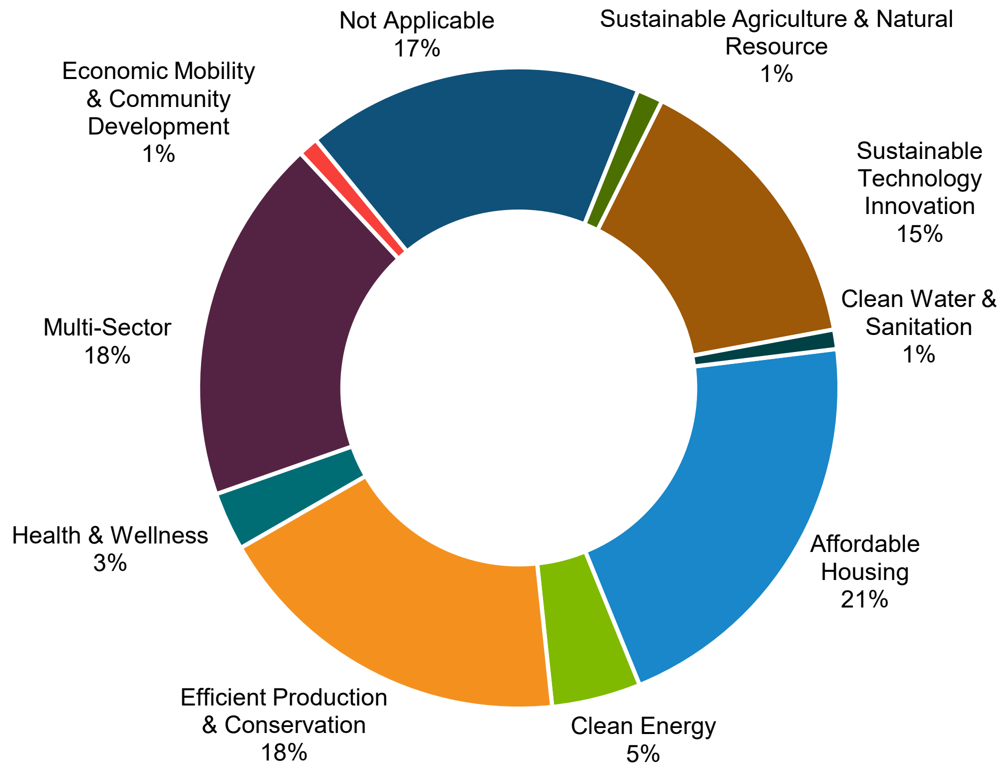
Impact Distribution as of 06/30/2022

Impact Distribution



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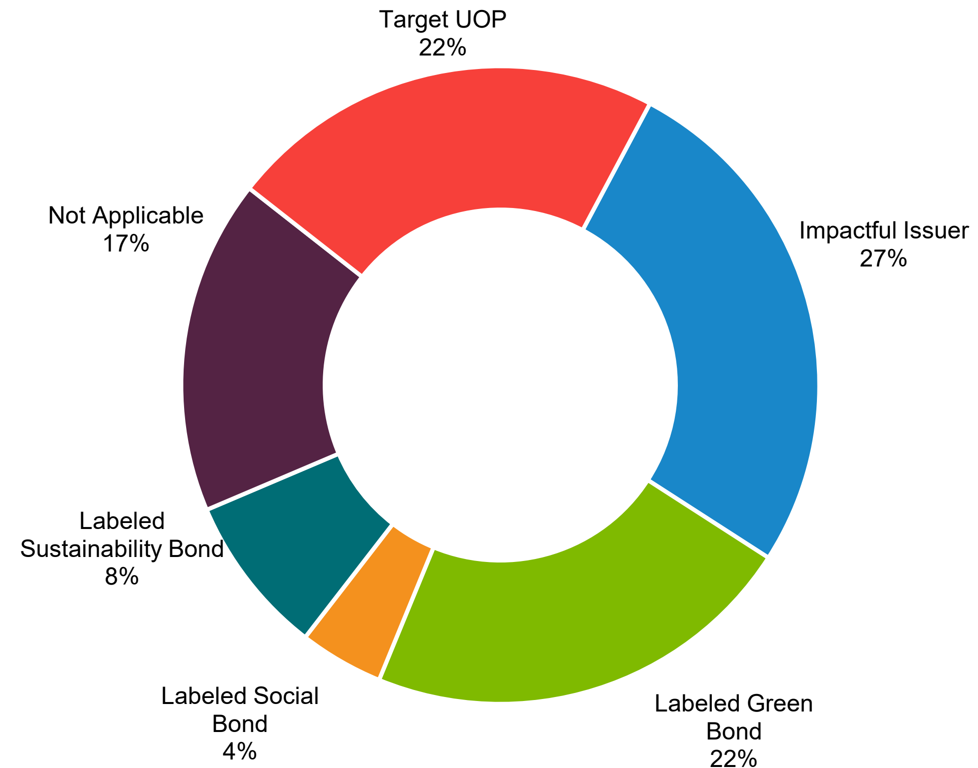

Source: FactSet. Impact breakdowns are based on a representative Sustainable Core Fixed Income account include cash and are provided as Supplemental Information. *NA refers to cash and equivalents, treasuries, and ESG neutral securities. Numbers may not total due to rounding. The information provided 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. Please see the end of this presentation for important disclosures.

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QUARTER-TO-DATE ATTRIBUTION DETAIL BY SECTOR

Representative Sustainable Core Fixed Income Account as of 6/30/2022

	REPRESENTATIVE SUSTAINABLE CORE FIXED INCOME ACCOUNT			BLOOMBERG AGGREGATE BOND INDEX			ATTRIBUTION FACTORS							
SECTOR	SECTOR WEIGHT	TOTAL RETURN (%)	CONTRIBUTION TO RETURN (%)	SECTOR WEIGHT	TOTAL RETURN (%)	CONTRIBUTION TO RETURN (%)	SHIFT EFFECT	TWIST EFFECT	SPREAD EFFECT (LOCAL)	INCOME EFFECT (LOCAL)	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT (LOCAL)	EXCESS RETURN
ABS	4.35	-0.21	-0.01	0.39	-1.50	-0.01	-0.01	-0.02	0.00	0.01	0.03	-0.01	0.01	0.01
CMBS	20.99	-2.15	-0.47	1.98	-2.85	-0.06	-0.35	-0.11	-0.05	0.11	0.04	-0.06	-0.41	-0.41
Corporate	33.77	-6.01	-2.15	24.54	-7.26	-1.84	-0.06	0.07	-0.46	0.04	-0.00	0.09	-0.32	-0.32
Mortgage	10.57	-3.09	-0.25	27.71	-4.01	-1.10	0.55	0.14	0.29	-0.11	-0.02	-0.01	0.84	0.84
Municipal	4.62	-4.91	-0.22	0.66	-7.19	-0.05	-0.09	-0.02	-0.07	0.03	0.01	-0.03	-0.17	-0.17
Non-U.S. Government	6.26	-2.19	-0.10	2.78	-4.73	-0.13	0.03	0.02	-0.04	0.01	0.01	0.04	0.06	0.06
U.S. Government	16.47	-8.39	-1.27	41.94	-3.69	-1.51	0.48	-0.12	-0.26	-0.15	-0.00	0.28	0.22	0.22
Cash and Equivalents	2.98	0.18	0.00	--	--	--	--	--	--	0.00	-0.01	--	-0.00	-0.00
Total	100.00	-4.46	-4.46	100.00	-4.69	-4.69	0.55	-0.05	-0.60	-0.04	0.07	0.30	0.23	0.23

Source: Bloomberg and Brown Advisory Analysis. Portfolio information is based on a representative Sustainable Core Fixed Income account and is provided as Supplemental Information. Sectors are based on Bloomberg Index classifications. 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. Sector attribution includes 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. Past performance is not indicative of future results.

ATTRIBUTION ANALYSIS

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- Positively contributing to performance relative to the Index was an underweight duration position and positive security selection.
  - A combination of higher U.S. Treasury yields and a widening of credit spreads was a detractor
- Detracting from relative performance were overweight positions in investment-grade corporate bonds, as well as commercial mortgage-backed securities.
- MBS added slightly to relative performance
  - The sector generally was an underperformer, so being underweight was beneficial
- ABS performance was about in line with the benchmark

Source: Bloomberg and Brown Advisory Analysis. Portfolio information is based on a representative Sustainable Core Fixed Income account and is provided as Supplemental Information. Sectors are based on Bloomberg Index classifications. 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. Sector attribution includes 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. Past performance is not indicative of future results. Please see disclosure statements at the end of this presentation for additional information.

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SAMPLE HOLDING

Sustainable Core

Portfolio Holding: Physicians Realty Trust (NYSE: DOC)

Physician Realty Trust (DOC) is a health care real estate investment trust (REIT) providing space for medical offices, outpatient care, and more.

PHYSICIANS REALTY TRUST

Fundamental Drivers

- We believe that DOC has a high quality, well-leased, attractively structured portfolio of assets.
- DOC's emphasis on medical office buildings means its lessees see the benefits of procedures moving to outpatient settings, resulting in accelerated demand.
- There is a strong balance sheet and metrics compared to peers in the investment grade health care REIT space.
- The issuer has a history of strong operating performance through cycles.

Sustainable Drivers

- We believe that DOC is well positioned to capitalize on the shift to outpatient care resulting in a preferred consumer experience, lower costs, and better health outcomes for patients.
- The borrower works to leverage green building best practices to attract and retain tenants through reduced utility costs.

Source: Physician Realty Trust; data as of 06/30/22. 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. Portfolio information is based on a representative Sustainable Core Fixed Income account and is provided as Supplemental Information. 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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All investments involve risk. The value of the investment and the income from it will vary. There is no guarantee that the initial investment will be returned. ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk. The strategy intends to invest in companies with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular companies and industries. Brown Advisory relies on Second parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.

The **Bloomberg Aggregate Bond Index** is an unmanaged, market value-weighted index comprised of taxable U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate, asset-backed and mortgage-backed securities between one and 10 years. One cannot invest directly into an index.

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An investor cannot invest directly in an index.

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DISCLOSURES (CONTINUED)

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The **Total Return of a benchmark-, sector-, and portfolio-level** are the sum of the returns from price movement and the returns due to 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.

The **Contribution to Return** is measured 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.

The **Shift Effect** measures the effect of a parallel shifts in the yield curve.

The **Twist Effect** is measured by multiplying the difference in changes in a yield curve and the key duration with negative modified duration.

The **Spread Effect** is measured by subtracting income and treasury effects from the total portfolio return.

The **Income Effect** is measured by dividing the coupon rate by the ending price.

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

The **Selection Effect** is measured by using the remainder once income, treasury and spread effects are subtracted from the total return.

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

Effective Duration is a time measure of a bond's interest rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder.

Yield to Worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

Average Life is the average period of time for all principal dollars to be returned to investors.

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SUSTAINABLE CORE COMPOSITE

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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 ($USD Millions)*	Firm Assets ($USD Millions)*
2021	-0.4	-0.8	-1.5	4.6	3.6	31	0.3	502	79,715
2020	9.4	8.9	7.5	4.3	3.4	26	0.4	416	59,683
2019	9.5	9.1	8.7	2.9	2.9	14	0.2	265	42,426
2018	0.4	0.1	0.0	2.8	2.8	19	0.3	217	30,529
2017	3.7	3.4	3.5	2.8	2.8	11	0.3	113	33,155
2016	1.0	0.8	2.7	N/A	N/A	9	0.1	91	30,417
2015	1.2	0.8	0.6	N/A	N/A	Five or fewer	N/A	60	43,746
2014**	2.0	1.9	1.8	N/A	N/A	Five or fewer	N/A	5	44,772

**Return is for period October 1, 2014 through December 31, 2014.

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, 2021. The Verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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2. The Sustainable Core Composite (the Composite) is comprised of all discretionary accounts with no material investment restrictions, which invest primarily in fixed income securities that have a target duration between 3 and 7 years. At least 80% of the securities in each portfolio in the Composite will have credit quality ratings of A or better at the time of purchase. Accounts included in the Composite are invested primarily in taxable securities. The minimum account market value required for Composite inclusion is $2 million, and accounts in the Composite will have an average effective duration between 3 and 7 years. The guidelines of accounts specifically indicate a preference for sustainability related investments. Bonds in Composite accounts are evaluated according to a variety of environmental, social and governance factors. These factors are used by the portfolio manager to seek holdings with attractive ESG risk profiles and or bonds whose uses of proceeds meet the standards of the Green Bond Principles. ESG Factors are not used for the purposes of absolute negative screening in Composite accounts.
3. ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify issuers and securities that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in securities that do not reflect the beliefs and values of any particular investor. The strategy may also invest in securities that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk. The strategy intends to invest in securities with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular issuers and industries. Brown Advisory relies on third parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.
4. From July 2016 to September 2019, the minimum account market value required for Composite inclusion was $1 million, and prior to July 2016 was $2 million.
5. Effective January 1, 2016, a meaningful cash flow policy was implemented for the Composite. Accounts with a greater than or equal to 14% external cash flow will be removed from the Composite for the entire month that the external cash flow occurred. The account will be added back to the Composite the following month if it meets the Composite inclusion requirements. The external cash flow percentage is calculated using beginning market value.
6. The composite creation date is November 1, 2015. The composite inception date is October 1, 2014.
7. The benchmark is the Bloomberg Aggregate Bond Index. The Bloomberg Aggregate Bond Index is an unmanaged, market-value weighted index comprised of taxable U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate, asset-backed, and mortgage-backed securities between one and ten years. "Bloomberg®" and Bloomberg Aggregate Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Brown Advisory Institutional. Bloomberg is not affiliated with Brown Advisory Institutional, and Bloomberg does not approve, endorse, review, or recommend the Composite. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Composite. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
8. The composite dispersion presented is an equal-weighted standard deviation of portfolio gross returns calculated for the accounts in the Composite for the entire calendar year period. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the Composite for the entire period.
9. 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: 0.30% on the first $50 million; 0.25% on the next $50 million; and 0.20% 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.
10. The investment management fee for the Investor Shares of the Brown Advisory Sustainable Bond Fund (the Fund), which is included in the Composite, is 0.30%, and represents the highest fee charged excluding Advisor Shares. The total expense ratio for the Investor Shares of the Fund as of the most recent fiscal year end (June 30, 2021) was 0.50%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
11. 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 as of December 31, 2014, December 31, 2015 and December 31, 2016 because 36 month returns for the Composite were not available (N/A.)
12. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
13. Duration is a measure of interest rate risk.
14. The use of derivatives is integral to the investment process of the strategy mutual fund, which is a constituent of the Composite. Futures and swaps are utilized and comprise roughly 20% of the fund. The fund may employ leverage, but it is not integral to the investment process. Portfolios have and may invest in CMOs and range accrual notes. Shorting is not utilized.
15. A complete list of composite descriptions and broad distribution and limited distribution pooled funds is available upon request.
16. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
17. Past performance is not indicative of future results.
18. This is not an offer to sell securities. That may only be accomplished by the issuance of a private offering memorandum/subscription documents.
19. 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.