NATIONAL MUNICIPAL BOND REVIEW AND OUTLOOK

Brown ADVISORY
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Third Quarter 2024

The Brown Advisory National Muni Bond strategy modestly underperformed its benchmark during a strong quarter where the strategy returned 2.34%, net of fees, compared to 2.67% for the Bloomberg 1-10 Year Blend Municipal Bond Index. After drifting higher for the first half of the year, short-and-intermediate maturity municipal yields moved sharply lower during the third quarter as the municipal yield curve bull-steepened in anticipation of the start of the Fed rate cutting cycle.

The strategy's modest underperformance for the quarter was attributed to a pricing performance drag from our overweight in ultra-short duration holdings. During an interest rate rally as happened in the quarter, their low duration profile can often cause their price returns to lag those of longer duration bonds. However, while the Muni yield curve retreated to lower yields during 3Q, yields on ultra-short bonds remain relatively high, and we find the total return potential attractive in many of these ultra-short holdings. These bonds have played an important role providing ballast against rate volatility in recent quarters. Strategy performance remains ahead of benchmark for the year-to-date period, returning 2.73% versus 1.87% for the Index. Active curve positioning, along with strong individual security and sector selection has driven much of this outperformance.

Broad interest rates moved sharply lower during the third quarter as the bond markets looked ahead to the start of the Fed's long-awaited rate cutting cycle. With continued progress on inflation and signs of a softening labor market, the Fed cut its Fed Funds target range by 50 bps in September. Many bond investors bought bonds in the weeks leading up to that Fed decision, ostensibly to lock-in high relative yields in anticipation of additional future Fed rate cuts. Based on the strength of the rate move, the preferred focus of this bond buying activity was in the 2-year to 5-year maturity range. This part of the curve led the rate rally, with 2-year US Treasury yields dropping over 100bps for the quarter, and 2-year AAA Muni yields dropping 80bps. This strength on the front-end caused yield curves to bull-steepen, with 2-year to 5-year bonds generating some of the highest total returns across the curve.

Within the municipal bond market, the seeming uptick in investor demand was also met with near-record levels of new issue supply. Gross issuance year-to-date through 3Q reached $380bn, up 41% versus the same period last year, and 20% higher than the trailing 5-year average. This surge in new issue volume has likely been driven by several key drivers, including: 1) front loading ahead of the election, 2) renewed demand for capital after muted issuance during the pandemic years, and 3) dwindling cash balances leftover from federal stimulus legislation (CARES, ARP, etc.).

NAME	3-MONTH RETURN (%)	YTD RETURN (%)	1-YEAR RETURN (%)	3-YEAR* RETURN (%)	5-YEAR* RETURN (%)	10-YEAR* RETURN (%)	ITD RETURN (05/31/1993)
National Municipal Composite (Gross of fees)	2.42	3.02	8.80	0.62	1.57	2.41	4.03
National Municipal Composite (Net of fees)	2.34	2.77	8.45	0.29	1.25	2.08	3.69
Bloomberg 1-10 Year Blend Municipal Bond Index	2.67	1.87	7.44	0.53	1.39	1.97	3.89

* Annualized Returns

Full year supply is tracking close to $500bn, which would match all-time records for the municipal bond market.

This growth in supply has been generally well received by market participants and deals have been easily absorbed, but at some modest concessions to secondary market levels. This has likely weighed on municipal bond performance this year, which lagged even stronger YTD performance from US Treasuries and Corporate bonds. As a result, municipal bond yields remain attractive for high taxpayers on a relative basis. Taxable-equivalent yields for our strategy ended the quarter above 5.50% for maximum-tax federal taxpayers. These yield levels offer an attractive value proposition for taxpaying investors, and we believe especially attractive as we enter a Fed easing cycle. Rate volatility has continued to remain high from a historical perspective in 2024, but we believe municipal bond demand has been steadily building this year and should continue as retail investors migrate stability holdings from cash-equivalents into bonds.

Within our strategy, we have begun to incrementally transition some of our overweight in short-duration bonds into bonds in the intermediate duration range. Short-duration bonds have played an important role within the portfolio over the past several quarters, providing a stable source of income while also helping to protect against general interest rate volatility causing price swings. Yet, as the shape of the municipal yield curve began to normalize (disinvert), we began to transition a portion of these short holdings out the curve to lock-in yields as a protection against recession risk. This process has been gradual, largely allowing our shortest holdings to roll-off and reinvesting in attractive bottom-up opportunities via the primary and secondary markets.

The recent environment has generally been a very good environment for active management, in our view. Yields remain above long-term averages, and it is not necessary to take on a lot of credit risk or duration risk to find bonds with beneficial return profiles. Many of our best opportunities have come from bonds with "off-the-run" structures, like short-calls, high-quality discount bonds, and par bond sectors like housing and pre-pay bonds. Many of these carry very high credit ratings, and low effective durations, but are often shunned by many SMA buyers.

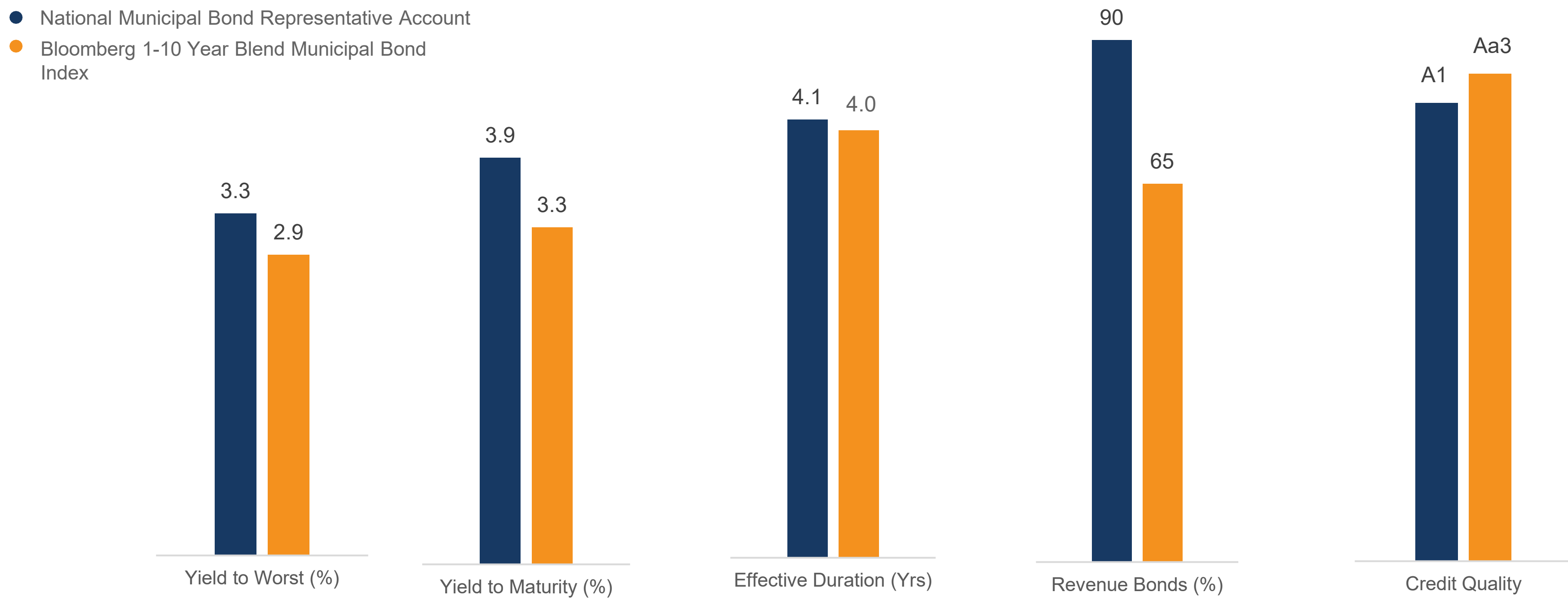
(Continued on the following page)

Spreads remain elevated on many of these bonds, and attractive bonds can be found for investors willing to put in the time and effort to uncover these individual credit opportunities.

As we progress deeper into the year and this economic cycle, we believe macroeconomic uncertainty will likely remain at the front of investors' minds. Muni credit fundamentals are generally solid, but federal stimulus funds are being spent down and the economic cycle may be growing long in the tooth. The market will likely also have a sharper focus on the upcoming election season. The uncertainty over control of the White House and Congress could elevate market volatility generally, while any proposed changes in tax legislation could specifically impact demand for municipal bonds. We will be watching these policy issues very closely. Yet, we believe the worst of the persistent negative sentiment within the municipal asset class is behind us, and now Munis appear poised to serve more of their traditional roles such as providing diversification, capital preservation, and tax-efficient income.

PORTFOLIO ATTRIBUTES

Third Quarter 2024



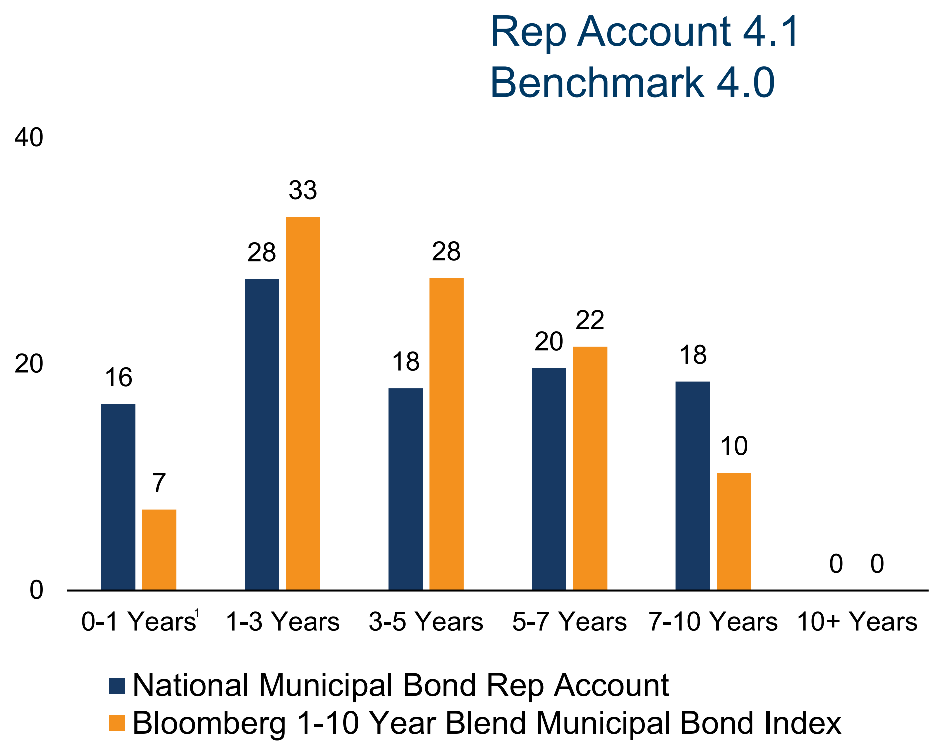
Source: FactSet. Past performance is not indicative of future results. Portfolio information is based on a representative National Municipal Bond account, includes cash and equivalents and is provided as Supplemental Information. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

DURATION AND QUALITY DISTRIBUTIONS

Third Quarter 2024

Duration Distribution

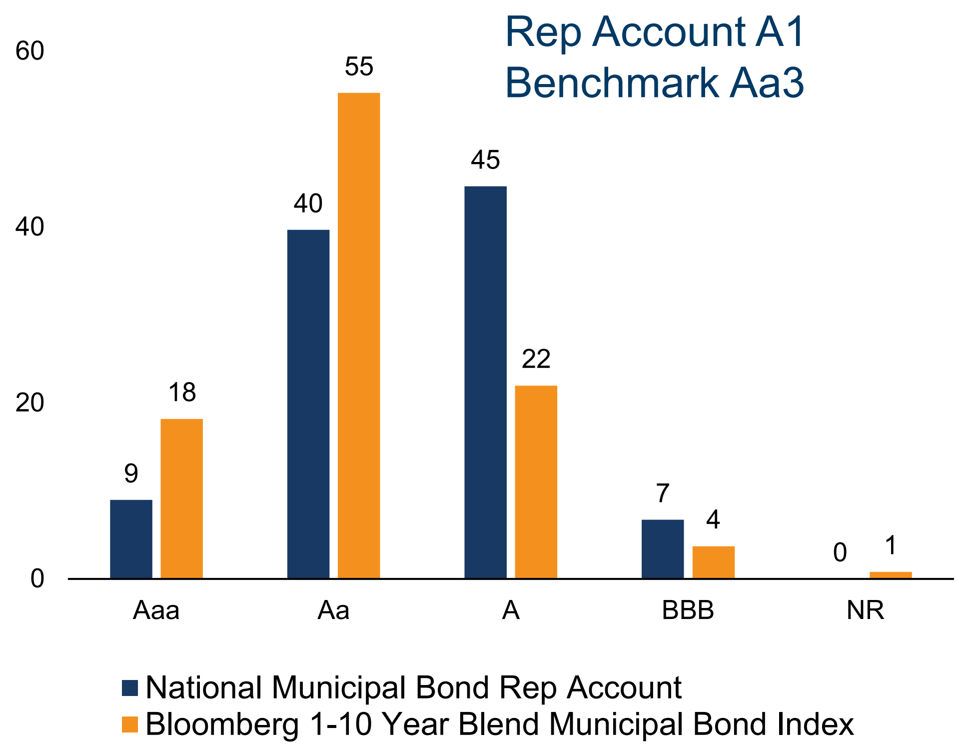
Percentage Weight



Source: FactSet, Bloomberg.

Quality Distribution

Percentage Weight



Source: FactSet; Bloomberg.

- Floating-rate securities and short-callable, high-coupon "kicker" bonds make up the majority of our ultrashort duration.
- We are underweight 1-7 year bonds because we believe that part of the yield curve is overvalued.
- We are overweight higher quality 7-10 year bonds which we view as having an attractive relative valuation.

- We focus on bottom-up credit and sector selection to drive investment performance, rather than hugging a benchmark.
- Our focus on revenue-backed issues, from sectors like health care and utilities, tends to create a more balanced ratings distribution than the benchmark. We view our credit expertise as a strong differentiating factor.

Source: FactSet and Bloomberg. Portfolio information is based on a representative National Municipal Bond account and provided as Supplemental Information. Duration Distribution excludes cash and cash equivalents. [1]0-1 Years includes cash and cash equivalents. Numbers may not total due to rounding. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

AVERAGE WEIGHT DETAIL BY SECTOR

Third Quarter 2024

Sector	NATIONAL MUNI REP ACCOUNT	BLOOMBERG 1-10 YEAR BLEND MUNICIPAL BOND INDEX	CONTRIBUTION TO RETURN (GROSS)			CONTRIBUTION TO RETURN (NET)		
SECTOR	AVERAGE WEIGHT (%)	AVERAGE WEIGHT (%)	BROWN ADVISORY (%)	BENCHMARK (%)	DIFFERENCE (%)	BROWN ADVISORY (%)	BENCHMARK (%)	DIFFERENCE (%)
Tax Revenue	16.5	10.5	0.40	0.29	0.11	0.38	0.29	0.10
Hospital/CCRC	11.2	6.5	0.31	0.17	0.14	0.30	0.17	0.13
Ports/Airports/Toll Roads	10.3	10.3	0.22	0.28	-0.06	0.21	0.28	-0.07
Utilities	10.2	11.4	0.37	0.30	0.06	0.36	0.30	0.06
Miscellaneous Revenue	9.0	10.2	0.33	0.27	0.06	0.32	0.27	0.05
General Obligation	8.8	31.1	0.18	0.82	-0.64	0.18	0.82	-0.65
Prepaid Gas	8.4	5.1	0.20	0.16	0.03	0.19	0.16	0.03
Tobacco	6.5	0.4	0.12	0.01	0.11	0.12	0.01	0.11
Lease/Housing	5.9	4.3	0.10	0.11	-0.02	0.09	0.11	-0.02
Pre-Refunded	5.7	4.3	0.07	0.09	-0.02	0.06	0.09	-0.02
Education	5.6	5.8	0.13	0.16	-0.03	0.12	0.16	-0.03
Cash	1.9	--	0.03	--	0.03	0.03	--	0.03
Total	**100**	**100**	**2.45**	**2.66**	**-0.22**	**2.37**	**2.66**	**-0.29**

Source: FactSet and Brown Advisory calculations. Portfolio information is based on a representative National Municipal Bond account and is provided as Supplemental Information. 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. Net of fees returns are calculated by adjusting gross of fees returns by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis and allocated pro rata based on position weight. Actual fees may be lower based on assets under management and other factors. Net of fees returns for actual accounts may therefore differ from the returns shown above. Past performance is not indicative of future results. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

AVERAGE WEIGHT DETAIL BY DURATION AND CREDIT QUALITY

Third Quarter 2024

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DURATION	NATIONAL MUNICIPAL REP ACCOUNT	BLOOMBERG 1-10YR MUNI BLEND	CONTRIBUTION TO RETURN (GROSS)			CONTRIBUTION TO RETURN (NET)		
DURATION RANGE	AVERAGE WEIGHT (%)	AVERAGE WEIGHT (%)	BROWN ADVISORY (%)	BENCHMARK (%)	DIFFERENCE (%)	BROWN ADVISORY (%)	BENCHMARK (%)	DIFFERENCE (%)
0 – 1	17.6	7.9	0.20	0.10	0.10	0.19	0.10	0.09
1 – 3	25.8	32.8	0.51	0.68	-0.18	0.48	0.68	-0.20
3 – 5	16.6	28.3	0.47	0.86	-0.39	0.46	0.86	-0.40
5 – 7	17.2	21.8	0.57	0.73	-0.16	0.56	0.73	-0.17
7 – 10	21.9	9.0	0.68	0.28	0.40	0.67	0.28	0.38
10 +	1.0	0.2	0.01	0.01	0.01	0.01	0.01	0.01
Total	**100**	**100**	**2.45**	**2.66**	**-0.22**	**2.37**	**2.66**	**-0.30**

CREDIT QUALITY	NATIONAL MUNICIPAL REP ACCOUNT	BLOOMBERG 1-10YR MUNI BLEND	CONTRIBUTION TO RETURN (GROSS)			CONTRIBUTION TO RETURN (NET)		
CREDIT RATING	AVERAGE WEIGHT (%)	AVERAGE WEIGHT (%)	BROWN ADVISORY (%)	BENCHMARK (%)	DIFFERENCE (%)	BROWN ADVISORY (%)	BENCHMARK (%)	DIFFERENCE (%)
AAA	8.1	18.4	0.17	0.48	-0.31	0.16	0.48	-0.32
AA	40.7	55.3	0.99	1.46	-0.47	0.96	1.46	-0.51
A	44.8	21.9	1.06	0.60	0.46	1.02	0.60	0.42
BBB	6.4	3.6	0.23	0.10	0.13	0.22	0.10	0.13
NR	--	0.8	--	0.02	-0.02	0.00	0.02	-0.02
Total	**100**	**100**	**2.45**	**2.66**	**-0.22**	**2.37**	**2.66**	**-0.30**

Source: FactSet and Brown Advisory calculations. Portfolio information is based on a representative National Municipal Bond account and is provided as Supplemental Information. Net of fees returns are calculated by adjusting gross of fees returns by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis and allocated pro rata based on position weight. Actual fees may be lower based on assets under management and other factors. Net of fees returns for actual accounts may therefore differ from the returns shown above. 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. Past performance is not indicative of future results. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

TOP FIVE AND BOTTOM FIVE CONTRIBUTORS

Third Quarter 2024

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Representative National Municipal Bond Account Top Five Contributors

NAME	DESCRIPTION	WEIGHT (%)	CONTRIBUTION TO RETURN NET (%)
Santa Clarita Valley Water Agency	Paid by net revenues of the agency's water system	3.23	0.19
LBJ Infrastructure Group LLC	Paid by toll revenues; part of a network of managed lanes in North Texas	2.96	0.14
Yankee Stadium LLC	Backed by lease payments paid to the NYC Industrial Development Agency	2.91	0.11
Kentucky Public Energy Authority	Proceeds to prepay for natural gas	2.40	0.11
Ascension Health Credit Group	One of the largest private healthcare systems in the U.S; operates 2,600 health care sites in 19 states	2.48	0.11

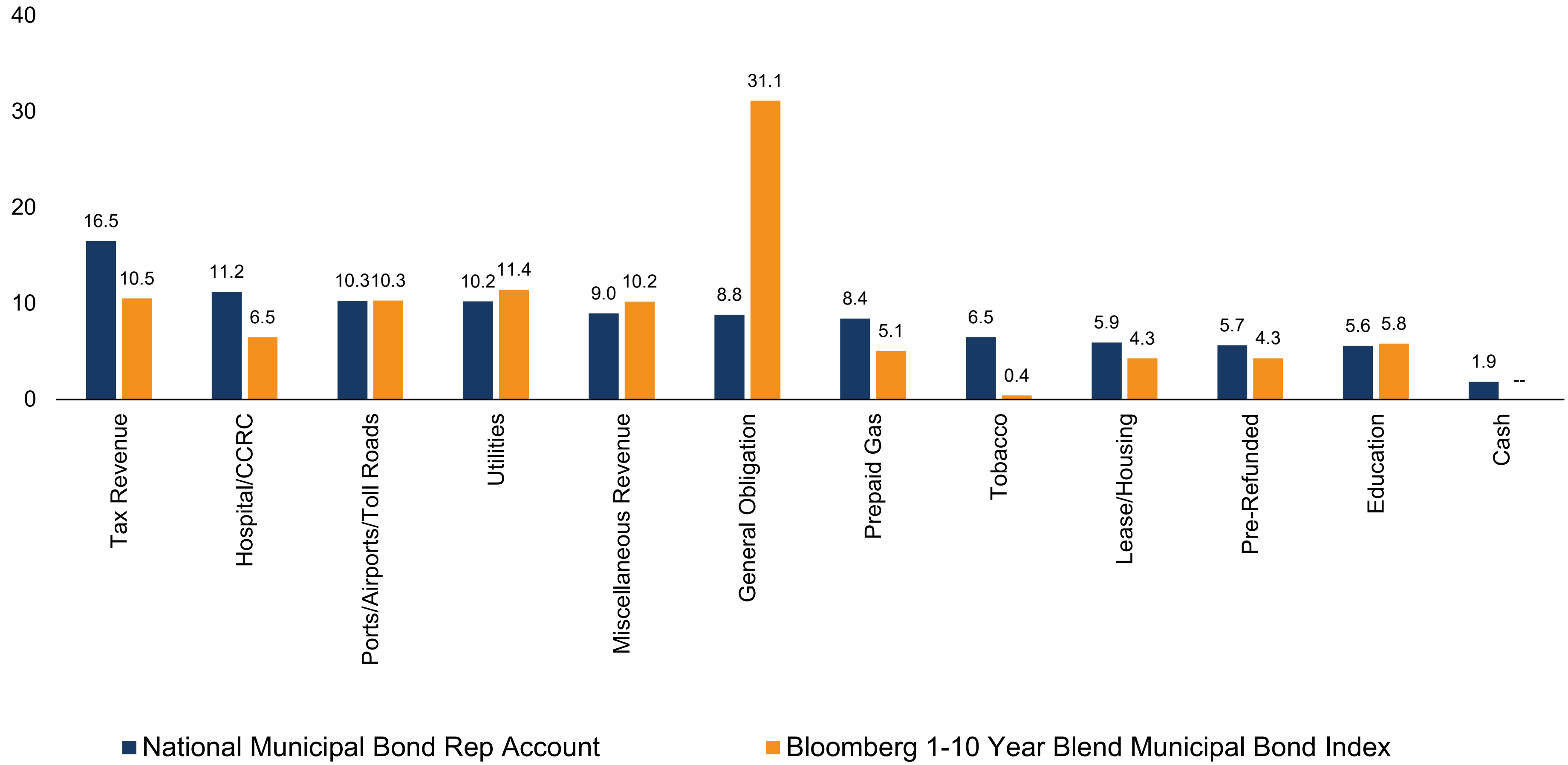
Representative National Municipal Bond Account Bottom Five Contributors

NAME	DESCRIPTION	WEIGHT (%)	CONTRIBUTION TO RETURN NET(%)
City of Chicago IL Waterworks Revenue	Operates the water and sewer services to the community of Chicago	0.67	0.00
Sanger Unified School District	Backed by lease payments to finance facilities improvements	0.33	0.00
New York City Water & Sewer System	Delivers over 1 billion gallons of water to 9 million customers throughout NYC	0.87	0.01
New Hampshire Housing Finance Authority	Administers programs to assist low and moderate income households with their housing needs.	0.68	0.01
North Texas Tollway System	A multi-asset tollway system in the Dallas-Fort Worth region	1.09	0.03

Source: FactSet and Brown Advisory calculations. Portfolio information is based on a representative National Municipal Bond account and provided as Supplemental Information. 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. Top Five and Bottom Five contributors includes cash and cash equivalents. Commentary regarding an investment's contribution to return and relative performance has been assessed on a net performance basis. Net of fees returns are calculated by adjusting gross of fees returns by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis and allocated pro rata based on position weight. Actual fees may be lower based on assets under management and other factors. Net of fees returns for actual accounts may therefore differ from the returns shown above. Past performance is not indicative of future results. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

SECTOR DIVERSIFICATION

Third Quarter 2024



- We focus on bottom-up credit and sector selection to drive relative performance.
- We find credit fundamentals in revenue-backed bonds to be more transparent and more easily modeled, with the bonds yielding more than most general obligation (GO) issues.

Source: FactSet. Portfolio information is based on a representative National Municipal Bond account. Sector diversification includes cash and cash equivalents and is provided as Supplemental Information. Numbers may not total due to rounding. Sectors are based on the Bloomberg sector classifications. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

TERMS AND DEFINITIONS

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The **Bloomberg 1-10 Year Blend Municipal Bond Index** consists of a broad selection of investment-grade general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds with maturities of at least 1 year and less than 10 years. It is an unmanaged index representative of the tax-exempt bond market.

An investor cannot invest directly in an index.

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. **Yield to Maturity** is the total return of a bond if it is held until maturity. **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 **Volatility** is a measurement that looks at the dispersion of prices or returns of securities or indices. It is generally measured by using the standard deviation or variance between returns.

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NATIONAL MUNICIPAL BOND COMPOSITE

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Current Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets ($USD Millions)*	GIPS Firm Assets ($USD Millions)*
2023	6.4	6.0	4.6	5.6	5.0	244	0.4	2,120	81,325
2022	-7.8	-8.0	-4.8	5.7	4.4	146	0.6	1,447	58,575
2021	2.4	2.0	0.5	4.1	2.8	211	0.4	2,369	79,715
2020	3.9	3.5	4.2	4.0	2.8	216	0.7	2,374	59,683
2019	7.1	6.8	5.6	1.8	1.9	226	0.3	2,360	42.426
2018	1.9	1.5	1.6	2.5	2.5	205	0.2	1,601	30,529
2017	4.4	4.1	3.5	2.4	2.5	142	0.3	993	33,155
2016	0.7	0.4	-0.1	2.5	2.4	134	0.3	883	30,417
2015	1.9	1.6	2.5	2.3	2.1	123	0.3	731	43,746
2014	5.7	5.4	4.7	2.4	2.2	45	0.5	415	44,772

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, 2023. 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.

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 National Municipal Bond Composite (the Composite) is comprised of all discretionary accounts with no material investment restrictions, which invest in tax-exempt fixed income securities of an intermediate target duration, and flexibility to invest in bonds from multiple states. 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. The minimum account market value required for Composite inclusion is $2 million, and accounts in the Composite will have an average effective duration between 3.5 and 5.5 years.
3. The Composite creation date is March 1, 2006. The Composite inception date is June 1, 1993.
4. The benchmark is the Bloomberg Municipal Bond 1-10 Year Index. The Bloomberg Municipal Bond 1-10 Year Index consists of a broad selection of investment-grade general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds with maturities of at least 1 year and less than 10 years. It is an unmanaged index representative of the tax-exempt bond market. "Bloomberg®" and Bloomberg Municipal 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.
5. 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.
6. 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-fees performance returns are calculated by adjusting the gross-of-fees performance return by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis. Certain accounts in the Composite pay asset-based custody fees that include commissions. For these accounts, gross returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.325% on the first $10 million; 0.30% on the next $15 million and 0.25% on the balance over $25 million. Further information regarding investment advisory fees is described in Part 2A of the firm's Form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
7. Effective July 1, 2023, the firm transitioned from using actual account fees in the calculation of net performance returns to applying the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV. The net performance track record was revised back to Composite inception.
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. Portfolios in the Composite do not make material use of derivative securities.
11. Duration is a measure of interest rate risk.
12. A complete list of composite descriptions and broad distribution and limited distribution pooled funds is available upon request.
13. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
14. Past performance is not indicative of future results.
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