

# Sustainable Bond Fund

Investor: **BASBX** Institutional: **BAISX**

Third Quarter 2024

## WHY INVEST IN THE BROWN ADVISORY SUSTAINABLE BOND FUND?

The Fund seeks to maximize total return while investing in fixed income securities that meet sustainable investment criteria. The Fund seeks to provide investors with an opportunity to align their investments with their values and make an impact without sacrificing performance.

Concurrent sustainable investment research and fundamental credit analysis provides the basis for a holistic understanding of companies. By incorporating both elements into the due diligence process, we are able to more keenly understand an issuer's associated risks. We seek to identify companies whose sustainability-related characteristics strengthen their credit profiles, as well as issuers whose use of proceeds creates positive societal impact.

We believe the Fund benefits from the philosophy, process and people at Brown Advisory. We believe we can generate alpha and control risk through a repeatable process that combines stability and fundamental credit research. We concentrate portfolios based on credit, but diversify across sectors. Our experienced fixed income team has a long history of managing portfolios in all market environments.

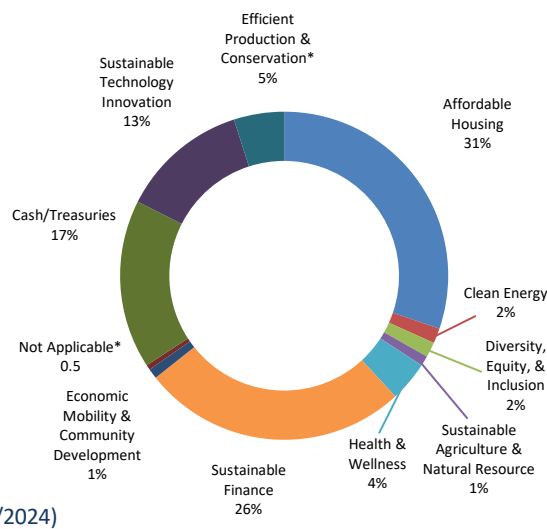
Portfolio Managers: Amy Hauter & Jason Vlosich

Benchmark Index: Bloomberg U.S. Aggregate Bond Index

## IMPACT THEMES

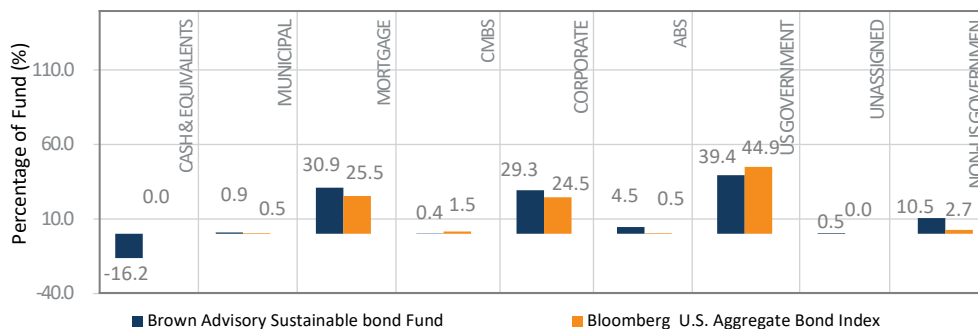
## IMPACT DISTRIBUTION % (As of 09/30/2024)

- Affordable Housing
- Clean Energy
- Diversity, Equity, & Inclusion
- Sustainable Agriculture & Natural Resource
- Health & Wellness
- Sustainable Finance
- Economic Mobility & Community Development
- Not Applicable\*
- Cash/Treasuries
- Sustainable Technology Innovation
- Efficient Production & Conservation



\*Not Applicable total includes 0.5% Cash and 16.8% Cash/Treasuries. Figures may not total 100% due to rounding

## SECTOR DISTRIBUTION % (As of 09/30/2024)



Source: Advent Portfolio Exchange® for Fund data, FactSet® for benchmark data. Sector breakdown includes cash and equivalents, are subject to change at any time and should not be considered a suggestion or recommendation 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. \*Not Applicable refers to cash and equivalents, treasuries, and Sustainability-related neutral securities. It should not be assumed that investments in such securities have been or will be profitable. Figures may not total 100% due to rounding. Cash balance can be negative to reflect economic exposure to derivatives and other forward contracts.

## FUND PROFILE & CHARACTERISTICS

As of 09/30/2024	BASBX	INDEX
Fund Assets (\$MM)	603.9	--
Avg. Credit Quality	Aa3	Aa2
Effective Duration (years)	6.3	6.1
Yield to Worst (%)	4.3	4.2
Avg. Life (years)	8.2	8.5
30-Day SEC Yield Unsubsidized (%)	3.98	--

Source: Fund net assets provided by U.S. Bank; portfolio characteristics from FactSet® and include cash and equivalents. Total net assets are as of the last day of the quarter and include all share classes.

## TOP 10 PORTFOLIO HOLDINGS (As of 09/30/2024)

Shown as a % of total net assets	
United States Treasury Strip Coupon, 0.00% Due 05/15/2043	4.2
International Bank for Reconstruction & Development, 0.63% Due 04/22/2025	3.8
European Investment Bank, 1.38% Due 03/15/2027	3.6
United States Treasury Note/Bond, 4.50% Due 11/15/2033	3.4
Inter-American Development Bank, 0.88% Due 04/20/2026	3.3
First American Government Obligations Fund, 4.79%	3.2
Kreditanstalt fuer Wiederaufbau, 0.63% Due 01/22/2026	2.8
United States Treasury Note/Bond, 1.88% Due 02/15/2032	2.8
Asian Development Bank, 2.88% Due 05/06/2025	2.8
United States Treasury Note/Bond, 3.75% Due 08/15/2027	2.3
<b>Total</b>	<b>32.2%</b>

Source: U.S. Bank. Portfolio holdings include cash and equivalents. Fund holdings are subject to change and should not be considered a suggestion or recommendation 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.

## AVERAGE ANNUAL TOTAL RETURNS % (As of 09/30/2024)

	3 MOS.	YTD.	1 YR	3YR	5YR	INCEPTION 08/07/2017	INCEPTION 07/02/2018
Brown Advisory Sustainable Bond Fund							
Investor Class – BASBX Inception: 08/07/2017	5.06	4.18	10.94	-2.29	0.20	1.31	--
Institutional Class – BAISX Inception: 07/02/2018	5.08	4.22	11.00	-2.24	0.25	--	1.76
Bloomberg U.S. Aggregate Bond Index	5.20	4.45	11.57	-1.39	0.33	1.47	1.87
Excess Return vs. Index (Investor)	-0.13	-0.27	-0.62	-0.90	-0.13	-0.16	--

Source U.S. Bank Performance data quoted represents past performance and is no guarantee of future results. Performance for periods greater than one year is annualized. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Performance for other share classes will vary. Shares redeemed or exchanged within 14 days of purchase will be charged a 1.00% fee. Performance data quoted does not reflect the redemption or exchange fee. If reflected, total returns would be reduced. For the most recent month-end performance, please call 1-800-540-6807.

Gross Expense Ratios: 0.47% (Institutional) 0.52% (Investor) Net Expense Ratios: 0.47% (Institutional) 0.52% (Investor)

## CREDIT QUALITY COMPOSITION

As of 09/30/2024	BASBX	INDEX
AAA/Aaa	68.1	73.5
AA/Aa	2.0	2.6
AA-	0.1	--
AA+	--	0.3
A+	--	--
A	5.4	11.4
BBB	22.9	11.8
High Yield	1.5	0.5
Not Rated	--	--

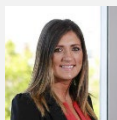
Credit quality is calculated using ratings assigned by Moody's. If Moody's does not rate a holding then Standard & Poor's is used. If Moody's and Standard & Poor's do not rate a holding then Fitch is used. A bond is considered investment grade if its credit rating is BBB- or higher according to Standard & Poor's; more specifically, a rating of "AAA" represents the highest credit quality with minimal risk of default and a rating of "BB" or below represents speculative financial security. High Yield, if noted, includes holdings that are rated BB+ or lower according to Moody's. Not Rated category, if noted, includes holdings that are not rated by any rating agencies. All ratings are as of 09/30/2024.

## DURATION DISTRIBUTION %

As of 09/30/2024	BASBX	INDEX
> 10 Years	9.1	16.6
7 to 10 Years	11.6	15.4
5 to 7 Years	23.2	18.9
3 to 5 Years	25.8	21.6
1 to 3 Years	18.3	26.1
< 1 Year	12.0	1.4

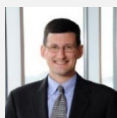
Source: FactSet® Duration distribution includes cash and equivalents. Distribution is subject to change and should not be considered a suggestion or a recommendation to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment 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.

## EXPERIENCED MANAGEMENT



### Amy Hauter, CFA

Amy Hauter is a partner and portfolio manager and global head of fixed income sustainability at Brown Advisory. Investment experience dating from 2011; joined Brown Advisory 2012; portfolio manager since 2019



### JASON VLOSICH

Jason Vlosich is a portfolio manager of the Brown Advisory Intermediate Income Fund and a member of the Fixed Income Investment Team. Investment experience dating from 1998; joined Brown Advisory 2008; portfolio manager since 2019

**Before investing you should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information is in the summary or statutory prospectus, a copy of which may be obtained by calling 1-800-540-6807 or visiting the Fund's website, <https://www.brownadvisory.com/mf>. Please read the prospectus carefully before you invest.**

Mutual fund investing involves risk. Principal loss is possible.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed and Mortgage-Backed securities include additional risks that investor should be aware of including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. In addition, the fund is susceptible to risks from investments in derivatives, U.S. Government securities, municipal securities and its investments in other investment companies. The **Bloomberg U.S. Aggregate Bond Index** (Bloomberg Agg 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.

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## BROWN ADVISORY: AN 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.

- Independent since 1998
- Founded in 1993
- 100% of colleagues collectively own approximately 70% of the firm's equity

companies that it believes may be desirable based on our analysis of sustainable investment related risks and opportunities, but investors may differ in their views. As a result, the Fund may invest in companies that do not reflect the beliefs and values of any particular investor. The Fund may also invest in companies that would otherwise be excluded from other funds that focus on sustainable investment risks. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The Fund incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The Strategy incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone. **Diversification does not assure a profit, nor does it protect against a loss in a declining market. Effective as of June 23, 2023, the Brown Advisory Total Return Fund was merged with and into the Sustainable Bond Fund.**

**General Terms & Definitions:** **Alpha** is a measure of performance on a risk-adjusted basis. **Alpha** takes the volatility (price risk) of a mutual fund and compares its risk adjusted performance to a benchmark index. **Total net assets** are as of the last day of the quarter and include all share classes. **Average Maturity** is the average period of time for all principal dollars to be returned to investors. **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. **SEC Yield (Unsubsidized)** is computed under an SEC-standardized formula based on net income earned over the past 30 days excluding expense reimbursements. **FactSet®** is a registered trademark of FactSet Research Systems Inc. **Advent** is a registered trademark of Advent Software, Inc.

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