

BROWN ADVISORY US SMALLER COMPANIES EQUITY STRATEGY

Christopher Berrier | Portfolio Manager

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EQUITY RESEARCH TEAM

PORTFOLIO MANAGEMENT

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Portfolio Manager:

US Small-Cap Growth, US Mid-Cap Growth

- Joined Brown Advisory 2005
- Investment experience since 2000

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Portfolio Manager/Associate PM:

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- Joined Brown Advisory 2014
- Investment experience since 2001

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ERIN CAWLEY

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We believe that harnessing the power of *compounding* may help us achieve attractive *risk-adjusted* returns over the long-term

OUR “3G” INVESTMENT FILTER

A checklist for long-term compounders



GROWTH

OPPORTUNITY

Durability

- ✓ Large and/or growing market
- ✓ Market leader or share gainer
- ✓ Differentiated business model



GOVERNANCE

EXECUTION

Trust & Transparency

- ✓ Capable, shareholder-friendly management
- ✓ Diverse and appropriate Board structure
- ✓ Well-structured, aligned incentives



GO-TO-MARKET

ECONOMIC PROFIT

Higher ROIC

- ✓ Highly valuable incremental revenue
- ✓ High and/or rising margins and returns
- ✓ Capital efficient

OUR INVESTMENT PROCESS: AN OVERVIEW

Focused on what matters



IDEA GENERATION

500+ Management Interviews/ Year

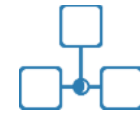
- Focus on long-term positive change
- Team-oriented technique allowing for a diverse point of view
- Shared library of knowledge (screening notes & scorecards)



DUE DILIGENCE

Metrics-based

- Additional primary source engagement to extract an analytical edge
- Interview customers, competitors, etc.
- Leverage firm network



PORTFOLIO CONSTRUCTION

High Active Share

- Relatively concentrated
- Appropriately diversified
- Long-term oriented

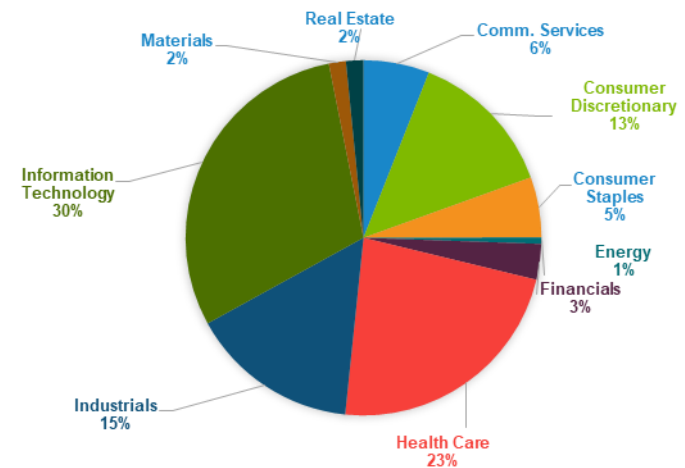
Balancing opportunity and risk within a long-term framework

Portfolio Guidelines:

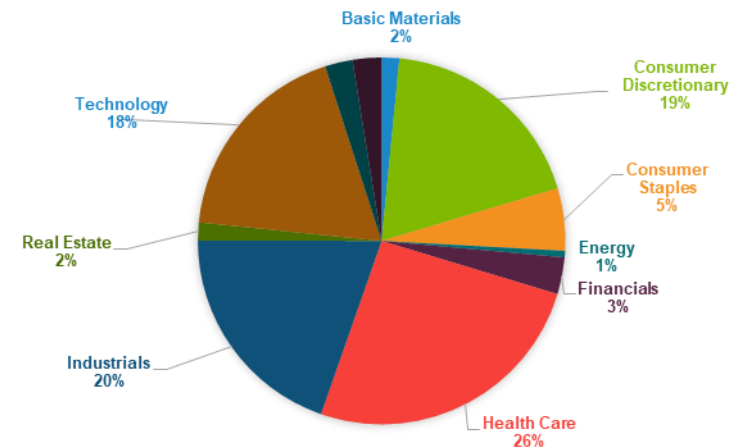
- Typically 60 – 80 holdings
- Top ten holdings typically 20 – 40% of portfolio
- High active share (90 – 95%)
- Position weightings reflect balance of long-term opportunity vs. short-term risk
- Prudently diversified
- Consistent “high-quality” bias

Portfolio Sector Diversification

GICS classification as of March 31, 2021



ICB classification as of March 31, 2021



Source: FactSet. Portfolio information is based on a representative account and is provided as supplemental information. Characteristics and sector breakdown exclude cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS ®) and ICB classification system. Please see statements at the end of this presentation for additional information and a complete list of terms and definitions. Numbers may not total due to rounding.

SELL DISCIPLINE

A balanced focus on compounding & preserving portfolio risk/reward dynamics

Why sell?

Final Scorecard & After Action Review
What lesson did we learn?

THESIS VIOLATION

- Key metrics drift
- 3G profile compromised

VALUATION & EXPECTATIONS

- Price target achieved
- Valuation excessive
- Expectations high

OPPORTUNITY COST

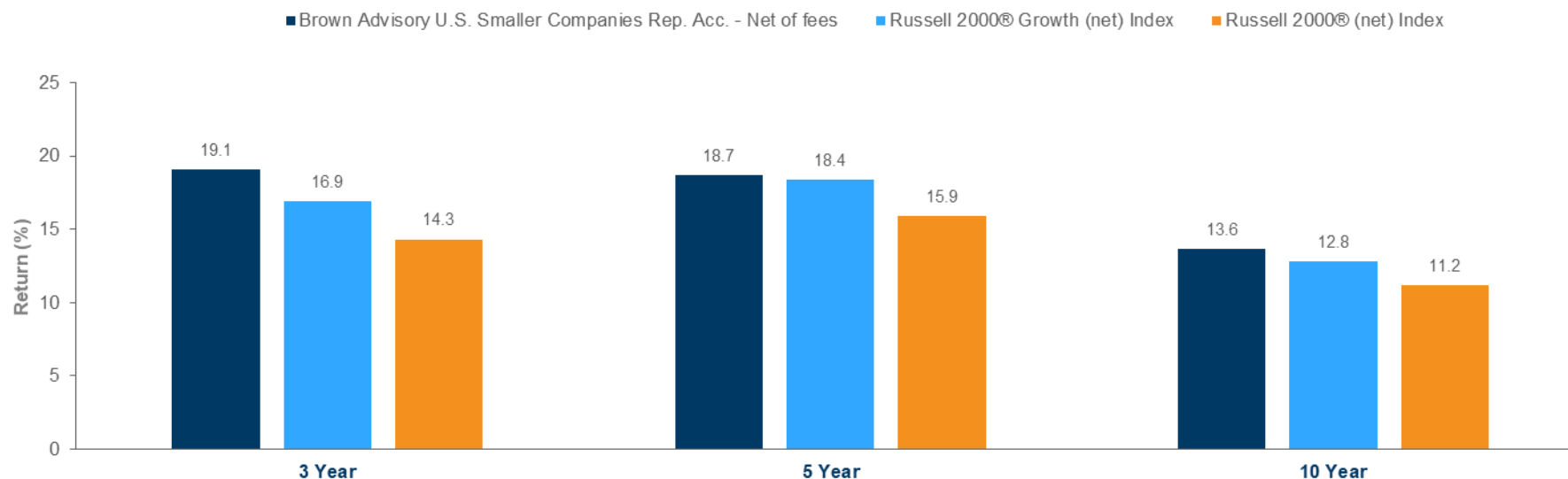
- Portfolio holdings
- Pipeline candidates



Source: FactSet. The information provided is confidential and created for internal use only; it is not published or disseminated to the public. The content is based on publicly available information, which has not been independently verified. The information is not current, and is subject to change at any time based on market or other conditions. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or invest in the company or its securities. This material is not a solicitation, nor does it constitute investment advice and should not be considered a recommendation to buy or sell any security. The information has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. Past performance does not imply or guarantee future results, which may vary.

LONG-TERM PERFORMANCE

Representative Account, Annualised Returns as of 31/03/2021



ROLLING RETURNS (%)	31/03/20-31/03/21	31/03/19-3/03/20	31/03/18-31/03/19	31/03/17-31/03/18	31/03/16-31/03/17
U.S. Smaller Companies (Net of fees)	78.0	-15.9	12.9	16.1	20.1
Russell 2000 Index (Net)	94.2	-24.3	1.7	11.4	25.7
Russell 2000 Growth Index (Net)	89.9	-18.8	3.6	18.4	22.7

Note: All returns greater than one year are annualized. Past performance is not indicative of future results. The UCITS Fund performance shown above reflects the Brown Advisory U.S. Smaller Companies UCITS Fund which was inceptioned on November 9, 2007.

TOP 10 PORTFOLIO HOLDINGS

Representative Account as of 03/31/2021

	SECURITY	% PORTFOLIO
1	Charles River Laboratories International, Inc.	3.5
2	Genpact Limited	3.1
3	Zynga Inc. Class A	3.0
4	Cash & Equivalents	2.9
5	Workiva Inc. Class A	2.9
6	IAA, Inc.	2.6
7	Waste Connections, Inc.	2.5
8	Bright Horizons Family Solutions, Inc.	2.4
9	Hain Celestial Group, Inc.	2.3
10	Catalent Inc	2.2

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 Account and is provided as supplemental information. Please see the strategy disclosure for more information.

WHY U.S. SMALL-CAP COMPANIES?

Attractive qualities of U.S. small-cap companies

- The U.S. is a highly innovative economy and culture.
 - Sizeable universe with exploitable inefficiencies.
 - High governance hurdles for listings vs. other regions.

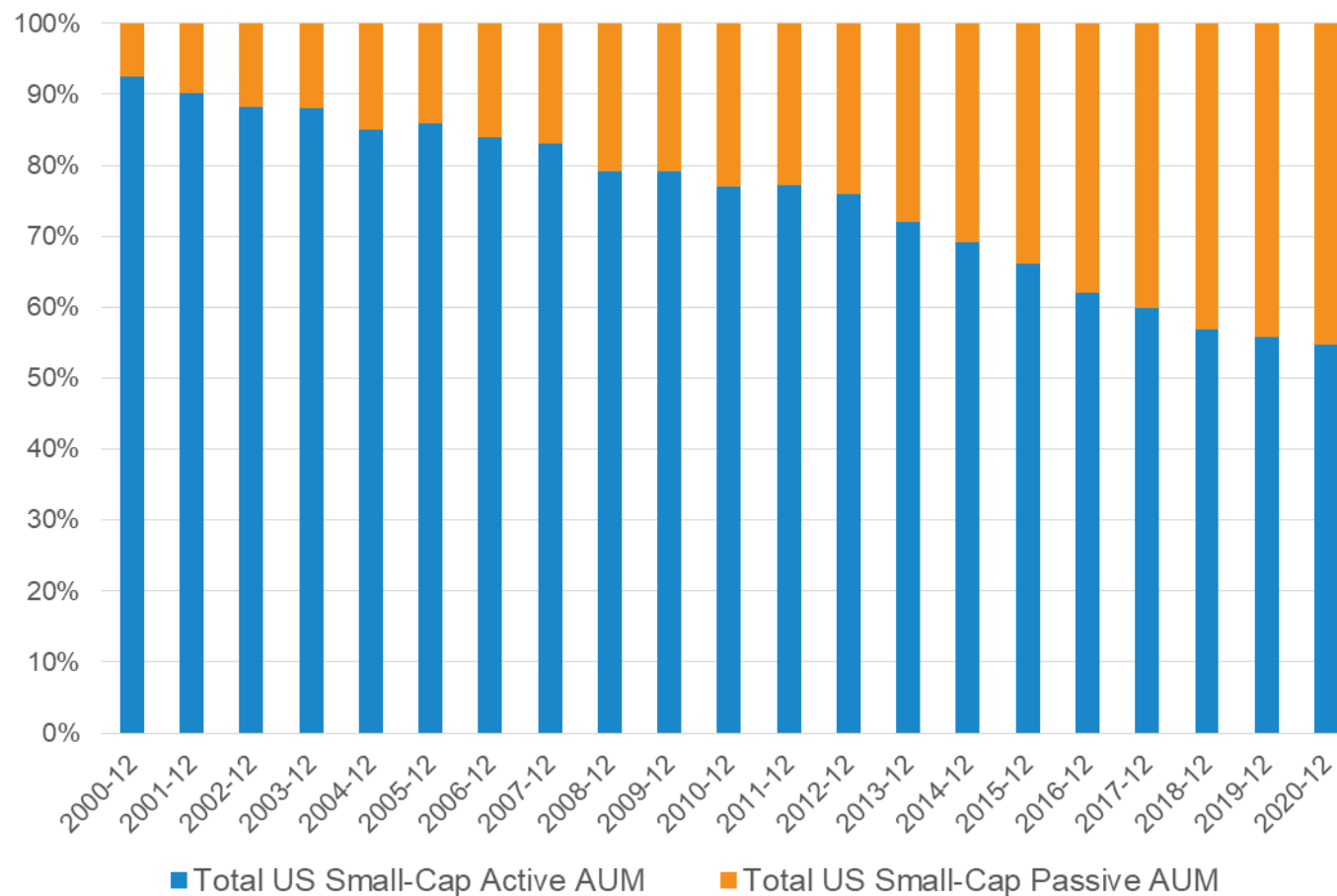
Why small-caps over large-caps?

- The small-cap universe is underserved and neglected by sell side analysts.
- Neglect generally leads to periods of attractive valuations vs. the large-cap space.
- A surge of investments in passive indices, ETFs and IPOs/SPACs has the potential to create a highly compelling environment for relative performance of active management going forward.

GROWING PASSIVE ASSETS IN THE U.S. SMALL-CAP SPACE

As of 02/28/2021

We have seen a significant increase in assets flowing into U.S. Small-Cap passive instruments over the last decade.



Source: Morningstar.

Past performance may not be a reliable guide to future performance and investors may not get back the amount invested. 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.

Performance data relates to the Brown Advisory U.S. Smaller Companies Fund (the “Fund”). The performance is net of management fees and operating expenses. Any entity responsible for forwarding this material to other parties takes responsibility for ensuring compliance with applicable financial promotion rules. Changes in exchange rates may have an adverse effect on the value price or income of the product. The difference at any one time between the sale and repurchase price of units in the Fund means that the investment should be viewed as medium to long term. This presentation is issued by Brown Advisory Ltd, authorised and regulated by the Financial Conduct Authority in the UK. This is not an offer or an invitation to subscribe in the Fund and is by way of information only. Cancellation rights do not apply and UK regulatory complaints and compensation arrangements may not apply. This is not intended as investment or financial advice. Investment decisions should not be made on the basis of this presentation. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund. This and other important information is contained in the Prospectus of Brown Advisory Funds plc (the “Company”), the Supplement relating to the Fund and the applicable Key Investor Information Document(s) (“KIIDs”). Read these documents carefully before you invest. The Company’s Prospectus along with the Fund’s Supplement and the KIIDs are available by calling +44 020 3301 8130 or visiting www.brownadvisory.com.

The Fund is a sub-fund of the Company, an umbrella fund with segregated liability between sub-funds. The Fund is authorised by the Central Bank of Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as may be amended, supplemented or consolidated from time to time (the “Regulations”). The Company has appointed Brown Advisory (Ireland) Limited as its UCITS management company which is authorised by the Central Bank of Ireland pursuant to the Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended. The investment manager of the Fund is Brown Advisory LLC. The distributor of the Fund is Brown Advisory LLC, The Fund is a recognised collective investment scheme for the purposes of section 264 of the UK’s Financial Services and Markets Act 2000.

The Fund uses the Russell 2000® Growth Index as a comparator benchmark to compare performance. The Fund is actively managed and is not constrained by any benchmark. 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 Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. Both indices are completely reconstituted annually. The Russell 2000® Growth Index and the Russell 2000® Index are trademarks/ service marks of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. An investor cannot invest directly into an index.

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QUESTIONS?

Thank you for listening.