

# THE TOWN OF DEWEY BEACH

July 8, 2021

# ACCOUNT SUMMARY

All Accounts

As of 06/30/2021

Accounts	Cash	Fixed Income	Large Cap U.S. Equities	Small/Mid Cap U.S. Equities	Global/Developed International	Emerging Markets	Total
Town Of Dewey Beach, Delaware - General Fund (Short)	1,345,387 100.0%	0	0	0	0	0	\$1,345,387 19.5%
Town Of Dewey Beach, Delaware - Beach Replenishment (Short)	205,350 100.0%	0	0	0	0	0	\$205,350 3.0%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FI)	26,308 0.8%	3,377,230 99.2%	0	0	0	0	\$3,403,538 49.4%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)	30,921 2.5%	0	1,189,109 97.5%	0	0	0	\$1,220,030 17.7%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long)	15,808 2.2%	0	0	217,748 30.3%	249,654 34.8%	234,359 32.7%	\$717,570 10.4%
<b>Total</b>	<b>\$1,623,774</b> 23.6%	<b>\$3,377,230</b> 49.0%	<b>\$1,189,109</b> 17.3%	<b>\$217,748</b> 3.2%	<b>\$249,654</b> 3.6%	<b>\$234,359</b> 3.4%	<b>\$6,891,874</b> 100.0%

# PORTFOLIO OVERVIEW

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

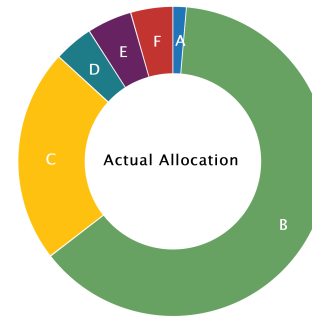
As of 06/30/2021

## Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
Cash & Equivalents	\$73,037	0.9	1.1	1.3	0.0	0.0
Fixed Income	\$3,377,230	2.3	2.6	4.3	1.2	-0.6
Equities	\$1,890,870	13.0	17.3	16.7	46.2	16.7
MSCI All Country World Net		11.3	14.6	14.6	39.3	12.3
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$5,341,138</b>	<b>5.5</b>	<b>6.9</b>	<b>8.4</b>	<b>13.6</b>	<b>4.9</b>
<b>TOTAL PORTFOLIO - NET</b>	<b>\$5,341,138</b>	<b>5.1</b>	<b>6.5</b>	<b>8.0</b>	<b>13.1</b>	<b>4.7</b>
*Blended Benchmark		4.8	5.6	7.0	9.2	2.4

## Asset Allocation

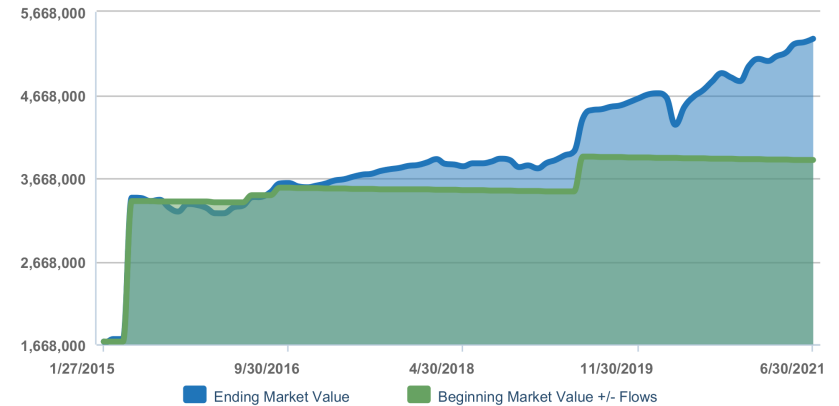


Asset Class	Weight	Target
A Cash	1.4%	3.0%
B Fixed Income	63.2%	72.0%
C Large Cap U.S. Equities	22.3%	15.0%
D Small/Mid Cap U.S. EQY	4.1%	3.5%
E Global/Developed Int'l	4.7%	3.5%
F Emerging Markets	4.4%	3.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Change in Portfolio

	Inception to Date 01/27/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
<b>Beginning Portfolio Value</b>	<b>1,699,751</b>	<b>3,443,750</b>	<b>3,842,943</b>	<b>4,722,875</b>	<b>5,101,982</b>
Net Contributions / Withdrawals	2,184,853	421,026	362,906	-20,899	-10,787
Market Value Gain / Loss	958,120	1,076,111	873,605	585,829	230,359
Income	498,414	400,251	261,684	53,333	19,584
<b>Ending Market Value</b>	<b>\$5,341,138</b>	<b>\$5,341,138</b>	<b>\$5,341,138</b>	<b>\$5,341,138</b>	<b>\$5,341,138</b>

## Historical Market Value



All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.

All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.

\*Blended Benchmark: 3% Merrill Lynch 0-3 Month US Treasury Bill Index, 72% Barclays Intermediate Aggregate, 25% FTSE Global All Cap Net  
Performance for periods greater than one year are annualized.

# PERFORMANCE SUMMARY

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

As of 06/30/2021

	Market Value	Asset Weighting	Inception to Date 01/31/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
<b>Cash &amp; Equivalents</b>	<b>\$73,037</b>	<b>1.37%</b>	<b>0.9</b>	<b>1.1</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Fixed Income</b>	<b>\$3,377,230</b>	<b>63.23%</b>	<b>2.3</b>	<b>2.6</b>	<b>4.3</b>	<b>1.2</b>	<b>-0.6</b>
<b>Equities</b>	<b>\$1,890,870</b>	<b>35.40%</b>	<b>13.0</b>	<b>17.3</b>	<b>16.7</b>	<b>46.2</b>	<b>16.7</b>
MSCI All Country World Net			11.3	14.6	14.6	39.3	12.3
<b>U.S. Equities</b>	<b>\$1,315,367</b>	<b>24.63%</b>	<b>16.2</b>	<b>20.4</b>	<b>19.3</b>	<b>49.2</b>	<b>20.2</b>
S&P 500			15.0	17.6	18.7	40.8	15.3
<b>Non-U.S. Equities</b>	<b>\$575,503</b>	<b>10.77%</b>	<b>6.5</b>	<b>10.4</b>	<b>10.7</b>	<b>40.4</b>	<b>9.2</b>
MSCI ACWI ex-U.S. Net			7.4	11.1	9.4	35.7	9.2
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$5,341,138</b>	<b>100.00%</b>	<b>5.5</b>	<b>6.9</b>	<b>8.4</b>	<b>13.6</b>	<b>4.9</b>
<b>TOTAL PORTFOLIO - NET</b>	<b>\$5,341,138</b>	<b>100.00%</b>	<b>5.1</b>	<b>6.5</b>	<b>8.0</b>	<b>13.1</b>	<b>4.7</b>
*Blended Benchmark			4.8	5.6	7.0	9.2	2.4

All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.

All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.

\*Blended Benchmark: 3% Merrill Lynch 0-3 Month US Treasury Bill Index, 72% Barclays Intermediate Aggregate, 25% FTSE Global All Cap Net

Performance for periods greater than one year are annualized.

# PERFORMANCE DETAIL

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

As of 06/30/2021

	Market Value	Asset Weighting	Investment Inception	Investment Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
<b>Fixed Income Taxable Funds</b>								
<b>Brown Advisory Intermediate Income Fund</b>	<b>\$3,377,230</b>	<b>63.23%</b>	<b>02/28/2015</b>	<b>2.6</b>	<b>2.6</b>	<b>4.3</b>	<b>1.1</b>	<b>-0.6</b>
Bloomberg Barclays Intermediate Aggregate				2.6	2.5	4.4	0.1	-0.8
<b>Separately Managed Equity Portfolios</b>								
<b>Brown Advisory Flexible Equity Strategy</b>	<b>\$1,220,030</b>	<b>22.84%</b>	<b>01/31/2015</b>	<b>16.7</b>	<b>21.5</b>	<b>21.4</b>	<b>45.9</b>	<b>18.4</b>
S&P 500				15.0	17.6	18.7	40.8	15.3
<b>U.S. Small/Mid Cap Equity Funds</b>								
<b>Brown Advisory Small-Cap Fundamental Value Fund</b>	<b>\$217,748</b>	<b>4.08%</b>	<b>01/31/2015</b>	<b>8.4</b>	<b>10.3</b>	<b>6.9</b>	<b>54.7</b>	<b>23.5</b>
Russell 2000 Value				10.9	13.6	10.3	73.3	26.7
<b>Global/Developed International Funds</b>								
<b>Brown Advisory Global Leaders Fund</b>	<b>\$249,654</b>	<b>4.67%</b>	<b>04/30/2020</b>	<b>41.6</b>	<b>--</b>	<b>--</b>	<b>38.2</b>	<b>10.9</b>
FTSE All-World Index Net				41.5	14.5	14.5	39.2	12.3
<b>Emerging Markets Funds</b>								
<b>BA Emerging Markets Select Fund</b>	<b>\$234,359</b>	<b>4.39%</b>	<b>05/31/2019</b>	<b>19.7</b>	<b>--</b>	<b>--</b>	<b>42.7</b>	<b>7.3</b>
FTSE Emerging Net				18.0	12.4	11.6	38.8	8.1

All performance returns are gross of account-level management fees. However, mutual fund returns are net of fund expenses, and private equity and real estate are net of administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.

All performance returns exclude the value of unsupervised assets, but are inclusive of accrued interest.

Performance for periods greater than one year are annualized.

# HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

As of 06/30/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>15,808</b>		<b>15,808</b>	<b>2.2</b>	<b>0</b>	<b>3</b>	<b>0.0</b>
<b>CASH</b>		<b>15,808</b>		<b>15,808</b>	<b>100.0</b>	<b>0</b>	<b>3</b>	<b>0.0</b>
First American Government Obligations Fund CI Z		15,808		15,808	100.0	0	3	0.0
<b>US Equities</b>		<b>141,817</b>		<b>217,748</b>	<b>30.3</b>	<b>75,931</b>	<b>837</b>	<b>0.4</b>
<b>EQUITY MUTUAL FUNDS</b>		<b>141,817</b>		<b>217,748</b>	<b>100.0</b>	<b>75,931</b>	<b>837</b>	<b>0.4</b>
Brown Advisory Small-Cap Fundamental Value Fund CI Inv	7,356	141,817	29.60	217,748	100.0	75,931	837	0.4
<b>Non US Equities</b>		<b>342,367</b>		<b>484,013</b>	<b>67.5</b>	<b>141,646</b>	<b>1,554</b>	<b>0.3</b>
<b>INTERNATIONAL EQUITY MUTUAL FUNDS</b>		<b>342,367</b>		<b>484,013</b>	<b>100.0</b>	<b>141,646</b>	<b>1,554</b>	<b>0.3</b>
Brown Advisory Emerging Markets Select Fund CI Inst	18,644	157,000	12.57	234,359	48.4	77,359	1,243	0.5
Brown Advisory Global Leaders Fund CI Inst	11,047	185,367	22.60	249,654	51.6	64,287	312	0.1
<b>Total Portfolio</b>		<b>\$499,993</b>		<b>\$717,570</b>	<b>100.0</b>	<b>\$217,577</b>	<b>\$2,394</b>	

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# HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FI)

As of 06/30/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>26,308</b>		<b>26,308</b>	<b>0.8</b>	<b>0</b>	<b>5</b>	<b>0.0</b>
<b>CASH</b>		<b>26,308</b>		<b>26,308</b>	<b>100.0</b>	<b>0</b>	<b>5</b>	<b>0.0</b>
First American Government Obligations Fund Cl Z		26,308		26,308	100.0	0	5	0.0
<b>Fixed Income</b>		<b>3,264,901</b>		<b>3,377,230</b>	<b>99.2</b>	<b>112,330</b>	<b>39,103</b>	<b>1.2</b>
<b>FIXED INCOME - TAXABLE</b>		<b>3,264,901</b>		<b>3,377,230</b>	<b>100.0</b>	<b>112,330</b>	<b>39,103</b>	<b>1.2</b>
<b>TAXABLE FIXED INCOME MUTUAL FUNDS</b>		<b>3,264,901</b>		<b>3,377,230</b>	<b>100.0</b>	<b>112,330</b>	<b>39,103</b>	<b>1.2</b>
Brown Advisory Intermediate Income Fund Cl Inv	305,632	3,264,901	11.05	3,377,230	100.0	112,330	39,103	1.2
<b>Total Portfolio</b>		<b>\$3,291,209</b>		<b>\$3,403,538</b>	<b>100.0</b>	<b>\$112,330</b>	<b>\$39,108</b>	

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# HOLDINGS SUMMARY

## Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)

As of 06/30/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>30,921</b>		<b>30,921</b>	<b>2.5</b>	<b>0</b>	<b>6</b>	<b>0.0</b>
CASH		30,921		30,921	100.0	0	6	0.0
First American Government Obligations Fund CI Z		30,921		30,921	100.0	0	6	0.0
<b>US Equities</b>		<b>528,718</b>		<b>1,189,109</b>	<b>97.5</b>	<b>660,391</b>	<b>8,725</b>	<b>0.7</b>
<b>COMMON STOCK</b>		<b>528,718</b>		<b>1,189,109</b>	<b>100.0</b>	<b>660,391</b>	<b>8,725</b>	<b>0.7</b>
<b>Communication Services</b>		<b>80,209</b>		<b>184,254</b>	<b>15.5</b>	<b>104,045</b>	<b>0</b>	<b>0.0</b>
Walt Disney Co.	104	10,319	175.77	18,280	1.5	7,961	0	0.0
T-Mobile US, Inc.	105	13,285	144.83	15,207	1.3	1,922	0	0.0
Facebook, Inc.	168	24,088	347.71	58,415	4.9	34,327	0	0.0
Alphabet, Inc. CI A	13	8,594	2,441.79	31,743	2.7	23,149	0	0.0
Alphabet, Inc. CI C	17	10,631	2,506.32	42,607	3.6	31,976	0	0.0
Pinterest, Inc. - CI A	228	13,291	78.95	18,001	1.5	4,709	0	0.0
<b>Consumer Discretionary</b>		<b>90,777</b>		<b>176,051</b>	<b>14.8</b>	<b>85,274</b>	<b>664</b>	<b>0.4</b>
Amazon.com, Inc.	7	12,187	3,440.16	24,081	2.0	11,894	0	0.0
Bed Bath & Beyond, Inc.	374	9,832	33.29	12,450	1.0	2,618	0	0.0
Bright Horizons Family Solution, Inc.	81	9,866	147.11	11,916	1.0	2,050	0	0.0
CarMax, Inc.	282	13,493	129.15	36,420	3.1	22,927	0	0.0
Lowe's Companies, Inc.	167	11,619	193.97	32,393	2.7	20,774	534	1.6
Booking Holdings, Inc.	14	16,496	2,188.09	30,633	2.6	14,137	0	0.0
TJX Companies, Inc.	125	4,555	67.42	8,428	0.7	3,873	130	1.5
Alibaba Group Holding Ltd - Spons ADR	87	12,729	226.78	19,730	1.7	7,001	0	0.0
<b>Consumer Staples</b>		<b>18,411</b>		<b>28,424</b>	<b>2.4</b>	<b>10,013</b>	<b>163</b>	<b>0.6</b>
Conagra Brands, Inc.	148	4,183	36.38	5,384	0.5	1,201	163	3.0
Nomad Foods Ltd	815	14,228	28.27	23,040	1.9	8,812	0	0.0
<b>Energy</b>		<b>17,594</b>		<b>16,012</b>	<b>1.3</b>	<b>-1,582</b>	<b>457</b>	<b>2.9</b>
Suncor Energy, Inc.	668	17,594	23.97	16,012	1.3	-1,582	457	2.9
<b>Financials</b>		<b>103,581</b>		<b>204,558</b>	<b>17.2</b>	<b>100,977</b>	<b>2,726</b>	<b>1.3</b>
Ameriprise Financial, Inc.	134	12,958	248.88	33,350	2.8	20,392	606	1.8

# HOLDINGS SUMMARY

## Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)

As of 06/30/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Bank of America Corp.	829	17,492	41.23	34,180	2.9	16,688	597	1.7
CIT Group, Inc.	197	8,109	51.59	10,163	0.9	2,054	276	2.7
JPMorgan Chase & Co.	213	14,506	155.54	33,130	2.8	18,624	767	2.3
Blackstone Group, Inc.	179	7,741	97.14	17,388	1.5	9,647	222	1.3
First Citizens BancShares, Inc. Cl A	12	9,059	832.74	9,993	0.8	934	23	0.2
Berkshire Hathaway, Inc. Cl B	152	23,129	277.92	42,244	3.6	19,114	0	0.0
KKR & Co., Inc	407	10,586	59.24	24,111	2.0	13,524	236	1.0
<b>Health Care</b>		<b>58,286</b>		<b>121,639</b>	<b>10.2</b>	<b>63,353</b>	<b>1,214</b>	<b>1.0</b>
Agilent Technologies, Inc.	85	6,307	147.81	12,564	1.1	6,257	66	0.5
Edwards Lifesciences Corp.	351	8,626	103.57	36,353	3.1	27,727	0	0.0
UnitedHealth Group, Inc.	92	20,463	400.44	36,840	3.1	16,378	460	1.2
Anthem, Inc.	62	12,442	381.80	23,672	2.0	11,230	280	1.2
Merck & Co, Inc.	157	10,448	77.77	12,210	1.0	1,762	408	3.3
<b>Industrials</b>		<b>47,339</b>		<b>87,837</b>	<b>7.4</b>	<b>40,498</b>	<b>736</b>	<b>0.8</b>
Canadian National Railway Co.	105	7,265	105.52	11,080	0.9	3,814	209	1.9
General Dynamics Corp.	33	4,517	188.26	6,213	0.5	1,695	157	2.5
Stericycle, Inc.	225	11,676	71.55	16,099	1.4	4,423	0	0.0
United Rentals, Inc.	61	4,498	319.01	19,460	1.6	14,962	0	0.0
Otis Worldwide Corp.	161	10,127	81.77	13,165	1.1	3,038	155	1.2
Carrier Global Corp.	449	9,256	48.60	21,821	1.8	12,566	216	1.0
<b>Information Technology</b>		<b>97,351</b>		<b>341,541</b>	<b>28.7</b>	<b>244,190</b>	<b>2,317</b>	<b>0.7</b>
Apple, Inc.	312	8,281	136.96	42,732	3.6	34,451	275	0.6
Accenture PLC	60	5,209	294.79	17,687	1.5	12,478	211	1.2
Analog Devices, Inc.	106	9,621	172.16	18,249	1.5	8,628	293	1.6
Intuit, Inc.	38	7,963	490.17	18,626	1.6	10,663	90	0.5
Mastercard, Inc.	153	17,359	365.09	55,859	4.7	38,500	269	0.5
Microsoft Corp.	267	19,083	270.90	72,330	6.1	53,247	598	0.8
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	180	6,788	120.16	21,629	1.8	14,841	251	1.2

# HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)

As of 06/30/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Visa, Inc.	258	19,303	233.82	60,326	5.1	41,023	330	0.5
PayPal Holdings, Inc	117	3,745	291.48	34,103	2.9	30,358	0	0.0
<b>Real Estate</b>		<b>15,170</b>		<b>28,792</b>	<b>2.4</b>	<b>13,622</b>	<b>447</b>	<b>1.6</b>
Crown Castle International Corp.	61	5,633	195.10	11,901	1.0	6,268	325	2.7
SBA Communications Corp.	53	9,537	318.70	16,891	1.4	7,354	123	0.7
<b>Total Portfolio</b>		<b>\$559,639</b>		<b>\$1,220,030</b>	<b>100.0</b>	<b>\$660,391</b>	<b>\$8,731</b>	

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# PORTFOLIO OVERVIEW

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Short)

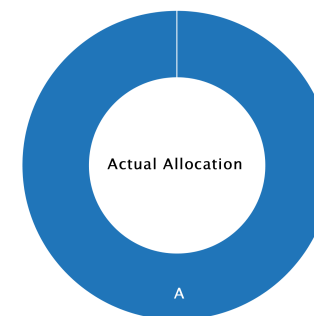
As of 06/30/2021

## Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
Cash & Equivalents	\$205,350	0.9	1.1	1.3	0.0	0.0
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$205,350</b>	<b>0.8</b>	<b>1.1</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL PORTFOLIO - NET</b>	<b>\$205,350</b>	<b>0.5</b>	<b>0.8</b>	<b>1.1</b>	<b>-0.2</b>	<b>-0.1</b>
Merrill Lynch 0-3 Month US Treasury Bill Index		0.9	1.1	1.3	0.1	0.0

## Asset Allocation

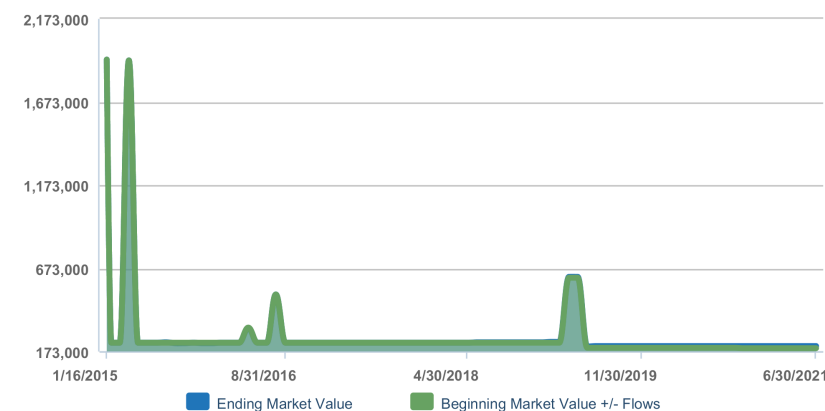


Asset Class	Weight	Target
<b>A</b> Cash	100.0%	40.0%
<b>B</b> Fixed Income	0.0%	60.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Change in Portfolio

	Inception to Date 01/16/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
<b>Beginning Portfolio Value</b>	<b>1,926,734</b>	<b>224,360</b>	<b>226,722</b>	<b>205,859</b>	<b>205,614</b>
Net Contributions / Withdrawals	-1,733,695	-32,579	-31,219	-585	-292
Market Value Gain / Loss	-8,949	-1,185	-279	0	0
Income	21,260	14,754	10,126	76	28
<b>Ending Market Value</b>	<b>\$205,350</b>	<b>\$205,350</b>	<b>\$205,350</b>	<b>\$205,350</b>	<b>\$205,350</b>

## Historical Market Value



All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.  
All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.  
Performance for periods greater than one year are annualized.

# HOLDINGS SUMMARY



Town Of Dewey Beach, Delaware - Beach Replenishment (Short)

As of 06/30/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>205,350</b>		<b>205,350</b>	<b>100.0</b>	<b>0</b>	<b>41</b>	<b>0.0</b>
<b>CASH</b>		<b>205,350</b>		<b>205,350</b>	<b>100.0</b>	<b>0</b>	<b>41</b>	<b>0.0</b>
First American Government Obligations Fund Cl Z		205,350		205,350	100.0	0	41	0.0
<b>Total Portfolio</b>		<b>\$205,350</b>		<b>\$205,350</b>	<b>100.0</b>	<b>\$0</b>	<b>\$41</b>	

The data contained herein is for informational purposes only and has been prepared from sources believed reliable but not guaranteed by us as to timeliness or accuracy. This information is not a complete summary or statement of all available data, and is not intended to be a suggestion or recommendation to engage in or refrain from a particular course of action. Please compare the investment information included in this report with the information you receive from your custodian and call your custodian or investment manager if you have questions or if there are any discrepancies.

# PORTFOLIO OVERVIEW

Group: Town Of Dewey Beach, Delaware - General Fund (Short)

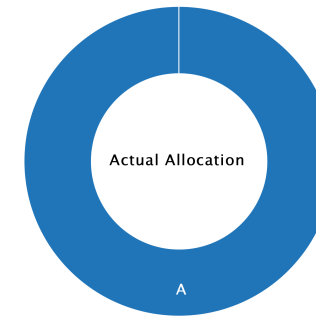
As of 06/30/2021

## Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
Cash & Equivalents	\$1,345,387	0.8	1.1	1.3	0.0	0.0
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$1,345,387</b>	<b>0.9</b>	<b>1.1</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL PORTFOLIO - NET</b>	<b>\$1,345,387</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>-0.2</b>	<b>-0.1</b>
Merrill Lynch 0-3 Month US Treasury Bill Index		0.9	1.1	1.3	0.1	0.0

## Asset Allocation

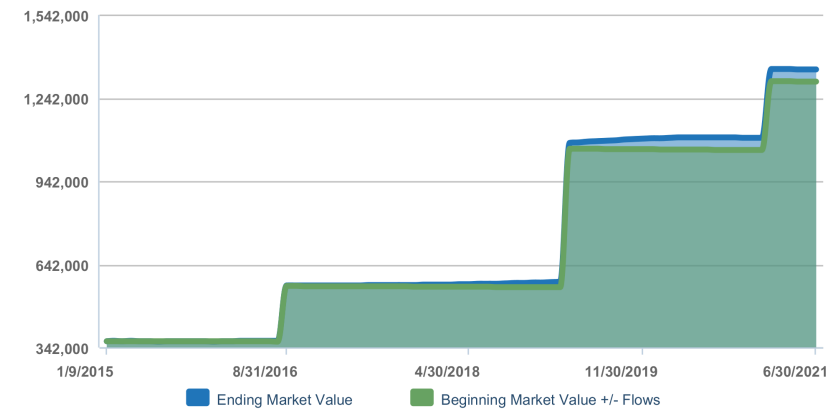


Asset Class	Weight	Target
<b>A</b> Cash	100.0%	40.0%
<b>B</b> Fixed Income	0.0%	60.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Change in Portfolio

	Inception to Date 01/09/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months	Year to Date
<b>Beginning Portfolio Value</b>	<b>364,182</b>	<b>365,278</b>	<b>571,558</b>	<b>1,099,490</b>	<b>1,098,182</b>
Net Contributions / Withdrawals	936,713	937,531	740,575	245,467	247,031
Market Value Gain / Loss	-8,063	-3,081	-814	1	0
Income	52,555	45,659	34,068	429	174
<b>Ending Market Value</b>	<b>\$1,345,387</b>	<b>\$1,345,387</b>	<b>\$1,345,387</b>	<b>\$1,345,387</b>	<b>\$1,345,387</b>

## Historical Market Value



All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.  
All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.  
Performance for periods greater than one year are annualized.

# HOLDINGS SUMMARY



Town Of Dewey Beach, Delaware - General Fund (Short)

As of 06/30/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>1,345,387</b>		<b>1,345,387</b>	<b>100.0</b>	<b>0</b>	<b>269</b>	<b>0.0</b>
<b>CASH</b>		<b>1,345,387</b>		<b>1,345,387</b>	<b>100.0</b>	<b>0</b>	<b>269</b>	<b>0.0</b>
First American Government Obligations Fund Cl Z		1,345,387		1,345,387	100.0	0	269	0.0
<b>Total Portfolio</b>		<b>\$1,345,387</b>		<b>\$1,345,387</b>	<b>100.0</b>	<b>\$0</b>	<b>\$269</b>	

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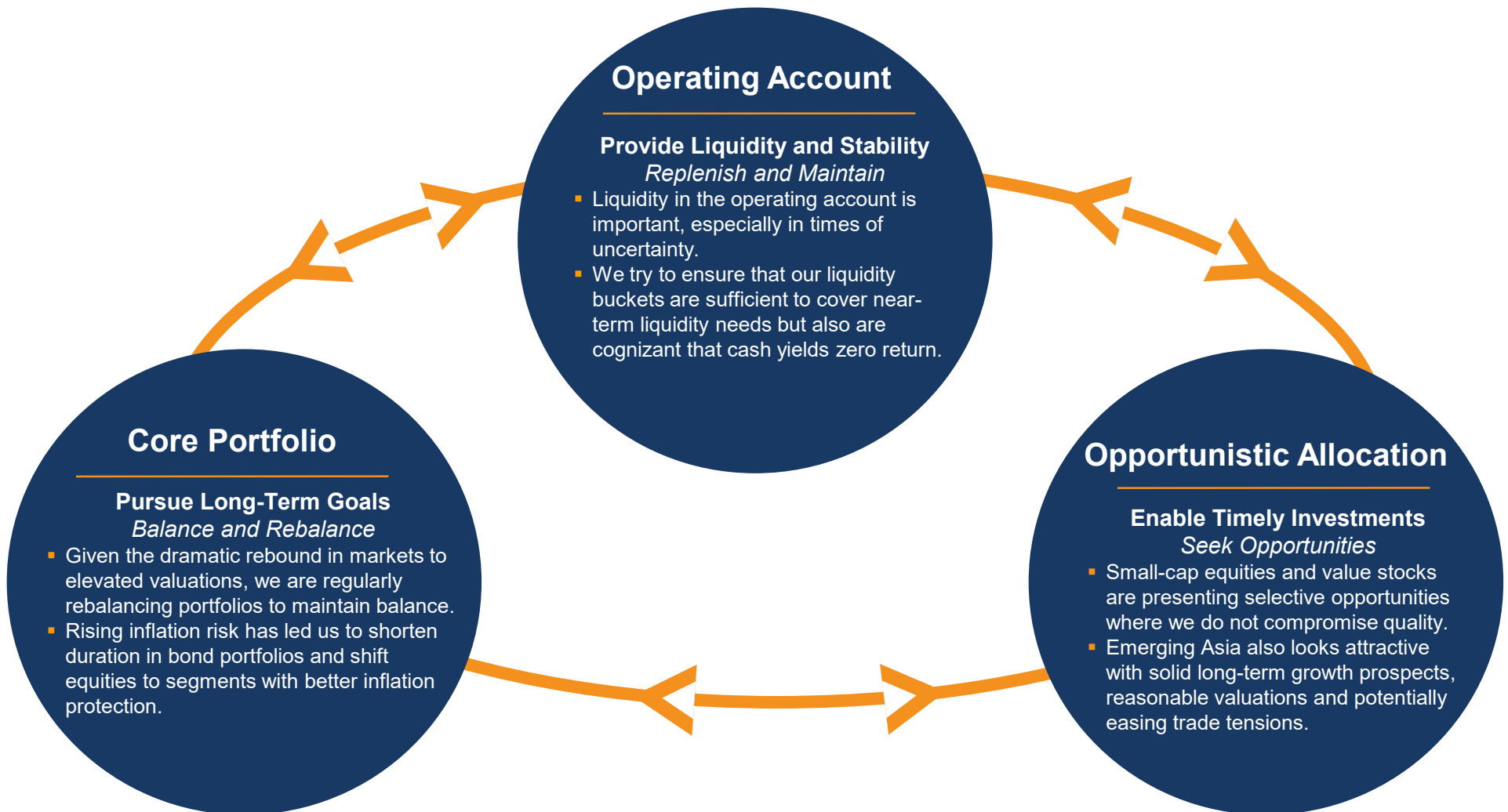
# THE BIG PICTURE

Our Investment Outlook

As of 06/30/2021

## The Three-Bucket Approach

Brown Advisory adheres to a “three-bucket” approach to portfolio construction. In practice, all three buckets may be part of the same portfolio, but it is useful to separate them conceptually. The diagram below illustrates how the three-bucket approach helps ensure adequate liquidity and manage risks, particularly during periods of elevated uncertainty.

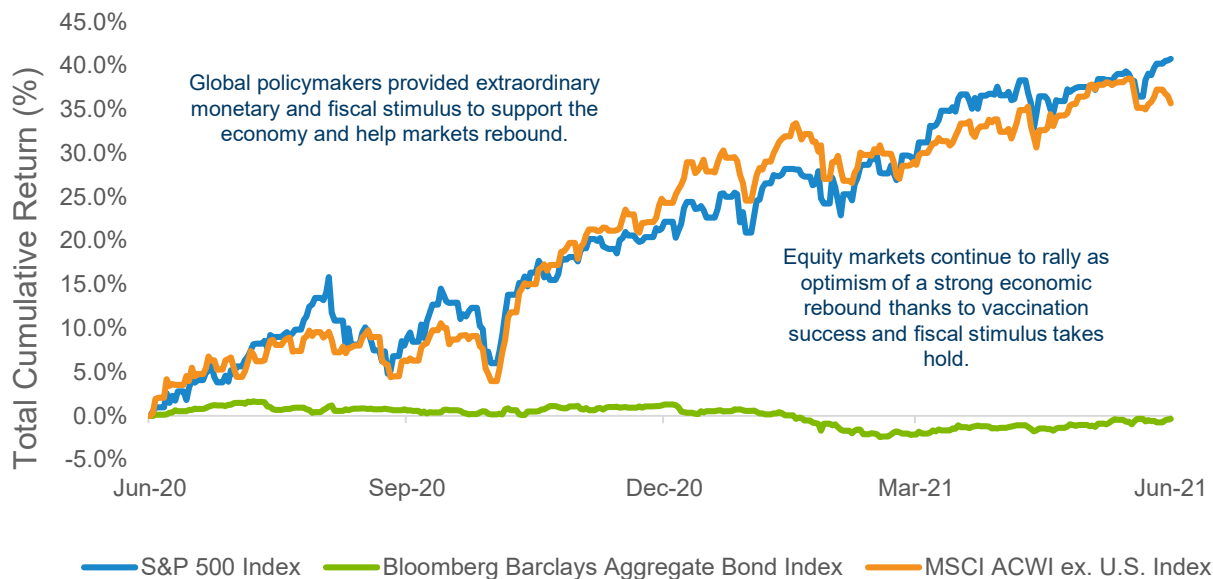


# GLOBAL MARKETS REWIND

As of June 30, 2021

Total Returns*	QTD	YTD	Trailing 1-Year	Trailing 3-Year
<b>Large-Cap U.S. Equities</b> S&P <sup>®</sup> 500 Index	8.5%	15.2%	40.8%	18.6%
<b>Small-Cap U.S. Equities</b> Russell 2000 <sup>®</sup> Index	4.3%	17.5%	62.0%	13.5%
<b>Developed International Equities</b> MSCI EAFE Net Total Return Index	5.2%	8.8%	32.4%	8.3%
<b>Emerging-Market Equities</b> MSCI Emerging Markets Net Total Index	5.0%	7.4%	40.9%	11.3%
<b>Investment-Grade Fixed Income</b> Bloomberg Barclays Aggregate Bond Index	1.8%	-1.6%	-0.3%	5.3%
<b>Municipal Fixed Income</b> Bloomberg Barclays Muni Bond 1-10 Year Blend Index	0.6%	0.4%	2.4%	3.9%
<b>High-Yield Fixed Income</b> Bloomberg Barclays U.S. Corporate High Yield Index	2.7%	3.6%	15.4%	7.4%
<b>Commodities</b> Bloomberg Commodity Index Total Return	13.3%	21.1%	45.6%	3.9%

Chart Data: 07/01/2020 – 06/30/2021



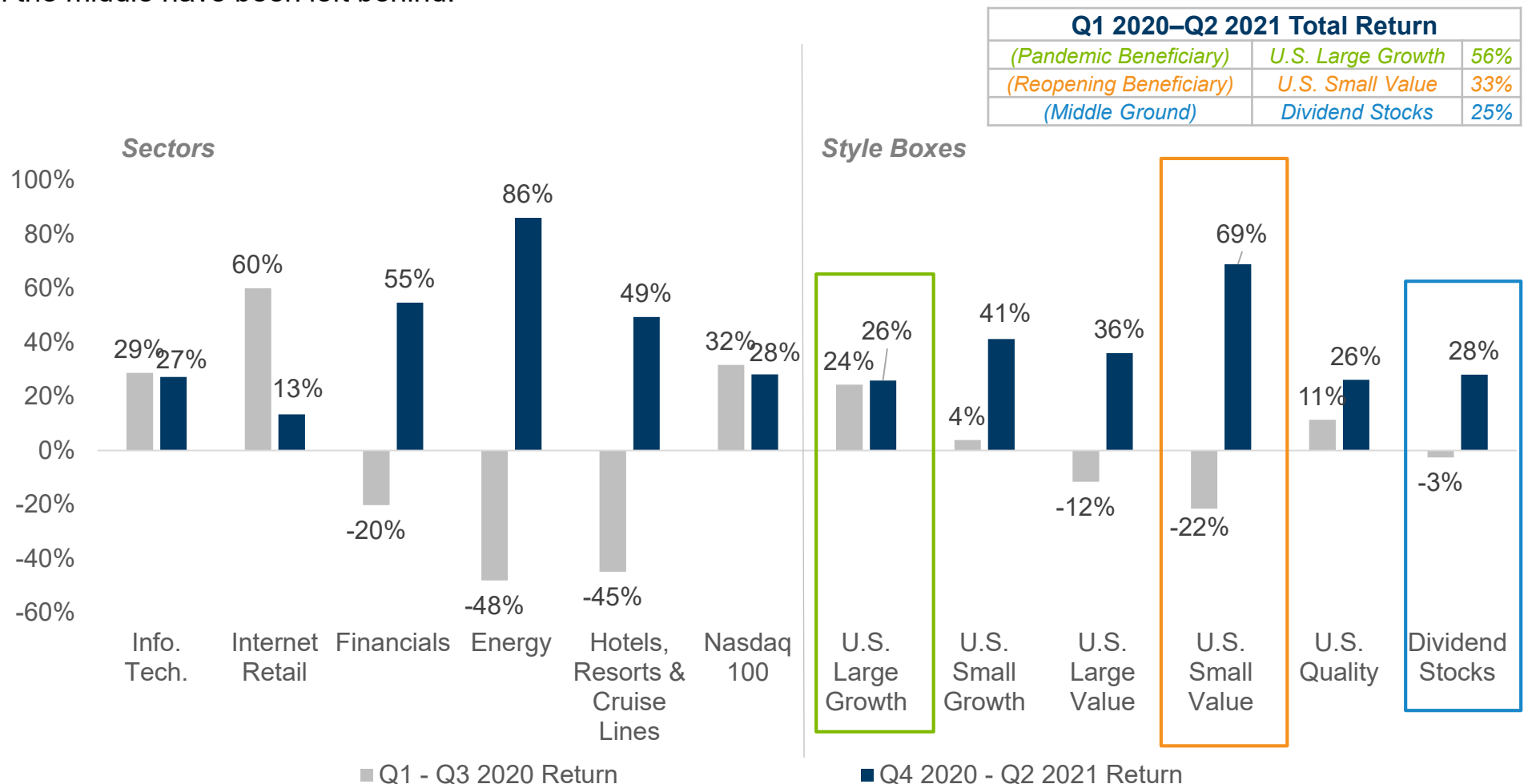
## Key Market Dynamics:

- The second quarter saw nearly all markets perform well as the global economy continues to recover from the pandemic.
- This economic optimism coupled with the historic stimulus efforts fueled concerns of inflation which hit multidecade highs in the U.S.
- Despite that, interest rates declined during the quarter, as most central banks are likely to keep short-term rates anchored for some time.
- The quarter did see a notable sell-off in some of the most speculative parts of the market, including cryptocurrencies and special purpose acquisition companies (SPACs).

# ROTATION OF MARKET LEADERSHIP

As of June 30, 2021

Since the rotation to value that began last fall, there has been a sharp reversal in market leadership in the wake of increased vaccination rates and elevated consumer discretionary income from continued stimulus disbursement. High-growth momentum and cyclical value dependent on this economic recovery have performed well, and those left in the middle have been left behind.



Source: Bloomberg. All commentary is as of 06/30/2021 unless otherwise noted. Please see the end of this presentation for important information. Using Russell 1000® Growth Index for U.S. Large Growth, Russell 2000® Growth Index for U.S. Small Growth, Russell 1000® Value Index for U.S. Large Value, Russell 2000® Value Index for U.S. Small Value, S&P 500® Dividend Aristocrats Total Return Index for Dividend Stocks, MSCI USA Quality Net TR Index for U.S. Quality, S&P 500® Information Technology GICS Sector Level 1 Index for Info. Tech., S&P 500® Internet Retail Sub Industry GICS Level 4 Index for Internet Retail, S&P 500® Financials GICS Sector Level 1 Index for Financials, S&P 500® Energy GICS Sector Level 1 Index for Energy, and S&P 500® Hotels Resorts & Cruise Lines Sub Industry GICS Level 4 Index for Hotels, Resorts & Cruise Lines.

# KEY QUESTIONS WE ARE CONSIDERING

As of June 30, 2021

## ***Will the recent surge of U.S. inflation be persistent?***

Inflation is currently at multidecade highs, but some inflationary pressure looks transitory. We are monitoring indicators such as wage inflation and inflation expectations to test the persistence. Companies with strong pricing power and cash flow-producing real assets appear attractive given this environment, as both could benefit from continued inflation but are not dependent upon it.

## ***What is the state of the global economic recovery?***

Most economic indicators are rebounding around the globe, with the U.S. and U.K. leading the way. However, employment growth has been sluggish, and employers are finding jobs hard to fill. These labor shortages, along with supply shortages, are holding back economic activity and fueling inflation, particularly in the U.S, creating an uncomfortable position for the Federal Reserve.

## ***Given low interest rates, is it worthwhile to invest in bonds?***

The return opportunity in bonds may be limited but it still represents a meaningful improvement over cash (which offers no return). Risk can be mitigated by moderating duration and investing in quality credits.

## ***Given high equity market valuations, how risky are equity investments?***

Broad valuation metrics are at the highest level since the height of the tech bubble, but there are plenty of segments where valuations are more reasonable. Asia ex-Japan and value-oriented investments both have valuations closer to historical norms and contain many quality companies. Discerning within equity investments is key to maintaining a solid, risk-adjusted return outlook.

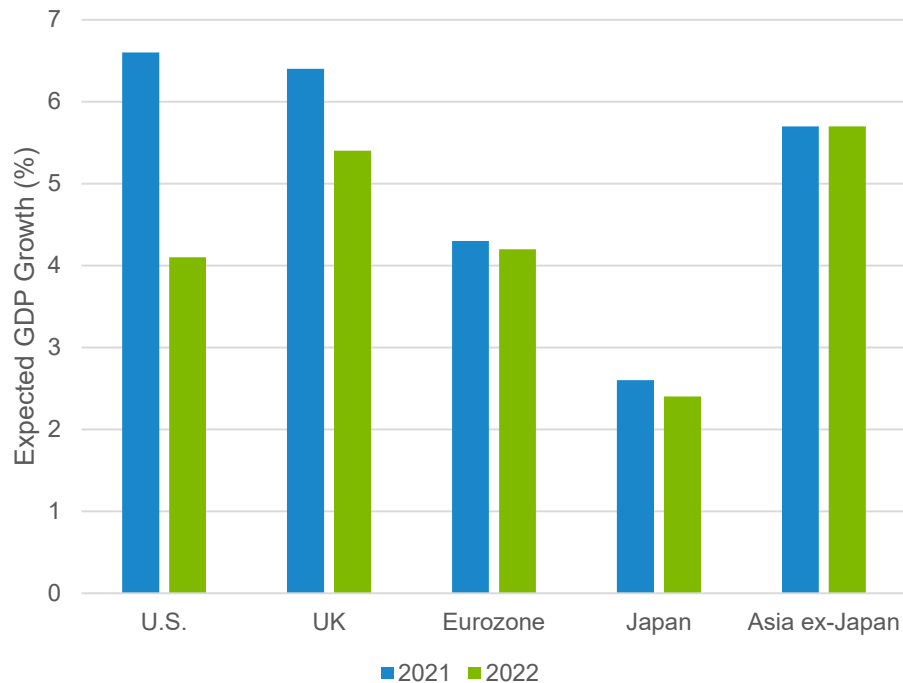
# POST-PANDEMIC RECOVERY BROADENING OUT

As of June 30, 2021

The U.S. and UK led the world in both the size of stimulus measures taken in response to the pandemic and in vaccine efforts, which have led to the strongest economic rebound. However, most other major economies are catching up with lower inflation and interest rate challenges.

## Larger stimulus measures and faster vaccine rollouts have spurred in the U.S. and U.K. but the recovery may broaden out...

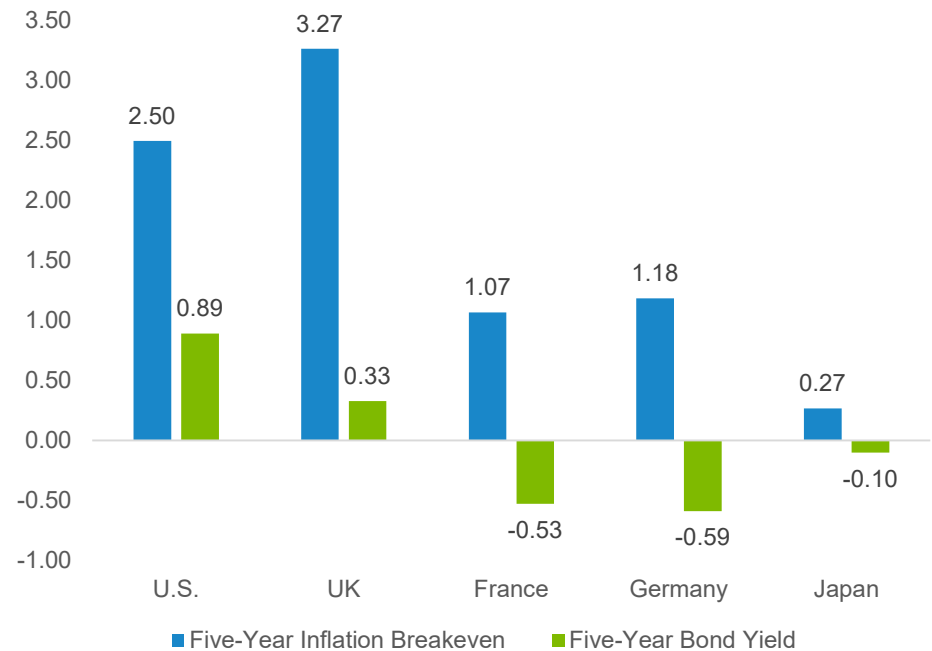
Economist Consensus GDP Growth for CY 2021 and 2022



Source: Bloomberg

## And inflationary and interest rate pressure is far lower outside of the U.S. and U.K.

Five-Year Inflation Breakevens and Five-year government bond yield as of 6/30/2021



Source: Bloomberg (inflation breakeven based on yield of inflation-Linked bond minus government bond yield)

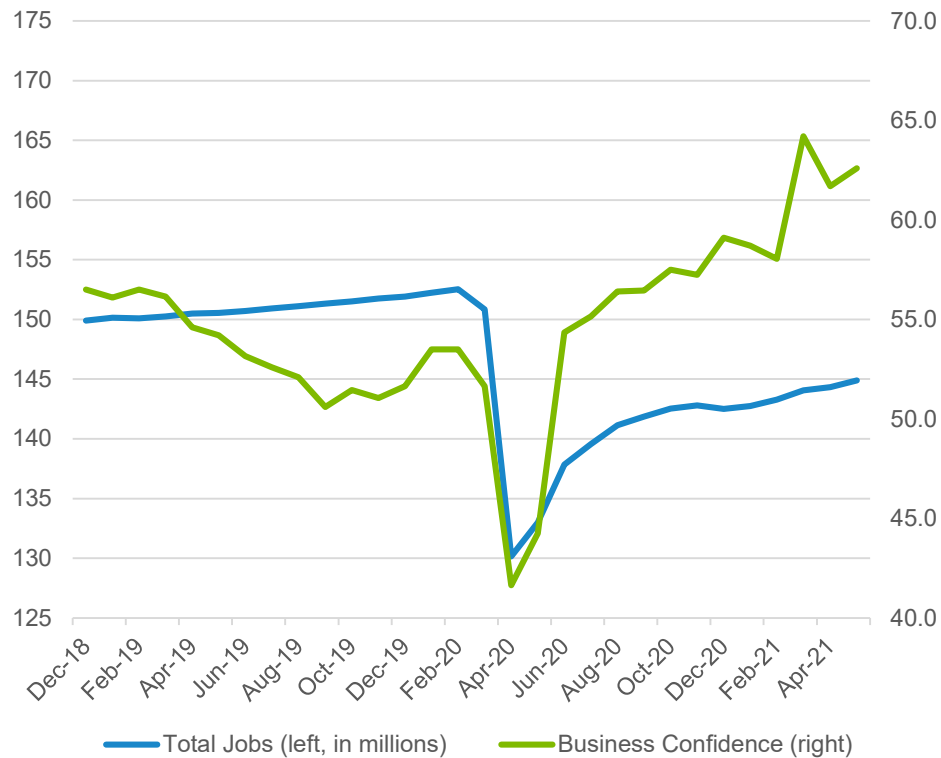
# U.S. ECONOMY BOUNCING BACK, BUT DISPARITIES REMAIN

As of June 30, 2021

U.S. economic activity has rebounded robustly during the first half of 2021, but employment remains well below pre-pandemic levels. Despite this, labor market conditions appear tight, which, along with supply challenges, are constraining production and fueling inflation. The coming months will be key to seeing if these issues ameliorate.

## Economic sentiment has rebounded, but employment remains well below pre-pandemic levels.

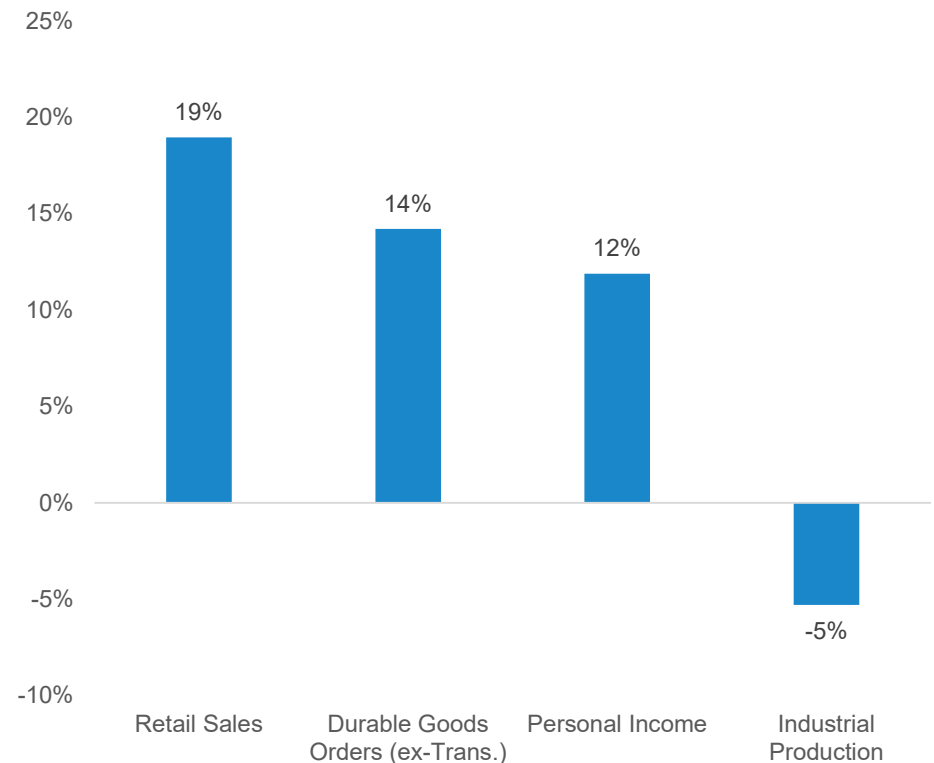
Total Non-Farm Payrolls and ISM PMI surveys: 12/31/2018-5/31/2021



Source: Bloomberg

## Consumers and Businesses are spending, but the economy's production is constrained by labor and supply shortages.

Cumulative growth since end of 2019 as of 5/31/2021



Sources: Census Bureau, BEA and Federal Reserve

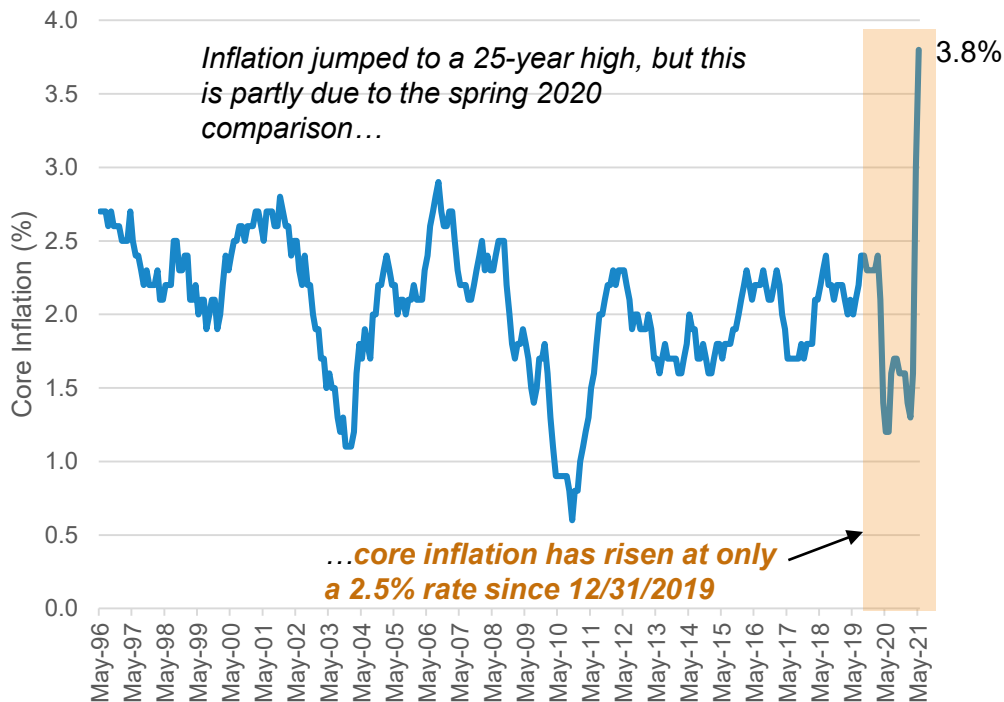
# INFLATION IS BACK BUT HOW PERSISTENT WILL IT BE?

As of June 30, 2021

U.S. inflation has risen meaningfully in recent months driven by rising demand and supply constraints, but some of these supply pressures should be transitory, as shown by the recent decline in lumber prices. As a result, inflation expectations—a key leading indicator—have receded modestly but remain elevated.

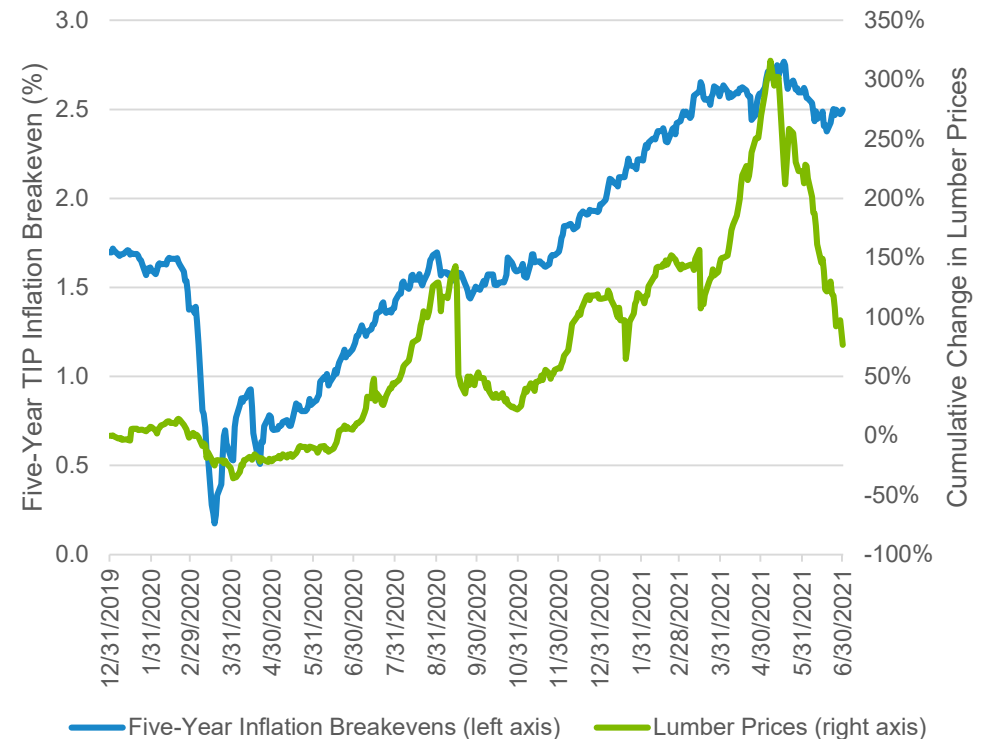
## Core inflation is at its highest level since 1992, showing that rising demand and constrained supply are fueling inflation...

U.S. Core CPI (year over year) – 05/31/1996-05/31/2021



## But inflation expectations have modestly declined as pricing pressure in some key commodities, like lumber, recede.

Five-Year U.S. TIPS Breakevens, Lumber Prices: 12/31/2019-6/30/2021



Source: Bureau of Labor Statistics

Source: Bloomberg, LP

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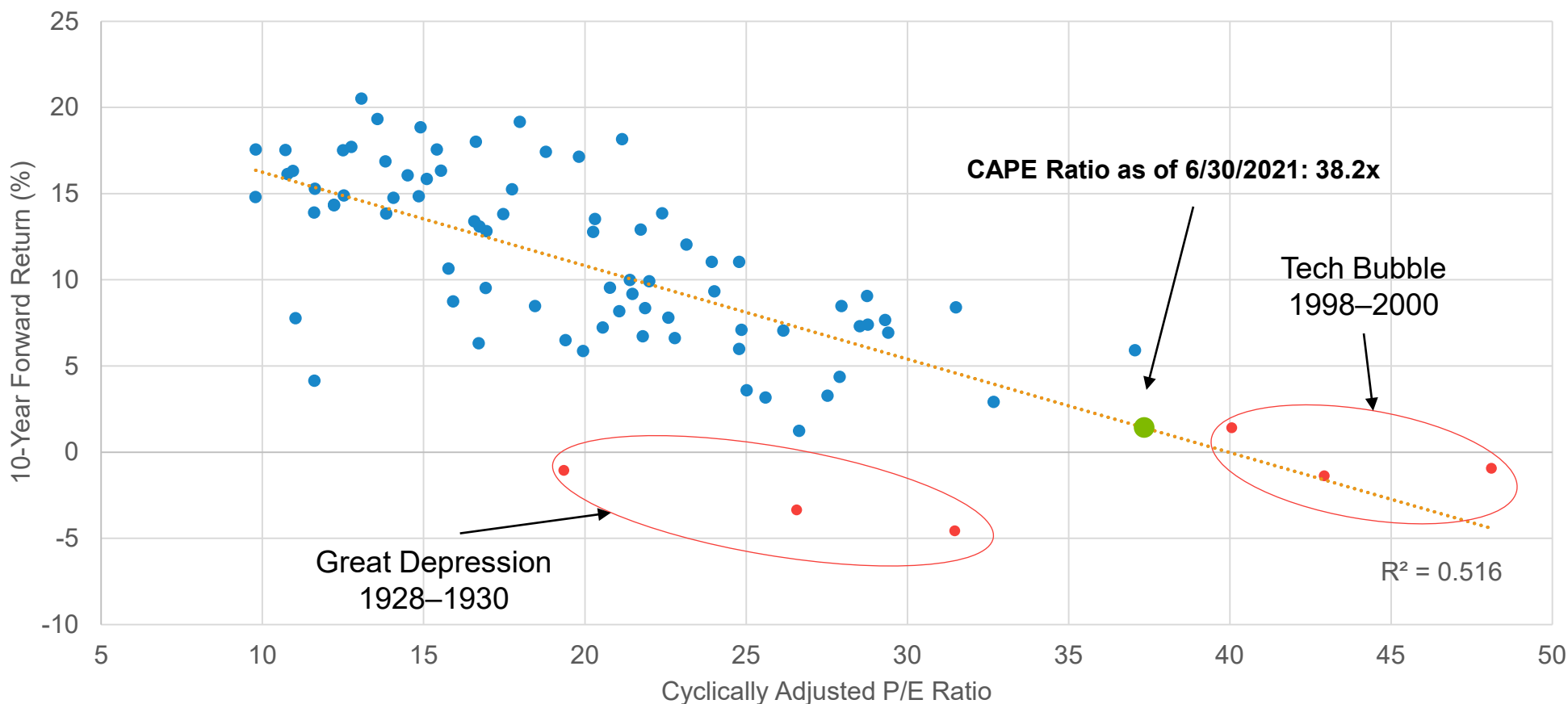
# ELEVATED VALUATIONS WILL LIKELY DAMPEN RETURNS

As of June 30, 2021

The rebound in equity markets has lifted valuations, and this will likely constrain equity market returns going forward. We expect stock returns to remain well above those of cash and bonds, given current interest rates, but we still have sought alternatives to traditional equity and bond markets.

## Historically, Higher Valuations (X-axis) Have Correlated with Lower Returns (Y-axis)

S&P<sup>®</sup> 500 Index Cyclically-Adjusted P/E (CAPE) Ratio and 10-Year Annualized Returns, 12/31/1928–12/31/2010



Source: Bloomberg, LP, Brown Advisory Analysis. Data from 12/31/1928–12/31/2010. The chart above is an annual scatter plot where the horizontal axis represents starting annual CAPE ratios from 12/31/1928 to 12/31/2010 and the vertical axis represents forward 10-year annualized returns for the same time period. The orange line represents the statistical analysis performed by Brown Advisory to highlight the degree of correlation between the two measurements.  $R^2$  represents the percent of total variation in total returns that can be explained by the CAPE ratio. Estimated U.S. return using statistical regression and Brown Advisory analysis.

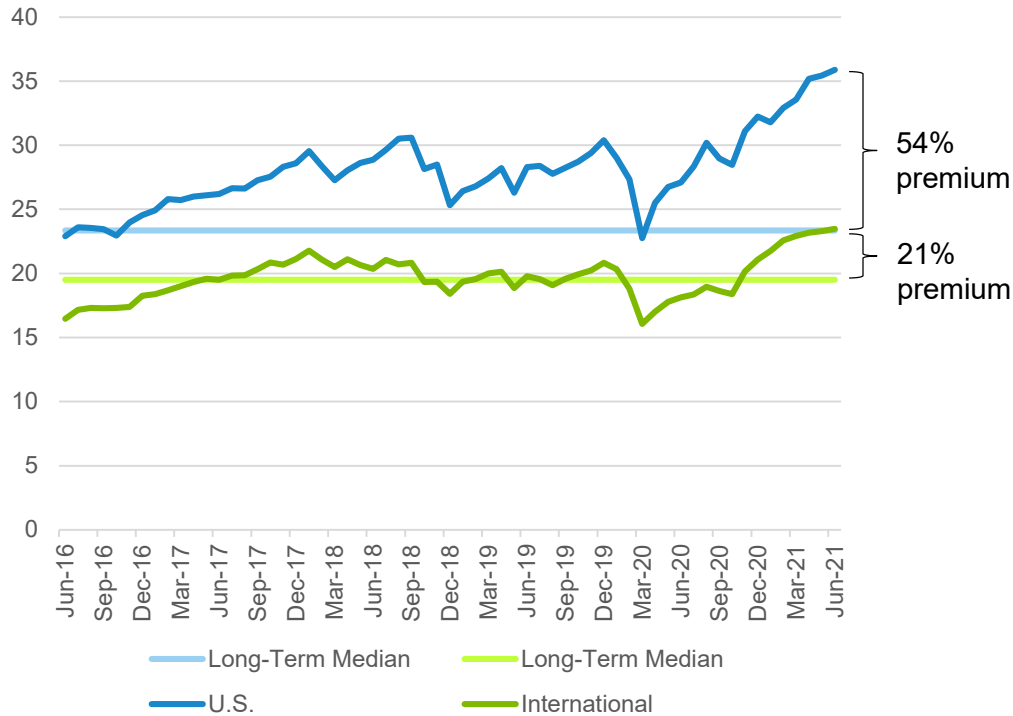
# VALUATIONS FAR LOWER OUTSIDE U.S. LARGE-CAP

As of June 30, 2021

While valuations are broadly elevated, the magnitude varies meaningfully. Non-U.S., value-oriented, and smaller-cap stocks are all far closer to historical norms than U.S. large-cap stocks, highlighting the need for balance in portfolios.

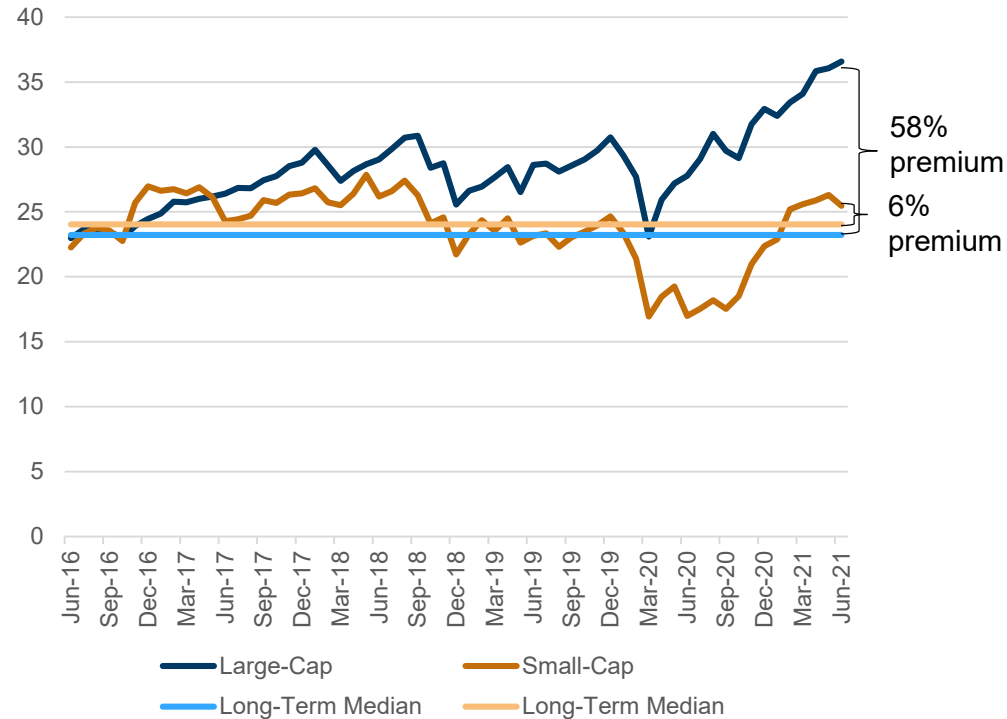
## While global valuations are elevated, U.S. markets are more extreme than the rest of the world.

Cyclically-adjusted P/E ratios of S&P 500, MSCI ACWI ex-U.S. – 6/30/2016-6/30/2021



## Despite the recent strong performance for small-cap, valuations are far closer to historical norms than large-cap.

Cyclically-adjusted P/E ratios of Russell 1000 and Russell 2000 – 6/30/2016-6/30/2021



Source: Bloomberg, LP

Source: Bloomberg, LP

# QUALITY PREMIUM HAS COMPRESSED GIVEN THE RECENT RALLY IN LOWER-QUALITY STOCKS

As of June 30, 2021

Higher-quality stocks, as measured by return on invested capital, have lagged in recent months as the “reopening” trade has boosted highly cyclical and leveraged companies. However, for long-term investors, we believe this has created an attractive opportunity to invest in high-quality businesses at unusually low premiums to the general market.

## MSCI ACWI Constituents Ranked by Return on Invested Capital

Quintile Median Fundamental Statistics and Total Return

Quintile Ranked by ROIC	Total Return Since Value Rotation*	Fwd. P/E	EV/ Sales	Net Debt/ EBITDA	Operating Margin	ROIC
1 <sup>st</sup> Quintile	22.4%	24.2x	4.4x	0.0	22.1%	19.4%
2 <sup>nd</sup> Quintile	21.6%	19.5x	3.0x	0.9	15.6%	10.0%
3 <sup>rd</sup> Quintile	24.1%	16.2x	2.4x	1.6	13.2%	6.3%
4 <sup>th</sup> Quintile	28.7%	17.0x	3.3x	3.4	12.6%	3.5%
5 <sup>th</sup> Quintile	30.0%	19.5x	4.7x	4.0	-1.8%	-1.6%

**Similar valuations** (arrow pointing to EV/Sales of 2.4x in 3rd Quintile)  
**Lower Leverage** (arrow pointing to Net Debt/EBITDA of 1.6 in 3rd Quintile)  
**More Profit** (arrow pointing to Operating Margin of 13.2% in 3rd Quintile)

Source: Bloomberg, LP, Brown Advisory Analysis. Return on invested capital (ROIC) is calculated as a company's trailing 12-month net operating profit after tax divided by total invested capital. \*Value rotation start date marked by U.S. election on Nov. 4, 2020.

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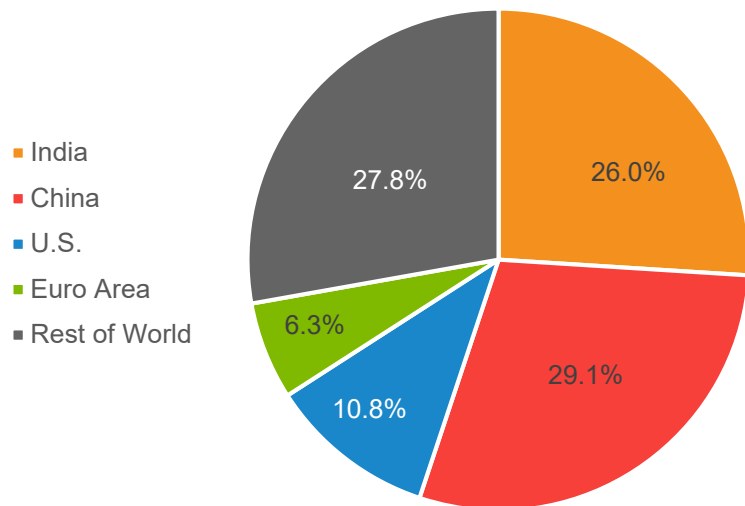
# SHORT-TERM VOLATILITY CREATING LONG-TERM OPPORTUNITY IN ASIA

As of June 30, 2021

Regulatory risk from China, a spike in COVID-19 cases, and general sell-off in growth-oriented markets have caused Asian equities to underperform year-to-date and valuations to fall below most of the world. However, the long-term growth drivers in Asia still appear strong, which we believe creates a compelling long-term investment opportunity.

## Asia is expected to contribute more than half of global GDP growth over the next twenty years...

Percent of Global GDP Growth, 2021 – 2041\*



Source: OECD. \*Forecasts made by OECD through 2041

## Yet Asian equities offer lower valuations and stronger profitability than most other geographies.

Valuations, Profitability Measures and Bloomberg Consensus Sales Growth Expectations

Region/Country	Cyclically-Adjusted P/E Ratio	Net Margin	Return on Equity	Sales Growth (Fwd. 2 Years)
U.S.	36.9x	12.6%	14.0%	6.5%
Europe	25.2x	8.7%	6.9%	4.4%
Japan	24.0x	8.2%	7.7%	3.7%
Asia ex. Japan	21.9x	12.2%	11.1%	10.9%

Source: Bloomberg, LP. U.S. using S&P 500 Index, Europe using MSCI Europe Index, Japan using MSCI Japan Index, Asia ex. Japan using MSCI AC Asia ex. Japan Index. Fwd. 2 years based on FY2022 estimates.

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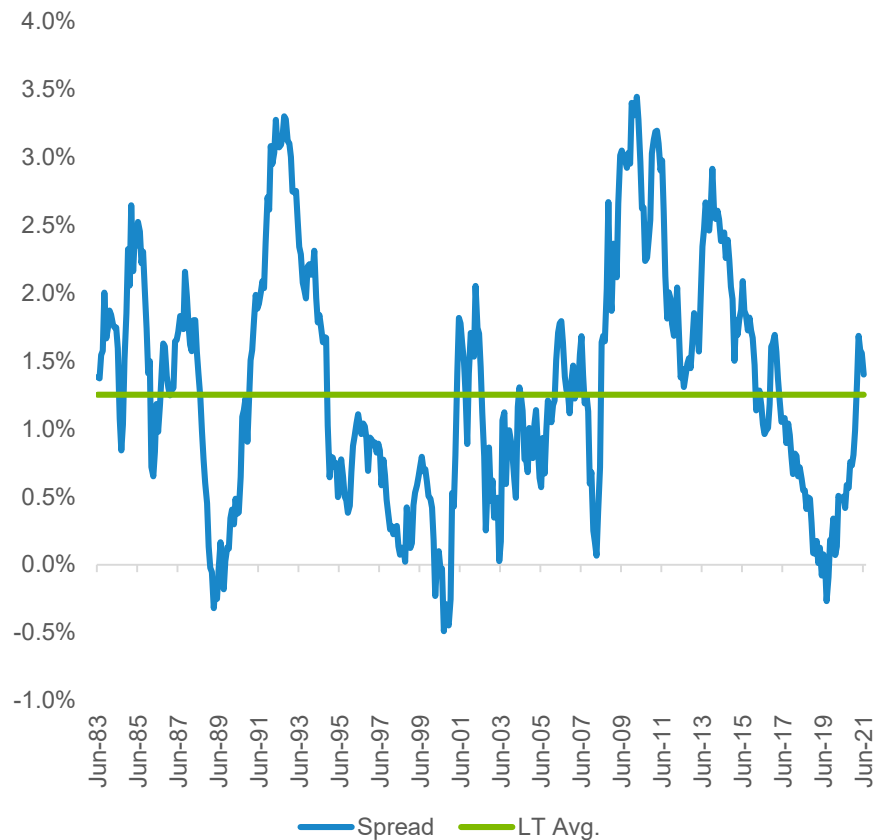
# BOND RISK AND UTILITY IN PERSPECTIVE

As of June 30, 2021

Bond yields are low in absolute terms and relative to inflation. But with cash currently offering zero return, bonds can offer an above-average yield advantage relative to cash at a low level of risk that can be further mitigated by prudently managing credit quality and duration.

## The additional yield from intermediate bonds relative to cash is slightly above the long-term average.

Yield Spread between 10-Year U.S. Treasury Note and 1-Month U.S. Treasury Bill



Source: Bloomberg, LP

## Historically, stocks have experienced much deeper and prolonged drawdown periods compared to bonds.

Top 5 Stock and Bond Drawdowns Since 1970

	Stocks			Bonds		
	Trough	Decline	Length (months)	Trough	Decline	Length (months)
<b>1</b>	2009	-51.0%	54	1980	-8.9%	11
<b>2</b>	2002	-44.7%	75	1981	-8.5%	19
<b>3</b>	1974	-42.6%	43	1994	-6.9%	17
<b>4</b>	1987	-29.6%	22	1971	-4.9%	8
<b>5</b>	2020	-19.6%	8	2009	-4.3%	12
<b>Avg.</b>		<b>-37.5%</b>	<b>40</b>		<b>-6.7%</b>	<b>13</b>

Source: Morningstar. Stocks – S&P 500 Index Bonds – Ibbotson Associates US Intermediate Government TR Index. Analysis utilizing monthly returns. Length measured peak to peak.

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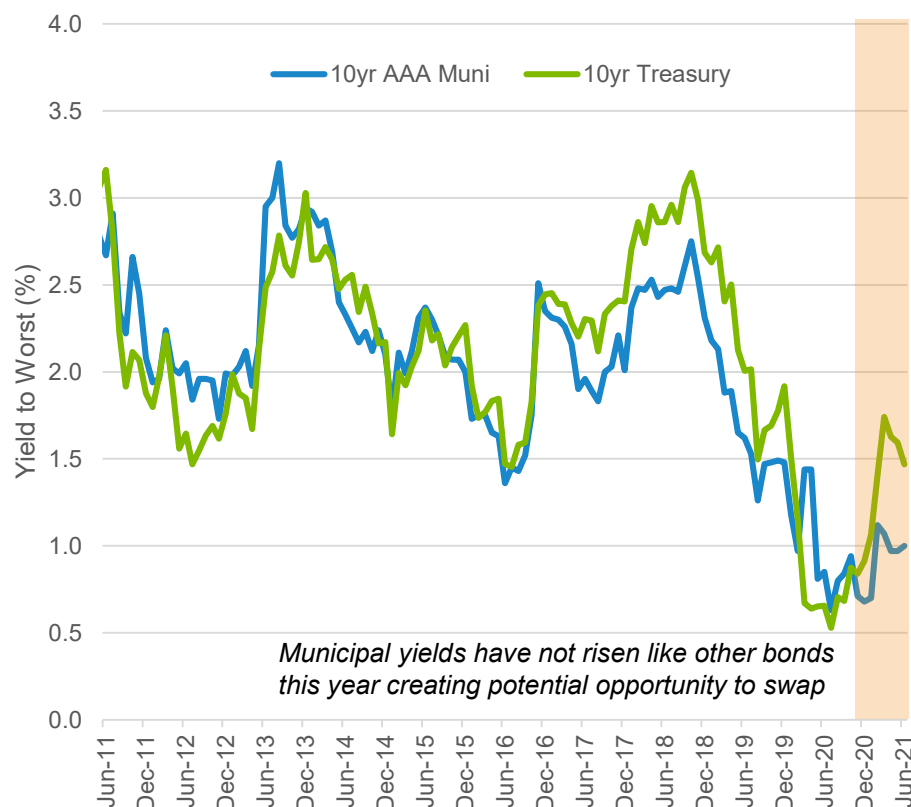
# BEWARE THE DANGER OF STRETCHING FOR YIELD

As of June 30, 2021

Most high quality bond yields are low, including municipal bonds, but some taxable sectors currently offer better after-tax yields with less risk. Adding credit risk may be tempting to boost yield but credit spreads are near historical lows meaning that the additional yield gained may be generally unattractive compared to the risk taken.

## High quality bond yields rose slightly this year from low levels, but municipal yields remain historically low.

Yield to Worst (%) 06/30/2011 – 06/30/2021



Source: Bloomberg, LP

## Spreads across the credit spectrum have recovered, and caution is warranted when stretching for higher yields.

Yield Spread and Return Analysis

	Agency RMBS	IG Corporate	HY Corporate	Bank Loans	Preferred Equity
<b>Current Yield</b>	1.8%	2.0%	3.8%	4.3%	1.8%
<b>Current Spread Percentile</b>	26%	1%	2%	19%	33%
<b>March 2020 Drawdown Period*</b>	0.3%	-13.2%	-18.7%	-19.4%	-20.9%
<b>Trailing 1 Year Return</b>	-0.4%	3.3%	15.4%	11.7%	11.9%

Source: Bloomberg, LP

\*March 2020 Drawdown Period: 2/28/20 – 3/23/20

Note: All commentary is as of 06/30/2021 unless otherwise noted. Please see the end of this presentation for important information.

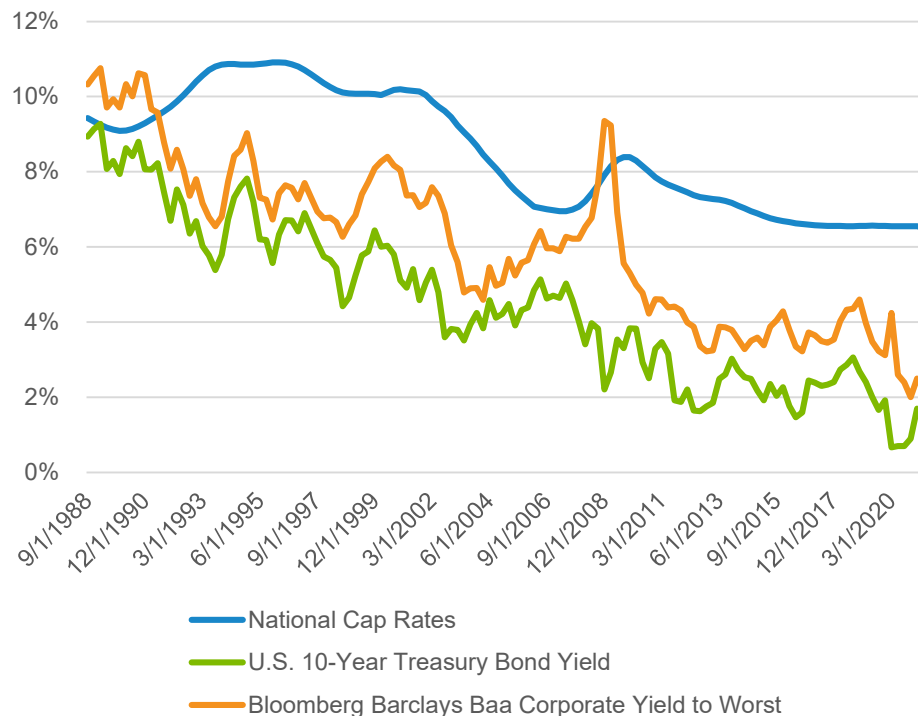
# CASH-FLOWING REAL ASSETS CAN OFFER OPPORTUNITY WITH INFLATION PROTECTION

As of June 30, 2021

Cash-flow producing real assets, like investing in established real estate, can offer a solid cash flow yield with a double benefit from inflation: revenues that generally grow with inflation and rising asset valuations. Additionally, many types of real assets are typically less economically sensitive than equities, creating a lower risk profile.

## Cap rate valuations in real estate currently offer an unusually large premium to credit and bond markets.

Rates and Yield data as of 06/30/2021



Source: CoStar, Bloomberg, LP. Using the CoStar average market cap rates as National Cap Rates.

## Real estate has produced strong returns in most inflationary environments over the last 50 years.

Annualized historical asset returns during inflationary periods

Period	Trough CPI	Peak CPI	Real Estate CAGR	U.S. Stocks CAGR	U.S. Bonds CAGR
1972-1980	2.7%	14.8%	<b>10.1%</b>	3.9%	3.6%
1986-1990	1.1%	6.3%	0.3%	<b>11.3%</b>	8.2%
2002-2008	1.1%	5.6%	<b>14.3%</b>	3.7%	5.0%
2009-2011	-2.1%	3.9%	<b>23.7%</b>	8.7%	7.2%

Source: Bloomberg, LP. Using the FTSE NAREIT All Equity REIT Index as Real Estate, S&P 500 as U.S. Stocks and 5-Year Treasury (before 1973), Bloomberg Barclays Government/Credit Index (January 1973 - December 1975) and Bloomberg Barclays U.S. Aggregate Bond Index (January 1976 - Present) as US Bonds.

Note: All commentary is as of 06/30/2021 unless otherwise noted. Please see the end of this presentation for important information.

# CURRENT POSITIONING BY MAJOR ASSET CLASS

As of June 30, 2021

While economic optimism continues to increase, valuations are historically elevated and interest rates remain low, constraining long-term returns in both equities and bonds. Therefore, we seek to maintain balance in portfolios. Additionally, we are considering alternatives and diversifying strategies given low long-term return outlooks for traditional asset classes.

Asset Class	Decision	Rationale
Public Equities	Within U.S. equities, emphasizing high quality companies within the value-oriented and smaller-cap portion of the market	The market has been bifurcated over the last year with high growth stocks and those playing into the cyclical “re-opening” trade performing well and traded at very high valuations. We believe this has left long-term opportunity in high quality companies in the value and small-cap universe.
	Focus on emerging Asia within international equities	Emerging markets in Asia feature strong long-term growth prospects and lower valuations than the U.S and similar valuations to markets with more challenging long-term economic dynamics like Europe and Japan.
Fixed Income	Maintaining shorter-duration posture across bond portfolios	Inflation risk creates both the potential for higher interest rates but also reduces the diversification value of longer-duration bonds. This risk is particularly acute in tax-exempt portfolios given tight spreads in municipal bonds and shorter-duration taxable bonds can offer value.
	Limiting exposure to lower-rated credits	Low bond yields create a temptation to reach for yield in lower-rated bonds and current spreads are well below historical norms which provides little compensation for the extra risk.
Private Investments*	Continue allocation to traditional private asset classes, but increase emphasis on real assets like established real estate	While valuations in private markets have risen along with public markets, we still see meaningful long-term value in private equity. Furthermore, private real estate offers opportunity for solid returns and inflation protection.
Hedge Funds*	Look for opportunities to find diversifying strategies with idiosyncratic return streams	With the outlook for long-term returns in traditional equities and bonds well below historical norms, hedged strategies that can offer differentiated return streams can help add return and diversification.

Source: Brown Advisory Analysis. \*Alternative investments may be available for qualified purchasers and accredited investors only. Note: All commentary is as of 06/30/2021 unless otherwise noted. Please see the end of this presentation for important information.

# LONG-TERM INVESTMENT THEMES

As of June 30, 2021

While there is great uncertainty and elevated valuations in the current environment, we still see meaningful long-term opportunity created by the underlying securities we invest in. Here are some examples of themes we believe are capable of driving returns for many years to come.

## ***Emerging Asia Middle Class***

Asia contains half the world's population and continues to benefit from positive economic reforms that support above-average economic growth and a rapidly growing middle class. The region is expected to account for over half of global GDP growth over the next 20 years, while today, it only accounts for approximately 12% of global equity market cap.

## ***Health Care Innovation***

Health care continues to be a space for long-term innovation and value creation, as evidenced by the rapid turnaround on vaccinations for COVID-19 (nine months versus 10–40 years). Current exploration in gene editing, personalized medicine, telemedicine and advancement in disease treatment should continue to benefit society and expand the investment horizon.

## ***Cloud/Digitization***

Cloud computing enables companies cost-efficient access to the most powerful systems of the tech giants. Adoption is accelerating but is still in the early stages. Worldwide end-user spending on public cloud services is forecasted to grow 18.4% in 2021 to total \$304.9 billion.

## ***Environmentally and Socially Aligned Opportunities***

Aligning portfolios and business models to help solve the greatest environmental and social challenges of our time can produce both societal benefits and long-term returns. The value of progressing issues, such as diversity and sustainability—including climate change led innovations in energy—should accrue to society and shareholders alike.

## ***E-Commerce***

As retailers find more cost efficiency in direct-to-consumer sales, supported by the concurrent changes in digital payments, growth in this area is expected to continue and accelerate due to the pandemic-induced changes in consumer behavior. 2020 saw 30–40% growth in e-commerce sales.

## ***Fin Tech***

Financial technology is seeing a burst of innovation in several areas that should create value and efficiencies for businesses and consumers for many years. For example, the total value of digital payments grew from \$1.1 trillion in 2010 to \$2.0 trillion in 2019, but cash still represents 70% of global transactions, leaving a long runway for growth.

## **THE BIG PICTURE ADDENDUM**

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As of June 30, 2021

# THE CASE FOR DIVERSIFICATION

As of June 30, 2021

## Calendar Year Index Returns (%)

Data through June 30, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD 2021	Trailing 10-Year Annualized
<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">Best Performing</div> <div style="flex-grow: 1; border-left: 1px solid black; border-right: 1px solid black; position: relative;"> <div style="position: absolute; top: -10px; left: 50%; transform: translate(-50%, -50%);">↑</div> <div style="position: absolute; bottom: -10px; left: 50%; transform: translate(-50%, -50%);">↓</div> </div> </div>	Em. Mkts. 18.2%	U.S. Small 38.8%	U.S. Large 13.7%	U.S. Large 1.4%	U.S. Small 21.3%	Em. Mkts. 37.3%	IG Bonds 0.0%	U.S. Large 31.5%	U.S. Small 19.9%	Commodities 21.1%	U.S. Large 14.8%
	Dev. Intl. 17.3%	U.S. Large 32.4%	IG Bonds 6.0%	IG Bonds 0.5%	U.S. Large 12.0%	Dev. Intl. 25.0%	U.S. Large -4.4%	U.S. Small 25.5%	U.S. Large 18.4%	U.S. Small 17.5%	U.S. Small 12.3%
	U.S. Small 16.4%	Dev. Intl. 22.8%	U.S. Small 4.9%	Dev. Intl. -0.8%	Commodities 11.8%	U.S. Large 21.8%	U.S. Small -11.0%	Dev. Intl. 22.0%	Em. Mkts. 18.3%	U.S. Large 15.2%	Dev. Intl. 5.9%
	U.S. Large 16.0%	IG Bonds -2.0%	Em. Mkts. -2.2%	U.S. Small -4.4%	Em. Mkts. 11.2%	U.S. Small 14.6%	Commodities -11.2%	Em. Mkts. 18.4%	Dev. Intl. 7.8%	Dev. Intl. 8.8%	Em. Mkts. 4.3%
	IG Bonds 4.2%	Em. Mkts. -2.6%	Dev. Intl. -4.9%	Em. Mkts. -14.9%	IG Bonds 2.6%	IG Bonds 3.5%	Dev. Intl. -13.8%	IG Bonds 8.7%	IG Bonds 7.5%	Em. Mkts. 7.4%	IG Bonds 3.4%
	Commodities -1.1%	Commodities -9.5%	Commodities -17.0%	Commodities -24.7%	Dev. Intl. 1.0%	Commodities 1.7%	Em. Mkts. -14.6%	Commodities 7.7%	Commodities -3.1%	IG Bonds -1.6%	Commodities -4.4%

Source: Bloomberg. Indices: IG Bonds – Bloomberg Barclays Aggregate Bond Index; U.S. Large-Cap – S&P 500 Index; U.S. Small-Cap – Russell 2000 Index; Dev. Intl. – MSCI EAFE Net Total Return USD Index; Em. Mkts. – MSCI Emerging Markets Net Total Return USD Index; Commodities – Bloomberg Commodity Index Total Return (BCOMTR). Note: Commentary on this slide is as of 06/30/2021. Please see the end of this presentation for important information.

# THE CASE FOR DIVERSIFICATION

As of June 30, 2021

## Trailing Five-Year Annualized Returns

Data through June 30, 2021

		Trailing Five-Year Annualized Returns						Trailing 20-Year Annualized Returns	
		1995	2000	2005	2010	2015	2020	Q2 2021	
Best Performing ↑ ↓ Worst Performing	Em. Mkts.	+20.5%	U.S. Large +18.3%	Em. Mkts. +19.3%	Em. Mkts. +13.1%	U.S. Large +12.6%	U.S. Large +15.2%	U.S. Large +17.6%	Em. Mkts. +10.5%
	U.S. Small	+19.4%	U.S. Small +10.3%	Commodities +10.7%	HY Bonds +8.9%	U.S. Small +9.2%	Em. Mkts. +13.2%	U.S. Small +16.4%	U.S. Small +9.5%
	HY Bonds	+18.5%	Commodities +7.3%	HY Bonds +8.8%	IG Bonds +5.8%	70/30 Portfolio +5.7%	U.S. Small +13.2%	Em. Mkts. +13.4%	U.S. Large +8.6%
	U.S. Large	+16.6%	Dev. Intl. +7.1%	U.S. Small +8.2%	70/30 Portfolio +4.6%	HY Bonds +5.0%	70/30 Portfolio +10.3%	70/30 Portfolio +11.6%	HY Bonds +7.8%
	70/30 Portfolio	+10.1%	IG Bonds +6.4%	IG Bonds +5.9%	U.S. Small +4.4%	Dev. Intl. +3.6%	HY Bonds +8.6%	Dev. Intl. +10.3%	70/30 Portfolio +6.9%
	IG Bonds	+9.5%	70/30 Portfolio +4.9%	Dev. Intl. +4.6%	Dev. Intl. +2.5%	IG Bonds +3.2%	Dev. Intl. +7.4%	HY Bonds +7.5%	Dev. Intl. +5.9%
	Dev. Intl.	+9.4%	HY Bonds +4.3%	70/30 Portfolio +4.2%	U.S. Large +2.3%	Em. Mkts. -4.5%	IG Bonds +4.4%	IG Bonds +3.0%	IG Bonds +4.6%
	Commodities	+4.8%	Em. Mkts. -4.4%	U.S. Large +0.5%	Commodities +1.2%	Commodities -13.5%	Commodities +1.0%	Commodities +2.4%	Commodities +0.9%

Source: Bloomberg. Indices: IG Bonds – Bloomberg Barclays Aggregate Bond Index; U.S. Large-Cap – S&P 500 Index; HY Bonds: Bloomberg Barclays US Corporate High Yield Bond Index; 70% Equity: MSCI ACWI Index 30% Bonds: Bloomberg Barclays US Aggregate Bond Index; U.S. Small-Cap – Russell 2000 Index; Dev. Intl. – MSCI EAFE Net Total Return USD Index; Em. Mkts. – MSCI Emerging Markets Net Total Return USD Index; Commodities – Bloomberg Commodity Index Total Return (BCOMTR). Note: Commentary on this slide is as of 06/30/2021. Please see the end of this presentation for important information.

# LONG-TERM INVESTMENT THEMES

As of June 30, 2021

**ESG and Sustainable Investing** seeks to align portfolios with values and fuels innovative solutions to address challenges like climate change that should create attractive social and shareholder value.

## ESG assets have seen a sevenfold increase, but integrating investment and sustainability expertise is essential.

Assets in ESG-oriented and shareholder advocacy strategies – 2005-2020

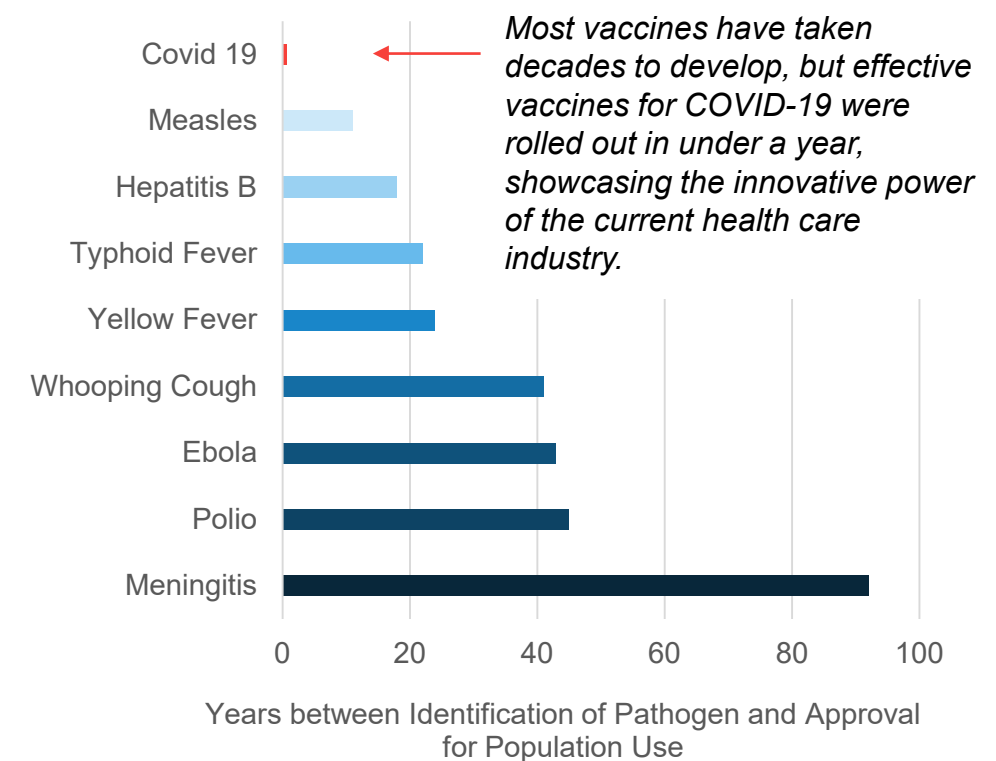


Source: Morningstar

**Health Care innovation** has been on full display with the incredible COVID-19 vaccine development, but other innovations, such as gene editing and personalized medicine, also have potential, in our view.

## The innovative revolution underway in health care helped drive the incredibly rapid and effective vaccine development for COVID-19.

Comparison of time taken to develop historical vaccines from identification to rollout



Source: CDC, NIH as of 03/31/2021

Note: All commentary is as of 06/30/2021 unless otherwise noted. Please see the end of this presentation for important information.

# LONG-TERM INVESTMENT THEMES

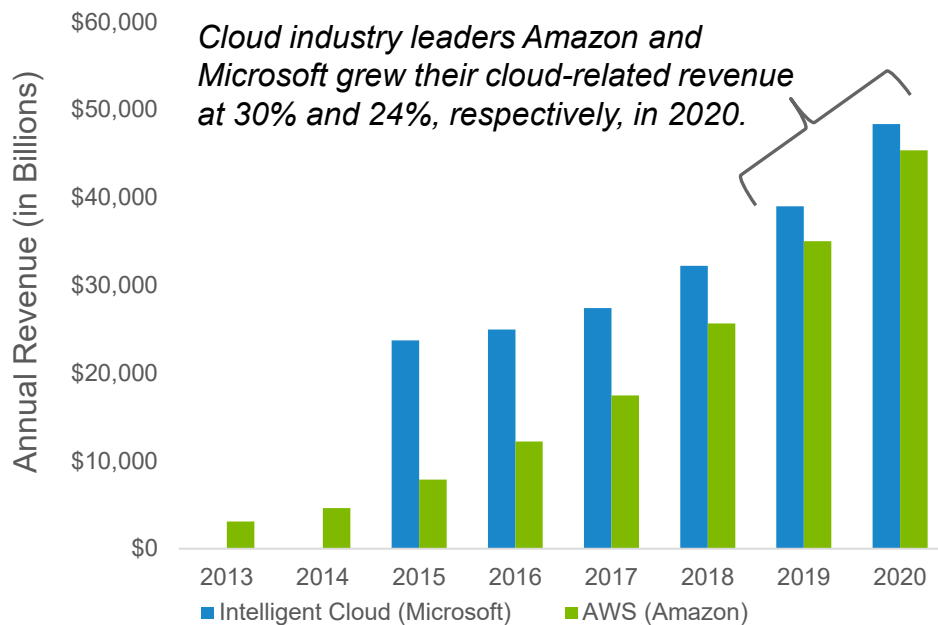
As of June 30, 2021

**Cloud computing** allows enterprises to consume computing power and storage from a third party, helping to lower costs and broaden access to these services; we are seeing rapid adoption across many different industries.

**Financial technology** is seeing a burst of innovation in areas such as blockchain distributed ledger technology and digital payments, which should continue creating value and efficiencies for businesses and consumers for many years.

## Amazon's and Microsoft's cloud businesses are still growing rapidly despite generating tens of billions in annual revenue.

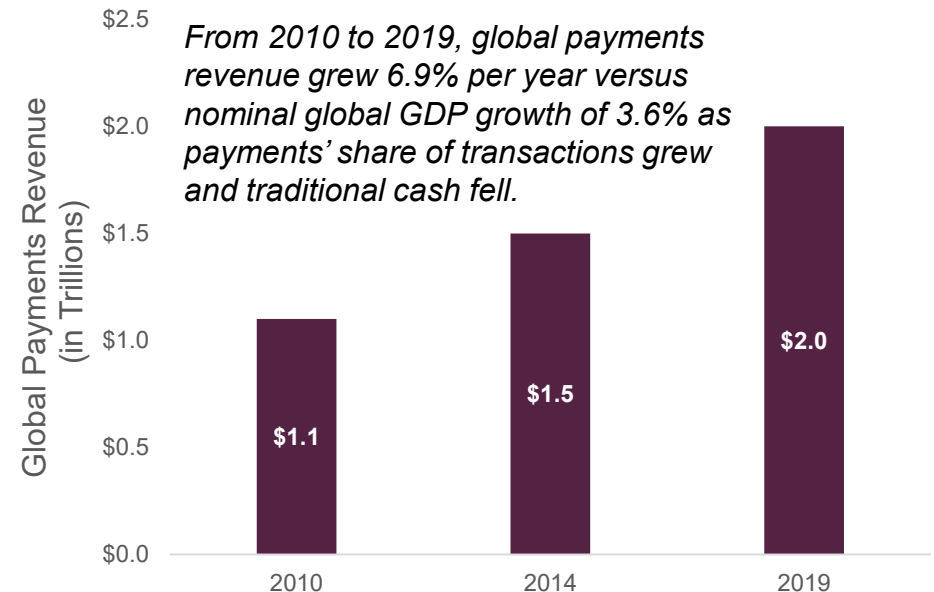
Annual Cloud Related Revenue



Source: Company reports and Bloomberg, LP

## Global noncash payments revenue has grown twice as fast as GDP, yet cash still accounts for ~70% of global transactions.

Commercial and Consumer Global Payments Revenue



Source: 2020 McKinsey Global Payments Report and Bloomberg, LP

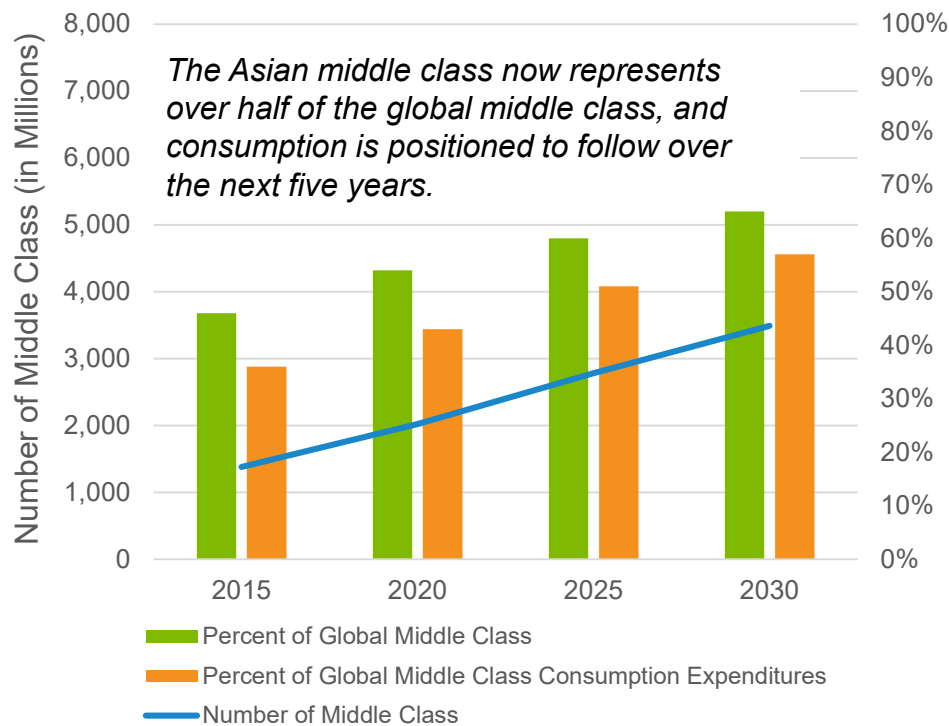
# LONG-TERM INVESTMENT THEMES

As of June 30, 2021

**Emerging Asian middle class** is a core driver for above-average economic growth in the region and is poised to account for over half of global GDP growth in the next 20 years.

**This region, which contains half of the world’s population, continues to catch up to more developed markets through growth in consumption expenditures.**

Brookings data as of 03/31/2021

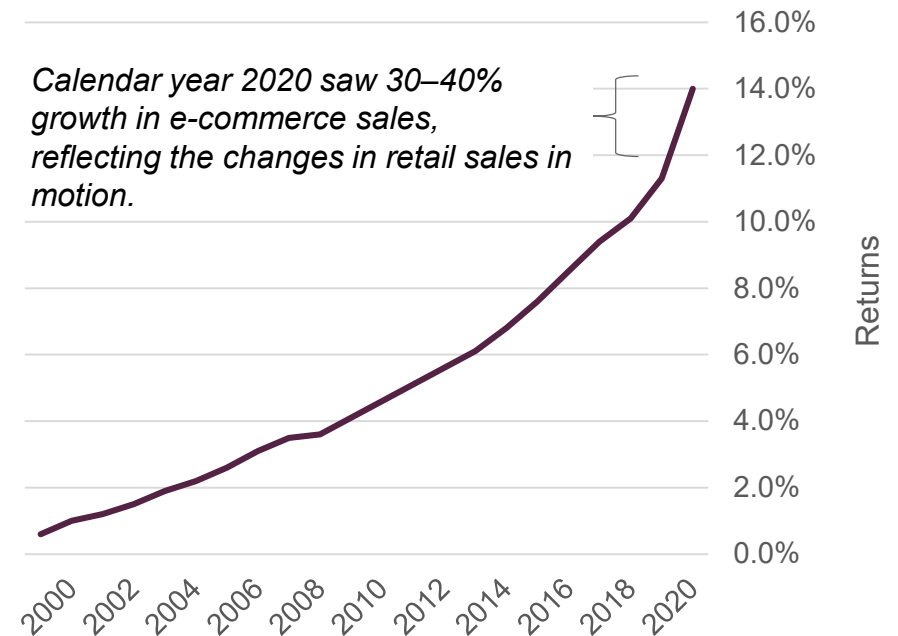


Source: Brookings Institute

**E-commerce** retailers find more cost-efficiency in direct-to-consumer sales, supported by the concurrent changes in digital payments and pandemic-induced changes to consumer behavior.

**The consumer revolution underway has been in motion since the early 2000s, but recent changes in consumer behavior ushered in a rapid growth in sales.**

E-commerce sales as a percent of Total Retail sales as of 12/31/2020



Source: Census Bureau.

Note: All commentary is as of 06/30/2021 unless otherwise noted. Please see the end of this presentation for important information.

# THE IMPORTANCE OF REBALANCING

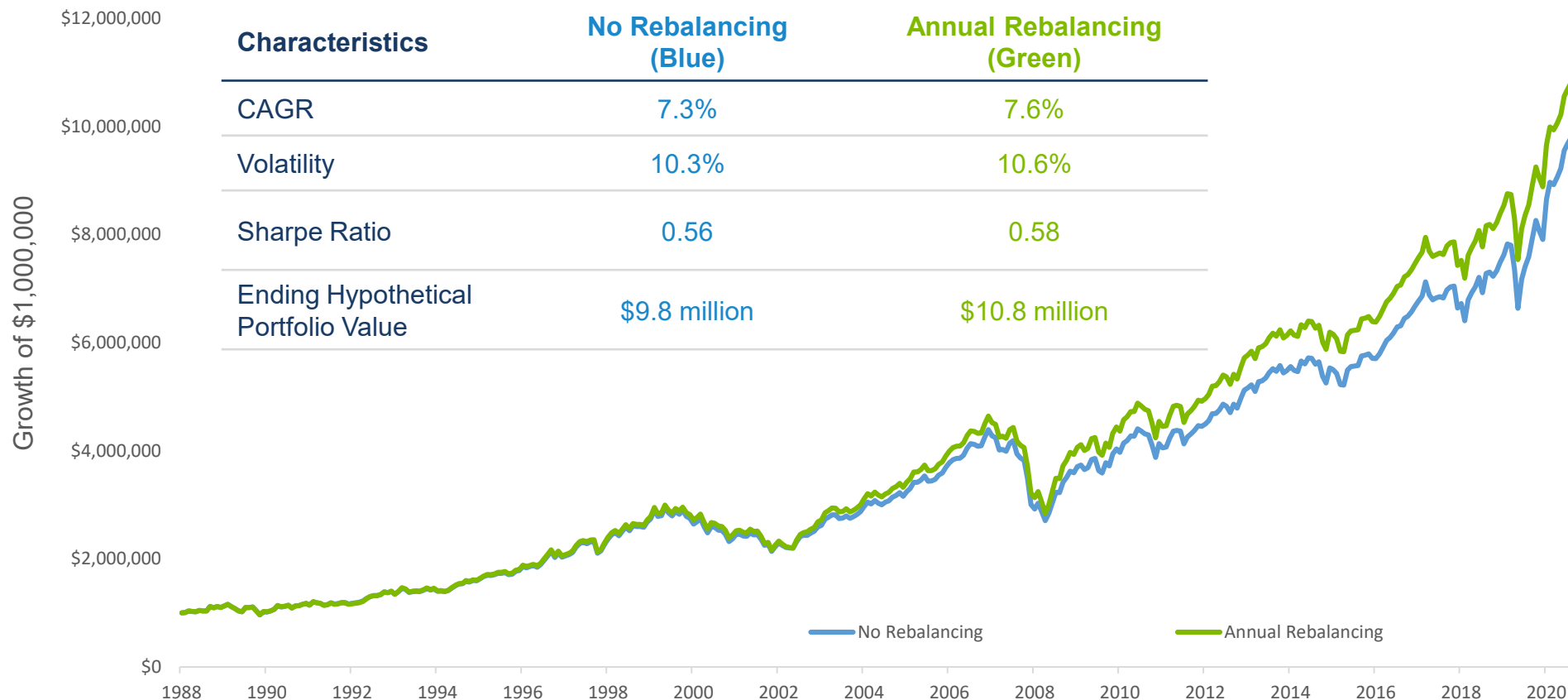
As of June 30, 2021

**Prudent portfolio rebalancing, especially during periods of equity market stress, can add value over time.**

## Hypothetical Portfolio

Data as of June 30, 2021

Performance of Balanced Portfolio Over 30 Years



Source: Bloomberg. Hypothetical portfolio based on a 70% Allocation to MSCI ACWI Index and 30% Bloomberg Barclays U.S. Aggregate Bond Index. The information provided above illustrates hypothetical portfolios that are not necessarily representative of any current portfolios and are for illustrative purposes only. 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. The hypothetical portfolio is rebalanced on an annual basis back to the strategic asset allocation targets of 70% equities and 30% bonds. Reinvestment of dividends and interest income are included in the calculation of the hypothetical portfolios' total return. The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. Values are estimated and subject to change.

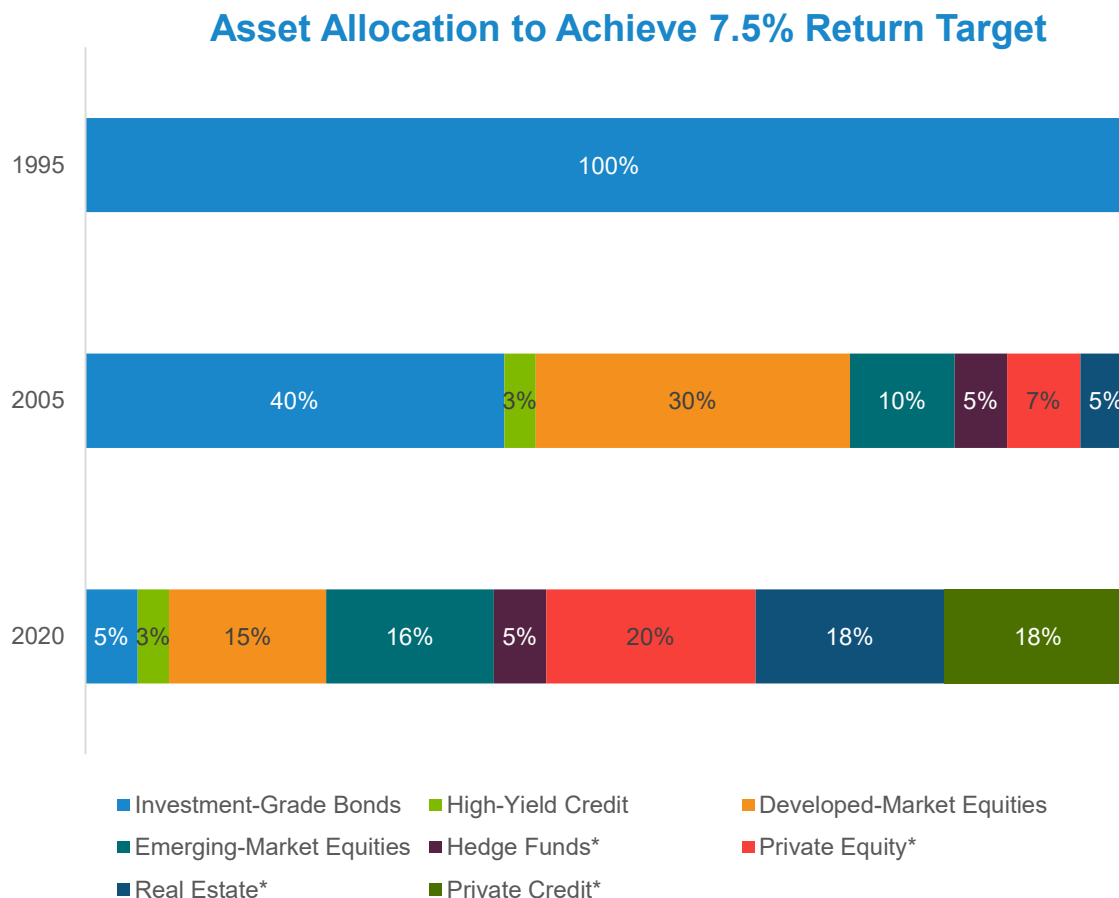
Note: All commentary is as of 06/30/2021 unless otherwise noted. Please see the end of this presentation for important information.

# WHAT A DIFFERENCE 25 YEARS MAKES

As of June 30, 2021

## The Importance of Strategic Asset Allocation

In 1995, if you wanted to build a portfolio capable of producing a 7.5% return, little diversification was needed—you could simply buy investment-grade bonds. Twenty-five years later, a more complex and risky portfolio is required to pursue the same result due to lower return expectations as a result of slower economic growth and lower interest rates.



Source: Brown Advisory Analysis. Performance data using Bloomberg. This analysis is not intended to be a guarantee of future results. It is not representative of an actual portfolio. Asset allocations could change depending on risk tolerance, investment objective and assets available for investment. The relationship team will customize portfolios to meet the guidelines, requirements and risk tolerance of our clients. The information provided in this is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular investment strategy, including whether or not to buy, sell or hold investments in any asset class mentioned. It should not be assumed that investments in such asset classes have been or will be profitable. Estimated performance of the Brown Advisory proposed portfolio is based on the internal research of our Investment Solutions Group and Private Equity team. The estimated volatility is based on the historical volatility of the indexes presented on the disclosures page in the back of this presentation. Estimated returns as of 06/30/2021. The estimated returns are representative of a hypothetical portfolio and asset allocation and is for illustrative purposes. Rebalancing is set at semi-annual. This performance output does not include any cash flows in or out of the portfolio and past performance is not indicative of future results. Investment Grade Bonds using the Bloomberg Barclays Aggregate Bond Index; High-Yield Credit using the Bloomberg Barclays U.S. Corporate High Yield Index; Developed Market Equities using the MSCI ACWI ex USA Index; Emerging Market Equities using the MSCI Emerging Markets Index; Hedge Funds using HFRI® Equity Hedge Index; Private Equity using Cambridge Associates Fund of Funds Benchmark; Real Estate using the FTSE NAREIT® Equity REIT Index; Private Credit using the Cliffwater Direct Lending Index. All commentary is as of June 30, 2021, unless otherwise noted. Please see the end of this presentation for important information. \*Alternative investments may only be available for accredited investors and qualified purchasers.

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**Past performance is not indicative of future results. Definitions of indices used are below. An investor cannot invest directly into an index.**

The **Russell 1000® Index** measures the performance of the large-cap segment of the U.S. equity universe. A subset of the Russell 3000® Index, it includes approximately 1,000 of the largest stocks based on a combination of market capitalization and current index membership. The **Russell 1000 Growth® Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure that new and growing equities are included and that the represented companies continue to reflect growth characteristics. The **Russell 1000 Value® Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. 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 Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 2000® Index and the Russell 2000® Growth Index are trademarks/service marks of the London Stock Exchange. The **Russell 2000® Value Index** measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The **Russell 3000® Index** measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market. The Russell 3000® Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included. An investor cannot invest directly into an index. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the US equity universe. It includes those Russell 3000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000® Growth Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad growth market. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The **Russell 3000® Value Index** measures the performance of the broad value segment of the US equity value universe. It includes those Russell 3000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000® Value Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad value market. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 1000®, Russell 2000® Index, the Russell 3000® Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies.

The **MSCI ACWI** Index captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,771 constituents, the index covers approximately 85% of the global investable equity opportunity set. MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries. The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. With 3,040 constituents, the index covers approximately 85% of the global investable equity opportunity set. The **MSCI EAFE Index** is an equity index which captures large and mid cap representation across 21 Developed Markets countries around the world, excluding the US and Canada. With 915 constituents, excluding the U.S. and Canada, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Emerging Markets Index** captures large and mid cap representation across 26 Emerging Markets (EM) countries. With 1,403 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI ACWI ex U.S. Index** captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries—excluding the United States. With 2,211 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI USA Quality Net TR Index** is based on the MSCI USA Index, its parent index, which includes large and mid cap stocks in the US equity market. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage. The MSCI Quality Indexes complement existing MSCI Factor Indexes and can provide an effective diversification role in a portfolio of factor strategies.

## Continued

The **MSCI AC Asia ex Japan Index** captures large and mid cap representation across 2 of 3 Developed Markets (DM) countries (excluding Japan) and 9 Emerging Markets (EM) countries in Asia. With 1,187 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Europe Index** captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 437 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe. The **MSCI Japan Index** is designed to measure the performance of the large and mid cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. All MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries.

The **Bloomberg Barclays Aggregate Bond Index** is an unmanaged, market-value weighted index composed 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. The **Bloomberg Barclays Municipal Bond 1-10 Year Blend Index** is a market value-weighted index which covers the short and intermediate components of the Bloomberg Barclays Municipal Bond Index—an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market. The 1-10 Year Municipal Blend index tracks tax-exempt municipal General Obligation, Revenue, Insured, and Prerefunded bonds with a minimum \$5 million par amount outstanding, issued as part of a transaction of at least \$50 million, and with a remaining maturity from 1 up to (but not including) 12 years. The index includes reinvestment of income. The **Bloomberg Barclays U.S. Corporate High Yield Index** measures the market of U.S.D-denominated, noninvestment grade, fixed rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. The **Bloomberg Barclays Intermediate US Government/Credit Bond Index** is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity. The index includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities. The **Bloomberg Barclays US Mortgage Backed Securities (MBS) Index** tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage. The **Bloomberg Barclays US Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The **Bloomberg Commodity Index Total Return (BCOMTR) Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. The BCOM is composed of commodities exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME). BLOOMBERG and BLOOMBERG INDICES are trademarks or service marks of Bloomberg traded on U.S. g Finance L.P. Bloomberg Finance L.P. and its affiliates ("collectively, "Bloomberg") or Bloomberg's licensors own all proprietary right in the BLOOMBERG INDICES.

The **S&P 500® Index** represents the large-cap segment of the U.S. equity markets and consists of approximately 500 leading companies in leading industries of the U.S. economy. Criteria evaluated include market capitalization, financial viability, liquidity, public float, sector representation and corporate structure. An index constituent must also be considered a U.S. company. The S&P 500 Total Return Index is calculated based on price changes and reinvested dividends of the S&P 500 Index. The **S&P 500® Communication Services Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® communication services sector. The **S&P 500® Information Technology GICS Sector Level 1 Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector. The **S&P 500 Internet Retail Sub Industry GICS Level 4 Index** is a market-cap weighted index comprised of companies in the S&P 500 that are classified as members of the GICS® Internet Retail Sub Industry. The **S&P 500® Financials GICS Sector Level 1 Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector. The **S&P 500® Energy GICS Sector Level 1 Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector. The **S&P 500® Hotels, Resorts & Cruise Lines Sub Industry GICS Level 4 Index** is a market capitalization-weighted index comprised of companies in the S&P 500 that are classified as members of the GICS® Hotels, Resorts & Cruise Lines Sub Industry. **S&P 500® Dividend Aristocrats® Total Return Index** measures the performance of S&P 500 companies that have increased dividends every year for the last 25 consecutive years. The Index treats each constituent as a distinct investment opportunity without regard to its size by equally weighting each company.

The **Cambridge Associates Fund of Funds Benchmark** is based on data compiled from nearly 700 institutional-quality fund of funds.

The **FTSE NAREIT® Equity REIT Index** is a broad-based free-float weighted index consisting of real estate investment trusts (REITs), calculated based on price and total return methodologies, both real time and end-of-day. The index contains all Equity REITs not designated as Timber REITs or Infrastructure REITs. FTSE is a registered trademark of the London Stock Exchange Group PLC ("LSE Group"). NAREIT® is a registered trademark of National Association of Real Estate Investment Trusts.

The **HFRI® Equity Hedge Index** contains Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short. HFR®, HFRI®, HFRX®, HFRU®, HFRQ®, HFRL™, WWW.HEDGEFUNDRESEARCH.COM®, HEDGE FUND RESEARCH™, HFR IndexScope™, HFR Bank Systematic Risk Premia IndicesSM and HFR Risk Parity Indices™ are the trademarks of Hedge Fund Research, Inc.

The **Cliffwater Direct Lending Index (CDLI)** seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The CDLI Total Return Index includes three components: Income Return, Realized Gain/Loss, and Unrealized Gain/Loss. It is not possible to invest directly in an Index. Hedge Fund Research, Inc. - All rights reserved.

# DISCLOSURES

## Continued

The **NASDAQ-100 Index** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. No security can have more than a 24% weighting. The index was developed with a base value of 125 as of February 1, 1985. Prior to December 21, 1998 the Nasdaq 100 was a cap-weighted index.

The **Core Consumer Price Index (CPI)** measures the changes in the price of goods and services, excluding food and energy. The CPI measures price change from the perspective of the consumer. It is a key way to measure changes in purchasing trends and inflation.

**Ibbotson Associates SBBI U.S. Intermediate-Term Government Bond Index** is an unweighted index which measures the performance of 5-year maturity U.S. Treasury bonds.

**Intermediate Government Index** is comprised of Intermediate US Treasury and US agency indices. The index includes US dollar-denominated, fixed-rate, nominal U.S. treasuries and US agency debentures with 1 to 9.9999 years to maturity.

**Municipal 10-year Index** based on Bloomberg Fair Value - Fair market value indices are derived from data points on Bloomberg's option-free Fair Market Curves prior to 11/13/14. Effective 11/13/14, indices will be calculated using BVAL methodology. The yield curve is built using non-parametric fit of market data obtained from the Municipal Securities Rulemaking Board, new issues calendars and other proprietary contributed prices. Represents 5% couponing.

The **S&P/LSTA U.S. Leveraged Loan 100 Index** is designed to reflect the performance of the largest facilities in the leveraged loan market.

**ICE BofAML Fixed Rate Preferred Securities Index** tracks the performance of fixed-rate US dollar denominated preferred securities issued in the US domestic market. All holdings are investment-grade rated.

## Terms and Definitions:

**Price-to-Earnings Ratio** or **P/E Ratio** is a ratio for valuing a company that measures its current share price relative to its per-share earnings. **Forward P/E Price Earnings Ratio** is the sum of a company's price-to-earnings per share for the next four quarters, calculated by using earnings estimates for the next four quarters. The **Cyclically Adjusted P/E Ratio (CAPE Ratio or Shiller Cyclical P/E)** is a P/E ratio variant that uses a trailing, inflation-adjusted long-term average (typically 10 years) as its earnings figure. **R<sup>2</sup>** helps explain the variance of returns from starting valuation of a P/E Ratio. **Volatility** is a statistical measure of the returns for a security or an Index. **Sharpe Ratio** is a benchmark-independent risk-adjusted measure of performance. It is equal to the excess return of a portfolio over a risk-free investment, per unit of volatility or total risk. **Compound Annual Growth Rate (CAGR)** is a measurement that helps calculate the annual growth rate for an investment from its beginning balance to its ending balance and assumes that the profits were reinvested at the end of each year of the investment's lifespan. CAGR is generally calculated by dividing the final value by the beginning value and raising it to one divided by the time in years and subtracting one from the total. This ratio helps measure a company's leverage and its ability to pay of its loans. **Gross Margin** is the difference between revenue and cost of goods sold divided by revenue. **Trailing Returns** are the returns generated over a given period. It can be the year to date (YTD), one year, three years, and so on. These are also called point to point returns. Trailing returns are the most relevant measures to evaluate the performance for a mutual fund. The **Capitalization Rate** (also known as cap rate) is used in the world of commercial real estate to indicate the rate of return that is expected to be generated on a real estate investment property. This measure is computed based on the net income which the property is expected to generate and is calculated by dividing net operating income by property asset value and is expressed as a percentage. It is used to estimate the investor's potential return on their investment in the real estate market. **Yield to Worst** is the lowest total return anticipated on a bond with callable, puttable or other features (i.e., the "worst" outcome between yield to maturity, yield to call, yield to put, etc.). **Spread** refers to the difference between two prices, rates or yields. **Yield** refers to the earnings generated and realized on an investment over a particular period of time. It's expressed as a percentage based on the invested amount, current market value, or face value of the security. **Net Margin** is the percentage of net income generated from a company's revenue. **Return on Equity (ROE)** is a measure of financial performance calculated by dividing net income by shareholders' equity. **Operating Margin** measures how much profit a company makes on sales after paying variable costs of production, but before paying interest or taxes. The **Net Debt-to-EBITDA** (earnings before interest depreciation and amortization) ratio is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The net debt-to-EBITDA ratio is a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant. However, if a company has more cash than debt, the ratio can be negative. It is similar to the debt/EBITDA ratio, but net debt subtracts cash and cash equivalents while the standard ratio does not. **10-year U.S. Treasury** is a debt obligation issued by the U.S. Treasury that has a term of more than one year but not more than 10 years. **EV/Sales** is an enterprise value of a company, as measured by the sum of current market capitalization, preferred equity, minority/ noncontrolling interest and net debt, divided by a company's trailing 12-month sales. **Sales Growth 2 Years Forward** is based on consensus estimates from sell-side analysts as aggregated by Bloomberg, LP.

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