

# DEWEY BEACH

December 31, 2021

# ACCOUNT SUMMARY

All Accounts

As of 12/31/2021

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)	556,467 39.6%	847,380 60.4%	0	0	0	0	\$1,403,848 20.1%
Town Of Dewey Beach, Delaware - Beach Replenishment (Short)	80,340 39.2%	124,615 60.8%	0	0	0	0	\$204,955 2.9%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FI)	22,233 0.6%	3,585,277 99.4%	0	0	0	0	\$3,607,510 51.6%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)	32,057 2.7%	0	1,157,916 97.3%	0	0	0	\$1,189,973 17.0%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long)	9,015 1.5%	0	0	191,045 32.4%	221,415 37.6%	168,114 28.5%	\$589,589 8.4%
<b>Total</b>	<b>\$700,112</b> 10.0%	<b>\$4,557,272</b> 65.1%	<b>\$1,157,916</b> 16.6%	<b>\$191,045</b> 2.7%	<b>\$221,415</b> 3.2%	<b>\$168,114</b> 2.4%	<b>\$6,995,874</b> 100.0%

# PORTFOLIO OVERVIEW

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

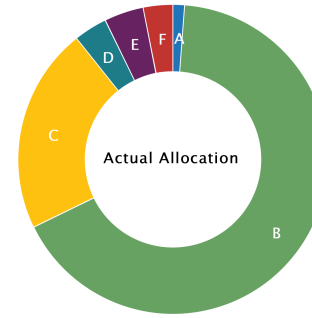
As of 12/31/2021

## Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
<b>Cash &amp; Equivalents</b>	<b>\$63,305</b>	--	--	--	--
<b>Fixed Income</b>	<b>\$3,585,277</b>	2.1	2.7	3.6	-1.2
<b>Equities</b>	<b>\$1,738,490</b>	12.7	16.1	23.3	21.4
<b>MSCI All Country World Net</b>		11.3	14.4	20.4	18.5
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$5,387,071</b>	5.3	6.8	9.3	6.0
<b>TOTAL PORTFOLIO - NET</b>	<b>\$5,387,071</b>	4.9	6.4	8.8	5.6
<b>*Blended Benchmark</b>		4.6	5.7	7.8	3.4

## Asset Allocation

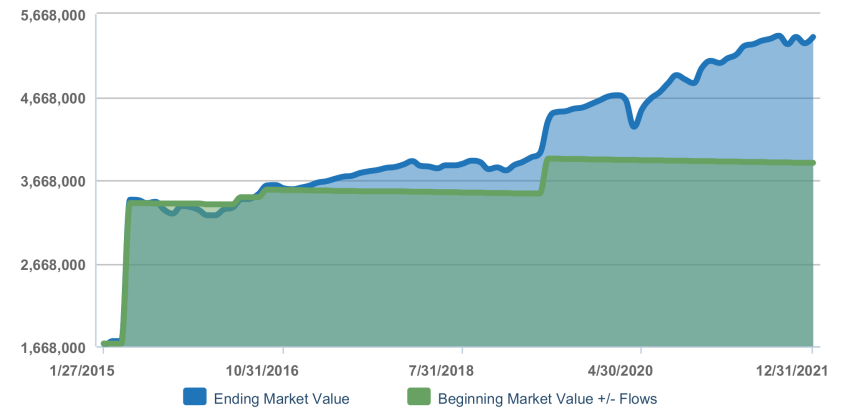


Asset Class	Weight	Target
<b>A</b> Cash	1.2%	3.0%
<b>B</b> Fixed Income	66.6%	72.0%
<b>C</b> Large Cap U.S. Equities	21.5%	15.0%
<b>D</b> Small/Mid Cap U.S. EQY	3.5%	3.5%
<b>E</b> Global/Developed Int'l	4.1%	3.5%
<b>F</b> Emerging Markets	3.1%	3.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Change in Portfolio

	Inception to Date 01/27/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
<b>Beginning Portfolio Value</b>	<b>1,699,751</b>	<b>3,576,219</b>	<b>3,782,350</b>	<b>5,101,982</b>
Net Contributions / Withdrawals	2,173,353	327,064	359,865	-22,287
Market Value Gain / Loss	953,007	1,052,149	986,451	225,247
Income	560,960	431,639	258,405	82,129
<b>Ending Market Value</b>	<b>\$5,387,071</b>	<b>\$5,387,071</b>	<b>\$5,387,071</b>	<b>\$5,387,071</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% Bloomberg 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 12/31/2021

	Market Value	Asset Weighting	Inception to Date 01/31/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
<b>Cash &amp; Equivalents</b>	<b>\$63,305</b>	<b>1.18%</b>	--	--	--	--
<b>Fixed Income</b>	<b>\$3,585,277</b>	<b>66.55%</b>	<b>2.1</b>	<b>2.7</b>	<b>3.6</b>	<b>-1.2</b>
<b>Equities</b>	<b>\$1,738,490</b>	<b>32.27%</b>	<b>12.7</b>	<b>16.1</b>	<b>23.3</b>	<b>21.4</b>
MSCI All Country World Net			11.3	14.4	20.4	18.5
<b>U.S. Equities</b>	<b>\$1,261,713</b>	<b>23.42%</b>	<b>16.0</b>	<b>18.7</b>	<b>26.1</b>	<b>27.9</b>
S&P 500			15.6	18.5	26.1	28.7
<b>Non-U.S. Equities</b>	<b>\$476,777</b>	<b>8.85%</b>	<b>5.8</b>	<b>10.5</b>	<b>16.6</b>	<b>7.5</b>
MSCI ACWI ex-U.S. Net			6.7	9.6	13.2	7.8
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$5,387,071</b>	<b>100.00%</b>	<b>5.3</b>	<b>6.8</b>	<b>9.3</b>	<b>6.0</b>
<b>TOTAL PORTFOLIO - NET</b>	<b>\$5,387,071</b>	<b>100.00%</b>	<b>4.9</b>	<b>6.4</b>	<b>8.8</b>	<b>5.6</b>
*Blended Benchmark			4.6	5.7	7.8	3.4

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% Bloomberg 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 12/31/2021

	Market Value	Asset Weighting	Investment Inception	Investment Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
<b>Fixed Income Taxable Funds</b>							
<b>Brown Advisory Intermediate Income Fund</b>	<b>\$3,585,277</b>	<b>66.55%</b>	<b>02/28/2015</b>	<b>2.3</b>	<b>2.7</b>	<b>3.6</b>	<b>-1.2</b>
Bloomberg Intermediate Aggregate				2.4	2.8	3.6	-1.3
<b>Separately Managed Equity Portfolios</b>							
<b>Flexible Equity Portfolio</b>	<b>\$1,189,973</b>	<b>22.09%</b>	<b>01/31/2015</b>	<b>16.4</b>	<b>20.3</b>	<b>27.6</b>	<b>25.7</b>
S&P 500				15.6	18.5	26.1	28.7
<b>U.S. Small/Mid Cap Equity Funds</b>							
<b>Brown Advisory Sustainable Small-Cap Core Fund</b>	<b>\$191,045</b>	<b>3.55%</b>	<b>10/31/2021</b>	<b>-4.5</b>	<b>--</b>	<b>--</b>	<b>--</b>
Russell 2000				-2.0	12.0	20.0	14.8
<b>Global/Developed International Funds</b>							
<b>Brown Advisory Global Leaders Fund</b>	<b>\$221,415</b>	<b>4.11%</b>	<b>04/30/2020</b>	<b>31.5</b>	<b>--</b>	<b>--</b>	<b>16.8</b>
FTSE All-World Index Net				31.5	14.3	20.2	18.4
<b>Emerging Markets Funds</b>							
<b>BA Emerging Markets Select Fund</b>	<b>\$168,114</b>	<b>3.12%</b>	<b>05/31/2019</b>	<b>13.2</b>	<b>--</b>	<b>--</b>	<b>1.6</b>
FTSE Emerging Net				10.8	9.6	11.3	-0.2

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 12/31/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>9,015</b>		<b>9,015</b>	<b>1.5</b>	<b>0</b>	<b>2</b>	<b>0.0</b>
<b>CASH</b>		<b>9,015</b>		<b>9,015</b>	<b>100.0</b>	<b>0</b>	<b>2</b>	<b>0.0</b>
First American Government Obligations Fund CI Z		9,015		9,015	100.0	0	2	0.0
<b>US Equities</b>		<b>200,000</b>		<b>191,045</b>	<b>32.4</b>	<b>-8,955</b>	<b>0</b>	<b>0.0</b>
<b>EQUITY MUTUAL FUNDS</b>		<b>200,000</b>		<b>191,045</b>	<b>100.0</b>	<b>-8,955</b>	<b>0</b>	<b>0.0</b>
Brown Advisory Sustainable Small-Cap Core Fund - CI Inst.	18,657	200,000	10.24	191,045	100.0	-8,955	0	0.0
<b>Non US Equities</b>		<b>270,244</b>		<b>389,529</b>	<b>66.1</b>	<b>119,285</b>	<b>1,356</b>	<b>0.3</b>
<b>INTERNATIONAL EQUITY MUTUAL FUNDS</b>		<b>270,244</b>		<b>389,529</b>	<b>100.0</b>	<b>119,285</b>	<b>1,356</b>	<b>0.3</b>
Brown Advisory Emerging Markets Select Fund CI Inst	14,211	117,985	11.83	168,114	43.2	50,129	1,135	0.7
Brown Advisory Global Leaders Fund CI Inst	9,410	152,259	23.53	221,415	56.8	69,157	222	0.1
<b>Total Portfolio</b>		<b>\$479,259</b>		<b>\$589,589</b>	<b>100.0</b>	<b>\$110,330</b>	<b>\$1,358</b>	

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# HOLDINGS SUMMARY

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

As of 12/31/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>22,233</b>		<b>22,233</b>	<b>0.6</b>	<b>0</b>	<b>4</b>	<b>0.0</b>
<b>CASH</b>		<b>22,233</b>		<b>22,233</b>	<b>100.0</b>	<b>0</b>	<b>4</b>	<b>0.0</b>
First American Government Obligations Fund CI Z		22,233		22,233	100.0	0	4	0.0
<b>Fixed Income</b>		<b>3,546,542</b>		<b>3,585,277</b>	<b>99.4</b>	<b>38,735</b>	<b>39,687</b>	<b>1.1</b>
<b>FIXED INCOME - TAXABLE</b>		<b>3,546,542</b>		<b>3,585,277</b>	<b>100.0</b>	<b>38,735</b>	<b>39,687</b>	<b>1.1</b>
<b>TAXABLE FIXED INCOME MUTUAL FUNDS</b>		<b>3,546,542</b>		<b>3,585,277</b>	<b>100.0</b>	<b>38,735</b>	<b>39,687</b>	<b>1.1</b>
Brown Advisory Intermediate Income Fund CI Inv	331,356	3,546,542	10.82	3,585,277	100.0	38,735	39,687	1.1
<b>Total Portfolio</b>		<b>\$3,568,775</b>		<b>\$3,607,510</b>	<b>100.0</b>	<b>\$38,735</b>	<b>\$39,691</b>	

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# HOLDINGS SUMMARY

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

As of 12/31/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>32,057</b>		<b>32,057</b>	<b>2.7</b>	<b>0</b>	<b>6</b>	<b>0.0</b>
<b>CASH</b>		<b>32,057</b>		<b>32,057</b>	<b>100.0</b>	<b>0</b>	<b>6</b>	<b>0.0</b>
First American Government Obligations Fund CI Z		32,057		32,057	100.0	0	6	0.0
<b>US Equities</b>		<b>484,549</b>		<b>1,157,916</b>	<b>97.3</b>	<b>673,367</b>	<b>8,948</b>	<b>0.8</b>
<b>COMMON STOCK</b>		<b>484,549</b>		<b>1,157,916</b>	<b>100.0</b>	<b>673,367</b>	<b>8,948</b>	<b>0.8</b>
<b>Communication Services</b>		<b>69,424</b>		<b>154,696</b>	<b>13.4</b>	<b>85,272</b>	<b>0</b>	<b>0.0</b>
Walt Disney Co.	95	9,099	154.89	14,715	1.3	5,615	0	0.0
T-Mobile US, Inc.	96	12,118	115.98	11,134	1.0	-984	0	0.0
Meta Platforms, Inc.	109	14,029	336.35	36,662	3.2	22,633	0	0.0
Alphabet, Inc. CI A	12	7,472	2,897.04	34,764	3.0	27,293	0	0.0
Alphabet, Inc. CI C	16	9,512	2,893.59	46,297	4.0	36,785	0	0.0
Pinterest, Inc. - CI A	306	17,193	36.35	11,123	1.0	-6,070	0	0.0
<b>Consumer Discretionary</b>		<b>104,940</b>		<b>176,766</b>	<b>15.3</b>	<b>71,827</b>	<b>664</b>	<b>0.4</b>
Amazon.com, Inc.	9	18,985	3,334.34	30,009	2.6	11,024	0	0.0
Bed Bath & Beyond, Inc.	546	12,975	14.58	7,961	0.7	-5,014	0	0.0
Bright Horizons Family Solution, Inc.	104	12,608	125.88	13,092	1.1	484	0	0.0
CarMax, Inc.	237	11,128	130.23	30,865	2.7	19,737	0	0.0
Lowe's Companies, Inc.	141	9,805	258.48	36,446	3.1	26,640	451	1.2
Booking Holdings, Inc.	13	14,791	2,399.23	31,190	2.7	16,399	0	0.0
TJX Companies, Inc.	205	9,765	75.92	15,564	1.3	5,798	213	1.4
Alibaba Group Holding Ltd - Spons ADR	98	14,882	118.79	11,641	1.0	-3,241	0	0.0
<b>Consumer Staples</b>		<b>12,505</b>		<b>18,966</b>	<b>1.6</b>	<b>6,461</b>	<b>0</b>	<b>0.0</b>
Nomad Foods Ltd	747	12,505	25.39	18,966	1.6	6,461	0	0.0
<b>Energy</b>		<b>18,127</b>		<b>18,497</b>	<b>1.6</b>	<b>370</b>	<b>969</b>	<b>5.2</b>
Suncor Energy, Inc.	739	18,127	25.03	18,497	1.6	370	969	5.2
<b>Financials</b>		<b>90,188</b>		<b>205,114</b>	<b>17.7</b>	<b>114,927</b>	<b>2,709</b>	<b>1.3</b>
Ameriprise Financial, Inc.	117	11,111	301.66	35,294	3.0	24,183	529	1.5
Bank of America Corp.	756	15,466	44.49	33,634	2.9	18,169	635	1.9

# HOLDINGS SUMMARY

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

As of 12/31/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
CIT Group, Inc.	181	7,395	51.34	9,293	0.8	1,897	253	2.7
JPMorgan Chase & Co.	195	12,459	158.35	30,878	2.7	18,419	780	2.5
Blackstone Inc.	139	5,676	129.39	17,985	1.6	12,309	276	1.5
First Citizens BancShares, Inc. Cl A	11	8,207	829.84	9,128	0.8	922	21	0.2
Berkshire Hathaway, Inc. Cl B	138	20,339	299.00	41,262	3.6	20,923	0	0.0
KKR & Co., Inc	371	9,535	74.50	27,640	2.4	18,104	215	0.8
<b>Health Care</b>		<b>51,651</b>		<b>133,753</b>	<b>11.6</b>	<b>82,102</b>	<b>1,211</b>	<b>0.9</b>
Agilent Technologies, Inc.	78	5,771	159.65	12,453	1.1	6,682	66	0.5
Edwards Lifesciences Corp.	321	6,931	129.55	41,586	3.6	34,654	0	0.0
UnitedHealth Group, Inc.	84	18,438	502.14	42,180	3.6	23,742	487	1.2
Anthem, Inc.	57	10,977	463.54	26,422	2.3	15,445	258	1.0
Merck & Co, Inc.	145	9,534	76.64	11,113	1.0	1,579	400	3.6
<b>Industrials</b>		<b>37,837</b>		<b>77,721</b>	<b>6.7</b>	<b>39,884</b>	<b>572</b>	<b>0.7</b>
Canadian National Railway Co.	96	6,462	122.86	11,795	1.0	5,332	185	1.6
Stericycle, Inc.	205	10,517	59.64	12,226	1.1	1,709	0	0.0
United Rentals, Inc.	56	3,924	332.29	18,608	1.6	14,685	0	0.0
Otis Worldwide Corp.	147	9,104	87.07	12,799	1.1	3,695	141	1.1
Carrier Global Corp.	411	7,830	54.24	22,293	1.9	14,462	247	1.1
<b>Information Technology</b>		<b>86,804</b>		<b>342,040</b>	<b>29.5</b>	<b>255,236</b>	<b>2,383</b>	<b>0.7</b>
Apple, Inc.	287	7,588	177.57	50,963	4.4	43,375	253	0.5
Accenture PLC	51	4,428	414.55	21,142	1.8	16,714	198	0.9
Analog Devices, Inc.	97	8,787	175.77	17,050	1.5	8,263	268	1.6
Intuit, Inc.	35	7,307	643.22	22,513	1.9	15,206	95	0.4
Mastercard, Inc.	140	14,045	359.32	50,305	4.3	36,260	274	0.5
Microsoft Corp.	245	14,202	336.32	82,398	7.1	68,197	608	0.7
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	219	11,213	120.31	26,348	2.3	15,135	334	1.3
Visa, Inc.	236	15,811	216.71	51,144	4.4	35,333	354	0.7
PayPal Holdings, Inc	107	3,425	188.58	20,178	1.7	16,753	0	0.0

# HOLDINGS SUMMARY

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

As of 12/31/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Real Estate</b>		<b>13,073</b>		<b>30,362</b>	<b>2.6</b>	<b>17,289</b>	<b>441</b>	<b>1.5</b>
Crown Castle International Corp.	56	4,901	208.74	11,689	1.0	6,789	329	2.8
SBA Communications Corp.	48	8,172	389.02	18,673	1.6	10,500	111	0.6
<b>Total Portfolio</b>		<b>\$516,606</b>		<b>\$1,189,973</b>	<b>100.0</b>	<b>\$673,367</b>	<b>\$8,955</b>	

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# PORTFOLIO OVERVIEW

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

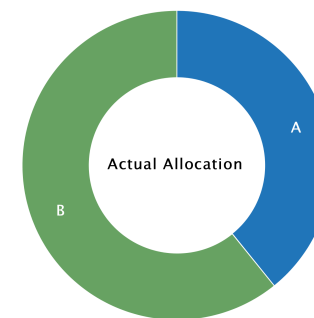
As of 12/31/2021

## Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
Cash & Equivalents	\$80,340	0.8	1.1	1.0	0.0
Fixed Income	\$124,615	--	--	--	--
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$204,955</b>	<b>0.7</b>	<b>1.1</b>	<b>1.0</b>	<b>0.0</b>
<b>TOTAL PORTFOLIO - NET</b>	<b>\$204,955</b>	<b>0.5</b>	<b>0.8</b>	<b>0.7</b>	<b>-0.3</b>
Merrill Lynch 0-3 Month US Treasury Bill Index		0.8	1.1	0.9	0.1

## Asset Allocation

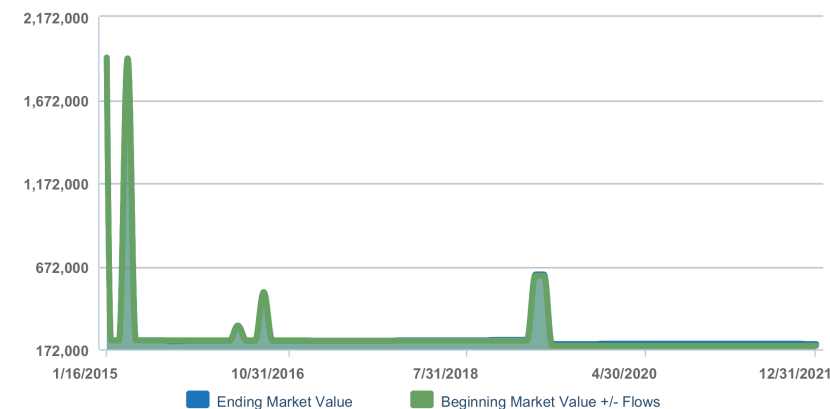


Asset Class	Weight	Target
<b>A</b> Cash	39.2%	40.0%
<b>B</b> Fixed Income	60.8%	60.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Change in Portfolio

	Inception to Date 01/16/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
<b>Beginning Portfolio Value</b>	<b>1,926,734</b>	<b>224,428</b>	<b>228,654</b>	<b>205,614</b>
Net Contributions / Withdrawals	-1,733,987	-32,472	-31,188	-584
Market Value Gain / Loss	-10,434	-2,474	-1,685	-1,484
Income	22,642	15,473	9,174	1,409
<b>Ending Market Value</b>	<b>\$204,955</b>	<b>\$204,955</b>	<b>\$204,955</b>	<b>\$204,955</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 12/31/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>80,340</b>		<b>80,340</b>	<b>39.2</b>	<b>0</b>	<b>16</b>	<b>0.0</b>
<b>CASH</b>		<b>80,340</b>		<b>80,340</b>	<b>100.0</b>	<b>0</b>	<b>16</b>	<b>0.0</b>
First American Government Obligations Fund Cl Z		80,340		80,340	100.0	0	16	0.0
<b>Fixed Income</b>		<b>126,100</b>		<b>124,615</b>	<b>60.8</b>	<b>-1,485</b>	<b>1,379</b>	<b>1.1</b>
<b>FIXED INCOME - TAXABLE</b>		<b>126,100</b>		<b>124,615</b>	<b>100.0</b>	<b>-1,485</b>	<b>1,379</b>	<b>1.1</b>
<b>TAXABLE FIXED INCOME MUTUAL FUNDS</b>		<b>126,100</b>		<b>124,615</b>	<b>100.0</b>	<b>-1,485</b>	<b>1,379</b>	<b>1.1</b>
Brown Advisory Intermediate Income Fund Cl Inv	11,517	126,100	10.82	124,615	100.0	-1,485	1,379	1.1
<b>Total Portfolio</b>		<b>\$206,440</b>		<b>\$204,955</b>	<b>100.0</b>	<b>-\$1,485</b>	<b>\$1,395</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)

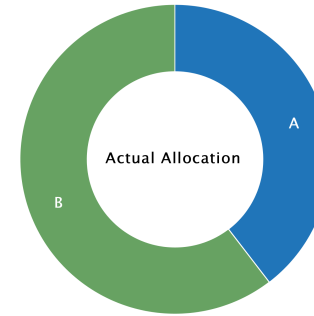
As of 12/31/2021

## Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
Cash & Equivalents	\$556,467	0.8	1.0	0.9	0.0
Fixed Income	\$847,380	--	--	--	--
<b>TOTAL PORTFOLIO - GROSS</b>	<b>\$1,403,848</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>	<b>0.0</b>
<b>TOTAL PORTFOLIO - NET</b>	<b>\$1,403,848</b>	<b>0.6</b>	<b>0.8</b>	<b>0.7</b>	<b>-0.3</b>
Merrill Lynch 0-3 Month US Treasury Bill Index		0.8	1.1	0.9	0.1

## Asset Allocation

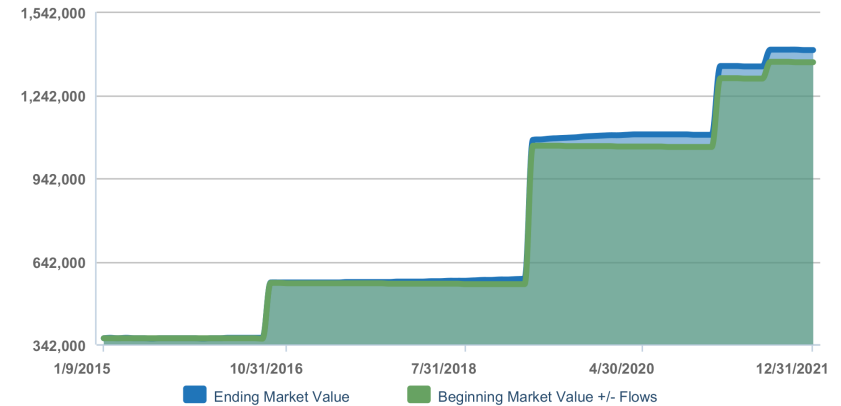


Asset Class	Weight	Target
<b>A</b> Cash	39.6%	40.0%
<b>B</b> Fixed Income	60.4%	60.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Change in Portfolio

	Inception to Date 01/09/2015	Trailing 5 Years	Trailing 3 Years	Trailing 12 Months
<b>Beginning Portfolio Value</b>	<b>364,182</b>	<b>565,740</b>	<b>576,455</b>	<b>1,098,182</b>
Net Contributions / Withdrawals	995,879	797,318	800,556	306,197
Market Value Gain / Loss	-18,162	-12,880	-10,728	-10,098
Income	61,949	53,670	37,565	9,567
<b>Ending Market Value</b>	<b>\$1,403,848</b>	<b>\$1,403,848</b>	<b>\$1,403,848</b>	<b>\$1,403,848</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 12/31/2021

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
<b>Cash</b>		<b>556,467</b>		<b>556,467</b>	<b>39.6</b>	<b>0</b>	<b>111</b>	<b>0.0</b>
<b>CASH</b>		<b>556,467</b>		<b>556,467</b>	<b>100.0</b>	<b>0</b>	<b>111</b>	<b>0.0</b>
First American Government Obligations Fund Cl Z		556,467		556,467	100.0	0	111	0.0
<b>Fixed Income</b>		<b>857,478</b>		<b>847,380</b>	<b>60.4</b>	<b>-10,098</b>	<b>9,380</b>	<b>1.1</b>
<b>FIXED INCOME - TAXABLE</b>		<b>857,478</b>		<b>847,380</b>	<b>100.0</b>	<b>-10,098</b>	<b>9,380</b>	<b>1.1</b>
<b>TAXABLE FIXED INCOME MUTUAL FUNDS</b>		<b>857,478</b>		<b>847,380</b>	<b>100.0</b>	<b>-10,098</b>	<b>9,380</b>	<b>1.1</b>
Brown Advisory Intermediate Income Fund Cl Inv	78,316	857,478	10.82	847,380	100.0	-10,098	9,380	1.1
<b>Total Portfolio</b>		<b>\$1,413,946</b>		<b>\$1,403,848</b>	<b>100.0</b>	<b>-\$10,098</b>	<b>\$9,491</b>	

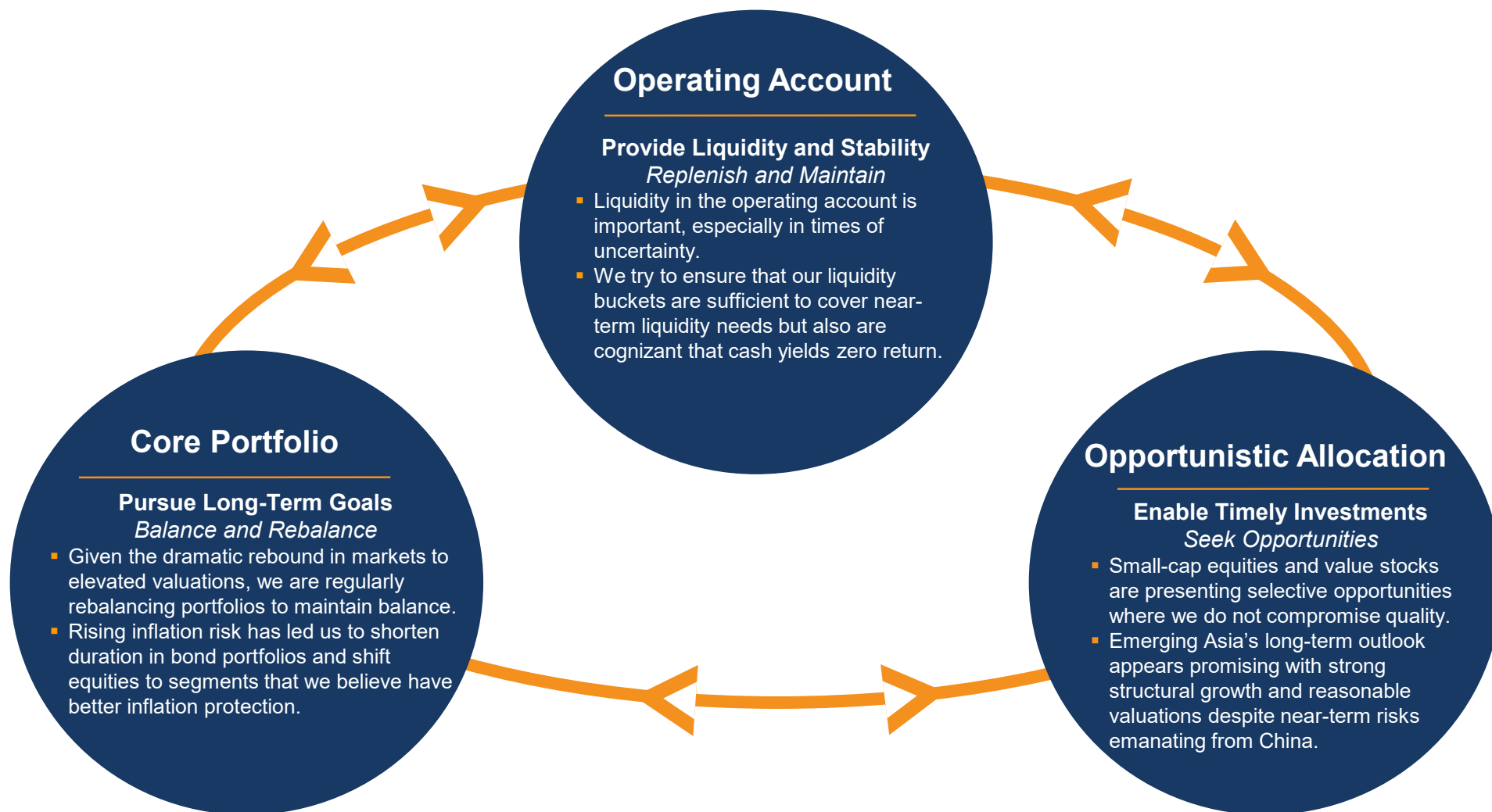
The data contained herein is for informational purposes only and has been prepared from sources believed reliable but not guaranteed by us as to timeliness or accuracy. This information is not a complete summary or statement of all available data, and is not intended to be a suggestion or recommendation 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.

## ECONOMIC & MARKET OVERVIEW

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## 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 we believe that 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.

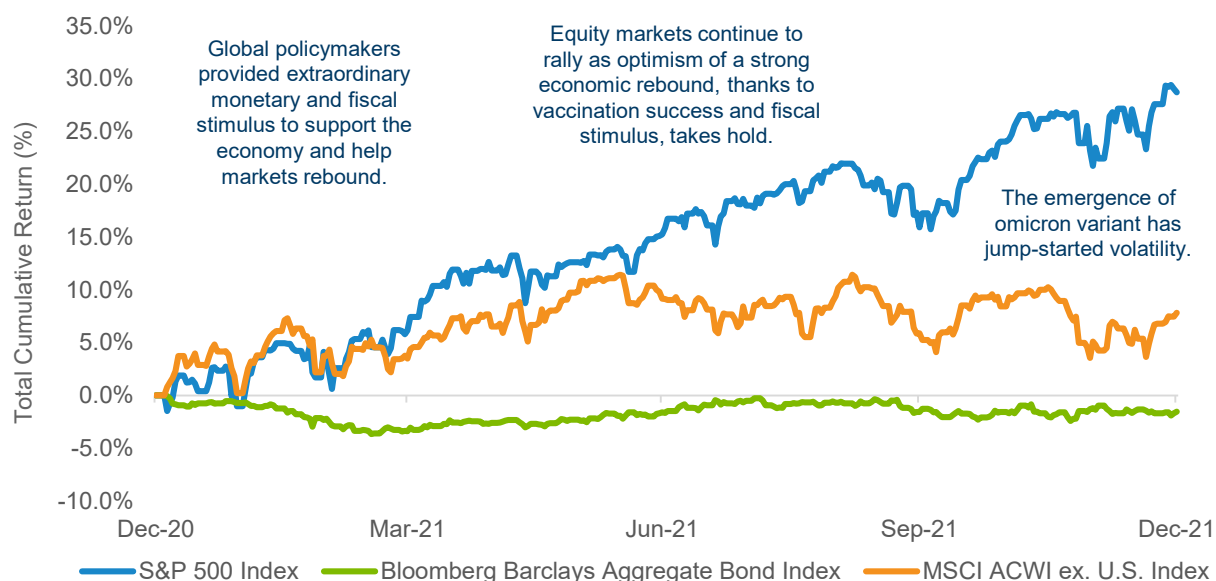


# GLOBAL MARKETS REWIND

As of December 31, 2021

Total Returns*	Trailing 3-Month	CY 2021	Trailing 3-Year	Trailing 5-Year
<b>Large-Cap U.S. Equities</b> S&P 500® Index	11.0%	28.7%	26.0%	18.5%
<b>Small-Cap U.S. Equities</b> Russell 2000® Index	2.1%	14.8%	20.0%	12.0%
<b>Developed International Equities</b> MSCI EAFE Net Total Return Index	2.7%	11.3%	13.5%	9.5%
<b>Emerging-Market Equities</b> MSCI Emerging Markets Net Total Index	-1.3%	-2.5%	10.9%	9.9%
<b>Investment-Grade Fixed Income</b> Bloomberg Aggregate Bond Index	0.0%	-1.5%	4.8%	3.6%
<b>Municipal Fixed Income</b> Bloomberg Muni Bond 1-10 Year Blend Index	0.2%	0.5%	3.4%	3.1%
<b>High-Yield Fixed Income</b> Bloomberg U.S. Corporate High Yield Index	0.7%	5.3%	8.8%	6.3%
<b>Commodities</b> Bloomberg Commodity Index Total Return	-1.6%	27.1%	9.9%	3.7%

Chart Data: 12/31/2020 – 12/31/2021



## Key Market Dynamics:

- Equity markets experienced a volatile end to the year due to the emergence of the omicron variant of COVID-19, but most risk assets ended 2021 with positive returns.
- U.S. stocks, driven by mega-cap growth companies, continued to outperform non-U.S. equities. China's regulatory pressures and zero-COVID-19 approach weighed on EM performance throughout the year.
- Inflation continues to put pressure on central banks, as the Fed announced that it would continue its path to tapering quantitative easing.
- Additionally, a more hawkish tone from Fed Chair Jerome Powell added to equity and fixed income volatility, with markets pricing in more rate hikes in 2022 and 2023.

Source: Bloomberg LP. \*Total returns greater than one year are reported as annualized returns. Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

# KEY QUESTIONS FOR 2022 AND BEYOND

As of December 31, 2021

- **Omicron and Future COVID-19 Variants** – As the global economy grapples with the implications of the omicron variant, how will the evolution of the pandemic affect both the pace and disposition of economic growth in 2022 and beyond?
- **Supply Chain Challenges** – Can companies ameliorate their supply chain challenges such that supply is able to meet robust demand, which could help fuel economic growth and dampen inflationary pressure?
- **Labor Market Shortage** – The number of people not participating in the labor force has increased by over four million, further exacerbating the supply challenges and fueling wage inflation. Will some of these four million reengage in the labor force, which could ease labor shortages?
- **Inflation** – The market is anticipating inflation to slowly moderate, but will it prove more persistent, forcing the Federal Reserve to tighten policy more than expected, pressuring economic activity at a time when there are already significant complications?
- **Federal Reserve Path** – How will the Federal Reserve react to these dynamics, and will it be able to balance the risks of inflation with that of an economic slowdown?
- **China** – How will Chinese policy evolve in terms of COVID-19 policy, regulatory scrutiny, Xi Jinping’s potential third term and geopolitical tensions?

Source: Brown Advisory Analysis

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

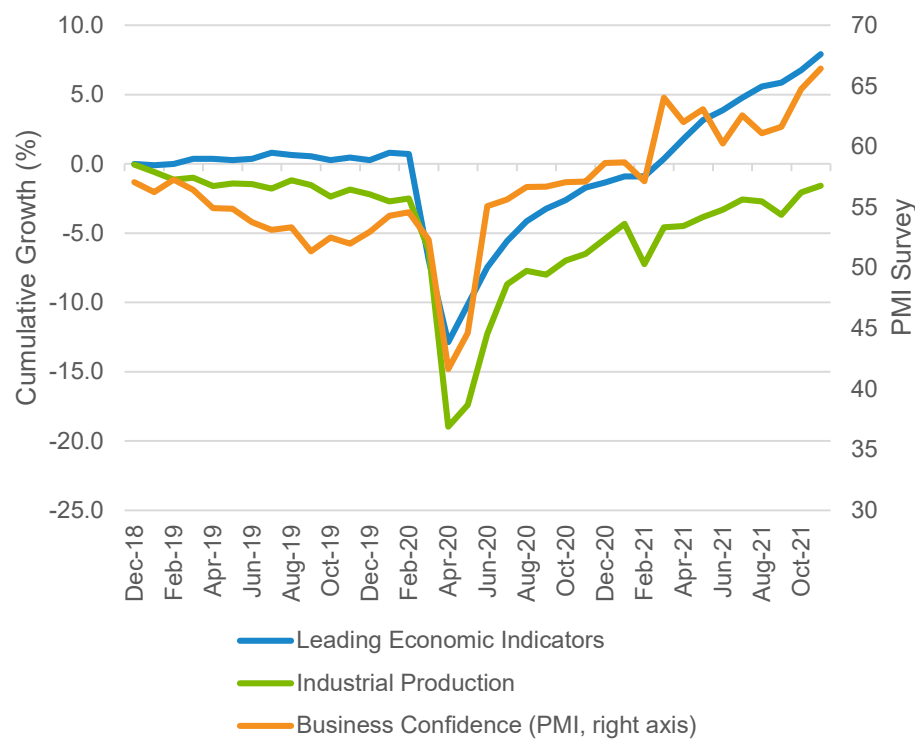
# ECONOMIC FOUNDATION IS SOLID DESPITE UNIQUE CHALLENGES

As of December 31, 2021

Stimulus during the pandemic has created a strong recovery. Leading economic indicators and business confidence signal that further job growth and investment should remain robust in 2022. However, production has struggled to keep up with demand, constraining economic growth.

## Leading indicators and business confidence are strong, but output hampered by supply chains and labor shortages are fueling inflation.

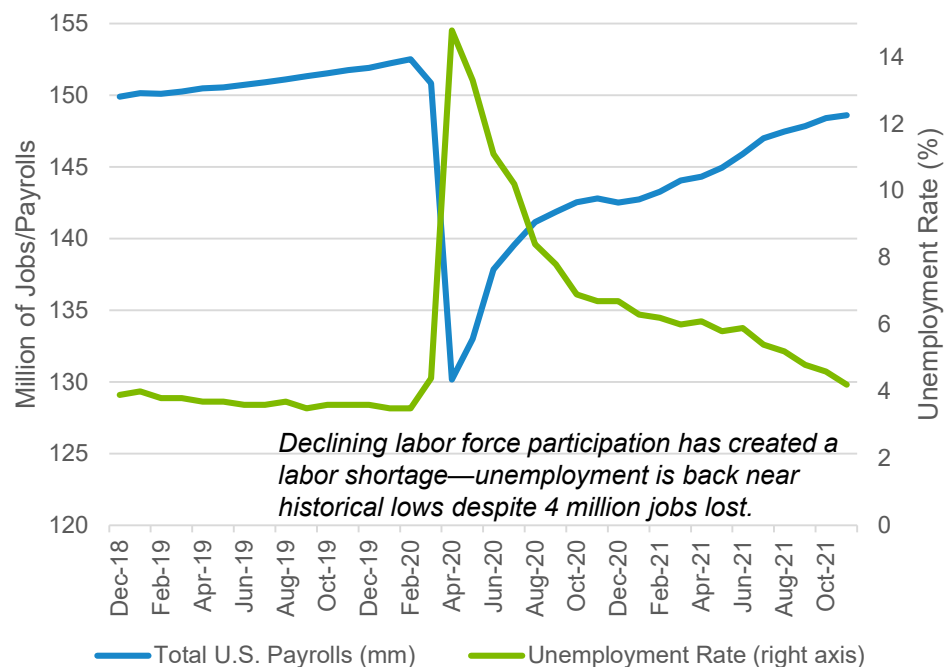
Cumulative growth of LEI and Industrial Production, Composite PMI Survey, 12/31/2018–11/30/2021



Source: Bloomberg, LP. Graph shows most recent data available.

## Despite recovery, employment is nearly four million below pre-pandemic, yet unemployment rate signals a tight labor market.

Total Payrolls and Unemployment Rates, 12/31/2018–11/30/2021



Source: Bloomberg, LP. Graph shows most recent data available.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

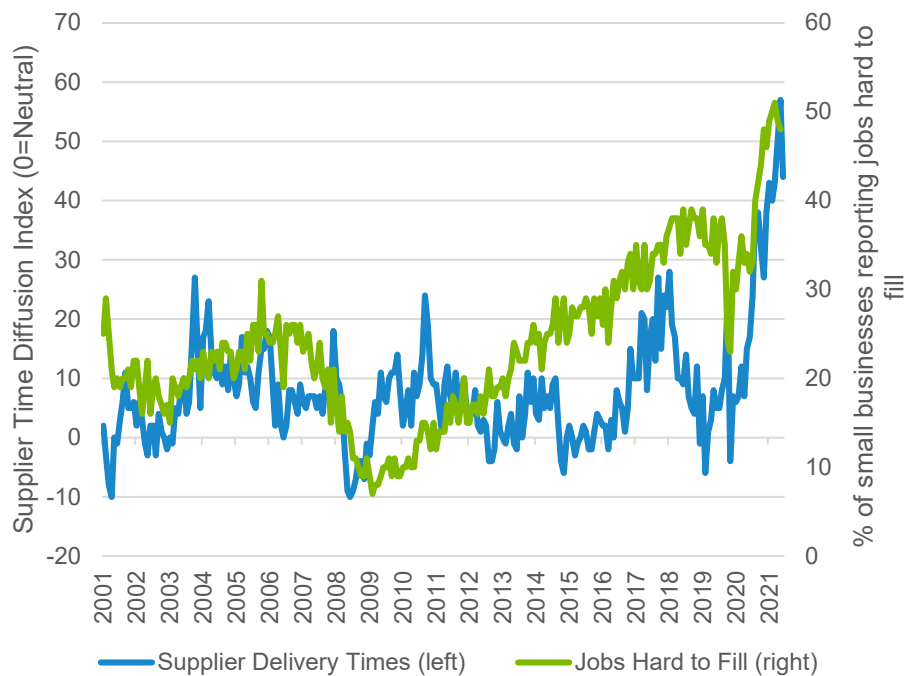
# SUPPLY CHAIN CHALLENGES AND LABOR MARKET SHORTAGES CONSTRAINING ECONOMIC GROWTH

As of December 31, 2021

While demand has been robust, supply has not been able to keep up. Businesses have been frustrated in their attempts to increase supply due to supplier and labor challenges. Inflation has been a clear result, however, it is important to remember that, in general, these challenges are more about strong demand than weak supply.

## Business surveys show unprecedented challenges due to getting supplies and finding available labor.

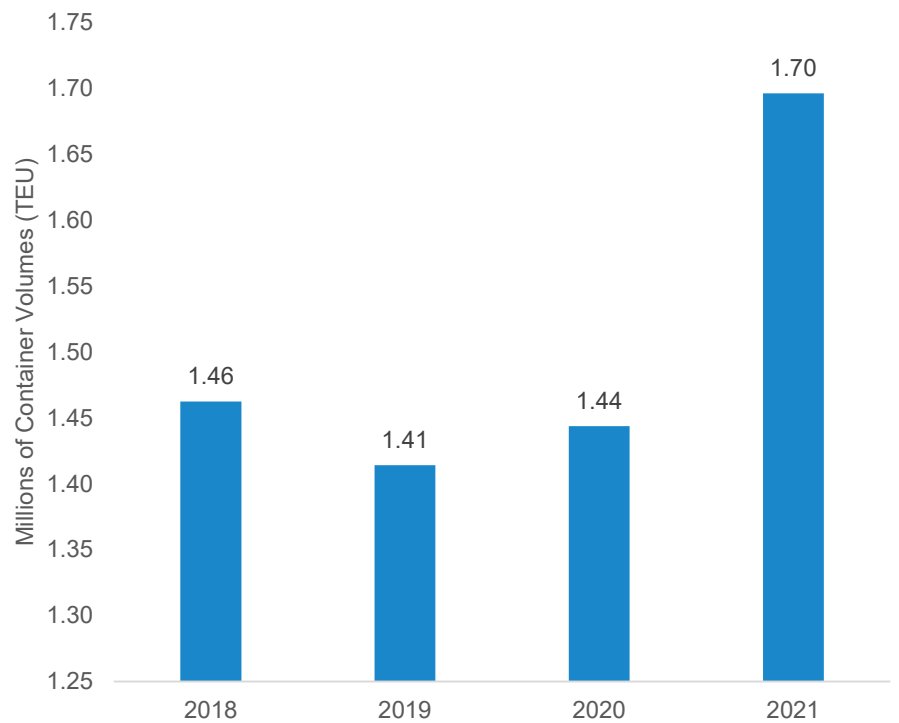
KC Fed's survey on delivery times and NFIB survey on jobs, 12/31/2018–11/30/2021



Source: Bloomberg, LP. Graph shows most recent data available.

## Backups at U.S. ports have garnered headlines, but container volumes show demand is the main cause.

Monthly avg. container volume at Ports of LA & Long Beach, 1/1/2018–11/30/2021



Source: Bloomberg, LP. Graph shows most recent data available.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

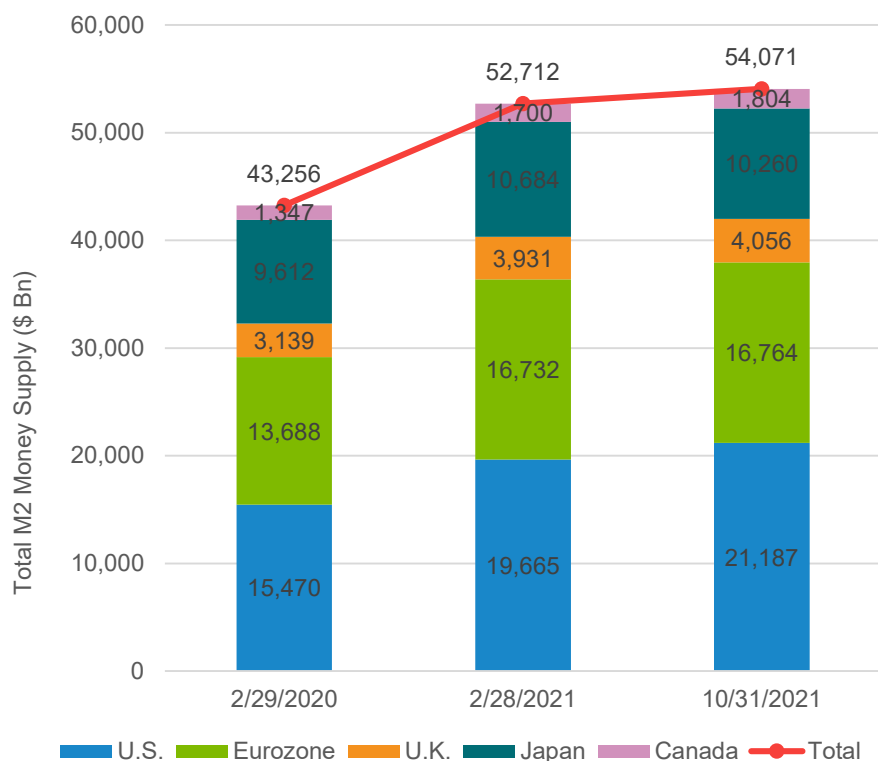
# UNPRECEDENTED STIMULUS FUELS INFLATION

As of December 31, 2021

Coordinated stimulus efforts by policymakers around the globe, which have added over \$10 trillion to the global money supply, have helped generate a robust recovery, but it also fueled inflation to multidecade highs. However, money growth has slowed dramatically, and most central banks are turning toward tightening policy, which may indicate that the fuel for inflation is waning.

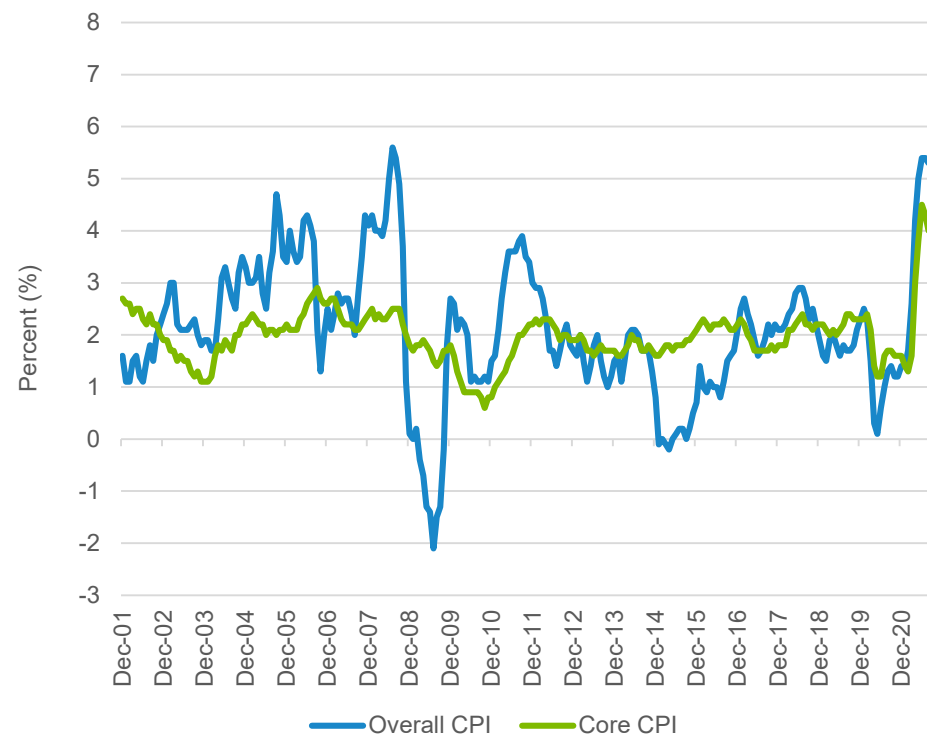
## The coordinated stimulus efforts added \$10 trillion to the global money supply since the pandemic began...

M2 in major developed economies, 02/29/2020, 02/28/2021 & 10/31/2021.



## Leading inflation to surge to multidecade highs as economic activity has begun to normalize.

Overall Consumer Price Index and Core Consumer Price Index, 12/31/2001–11/30/2021



Source: Bloomberg, LP. Graph shows most recent data available.

Source: Bloomberg, LP. Graph shows most recent data available.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

# INFLATION PRESENTS RISK TO STOCKS AND BONDS

As of December 31, 2021

History indicates that if inflation was to persist at near or over 5%, it would present meaningful risk for equities and fixed income. Key indicators, like inflation expectations and wage inflation, suggest it could decelerate but also that the risk is far from over. We believe equities with strong pricing power and cash flow-producing real assets balance risk and opportunity presented by inflation.

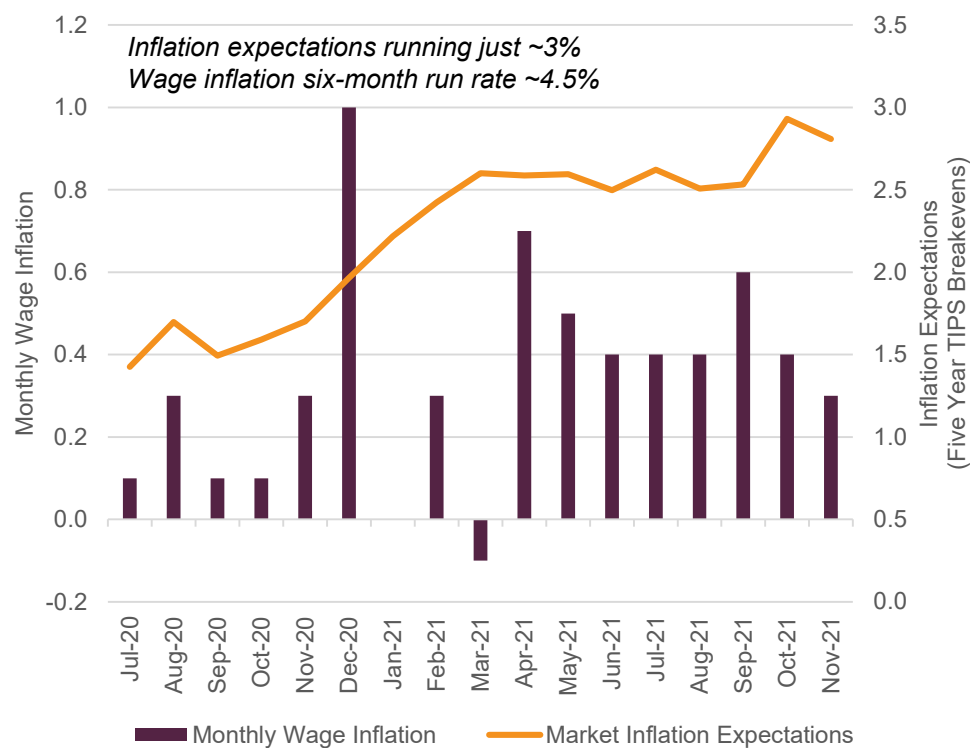
## Over the last 100 years, stocks and bonds have historically performed well as long as inflation remained below around 5%.

Average annual real U.S. equity and bond performance at different levels of annual inflation, 12/31/2021.



## Inflation expectations and wage inflation indicate inflation is likely to moderate but are still running at elevated levels.

Wage inflation and market inflation expectations (TIPS breakevens), 07/31/2020–08/31/2021



“Stocks” represented by S&P® 500 1929-2020, Dow Jones Industrial Average 1921-1928  
 “Bonds represented by the Bloomberg U.S. Aggregate 1976-2020, Bloomberg U.S. Gov’t/Credit 1973-1975, Brown Advisory estimate based on data from Federal Reserve, NBER 1921-1972.

Source: Bloomberg, LP. Graph shows most recent data available.

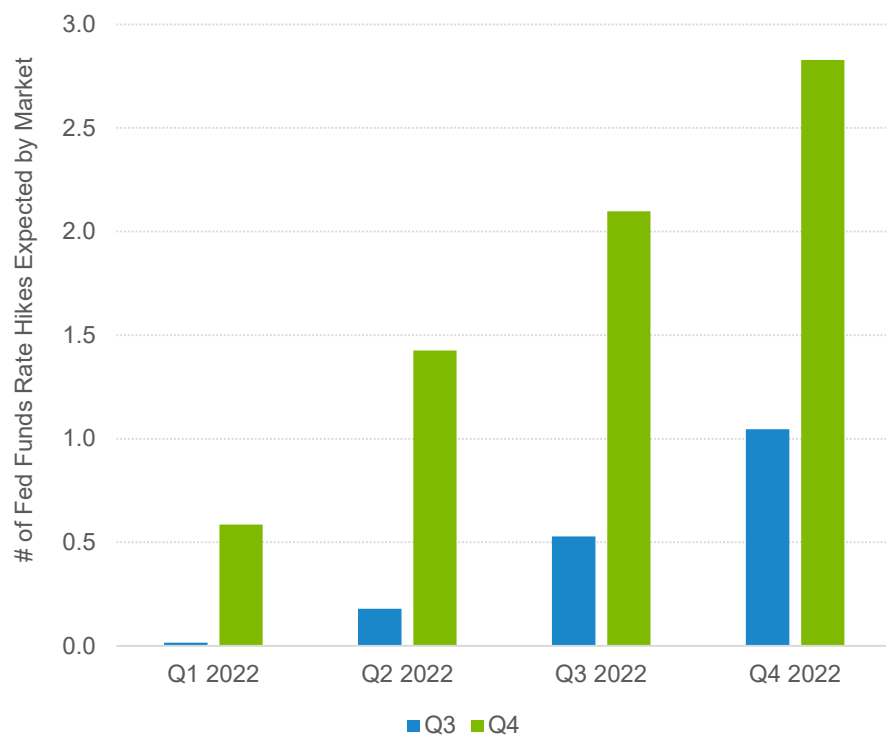
# MARKETS ASSESSING FED LIFTOFF IN 2022

As of December 31, 2021

The Federal Reserve adopted a more hawkish posture during the quarter as elevated levels of inflation are proving more persistent than transitory and the unemployment rate continues to fall. Most Federal Open Market Committee members and the market now expect three interest rates hikes in 2022. Equity and bond market returns have varied widely in past cycles depending on how entrenched inflation proves to be and how aggressively the Fed reacts.

## The Federal Reserve's more hawkish tone led to market expectations of tighter interest rate policy in 2022.

Number of Fed rate hikes expected in 2022 based on Fed funds futures



Source: Bloomberg, LP.

## Market experiences have varied as the Fed starts to raise rates; the average has been modest but positive over the last 50 years.

Total Return 12 months after beginning of Fed funds hiking cycles

Date of First Hike	S&P 500® Index	U.S. Govt/Credit Bond Index
11/30/2015	8.1%	2.4%
6/30/2004	6.3%	7.3%
6/30/1999	7.2%	4.3%
3/31/1997	47.9%	12.4%
1/31/1994	0.5%	-3.1%
3/31/1988	18.1%	5.0%
5/31/1983	-3.0%	0.9%
7/31/1980	13.0%	-4.2%
12/31/1976	-7.2%	2.9%
6/30/1975	13.9%	10.6%
2/28/1974	-11.1%	5.2%
<b>Average</b>	<b>8.5%</b>	<b>3.9%</b>
<b>Median</b>	<b>7.2%</b>	<b>4.3%</b>

*All below long-term average returns*

Source: Bloomberg, LP.  
Equities (S&P 500® Index), Bonds (Bloomberg US Government/Credit Bond Index)

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

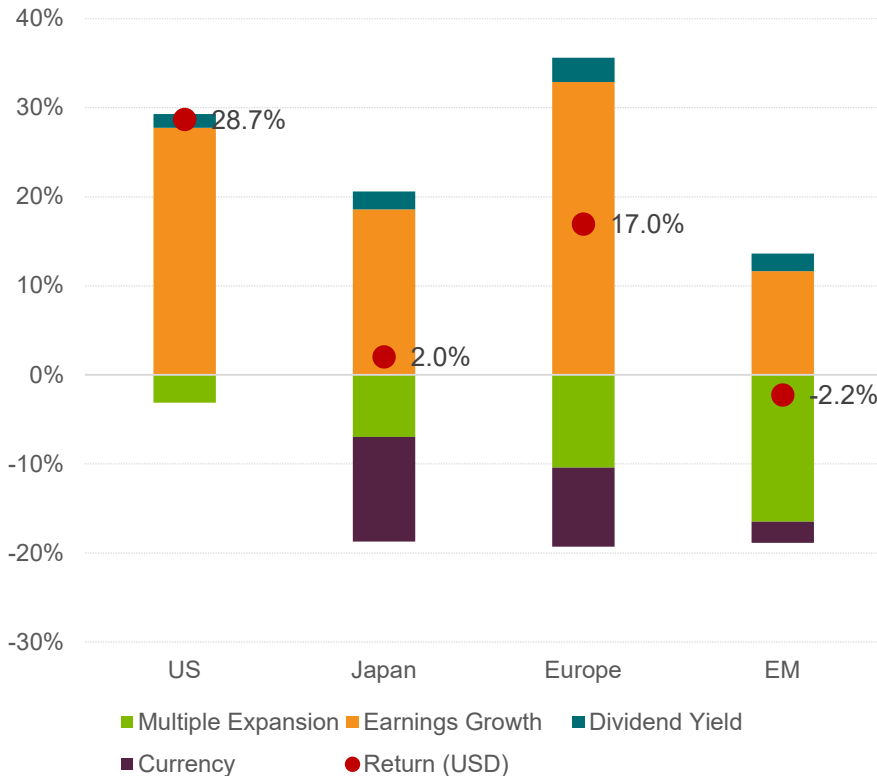
# STRONG EARNINGS ACROSS SECTORS AND REGIONS, BUT THE OUTLOOK INCLUDES HEADWINDS

As of December 31, 2021

Earnings growth has been strong relative to high expectations. Despite multiple challenges, such as COVID-19, supply chain issues and persistent inflation, earnings are expected to grow at a moderate pace the next two years, which may provide some support to current market valuations.

## Unlike 2020, equity market returns in 2021 have been driven by robust earnings growth rather than expanding valuation.

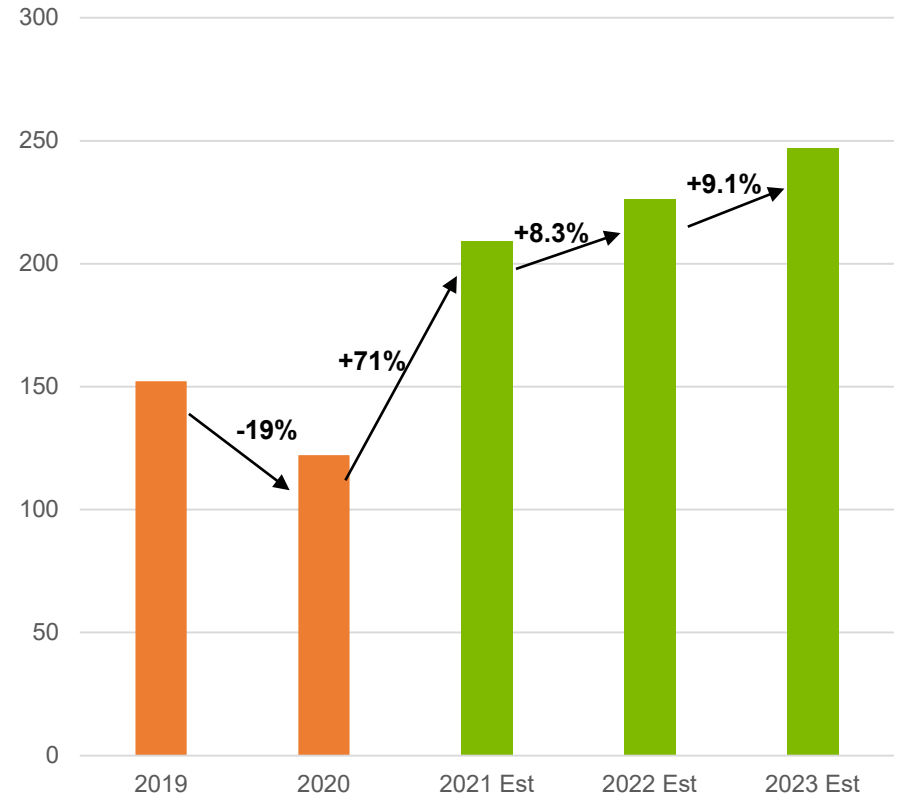
Year-to-date sources of return by geography, 12/31/2020–12/31/2021



Source: Bloomberg, LP, U.S. using S&P 500®, Japan using MSCI Japan Net Total Return Index, Europe using MSCI Europe Net Total Return Index, EM using MSCI Emerging Markets Net Total Return Index

## Earnings growth is expected to slow from 2021's rapid pace but still grow at a healthy clip over the next two years.

S&P 500® actual and estimated earnings per share for calendar years 2019–2023



Source: Bloomberg, LP, S&P 500® Index

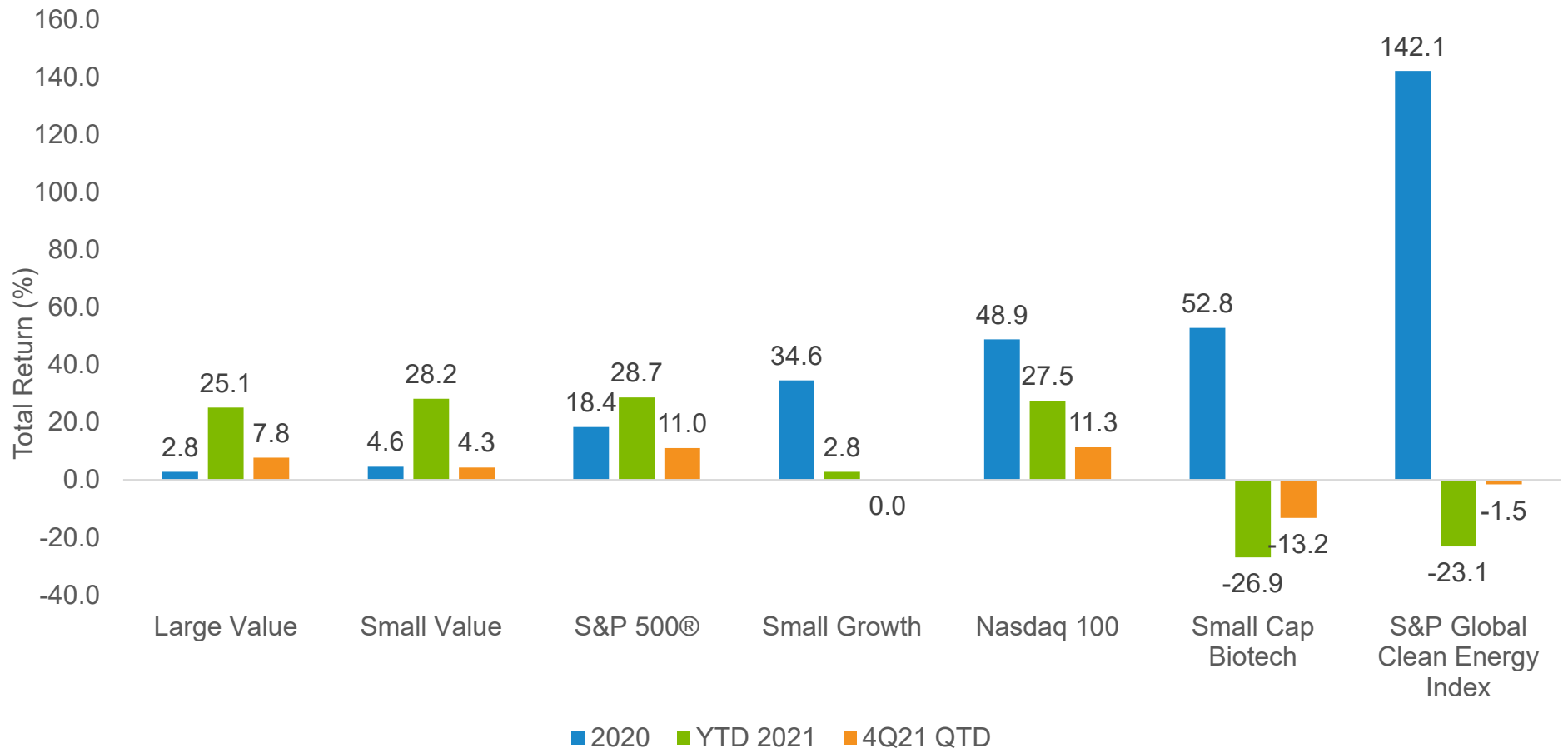
Note: All commentary is as of 12/31/2021 unless otherwise noted. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Please see the end of this presentation for important information.

# RECENT MARKET PERFORMANCE

As of December 31, 2021

2021 saw a meaningful dispersion among stocks, particularly in more speculative parts of the equity markets that benefited greatly in 2020 but have since sold off in 2021.

## Some speculative segments of the market lagged meaningfully in 2021



Source: Bloomberg, LP. Large Value using Russell 1000 Value Index, Small Value using Russell 2000 Value Index, Small Growth using Russell 2000 Growth Index, Small Cap Biotech using Russell 2000 Index GICS Biotechnology Subsector Index.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

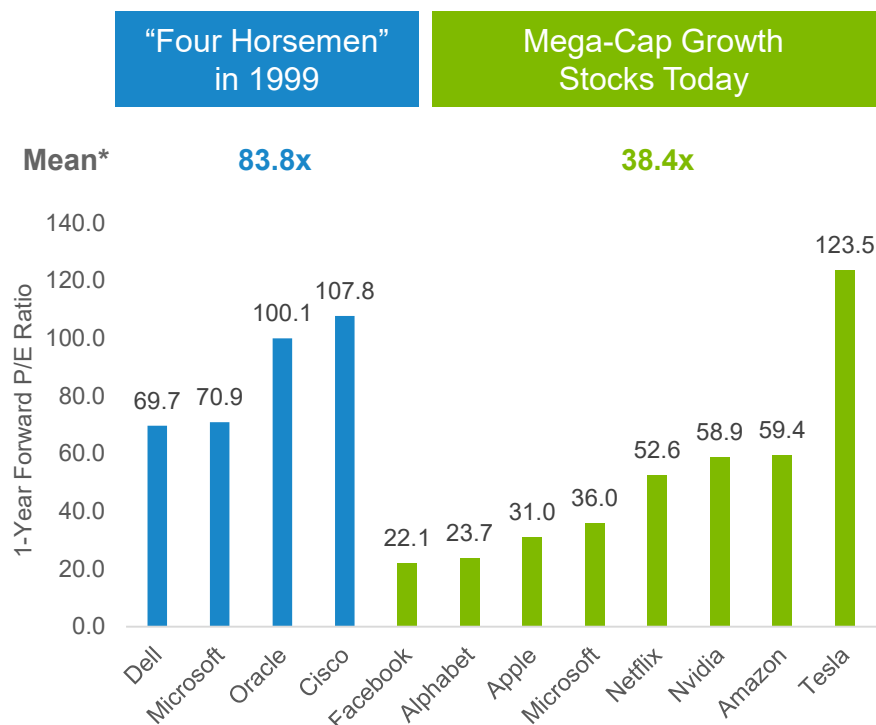
# CAN MEGA-CAP GROWTH STOCKS KEEP UP THE LEVEL OF OUTPERFORMANCE?

As of December 31, 2021

The top ten companies in the S&P 500® made up 30.7% of the index (the highest concentration of names in the top ten since the Tech Bubble) and were responsible for more than a third of the Index's returns last year, highlighting the importance of these mega-cap names to the index's performance.

## Valuations for some of the largest-growth stocks in the S&P 500® Index are reasonable compared to valuations of the darlings of the tech bubble (dubbed the Four Horsemen).

Forward P/E ratios as of 12/31/1999 and 12/31/2021

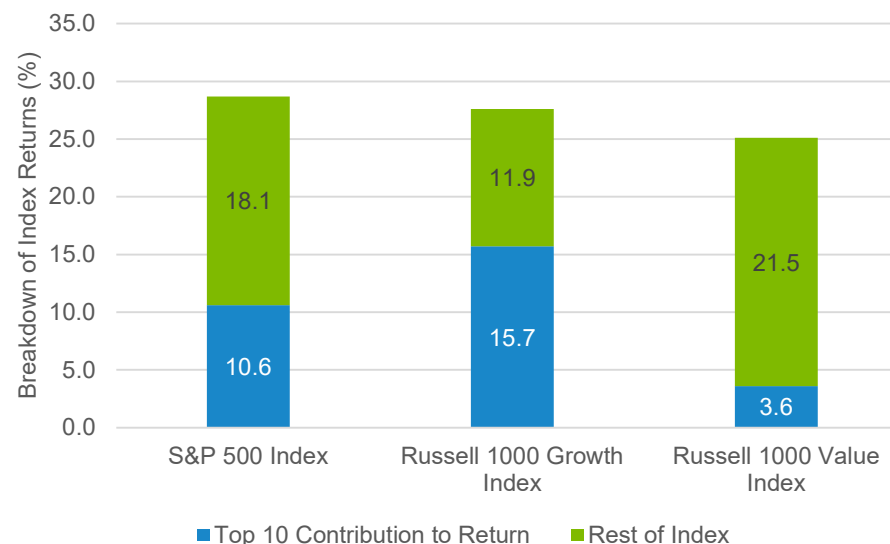


Source: Bloomberg, LP. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. \*The mean used is the harmonic mean (defined as the reciprocal of the arithmetic mean of the reciprocals of the underlying data). We believe harmonic means are a more accurate way to aggregate Price-to-Earnings (P/E) ratio data.

## Concentration in mega-cap growth stocks are driving year-to-date returns among the S&P 500® Index and Russell Large Cap Growth Index.

Concentration and contribution to YTD index returns

Index	S&P 500® Index	Russell 1000® Growth	Russell 1000® Value
Top 10 Weight (%)	30.7	49.0	17.7
Total Index Return (%)	28.7	27.6	25.1



Source: Bloomberg, LP.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

# ELEVATED VALUATIONS LEAVE LITTLE ROOM FOR ERROR, BUT OPPORTUNITY IS UNDER THE SURFACE

As of December 31, 2021

Equity market valuations are near historical extremes and potentially creating risk should either economic conditions deteriorate or rising interest rates pressure valuations. However, we believe that valuations are more reasonable when considered relative to fixed income yields. Furthermore, outside U.S. large-cap growth, valuations appear far more reasonable.

## Equity and bond market valuations are near historic extremes, driven by low interest rates.

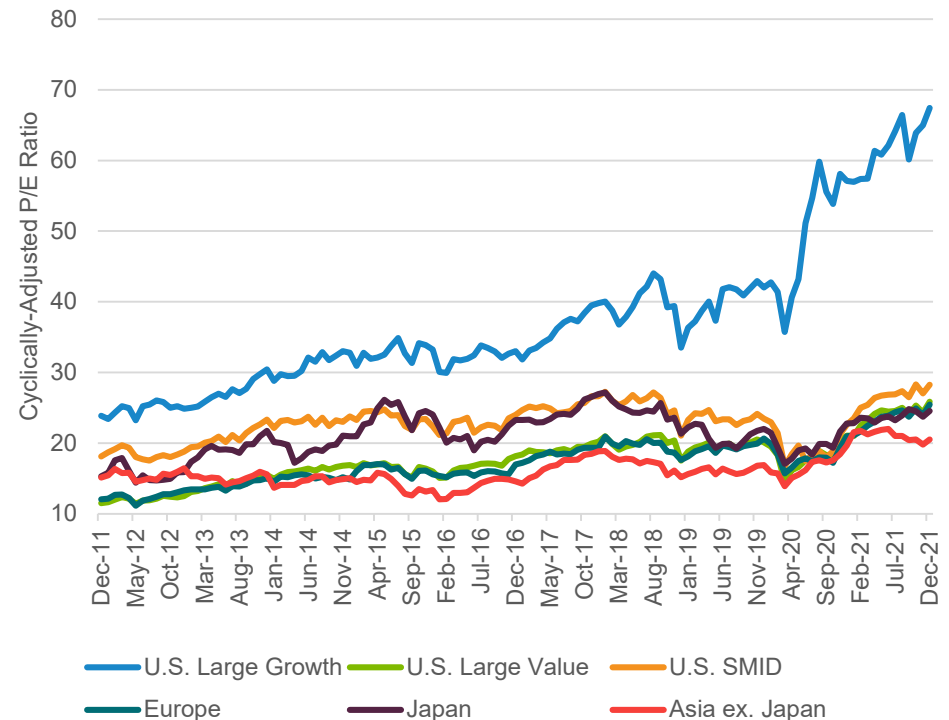
Cyclically adjusted S&P 500® earnings yield and U.S. bond market yield, 01/31/1976–12/31/2021



Source: Bloomberg, LP. Graph shows most recent data available. Using Bloomberg Aggregate Bond Index for Aggregate Yield.

## Though valuations have broadly increased, U.S. large-cap growth has disproportionately driven overall equity market valuations.

Cyclically adjusted P/E ratios, 12/31/2011–12/31/2021



Source: Bloomberg, LP. U.S. Large Growth using Russell 1000 Growth Index, U.S. Large Value using Russell 1000 Value Index, U.S. SMID using Russell 2500 Index, Europe using MSCI Europe Index, Japan using MSCI Japan Index, Asia ex. Japan using MSCI AC Asia ex. Japan Index.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

# THE CASE FOR SMALL-CAP SUPPORTED BY EARNINGS GROWTH AND VALUATION

As of December 31, 2021

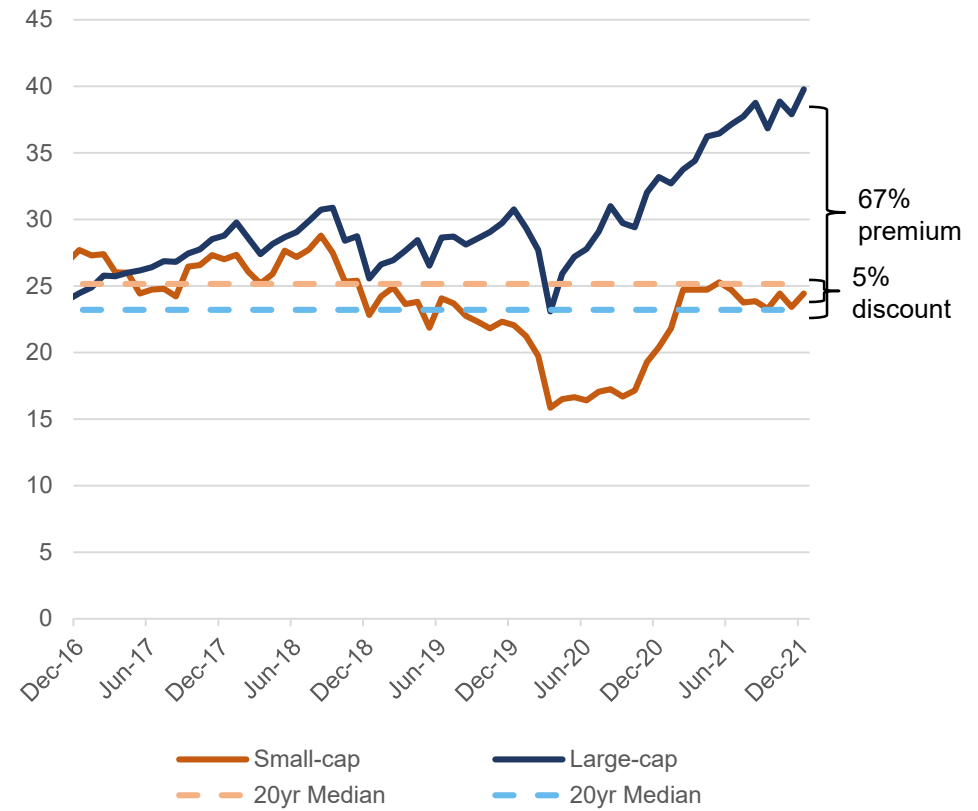
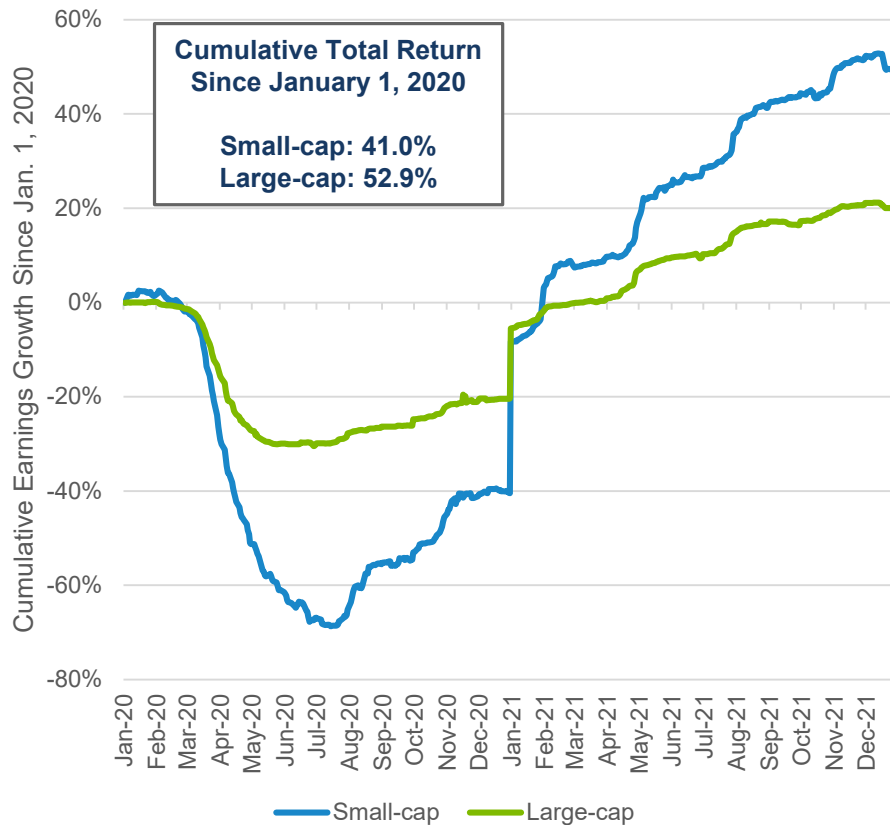
Small-cap earnings were more directly impacted by the onset of the pandemic than large-caps, but they are also set to benefit more from the global economic reopening, particularly the domestic economy. Despite a stronger earnings recovery and more attractive valuation, small-cap performance has actually lagged large-caps since the pandemic began.

**Since the pandemic began, small-cap performance has lagged despite earnings growth more than double that of large-cap.**

Cumulative growth in estimated earnings, 01/01/2020–12/31/2021

**Small-cap valuation appears in line with historical norms versus a large premium to history for large-caps.**

Cyclically adjusted P/E ratios for small-cap and large-cap, 12/31/2016–12/31/2021



Source: Bloomberg, LP.  
Small Cap (S&P 600®), Large Cap (Russell 1000®)

Source: Bloomberg, LP.  
Small Cap (S&P 600®), Large Cap (Russell 1000®)

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

# BREAKING DOWN U.S. EQUITY UNIVERSE ACROSS 'QUALITY' USING RETURN ON INVESTED CAPITAL

As of December 31, 2021

Despite elevated overall valuations, we continue to see opportunities under the surface in quality companies that boast healthy balance sheets and profitability but are trading at relatively attractive valuations.

## CRSP U.S. Total Market Index Broken Down by ROIC

Quintile Median Fundamental Statistics and Total Return

Quintile Ranked by ROIC	Median Total Return	Fwd. P/E	EV/ Sales	Net Debt/EBITDA	Operating Margin	ROIC
1 <sup>st</sup> Quintile	34.3%	18.5x	2.8x	0.3x	14.7%	24.6%
2 <sup>nd</sup> Quintile	29.5%	<i>Reasonable valuations....</i> <b>15.9x</b>	<b>2.3x</b>	<i>...Low leverage....</i> <b>1.1x</b>	<i>Solid profitability</i> <b>12.5%</b>	<b>12.3%</b>
3 <sup>rd</sup> Quintile	29.3%	14.6x	2.3x	1.9x	16.4%	8.5%
4 <sup>th</sup> Quintile	26.1%	18.1x	2.8x	3.2x	12.6%	5.5%
5 <sup>th</sup> Quintile	18.7%	19.2x	3.2x	4.2x	4.5%	2.2%
Loss-Making Companies	-15.1%	N/A	3.9x	4.7x	-45.2%	-4.3%

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.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

# ASIAN EQUITIES WEIGHED DOWN BY CHINA WITH VALUATIONS REFLECTING BEARISH SENTIMENT

As of December 31, 2021

Valuations in Asia are attractive, in our view, but uncertainty is extremely elevated. We believe appropriate sizing in portfolios is key.

**Asian companies generally trade at a steep discount relative to U.S. companies, particularly in key sectors like tech and consumer, where long runway for growth exists in the region.**

Forward P/E ratios and relative premium/discount as of 12/31/2021

GICS Sector	U.S.	Asia ex. Japan	Asia Premium / Discount	5-Year Median Relative Valuation
<b>Cons. Disc.</b>	<b>36.3</b>	<b>29.7</b>	<b>-18.1%</b>	<b>-15.0%</b>
Cons. Staples	23.0	25.8	12.5%	18.8%
<b>Comm. Services</b>	<b>20.8</b>	<b>21.1</b>	<b>1.5%</b>	<b>27.1%</b>
Energy	13.9	10.9	-21.8%	-43.5%
Financials	13.5	9.3	-31.5%	-29.8%
Health Care	18.5	40.7	119.7%	109.5%
Industrials	27.6	11.4	-58.7%	-34.1%
<b>Info. Tech</b>	<b>29.3</b>	<b>17.8</b>	<b>-39.1%</b>	<b>-25.8%</b>
Materials	17.5	9.8	-44.3%	-30.5%
Real Estate	47.8	8.7	-81.7%	-76.3%
Utilities	21.6	17.6	-18.4%	-24.6%
<b>Overall</b>	<b>22.8</b>	<b>14.9</b>	<b>-34.6%</b>	<b>-26.4%</b>

Source: Bloomberg, LP. U.S. using S&P 500® Index, Asia using MSCI AC Asia ex. Japan Index.

**Despite the relatively attractive valuation, Asia heads into 2022 with a balance of both risks and potential opportunities, driven largely by China.**

Scenario analysis in 2022

Bullish Factors	Bearish Factors
<b>The Chinese government boosts stimulus</b> in an effort to jump-start economic growth in 2022.	<b>Property slump in China</b> leads to more de-leveraging in China, presenting both financial and economic risk.
<b>Focused investment</b> in key areas, such as semiconductors, clean energy and infrastructure, lead to new growth cycles.	<b>Ongoing regulatory pressures</b> weigh on Chinese companies, particularly in tech and internet.
<b>Adoption of e-commerce and fintech</b> in rapidly growing markets across Asia leads to innovation beyond China.	<b>Zero-COVID-19 policies across Asia</b> impact consumption and economic recovery: risk of new variants may arise.
Other Asian countries/regions, like India, Taiwan and ASEAN, see <b>a cyclical economic rebound as global demand recovers further in 2022.</b>	<b>U.S.-Chinese tensions escalate</b> as the two compete across economic spheres and geopolitics.

Source: Brown Advisory Research

Note: All commentary is as of 12/31/2021 unless otherwise noted. Sectors are based on the Global Classifications Standard (GICS) classification system. Please see the end of this presentation for important information.

# CURRENT POSITIONING BY MAJOR ASSET CLASS

As of December 31, 2021

While economic activity continues to recover from the pandemic, headwinds emanating from inflation, supply chain challenges and policy shifts alongside elevated valuations across most asset classes present heightened near-term uncertainty. 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 “reopening” trade performing well and traded at 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 generally 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 the potential for higher interest rates but may also reduce 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 may create a temptation to reach for yield in lower-rated bonds, and current spreads are well below historical norms, which provide 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, we believe that 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, we believe that 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 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

# THE CASE FOR DIVERSIFICATION

As of December 31, 2021

## Calendar Year Index Returns (%)

Data through December 31, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Trailing 10-Year Annualized
Best Performing ↑ ↓ Worst Performing	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%	U.S. Large 28.7%	U.S. Large 16.5%
	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%	Commodities 27.1%	U.S. Small 13.2%
	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. Small 14.8%	Dev. Intl. 8.0%
	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. 11.3%	Em. Mkts. 5.5%
	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%	IG Bonds -1.5%	IG Bonds 2.9%
	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%	Em. Mkts. -2.5%	Commodities -2.8%

Source: Bloomberg, LP. Indices: IG Bonds – Bloomberg 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). Please see the end of this presentation for important information.

## THE BIG PICTURE ADDENDUM

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# THE CASE FOR DIVERSIFICATION

As of December 31, 2021

## Trailing Five-Year Annualized Returns

Data through December 31, 2021

		Trailing Five-Year Annualized Returns						Trailing 20-Year Annualized Returns	
		1995	2000	2005	2010	2015	2020	2021	
Best 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 +18.5%	Em. Mkts. +9.9%
		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 +12.0%	U.S. Large +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%	70/30 Portfolio +11.6%	U.S. Small +9.3%
		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%	Em. Mkts. +10.2%	HY Bonds +7.8%
Worst Performing ↓		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. +9.5%	70/30 Portfolio +7.3%
		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 +6.3%	Dev. Intl. +6.3%
		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%	Commodities +3.7%	IG Bonds +4.3%
		Commodities +4.8%	Em. Mkts. -4.4%	U.S. Large +0.5%	Commodities +1.2%	Commodities -13.5%	Commodities +1.0%	IG Bonds +3.6%	Commodities +1.8%

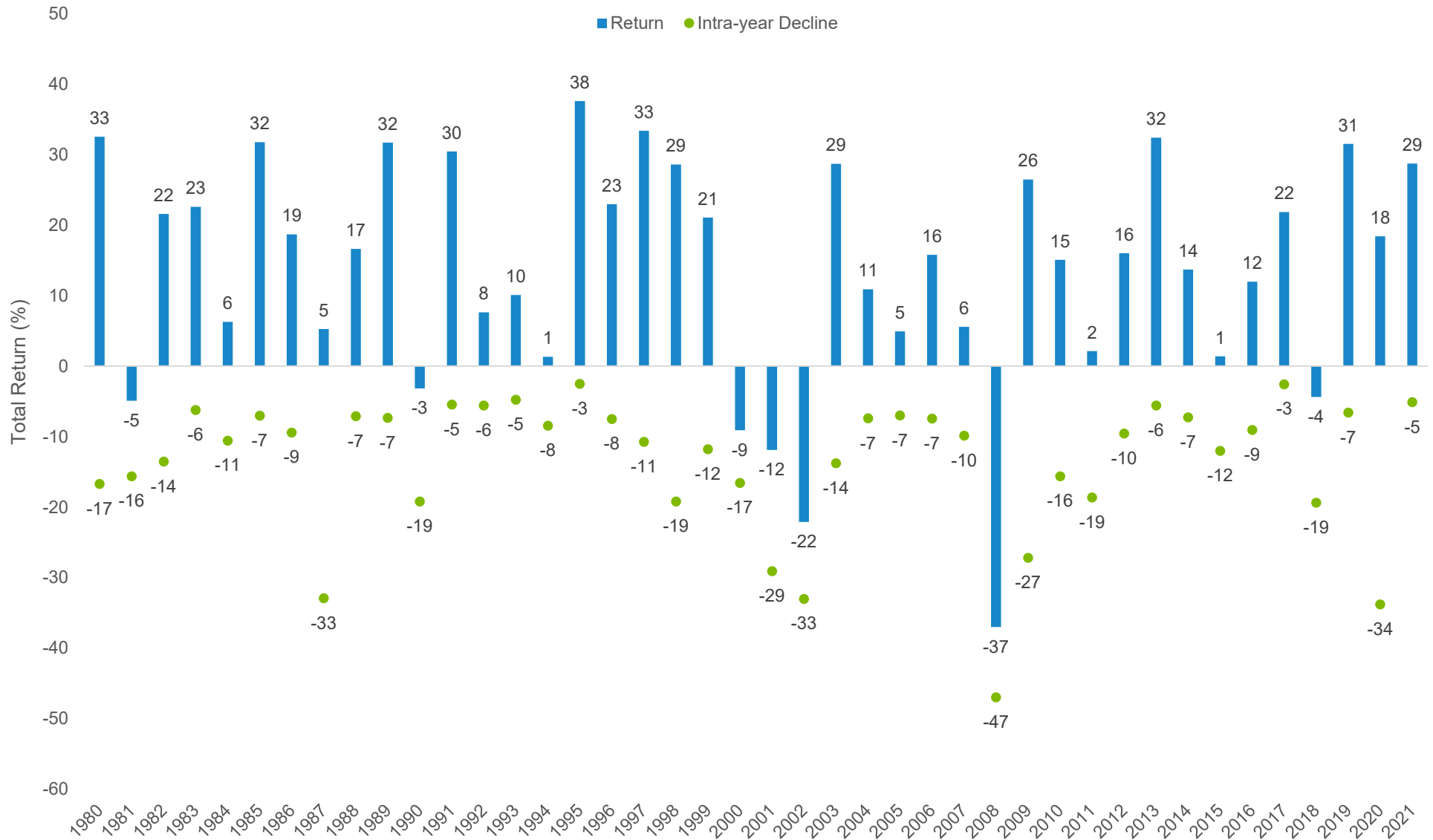
Source: Bloomberg. Indices: IG Bonds – Bloomberg Aggregate Bond Index; U.S. Large-Cap – S&P 500 Index; HY Bonds: Bloomberg US Corporate High Yield Bond Index; 70% Equity: MSCI ACWI Index 30% Bonds: Bloomberg US Aggregate Bond Index; U.S. Small-Cap – Russell 2000 Index; Dev. Intl. – MSCI EAFE Net Total 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 12/31/2021. Please see the end of this presentation for important information.

# ANNUAL RETURNS AND INTRA-YEAR DECLINES

Data as of 12/31/2021

**U.S. markets produced positive returns in 35 of the past 42 years despite intra-year drawdowns.**

S&P 500 Index Total Returns, 1980–2021



Source: Bloomberg. 2021 measuring YTD performance as of 12/31/2021

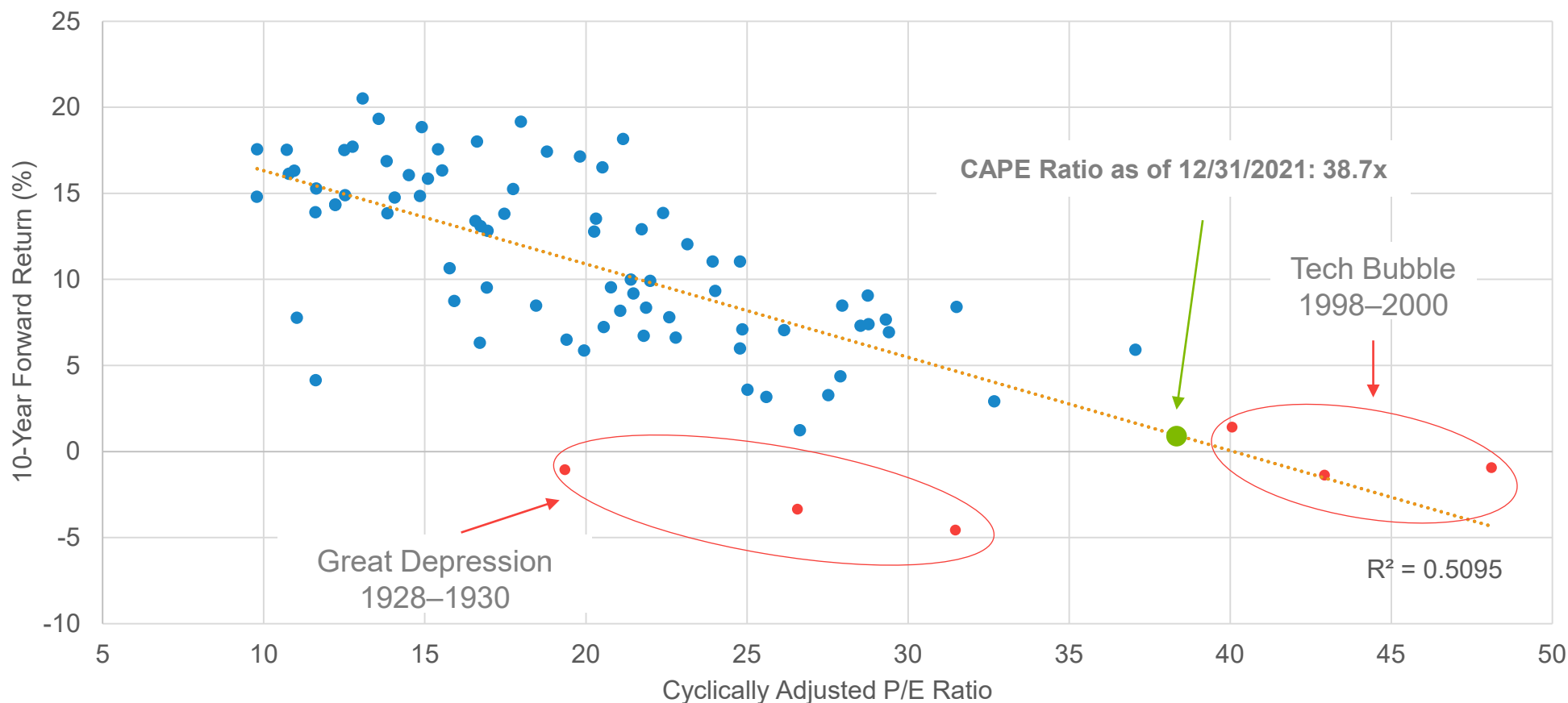
# ELEVATED VALUATIONS WILL LIKELY DAMPEN RETURNS

As of December 31, 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 are still seeking alternatives to traditional equity and bond markets.

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

S&P® 500 Index Cyclically-Adjusted P/E (CAPE) Ratio and 10-Year Annualized Returns, 12/31/1928–12/31/2011



Source: Bloomberg, LP, Brown Advisory Analysis. Data from 12/31/1928–12/31/2011. 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.

# LONG-TERM INVESTMENT THEMES

As of December 31, 2021

While there are great uncertainty and elevated valuations in the current environment, we still see meaningful long-term opportunity created by the underlying securities in which we invest. 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.

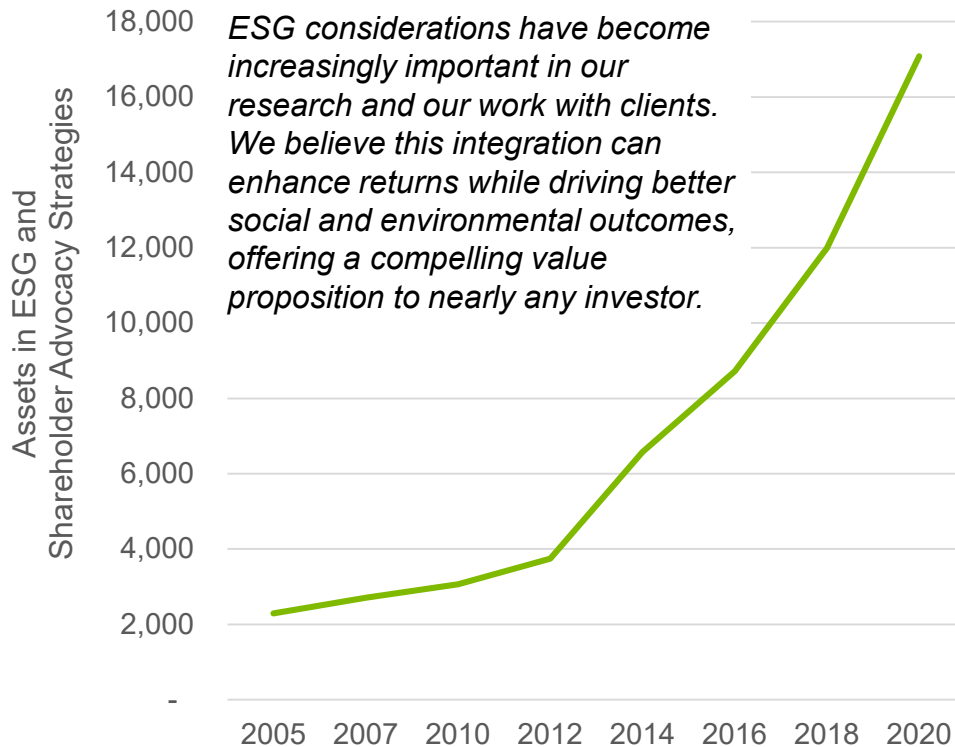
# LONG-TERM INVESTMENT THEMES

As of December 31, 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



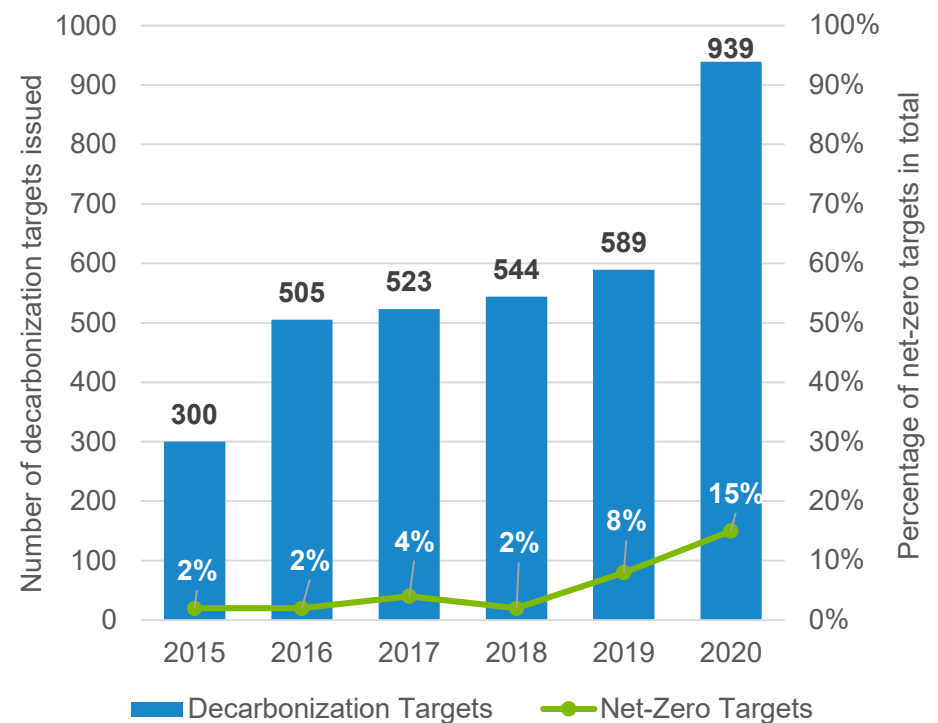
Source: Morningstar

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**Innovations addressing climate change** have increased as we approach 2050, the U.N. carbon neutrality target. Companies that can smoothly transition from current energy sources and emission levels to the required decarbonization are poised to succeed over the next decades.

## As capital has aligned with environmental goals, an increasing number of companies are decarbonizing in order to retain investors.

Number of companies in the MSCI ACWI with established climate related targets



Source: MSCI ACWI as of 01/05/2021. Graph shows most recent data available.

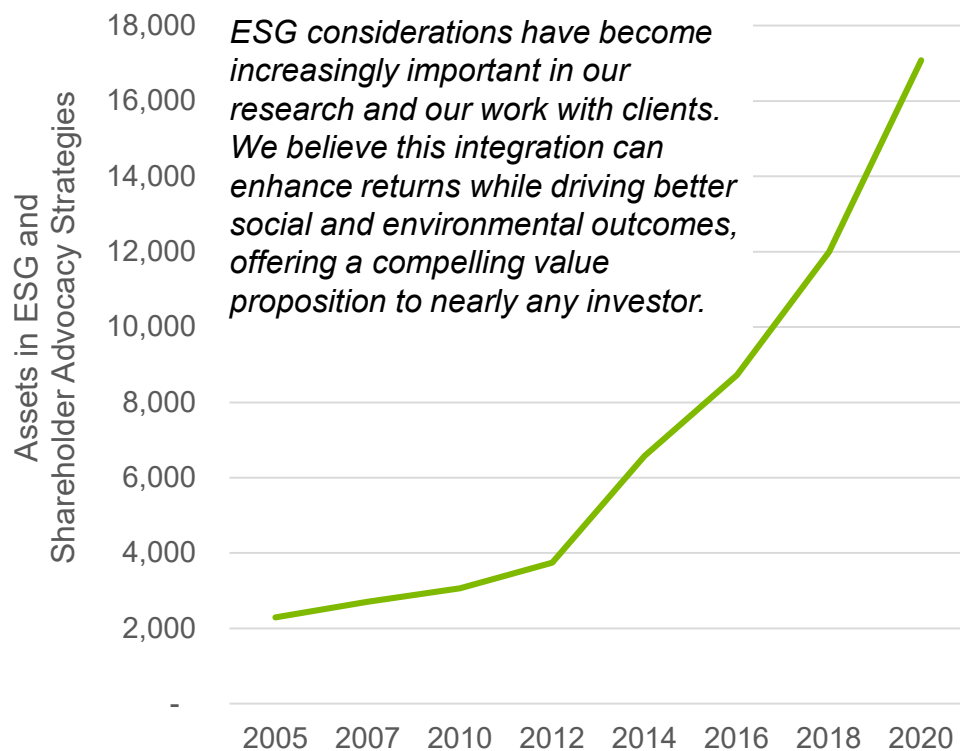
# LONG-TERM INVESTMENT THEMES

As of December 31, 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.

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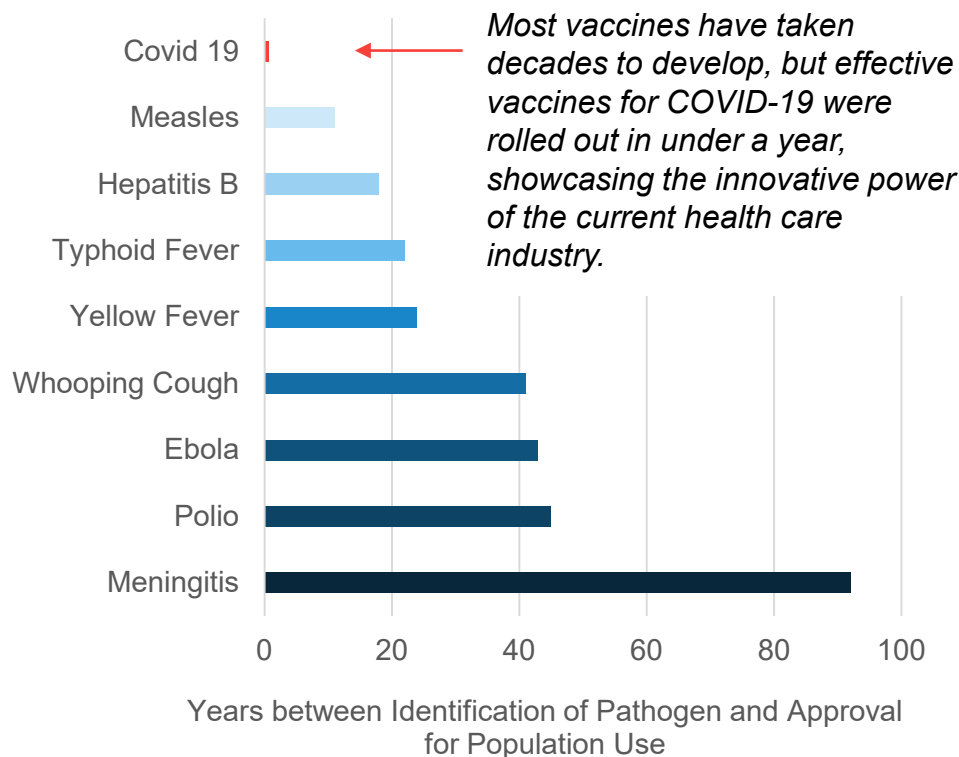
Source: Morningstar

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**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 COVID-19 vaccine development.

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



Source: CDC, NIH as of 03/31/2021. Graph shows most recent data available.

# LONG-TERM INVESTMENT THEMES

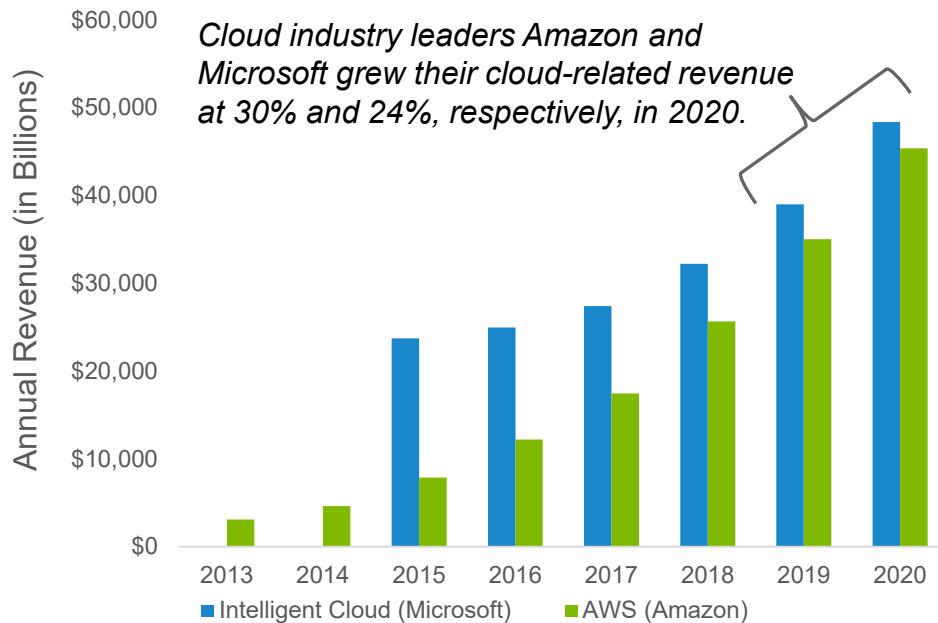
As of December 31, 2021

**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.

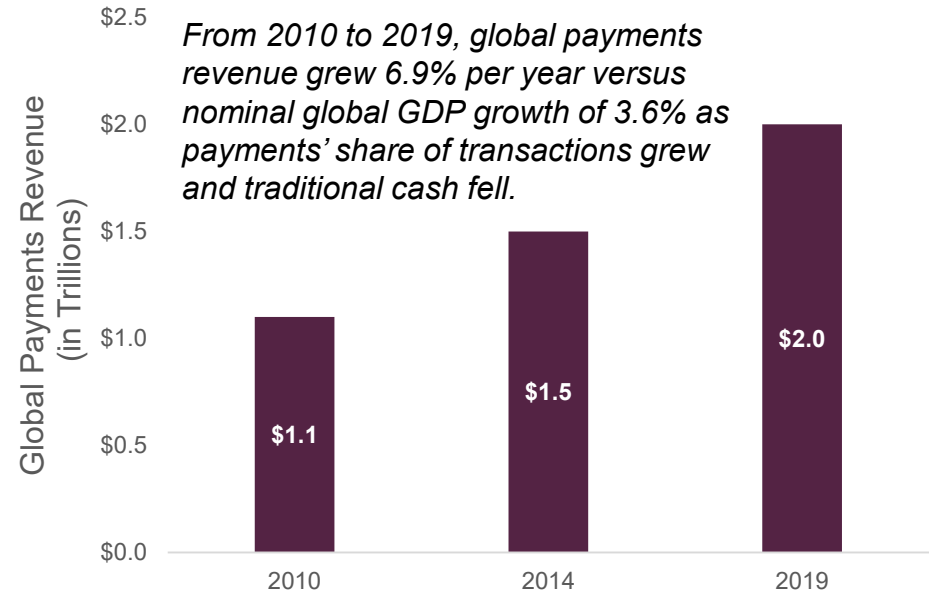
Annual Cloud Related Revenue



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

Note: All commentary is as of 09/30/2021 unless otherwise noted. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Please see the end of this presentation for important information.

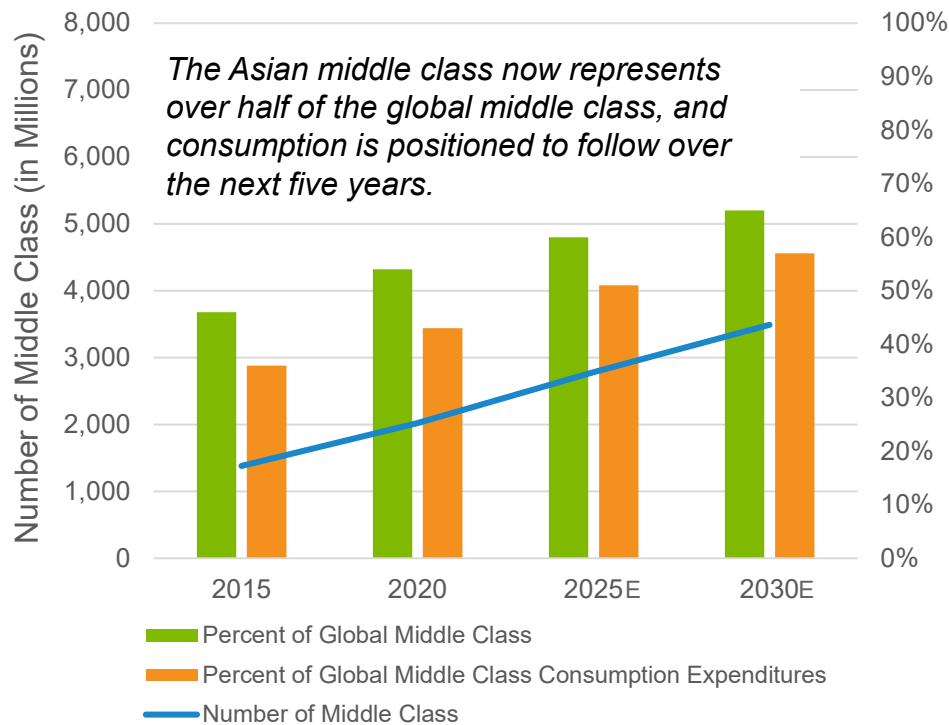
# LONG-TERM INVESTMENT THEMES

As of December 31, 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

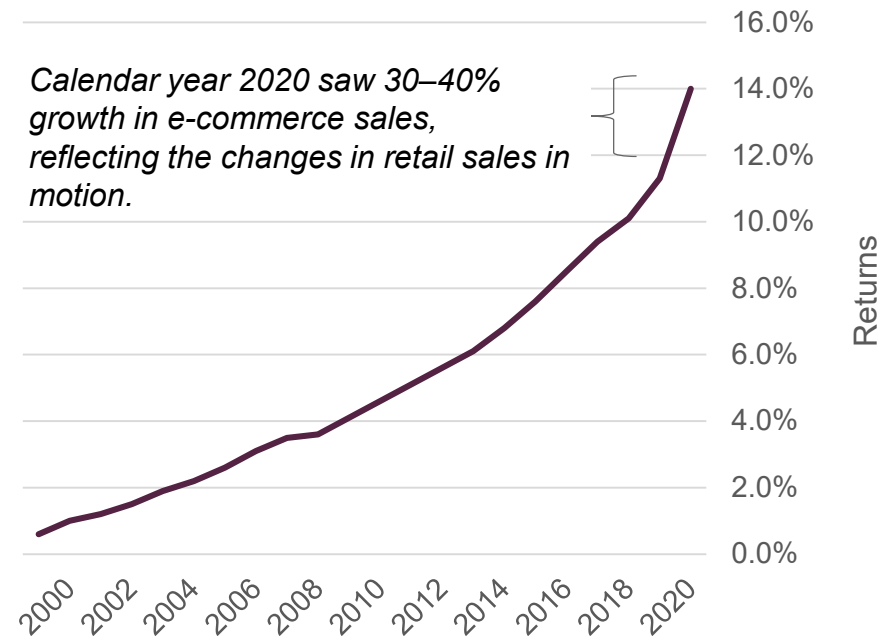


Source: Brookings Institute. Graph shows most recent data available.

**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. Graph shows most recent data available.

Note: All commentary is as of 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

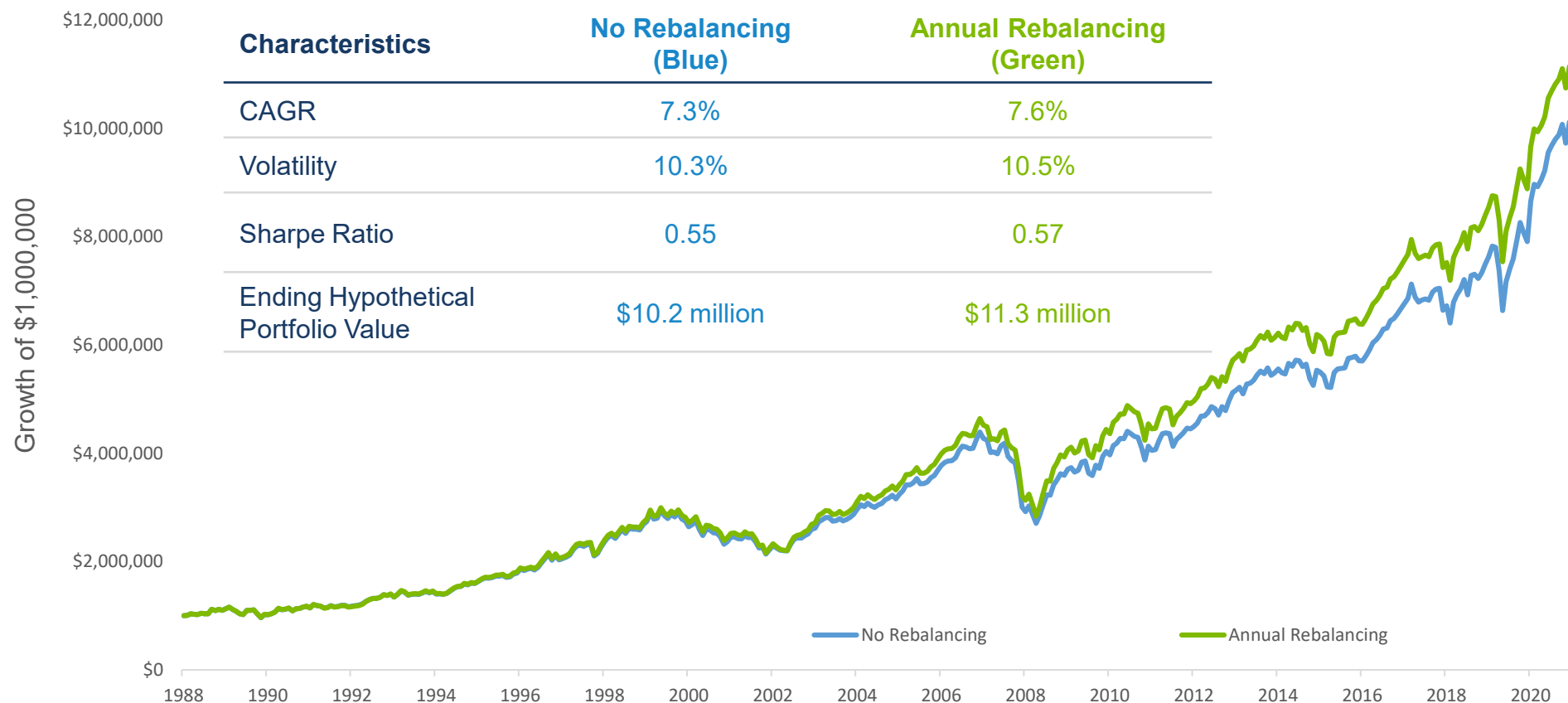
# THE IMPORTANCE OF REBALANCING

As of December 31, 2021

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

*Hypothetical Portfolio*  
Data as of December 31, 2021

Performance of Balanced Portfolio Over 30 Years



Source: Bloomberg, LP. Hypothetical portfolio based on a 70% Allocation to MSCI ACWI Index and 30% Bloomberg 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 12/31/2021 unless otherwise noted. Please see the end of this presentation for important information.

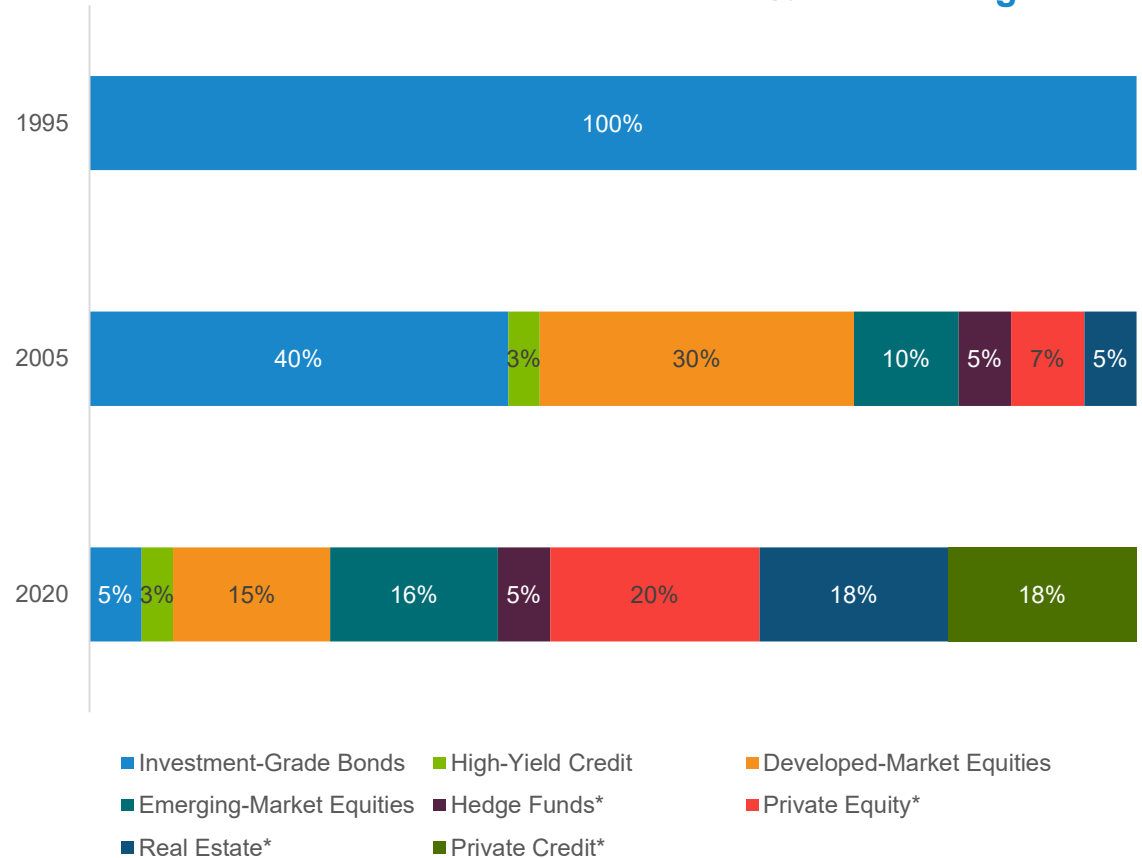
# WHAT A DIFFERENCE 25 YEARS MAKES

As of December 31, 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 typically required to pursue the same result due to lower return expectations as a result of slower economic growth and lower interest rates.

Asset Allocation to Achieve 7.5% Return Target



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 12/31/2021. 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 Aggregate Bond Index; High-Yield Credit using the Bloomberg 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 December 31, 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 2500® Index** measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "mid" cap. The Russell 2500 is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500® Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set. The Russell 2500® Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. 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 1000®, Russell 2000® Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. 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.

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The **S&P U.S. SPAC Index** is designed to measure the performance of a minimum of 30 common stocks of special purpose acquisition companies (SPACs) listed on U.S. exchanges.

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The investable CRSP indexes capture broad U.S. equity market coverage and include securities traded on NYSE, NYSE American, NYSE ARCA, NASDAQ, Bats Global Markets, and the Investors Exchange. Nearly 4,000 constituents across mega, large, small and micro capitalizations, representing nearly 100 percent of the U.S. investable equity market, comprise the **CRSP US Total Market Index**.

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### 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.

**Estimated EPS** reflects the consensus estimate for adjusted earnings per share. The consensus estimate is the mean of sell-side analyst estimates.

**Return on Invested Capital (RoIC)** is a measure of determining a company's financial performance. It is calculated as NOPAT/IC; where NOPAT (net operating profit after tax) is  $(EBIT + \text{Operating Leases Due 1-Yr}) \times (1 - \text{Cash Tax Rate})$  and IC (invested capital) is  $\text{Total Debt} + \text{Total Equity} + \text{Total Unfunded Pension} + (\text{Operating Leases Due 1-Yr} \times 8) - \text{Excess Cash}$ . ROIC calculations presented use LFY (last fiscal year) and exclude financial services.

**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 calculation presented excludes financial services.

**E/V Sales:** Financial valuation measure that compares the aggregate Enterprise Value of the S&P 500 to aggregate sales. Enterprise value is the sum of a company's debt and equity market capitalization less cash and cash equivalents.

**Forward P/E Ratio** refers to the P/E ratio based on a company's estimated earnings over the pending one-year period.

**Treasury inflation-protected securities (TIPS)** are a type of Treasury security issued by the U.S. government. TIPS are indexed to inflation in order to protect investors from a decline in the purchasing power of their money. As inflation rises, TIPS adjust in price to maintain its real value.

The **operating margin** measures how much profit a company makes on a dollar of sales, after paying for variable costs of production, such as wages and raw materials, but before paying interest or tax. The **median total return** is the simple mathematical average of a series of returns generated over a specified period of time. The average return can help measure the past performance of a security or portfolio. The average return is not the same as an annualized return, as it ignores compounding.