

BROWN ADVISORY PROPOSAL FOR DEWEY BEACH

January 13, 2022

CURRENT VS PROPOSED PORTFOLIO

CURRENT PORTFOLIO

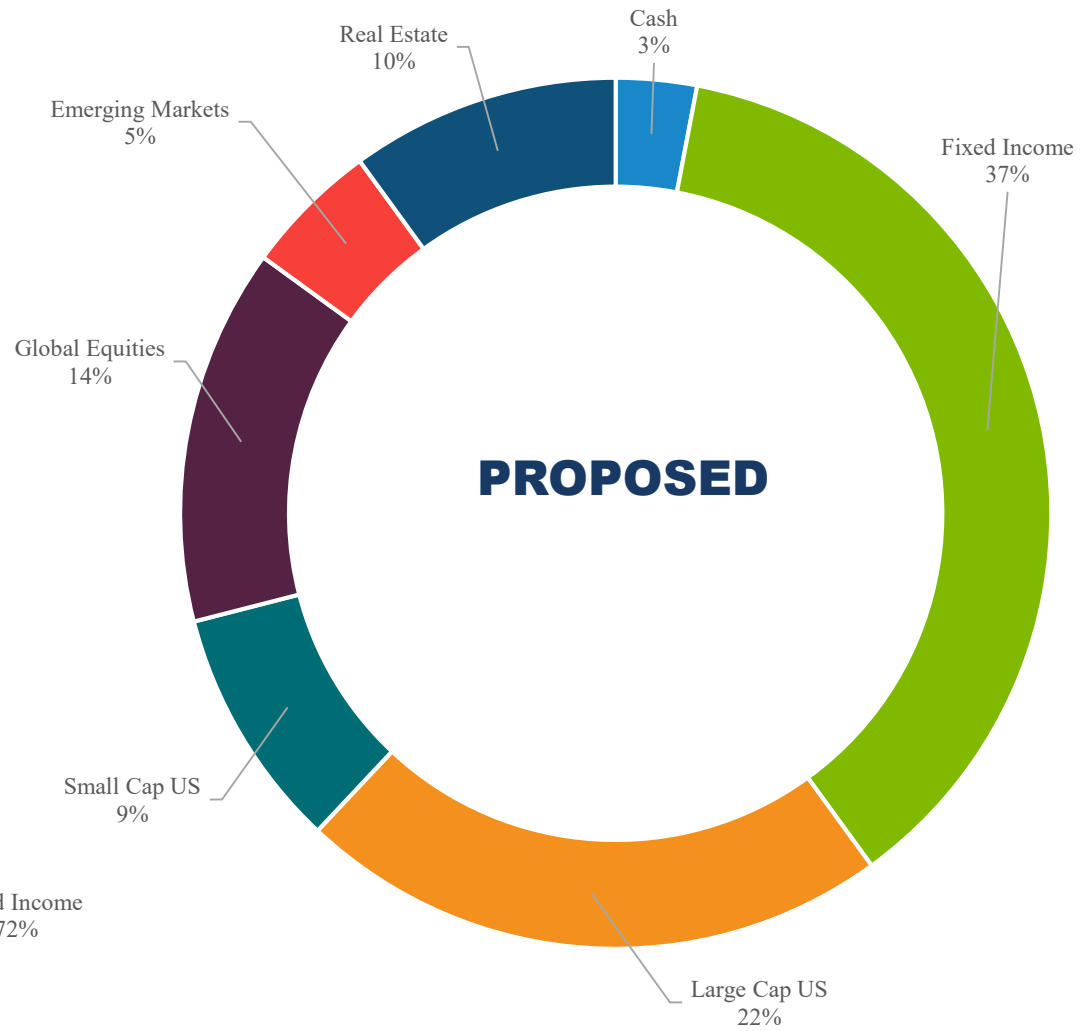
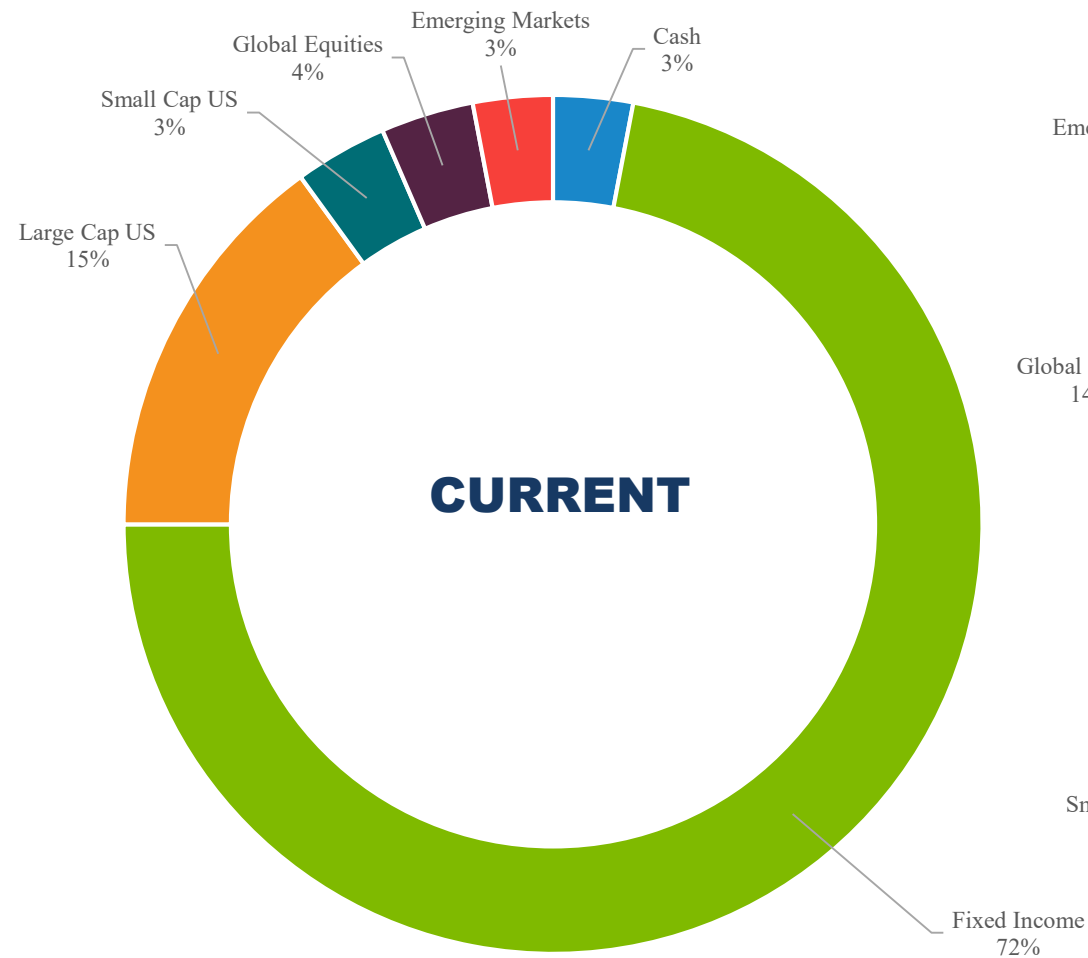
Asset Class	Allocation	Strategy/Manager
Cash	3.00%	Money Market Fund/T-Bills
Fixed Income	72.00%	
Core Fixed Income	72.00%	Brown Advisory Intermediate Income
Total Equity	25.00%	
U.S. Equity	18.50%	
Large-Cap U.S. Equity	15.00%	
Large-Cap U.S. Equity	15.00%	Brown Advisory Flexible Equity
Small/Mid-Cap U.S. Equity	3.50%	
Small-Cap Equity	3.50%	Brown Advisory Small-Cap Core
Global Equity	3.50%	
Global Equity	3.50%	Brown Advisory Global Leaders Fund
Emerging Markets Equity	3.00%	
Emerging Asia	3.00%	Brown Advisory Emerging Markets Select
TOTAL	100.00%	

PORTFOLIO STATISTICS	Portfolio
Est. Long-Term Net Annualized Return	3.0%
Estimated Alpha Opportunity	0.5%
Total Portfolio Ex-Ante Beta	0.23
Total Portfolio Duration	2.7
Est. Cumulative 10-Year Return	40.2%
Estimated Moderate Drawdown	-4.9%
Return-to-Drawdown Ratio	8.2

PROPOSED PORTFOLIO

Asset Class	Allocation	Strategy/Manager
Cash	3.00%	Money Market Fund/T-Bills
Fixed Income	37.00%	
Core Fixed Income	37.00%	Brown Advisory Tax-Exempt Sustainable
Total Equity	50.00%	
U.S. Equity	31.00%	
Large-Cap U.S. Equity	22.00%	
Large-Cap U.S. Equity	11.00%	Brown Advisory Flexible Equity
Large-Cap U.S. Dividend Growth Equity	11.00%	Wellington Dividend Growth
Small/Mid-Cap U.S. Equity	9.00%	
Small-Cap Equity	9.00%	Brown Advisory Small-Cap Core
Global Equity	14.00%	
Global Equity	9.00%	Brown Advisory Global Leaders Fund
Global Equity	5.00%	Artisan International Value
Emerging Markets Equity	5.00%	
Emerging Asia	5.00%	Brown Advisory Emerging Markets Select
Private Equity	10.00%	
Private Real Estate	10.00%	Blackstone Real Estate Income Trust
TOTAL	100.00%	

PORTFOLIO STATISTICS	Portfolio
Est. Long-Term Net Annualized Return	4.3%
Estimated Alpha Opportunity	0.7%
Total Portfolio Ex-Ante Beta	0.53
Total Portfolio Duration	1.4
Est. Cumulative 10-Year Return	63.0%
Estimated Moderate Drawdown	-13.7%
Return-to-Drawdown Ratio	4.6



BLACKSTONE REAL ESTATE INCOME TRUST

ROLE OF PRIVATE REAL ESTATE IN A BALANCED PORTFOLIO

Private real estate investments can offer diversification and lower correlations to public markets. Additionally, the asset class can provide strong return potential with lower volatility than public equity markets and high-yield bonds.

Correlation by Asset Class

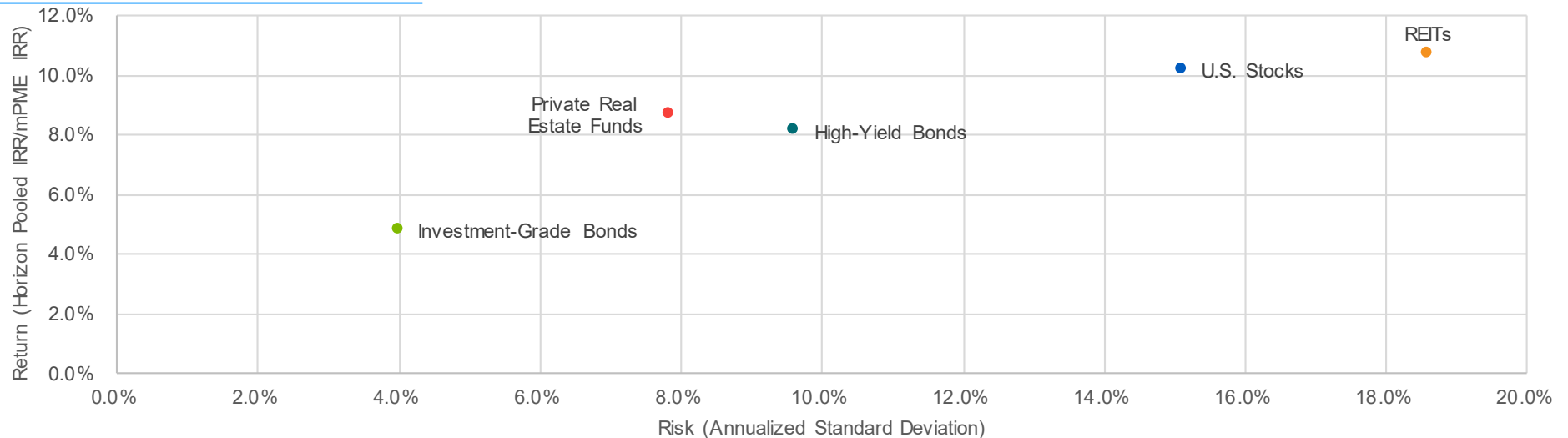
Q4 1988–Q4 2019, Quarterly Horizon Pooled IRR¹ and Modified Public Market Equivalent² (mPME) Index data through December 31, 2019

	Private Real Estate Funds	U.S. Stocks	REITs	Investment-Grade Bonds	High-Yield Bonds
Private Real Estate Funds	1.00	0.24	0.25	(0.13)	0.08
U.S. Stocks		1.00	0.58	(0.08)	0.64
Public REITs ("REITs")			1.00	0.12	0.61
Investment-Grade Bonds				1.00	0.08
High-Yield Bonds					1.00

Source: Thomson Reuters and represent the most recent data available. Asset classes are represented by the Cambridge Associates Real Estate Index for Private Real Estate Funds, the S&P 500® Index for U.S. Stocks, the FTSE NAREIT® Equity REITs Index for REITs, the Bloomberg Barclays Aggregate Bond Index for Investment Grade Bonds and the Bloomberg Barclays U.S. Corporate High Yield Index for High Yield Bonds.

Risk/Return of Private Real Estate vs. Other Asset Classes

Q4 1988–Q3 2019, Quarterly Horizon Pooled IRR and mPME Index data through December 31, 2019.



Source: Thomson Reuters and represent the most recent data available. Asset classes are represented by the Cambridge Associates Real Estate Index for Private Real Estate Funds, the FTSE NAREIT® Equity REITs Index for REITs, the S&P 500 Index for U.S. Stocks, the Bloomberg Barclays Aggregate Bond Index for Investment Grade Bonds and the Bloomberg Barclays U.S. Corporate High Yield Index for High Yield Bonds. Returns are expressed in horizon pooled IRR¹ for private real estate funds and in mPME IRR² for other asset classes. **Annualized standard deviation** is seen as a proxy for drawdown risk and helps extrapolate the possibility of a drawdown. It is calculated to help understand the extent of deviation for a group as a whole. A low value implies that the values tend to be close, while a high standard deviation indicates that the values are spread out over a wider range. This number is calculated as an annual rate to help compare the performance of different asset classes versus other investments.

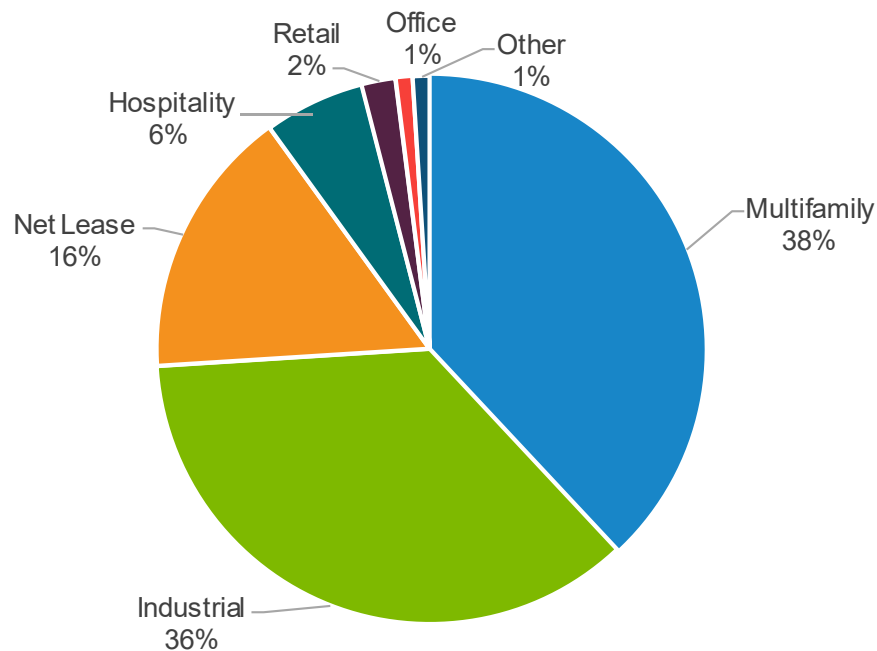
- Horizon calculation based on data compiled from 671 real estate funds (including opportunistic and valued-add) formed between 1988 and 2018). Pooled horizon returns are net of fees, expenses, and carried interest.
- The CA mPME replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME net asset value (NAV) is a function of mPME cash flows and public index returns. We acknowledge the challenges inherent in gauging the volatility of private real estate and comparing it to that of daily-liquidity asset classes. Private real estate is valued quarterly, and, because its returns are dollar-weighted, each quarterly return figure is dependent on the cash flows that preceded it. These facts make it very difficult to truly compare the volatility of private real estate in an apples-to-apples manner with stocks or bonds.

BLACKSTONE REAL ESTATE INCOME TRUST (BREIT)

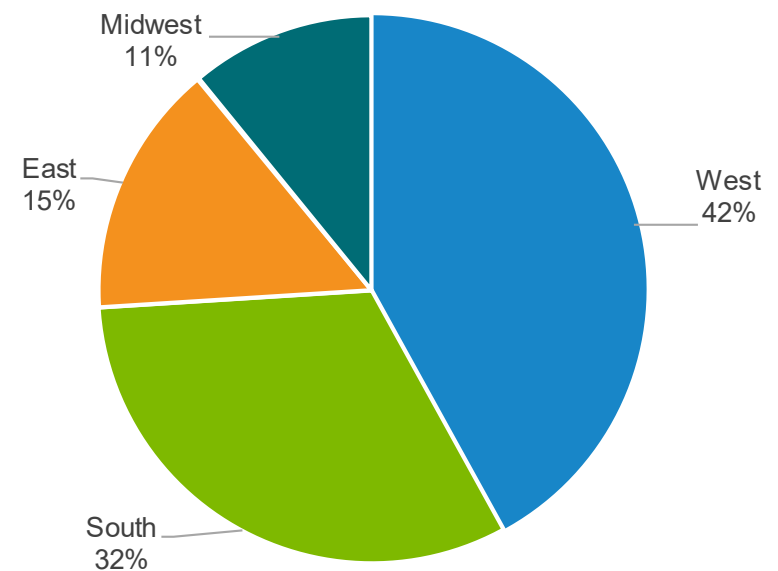
As of September 30, 2020

- Description: The Blackstone Real Estate Income Trust is an income-driven vehicle generating a 5%-6% yield through direct ownership of stabilized U.S. commercial real estate. The strategy gives investors access to Blackstone's leading institutional real estate platform and targets a net total return of 7-8%.
- Details:
 - AUM - \$40b
 - Fees – 1.25% plus 12.5% carry subject to a 5%
 - Liquidity – Monthly liquidity after a one year holding period

Sector Diversification



Geographic Allocation



ROLE AND STRUCTURE

- BREIT is a non-exchange traded, perpetual life real estate investment trust that focuses on investing in stabilized commercial real estate properties, diversified by sector with a focus on providing current income to investors

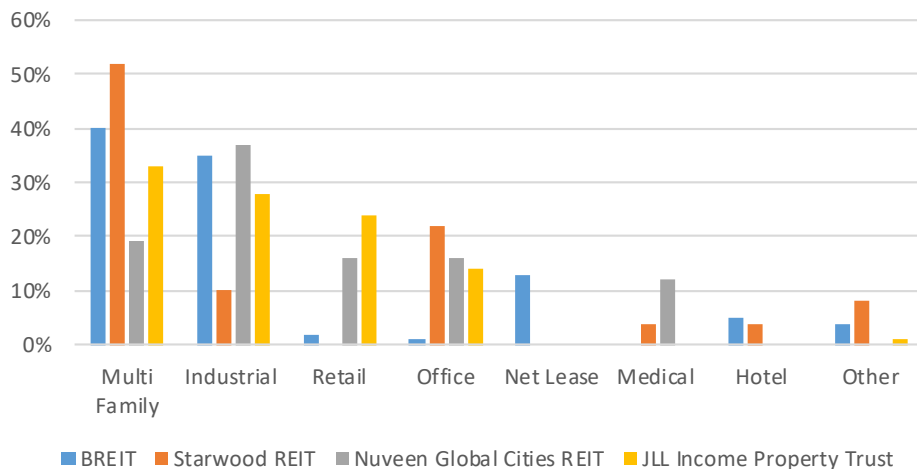
- The strategy is able to benefit from five key advantages:
 1. **Scale:** BREIT harnesses Blackstone's deep industry experience, network of relationships and real-time proprietary data insights provided by its real estate portfolio to see more deal flow, identify differentiated opportunities and execute on large, complicated transactions with speed and certainty, often on an off-market basis
 2. **Diversity:** BREIT invests primarily in stabilized income-oriented commercial real estate in the top 50 US Markets and evaluates opportunities in a range of sectors
 3. **Active Asset Management:** BREIT seeks to drive value through active asset management initiatives, such as physical renovations, leasing / re-leasing to bring rents to market, capital structure optimization and expense management
 4. **Perpetual Structure:** BREIT is a perpetual-life REIT which enables the team to acquire and manage an investment portfolio in a more active and flexible manner. This should provide BREIT with the flexibility to exit investments opportunistically and maximize value for its investors
 5. **Liquidity:** To a lesser extent, BREIT also invests roughly 20% of the net assets in real estate-related securities to provide current income and a source of liquidity for share repurchases, cash management and other purposes. The positions are non-distressed liquid public and private real estate debt. BREIT is able to leverage the Blackstone Real Estate Debt Strategies team to assist in the management of the liquid side of the portfolio

BREIT COMPARISON

- Relative to comparable managers, BREIT is much larger and more diversified, but has a longer track record and has delivered returns in line with our expectations.
 - We like the US focus and exposure to multi-family and industrial with lower allocations to areas such as retail, office and hotel.
 - While the fees are high and we would prefer to see a higher hurdle rate, they are in line with competitors.

	Inception	Total Asset Value	Fee	# of Properties	Geographic Exposure	Leverage Ratio	Occupancy
BREIT	2017	\$41B	1.25% & 12.5%, 5% hurdle	1370	100% US	47%	94%
Starwood REIT	2019	\$5.5B	1.25% & 12.5%, 5% hurdle	145	100% US	60%	96%
Nuveen Global Cities REIT	2018	\$640MM	1.25%	44	85% US / 15% Non US	27%	99%
JLL Income Property Trust	2012	\$3.3B	1.25% & 10%, 7% hurdle	82	100% US	33%	93%

Sector Exposures



Performance

