

Maryland Bond Fund

Investor: **BIAMX**

First Quarter 2018

U.S. MUNI SINGLE-STATE SHORT

WHY INVEST IN BROWN ADVISORY MARYLAND BOND FUND?

The Fund seeks to invest primarily in high quality Maryland municipal bonds, which can offer Maryland taxpayers the opportunity for triple-tax-free income. The Fund focuses on securities that have provided a high level of income exempt from federal and Maryland state and local income taxes. We seek to maximize potential total return by actively managing the portfolio to changing market conditions and interest-rate environments based on an understanding of an array of market probabilities.

Our investment process seeks to add alpha and control risk. We have a time-tested process that incorporates bottom-up, fundamental research, which drives security selection and emphasizes risk mitigation. We look for opportunities for price appreciation potential, not just current yield, and focus attention to actively managing average maturity to fall between five to 10 years.

We believe the Fund benefits from the philosophy, process and people at Brown Advisory. We follow a philosophy that fixed income strategies built from a foundation of stability coupled with fundamental research can seek to generate alpha and control risk. Portfolios are concentrated based on security selection, but diversified across sectors. We have a culture and firm equity ownership structure that attract and retain professionals who share those beliefs, and we follow a repeatable investment process that helps us stay true to our philosophy.

Portfolio Manager: Stephen M. Shutz, CFA Associate Portfolio Manager: Joshua Perry, CFA, CAIA, FRM

Benchmark Index: Bloomberg Barclays Municipal Bond 1-10 YR Blend Index

OBJECTIVE & STRATEGY

The Brown Advisory Maryland Bond Fund seeks to provide a high level of current income exempt from both Federal and Maryland state income taxes.

The manager seeks to maintain diversification and liquidity, while seeking to enhance income and reduce capital gains. Our strategy for the Fund is to maintain an average maturity between five and 10 years. Should other non-Maryland securities offer a higher tax-adjusted return, we have the ability to purchase up to 20% of the portfolio in these entities.

OVERALL MORNINGSTAR RATING™



As of 03/31/2018 for Investor Shares among 35 Muni Single-State Short funds (derived from a weighted average of the fund's three-, five- and 10-year risk adjusted return measure).

AVERAGE ANNUAL TOTAL RETURNS % (As of 03/31/2018)

	3 MOS.	1 YR	3 YR	5 YR.	10 YR.	SINCE INCEPTION
Brown Advisory Maryland Bond Fund						
Investor Class - BIAMX Inception: 12/21/2000	-0.24	2.24	1.60	1.45	2.66	3.14
Bloomberg Barclays 1-10 Year Municipal Blend Index	-0.71	1.19	1.41	1.77	3.34	3.85
Excess Return vs. Index	0.47	1.05	0.19	-0.32	-0.68	-0.71
Morningstar % Rank in Category (Investor)		1	1	8	17	--
# of Funds in Muni Single-State Short		39	35	34	30	--
Morningstar Rating™			★★★★★	★★★★★	★★★	

Gross Expense Ratios: 0.49% (Investor)

Morningstar Rankings represent a fund's total return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Past performance does not guarantee future results.

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

FUND PROFILE & CHARACTERISTICS

As of 03/31/2018	BIAMX
Inception Date	12/21/2000
Effective duration (yrs)	4.1
Average life (yrs)	5.5
Yield to Worst (%)	2.7
30-Day SEC Yield Unsubsidized (%)	2.03
# of Holdings	99
Dividend Frequency	Monthly
Gross Expense Ratio	0.49%
Minimum Investment	\$5,000

Source: FactSet®. Characteristics include cash and equivalents.

SECTOR DIVERSIFICATION (%)

As of 03/31/2018	BIAMX	INDEX
Cash & Equivalents	2.0	--
Muni - Revenue	62.6	53.6
Muni - Pre Refunded	7.8	14.1
Muni - VRDN	--	--
Muni - ARS	--	--
Muni - GO	27.7	32.3

Source: FactSet® and Advent Portfolio Exchange®. Sector diversification includes cash and equivalents. 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. Figures may not total 100% due to rounding.

CREDIT QUALITY COMPOSITION (%)

As of 03/31/2018	BIAMX	INDEX
AAA/Aaa	20.1	16.6
AA/Aa	38.6	53.9
A	9.7	23.1
BBB/Baa	11.2	6.4
High Yield	7.1	--
Not Rated	13.3	--

Source: FactSet® Credit quality is calculated using ratings assigned by Moody's. If Moody's does not rate a holding then Standard & Poor's is used. If Moody's and Standard & Poor's do not rate a holding then Fitch is used. A bond is considered investment grade if its credit rating is BBB- or higher according to Standard & Poor's; more specifically, a rating of "AAA" represents the highest credit quality with minimal risk of default and a rating of "BB" or below represents speculative financial security. High Yield, if noted, includes holdings that are rated BB+ or lower according to Moody's. Not Rated category, if noted, includes holdings that are not rated by any rating agencies. All ratings are as of 03/31/2018.

TOP 10 HOLDINGS (As of 03/31/2018)

	SECURITY	% PORTFOLIO		SECURITY	% PORTFOLIO
1	Maryland State Transportation Authority, 5.00% Due 07/01/2036	4.9	6	Maryland State Transportation Authority, 5.00% Due 03/01/2022	2.5
2	County of Montgomery MD, 5.00% Due 11/01/2023	3.1	7	Maryland Economic Development Corp, 4.50% Due 07/01/2044	2.5
3	Maryland State Transportation Authority, 5.00% Due 07/01/2028	2.9	8	New York Transportation Development Corp, 5.00% Due 08/01/2026	2.3
4	Massachusetts Port Authority, 3.44% Due 01/01/2031	2.7	9	Maryland Health & Higher Educational Facilities Authority, 5.00% Due 07/01/2029	2.2
5	University System of Maryland, 5.00% Due 04/01/2022	2.6	10	University System of Maryland, 5.00% Due 04/01/2018	2.2

Source: U.S. Bank. Portfolio holdings include cash and equivalents. Fund holdings are subject to change and should not be considered a recommendation to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned.

EXPERIENCED MANAGEMENT



STEPHEN M. SHUTZ, CFA

Steve Shutz is the portfolio manager of the Brown Advisory Maryland Bond Fund and a member of the Fixed Income Investment Team.

Investment experience dating from 1996; joined Brown Advisory 2003; portfolio manager since 2014.



JOSHUA PERRY, CFA, CAIA, FRM

Josh Perry is the Associate Portfolio Manager of the Brown Advisory Maryland Bond Fund and a member of the Fixed Income Investment Team.

Investment experience dating from 2006; joined Brown Advisory 2012; associate portfolio manager since 2017.

DURATION DISTRIBUTION (%)

As of 03/31/2018	BIAMX	INDEX
Less Than 1 Year (incl. Cash)	19.0	3.7
1 to 3 Years	17.1	32.0
3 to 5 Years	30.7	29.2
5 to 7 Years	13.1	24.1
7 to 10 Years	16.3	10.5
Greater than 10 Years	3.8	0.5

Source: FactSet® Quality and duration distribution allocations as well as fund holdings (including cash and equivalents) are subject to change at any time and should not be considered recommendations 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. Figures may not total 100% due to rounding.

BROWN ADVISORY: AN INDEPENDENT INVESTMENT FIRM

that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. Our mission is to make a material and positive difference in the lives of our clients by providing them first-rate investment performance, customized strategic advice and the highest level of personalized service.

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

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk. Principal loss is possible.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The Fund is non-diversified which means it may invest a large percentage of its assets in the securities of fewer issuers. Adverse economic or political factors in Maryland will affect the Fund's NAV more than if the Fund invested in more geographically diverse investments. Adverse economic or political factors in the municipal bond market, including changes in the tax law, could impact the Fund in a negative manner. Income from tax-exempt funds may be subject to state and local taxes and a portion of income may be subject to the federal alternative minimum tax for certain investors. A non-diversified fund may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, a non-diversified Fund is more exposed to individual stock volatility than a diversified fund. In addition, the fund is susceptible to risks from investments in derivatives and changes in interest rates. Any tax or legal information provided should not be viewed as an exhaustive interpretation of some of the current income tax regulations. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

Diversification does not assure a profit nor protect against loss in a declining market.

Prior to October 19, 2012, Investor Shares were known as Institutional Shares. The Fund is the successor to the investment performance of the Predecessor Fund as a result of the reorganization of the Predecessor Fund into the Fund on October 19, 2012. Accordingly, the performance information shown is for periods prior to October 19, 2012 is that of the Predecessor Fund.

The **Bloomberg Barclays Municipal Bond 1-10 Year Blend Index** consists of a broad selection of investment-grade general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds with maturities of at least 1 year and less than 12 years. It is an unmanaged index representative of the tax-exempt bond market. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC.

An investor cannot invest directly into an index.

Income from tax-exempt funds may be subject to state and local taxes and a portion of income may be subject to the Federal Alternative minimum tax for certain investors.

References to other mutual funds should not be interpreted as an offer of these securities.

Performance figures include the reinvestment of dividend and capital gain distributions.

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Rating™ is a trademark of Morningstar, Inc. Morningstar Rating™ is for the Investor share class only; other classes may have different performance characteristics. "The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods." Morningstar Rankings represent a fund's total return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Past performance is no guarantee of future results. Brown Advisory Maryland Bond Fund was rated against the following numbers of U.S. domiciled Muni Single-State Short funds over the following time periods: 35 funds in the last three years, 34 funds in the last five years and 30 funds in the last 10 years for the period ending 03/31/2018. With respect to these Muni Single-State Short funds, Brown Advisory Maryland Bond Fund received a Morningstar Rating of 4 stars for the three- and five-year periods and 3 stars for the 10-year period.

Terms and Definitions for Fund Characteristics

Effective Duration is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. **Average Life** is the average period of time for all principal dollars to be returned to investors. **Yield to worst** is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. **SEC Yield (Unsubsidized)** is computed under an SEC standardized formula based on income net income earned over the past 30 days excluding expense reimbursements. **Alpha** is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha.

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