

Strategic Bond Fund

Investor: **BIABX** Advisor: **BATBX**

Second Quarter 2017

NONTRADITIONAL FIXED INCOME

WHY INVEST IN BROWN ADVISORY STRATEGIC BOND FUND?

The Fund's unconstrained bond approach is not managed to a benchmark or limited by maturity, sector, quality or geography.

A broader investable universe means greater opportunity for uncovering attractive relative value. This flexibility allows the Fund to potentially minimize interest-rate exposure and to seek positive returns across different market environments with low correlation to equity markets. Also, the use of alternative fixed income strategies can provide enhanced diversification benefits to traditional portfolios.

We believe that the Fund's alpha-oriented, strategic bond approach offers more potential upside than trading-oriented strategies and lower downside risk than thematic investment strategies. We are not high frequency traders or forecasters of macroeconomic movements. Our bottom-up fundamental investment process capitalizes on the strength of the team's credit research and actively hedges interest rate risk, selectively allocates to sectors in an effort to manage credit risk, and, at times, invests opportunistically.

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 credit research can seek to generate alpha and control risk. Portfolios are concentrated based on credit 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.

HOW DO YOU BUILD A PORTFOLIO THAT CAN RESPOND TO CHANGING MARKETS OVER THE LONG TERM?

Bottom-Up Credit Analysis

Credit positions are diversified by sector, and concentrated in our best ideas.

Relative Value Analysis

The core portfolio is constructed in an attempt to generate alpha and derivatives are used for hedging and risk management. Sector allocations manage credit risk, while opportunistic allocations seek to capitalize on attractive yield potential.

Strategic Bond Portfolio

The portfolio is concentrated based on credit selection, enhanced with interest-rate hedges, dynamic sector allocation and opportunistic investments.

Fund Managers: Robert H. Snyder, III and Thomas D.D. Graff, CFA

Benchmark Index: Bloomberg Barclays Intermediate Aggregate Bond Index

OBJECTIVE

The Brown Advisory Strategic Bond Fund seeks to achieve capital appreciation and income with a low correlation to interest rate movements.

SUITABILITY

This Fund may be suitable for individual investors seeking income and capital appreciation, and aiming to diversify their portfolio with an alternative to traditional core bond strategies that may be overly rate-sensitive.

SECTOR DIVERSIFICATION

As of 06/30/2017	%
Cash & Equivalents [#]	-10.8
Treasuries/U.S. Agencies	--
Securitized [†]	82.1
Corporates	24.9
Municipal - Revenue	2.6
Municipal - Taxable	0.6
Other	0.6

Source: BondEdge[®]

CREDIT QUALITY COMPOSITION

As of 06/30/2017	%
AAA/Aaa	20.3
AA/Aa	18.3
A	18.9
BBB/Baa	27.4
High Yield	12.9
Not Rated	2.2

Source: BondEdge[®]

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 06/30/2017.

[†]Securitized sector weights to the left include Mortgage-Backed Securities (MBS), Commercial MBS and Asset-backed Securities (ABS). [#]Cash balance can be negative to reflect economic exposure to derivatives and other forward contracts. Sector diversification include cash and equivalents and are subject to change and should not be considered a recommendation to buy or sell any security. Numbers may not total due to rounding.

OVERALL MORNINGSTAR RATING[™]



As of 06/30/2017 for Investor Shares among 259 Nontraditional Bond funds for the period ending 06/30/2017 (derived from a weighted average of the fund's three-, five- and 10-year risk adjusted return measure).

FUND PROFILE & CHARACTERISTICS

As of 06/31/2017	BATBX
Inception Date	09/30/2011
Effective duration (yrs)	1.60
# of Holdings	321
Dividend Frequency	Monthly
Net Expense Ratio ^{††}	
Investor Class (BIABX)	0.73%
Advisor Class (BATBX)	0.98%
Gross Expense Ratio	
Investor Class (BIABX)	0.76%
Advisor Class (BATBX)	1.01%
Minimum Investment	
Investor Class	\$5,000
Advisor Class	\$2,000

Source: BondEdge[®]

Advisor has discretion to waive minimum investment requirements.

†The contractual waivers are in effect through October 31, 2017.

* The net expense ratio represents the percentage paid by investors.

AVERAGE ANNUAL TOTAL RETURNS % (As of 06/30/2017)

	3 MOS.	YTD	1 YR	3 YR	5 YR	SINCE INCEPTION (09/30/2011)	SINCE INCEPTION (10/31/2014)
Brown Advisory Strategic Bond Fund							
Advisor Class - BATBX Inception: 09/30/2011	0.85	1.86	3.65	0.87	1.78	0.99	--
Investor Class - BIABX Inception: 10/31/2014	1.03	2.00	3.92	--	--	--	1.19
Excess Return vs. Index (Advisor)	-0.07	0.25	3.81	-1.14	-0.09	-1.15	--
Bloomberg Barclays Intermediate Aggregate Bond Index	0.92	1.61	-0.16	2.01	1.87	2.14	1.95
Morningstar % Rank in Category (Investor)			73	68	70	--	--
# of Funds in U.S. Nontraditional Bond			350	259	159	--	--

Gross Expense Ratios: 0.76% (Investor), 1.01% (Advisor). Net Expense Ratio: 0.73% (Investor), 0.98% (Advisor)* Source: U.S. Bank

*The net expense ratio represents the percentage paid by investors.

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. Short-term performance, in particular, is not a good indication of the Fund's future performance, and an investment should not be made based solely on returns.

TOP 10 HOLDINGS (As of 06/30/2017)

	SECURITY	% PORTFOLIO	SECURITY	% PORTFOLIO
1	Fannie Mae Pool, 3.00%	5.9	6 Highbridge Loan Management 6-2015 Ltd 6A-2015 C, 4.24% Due 05/05/2027	1.5
2	Fannie Mae Pool, 2.50%	5.8	7 AmeriCredit Automobile Receivables Trust 2014-3 2014-3 B, 1.92% Due 11/08/2019	1.4
3	iShares iBoxx \$ High Yield Corporate Bond ETF, 0.00%	3.5	8 BlueMountain CLO 2015-3 Ltd 2015-3A B, 4.26% Due 10/20/2027	1.2
4	First American Treasury Obligations Fund, 0.84%	2.2	9 Highbridge Loan Management 4-2014 Ltd 4A-2014 B, 4.17% Due 07/28/2025	1.2
5	Octagon Investment Partners XXII Ltd 2014-1A D1R, 4.42% Due 11/25/2025	1.5	10 Highbridge Loan Management 4-2014 Ltd 4A-2014 A2A, 3.22% Due 07/28/2025	1.2

Source: U.S. Bank
Fund holdings include cash and equivalents and 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



ROBERT H. SNYDER, III

Rob Snyder is the co-portfolio manager of the Brown Advisory Strategic Bond Fund and a member of the Fixed Income Investment Team. Investment experience dating from 1997; joined Brown Advisory 2014; manager since 2014



THOMAS D.D. GRAFF, CFA

Thomas Graff is the head of fixed income, portfolio manager of the Brown Advisory Total Return Fund and co-portfolio manager of the Brown Advisory Strategic Bond Fund. Investment experience dating from 1999; joined Brown Advisory 1999; manager since fund inception

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

Before investing, you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the summary or statutory prospectus. A copy of which can be obtained by calling 1-800-540-6807 or visiting the Fund's website, www.browndadvisoryfunds.com. Please read the prospectus carefully before investing.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Municipal securities are subject to adverse political or economic factors, including changes in the tax law. Inflation-indexed bonds see the principal value of the security increase as the Consumer Price Index increases. Should the Consumer Price Index decline, those securities could be adversely impacted. 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. The risks of derivatives include imperfect correlation between the value of these instruments and the underlying assets; risks of default by the other party to the derivative transactions; risks that the transactions may result in losses that partially or completely offset gains in portfolio positions and risks that the derivative transactions may not be liquid.

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"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 Strategic Bond Fund was rated against the following numbers of U.S. domiciled Nontraditional Bond funds over the following time periods: 259 funds in the last three years and 159 funds in the last five years for the period ending 06/30/2017. With respect to these Nontraditional Bond funds, Brown Advisory Strategic Bond Fund received a Morningstar Rating of 2 stars for the three-year period and 2 stars for the five-year period. Morningstar Rating is for the Investor share class only; other classes may have different performance characteristics.

The Bloomberg Barclays Intermediate Aggregate Bond Index is an unmanaged index that consists of 1-10 year governments, 1-10 year corporates, all mortgages, and all asset-backed securities within the Aggregate Index. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC. It is not possible to invest directly in an index.

Terms and Definitions for Fund Characteristics

Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. 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.

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