

## **BROWN ADVISORY FUNDS**

### **BROWN ADVISORY – MACQUARIE ASIA NEW STARS FUND (the “Fund”)**

Supplement dated July 17, 2018  
to the Prospectus, the Summary Prospectus and the Statement of Additional Information  
dated October 31, 2017, as amended on June 15, 2018

The Board of Trustees (the “Board”) of Brown Advisory Funds (the “Trust”), based upon the recommendation of Brown Advisory LLC (the “Adviser”), the investment adviser to the Fund, has determined to close and liquidate the Fund. The Board concluded that it would be in the best interests of the Fund and its shareholders that the Fund be closed and liquidated as a series of the Trust effective as of the close of business on August 30, 2018. Accordingly, the Board approved a Plan of Liquidation (the “Plan”) that determines the manner in which the Fund will be liquidated.

The Board has determined to waive any applicable redemption fees and exchange fees for shares redeemed on or after July 16, 2018.

Effective July 16, 2018, in anticipation of the liquidation, the Fund is no longer accepting purchases into the Fund. In addition, the Adviser will begin an orderly transition of the portfolio to cash and cash equivalents and the Fund will no longer be pursuing its investment objective. Shareholders of the Fund may redeem their investments as described in the Fund’s Prospectus.

If you hold your shares in an IRA account, you have 60 days from the date you receive your proceeds to reinvest or “rollover” your proceeds into another IRA and maintain their tax-deferred status. You must notify the Fund’s transfer agent by telephone at 800-540-6807 (toll free) or 414-203-9064 prior to August 30, 2018, of your intent to rollover your IRA account to avoid withholding deductions from your proceeds.

Pursuant to the Plan, if the Fund has not received your redemption request or other instruction prior to August 30, 2018, your shares will be redeemed on August 30, 2018, and you will receive your proceeds from the Fund, subject to any required withholding. These proceeds will generally be subject to federal and possibly state and local income taxes if the redeemed shares are held in a taxable account, and the proceeds exceed your adjusted basis in the shares redeemed.

If the redeemed shares are held in a qualified retirement account such as an IRA, the redemption proceeds may not be subject to current income taxation. You should consult with your tax advisor on the consequences of this redemption to you.

Shareholder inquiries should be directed to the Fund at 800-540-6807 (toll free) or 414-203-9064.

**Please retain this supplement for your reference.**

# Macquarie Asia New Stars Small-Cap Fund

SUBADVISED BY MACQUARIE FUNDS MANAGEMENT HONG KONG LIMITED

Investor: **BIANX** Institutional: **BAFNX**



Second Quarter 2018

## WHY INVEST IN MACQUARIE ASIA NEW STARS SMALL-CAP?

The Fund aims to capitalize on key inefficiencies found in emerging market economies. Asia is currently experiencing above-average levels of economic growth. Many Asian regions are making a rapid push towards urbanization, made possible through extensive investment in infrastructure spending. Related, a burgeoning middle-class consumer is spurring greater levels of domestic consumption and aggregate demand. Our view is that smaller companies with sound business models are best positioned to potentially benefit from higher demand in these regions.

The managers believe that a bottom-up, fundamental approach is essential to generating attractive performance. The managers seek positions in industry-leading, high quality companies that they believe are undervalued by the market. In order to unearth those opportunities, research teams must have the ability to perform comprehensive analysis of non-standardized financial statements and corporate governance factors in order to potentially mitigate inherent risks in emerging-markets investing.

## PACIFIC/ASIA EX-JAPAN STOCK

Brown Advisory seeks to partner with investment managers that hold many of the same beliefs we possess. We seek out managers with sophisticated research teams whose research approach is disciplined, bottom-up, and fundamental. They must generally invest in high-conviction, low turnover portfolios with a long-term orientation and must possess a deep knowledge and understanding of the local emerging markets where we are invested.



Portfolio Managers: John Bugg, CFA and Sam Le Cornu  
Benchmark Index: MSCI Asia Ex-Japan SMID Index

### OBJECTIVE

The Macquarie Asia New Stars Fund seeks to achieve total return by investing principally in equity securities issued by small and medium capitalization companies which are domiciled in or exercise the predominant part of their economic activity in Asia excluding Japan.

### FUND PROFILE

Inception Date	11/21/2014
# of Holdings	38
Expense Ratio	
Investor Class (BIANX)	1.72%
Institutional Class (BAFNX)	1.57%
Minimum Investment	
Investor Class (BIANX)	\$100
Institutional Class (BAFNX)	\$1,000,000

### POTENTIAL BENEFITS OF APPROACH

Diversification by investment manager, investment style, country and sector.

Access to institutionally-oriented investment managers that we believe are capable of generating alpha<sup>1</sup>.

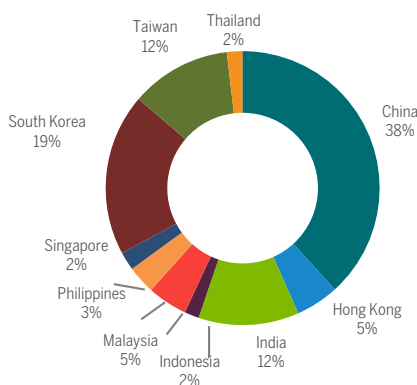
Constant scrutiny of the underlying managers' adherence to philosophy, investment style and process.

### SUITABILITY

This Fund may be appropriate for investors seeking high-growth investments and enhanced diversification, and investors who are comfortable with higher risks and volatility associated with emerging-markets exposure.

### GEOGRAPHIC DIVERSIFICATION

Country Composition  
As of 06/30/2018



As of 06/30/2018	BIANX	INDEX
China	38.3	16.1
Hong Kong	5.1	12.3
India	11.9	13.0
Indonesia	1.7	2.3
Malaysia	4.7	4.0
Philippines	3.3	1.3
Singapore	2.2	7.4
South Korea	19.1	20.6
Taiwan	11.9	19.3
Thailand	1.9	3.0
Pakistan	--	0.6

Source: Macquarie Funds Management Hong Kong Limited. Numbers may not total due to rounding. Geographic diversification excludes cash and equivalents.

### SECTOR DIVERSIFICATION

As of 06/30/2018	BIANX	INDEX
Consumer Discretionary	23.1	15.9
Consumer Staples	5.7	5.3
Energy	6.1	2.2
Financials	17.2	10.7
Health Care	8.8	8.5
Industrials	11.6	15.2
Info. Technology	23.3	17.9
Materials	2.0	7.7
Real Estate	0.0	13.1
Telecomm Services	0.0	1.6
Utilities	2.0	2.0

Source: Macquarie Funds Management Hong Kong Limited. Sectors are based on the Global Industry Classification Standard (GICS®) classification system. Sector diversification excludes cash and equivalents. Numbers may not total due to rounding.

### CHARACTERISTICS

As of 06/30/2018	BIANX
Weighted Avg. Market Capitalization (\$M) <sup>2</sup>	7,102.2
Earnings Growth (2 Yr. Fwd. Est.)(%) <sup>3</sup>	15.0
P/E Ratio (FY1 Est.)(x) <sup>4</sup>	12.2
Price/Book Ratio (TTM)(x) <sup>5</sup>	1.6
Price/Cash Flow Ratio (TTM)(x) <sup>6</sup>	9.6

Source: Macquarie Funds Management Hong Kong Limited. Price to Book Ratio figures derived from FactSet®. Earnings growth 2 year forward estimate is not a measure of the Fund's future performance. Characteristics exclude cash and equivalents.

## AVERAGE ANNUAL TOTAL RETURNS % (As of 06/30/2018)

	3 MOS	YTD	1 YR	3 YR	INCEPTION
<b>Macquarie Asia New Stars Small-Cap Fund</b>					
Investor Class- BIANX Inception: 11/21/2014	-5.86	-6.64	3.17	-3.27	1.57
Institutional Class- BAFNX Inception: 11/21/2014	-5.84	-6.62	3.26	-3.14	1.71
MSCI AC Asia ex-Japan SMID Cap Index	-5.73	-5.52	8.47	3.63	4.98
Excess Return vs. Index (Investor Class, 11/21/2014)	-0.13	-1.12	-5.30	-6.90	-3.41

Gross Expense Ratios: 1.72% (Investor), 1.57% (Institutional) 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.*

## TOP 10 PORTFOLIO HOLDINGS Shown as a % of total net assets

Cash & Equivalents	6.6
Samsung SDI Co Ltd	5.0
Autohome Inc	4.6
KB Financial Group Inc	4.2
China State Construction International Holdings Ltd	3.6
New Oriental Education & Technology Group Inc	3.6
Momo Inc	3.5
Yes Bank Ltd	3.4
TCI Co Ltd	3.3
Hugel Inc	3.1
Total	40.9

Source: U.S. Bank. Top 10 portfolio holdings includes cash and equivalents. Numbers may not total due to rounding.

## EXPERIENCED MANAGEMENT



### JOHN BUGG, CFA

Portfolio Manager, Co-Head of Asian Listed Equities, Macquarie Asset Management

20 years industry experience; manager since Fund inception



### SAM LE CORNU

Portfolio Manager, Co-Head of Asian Listed Equities, Macquarie Asset Management

15 years industry experience; 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 the colleagues collectively own approximately 70% of the firm's equity

*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.brownsadvisoryfunds.com](http://www.brownsadvisoryfunds.com). Please read the prospectus carefully before investing.*

**The Fund may invest in foreign securities which involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in small and medium capitalization companies generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock. The Fund may invest in ETFs, which may trade at a discount to the aggregate value of the underlying securities and although expense ratios for ETFs are generally low, frequent trading of ETFs by the Fund can generate brokerage expenses. In addition, the fund is susceptible to risks from investments in derivatives, private placements, REITs, and its investments in other investment companies.**

Fund holdings and/or sector allocations are subject to change at any time. 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.

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

The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS), "GICS" and "GICS Direct" are service marks of Standard & Poor's and MSCI. "GICS" is a

trademark of MSCI and Standard & Poor's.

The **MSCI AC Asia ex Japan SMID Cap Index** captures mid and small-cap representation across 2 of 3 Developed Markets (DM) countries (excluding Japan) and 8 Emerging Markets (EM) countries in Asia. With 2,001 constituents, the index covers approximately 28% of the free float-adjusted market capitalization in each country. All MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries.

## Terms and Definitions for Fund Characteristics

1. 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.
2. Market Capitalization is the value of the fund as determined by the market price of its issued and outstanding stock. The Weighted Average Market Capitalization of a portfolio equals the average of each holding's market cap, weighted by its relative position size in the portfolio (in such a weighting scheme, larger positions have a greater influence on the calculation).
3. Earnings Growth 2-year Forward Est. is the forecasted growth rate of a company's earnings per share. Estimated EPS Growth Rate is not a measure of the Fund's future performance. Characteristic excludes cash.
4. Price-Earnings Ratio (P/E Ratio) is determined by dividing the price of the stock by the company's forecasted earnings per share. P/E calculations presented with FY1 earnings estimates refer to the next unreported fiscal year. Characteristic excludes cash.
5. Price to Book ratio is determined by dividing the price of the stock by the company's book value. Figures are derived from FactSet as of 06/30/2018 and excludes financials for the segment and excludes cash.
6. Price to Cash Flow ratio is determined by dividing the price of the stock by the per-share operating cash

Macquarie Funds Management is the subadvisor of the Fund and is not affiliated with Quasar Distributors, LLC. The Brown Advisory Funds are distributed by Quasar Distributors, LLC.