

**SHINING A LIGHT ON THE.....
Brown Advisory Global Leaders Fund**

AT A GLANCE

Investment Objective
The objective of the Fund is to achieve capital appreciation by investing primarily in global equities. Under normal circumstances, the Fund aims to achieve its investment objective by investing at least 80% of its net assets in global equity securities. The Fund also will, under normal market conditions: (1) invest at least 40% of its net assets outside the United States (including Emerging Market Countries) which may be reduced to 30% if market conditions are not favourable, and (2) hold securities of issuers located in at least three countries.

Fund Factsheet Link
https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000014TA8

Management	
Manager Name	Start Date
Michael Dillon	1 st May 2015
Bertie Thomson	12 th May 2016

FUND PERFORMANCE

Performance from 1st January 2016 to 31st August 2022:

	2016	2017	2018	2019	2020	2021	2022
Brown Advisory Global Leaders Fund	17.15%	22.59%	2.93%	29.28%	16.43%	18.23%	-7.63%
MSCI ACWI NR USD	28.66%	13.24%	-3.78%	21.71%	12.67%	19.63%	-4.26%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Brown Advisory Global Leaders Fund	-4.41%	28.66%	76.92%	152.75%
MSCI ACWI NR USD	-0.51%	31.96%	55.12%	112.89%

You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
7.19	-0.12	-	75.18	76.62	27.78	0.89	(1.95)	Growth/Large

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Volatility Measurements

3-Yr Std Dev (volatility)	14.73%
3-Yr Mean Return (average)	8.76%

Investment Style Details

Giant	51.05%
Large	41.71%
Mid	6.04%
Small	0.00%
Micro	0.00%

Top 5 Holdings – 31 Equity Holdings

Microsoft Corp	Technology	9.45%
Visa Inc Class A	Financial Services	6.04%
Alphabet Inc Class C	Communication Services	4.98%
Mastercard Inc Class A	Financial Services	4.92%
Deutsche Boerse AG	Financial Services	4.13%

Top 5 Sectors

Financial Services	33.27%
Technology	24.50%
Industrials	12.38%
Communication Services	10.53%
Healthcare	5.97%

Top 5 Regions

United States	58.02%
Germany	6.60%
Netherlands	4.99%
France	4.07%
Switzerland	3.43%

Fund Benchmark

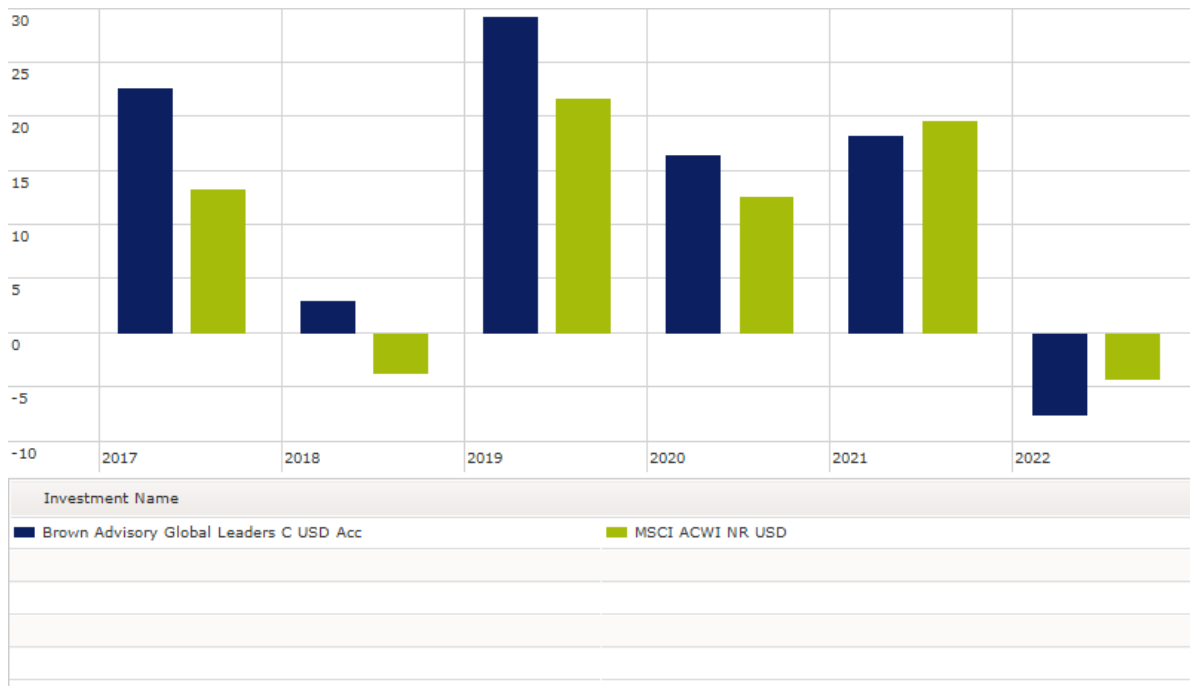
Fund Benchmark	MSCI ACWI NR USD
Fund size (Mil)	USD 2312.91
Ongoing Charge (share class B)	0.72%

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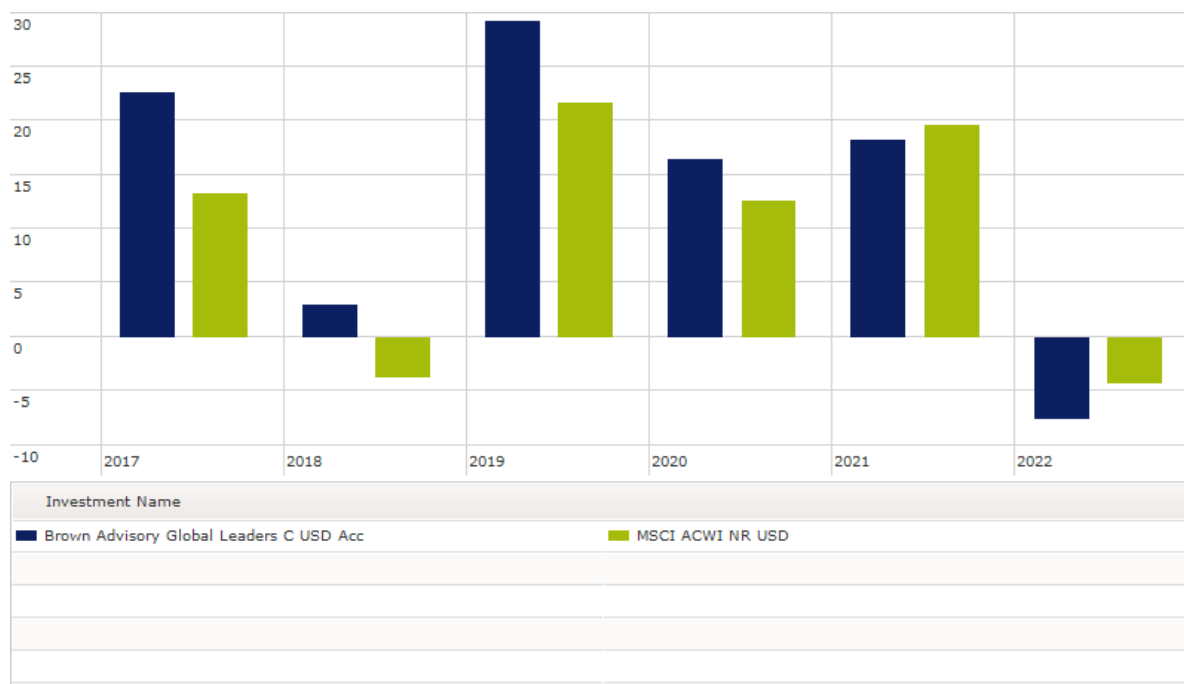
Bull points	Bear points
Concentrated portfolio of around 30 stocks Investing in the very best companies globally Ignores short term noise focusing on the long-term fundamentals Will do well in a rising growth focused market but can hold well in a value driven environment	Holdings are likely to be found across regional funds Crowded market of global funds, and are the holdings that different?

UPDATE....

We first reviewed this last year. In terms of holdings, very little has changed which would be consistent with the strategy. It has dropped back in terms of performance. It tends to hold well in growth markets but not lag as much in value rallies.



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If we consider the strategy as it stands, and that this is a fund that invests in the very best companies with a “buy and hold focus”, then although the performance has dropped back recently the longer-term performance remains strong. In a very uncertain market where it is hard to predict how the future might look, then a strategy like this may be good within a portfolio.

Ultimately they are looking for the very best companies. They avoid the short-term noise, whether it be inflation, rising interest and the war in the Ukraine. The companies they invest in should be able to ride out any storm that comes. If they try to predict what will happen they will fail as there are too many moving parts.

They do think about what is happening. In terms of the war in the Ukraine, they did look at their holdings but the risks were not there. Inflation can be positive for the companies they invest in due to pricing power, and then they consider what has been good this year which has been energy. In terms of energy, they don't see this as a long-term competitive advantage and so see no reason to move towards this just to push up the short-term numbers.

There are things they need to be aware of and if we enter a recession then certain areas will suffer more, and so they have slightly trimmed their holdings in Alphabet, Visa and Mastercard.

They do think about risk and any holding will reflect this. As an example, TSMC is a great company but there is a political risk with the tensions between China and Taiwan and that is reflected in the positioning.

Some of the new holdings include ASML, Moody's, Allegion, and Otis. They sold Schindler lifts in favour of Otis. They have also added a Brazilian Company for the first time – B3 SA – Brasil, Bolsa, Balcao (stock exchange).

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In terms of companies, they are looking at four aspects:

- Franchise quality
- Quantitative excellence
- Management quality
- Investability / valuation

As an example, with management they have a high percentage of founder, family or long tenured management at the helm. For valuation they are considering the margin of safety, (what is the worst that can happen?)

The other aspect to the strategy is capital allocation, which focuses across three areas:

- IRR based approach
- Behavioural rules
- Portfolio risk analysis

The managers meet with a behavioural coach once a quarter. This is about recording what they do and then being challenged on this.

As an example, they have a drawdown review where, if a stock drops more than 20%, they ask whether they should buy more or sell. This applies to the sub bench and the fund. Another area was if a stock price rises, should they buy? And then if they do buy a new position, they should be fully invested within two months, and on the flipside, if they sell out, they sell out immediately.

This means performance is now driven by both investment and capital selection rather than just investment selection.

In summary, the global space is crowded and every manager will say they are doing something different. Ultimately this fund aims to hold the very best companies but there are other strategies that have similar holdings but follow a different process. If we look at the holdings it is likely that many of these will be in other regional strategies. Having said all of that, in an uncertain world investing in the very best companies may be the best way to invest going forward. If that is the case, then this may be a strategy to consider.

The source of information in this note has been provided by Brown Advisory and is correct as of September 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.