



Brown Advisory US Equity Value Fund

May 2010

Investment Strategy

The fund invests primarily in the common stock of domestic US companies with medium to large market capitalizations of generally no less than \$2 billion. The fund uses a bottom-up, research-intensive process with strong valuation discipline and “margin of safety” considerations to build a portfolio with lower-than-market valuation and better-than-market fundamentals. The fund seeks to invest in companies that are fundamentally solid, financially sound, that possess proprietary products and services—and have the ability to grow at above average rates for several years, often despite lower short-term projected earnings.

Performance to May 31, 2010

	1 Month	3 Months	6 Months	9 Months	1 Year	YTD	3 Yr Cumulative	3 Yr Annualized	Since Inception*
Brown Advisory US Equity Value A USD ¹	-10.17	-3.37	-2.31	5.86	23.32	-4.51	-29.81	-11.12	-4.63
Brown Advisory US Equity Value A GBP ²	-4.88	1.91	11.18	19.40	40.12	6.74	-3.75	-1.27	1.02
Brown Advisory US Equity Value B USD ³	-10.12	-3.31	-2.09	6.28	23.90	-4.36	-	-	-10.87
Brown Advisory US Equity Value B GBP ⁴	-4.88	2.06	11.43	19.93	40.92	6.95	-	-	4.90
Brown Advisory US Equity Value Hedged B GBP ⁵	-9.97	-3.14	-1.60	-	-	-3.85	-	-	4.87
Russell 1000 Value Index USD ¹	-8.22	0.28	2.32	8.83	22.98	0.54	-30.25	-11.31	-3.84
S&P 500 Index USD ¹	-7.99	-0.89	0.40	8.35	20.99	-1.50	-23.88	-8.69	-2.38

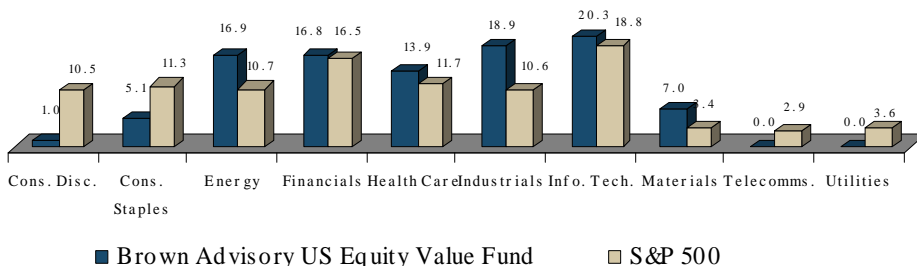
Inception Dates: ¹May 4, 2006; ²February 9, 2006; ³July 24, 2007; ⁴May 9, 2008; ⁵October 6, 2009

*Annualized

Performance data above relates to the Brown Advisory US Equity Value Fund – a Dublin-based UCITS III fund. The performance is net of management fees and operating expenses. Past performance may not be a reliable guide to future performance. The fund is a mirror of the Brown Advisory Equity Value strategy, a US-based product established in June 2000. **Long-term performance available upon request.** Changes in exchange rates may have an adverse effect on the value price or income of the product. The difference at any one time between the sale and repurchase price of units in the UCITS means that the investment should be viewed as medium to long term. A simplified and full prospectus are available by calling 020 7591 7084 or visiting the fund website.

Characteristics* as of May 31, 2010

Estimated EPS Growth Rate	10.3%	Snap-On Inc.	4.4%
FY2 P/E Ratio	10.1x	Merck & Co. Inc.	4.2%
P/E-Growth Ratio	1.1x	Exxon Mobil Corp.	3.8%
Dividend Yield	2.38%	Medtronic Inc.	3.7%
Weighted Avg. Market Cap	\$53.8 billion	The Chubb Corp.	3.5%
Asset Allocation		E.I. du Pont de Nemours & Co.	3.4%
Equities	96.0%	ACE Limited	3.4%
Cash	4.0%	Tidewater Inc.	3.3%
Market Capitalization (%)		Air Products & Chemicals Inc.	3.3%
\$<10 billion	27.8	Bank of New York Mellon Corp	3.2%
\$10-100 billion	50.7		
\$>100 billion	21.5		
		Top Ten Holdings as a % of Net Assets	36.2%



Fund Profile

Name	Brown Advisory US Equity Value Fund
Manager	Richard M. Bernstein, CFA
No. of Holdings	35 - 45
Base Currency	US Dollar
Annual Management Fee	1.25/1.00/0.75%
Minimum Investment	\$5,000 (A Shares) \$2.5 million (B Shares)
Administrator	Brown Brothers Harriman (Ireland) Ltd
Dealing Number	Tel: +(353) 1 603 6387 Fax: + (353) 1 603 6310
Structure	Ireland UCITS III (FSA recognised)
Listing	Irish Stock Exchange
Liquidity	Daily
Share Class	A USD/GBP/EURO and B USD/GBP/EURO
Dividends	UK distributor status
Settlement Terms	T+3

	ISIN	Sedol
Sterling A Class	IE00B0PVD972	B0PVD97
Sterling B Class	IE00B0PVD0C5	B0PVD00
Hedged Sterling B Class	IE00B4N31J92	B4N31J9
Dollar A Class	IE00B0PVD897	B0PVD89
Dollar B Class	IE00B0PVD12	B0PVD11
Euro A Class	IE00B2NN6787	B2NN678
Euro B Class	IE00B2NN6894	B2NN689



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Activity

Top 5 Contributors: Darden Restaurants Inc., Procter & Gamble Co., Sherwin-Williams Co., Norfolk Southern Corp., Waters Corp.

Bottom 5 Contributors: Tidewater Inc., Transocean Ltd., Microsoft Corp., Bank of New York Mellon Corp., Medtronic Inc.

After a rewarding April, May proved to be a very tough month as the portfolio declined about 10%. We underperformed both indices by about 200 bps, due to stock selection issues, principally in the energy and technology sectors. Beyond our exposure to Transocean, other energy companies, such as Diamond Offshore, Tidewater, and Total were also residents of Ten Worst Performers List in May. We continue to believe that energy stocks are broadly attractive as supply/demand dynamics should improve, finances are strong, and valuations are depressed. As such, we have not reduced our commitment to this area and are examining other ideas here.

However, due to British Petroleum's inability to gain control of the well, the uncertainty around who did what, how and when, and the increasing politicization of the well accident has made the risk band around Transocean wider than we originally assumed. In order to mitigate some of this uncertainty, we reduced our position size in favour of other energy investments with attractive reward/risk ratios, namely Diamond Offshore and Exxon. We have, however, retained a portion of our original investment, as Transocean's global leadership, balance sheet, cash flows, and present valuation ought to work in their favour as this situation matures.

Technology's performance has been equally vexing. The companies are in fabulous financial condition, have decent prospects, yet continue to trade at depressed valuations; residents of the Ten Worst list included: Accenture, Cisco, and Microsoft. We continue to believe that such companies offer solid prospects with very manageable risks. We are actively looking at ideas here as well.

Meanwhile, we continue on the path we have described for most of this year. In general terms, we have been reducing our cyclical exposure to adding to stocks with more reliable business characteristics and lower valuations. So far, this transition has not been rewarding. However, as second half comparisons get more difficult, we believe the "wisdom" of this strategic shift should become more apparent. Over the past month, we have added to such holdings as: Air Products, Becton Dickinson, Cisco, Dell, Lender Processing Services, McCormick, Medtronic, Merck, Microsoft, Qualcomm, and Symantec. In order to fund these purchases we reduced existing positions in such holdings as: American Express, Dover, Harris, Johnson & Johnson, M&T Bank, and Norfolk Southern. Stocks with substantial stock performance (all residents of the Top Best Performers List) such as Darden Restaurants, Jacobs Engineering, and Sherwin Williams were divested.

Currently trading at 10x estimated 2011 EPS with a 2.4% dividend, we continue to believe that this group of proven, financially strong, global businesses offer a very attractive reward/risk profile.

The Fund Manager

Richard M. Bernstein, CFA is a Partner of Brown Advisory and the Manager of the US Equity Value Fund. He has over twenty years of investment industry experience. Prior to joining Brown Advisory, Mr. Bernstein was Vice President and Director of Research at Mercantile Safe Deposit & Trust Company where he was responsible for equity fund management and research. He served as President of the Baltimore Security Analysts Society in 1990 and 1991. Mr. Bernstein received his B.A. from Johns Hopkins University in 1979 and his M.A. from Johns Hopkins University in 1983.

About Brown Advisory

Brown Advisory has its roots in Alex Brown & Sons, America's oldest investment banking firm, founded in 1800. In 1998 Brown Advisory separated from Alex Brown to create an independent organization better positioned to serve its clients' interests. Brown Advisory is now an independent firm with over 200 partners and employees entrusted with US\$17 billion. Client assets are invested across a range of in-house US strategies.

Further Information

Brown Advisory US Equity Value Fund is a sub-fund of Brown Advisory Funds plc, an umbrella fund with segregated liability between sub-funds. The Fund is authorized in Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities Regulations, 2003 as amended).

The Fund is available to:

(a) "Investment professionals" (including persons whose ordinary activities involve them in participating in collective investment schemes and other Authorized Persons); and

(b) "High net worth entities" (including (i) a body corporate with more than 20 members (or which is a subsidiary of a parent with more than 20 members) if it has a called-up share capital or net assets of at least £500,000 and (ii) other bodies corporate if they have a called-up share capital or net assets of at least £5 million, and (iii) unincorporated associations or partnerships with net assets of at least £5 million).

**Estimated EPS Growth Rate is the forecasted growth rate of a company's earnings per share. Forward P/E ratio is determined by dividing the price of the stock by the company's forecasted earnings per share. The P/E-Growth ratio is the company's harmonic average P/E divided by the weighted average earnings growth rate. Market cap is the value of the fund as determined by the market price of its issued and outstanding stock.*

For investment enquiries, please contact:

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Brown Advisory is the trade name of Brown Investment Advisory & Trust Company and Brown Advisory Securities, L.L.C.