

# US Equity Growth Fund



DECEMBER 2011

BROWN ADVISORY

## PERFORMANCE

	1 Mo	3 Mo	YTD	1 Yr	ITD
US Equity Growth B USD	-2.6	11.4	-0.8	-0.8	15.1
Russell 1000 Growth USD	-0.3	10.6	2.6	2.6	13.0
S&P 500 USD	1.0	11.8	2.1	2.1	11.3

Rolling 12 month returns: From	Dec '10	Dec '09
To	Dec '11	Dec '10
US Equity Growth B USD	-0.8	23.8
Russell 1000 Growth USD	2.6	16.7
S&P 500 USD	2.1	15.1

Source: FE 2011

Please see long-term track record of mirror US Mutual Fund: **BIAGX**

## FUND FACTS

**Fund Objective:** The Fund aims to achieve capital appreciation by investing in medium to large cap US Equities. The Fund uses a bottom-up, research-intensive process to build a concentrated portfolio of industry-leading companies with a history of strong, sustainable revenue, cash flow, and earnings growth.

**Manager** Kenneth M. Stuzin, CFA

**Structure** Dublin UCITS IV

**Base Currency** USD

**Launch Date** 2 November 2009

**Fund Size** USD 537 million

**Holdings** 32

**Dealing** Daily

## COMMENTARY

For the fourth quarter, the US Equity Growth Fund returned 11.4% vs. the benchmark return of 10.6%. December was a slightly down month, with the Fund down -2.6%, under-performing its Russell 1000 Growth benchmark, which was down -0.3%. The month was a bit of a “mini September”, with US investors once again focusing on the machinations of the European debt crisis. To that end, the more defensive sectors of the market: consumer staples, telecommunications services, and utilities were the strongest performing sectors within the growth index. While the “headline” performance number for the month may have indicated a fairly benign market, the truth was that once again the market exhibited a fair amount of volatility during the period. As is our discipline, we tried to take advantage of the short-term volatility by “optimizing” the portfolio; trimming those names with less relative upside, and re-allocating the proceeds into names with more relative upside potential.

As I alluded to earlier, we were fairly busy during the month, trading around existing positions in order to improve the portfolio’s upside/downside profile. During December we trimmed back on our position in **FMC Technologies**, and re-allocated those proceeds directly into **Schlumberger**. While both business models remain “best in class”, FTI is up approximately 25% over the last 12 months while SLB is down

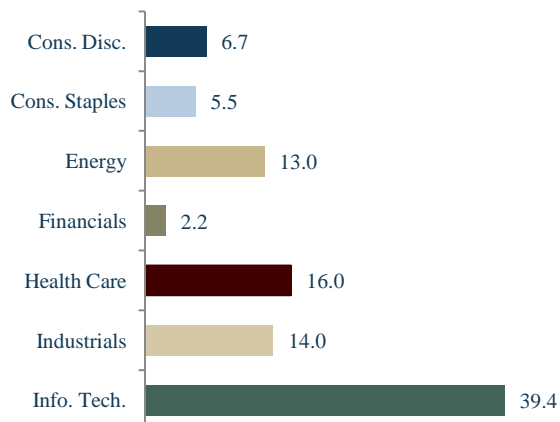
about 15%. That large a relative move necessitates an action; and while we understand some of the reasons behind the short-term price differential, they do not justify such a large price differential in our opinion.

During the quarter we also trimmed our position in **Mead Johnson**. In late December an infant that had been using MJN’s Enfamil nutritional product died of a very rare bacterial infection that historically has been linked to powdered milk. At one point, the stock had plummeted 15% on fears of a wide-spread recall and the obvious legal and reputational liabilities. Our trimming of the position was an acknowledgement that regardless of whether the company was at fault (subsequent tests have revealed that the company’s product is safe and was not responsible for the child’s death), the reputational risk involved would no doubt create a new, lower down-side scenario. While long-term we still believe that the company’s growth thesis is intact, the negative publicity will no doubt effect North American sales of Enfamil over the next several quarters. We will continue to monitor this situation, and use any weakness to rebuild our position in the stock.

## TOP 10 HOLDINGS

Google, Inc.	5.6%
Express Scripts, Inc.	4.2%
Apple, Inc.	4.1%
Schlumberger Ltd.	3.9%
Coach, Inc.	3.7%
Qualcomm, Inc.	3.7%
Mastercard, Inc.	3.6%
FMC Technologies, Inc.	3.6%
Fluor Corp.	3.4%
Intuitive Surgical, Inc.	3.4%
<b>TOTAL</b>	<b>39.2%</b>

## SECTOR WEIGHTS



Sector weights include cash.

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## ADDITIONAL PERFORMANCE

Share Classes (Inception Date)	1 Mo	YTD	1 Yr	ITD	NAV
US Equity Growth A USD (29-Jun-2010)	-2.7	-1.6	-1.6	15.2	12.37
US Equity Growth B USD (02-Nov-2009)	-2.6	-0.8	-0.8	15.1	13.54
US Equity Growth A EUR Hedged (04-Aug-2010)	-2.7	-8.5	-8.5	4.4	10.62
US Equity Growth B EUR (20-Sep-2010)	0.8	2.1	2.1	10.5	11.36
US Equity Growth A GBP Hedged (17-Jun-2011)	-2.7	-	-	-2.5	9.75
US Equity Growth B GBP Hedged (17-Jun-2011)	-2.6	-	-	-2.7	9.73
US Equity Growth P EUR Hedged (24-Oct-2011)	-2.6	-	-	-1.4	9.86
Russell 1000 Growth USD (02-Nov-2009)	-0.3	2.6	2.6	13.0	-
S&P 500 USD (02-Nov-2009)	1.0	2.1	2.1	11.3	-

Source: Brown Brothers Harriman 31 December 2011

**Top 5 Contributors:** Google Inc. CI A, Apple Inc., Intuitive Surgical Inc., Roper Industries Inc., IDEXX Laboratories Inc.

**Bottom 5 Contributors:** Schlumberger Ltd., Citrix Systems Inc., Salesforce.com Inc., Fossil Inc., Fluor Corp.

## CHARACTERISTICS

	US Equity Growth	Russell 1000 Growth	S&P 500
FY2 P/E Ratio	16.0x	12.9x	11.6x
P/E-Growth Ratio	1.1x	1.3x	1.5x
Gross Yield	0.56%	1.56%	2.09%
Cash	3.2%	-	-
Market Cap			
Weighted Average	\$48.9 bn	\$96.4 bn	\$96.4 bn
<\$10 billion	33.5%	21.0%	11.7%
\$10-100 billion	53.6%	47.9%	53.8%
>\$100 billion	9.8%	31.2%	34.5%

Source: Factset 31 December 2011

## SHARE CLASSES

SHARE CLASSES	ISIN	TICKER	AMC
Hedged Sterling A Class	IE00B4Z8TM10	BRAUAGH	1.75%
Hedged Sterling B Class	IE00B4MHR723	BRAUBGH	1.00%
Dollar A Class	IE00B0PVD642	BRAUSEA	1.50%
Dollar B Class	IE00B0PVD865	BRAUSEB	0.75%
Dollar P Class	IE00B4M05337	<i>Not active</i>	2.25%
Hedged Euro A Class	IE00B2NN6563	BRAUAEU	1.50%
Euro B Class	IE00B2NN6670	BRAUBEU	0.75%
Hedged Euro P Class	IE00B4TVJL59	BRAUPEH	2.25%

## BROWN ADVISORY

- Fundamentally driven, US-focused investment management firm
- Founded in 1993 as investment management arm of Alex. Brown & Sons
- Independent since 1998, employee-owned
- Over USD 19 billion in client assets<sup>1</sup>

## CONTACT US

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## FUND FACTS

Administrator	Brown Brothers Harriman (Ireland)
Dealing Number	Tel: +353 1603 6490 Fax: +353 1603 6310
Settlement	T+3
Minimum Investment	A Shares: 5,000 B Shares: 10,000,000 P Shares: 10
Registered for sale	Ireland, UK, France, Spain, Germany, Sweden, Finland, Norway, Italy, Singapore
Eligibility	ISA and SIPP

Performance data above relates to the Brown Advisory US Equity Growth Fund. The performance is net of management fees and operating expenses. Past performance may not be a reliable guide to future performance and you may not get back the amount invested. The Fund is a mirror of the Brown Advisory Large-Cap Growth strategy which was established in 1996. 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. This factsheet is issued by Brown Advisory Limited. Authorised and regulated by the Financial Services Authority. This is not an invitation to subscribe and is by way of information only. Cancellation rights do not apply and UK regulatory complaints and compensation arrangements may not apply. This is not intended as investment advice. Investment decisions should not be made on the basis of this factsheet. You should read the Fund's prospectus in full to understand the features and risks associated with this Fund. A simplified and full prospectus are available by calling 020 3301 8130 or visiting the fund website.

Brown Advisory US Equity Growth 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) and a collective investment scheme for the purposes of section 264 of the Financial Services and Markets Act 2000. The Fund is managed by Brown Investment Advisory Incorporated. Brown Advisory is the marketing name for Brown Investment Advisory & Trust Company, Brown Investment Advisory Incorporated, Brown Advisory Securities, LLC, Brown Advisory LLC, Brown Advisory Cavanaugh, LLC, Brown Advisory Limited, and Alex. Brown Investment Management, LLC.

<sup>1</sup>As of 31 December 2011, Brown Advisory had more than USD 19 billion in assets under management, advisement and administration managed according to the Global Investment Performance Standards (GIPS).