



# Brown Advisory US Equity Growth Fund

## May 2010

### Investment Strategy

The Fund seeks to invest in industry-leading companies with a history of strong, sustainable revenue, cash flow, and earnings growth. We believe the companies represented in the Fund are led by strong management teams with established track records and are well positioned to exploit large market opportunities. Common attributes among these companies include proprietary products and services, productive new product development efforts and new product development and product cycle leadership that sustains a strong brand franchise. Given the Fund's emphasis on large-cap growth companies, the largest industry concentrations currently are in the health care and technology sectors. The Fund also invests in financial services, telecommunications services, and select consumer and industrial growth stocks. The investment style utilizes valuation disciplines to identify those companies whose stocks are attractively valued relative to the market and to mitigate the potential downside risk of an investment candidate.

### Performance to May 31, 2010 (Long-term Performance Overleaf)

	1 Month	3 Months	6 Months	YTD	Since Inception
Brown Advisory US Equity Growth Fund B USD <sup>1</sup>	-6.91	2.57	6.58	1.36	11.80
Russell 1000 Growth Index	-7.63	-1.20	0.76	-2.26	6.18
S&P 500 Index	-7.99	-0.89	0.40	-1.50	5.74

Inception Date: <sup>1</sup>November 2, 2009

Performance data above relates to the Brown Advisory US Equity Growth Fund – a Dublin-based UCITS III fund. The performance is net of management fees and operating expenses. The long-term performance of the Brown Advisory US Growth Equity Fund (BIAGX) is shown on the next page and is net of fees. Past performance may not be a reliable guide to future performance. The Brown Advisory US Large-Cap Growth strategy was established in 1993. 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	15.3%
FY2 P/E Ratio	16.0x
P/E-Growth Ratio	1.2x
Dividend Yield	0.49%
Weighted Avg. Market Cap	\$38.4 billion

#### Asset Allocation

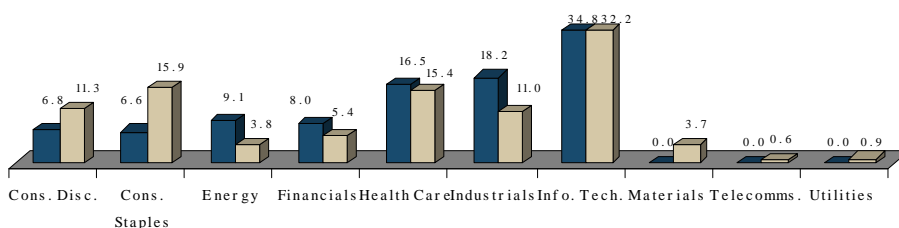
Equities	97.2%
Cash	2.8%

#### Market Capitalization (%)

\$<10 billion	36.4
\$10-100 billion	51.8
\$>100 billion	11.8

Apple Inc.	4.6%
Accenture plc.	3.8%
Google Inc.	3.8%
Allergan Inc.	3.7%
Covance Inc.	3.6%
Stericycle Inc.	3.5%
Coach Inc.	3.5%
Costco Wholesale Corp.	3.5%
MasterCard Inc.	3.4%
Canadian Natural Resources Ltd	3.4%

**Top Ten Holdings as a % of Net Assets** **36.8%**



■ Brown Advisory US Equity Growth Fund

■ Russell 1000 Growth

### Fund Profile

Name Brown Advisory US Equity Growth Fund  
 Manager Kenneth M. Stuzin, CFA

No. of Holdings 30 - 40  
 Base Currency US Dollar  
 Annual Management Fee 1.25/0.75%  
 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	IE00B0PVD535	B0PVD53
Sterling B Class	IE00B0PVD758	B0PVD75
Dollar A Class	IE00B0PVD642	B0PVD64
Dollar B Class	IE00B0PVD865	B0PVD86
Euro A Class	IE00B2NN6563	B2NN656
Euro B Class	IE00B2NN6670	B2NN667



# Brown Advisory US Equity Growth Fund

May 2010

## Long-term Performance of US Mutual Fund (Ticker: BIAGX)

	1 Month	3 Months	6 Months	YTD	1 Year	3 Years	5 Years	10 Years
Brown Advisory US Growth Equity Fund BIAGX	-7.15	2.36	6.35	1.17	32.53	-1.37	4.18	-0.22
Russell 1000 Growth Index	-7.63	-1.20	0.76	-2.26	21.59	-5.61	1.45	-3.90
S&P 500 Index	-7.99	-0.89	0.40	-1.50	20.99	-8.69	0.31	-0.82

## Activity

**Top 5 Contributors:** NetApp Inc., DaVita Inc., Salesforce.com Inc., Urban Outfitters Inc., Genpact Ltd.

**Bottom 5 Contributors:** Schlumberger Ltd., MasterCard Inc. (Cl A), Accenture Plc., Jacobs Engineering Group Inc., Cisco Systems Inc.

May was obviously a difficult month for the markets, as both the euro crisis and the oil spill in the Gulf of Mexico weighed on total returns. Given the market volatility, we were more active in the portfolio in May, as the dislocation, we believe, has created opportunities for longer-term price appreciation.

Specifically, we added URBN to the portfolio, swapping out of PETM to do so. PETM has been a very good stock for us, particularly because of its somewhat defensive nature, it has held up better than many consumer discretionary names during this highly volatile period. It is worth noting though that longer-term, we expect PETM's growth rate to move below our 14% requirement. The company has decided to reign in square footage growth and to manage itself more for profitability; a prudent decision in our opinion. URBN on the other hand is in the sweet spot of a proven discretionary "life cycle", with growth rates double those of PETM. We think this will be a good upgrade over the next few years.

In addition to that swap, we made a number of minor adjustments to the portfolio based on our upside/downside discipline. In particular we trimmed NTAP, CRM, and TRMB, and added to positions in FTI, MA, and GOOG. NTAP was up over 15% after a positive earnings surprise late in the month, while FTI has been under continual pressure because of its exposure to the GoM oil spill. It is worth noting that FTI's exposure to the GoM is minimal, with no direct exposure to the BP spill, and only about 6-7% of its earnings tied at all to the gulf region. The fact that the stock is down about 17% over the last month appears to us to create a buying opportunity.

Eric Gordon has written extensively about our exposures to the gulf spill on a company specific basis. There are clearly risks here, many that are more political and therefore hard to handicap. Activity will likely be slow in the gulf for months to come. That does not mean that oil exploration and development will slow globally, quite the contrary. The oil service companies we own (SLB, FTI, and a portion of JEC) have generally lower exposures to the gulf, and are very busy as demand has picked up and spot prices for crude have raised considerable from the lows of last year. I would also mention that if the moratorium on exploration goes on indefinitely, one of our holdings, CNQ, will directly benefit from the increase in oil prices.

The other event worth commenting on is obviously the euro zone crisis, and just the general malaise that has been spreading throughout Europe. While this will clearly have a negative effect on the global economic outlook, the portfolio has relatively low export exposure to Europe, roughly 12% of revenues. We have been re-working our upside/downside scenarios to capture some of this downside risk and this might necessitate adjustments to the portfolio as we go forward. Having said that, the kinds of companies that we invest in are not commodity providers, but rather providers of products and services that are differentiated. If companies need to tighten their belts further, it will be the kinds of tech firms that we own, for instance, that will allow them to increase productivity, or swap headcount for software.

## The Fund Manager

**Kenneth M. Stuzin, CFA** is a Partner of Brown Advisory and Manager of the Brown Advisory U.S. Equity Growth Fund. He has over twenty years of investment industry experience. Prior to joining Brown Advisory, he was a Vice President and Portfolio Manager at J.P. Morgan Investment Management in Los Angeles, where he was a U.S. Large-Cap Portfolio Manager. Previously, Mr. Stuzin worked as a quantitative Portfolio Strategist in New York, where he advised clients on capital markets issues and strategic asset allocation decisions. Mr. Stuzin received his B.A. and M.B.A. from Columbia University in 1986 and 1993, respectively.

## 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 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).

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:

Logie Fitzwilliams  
Brown Advisory Ltd., 150 Brompton Road, London, SW3 1HX  
Email: lfitzwilliams@brownadvisory.com  
Tel: 020 7591 7084  
Website: www.brownadvisory.com



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