

US Smaller Companies Fund



DECEMBER 2011

BROWN ADVISORY

PERFORMANCE

	1 Mo	3 Mo	YTD	1 Yr	3 Yr
US Smaller Cos B USD	0.4	15.1	-2.9	-2.9	19.2
Russell 2000 USD	0.7	15.5	-4.2	-4.2	15.6
S&P 500 USD	1.0	11.8	2.1	2.1	14.1

Rolling 12 month returns: From Dec '10 Dec '09 Dec '08

	To Dec '11	Dec '10	Dec '09
US Smaller Cos B USD	-2.9	29.8	34.3
Russell 2000 USD	-4.2	26.9	27.2
S&P 500 USD	2.1	15.1	26.5

Source: FE 2011

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

FUND FACTS

Fund Objective: The Fund aims to achieve capital appreciation by investing in a concentrated portfolio of small-cap US equities of above average growth, sound management, and favourable competitive positioning. Through our disciplined, bottom-up investment process, we strive to exploit market inefficiencies in the small-cap universe.

Co-Managers

Timothy W. Hathaway, CFA
Christopher A. Berrier

Structure

Dublin UCITS IV

Base Currency

USD

Launch Date

9 November 2007

Fund Size

USD 5 million

Holdings

59

Dealing

Daily

COMMENTARY

For the fourth quarter, the US Smaller Companies Fund returned 15.1% vs. the benchmark return of 15.5%. In December the Fund was up 0.4%, slightly behind its Russell 2000 benchmark, which was up 0.7%.

The participation to performance was quite broad across all sectors, however the standout was technology. Three software companies have now been acquired, **RightNow Technologies**, **DemandTec** and **SuccessFactors**. DemandTec was the top contributor to performance for the month, up 73% and SuccessFactors was the second largest, up 56%.

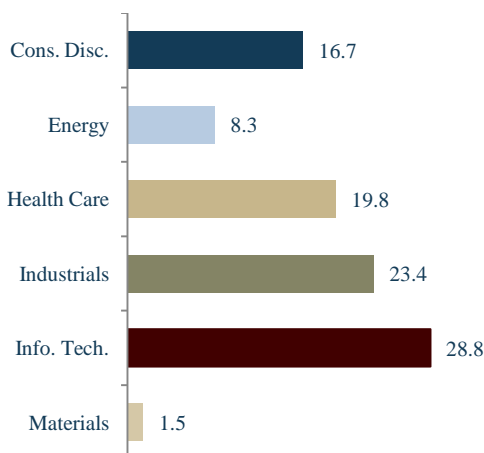
The commonality across these companies were high quality, leading technology assets in their respective fields. Although we do not buy

stocks on the hope that they are acquired, we believe a focus on quality increases the probability of M&A activity and provides some level of valuation support to the downside when company specific events are negative or market sentiment turns for the worse. M&A has been a driver of long-term performance, with a dozen portfolio companies being acquired over the last 2 years.

TOP 10 HOLDINGS

World Fuel Services Corp.	4.9%
Covance, Inc.	3.7%
Gen-Probe, Inc.	3.6%
DemandTec, Inc.	3.0%
Henry Schein, Inc.	2.7%
Pegasystems, Inc.	2.7%
SuccessFactors, Inc.	2.6%
PSS World Medical, Inc.	2.5%
Hexcel Corp.	2.4%
Knology, Inc.	2.4%
TOTAL	30.5%

SECTOR WEIGHTS



Sector weights include cash.

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ADDITIONAL PERFORMANCE

Share Classes (Inception Date)	1 Mo	YTD	1 Yr	3 Yr	ITD	NAV
US Smaller Companies Fund A USD (14-Dec-2007)	0.4	-3.7	-3.7	18.3	0.3	10.12
US Smaller Companies Fund B USD (9-Nov-2007)	0.4	-2.9	-2.9	19.2	0.2	10.07
Russell 2000 USD (9-Nov-2007)	0.7	-4.2	-4.2	15.6	0.4	-
Russell 2000 Growth USD (9-Nov-2007)	-0.2	-2.9	-2.9	19.0	0.9	-
S&P 500 USD (9-Nov-2007)	1.0	2.1	2.1	14.1	-1.3	-

Source: Brown Brothers Harriman 31 December 2011

Top 5 Contributors: DemandTec Inc., SuccessFactors Inc., SodaStream International Ltd., Valmont Industries Inc., Ascent Capital Group Inc.

Bottom 5 Contributors: UTi Worldwide Inc., Gardner Denver Inc., Harman International Industries Inc., CommVault Systems Inc., Informatica Corp.

CHARACTERISTICS

	US Smaller Companies	Russell 2000	S&P 500
FY2 P/E Ratio	16.4x	13.6x	11.6x
P/E-Growth Ratio	1.5x	2.5x	1.5x
Cash	1.5%	-	-
Market Cap			
Weighted Average	\$2.2 bn	\$1.2 bn	\$96.4 bn
<\$1 billion	22.5%	45.9%	-
\$1-2 billion	25.1%	36.6%	-
\$2-5 billion	47.1%	17.6%	2.6%
>\$5 billion	3.8%	-	97.4%

Source: Factset 31 December 2011

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 assets¹

CONTACT US

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SHARE CLASSES

SHARE CLASSES	ISIN	TICKER	AMC
Sterling A Class	IE00B0PVDF36	Not active	1.50%
Sterling B Class	IE00B0PVDH59	Not active	0.75%
Dollar A Class	IE00B0PVDG43	BAUSSCG	1.50%
Dollar B Class	IE00B0PVDJ73	BAUSSCB	0.75%
Dollar P Class	IE00B5510F71	Not active	2.25%
Hedged Euro A Class	IE00B2NN6902	Not active	1.50%
Euro B Class	IE00B2NN6B28	Not active	0.75%
Hedged Euro P Class	IE00B4JQVX66	Not active	2.25%

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 relates to the Brown Advisory U.S. Smaller Companies 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 Small-Cap Growth strategy which was established in March 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. 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 U.S. Smaller Companies 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.

¹As 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).