



Brown Advisory US Smaller Companies Fund

July 2010

Investment Strategy

The Brown Advisory Smaller Companies Fund is a focused strategy that seeks to produce superior returns through a concentrated portfolio of small-capitalization US equity securities 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-capitalisation universe.

Performance to July 31, 2010

	1 Month	3 Months	6 Months	9 Months	1 Year	YTD	Since Inception*	NAV
Brown Advisory U.S. Smaller Companies B USD ¹	3.07	-9.04	4.55	11.50	17.86	0.75	-7.65	8.05
Brown Advisory U.S. Smaller Companies A USD ²	3.15	-9.20	4.20	10.98	17.17	0.37	-7.31	8.19
Russell 2000 Index USD ¹	6.87	-8.89	8.79	16.78	18.43	4.79	-4.69	-
S&P 500 Index USD ¹	7.01	-6.69	3.61	7.92	13.84	-0.11	-7.59	-

Inception Dates: ¹November 9, 2007; ²December 14, 2007

*Annualized

Performance data relates to the Brown Advisory US Smaller Companies 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 Small-Cap strategy, a US-based product 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. A simplified and full prospectus are available by calling 020 7591 7084 or visiting the fund website.

Characteristics* as of July 31, 2010

Estimated EPS Growth Rate	19.4%
FY2 P/E Ratio	16.3x
P/E-Growth Ratio	1.0x
Weighted Avg. Market Cap	\$2.1 billion
Weighted Med. Market Cap	\$2.1 billion
Equities	95.6%
Cash	4.4%
Market Capitalization	
\$<1 billion	30.0%
\$1-2 billion	18.7%
\$2-5 billion	49.0%
\$>5 billion	2.3%

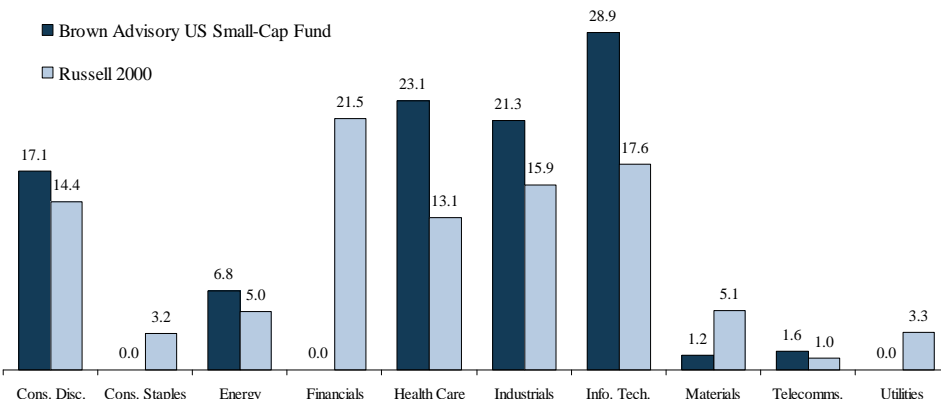
Henry Schein, Inc.	3.8%
Polycom, Inc.	3.7%
Covance, Inc.	3.1%
UTi Worldwide, Inc.	3.0%
Informatica Corp.	3.0%
Oceaneering International, Inc.	2.9%
IDEX Corp.	2.9%
American Public Education, Inc.	2.8%
Gen-Probe, Inc.	2.7%
Harman Int'l Industries, Inc.	2.5%

Top Ten Holdings as a % of Net Assets **30.4%**

Fund Profile

Name	Brown Advisory US Smaller Companies Fund	
Managers	Christopher A. Berrier Timothy W. Hathaway, CFA	
No. of Holdings	40 - 60	
Base Currency	US Dollar	
Annual Management Fee	A: 1.50% B: 0.75%	
Minimum Investment	A: 5,000 B: 10,000,000	
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 Liquidity	Irish Stock Exchange Daily	
Dividends Settlement Terms	UK distributor status T+3	

	ISIN	Sedol
Sterling A Class	IE00B0PVDF36	B0PVDF3
Sterling B Class	IE00B0PVDH59	B0PVDH5
Dollar A Class	IE00B0PVDG43	B0PVDG4
Dollar B Class	IE00B0PVDJ73	B0PVDJ7
Euro A Class	IE00B2NN6902	B2NN690
Euro B Class	IE00B2NN6B28	B2NN6B2





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Activity

Top 5 Contributors: Informatica Corp., Citrix Systems Inc., UTi Worldwide Inc., IDEX Corp., Dril-Quip Inc.

Bottom 5 Contributors: Covance Inc., CommVault Systems Inc., NuVasive Inc., Henry Schein Inc., IDEXX Laboratories Inc.

Over the past few months, equity markets have experienced heightened volatility, especially when compared to the relatively calm markets of last summer and into early-2010. As earnings season ramped up in July, it did nothing to calm that volatility. If anything, it has increased as Wall Street opines on each company's reports. It seems, though, that in general there has been more risk to the downside as the market seems to punish companies that miss forecasts more heavily than it rewards those that beat estimates. This is evident in the portfolio detractors for the month. Covance, which is the market leader in R&D outsourcing services to large pharmaceutical companies, fell sharply after lowering forward guidance on the company's most recent call. However, given our confidence in the company's long term prospects, we added to our position. Another detractor was CommVault Systems. CommVault fell after announcing an earnings miss and a salesforce reorganization. Again, though, given our comfort in their long term prospects, we maintained our position in the stock. The portfolio's best performers, Informatica and Citrix Systems, both rose substantially following earnings that were ahead of expectations.

There were a handful of additions to the portfolio in July. We have begun to build positions in Dresser-Rand, which develops heavy equipment for distributors and suppliers of natural gas, and Graco, which provides fluid management controls in a variety of settings and whose industrial business we think is under-recognized by the market. These purchases were funded by our sale of PetMed Express and Sybase, which was recently acquired by SAP.

The Fund Managers

Christopher A. Berrier is a Partner of Brown Advisory and has been the co-manager of the Brown Advisory U.S. Smaller Companies Fund since joining the firm in 2005. He has over ten years of investment industry experience and, before joining Brown Advisory, Mr. Berrier was Vice President and senior equity analyst at T. Rowe Price, covering multiple sectors with a primary focus on small- and mid-capitalization growth companies across several mutual funds. He received his A.B. from Princeton University in 2000.

Timothy W. Hathaway, CFA is a Partner of Brown Advisory and the co-manager of the Brown Advisory U.S. Smaller Companies Fund. He has over fourteen years of investment industry experience. Mr. Hathaway received his B.A. from Randolph Macon College in 1993 and his M.B.A. from Loyola College in 2001.

About Brown Advisory

Brown Advisory was founded in 1993 as an investment management arm of Alex Brown & Sons, America's oldest investment banking firm. In 1998, Brown Advisory separated to create an independent organization better positioned to serve its clients' interests. Brown Advisory is now entrusted with \$19 billion in client assets. Brown Advisory prides itself on its dedicated, fundamental research process, experienced and stable investment team with low professional turnover. Brown Advisory is focused and committed to forging lasting relationships based on integrity, trust and service.

Further Information

Brown Advisory US 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).

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.