

American Fund



DECEMBER 2011

BROWN ADVISORY

PERFORMANCE

	1 Mo	3 Mo	YTD	1 Yr	3 Yr
American Fund B USD	-1.2	11.5	-2.1	-2.1	17.6
Russell 3000 USD	0.8	12.1	1.0	1.0	14.9
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
American Fund B USD	-2.1	21.1	37.3
Russell 3000 USD	1.0	16.9	28.3
S&P 500 USD	2.1	15.1	26.5

Source: FE 2011

FUND FACTS

Fund Objective: The Fund aims to achieve capital appreciation through a combination of Brown Advisory in-house US equity strategies. The Fund is sub-advised by the US Equity Value Strategy, the US Equity Growth Strategy and the US Smaller Companies Strategy. The allocation is fixed at 40% Value, 40% Growth and 20% Smaller Companies. This allocation is rebalanced quarterly. This is **not** a fund of funds.

Richard M. Bernstein, CFA
Kenneth M. Stuzin, CFA
Timothy W. Hathaway, CFA
Christopher A. Berrier

Co-Managers

Structure	Dublin UCITS IV
Base Currency	USD
Launch Date	9 May 2008
Fund Size	USD 200 million
Holdings	120
Gross Yield	1.24%
Dealing	Daily

COMMENTARY

For the fourth quarter, the American Fund returned 11.5% vs. the benchmark return of 12.1%. December was a slightly down month, with the Fund down -1.2%, underperforming its Russell 3000 benchmark, which was up 0.8% and the S&P 500 up 1.0%.

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. 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.

Most of our investment actions were motivated by existing positions that became more attractive due to price weakness. We added to a variety of names including **Apple**, **Emerson Electric**, **Fluor**, **Freeport McMoRan**, **M&T Bank**, **Southwestern Energy** and **Oracle**. In order to fund these additions, we chose to divest the remainder of our positions in **Diamond Offshore** and **Kohl's**. We also reduced our holding in **CA**. None of these stocks were

expensive per se, but their reward/risk ratios and business franchises were less appealing than those listed above. We also trimmed our position in **FMC Technologies** and re-allocated the proceeds to **Schlumberger**.

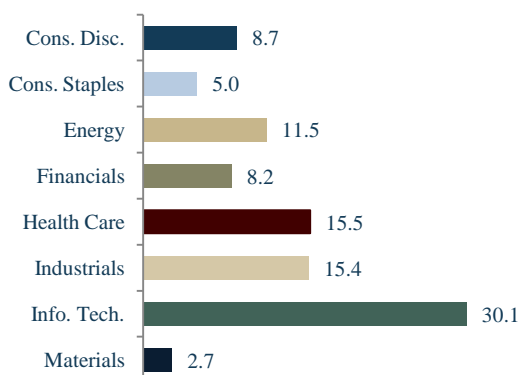
We also trimmed our position in **Mead Johnson**. In late December an infant that had been using MJN's Enfamil nutritional product died of a very rare bacterial infection that historically has been linked to powdered milk. Our trimming of the position was an acknowledgement that regardless of whether 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.

Two small-cap technology stocks were acquired over the month. **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.

TOP 10 HOLDINGS

Qualcomm, Inc.	2.9%
Apple, Inc.	2.7%
Fluor Corp.	2.5%
Google, Inc.	2.2%
Merck & Co., Inc.	1.9%
Covance, Inc.	1.8%
Microsoft Corp.	1.7%
Express Scripts, Inc.	1.7%
Becton Dickinson & Co.	1.6%
Novartis AG Sponsored ADR	1.6%
TOTAL	20.6%

SECTOR WEIGHTS



Sector weights include cash.

ADDITIONAL PERFORMANCE

Share Classes (Inception Date)	1 Mo	YTD	1 Yr	3 Yr	ITD	NAV
American Fund A USD (02-Mar-2010)	-1.2	-2.9	-2.9	-	8.1	11.53
American Fund B USD (09-May-2008)	-1.2	-2.1	-2.1	17.6	1.2	10.05
American Fund A GBP (23-Feb-2009)	-0.6	-2.7	-2.7	-	21.0	17.18
American Fund B GBP (22-Apr-2010)	-0.5	-1.9	-1.9	-	3.9	10.65
American Fund B GBP Hedged (18-Jan-2011)	-1.1	-	-	-	-5.5	9.45
American Fund A EUR Hedged (22-Oct-2010)	-1.2	-9.4	-9.4	-	2.3	10.27
American Fund B EUR (20-Apr-2010)	2.4	0.7	0.7	-	6.9	11.19
Russell 3000 USD (09-May-2008)	0.8	1.0	1.0	14.9	-0.1	-
S&P 500 USD (09-May-2008)	1.0	2.1	2.1	14.1	-0.5	-

Source: Brown Brothers Harriman 31 December 2011

Top 5 Contributors: DemandTec Inc., SuccessFactors Inc., Google Inc. CI A, Apple Inc., Merck & Co Inc

Bottom 5 Contributors: Southwestern Energy Co., Fluor Corp., Oracle Corp., Schlumberger Ltd., Citrix Systems Inc.

CHARACTERISTICS

	American Fund	Russell 3000	S&P 500
FY2 P/E Ratio	13.5x	11.8x	11.6x
P/E-Growth Ratio	1.2x	1.6x	1.5x
Gross Yield	1.24%	1.99%	2.09%
Cash	3.0%	-	-
Market Cap			
Weighted Average	\$45.1 bn	\$79.3 bn	\$96.4 bn
<\$1 billion	4.6%	3.7%	-
\$1-5 billion	22.4%	13.5%	2.6%
\$5-10 billion	13.9%	9.9%	9.1%
\$10-100 billion	42.5%	44.7%	53.8%
>\$100 billion	13.6%	28.1%	34.5%

Source: Factset 31 December 2011

SHARE CLASSES

SHARE CLASSES	ISIN	TICKER	AMC
Sterling A Class	IE00B2R0JZ40	BRAAMRA	1.50%
Sterling B Class	IE00B2R0K286	BRAABGB	0.75%
Hedged Sterling B Class	IE00B40R5F80	BRAABGH	1.00%
Dollar A Class	IE00B2R0K062	BRAAMAU	1.50%
Dollar B Class	IE00B2R0K393	BRAAMRF	0.75%
Dollar P Class	IE00B56Y4M01	Not active	2.25%
Hedged Euro A Class	IE00B2R0K179	BRAAAEU	1.50%
Euro B Class	IE00B2R0K401	BRAABEU	0.75%
Hedged Euro P Class	IE00B5SW7018	Not active	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 assets¹

CONTACT US

For investment enquiries please contact:

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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 relates to the Brown Advisory American 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. Long-term back-tested 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 American 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).