

How We Partner with Trade Associations



Brown Advisory **Services for Associations**

If you are responsible for the investment affairs of a trade association—as a staff member or as a member of an investment committee—your task has grown more difficult in recent years. You face more complex capital markets, tougher oversight by regulators, expectations of members and lower expected market returns. And if you are grappling with a constrained budget, you may be struggling to build up the internal resources that you need to effectively address this challenging investment environment.

For more than 25 years, Brown Advisory has partnered with trade associations, endowments and foundations to help achieve ambitious investment and organizational objectives.

Investment Advice

Drawing on decades of experience, we partner with associations to help navigate the complex capital markets environment in pursuit of desired investment returns.



Policy Advice

We help clients develop investment and spending policies that seek to address the concerns of their stakeholders.



Client Service

We are able to provide customized reporting, in-person meetings based on client needs, online access to investment data and expedient response times to client inquiries. From our U.S. and international offices, we strive to maintain close contact with our clients.



Strategic Advice

We offer counsel on a wide range of topics beyond traditional investment advice, including strategic planning, values-based investing, governance and member engagement.



Fiduciary Responsibility

We seek to relieve investment committees of some of the heavy fiduciary burden placed on them. We serve clients in a variety of ways, from fully discretionary relationships to situations where we act in a more consultative role.

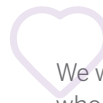


Experienced **Advisor** to Associations

Leveraging decades of experience managing investments for public, private and nonprofit clients, Brown Advisory helps associations with a wide variety of challenges.



Since our founding, we have served as an investment manager to trade associations, endowments and foundations. We are responsible for approximately \$11.6 billion in assets for these clients.*



We work with numerous clients who seek to align their investment portfolios with their unique objectives and help create and implement policies to achieve those goals.

*As of December 31, 2022, Brown Advisory managed \$11.6 billion for our endowments and foundations practice for the following entities: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Securities LLC, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware, LLC, Brown Advisory Investment Solutions Group LLC, NextGen Venture Partners LLC and Signature Financial Management Inc.

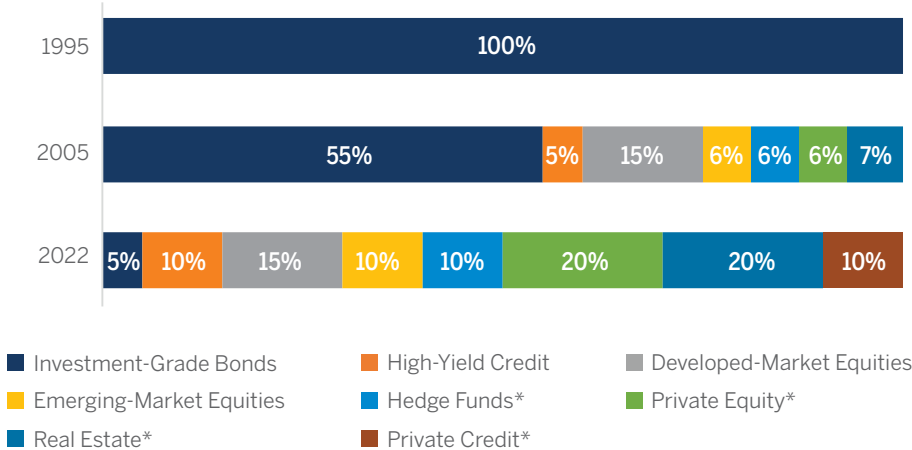
The Case for Outsourcing: Making More from Less

When citing reasons for outsourcing, associations often mention a lack of internal resources, a desire for greater risk management and the ability for decisions to be made more quickly in their investment portfolio.

Many associations are currently challenged in their pursuit of sufficient portfolio returns to satisfy disbursement and overall budgetary objectives. Due to a prolonged period of slower global economic growth, low interest rates, an aging population in the developed world and many other factors, achieving desired return targets has become more difficult. As shown in the chart at right, in 1995, a trade association could have earned an annualized return of 7.0%

from a low-risk, fully fixed income allocated portfolio. In 2022, it needed to take on nearly three times more potential volatility in order to achieve that same return—requiring an investment portfolio spread across many different asset classes with far more complex and illiquid investments. This reality has complicated the jobs of both boards and investment committees who oversee the association’s assets; our responsibility is to be a trusted partner in helping make these decisions.

Portfolios Poised to Earn Long-Term Returns of 7.0%—Various Time Frames
Allocation by asset class (%)



SOURCE: BLOOMBERG, BROWN ADVISORY ANALYSIS

Source: BLOOMBERG. *Alternative investments may be available for accredited investors or qualified purchasers only. This analysis is not intended to be a guarantee of future results. It is not representative of an actual portfolio. Asset allocations could change depending on risk tolerance, investment objective and assets available for investment. The relationship team will customize portfolios to meet the guidelines, requirements and risk tolerance of our clients. The information provided in this is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular investment strategy, including whether or not to buy, sell or hold investments in any asset class mentioned. It should not be assumed that investments in such asset classes have been or will be profitable. Estimated performance of the Brown Advisory hypothetical portfolio is based on the internal research of our Investment Solutions Group and Private Equity team. The estimated volatility is based on the historical volatility of the indexes presented on the disclosures page in the back of this book. Estimated returns as of December 31, 2022. The estimated returns are representative of a hypothetical portfolio and asset allocation. Rebalancing is set at semi-annual. This performance output does not include any cash flows in or out of the portfolio and past performance is not indicative of future results. Further information on the criteria used and assumptions made in calculating the hypothetical performance and the risks and limitations of using hypothetical performance in making investment decisions is available upon request. Performance source: BLOOMBERG, Brown Advisory Analysis. Please see the end of this presentation for important disclosures.

Our Approach to Portfolio Construction

Listening first to understand an association's goals has proven to be the most successful approach to constructing and managing our clients' portfolios. We build and customize each of our client's portfolios to their unique needs and specific long-term goals.

As fundamental, value-conscious investors, our approach is methodical. We use quantitatively and qualitatively derived scenario analyses to consider a wide range of positive and negative scenarios.

We use a combination of internally and externally managed strategies, and leverage Brown Advisory's equity, fixed income, private equity and alternatives research teams to source high-conviction ideas across the investable universe.*

1 As your investment partner, we believe it is our duty to develop a comprehensive understanding of your organization's circumstances and goals.

2 With a clear understanding of your organization's objectives, we can help you develop or refine your investment policy statement to reflect these goals.

3 We review your organization's investment policy statement annually to ensure that it aligns with your evolving goals.

*Alternative investments may be available for accredited investors or qualified purchasers only.





Our Approach to Strategic Advice

Our client teams provide holistic advice to associations in order to help advance their missions. Our strategic advisors are legal and accounting professionals who come from diverse professional backgrounds and experiences: from established law firms, to advising government officials, to extensive work with families and foundations.

Our Strategic Advisory group spearheads ongoing conversations with clients about a wide variety of matters. They address questions concerning appropriate spending rates and strategies for pursuing appropriate investing. We believe it is most effective to consider these issues in concert with ongoing investment management decisions to ensure a cohesive pursuit of long-term goals.

Strategic advisors are not a replacement for a portfolio manager; rather, they add a complementary perspective to the management of a trade association's investments. While a portfolio manager may focus on strategic asset allocation, constructing a portfolio and cash management needs, a strategic advisor works to provide associations with an additional layer of expertise and insight.

Our strategic advisors do not work in isolation. We understand that associations may have multiple advisors outside of Brown Advisory. We are well-equipped to work closely with and leverage these external advisors, accountants, committee members and attorneys who may already be involved in helping navigate financial and strategic decision-making.




Strategic advisors work alongside portfolio managers to address clients' most pressing challenges.



Sustainable Investing for Associations

Many associations struggle to reconcile two equally important goals when deploying capital: maximizing the risk-adjusted total return of their investment portfolio and maximizing progress toward their mission. Brown Advisory believes that a thoughtful, sustainable investment approach can bridge the gap between these goals, creating a unified portfolio strategy.

Since our founding, Brown Advisory has worked with clients, both religious and secular, seeking value-centric, mission-based and sustainable investing programs. This mindset is woven into the fabric of our firm—from our internal ESG (environmental, social and governance) investment offerings in equities and fixed income to the suite of open architecture sustainable managers we use to construct client portfolios. Our commitment to investing sustainably goes beyond passive approaches, like negative screening, and instead considers ESG as a critical input to our evaluation of investments, construction of portfolios and reporting of client investment “performance.”



Brown Advisory’s approach to sustainable investing allows associations to support their mission without sacrificing performance.

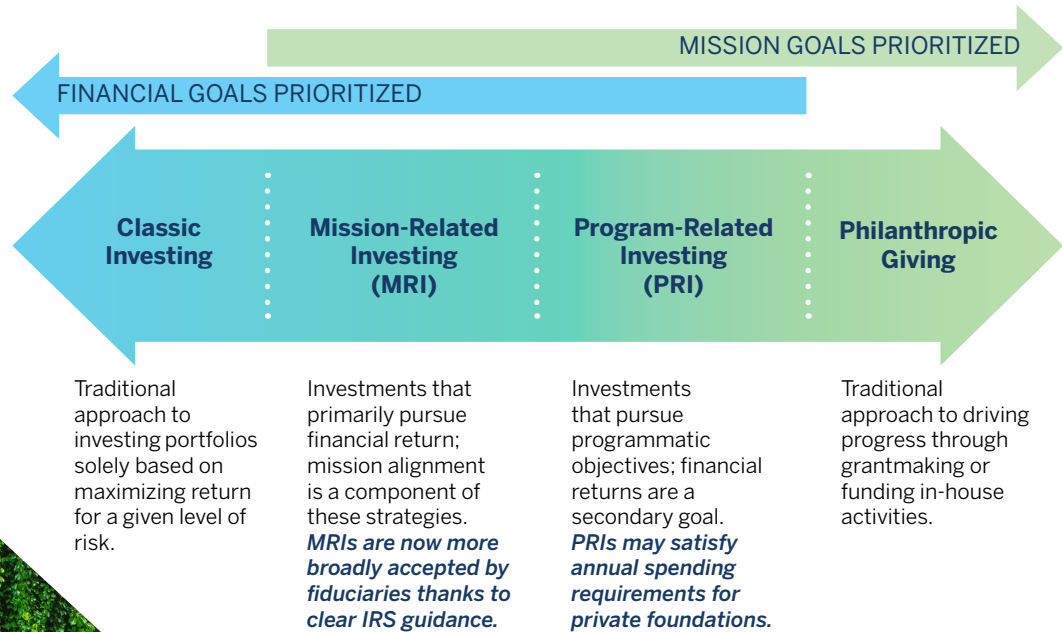
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A Spectrum of Options for Driving Impact

Traditionally, nonprofits invested their capital for financial gain, then spent a certain amount each year to advance their mission. Today, nonprofits are considering a broad spectrum of investment options that help them pursue their financial and mission-related goals at the same time.





Firm Overview

Brown Advisory is a global independent investment firm that offers a wide range of solutions to institutions, corporations, nonprofits, families and individuals. We oversee approximately \$121 billion in client assets in all 50 states and in over 44 countries and territories.*

Private and Independent Since 1998

Every one of our colleagues owns equity in the firm. This equity structure helps us to provide the best solutions for clients, attract and retain top talent, and align the interest of our colleagues with our clients—we succeed only when we succeed for our clients.

Devoted to Thoughtful Stewardship

We are completely focused on objective, customized investment advice for each of our clients. We are committed to investment excellence, and we support our clients with a research and advisory team of more than 100 professionals who oversee internal strategies, support asset allocation and select external managers.

Strategic Advice Beyond Investments

We seek to help our clients solve their most pressing organizational challenges. To do this, we bring to bear expertise covering a wide range of nonprofit strategy and operations issues, from budgeting to managing stakeholder dynamics to assisting with owned real estate.

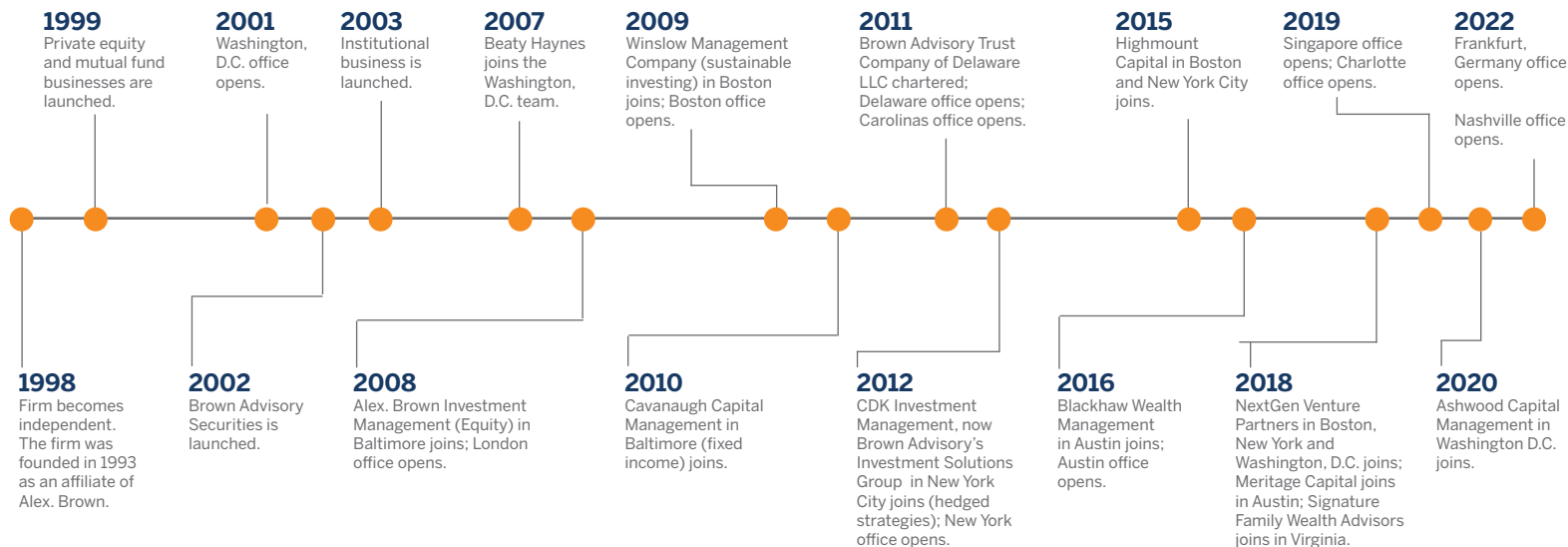
*As of December 31, 2022, Brown Advisory had approximately \$121.6 billion in client assets for the following entities: Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Securities LLC, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware, LLC, Brown Advisory Investment Solutions Group LLC, NextGen Venture Partners LLC and Signature Financial Management Inc.



A History

Brown Advisory was founded within **Alex. Brown**, a distinguished investment banking firm founded in 1800 in Baltimore, Maryland. Brown Advisory's mission was and remains the same: **to make a material and positive difference in the lives of our clients.**

Our firm is rooted in a history of **devotion to our clients.**



This legacy is what guides our every action with clients today.

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To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client. Private investments mentioned in this article may only be available for qualified purchasers and accredited investors. All charts, economic and market forecasts presented herein are for illustrative purposes only. Note that this data does not represent any Brown Advisory investment offerings. ESG considerations are one of multiple informational inputs into the investment process, alongside data on traditional financial factors, and so are not the sole driver of decision-making. ESG analysis may not be performed for every holding in every strategy. ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. Certain strategies seek to identify issuers that they believe may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, certain strategies may invest in issuers that do not reflect the beliefs and values of any particular investor. Certain strategies may also invest in companies that would otherwise be screened out of other ESG oriented portfolios. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk. Investment Grade Bonds - **Bloomberg Aggregate Bond Index** is an unmanaged, market-value weighted index composed of taxable U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate, asset-backed and mortgage-backed securities between one and 10 years. High-Yield Credit - **Bloomberg U.S. Corporate High Yield Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. - The **MSCI ACWI ex USA® Index** captures large and mid cap representation across Developed Markets (DM) countries—excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country. - The **MSCI Emerging Markets® Index** captures large and mid cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country. Private Equity - **Cambridge Associates Fund of Funds Benchmark** is based on data compiled from nearly 700 institutional-quality fund of funds. Real Estate - The **FTSE NAREIT® Equity REIT Index** is a broad-based free-float weighted index consisting of real estate investment trusts (REITs), calculated based on price and total return methodologies, both real time and end-of-day. The index contains all Equity REITs not designated as Timber REITs or Infrastructure REITs. FTSE is a registered trademark of the London Stock Exchange Group PLC (“LSE Group”). NAREIT® is a registered trademark of National Association of Real Estate Investment Trusts®. Hedge Funds - **HFR® Equity Hedge Index**: Contains Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short. Private Credit - **Cliffwater Direct Lending Index (CDLI)** seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The CDLI Total Return Index includes three components: Income Return, Realized Gain/Loss, and Unrealized Gain/Loss. It is not possible to invest directly in an Index. “Bloomberg®” and the Bloomberg Indices used are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”) and have been licensed for use for certain purposes by Brown Advisory Bloomberg is not affiliated with Brown Advisory, and Bloomberg does not approve, endorse, review, or recommend Brown Advisory strategies. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Brown Advisory strategies. MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries. © 2019 Hedge Fund Research, Inc. - All rights reserved. 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