



Greenwich United Way

Board Presentation October 16, 2019

YOUR TEAM

Brown Advisory

Your Brown Advisory Team

Performance



ERIKA PAGEL
Portfolio Manager, Head of Boston Investment & CIO of Sustainable Investing
epagel@brownadvisory.com
(617) 717-6365



TYLER LEWIS
Portfolio Manager
tlewis@brownadvisory.com
(857) 244-2206



JEFF KEADY, CFA
Associate Portfolio Manager
jkeady@brownadvisory.com
(617) 933-1269

Service



CHRIS MORAN
Private Client Relationship Advisor
cmoran@brownadvisory.com
(617) 326-0612

Advice



CRAIG STANDISH
Head of the Boston Office, Strategic Advisor
cstandish@brownadvisory.com
(617) 933-1490



MATT METSCH
Strategic Advisor
mmetsch@brownadvisory.com
(617) 717-6382

ADDITIONAL RESOURCES

Compliance

Technology

Operations

Investment Solutions Group (ISG)

Equity Research

Fixed Income Research

Strategic Advisory

Trading

Reporting

OVERVIEW

Brown Advisory

THE BROWN ADVISORY DNA

Client first.

Helping clients get “there” defines our mission.

Colleague driven.

Integrity, excellence and inclusivity guide our way.

Community focused.

We have a responsibility for our collective future.

Culture led.

A shared passion and commitment leads to client success.

We believe in

- Putting clients first, always
- The importance of our people
- The importance of investment results
- Being disruptive and innovative
- Working as a team
- Celebrating diversity and inclusion
- Protecting our equity structure
- Embracing outside views
- Open and honest communication
- Learning and curiosity
- The importance of growth and reinvestment
- The performance and impact value of sustainable investing

AT A GLANCE

Endowment and Foundation Clients

- \$4.8 billion of assets under management for Endowments and Foundations
- Serve as a trusted investment and strategic partner to purpose-driven organizations
- Representative clients include private foundations, community foundations, arts and cultural institutions, educational institutions, and religious organizations
- Combine the firm's best practices and investment thinking with local client service delivery

Brown Advisory is a global investment and strategic advisory firm.

Our energy is dedicated to delivering first-class investment performance, creative and thoughtful strategic advice, and the highest level of service.

1998

The year Brown Advisory became a private and independent firm, via a buyout led by our management and investment teams.

Global and Local

Presence in the United States, Europe and Asia gives us a diverse perspective for building comprehensive solutions.

650+ colleagues

Colleagues work alongside each other in support of Brown Advisory's client-focused mission.

\$70+ billion

Total client assets of the firm.

98% retention

Average annual percentage of clients we have retained over the past 10 years, as of December 31, 2018.

WHY BROWN ADVISORY?

Ownership Mindset

Private and independent ownership since 1998

Each colleague at every level owns equity in the firm—comprising 70% of all outstanding shares—with no one shareholder owning more than 4%.

Offers flexibility to shape our business to provide the best solutions for clients, allows us to attract and retain top talent, and aligns the interests of our colleagues with those of our clients.

Investment Platform

- We are investors with a view, not consultants providing a menu of options: Our robust open architecture platform allows us to custom tailor a portfolio to our clients' needs.
- Our “right size” allows us access to a broader universe of managers than smaller firms, without the capacity constraints of larger firms.

Strategic Advice Capabilities for Endowments and Foundations

- Investment committee members and board members are largely volunteer positions—our strategic advisors are an extension of your efforts.
- Our strategic advisory team helps our clients think through complex issues, including governance, board education, donor development, planned giving, and mission alignment, in the your investment portfolio.

Long-Term Commitment to Mission-Aligned Investing

- Since our founding, we have served clients with mission-aligned portfolio mandates.
- We understand the nuance involved with building a mission-aligned investment portfolio and can help clients think through a variety of options while educating key stakeholders. Today, as a firm, we manage just over \$4.5 billion of mission-aligned client assets.

Core Investment Principles

Investment Philosophy

- 1** Seek to create portfolios with the best opportunity to meet or exceed goals using investments across a broad range of asset classes and structures
- 2** Deep, fundamental research and rigorous due diligence
- 3** Thoughtful process for asset allocation, combining market fundamentals with client-specific factors
- 4** Long-term approach to investing; we do not attempt to predict short-term movements in the market

Asset Allocation Philosophy

- 1** We use many tools—internal and external managers, active and passive strategies, liquid and alternative funds*—to optimize performance, risk and cost
- 2** We focus on the liquidity of the portfolio to ensure your short-term cash needs are met.
- 3** Our approach designates core assets which are generally a mix of stability and growth investments to meet your organization's long-term goals
- 4** We look for tactical opportunities to invest when conditions are advantageous

COMMUNITY INVOLVEMENT

As a firm, and as a collection of individuals, we believe that we have a responsibility to give back to the communities in which we work and live. Not only does this benefit our communities, but it also makes each of us a more well-rounded citizen and professional. We think that serving others through nonprofit organizations is a natural complement to our culture of serving clients.

Importantly, this makes us better investors and better advisors for our Endowments and Foundations clients because we understand what it means to sit on your side of the table.



Promotion Criteria

At Brown Advisory, hard work, expanding expertise and a focus on clients are expected of everyone. To be recognized for promotion to the principal or partner level, a colleague must demonstrate leadership in the broader community. As of **December, 31st 2019**, our colleagues served over 300 nonprofit and community organizations through the calendar year.

Brown Advisory's mission



PERFORMANCE. ADVICE. SERVICE.

We believe that organizations deserve a partner when they select investment managers. Commitment to performance, creative strategic advice and the highest levels of service are all essential components of our solution, as we believe that all three are needed to help our clients accomplish their goals.

PERFORMANCE.

We help your organization navigate today's complex markets to achieve your investment goals.

ADVICE.

We serve as your advocate and partner, helping you address a wide range of strategic challenges.

SERVICE.

We pledge to serve you with proactive attention, clear communication and confidentiality.



MARKET UPDATE

Brown Advisory

Market Recap

As of 9/30/2019

- Equity markets rose marginally in September following a second cut in interest rates and a slight de-escalation in trade tensions. Despite a relatively quiet September, investors will await the next round of trade talks with China and political news in Washington.
- In the United States, Financials, Real Estate and Technology were the top performing sectors in the third quarter. While Energy, Health Care and Materials stocks were the biggest laggards over the same time period.
- Corporate earnings in the 2nd quarter were strong, with 75% of reported companies outperforming analyst's expectations. Analysts expect 3rd quarter to decline -3.8% on a year over year basis.
- For the month of September, value stocks outperformed growth stocks and small-cap stocks slightly outperformed large-cap stocks. With increasingly attractive valuations and growing fears in the market, investors flocked to more defensive stocks that tend to outperform in economic downturns.
- In Europe, the near-term economic outlook is increasingly clouded by slowing growth in manufacturing across advanced economies, and political unease including the rising threat of protectionism and an uncertain resolution on Brexit. Investors and economists are particularly cautioned by recessionary fears in Germany, Europe's largest economy.
- Emerging market equities have outperformed U.S. markets recently, but continue to lag developed markets on the year. Economic growth in EM countries slowed further in Q3 2019, with China in particular dragging on global and regional growth. On top of the US-China trade war, pockets of geopolitical tension – such as the continued protests in Hong Kong – have weighed further on investment sentiment. In Latin America, the Argentine market saw the second worst decline of any market in the last 30 years as they continue to navigate their ongoing debt crisis. In an effort to counteract investor sentiment and economic slowdown, several central banks, including India, Thailand, New Zealand, the Philippines, and Brazil, have announced their intentions to lower interest rates.
- In September, bond yields rebounded slightly with the 10-year treasury yield rising from its 52-week low of 1.43% on September 3rd to 1.73% at the conclusion of the month.

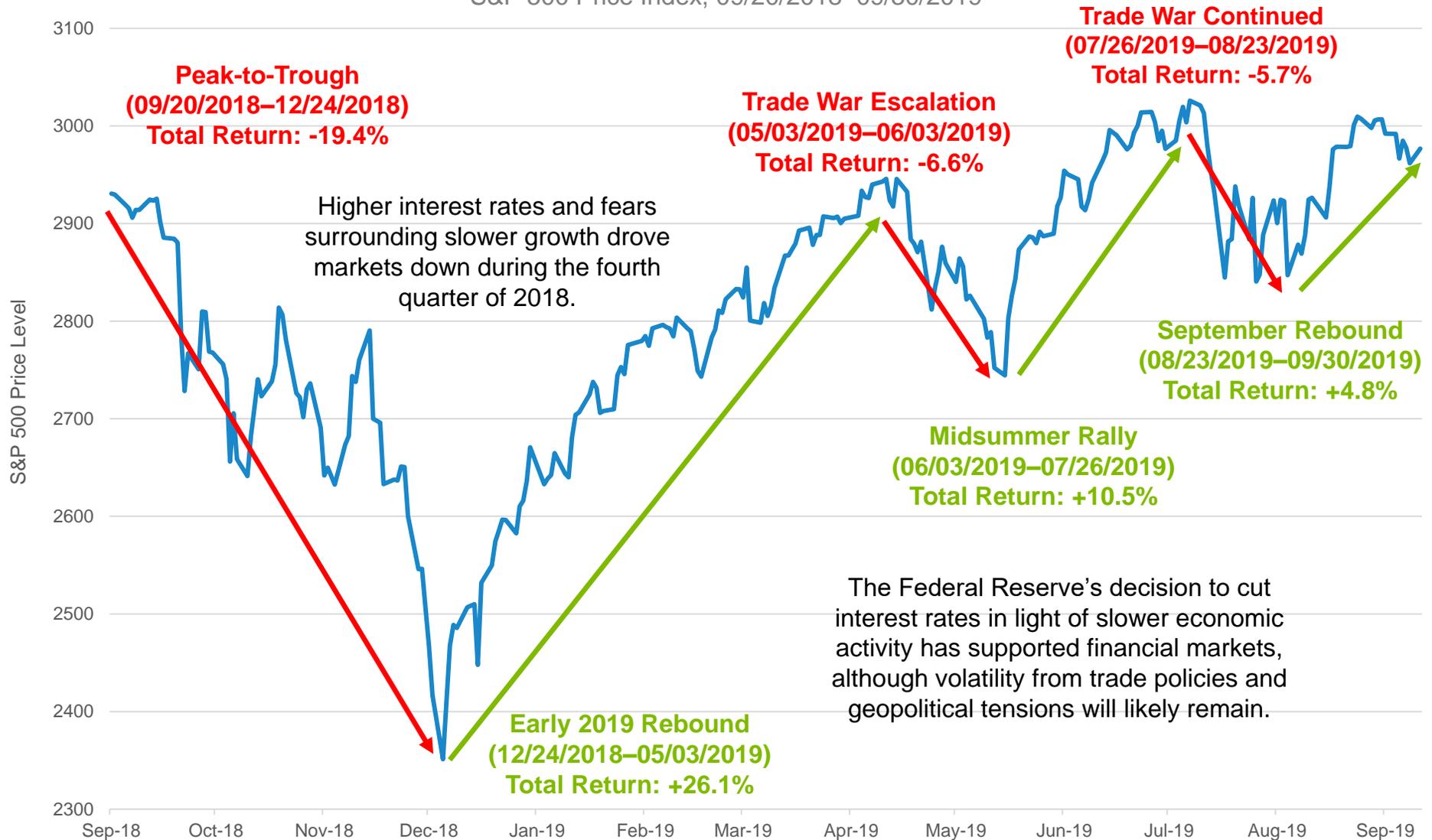
Total Returns	QTD	YTD	2018	Trailing 3-Year
Large-Cap U.S. Equities S&P 500 [®] Index	1.7%	20.6%	-4.4%	13.4%
Small-Cap U.S. Equities Russell 2000 [®] Index	-2.4%	14.2%	-11.0%	8.2%
Developed Int'l. Equities MSCI EAFE Index	-1.1%	12.8%	-13.8%	6.5%
Emerging-Market Equities MSCI Emerging Markets Index	-4.2%	5.9%	-14.6%	6.0%
Inv.-Grade Fixed Income Bloomberg Barclays Aggregate Bond Index	2.3%	8.5%	0.0%	2.9%
Municipal Fixed Income Bloomberg Barclays Municipal Bond 1-9 Year Index	0.6%	4.1%	1.7%	2.1%
High-Yield Fixed Income Bloomberg Barclays U.S. Corporate High Yield Index	1.3%	11.4%	-2.1%	6.1%
Commodities Bloomberg Commodity Index	-1.8%	3.1%	-11.2%	-1.5%

Source: Morningstar. Note: All commentary is as of 9/30/2019 unless otherwise noted. Please see the end of this presentation for important information.

Financial Markets Continue Volatile Ride

Market volatility remains elevated, with investor sentiment whipped around by headlines of trade disputes, slowing economic data and attempts at accommodative interest rate policy.

S&P 500 Price Index, 09/20/2018–09/30/2019



Source: Bloomberg and Brown Advisory analysis.

Note: All commentary is as of 09/30/2019 unless otherwise noted. Please see the end of this presentation for important information.

Considering What Comes Next

Taking a balanced view of the economy and market environment, we maintain our defensive positioning across portfolios but aware that there are a wide spectrum of potential outcomes.

Reasons for Optimism	Reasons for Pessimism
<p>U.S. household balance sheets are still healthy. Despite a buildup in certain pockets of consumer debt, overall debt-to-income levels for U.S. households still remain below historical levels.</p>	<p>Leading economic indicators are slowing. The global growth outlook continues to weaken, particularly across manufacturing industries and economies more dependent on trade (i.e., Europe).</p>
<p>Labor markets remain resilient, and U.S. consumption is still chugging along. Although economic activity has slowed, U.S. unemployment remains low compared to history, resulting in consumer sentiment that is still largely positive.</p>	<p>Nonfinancial corporate leverage is near all-time highs. Leverage levels across most nonfinancial companies are near or at cyclical peaks, particularly as interest rates and debt financing costs remain low.</p>
<p>Divergences in markets create potential opportunities to “lean in.” As U.S. large-cap continues to outperform other parts of the equity market, areas of the market that have lagged, including EM and U.S. small-cap stocks, may present attractive bottom-up opportunities.</p>	<p>Geopolitical tensions present another source of risk. Thus far, geopolitical issues such as trade tensions, Brexit and upcoming elections have had greater indirect impact through depressing sentiment but there is risk of these becoming larger and more direct.</p>

Central banks have resumed interest rate cuts. Central banks have expressed their commitment to support financial markets in light of slower economic activity by cutting rates. However, how much “firepower” do central banks have in the event of global recession?

Key Indicators Going Forward: To gauge return opportunity relative to market risk, we are watching economic indicators, including *sentiment surveys*, *labor conditions* and *inflation*; financial indicators, including *bank lending* and *corporate bond spreads*; and indicators of market opportunity, including *bond yields* and *equity market valuations*.

ASSET ALLOCATION AND PORTFOLIO CONSTRUCTION

Brown Advisory

Portfolio Overview

Group: Greenwich United Way

As of 09/30/2019

Performance History

Performance Inception Date: 07/31/2017

	Market Value	Quarter to Date	Year to Date	Trailing 12 Months	Inception to Date
Cash & Equivalents	\$40,693	0.5	1.6	2.0	1.7
Fixed Income	\$1,040,901	2.3	8.8	9.7	4.5
Bloomberg Barclays Aggregate		2.3	8.5	10.3	4.2
Equities	\$1,522,811	0.7	20.7	5.1	11.3
S&P 500		1.7	20.6	4.3	11.2
MSCI ACWI ex-U.S. Net		-1.8	11.6	-1.2	1.3
Total Portfolio - Gross Of Fees	\$2,604,405	1.3	16.0	6.7	8.2
Total Portfolio - Net Of Fees	\$2,604,405	1.2	15.5	6.1	7.7
Blended Benchmark*		1.4	15.1	5.9	7.5

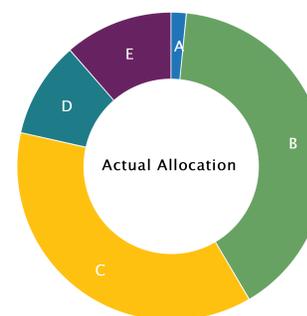
All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.

All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.

*Blend: 35% Barclays Aggregate, 15% MSCI ACWI Ex US, 50% S&P 500.

Performance for periods greater than one year are annualized.

Asset Allocation

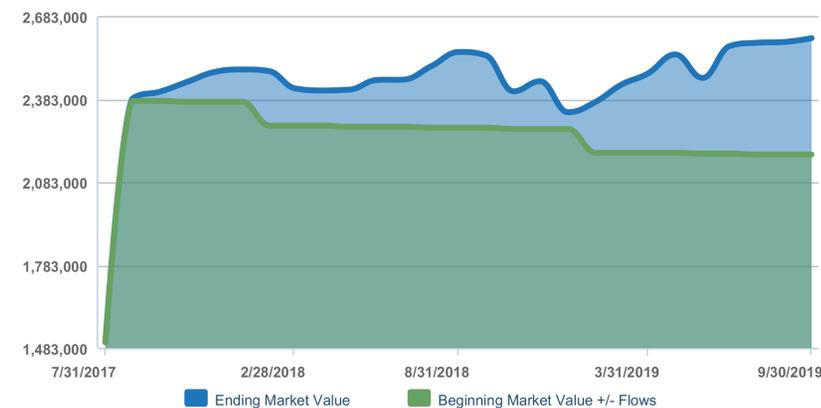


Asset Class	Market Value	Weight
A Cash	40,693	1.6%
B Fixed Income	1,040,901	40.0%
C Large Cap U.S. Equities	964,643	37.0%
D Small/Mid Cap U.S. EQY	261,779	10.1%
E Global/Developed Int'l	296,389	11.4%
Total	\$2,604,405	100.0%

Change in Portfolio

	Quarter to Date	Year to Date	Trailing 12 Months	Inception to Date 07/31/2017
Beginning Portfolio Value	2,574,267	2,335,411	2,541,422	1,503,880
Net Contributions / Withdrawals	-3,680	-93,364	-97,251	678,369
Market Value Gain / Loss	22,218	327,687	66,625	261,791
Income	11,600	34,671	93,609	160,365
Ending Market Value	\$2,604,405	\$2,604,405	\$2,604,405	\$2,604,405

Historical Market Value



Summary of Investment Objectives

- It is the general policy of the Greenwich United Way to invest the Board Designated Reserve Fund's investment portfolio to achieve growth in principal value over time sufficient to preserve or increase the capital of the Fund, thus protecting against inflation. Under the terms of the Operating Rules of the Board Designated Reserve Fund Fund, up to 5% of the investment portfolio may be withdrawn on an annual basis.
- The objective of the investment portfolio is to seek a real rate of return of 6% per annum over time. This objective shall be measured over annualized, rolling 3- and 5-year periods; the intent of this objective is to preserve, over time, the principal value of the assets as measured in real, inflation adjusted terms.
- The Board Designated Reserve Fund has a long-term investment horizon. Board Designated Reserve Fund assets will be managed on a total return basis with an emphasis on the growth of capital while being mindful of protecting capital in adverse market conditions.

	Range		Target	Current Allocation	Benchmark
	Lower Bound	Upper Bound			
Cash and Fixed Income	30.0%	60.0%	35.0%	41.6%	Barclays Aggregate
Equities: Domestic Large Cap	20.0%	50.0%	40.0%	37.0%	S&P 500
Equities: Domestic Small/Mid Cap	10.0%	20.0%	10.0%	10.1%	Russell 2000
Equities: International and Emerging Markets	5.0%	15.0%	15.0%	11.4%	MSCI ACWI ex US
Alternatives: REITS, Commodities, Hedged Equities, Other	0.0%	5.0%	0.0%	0.0%	
Total Portfolio				100.0%	

*Current Allocation as of 9/30/2019

Disclosures

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. 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.

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