BA Beutel Goodman U.S. Value Fund

Q1 2026 Review | April 2026

For institutional investors and professional clients only.

Investment Approach

The BA Beutel Goodman U.S. Value Fund uses bottom-up, fundamental research to invest in companies at discounts to their business value, defined as the present value of their sustainable free cash flow. The managers believe that stocks bought at a meaningful discount to business value may offer an inherent margin of safety[1] and return potential. A focus on quality companies with stable, growing businesses and strong balance sheets should mitigate the potential of permanent capital loss.

- Concentrated portfolio of highest conviction ideas—typically 25-35 holdings in a diversified portfolio.
- Minimum expected return requirement of 50% on initial investment over three years—long-term investors with a multi-year horizon.
- Process-driven sell discipline—one-third sale of stocks that exceed their upside target; secondary review for stocks that exceed their upside or downside targets.

Overview

- The portfolio posted a negative return over the quarter, while underperforming the Russell 1000 Value Index (US$).
- **Contributors**: Wabtec, Merck & Co., Applied Materials
- **Detractors**: Gen Digital, Qualcomm, Amdocs
- **New Buys**: Union Pacific, Sysco, Wells Fargo, Beckton Dickinson, Marsh & McLennan
- **Process-Driven Trims**: Amgen
- **Full Sales**: Harley-Davidson, Campbell's, Versant Media

Investment Results

The year has had a volatile start, with (thus far) a brief drawdown linked to war in the Middle East. In Q1 2026, Energy shone, certain sectors and sub-sectors with defensive characteristics held in, and we witnessed the continued demise of Software, which has now essentially round-tripped since the start of the "AI mania" (January 2024).

Against this backdrop, the portfolio posted a negative return over the quarter, while underperforming the Russell 1000 Value Index (US$). The main contributors included stock selection in Industrials and Consumer Discretionary. The main detractors included stock selection in Information Technology and Consumer Staples, and a zero weight in Energy. Energy is a sector we have invested in, and are not fundamentally against, though we typically steer clear of companies with capital-intensive business structures whose fortunes are tied to the price of a commodity. Our exposure to Software via Amdocs and Gen Digital has been punished this quarter, and we continue to probe durability in the age of AI, which we believe to be premised on vertical expertise and integration on the one hand, and mission criticality on the other.

That said, sector and regional allocations in our equity portfolios are driven purely by bottom-up, security-level considerations. As bottom-up stock pickers, we attribute our value-add primarily to security selection.

Key contributors on an absolute-return basis included Wabtec, Merck & Co. and Applied Materials. **Wabtec** stock continued to perform strongly in Q1 2026, driven by solid financial results, operating metrics, and order backlog. EPS continued to compound at a double-digit pace. Its main Freight segment delivered 18% revenue growth and strong operating profit growth driven by strength in commodity-oriented international markets and despite flat North American freight volumes. Despite the tariff risk, management's 2026 guide for double-digit revenue and EPS growth, alongside a 24% dividend increase and higher buyback, signaled confidence. **Merck** reported full-year 2025 results which were slightly ahead of expectations and provided initial 2026 guidance which was in line with already conservative expectations. Despite an expected dip in free cash flow due to a few anticipated patent expirations in 2026 and 2027, Merck still projects capacity to fund a growing dividend, debt repayment tied to recent acquisitions and continued share buybacks. Progress with its acquisition strategy continues to resonate well with investors. In late 2025, there were two sizable deals, both about $9 billion and easily funded with Merck's strong balance sheet. Key products showed continued momentum, while newer growth drivers such as Winrevair and Capvaxive delivered strong sales.

Continued on the next page

Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Commentary on company information is as of each company's fiscal year. Past performance is not indicative of future results.

Applied Materials delivered strong results and increased their guidance as demand for their equipment and specialized services to manufacture semiconductors continues to expand. Recent shortages in memory semiconductors compounded constraints by customers in producing leading-edge processors and networking chips for AI uses. Capex plans at key customers such as TSMC, Hynix and Samsung continue to grow, which improves visibility in the demand outlook for Applied Material equipment.

Key detractors on an absolute-return basis included Gen Digital, Qualcomm and Amdocs. **Gen Digital** reported solid results, which seemed to matter little to the stock's performance. In our view, Gen's weak share price performance is related more to fears of AI disruption indiscriminately sweeping through the software sector. We continue to closely scrutinize the long-term impacts of AI on all of our software holdings, including Gen Digital. **Qualcomm** reported Q1 2026 results that met guidance and Street expectations. Unfortunately, the company offered a tepid outlook for next quarter based on a weak handset market. While most were forecasting some softness due to the situation in memory, the guidance came in worse than expectations leading to a share price decline. On the positive side, automotive continued its rapid growth and exceeded expectations with further design wins. IoT growth was driven by consumer and networking products. The data center opportunity is shaping up to be a multi-billion driver but will only start impacting numbers in 2027. While patience will be required, the valuation is remarkably cheap for a company with terrific long-term growth prospects and a favourable 2027 set-up. **Amdocs** reported typical quarterly results: renewal rates on long-term managed service contracts remain basically 100% and Managed Services are now up to ~65% of total revenues. The market reacted negatively to near-term revenue “lumpiness” tied to a large customer, as a signal of degradation, a misread in our view. Sentiment was also pressured by the timing of the CEO's retirement announcement amid recent share price weakness. He is to be replaced by long-time senior executive Shimie Hortig, who was President of the Americas, Amdocs’ largest division. These factors are largely near-term and do not change underlying fundamentals, given ~100% renewal rates in long-term managed services, continued multi-year customer expansions and ongoing AI investment partnerships.

Transactions

We added several new positions during the quarter: Union Pacific, Sysco, Wells Fargo, Beckton Dickinson and Marsh & McLennan.

Union Pacific operates on 32,880 route miles with a rail network serving the western two-thirds of the U.S, while also being the only railroad serving all Mexico gateways. 95% of revenue is from moving freight. The remaining 5% of revenue is a combination of logistics and commuter train operations (other subsidiary revenue) and accessorial revenue. Freight revenue is reported and grouped into three categories that are each approximately one third of freight revenue: bulk, industrial and premium. The company operates in a structurally strong industry and business whose qualities may be enhanced by the proposed merger with Norfolk Southern. The acquisition would connect East and West, with an obvious synergy but an understated and misunderstood potential.

Sysco is the world’s largest food service distribution company, commanding top competitive positions in the U.S. and most of the European markets it operates in. The company has massive scale within its markets which it leverages to obtain the lowest cost structure for transported food and other operating costs. While some investors worry about the overall cyclicality of the business, we believe the company’s geographic and end-market diversification, best-in-class scale and profit growth runway are well worth the ebbs and flows of the consumer’s general worry about inflation and the economy.

Wells Fargo is the fourth-largest bank by assets in the U.S. with the second-largest branch network. Virtually all assets are in the U.S. where it holds top-three positions across many areas including consumer banking and wealth management. In 2016, the bank's longstanding reputation took a hit as the "fake account" fraud surfaced, resulting from overly aggressive selling practices. It then paid a significant price for the misconduct, with severe financial and regulatory penalties including multiple consent orders limiting its operations. After many years spent on reputational and operational repair, this issue is now behind them. Most notably, as of June 2025, the bank was no longer subject to an asset cap which handicapped its growth and hence profitability. Now, starting from a position of strength as one of four nationwide banks, Wells Fargo should be able to grow its top and bottom line faster than peers. Ultimately, this should reflect in higher EPS and a higher trading multiple.

Becton Dickinson (BD) is a global MedTech company developing a broad range of medical supplies and devices used in hospitals, clinics, testing labs, and across the pharmaceutical industry. BD boasts strong breadth of product, leadership positions across key product categories, and scale, with an attractive recurring revenue profile and solid underlying growth trends. Over the last few years, a combination of product-specific issues and external factors over specific periods (Covid, tariffs, China healthcare system reform, U.S. public health policy shifts) has slowed the company’s revenue growth trajectory. We stayed on the sidelines as some of these challenges were unfolding and are now encouraged by management’s renewed focus on commercial execution with most of the product-specific problems in the rearview mirror.

Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Commentary on company information is as of each company’s fiscal year. Past performance is not indicative of future results.

Marsh & McLennan (MRSH), the world's largest commercial lines broker, is a dominant player in an attractive industry, and the best positioned among peers, with greater exposure to more defensive insurance brokerage and less to its more cyclical consulting business. Insurance brokerage is a high-quality sector marked by consistent growth, healthy margins, low capital requirements, high returns and strong cash generation. MRSH is the largest player in a fragmented but consolidating industry. MRSH boasts a strong recurring revenue base and high client retention, which provide defensive traits. The business is capital-light, generates substantial free cash flows, and has a sustained track record of top-line growth, margin expansion, EPS growth and disciplined capital allocation. Despite favourable tailwinds, the insurance brokerage sector has derated recently in anticipation of a softer pricing environment, allowing us to purchase this high-quality company at attractive valuation levels.

We added to the portfolio's existing positions in NetApp, Union Pacific, Amdocs, Qualcomm and Elevance.

We completed a process-driven one-third trim of Amgen as the stock reached our target price. We also trimmed our positions in Kimberly-Clark, Applied Materials, Omnicom, Merck, Ameriprise Financial, Gen Digital, American Express, Carlyle Group, Chubb. We completed full sales of Harley-Davidson and Campbells. We also sold all shares in Versant Media, a spin-out from our holding in Comcast.

Outlook

When assembling and managing portfolios, we do not make macro or market timing calls but rather focus on each individual holding's fundamental prospects within our strict valuation framework and rules-based process. This premise has not changed, though market dynamics continue to favour certain themes while indiscriminately selling others, often with a short-term outlook.

Portfolio activity has increased, reflecting market volatility and dislocations. We have been active in recycling capital from relatively more expensive into lesser expensive names within the portfolio, including via our 1/3 sale process rule. We have also been eliminating holdings where the investment thesis has substantially weakened, and where fundamentals no longer reflect our portfolio requirements. Meanwhile, we are finding new opportunities in attractive and/or non-consensus areas within sectors such as Financials, Staples, Industrials and Health Care. The portfolio is well represented through overweights in Health Care, Industrials and Financials, while still zero weight Energy, Real Estate and Utilities, and with the largest underweights across Information Technology and Consumer Discretionary.

Recent markets continued to be dictated by quick decision-making to the detriment of fundamental price discovery. Critical factors, in our view, such as balance sheet strength and flexibility, dividends, and, crucially, valuation, continue to be afterthoughts in what remains a theme-driven market. We believe adhering to a long-term Quality and Value-driven investing framework has never been so relevant.

Disclosures, Terms and Definitions

For institutional investors and professional clients only.

Past performance may not be a reliable guide to future performance and investors may not get back the amount invested. All investments involve risk. The value of the investment and the income from it will vary. There is no guarantee that the initial investment will be returned.

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. 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 to be 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.

Performance data above relates to the BA Beutel Goodman U.S. Value Fund (the "Fund"). The BA Beutel Goodman U.S. Value Fund was launched under Brown Advisory's Irish UCITS umbrella on 30 November 2020. The performance is net of management fees and operating expenses. This communication is intended only for investment professionals and those with professional experience of investing in collective investment schemes. Those without such professional experience should not rely on it. This factsheet should not be shown or given to retail investors. Any entity responsible for forwarding this material to other parties takes responsibility for ensuring compliance with applicable financial promotion rules. 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 Fund means that the investment should be viewed as medium to long term. This factsheet is issued in the European Union by Brown Advisory (Ireland) Limited, authorised and regulated by the Central Bank of Ireland. In the UK and other non-EU permissible jurisdictions, this factsheet is issued by Brown Advisory Limited, authorised and regulated by the Financial Conduct Authority. This is not an offer or an invitation to subscribe in the Fund 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 or financial advice. Investment decisions should not be made on the basis of this factsheet. A Prospectus is available for Brown Advisory Funds plc (the "Company") as well as a Supplement for the Fund and a Key Investor Information Document ("KIID") for each share class of the Fund. The Fund's Prospectus can be obtained by calling +44020 3301 8130 or visiting https://www.brownadvisory.com/intl/ucits-legal-document-library and is available in English. The KIIDs can be obtained from https://www.brownadvisory.com/intl/kiid-library and are available in one of the official languages of each of the EU Member States into which the Fund has been notified for marketing under the Directive 2009/65/EC (the UCITS Directive). In addition, a summary of investor rights is available from https://www.brownadvisory.com/intl/ucits-legal-document-library. The summary is available in English. The Fund is currently notified for marketing into a number of EU Member States under the UCITS Directive. The Company can terminate such notifications for any share class and/or the Fund at any time using the process contained in Article 93a of the UCITS Directive. Certain share classes of the Fund will also be available for subscription in jurisdictions where the Fund may be lawfully privately placed. Please contact Brown Advisory for more information. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund. This and other important information is contained in the Prospectus, the Supplement, and the applicable KIIDs. Read these documents carefully before you invest.

The Fund is a sub-fund of the Company, an umbrella fund with segregated liability between sub-funds. The Fund is authorised by the Central Bank of Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as may be amended, supplemented or consolidated from time to time (the "Regulations"). The Company has appointed Brown Advisory (Ireland) Limited as its UCITS management company which is authorised by the Central Bank of Ireland pursuant to the Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended. The investment manager of the Fund is Brown Advisory LLC. The distributor of the Fund is Brown Advisory LLC.

The Fund is a recognised collective investment scheme for the purposes of section 264 of the UK's Financial Services and Markets Act 2000.

The Fund will be available for subscription only in jurisdictions where they have been registered for distribution or may otherwise be lawfully privately placed. Only certain share classes may be registered or privately placed in some jurisdictions, please contact Brown Advisory for more information.

Brown Advisory is the marketing name for Brown Advisory LLC, Brown Investment Advisory & Trust Company, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware, LLC, Brown Advisory Investment Solutions Group LLC, Marylebone Partners LLP and Signature Financial Management, Inc.

The Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Index is completely reconstituted annually to ensure that new value-oriented equities are included and that the represented companies continue to reflect the characteristics of the Index. Russell 1000® Value Index and Russell® when related to the Russell indexes is a trademark of the London Stock Exchange Group of companies. One cannot invest directly in an index.

The S&P 500® Index is a capitalization weighted index of 500 stocks that is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Index returns assume reinvestment of dividends and do not reflect any fees or expenses. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers. Standard & Poor's, S&P®, and S&P500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of S&P Global Inc.

[1]Margin of safety is a principle of investing in which an investor only purchases securities when the market price is significantly below its intrinsic value. Even by utilizing a margin of safety strategy, an investor can still lose money.