

11 February 2024

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) 596 / 2014 WHICH FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018

Brown Advisory US Smaller Companies PLC (the 'Company' or 'BASC')

Legal Entity Identifier: 549300HKKL9K1NY4TW55

Amendment to Management Fee and Introduction of Conditional Tender Offer

The Board of Brown Advisory US Smaller Companies PLC announces a change in the management fees paid to Brown Advisory LLC (the 'Portfolio Manager'), and the introduction of a performance-related tender offer (the 'Conditional Tender Offer'), following an internal review.

Management fee

The Board reviews the total costs of the Company on a regular basis. The aim is to ensure that the costs continue to represent good value to shareholders, that they are competitive with similar investment products and consider the quality and experience of the teams involved.

Following recent engagement with Brown Advisory, they have agreed to a reduced tiered management fee replacing the current fee arrangements, effective from and backdated to 1 January 2025.

Details of the amendments to the management fee arrangements are set out below.

New fee arrangements

- The management fee will be calculated based on the lower of the Company's market capitalisation and net asset value (NAV), rather than NAV as is currently the case; and
- The management fee on the first £200m of assets will be reduced to 0.65%, from 0.7%, and will continue to be calculated on a tiered basis

From 1 January 2025, the management fee is therefore calculated at an annual rate of:

- 0.65% on the first £200 million;
- 0.6% of the next £300 million; and
- 0.5% thereafter,

in each case of the lower of the Company's market capitalisation and the Company's NAV.

The new fee arrangements do not introduce any performance fee or performance-related elements.

The Board believes that the changes have the potential to reduce costs for shareholders in both the short and long-term, and ensure stronger alignment between the Portfolio Manager and investors.

The Portfolio Management Agreement between the Company, FundRock Partners Limited (as the Company's AIFM) and the Portfolio Manager has been amended to reflect the new management fee. No other changes have been made to the agreement.

Conditional Tender Offer

The Board continues to have confidence in the Portfolio Manager in executing the investment strategy of the Company and the long-term opportunities to be found in the US smaller and medium-sized company sector, which is highly diverse, and attractively valued compared to the wider US market.

Nonetheless, the Board has decided that should long-term performance not be satisfactory for shareholders there should be a mechanism for them to realise up to 100% of the issued share capital in the Company at close to the prevailing NAV of the Company. Accordingly, should the NAV performance of the Company not outperform the Company's benchmark (Sterling-adjusted Russell 2000 Total Return Index) for the period 1 July 2023 to 30 June 2028 (i.e. a total period of five years with three and a half remaining), the Board intends to offer shareholders a one-off opportunity to tender some or all their shares at close to the prevailing NAV, less costs.

It should be noted that the Portfolio Manager outperformed the benchmark in the period from taking over as Portfolio Manager of the Company on 1 April 2021 to 30 June 2023 by 3.3%.

The Board believes that such a Conditional Tender Offer will allow the Company and its Portfolio Manager appropriate time to outperform against the Company's benchmark and, in the event it does not, to offer shareholders a liquidity event.

This redemption option will sit alongside the existing 3-year continuation vote, which will be next held at the Company's Annual General Meeting (AGM) in November 2026.

Chairman Stephen White, said: "The Board believes the changes to the Company's fee structure and the introduction of the Conditional Tender Offer are firmly in the best interests of shareholders as a whole. They will immediately reduce costs, ensure shareholders benefit from economies of scale as the Company grows and, if triggered, the Tender Offer provides an option for those shareholders to dispose of their holdings at a level close to the prevailing NAV if they so choose.

"We believe BASC offers a highly differentiated strategy, delivering exposure to some of the most exciting companies in the world's largest and most dynamic equity market. With US large caps, particularly the tech giants and the "Magnificent 7", having driven equity markets to an unparalleled extent in recent years, we believe American smaller and mid-cap businesses are very attractively valued. Benefitting from the same deep equity market as their larger peers, with the prospect of further rate cuts from the Fed and with a business-friendly administration in place, companies with a more domestic bias have a very favourable backdrop for growth."

For further information please contact:

FundRock Partners Limited, Company Secretary
ukfundscosec@apexgroup.com

Lansons, PR Adviser
Ed Hooper
edh@lansons.com

Singer Capital Markets, Corporate Broker
Alan Geeves, William Gumpel, James Waterlow, Sam Greatrex (Sales)
Alaina Wong, Sam Butcher (Investment Banking)
020 7496 3000

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

UPDMZGMZRGNGKZM