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AI at Brown Capital: Present and Future

Announcing New Proprietary AI Tools to Scale Our Business

Part 2 of 2

We have the honor of sharing some thrilling—and perhaps surprising—news: After two years of steady exploration, investment and development, Brown Capital has launched our first generation of proprietary generative AI (GenAI) tools. These are not off-the-shelf widgets but rather proprietary bots crafted to help us deepen our research, scale our operations and empower our people, all while staying firmly rooted in our Exceptional Growth Company (EGC) investment philosophy.

But before diving into the tools themselves, let's briefly share how we think about AI and why this investment is essential to our future.

Our AI Vision: Scaling With Purpose

At Brown Capital, our staffing model has always been to punch above our weight with relatively few employees and the strategic use of outside vendors and technology. Running lean and working hard have allowed us to preserve profitability and reinvest in our business over time. In that spirit, we see AI not as a means of replacing our people, but as a tool to amplify their capabilities.

Our vision is to become a data-enabled, people-centered investment firm. We're embracing AI as a tool to help us scale thoughtfully while preserving the values, culture and expertise that define our approach. This requires us to invest in digital infrastructure and talent—but also in education, so our people are equipped to harness the power of these tools effectively.

Some might wonder: why invest in AI now, when some of our strategies are out of favor and our assets under management have shrunk over the last few years? The answer is simple. We have been profitable every year since our founding in

1983. That long-term profitability, coupled with a strong balance sheet, gives us the flexibility to reinvest in our business, regardless of the market cycle. Interestingly, those attributes are also some of the hallmarks of the EGCs we invest in.

What about the people? We recognize that successful adoption of AI requires commitment to employee development. Our journey has already led to the hiring of Dr. Jay Pi as a Data Engineer. Looking ahead, we expect to add more dedicated talent in roles such as Data Scientist, Digital Strategist and Innovation Specialist. We expect that these roles will be staff hires at Brown Capital.

Our AI Journey: From Curiosity to Capability

About two years ago, Brown Capital senior leadership began to think seriously about AI. By November of that year, we had contracted a leading data-scientist consultant to guide our efforts.

Step one was internal education. Here we leaned heavily on outside experts from leading organizations focused on digital transformation and AI. We began with a firmwide AI survey to establish a baseline of knowledge, followed by a half-day virtual training in late 2023. That evolved into a series of in-person and virtual training sessions throughout 2024, culminating in a follow-up AI survey in early 2025 to measure our employees' progress up the AI learning curve.

Simultaneously, we began the time-consuming but essential task of preparing our data ecosystem for GenAI. We know from experience in deploying technology solutions that "Bad data hygiene yields bad system outputs!" That's why in early 2024, we engaged a data engineer consultant to help transition our enterprise data to the cloud. We performed a comprehensive review of the data we get, how we get it and

how we store it. It took us more than a year to centralize our data into a secure, cloud-based data warehouse ready to support advanced analytics and AI applications.

In parallel, we began developing proprietary GenAI tools. Our first use case was a natural fit: a bot to help our portfolio managers draft their Preliminary Research Memos (PRMs). These in-depth research notes—often dozens of pages long—serve as the basis for initial discussions for new ideas for the portfolios. Writing a PRM can take weeks. In December 2024, we launched the first version of a PRM bot using OpenAI's LLM. In June 2025, we released an enhanced version using Amazon Web Services' (AWS) tools. For this release, our data scientist collaborated closely with AWS to develop new, innovative methods to boost accuracy and minimize hallucinations. Next up is a version of the bot that helps portfolio managers write the more robust Final Candidate Report that the team reviews before buying a new name.

Expanding AI Across the Firm

As we've gained experience and expertise, we've identified other areas around Brown Capital where AI can support our mission. Among the possible use cases:


- **Investment Research:** AI bots can accelerate the synthesis of earnings calls, regulatory filings and macroeconomic data.
- **Operations:** AI can automate routine workflows, enhance data hygiene and detect errors in real time.
- **Compliance:** AI can automatically flag anomalies, manage documentation and ensure regulatory integrity.
- **Client Service:** AI can improve responsiveness and personalized communications based on client preferences.
- **Marketing:** AI can support lead generation, manage content workflows and provide scalable writing assistance.
- **Human Resources & Talent Development:** AI can streamline recruiting and support internal skill development.

Mission First, AI Second

We are still in the early stages of our AI journey. We have completed our data infrastructure and deployed task-specific bots, with more to come. But what exactly does an AI-enabled Brown Capital look like? Will AI yield ideas for new investment strategies? Will it help us better manage portfolios? The simple answer to these and many other AI questions is,

we don't know. But we are putting ourselves in the position to find out.

Many observers worry about AI putting people out of jobs. It seems safe to say that people ignorant of AI may lose their jobs to those who know how to use AI. Asset management boutiques must be nimble, differentiated, specialized and culturally strong. For 42 years, we have followed a deliberate blueprint to fulfill our mission of providing exceptional outcomes for clients. By becoming a data-enabled firm, that blueprint is changing in ways unforeseen just a few years ago, but our mission stays the same. We remain a high-conviction, human-driven investment firm with a proprietary investment philosophy, a diverse team and a boutique culture. We welcome open dialogue and collaboration with clients, partners and peers who are exploring similar paths.

Now in year two, Brown Capital's own AI and digital transformation is real and exciting! We have kept employees and key partners informed and engaged. We have organized and protected our data in a cloud-based data warehouse. And we are releasing a series of bots that will build on our solid legacy. What's the end game of our AI journey? It's impossible to know for sure, but we are confident that these thoughtful, bold steps will position our 42-year-old firm for its next four decades. 

This article is part of a two-part series on AI at Brown Capital. Read Part One to see how the Exceptional Growth Companies in our portfolios are deploying AI to grow, adapt, and lead in their industries.

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