BBH Partner Fund – Small Cap Equity

Quarterly Fund Update / 1Q 2023

The BBH Partner Fund – Small Cap Equity ("Fund"), sub-advised by Bares Capital Management, increased 13.90% in the first quarter of 2023 compared with a 2.74% increase in the benchmark Russell 2000 index for the same period. The quarter saw persistent economic and geopolitical menace, including the second- and third-largest bank failures in U.S. history. Nevertheless, our holdings continued to demonstrate commercial progress as they navigated a challenging environment. While market conditions remain uncertain, we are steadfast in the conviction that our holdings, armed with sustainable competitive advantages and guided by aligned and adept management teams, should compound business value over time – whatever the prevailing concerns of the market may be.

While results in the first quarter represent a welcome reversal of the declines experienced in 2022, we concern ourselves chiefly with the validation and verification of the qualitative attributes necessary for sustained value creation. To this end, the first quarter represented a welcome continuation of many of the positive trends we expect among our portfolio companies. We continue to concentrate our energy and efforts in the vetting process for current and prospective holdings, seeking compelling opportunities to own the most qualitatively exceptional companies in our small- and micro-cap investment universe.

Performance
As of March 31, 2023

	Total Returns		Average Annual Total Returns				
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	13.90%	13.90%	-8.15%	N/A	N/A	N/A	-16.93%
Benchmark	2.74%	2.74%	-11.61%	N/A	N/A	N/A	-10.43%

Class I Inception: 7/8/2021

Class I: Total Expense Ratio (%): 0.92

Returns of less than one year are not annualized.

Performance data quoted represents past performance. Past performance does not guarantee future results, and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost. For the most recent month-end performance, call 1 (800) 625-5769. *Fund shares redeemed within 30 days of purchase are subject to a redemption fee of 2.00%.*

The Fund's benchmark is the Russell 2000 index.

Expenses are based on estimated amounts for the current fiscal year.

Sources: BBH & Co. and Russell

Performance Drivers

Our best-performing position during the quarter was **thredUP (TDUP),** with a share price gain of 93.1%. As a reminder, TDUP operates an online "managed marketplace" for the consignment and resale of pre-owned women's and children's clothing and accessories. TDUP receives items from sellers, processes them, posts them to its online marketplace, and fulfills orders for them in exchange for a commission. By operating as a managed marketplace and by focusing on the value segment of resale, the company benefits from scale-based and process-driven barriers to entry that allow it to drive convenience and cost advantages for individual buyers and sellers. TDUP's infrastructure also positions it to provide outsourced resale services to retailers and brands (over 40 as of YE 2022), thereby enhancing the company's product assortment, driving incremental volume, and generating additional service fees.

On top of a negative change in market sentiment toward growth-oriented companies and a consumer spending slowdown, TDUP has been the subject of profitability and liquidity concerns. The company's ongoing cash needs in this environment, however, are far lower than historical financials suggest. In TDUP's most recent quarterly update, the company reported revenue growth that was weaker in the context of a consumer demand pullback but was nevertheless better than expected. Along with deliberate expense reductions and variable costs scaling down with demand, TDUP also narrowed its losses. With the completion of the initial buildout of the company's new distribution and processing center in Dallas near the end of 2022, cash usage will decline in 2023. This should ensure ample liquidity to weather, if necessary, a few years of dismal conditions before TDUP returns to growth as a competitively advantaged specialty ecommerce business. We assess that the market continues to appraise TDUP on an overly pessimistic basis and therefore believe that the stock remains an attractive risk-reward proposition.

Our second-best performing position, with a share price increase of 58.7%, was **Cimpress (CMPR).** CMPR provides customized printed products through several brands, among which Vista is its largest and best-known. CMPR has made extensive investments in technology and automation to create a "mass customization" printing infrastructure coupled with a world-class e-commerce experience. These elements provide CMPR with advantages in product selection, cost, and convenience that competitors, primarily local print shops, are hard-pressed to match. The company is also leading an e-commerce transition in the printing industry, resulting in ordering and fulfillment capabilities that traditional, sub-scale printers struggle to replicate as CMPR takes share in a large market for customized products.

Top 10 Companies As of March 31, 2023	
XPEL Inc	11.9%
Alarm.com Holdings Inc	8.4%
Agilysys Inc	7.2%
Onto Innovation Inc	5.1%
Olo Inc	4.6%
Element Solutions Inc	4.5%
Heska Corp	4.3%
PagerDuty Inc	4.1%
WideOpenWest Inc	4.0%
EVERTEC Inc	3.9%
Total	**58.2%**

Reported as a percentage of total portfolio. Holdings are subject to change.

The pandemic, with its negative impact on in-person activity and subsequent input cost inflation, has intermittently weakened demand and margins for CMPR over the last two years. Simultaneously, the company undertook an extensive upgrade of its technological infrastructure to enhance its competitiveness and growth prospects. Despite these challenges, CMPR has recovered to pre-pandemic levels of revenue in most of its segments and achieved higher levels of profitability. The key Vista segment experienced weaker demand during the quarter ended December 2022, but an update provided in March 2023 evinced a strong rebound in Vista and throughout CMPR's business. With gross margins stabilizing and a firm commitment to operating cost discipline evidenced by a second and larger round of cost-cutting initiatives, CMPR is better poised to drive top-line and bottom-line growth in its bid to surpass previous highs for profitability, expand cash flow, and deleverage its balance sheet. Given the underappreciated prospects for a sustained return to growth and margin improvement in the years to come, we continue to believe that CMPR remains an attractive long-term investment.

Our worst-performing position during the first quarter was **Franklin Covey (FC),** with a share price decline of 17.7%. With a long corporate history, strong brand awareness, and broad mass-market recognition of the Franklin Planner and Stephen Covey's books, FC is a recognized leader in providing talent and leadership development training content and services to enterprises. With a track record of high revenue retention and client satisfaction, FC is undergoing a business model transition from episodic and transactional client engagements to continuous content delivery via subscriptions. Over the long term, we expect this to drive a financial inflection and sustained growth in revenue, profitability, and cash flow.

We initially established a position in FC during the third quarter of 2022. Since then, economic uncertainty has set in more intensely, slowing the company's progression. While FC's most recently reported quarter indicated an unsurprising slowdown in commercial activity, the company continued to accumulate subscription revenue, make prudent investments in sales capacity, and generate profits and cash flow in line with its commitment to profitable growth. The share price decline in response to near-term headwinds, juxtaposed against what we believe to be unchanged long-term prospects for FC, has presented a welcome opportunity to add to our position at a discounted price near our original cost basis.

Our second-worst performing position, with a share price decrease of 17.5% during the quarter, was **Model N (MODN).** MODN is a leading provider of revenue management software to companies in the life sciences and high-tech industries. MODN's software solutions allow its customers to streamline and manage mission-critical processes, creating significant switching costs. As the clear industry leader in this software category, MODN is well-positioned to continue driving adoption of core and ancillary products while pursuing an on-premise-to-SaaS (software as a service) transition that should enhance revenue and profitability growth in years to come.

MODN's most recently reported results superficially suggest a business that is slowing down as the current fiscal year progresses. In fact, underneath the Generally Accepted Accounting Principles (GAAP)-conforming results and associated forward guidance, MODN's SaaS revenues and key performance indicators (KPIs) continue to demonstrate strong growth as the company successfully shifts more and more business to subscription-based delivery. While this causes near-term headwinds to reported revenue and profits, MODN should benefit from the transition to a SaaS model over the long term. With this process continuing unabated as the share price declines, we believe that MODN merits its current position in the portfolio.

Portfolio Activity

The first quarter of 2023 was another active one on the portfolio front. We again generally trimmed from stronger relative performers such as **Agilysys, Astronics, PagerDuty,** and **Zuora** to fund purchases of newly compelling opportunities, including significant additions to **Franklin Covey, Heska, StoneX,** and **Upwork.** In addition, we began building a new position that we plan to introduce in a future letter.

Closing Comments

The first quarter of 2023 carried over many existing challenges and anxieties from 2022 while spotlighting new ones. As market sentiment ebbs and flows and prevailing fears come in and out of focus, we believe that certain exceptional businesses retain beneficial fundamental qualities and capacities for value creation that are far more stable. We therefore direct our energies chiefly to understanding these enduring factors and how they can drive sustained and outsized intrinsic value[1] growth over long periods of time. Concurrently, we deploy extensive resources intended to identify, evaluate, and monitor high-potential businesses within the public universe of small- and micro-cap companies.

Laborious as it is to sift through hundreds of companies and challenging as it can be to trust in the powerful combination of qualitative exceptionalism, value discipline, and patience, we draw strength, fortitude, and encouragement from our clients in the practice of our craft. As ever, with gratitude and appreciation, we press on.

RISKS

Investors in the Fund should be able to withstand short-term fluctuations in the equity markets in return for potentially higher returns over the long term. The value of portfolios changes every day and can be affected by changes in interest rates, general market conditions and other political, social and economic developments.

The Fund is "non-diversified" and may assume large positions in a small number of issuers which can increase the potential for greater price fluctuation.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

Investing in small sized companies typically exhibit greater risk and higher volatility than larger, more established companies.

Asset allocation decisions, particularly large redemptions, made by an investor or an investment adviser whose discretionary clients make up a large percentage of the Fund's shareholders, may adversely impact remaining Fund shareholders.

For more complete information, visit www.bbhfunds.com for a prospectus. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

[1] Intrinsic value is Bares' estimate of the present value of the cash that a business can generate and distribute to shareholders over its remaining life.