BBH Partner Fund – Small Cap Equity

Quarterly Fund Update / 2Q 2022

The BBH Partner Fund – Small Cap Equity ("Fund"), sub-advised by Bares Capital Management, Inc. (Bares) declined -17.58% in the second quarter of 2022 compared with a -17.20% decrease in the benchmark Russell 2000 index. In the year-to-date period, the Fund declined -27.87% compared to a decline of 23.43% for the benchmark index. The economic and geopolitical tempests that emerged last quarter intensified, as did their impact on equity markets. Notwithstanding these conditions, we remain grounded by our philosophy and experience in the idea that long-term share price performance is linked to intrinsic business value[1] creation. Therefore, we continue to focus our efforts on assessing and monitoring the company-specific qualitative factors pertinent to the maximization of shareholder worth.

We believe that the divide between the market environment and the fundamental performance exhibited by most of our holdings widened during the quarter. Moreover, we believe we are being served attractive opportunities to purchase increasingly discounted shares of existing portfolio holdings and other high-quality businesses on the Focus List that we have long followed and admired. To that end, we finished building two new positions and began building two additional new positions during the quarter that we will introduce later.

Performance
As of June 30, 2022

	Total Returns		Average Annual Total Returns				
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	-17.58%	-27.87%	N/A	N/A	N/A	N/A	-34.88%
Benchmark	-17.20%	-23.43%	N/A	N/A	N/A	N/A	-22.56%

Class I Inception: 7/8/2021

Class I: Total Expense Ratio (%): 0.93

* Returns 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.

The Fund is new with a limited operating history.

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

Sources: BBH & Co. and Russell

Portfolio Discussion Drivers

Our best-performing position during the quarter was **Agilysys (AGYS)** with a share price gain of 18.5%. AGYS is a leading provider of vertically focused software to the hospitality industry, including casinos, hotels, resorts, cruise ships, and managed foodservice providers. The company offers a portfolio of applications spanning point-of-sale (POS), property management systems (PMS), and inventory and procurement, among others. AGYS is unique in providing a broad array of cloud-based, integrated, best-of-breed solutions to the enterprise segment of the market and benefits from substantial switching costs and a strong reputation as a proven provider capable of meeting hospitality company needs. With a low-single-digit percentage of the market as measured by number of rooms, the company has a significant opportunity to take share from legacy incumbents such as Oracle's Micros. AGYS is led by CEO Ramesh Srinivasan, who joined the company in 2016 after a successful run as CEO of gaming technology company Bally Technologies. During his tenure at AGYS, he has revitalized product development, initiated a business model transition from on-premise licenses to SaaS, and returned the company to growth and profitability.

While the pandemic has had a severe impact on the hospitality sector, AGYS was able to navigate the more difficult operating environment through disciplined expense management and consistent cash generation. As a result, the company has continued its Research and Development (R&D) investments while sustaining recurring revenue growth and cash generation throughout the period. As pandemic restrictions have eased and AGYS's ability to sell and implement its software has improved, the company is now achieving record bookings on a quarterly basis and surpassing pre-pandemic levels of revenue and profit.

[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.

This favorable trend is reflected in AGYS's expectation of an acceleration in subscription revenue growth to 30% in fiscal year 2023, despite ongoing headwinds for segments of the hospitality industry where demand has yet to recover. Moreover, the company has only recently launched its revamped, cloud-based PMS software and begun to grow its salesforce in earnest. Our research indicates that AGYS has many avenues to drive higher revenue growth within the context of a large market opportunity and a portfolio of industry-leading products. We believe that AGYS stands poised to deliver substantial earnings and cash flow growth for years to come and are pleased to have the company as one of the largest weightings in the portfolio.

Top 10 Companies As of June 30, 2022	
Alarm.com Holdings Inc	10.2%
XPEL Inc	9.3%
Agilysys Inc	8.5%
PagerDuty Inc	8.2%
Model N Inc	5.8%
Papa John's International Inc	4.4%
Onto Innovation Inc	4.2%
EVERTEC Inc	4.2%
WideOpenWest Inc	4.1%
Zuora Inc	3.8%
Total	**62.8%**

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

Our second-best performing position, with a share price increase of 4.4% during the quarter, was **WideOpenWest (WOW).** WOW is a cable and broadband services provider focused on markets in the Midwest and South regions of the U.S. where it is generally an "overbuilder" constructing new cable networks to compete with an incumbent provider. After a "broken IPO[2]," WOW brought in a new CEO and CFO, whereupon the company began executing a strategy of focusing on its broadband services, which are cost-competitive with high levels of performance on newer infrastructure, and transitioning away from video services, where it is less cost-competitive and where it suffers higher operational burdens and lower profitability. As WOW executed against this strategy, it was able to strike two transformational deals to sell operations in selected markets, allowing the company to pay down debt and free up capital for expansion.

With its enhanced capital structure, WOW elected to focus on greenfield expansion, building networks in carefully selected, new markets where the company can continue its historically successful strategy of positioning as a challenger brand to an incumbent cable provider. Meanwhile, WOW continues to drive customer growth and convert new and existing subscribers to higher-speed plans, resulting in higher revenues per subscriber. This dynamic is powering growth in profits and cash flow given the high incremental margins on internet customers and declining costs associated with the business mix shift from video to broadband.

With early success achieved in its greenfield expansions, WOW increased its expectations for the initiative not long after debuting its original targets in late 2021. While greenfield expansion is capital-intensive, the company's strong balance sheet and cash flow profile should allow it to self-fund these investments. With conservative assumptions for subscriber penetration rates validated by WOW's own experience in "edge-outs[3]" and informed by the performance of "overbuilder" peers in greenfield expansion, these investments in new markets should generate attractive returns augmented by continued subscriber penetration and higher ARPU in existing markets. Encouragingly, the company continues to report that operating costs as a percentage of revenue will decline over time. We believe that WOW, while lacking the growth profile and scalability of many of our other investments, can deliver attractive earnings and cash flow growth over time. As a result, we continue to believe that the company represents an attractive investment at current prices.

Our worst-performing position during the second quarter of 2022 was **thredUP (TDUP)** with a share price decline of 62.2% from our cost basis. We began establishing a position in TDUP with a smaller-than-usual target weighting at the end of the first quarter and completed our initial round of purchases during the second quarter. We will introduce and discuss the company in further detail in the Portfolio Activity section.

Our second-worst performing position, with a share price decline of 44.5% during the quarter, was **Health Catalyst (HCAT).** HCAT is a leading provider of vertical-specific data and analytics software and services to healthcare organizations. HCAT offers a cloud-based data platform called Data Operating System[4] (DOS) that integrates and organizes data from hundreds of different and often disparate sources. This data can, in turn, drive analytics applications built on top of DOS for high-ROI[5] outcomes in clinical, financial, and operational use-cases. In providing tools that equip healthcare organizations to unlock revenue and cost efficiencies and drive improved clinical outcomes, HCAT becomes embedded into its customers' operations and thereby benefits from substantial "switching costs."

In addition, DOS comprises a differentiated network of integrations, content, and software applications that drastically simplifies data preparation and analytics in a compliant manner for healthcare organizations. This positioning has resulted in a blue-chip customer roster with large contracts, establishing HCAT as a proven provider in a large market where the historical norm is to undertake expensive, custom data warehouse projects with resource-intensive maintenance needs. HCAT continues to develop and acquire applications to plug into DOS, thereby expanding its ability to cross-sell and drive wallet

[2] A "broken IPO" is an initial public offering (IPO) that trades under its offering price shortly after going public.

[3] "Edge-outs" are capital investment projects that extend the reach of a broadband provider's networks at the periphery of its existing territories.

[4] HCAT's Data Operating System is a healthcare-specific, cloud-based, open, flexible, scalable, and self-service platform for analytics, app development, and interoperability that provides customers a single comprehensive environment to integrate and organize data from their disparate software systems.

[5] Return on Investment (ROI).

share among its customers. In these endeavors, the company is led by CEO Dan Burton, an early employee who is one of the largest individual shareholders; co-founder Steve Barlow; and a roster of other long-tenured executives.

HCAT experienced a variety of challenges during the COVID-19 pandemic as its hospital customers bore the brunt of the response to the health crisis. With resources diverted to the pandemic and finances sapped by the cessation of elective procedures, hospitals faced budget strains that pushed new software investments down the priority list. As a result, HCAT experienced and continues to experience a less-than-ideal demand environment. Nevertheless, the company has steadily signed new business and expanded existing customer relationships, sustaining revenue growth rates above 20% while making steady progress toward GAAP profitability.

Given its competitive position and growth potential balanced against its still-developing financial profile and the challenging market dynamics associated with the U.S. healthcare system, we believe that HCAT, which trades at an enterprise value of about 2x 2022 estimated revenue, represents a deep discount for a leading vertical software company, and we view it as an attractive place to deploy capital.

Portfolio Activity

Given the financial and economic turmoil and uncertainty wending their way through the market, the second quarter of 2022 was an especially busy time for portfolio activity. We exited our position in **MIME** in what we judge to be a modestly successful outcome as Permira closed its buyout of the company in May, resulting in a gain of over 40% from our cost basis. We added to positions in most of our existing holdings. Follow-up research activity intensified as we sifted through a number of Focus List companies that have come down to prices that we deem interesting, allowing us to fill one of the most exciting research pipelines we have seen in recent memory. This activity resulted in the establishment of two new positions during the quarter: **Olo (OLO)** and, as mentioned above, thredUP (TDUP). Towards the end of the quarter, we also began building positions in another pair of companies that we look forward to introducing in a future update. Lastly, under more disappointing circumstances, we exited our position in **Stitch Fix (SFIX)**.

Our first new position, Olo, is an e-commerce platform provider serving the enterprise or multi-unit segment of the restaurant industry through software products that facilitate online and mobile ordering, delivery, and digital payments. The company markets and sells its offerings directly to a restaurant brand's corporate headquarters for system-wide deployment and earns SaaS subscription- and transaction-based revenues.

OLO was founded by Noah Glass in 2005 to develop a mobile application to place orders at restaurants after he saw a Blackberry app that could display points of interest and reviews. Considering that this effort predated modern smartphones, the rollout of 4G mobile data speeds, and the advent of cloud computing, let alone ridesharing and third-party restaurant delivery companies, the company was early to this opportunity and toiled in obscurity for nearly a decade. As key technology enablers came into place, momentum picked up for OLO in 2014, by which point rideshare companies like Uber and Lyft and food delivery companies like Grubhub had launched and, in some cases, had even gone public. With restaurateur Danny Meyer joining the board that year and digital-forward, fast-casual concept Shake Shack representing a key proof point, OLO began to find success among fast casual restaurants for its online ordering solution, which allowed operators to provide a more convenient and QSR-like experience and thereby drive incremental volumes and revenues. In subsequent years, the company expanded its customer brand roster and its product portfolio to help restaurants further digitize their operations by connecting to third-party delivery providers and online marketplaces, ending 2019 with hundreds of brands comprising over 42,000 restaurant units.

Unsurprisingly, OLO was an outsized beneficiary of the pandemic, which introduced an urgency for restaurants to offer online ordering and delivery that accelerated demand and adoption of the company's products. From the end of 2019 to the end of 2021, OLO added hundreds of restaurant brands, nearly doubled its restaurant unit count, and nearly tripled its revenue. Perhaps more impressively, the company remained very capital-efficient, reportedly consuming only $25 million of cash from founding to IPO, achieving positive free cash flow in 2019, and producing mid-teens free cash flow margins in the boom year of 2020, which the company parlayed into an opportunistic and well-timed IPO in March 2021.

OLO's offerings allow restaurants to offer white-labeled online and mobile ordering and delivery as well as connect through online marketplaces to reach consumers. As a result, the company helps restaurants drive valuable incremental volumes. Just as importantly, OLO accelerates the modernization of restaurant operations by providing essential IT infrastructure to digitize, automate, and consolidate order capture across a growing number of channels, resulting in substantial efficiency gains. In doing so, OLO essentially acts as an outsourced IT department for its customers, embeds deeply in their operations, and becomes responsible for substantial portions of restaurant sales, engendering substantial "switching costs." Alongside this dynamic, the company is, by all accounts, a clear leader in the space with a broad portfolio of best-of-breed products, the imprimatur of a growing blue-chip roster, including two-thirds of the top 100 restaurant brands by total units, and the largest network of integration partners, facilitating fast implementations with minimal disruption to customer operations and the broadest access to delivery service partners and ordering channels. As a result, OLO faces limited competition in the enterprise segment of the market where it is focused.

The enterprise market for restaurants and the opportunity to digitize and modernize restaurant operations provide ample room for OLO to grow to multiples of its current size at high incremental margins. Industry estimates put the US market at a total of 1 million restaurant units. While OLO's focus on multi-location restaurants narrows its opportunity somewhat, it still gives the company a target market of hundreds of thousands of units, compared to the roughly 80,000 it serves today. The company can also continue to drive digitization and therefore monetization of order volumes while cross-selling additional products. To that end, OLO averages around $2,000 in revenue per location with an average of 16% of customer orders that are digital and that the company monetizes. As adoption grows and restaurants mature in their modernization, this figure should trend towards 60% as off-premise orders, which represent over 60% of restaurant orders today, transition from analog (i.e., telephone orders) to digital. The remaining ~40% are also an opportunity as OLO adds products to help it digitize and monetize on-premise orders as well. The launch of Olo Pay is a key step in this direction and represents an incremental means of order monetization as the company attempts to modernize and simplify outdated and complex payments systems for customers who typically mix multiple card-present and card-not-present payment processors. OLO has also recently acquired complementary products, including customer loyalty software, that should contribute incremental SaaS revenues. In sum, OLO's current product portfolio and core market opportunity are capable of supporting the company's ability to grow into a much larger company.

Directing this effort is founder, CEO, and ~8% shareholder Noah Glass and a roster of capable executives. Glass has demonstrated exceptionalism as a manager and visionary, starting the company at the age of 24, consistently articulating a vision of online ordering for restaurants, and executing towards a dominant industry position while operating with atypical capital efficiency for a technology company. We rank him among the most exceptional CEOs we have met to date.

While OLO has experienced a boom in its business with the pandemic, we continue to believe that the company's best days and strongest performance lie ahead of it. The company has traded down with the technology and growth sectors of the stock market, despite the high-margin business model, strong competitive advantages, long runway for growth, and exceptional management that underpin our expectations that the company will compound earnings at high-teens rates for many years. We are pleased to have established a position in what we deem to be one of the most qualitatively exceptional companies in the small cap universe at highly compelling prices.

Our second new position, thredUP, operates an online "managed marketplace" for the consignment and resale of pre-owned women's and children's clothing and accessories. The company takes items from sellers, processes them at proprietary distribution centers, and lists, merchandises, and fulfills the sale of items, whereupon the proceeds are remitted to the seller net of TDUP's commission. Unlike a peer-to-peer (P2P) marketplace, buyers and sellers interact solely with TDUP, instead of with each other, providing a streamlined and convenient customer experience.

TDUP was founded in 2009 by current CEO James Reinhart after he encountered significant shortcomings in the traditional clothing consignment process and endeavored to bring that process online and make it as convenient as possible. In building the company, James and the team at TDUP made a couple of key decisions that form the basis for its differentiation and competitive advantage today. First, the company elected to be a managed marketplace instead of a P2P marketplace. P2P marketplaces are famously attractive for their scalability, capital-efficiency, and network effects. At the same time, however, this model incurs a cost of convenience to marketplace participants because the burdens of merchandising, fulfillment, transaction certainty, and sell-through rates are placed upon buyers and sellers. While it is non-trivial to generate the network effects that power P2P marketplaces, these venues generally contend with lower barriers to entry and higher levels of competitive rivalry.

Managed marketplaces, on the other hand, trade scalability for operational intensity but also exhibit higher barriers to entry and greater defensibility; the ability to provide a value proposition centered on price and convenience; and higher commission rates. In electing to pursue a managed marketplace model, TDUP oriented itself around providing consistent and convenient experiences for both buyers and sellers, particularly for those uninterested in pursing the more arduous P2P listing and sale process. For its efforts, TDUP can charge higher rates to relatively commission-insensitive sellers and provide lower sale prices to price-sensitive buyers.

Second, TDUP elected to focus on the value segment of the resale market instead of the luxury segment where most new entrants have originated and competition is more intense. While participants in the luxury segment benefit from high selling prices associated with more valuable items and therefore larger profits per order, the recognition of this dynamic has attracted a flood of companies and capital into this segment such that competition for supply and demand has driven take rates down and customer acquisition costs up. In addition, the heightened need for luxury good authentication represents a key roadblock to automation and scalability. In contrast, TDUP focuses on the value segment, where the unit economics are inherently more challenging but where authentication demands are lower and therefore automation potential is higher. This makes efficiency and scale existentially important in the value segment and thus creates barriers to sustainable success. Product intake, pricing, discovery, and fulfillment must all work together seamlessly to ensure that volumes processed translate into volumes sold. TDUP has, through focused investment and engineering ingenuity, built automated processing infrastructure – which is impressive to behold in person – that has translated to scale-based cost advantages as the company drives leverage through increased utilization with higher volumes.

As a result, TDUP can generate superior unit economics that can be shared with buyers (in the form of lower prices) and with sellers (in the form of higher item acceptance rates and faster sell-through times). The company faces no managed marketplace competitors and occupies an advantaged position relative to P2P competition. Our checks indicate that TDUP's selection is generally smaller than that of P2P peers but is nonetheless large, well curated, and easy to search while consistently offering comparable or lower prices and greater convenience relative to online P2P sites, off-price retailers, and brick-and-mortar consignment shops. Moreover, selling on TDUP is also convenient and offers higher certainty around monetization, particularly when compared to doing nothing or donating items, but also against other marketplaces.

TDUP brings these advantages to bear in what appears to be a sizable and secularly growing market for clothing resale. While precise estimates of the market do not exist, there seems to be sufficient demand in the form of shifting demographic trends and consumer preferences towards a greater acceptance of resale and ample supply of clothing that sits unused in closets or is donated or trashed. Current fast-fashion and off-price retailer apparel revenues in the tens of billions suggest a meaningful appetite for value-priced clothing. While we would not suggest that clothing resale will largely replace traditional purchases and donations, we do propose that clothing resale should be a much larger market in years to come. TDUP also possesses a couple of "call options" in the form of (i) Remix, a Bulgarian apparel resale business the company acquired to incubate its international ambitions; and (ii) "resale-as-a-service" (RaaS), through which the company partners with apparel brands and licenses the use of its processing and merchandising services to allow brands to outsource resale operations, pursue sustainability goals, and drive customer acquisition and engagement. RaaS provides TDUP with privileged, high-quality supply and, in turn, drives incremental customer demand, processing infrastructure utilization, and scale benefits.

TDUP Founder, CEO, and 10% shareholder James Reinhart deserves significant credit for his vision and execution in building the business and continues to lead the company today. He is surrounded by a number of highly qualified executives, including co-founder, COO, and former CTO Chris Homer; CFO Sean Sobers; and President Anthony Marino. Based on our interactions with them thus far, we judge TDUP to be in eminently capable and well-aligned hands.

We began building a position in TDUP after it had traded down nearly 75% from 2021 highs. Heightened economic uncertainty and weakening consumer sentiment have further pressured the share price to roughly 90% below its 2021 highs and more than 60% below our cost basis for the quarter. The company continues to perform and execute well, even as other e-commerce companies have stumbled.

The key criticism of TDUP is that the company is currently consuming cash as it invests in the build out of a distribution and processing center in Dallas. This is, however, a front-loaded investment and not at all indicative of the business's ongoing funding needs. TDUP should have more than sufficient cash to complete its investments plans this year. The company recently bolstered its balance sheet through an agreement to lower its interest rate and extend the maturity on its modest levels of debt while adding a second credit facility that it can use at its discretion to finance equipment purchases. We also note that TDUP's current cost structure burdens the company for the Dallas site, which is under construction, for its nascent international operations, and for its Atlanta site, where the company continues to ramp utilization and leverage fixed costs.

By our estimates, TDUP's operations in Pennsylvania, Arizona, and Atlanta can generate at least $5 of fully loaded, GAAP operating profits per order at full utilization. This gives little credit for improved order economics attributable to the significantly higher degree of automation that Atlanta has, which we saw first-hand during our recent tour of the facility. As the company continues to grow orders within its U.S. business and approaches full utilization of its Atlanta site in addition to sustaining full utilization of its Pennsylvania and Arizona sites, we believe that the business, absent its Dallas and international costs, is generating normalized EBIT of over $30 million. This implies that TDUP is trading at an enterprise value of less than 2x normalized EBIT. We believe that the Dallas and international sites bolster the company's competitive position and will unlock further growth and profitability. We judge this to be a compelling entry point for TDUP and are pleased to have been presented a positively skewed opportunity to purchase shares. That said, we are also cognizant of prevailing macroeconomic conditions and attendant risks of execution for the company, driving our decision to establish the position at a smaller initial weighting.

As mentioned above, we also fully exited Stitch Fix during the quarter. As discussed in past updates, our research indicated that SFIX's Fix subscription service was an attractive and differentiated specialty e-commerce business. We underwrote the investment in SFIX on the basis of that business, and we viewed efforts to build up Freestyle, the company's online marketplace, as a "free call option" that could open up more of the apparel retail market to the company. We trusted management to launch Freestyle while maintaining, growing, and protecting the core Fix business. As covered in more recent updates, this did not happen, and SFIX continues to work through client acquisition challenges attributable to the disadvantageous launch of Freestyle and compounded by broad headwinds in digital customer acquisition incurred by Apple's iOS privacy changes.

Recent data suggests that SFIX continues to generate attractive profitability from existing Fix clients. Order economics are improving thanks to rising keep rates and growing average order values for Fixes. Similarly, customer economics are improving as revenue per client grows, especially within recently acquired customer cohorts who are spending more on average relative to other cohorts acquired in recent years, and as retention improves, proxied by stable autoship churn and growing subsequent checkouts per new client. All of these trends drive our confidence that SFIX is fundamentally a profitable and above-average retailer. To the extent the company acquires a customer, she is indicating with his/her wallet that she is satisfied.

The issue, of course, is the acquisition of that customer, particularly in light of more restrictive iOS privacy policies. We did not expect this challenge to be solved quickly, and we were willing to be patient but cautious as the company worked through issues with its onboarding flow and adapted to the new advertising regime. Trends in SFIX's customer acquisition efforts are still, frankly, disappointing, and the magnitude of improvement necessary is substantial. Most concerningly, the company maintains a significant cost structure related to Freestyle, which should be viewed more skeptically.

In response to these issues, which have been exacerbated by increased macroeconomic uncertainty and deteriorating consumer sentiment, the company initiated a restructuring that is expected to drive $40-60 million in annual cost savings while maintaining ongoing investments in product, technology, and marketing intended to build Freestyle and improve customer acquisition. At first glance, the restructuring plan represents a prudent move on the part of management. Upon further inspection, it signals SFIX's steadfast intention to continue to build out Freestyle as well as the magnitude of expense associated with such efforts, making it a bigger concern than we initially appreciated while highlighting the level of investment seemingly necessary to realize management's ambitions for a mode of retail that, as a permutation of a traditional e-commerce experience, seems to be a less differentiated, more competitive, and therefore lower-quality business. In other words, undeterred by the initial Freestyle rollout, management seems to be intent on salvaging and building out Freestyle in pursuit of a likely larger but also more challenging market opportunity, instead of retrenching and regrouping to the differentiated, growing, and profitable Fix business.

It is now clear that SFIX management rushed the Freestyle launch, such that it lacked critical infrastructure and, even more grievously, diverted traffic from the core Fix business. Admittedly, we misjudged the degree to which management was intent on making Freestyle a primary source of revenue instead of a supplement to the core Fix business. Other than as an incremental channel for Fix customers, we believe that Freestyle in its current form constitutes a costly and relatively undifferentiated retail experience. SFIX's pivot to mass-market e-commerce, while ambitious, was deleterious to our long-term investment thesis, and we elected to exit the position at a loss with the resulting proceeds flowing into what we judge to be more compelling investments.

Closing Comments

The second quarter of 2022 was another challenging period for the Fund when measured by short-term market price fluctuations. When judged against the execution of our holdings against their opportunities, it was another encouraging quarter for our portfolio. Throughout the pandemic, our portfolio companies have generally consolidated market share; advanced their product offerings and competitive positions; and executed diligently and skillfully. In nearly all cases, our businesses have improved, not worsened, over the past few years. Similarly, our businesses have mostly sustained or improved their positive trajectory as the pandemic's economic impacts have eased. New and potent macroeconomic challenges have entered the picture in recent months. Nonetheless, we continue to expect that our holdings, by virtue of their strong competitive positions, conservative financing, and talented management teams, will continue to execute against their sizable opportunities and take advantage of the relative weakness inflicted upon more challenged peers. The shareholder value creation that should ensue, in sharp contrast to short-term price volatility driven by fear and uncertainty, informs our long-term return expectations and steels our resolve as we continue to conduct our proven investment process.

The dramatic drawdowns experienced throughout the stock market have also created opportunities to add to many of our most favored holdings at newly attractive prices, while presenting a target-rich environment to evaluate and establish positions in other long-admired companies. We are invigorated by the "thrill of the hunt" for the most exceptional small-cap businesses and vigilant for openings to position the portfolio for the category-leading potential returns that we aim to deliver for you over the long-term. To that end, we remain mindful of and grateful for the privilege of your partnership, trust, and confidence.

The Russell 2000 index is an unmanaged market capitalization weighted index of 2000 small company stocks of U.S. domiciled companies. The composition of the Russell 2000 Index is materially different than the Fund's holdings. The Index is not available for direct investment.

The Fund seeks to generate attractive returns over time but does not attempt to mirror a benchmark or index.

Opinions, forecasts, and discussions about investment strategies represent the author's views as of the date of this commentary and are subject to change without notice. References to specific securities, asset classes, and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as recommendations specific securities, asset classes, and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as recommendations.

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.

Shares of the Fund are distributed by ALPS Distributors, Inc. and is located at 1290 Broadway, Suite 1000, Denver, CO 80203.

Bares Capital Management, Inc. acts as the sub-adviser to the Fund.

Brown Brothers Harriman & Co. ("BBH"), a New York limited partnership, was founded in 1818 and provides investment advice to registered mutual funds through a separately identifiable department (the "SID"). The SID is registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940.

Not FDIC Insured **No Bank Guarantee** **May Lose Money**