BBH Partner Fund – Small Cap Equity

Quarterly Fund Update / 4Q 2022

BROWN BROTHERS HARRIMAN

The BBH Partner Fund –Small Cap Equity ("Fund"), sub-advised by Bares Capital Management, Inc. ("Bares"), increased 1.93% in the fourth quarter of 2022 for a full-year decline of -29.43% versus a 6.23% gain and a -20.44% decline in the benchmark Russell 2000 index for the comparable periods. These disappointing results occurred in a year where war, inflation, interest rate hikes, and the menace of recession plagued broad swaths of the equity markets. We do not attempt to predict how these concerns will play out over months or quarters or how they may dictate equity valuations in the near-term. Whereas short-term share prices can be buffeted by any number of forces, the long-term investment returns that we seek are primarily propelled by one factor: compounding growth in intrinsic business value.[1] As a result, we focus our attention and energy on the qualitative and quantitative drivers of value for current and prospective holdings.

This arms us with the patience and resolve to endure painful periods of underperformance such as 2022. Disappointing share price performance belies the positive fundamental progress that most of our holdings experienced during the year. With persistently favorable conditions for intrinsic value creation juxtaposed with depressed market values, we intend to continue exploiting the opportunity to purchase exceptional companies at attractive prices, thereby enhancing the return potential of the portfolio.

Performance
As of December 31, 2022

	Total Returns		Average Annual Total Returns				
	3 Mo.*	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	1.93%	-29.43%	-29.43%	N/A	N/A	N/A	-26.22%
Benchmark	6.23%	-20.44%	-20.44%	N/A	N/A	N/A	-13.64%

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.

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 **Agilysys (AGYS),** with a share price gain of 43.0%. 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 under contract, 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 and has revitalized product development, led a business model transition from on-premises to Software as a Service (SaaS), and returned the company to growth and profitability.

These initiatives have recently manifested in an inflection in AGYS' reported financials as the company's refreshed and modern SaaS product portfolio encounters a recovering hospitality end market. As a result, AGYS is reporting record bookings that are flowing through to strong top-line growth and improving profitability. Additional validation of the company's initiatives came in the form of a blockbuster 10-year SaaS deal with Marriott to buy AGYS' PMS software, co-develop specific enhancements, and deploy the resulting solution to Marriott's U.S. and Canada properties starting in 2024, covering nearly 6,000 sites and 1 million rooms for the largest franchisor and manager of hotels in the world. Aside from the significant size of the deal, which could more than double AGYS's current subscription revenue run-rate, it represents a major competitive displacement of industry giant Micros. The win

[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.

should drive significant inbound interest for AGYS' modern PMS product portfolio from prospective customers including Hilton, who is already a major user of AGYS' POS software.

Given these positive commercial developments and the remaining magnitude of AGYS' market share capture and cross-selling opportunities, the company is poised to deliver substantial earnings and cash flow growth for years to come. As a result, we continue to believe that AGYS warrants one of the largest weightings in the portfolio.

Top 10 Companies As of December 31, 2022	
Agilysys Inc	12.8%
XPEL Inc	11.7%
Alarm.com Holdings Inc	9.2%
PagerDuty Inc	6.3%
Model N Inc	5.3%
Element Solutions Inc	5.0%
Astronics Corp	4.7%
Onto Innovation Inc	4.4%
Olo Inc	4.3%
EVERTEC Inc	4.2%
Total	**67.9%**

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

Our second-best performing position was **Astronics (ATRO)** with a share price gain of 31.0%. ATRO provides a portfolio of niche components and systems to the commercial aerospace markets. With a near-monopoly on in-seat power systems and similarly strong positions in other key systems such as in-flight entertainment and internet access, ATRO benefits from specification by OEMs and airlines into long-lived aircraft and fleet programs. Incremental revenue growth is resulting from commercial airlines' investments in passenger experience, ancillary customer services, and legacy aircraft modernization efforts that leverage ATRO's differentiated electrical systems expertise. ATRO retains the competent leadership of an experienced management team that has profitably quadrupled revenue while leading the company through the aftermath of 9/11, the Financial Crisis, and the COVID-19 pandemic.

As a supplier to the aerospace industry, ATRO is experiencing a recovery in its business as the global travel market rouses itself from the pandemic. Bookings have recovered to 2019 levels in a sign of the healthier demand environment. However, the company's recovery has been halting as gnarled supply chains for electrical components have restricted its ability to fulfill demand, putting pressure on revenue growth and profit margins. Because its products are critical, ATRO faces negligible risk of cancelation or substitution. As a result, revenue backlog has swelled, and it is only a matter of time before it will be fulfilled and invoiced. We also expect that the company will be able to curtail urgent, spot purchases of components at inflated prices and renegotiate customer contracts on more favorable terms as they come up for renewal. ATRO continues to demonstrate its differentiated position through its inclusion in significant new awards, such as the specification of its electrical systems into the Army FLRAA program recently won by partner Bell Textron, which represents what we believe to be hundreds of millions in potential incremental revenues on an annual basis for ATRO in coming years.

While ATRO continues to experience near-term challenges in fulfilling orders, its competitive position remains intact while recovering demand and opportunities to deploy its intellectual property into new aerospace programs presage an even brighter future. As this letter went to press, the company announced higher-than-expected 4Q22 sales growth of 35% over 4Q21 and a debt refinancing that will provide the company with greater financial flexibility. We continue to believe that ATRO represents an attractive investment opportunity, and we remain comfortable with the position at its current weighting.

Our worst-performing holding, albeit a small one, was **thredUP (TDUP)** with a share price decline of 28.8%. 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, and then merchandises, lists, and fulfills online orders in exchange for a commission. Throughout this transaction, buyers and sellers interact solely with TDUP, instead of with each other, providing a streamlined and convenient user experience. 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 buyers and sellers, resulting in limited direct competition. TDUP is also able to use its infrastructure and scale to strike privileged relationships with retailers to manage their resale operations and enhance TDUP's assortment while earning incremental service fees.

As an online retailer in investment mode, TDUP has been acutely impacted by the broad sell-off in growth-oriented companies. This has been exacerbated by a consumer spending slowdown that has precipitated a glut of inventory among apparel retailers and unusually elevated levels of promotional activity across the industry. Because TDUP has historically been unprofitable, fears are also mounting that the company is facing liquidity issues. Our research indicates that these fears are overblown.

TDUP's reported cash usage overstates ongoing cash needs as the company incurs upfront buildout costs related with a distribution and processing center in Dallas. Since this is a front-loaded investment undertaken in 2022, it is not indicative of the business's normalized operational expense. In addition, TDUP's cost base naturally adjusts as processing and marketing costs flex down in line with lower demand. The company has also taken decisive action to reduce its cash usage via restructuring and bolster its balance sheet through new and amended credit agreements. Given all of this, we believe TDUP is well prepared to navigate a recessionary environment, undertake its investment plans, and eventually resume growth. As a result, we continue to

believe that TDUP represents an attractive opportunity to own an emerging, competitively advantaged specialty ecommerce business with asymmetric upside.

Our second-worst performing position, with a share price decrease of 25.8% 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 network infrastructure to compete with an incumbent provider. After executing transformational deals to sell operations in selected markets, the company paid down debt and freed up capital to pursue a greenfield expansion strategy. By building in carefully selected new markets, WOW can continue its historically successful strategy of positioning itself as a challenger brand with superior service compared to incumbent cable providers. Alongside declining costs associated with cost efficiency initiatives and the benefits of a business mix shift from video to broadband, WOW should be able to drive growth at high incremental margins.

Like many of its cable peers, WOW has seen revenue growth slow with the economy, especially with declining homebuying activity and fewer moves that typically serve up opportunities to win new subscribers. In addition, as capital-intensive businesses with leveraged balance sheets, the cable companies have broadly experienced share price declines as rising interest rates have contributed to multiple compression across the industry. WOW is unlike many of its cable peers by virtue of being relatively unlevered with an improving cash flow profile that allows it to internally fund expansion plans. Under conservative assumptions, WOW should be able to flexibly allocate capital and drive growth in earnings power through the downturn.

As a result, we believe that WOW is a classic instance of a "baby thrown out with the bath water." While lacking the absolute growth prospects and asset-light nature of many of our other investments, WOW can deliver attractive earnings and cash flow growth over time. Our research indicates that the company represents an attractive investment at current prices, and we have added materially to our position.

Portfolio Activity

We were again active on the portfolio front during the fourth quarter of 2022. We generally elected to trim from stronger relative performers such as **Agilysys** and **Model N** to fund purchases of selected opportunities with material additions in **Alarm.com, Despegar, IRadimed,** and **WideOpenWest.** Our research activity continues to be fruitful, yielding a new position in **StoneX (SNEX)** which we began building at the end of the third quarter.

SNEX is a financial services company focused on providing trading, market making, and payments services in niche and specialized areas within the commodities, derivatives, fixed income, and international equities markets, typically to smaller clients who are increasingly underserved by investment banks and broker-dealers. We have followed the company for well over a decade through numerous business evolutions. All throughout, SNEX's fundamental strategy has been to opportunistically expand and strengthen its portfolio of competitively advantaged, highly profitable financial services businesses. Perhaps the most important thread of consistency has been an exceptional management team led by owner/operator CEO Sean O'Connor, which has overseen exemplary capital allocation and sustained compounding of intrinsic value.

Our research indicates that SNEX is credibly capable of growing shareholder value over the long term via a large universe of potential clients and service offerings into which it can expand organically or through acquisition. An example is the company's 2020 acquisition of Gain Capital, which operates retail trading platforms primarily focused on foreign exchange and commodities. Besides turning SNEX's retail business into a newly significant segment and adding a new vector of growth, the acquisition was astutely priced and timed, such that windfall profits triggered by the COVID-19 pandemic essentially paid for the acquisition.

Since the onset of the pandemic, SNEX has been a beneficiary of higher market volatility and rising interest rates. With greater profits at its disposal, the company is undertaking incremental but cumulatively significant organic expansions of its product offerings and client base while retaining the ability to conduct strategically and financially accretive acquisitions. As a result, we believe that the broad-based market selloff has created an attractive opportunity to purchase this qualitatively exceptional business and partner with a phenomenal management team. We look forward to providing further updates on SNEX in the future.

Closing Comments

The fourth quarter of 2022 provided little relief from disappointing share price performance for the Fund, capping a dismal year. At the same time, we remain encouraged and emboldened by the fundamental resilience of our holdings as they have broadly continued to execute well in increasingly uncertain times. With limited exception, our portfolio companies have progressed in line with or better than expectations. While the macroeconomic environment remains unpredictable, our research continues to suggest that our holdings are each capable of the robust value creation we seek over the long-term as a function of their attractive business models, strong competitive positions, ample opportunity for high-return capital investment, and talented management teams.

The knowledge that above-average share price appreciation often ensues from these conditions counsels patience and resolve, particularly after periods of underperformance. We therefore concern ourselves chiefly with the evaluation and long-term ownership of exceptional businesses capable of enduring and even thriving during periods of uncertainty. As we look back on 2022, we find occasion to be pleased by the increasing diversity, depth, and quality of research that our team is conducting. Underlying all of this, the long-term orientation of our clients remains the key factor that allows us to persevere in these endeavors. Thank you for your unwavering support; we will continue to work tirelessly to achieve the superior investment results that we all expect.

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.

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