

CAPITAL PARTNERS

BBH Select Series - Mid Cap Fund

Quarterly Update | 1Q 2025

Highlights

- The BBH Select Series – Mid Cap Fund decreased -6.0% in the first quarter of 2025 on a total return basis, while the Russell Midcap Index decreased -3.4%.
- Many of our management teams issued cautious 2025 guidance given heightened policy uncertainty and increased market volatility.
- We remain focused on the disciplined application of our criteria and investment process, as we look for opportunities where share prices are dislocated from underlying fundamentals.

The BBH Select Series – Mid Cap Fund (the Fund) decreased -6.0% in first quarter 2025 on a total return basis, while the Russell Midcap Index (the Index) decreased -3.4%. Since its inception on May 24, 2021, the Fund has increased by an average annual total return of 3.1% compared to an increase of 4.1% for the Index.

During the first quarter, the expectation of deregulation and tax cuts gave way to the reality of widescale tariffs and government funding cuts. In this environment, traditionally defined value outperformed growth by approximately 500 basis points (bps)¹ in the quarter. Notwithstanding generally strong fourth quarter results, many of our management teams issued cautious 2025 guidance given heightened policy uncertainty.

In the first quarter, energy and utilities were the top performing sectors up 7.3% and 6.8%, respectively. Consumer staples, another defensive sector, also did relatively well up 2.0%. Information technology was the most impacted by slowing growth expectations with the weakest performance, down -10.0%. Consumer

PERFORMANCE (AS OF MARCH 31, 2025)

	Total returns		Average annual total returns			
	3 mo.	YTD	1 yr.	3 yr.	5 yr.	Since inception
Class I	-6.03%	-6.03%	-1.45%	3.13%	N/A	3.14%
Benchmark	-3.40%	-3.40%	2.59%	4.62%	N/A	4.08%

Class I inception date: 05/24/2021

Class I net/gross expense ratio (%) 0.84 / 0.84

Returns of less than one year are not annualized.

The Investment Advisor has contractually agreed to limit the Total Annual Fund Operating Expenses for Class I of the BBH Select Series - Mid Cap Fund after excluding certain expenses to 0.90% through March 1, 2026. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees.

Performance data quotes 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 redeemed, may be worth more or less than the original cost. For performance current to the most recent month-end please call 1-800-625-5759. Shares redeemed within 30 days of purchase are subject to a redemption fee of 2%.

The Russell Midcap Index, the Fund's benchmark, is a market capitalization-weighted index comprised of approximately 800 publicly traded U.S. companies with market caps of between \$1 and \$66 billion. The index is not available for direct investment. The composition of the index is materially different than the Fund's holdings.

Sources: BBH & Co. and Russell

¹ Basis point (bp) is a unit that is equal to 1/100th of 1% and is used to denote the change in price or yield of a financial instrument.

discretionary and industrials were also weak, down -8.5% and -6.6%, respectively, as individuals and companies alike seem positioned to reduce spending. The Fund saw headwinds from its overweight in information technology and industrials, as well as underweights in energy and utilities. While our industrials holdings outperformed their sector, our information technology and healthcare companies underperformed.

Portfolio contribution

For the quarter, the Fund's largest positive contributors were **Brown & Brown Inc.** (Brown) and **Guidewire Software Inc.** (Guidewire).

Brown returned 22.1% during the quarter, ending with a weight of 5.2%. Brown is a leading property & casualty (P&C) insurance broker with a focus on the U.S. domestic mid-sized commercial market. Brown delivered strong organic growth of 13.8% ahead of consensus of 8.7% and alongside strong margin expansion. Brown's Programs business, where it partners with insurance companies to provide specialized insurance products, has been a particular strength. The company continues to be a beneficiary of the current inflationary environment and a hard, albeit moderating, insurance premium rate cycle. Brown has also had success expanding internationally in the U.K., Ireland, and most recently the Netherlands.

Guidewire returned 11.1% during the quarter, ending as our largest position with a weight of 5.5%. Guidewire is the leading provider of core systems software to the P&C insurance industry. Like Brown & Brown, Guidewire benefits from the value of gross written premiums as insurance rates increase, whether due to inflation, growth in economic activity, higher claims volumes, or higher insurance rates due to limited capacity. Guidewire reported strong fiscal Q2 results, exceeding expectations and raising guidance for the full year, as it wins new customers and migrates existing customers to the cloud. Gross margins on subscription and support revenue increased to 69% up from 65% in the prior year, buoyed by ~80% incremental gross margins. Guidewire is strongly outperforming competitors, and management set a new long-term target for more than 50% of P&C insurance industry premiums to run on their software, up from 23% currently.

The Fund's largest detractors to performance in the quarter were **Globant SA.** (Globant) and **Bruker Corp.** (Bruker).

Globant declined -45.1% during the quarter, ending with a weight of 2.5%. Globant is the second-largest pure-play digital software engineering vendor with a focus on front-end, custom-designed software engineering applications that are mission critical to its customers. Globant reported an overall in-line quarter but provided guidance that was below consensus. The primary drivers of the guidance shortfall were foreign exchange headwinds from a stronger U.S. dollar, weak macroeconomic conditions in Brazil and Mexico, and slower spending by its largest

HOLDINGS (AS OF MARCH 31, 2025)

GFL Environmental Inc	5.5%
Guidewire Software Inc	5.5%
Brown & Brown Inc	5.2%
Watsco Inc	5.0%
CBRE Group Inc (Class A)	4.8%
Take-Two Interactive Software Inc	4.3%
Entegris Inc	4.0%
Shift4 Payments Inc (Class A)	3.9%
Wyndham Hotels & Resorts Inc	3.9%
AptarGroup Inc	3.8%
LPL Financial Holdings Inc	3.8%
HEICO Corp (Class A)	3.5%
Advanced Drainage Systems Inc	3.3%
GXO Logistics Inc	3.1%
ICON PLC	3.1%
Darling Ingredients Inc	3.0%
Vulcan Materials Co	3.0%
Bruker Corp	2.8%
Zebra Technologies Corp (Class A)	2.8%
Arista Networks Inc	2.7%
Bright Horizons Family Solutions Inc	2.7%
Globant SA	2.5%
UL Solutions Inc (Class A)	2.5%
Crown Holdings Inc	2.4%
West Pharmaceutical Services Inc	2.2%
Keysight Technologies Inc	2.0%
Toro Co	2.0%
WillScot Holdings Corp	1.7%
Mister Car Wash Inc	1.6%
NVR Inc	1.4%
Cash and cash equivalents	2.1%

Holdings are subject to change.

customer (Disney). Globant has been a beneficiary of increased spending by its customers on artificial intelligence (AI) applications, which represented approximately 15% of total revenues in 2024, but momentum in AI is tempered by a weakening demand outlook in Latin America (~20% of revenue) and more broadly.

Bruker declined -28.7% during the quarter, ending with a weight of 2.8%. Bruker produces high-performance instruments that enable the exploration of life and materials at a microscopic, molecular, and cellular level. While fourth quarter 2024 results were strong at the high end of guidance, the outlook for 2025 faces challenges from delayed China stimulus and a slow recovery in biopharma. In addition, many of its customers are engaged in early-stage life science research funded by academic and government entities such as the National Institutes of Health, which makes Bruker particularly susceptible to recent government funding cuts at these institutions. However, Bruker is a well-diversified business with a third of its revenues from each of the Americas, EMEA, and Asia-Pacific serving a wide variety of end markets beyond academic and government including industrial, biopharma, semi-metrology, and diagnostics.

Portfolio changes

We initiated two new positions in the first quarter in **UL Solutions Inc.** (ULS) and **Keysight Technologies Inc.** (Keysight). We exited one position in **Aspen Technology Inc.** (Aspen).

ULS is a leading testing, inspection, and certification (TIC) company verifying that new and existing products meet global safety standards. ULS serves 80,000 customers including 60% of the Fortune 500 from 91 lab locations across the world as the exclusive provider of the UL mark, often prominently displayed on product packaging verifying that those products have met the applicable UL standard, of which there are over 4,000 globally.

The company works with regional regulatory bodies to codify new safety standards, which makes certification testing an essential requirement for ULS' customers. This has translated to 99% customer retention, annual price increases, and extremely consistent revenue growth. With a well-established and consistent base of business, ULS is positioned to grow mid to high single digits from their customers' new product introductions, expansion into growing categories like batteries and electrification, and regular price increases.

CEO Jennifer Scanlon joined in 2019 with the mandate to drive best-in-class financial performance leading up to the company's 2024 initial public offering. While management has already delivered good margin improvement over their tenure (currently 49% gross margin and 17% operating margin), they expect to realize further margin gains as they optimize their lab footprint and leverage operating costs. ULS will also benefit if their customers adjust global manufacturing and supply chains in response to tariffs, as new facilities or new component providers necessitate re-certification of existing products.

Keysight is the market leader for test and measurement equipment and software addressing the end markets of communications, electronics, and aerospace and defense. Keysight designs and produces high margin equipment such as oscilloscopes and network analyzers for the generation and precise measurement of electrical and radio wave signals. Keysight has supplemented the core hardware business with design and control software as well as recurring service offerings, which now represent 35% of revenue. Keysight sells into a diverse mix of 30,000 customers including industry leaders such as Qualcomm in wireless communications, Broadcom in wired communications, Boeing in aerospace, and Tesla in electronics.

Keysight's growth is tied to overall research and development spending across the company's diverse end markets involving electronic or radio wave technology. Key growth drivers include continued implementation of 5G wireless services eventually transitioning to 6G, 800G data center networking to support AI deployments, electric vehicles and autonomous driving functionality, as well as satellite communications and electronic warfare. With these technology tailwinds, Keysight aims to grow revenue at a mid to high single-digit rate. Keysight's advanced products earn attractive mid-60% gross margins and 30% operating margins with excellent free cash flow conversion. Management led by CEO Satish Dhanasekaran has effectively balanced profitability and growth while continuing

to invest in market-leading capabilities, with free cash flow expected to grow at a low double-digit rate over time. Keysight is well-positioned to produce attractive, high-margin growth as their customers invest to achieve market leadership aided by Keysight's products.

Aspen is the leading provider of asset optimization software specifically for capital-intensive industries like refining and chemicals. We exited our position in the company at a significant profit this quarter when the company was acquired by Emerson Electric.

During the quarter we trimmed holdings in **Arista Networks Inc.**, Brown & Brown, Guidewire, **NVR Inc.**, **Zebra Technologies Corp.**, **LPL Financial Holdings Inc.**, and **Watsco Inc.** These trims were based on strong performance and to manage the weight in the portfolio given higher valuations.

In addition to new positions in ULS and Keysight, we also added to our position in **West Pharmaceutical Services** on weakness.

Our turnover² during the quarter was 2.9%. Again, we were able to proactively reduce the portfolio weight of certain holdings by not purchasing shares alongside Fund inflows. The Fund's turnover for the last twelve months was 8.5%.

Conclusion

At the end of first quarter 2025, we held positions in 30 companies with 46% of assets in the 10 largest holdings. As of March 31, 2025, the Fund was trading at 79% of our underlying intrinsic value³ estimates on a weighted-average basis. We ended the quarter with a cash position of 2.1%.

As we begin the second quarter, market volatility is increasing as tariffs could lead to lower economic growth and higher inflation. During volatile periods, it is helpful to reflect upon our criteria. These include companies which provide essential products and services supported by sustainable competitive advantages, strong balance sheets, high levels of free cash flow, and managers with excellent track records of capital allocation. We expect companies with these characteristics to be resilient, well-positioned to make opportunistic investments, and to potentially emerge stronger following difficult economic conditions.

How do we manage the portfolio in this environment? With a bottom-up focus on fundamentals, we do not attempt to "reposition" the portfolio for different economic environments. We remain, as always, focused on the disciplined application of our criteria and investment process. We look for opportunities where share prices become dislocated from underlying fundamentals, and we hope to take advantage of lower valuations to make additional or new investments in exceptional businesses that are an even stronger fit with our criteria. Any changes will be measured and deliberate, consistent with our long-term outlook and the current high quality of our portfolio holdings.

Thank you for your interest in the BBH Select Series – Mid Cap Fund. Please reach out if you have any questions.

Sincerely,



Timothy F. Harris
Fund Manager

A handwritten signature in black ink, appearing to read "T. F. Harris".

² Turnover is defined as the lesser of purchases or sales divided by the average total portfolio market value for that time period.

³ The weighted average percentage of intrinsic value represents the market value of the portfolio securities as a percentage of what BBH estimates to be the present value of the cash that the portfolio's businesses can generate and distribute to shareholders over the businesses' remaining life.

SHARE CLASS OVERVIEW (AS OF MARCH 31, 2025)

	Ticker	Inception date	Total net assets (mil)	NAV
Class I	BBMIX	5/4/2021	\$505.4	\$11.22

Equity weighting As of March 31, 2025

Common stock	97.9%
Cash and cash equivalents	2.1%
Other assets in excess of liabilities	0.0%
Total	100.0%

Fund facts As of March 31, 2025

Number of securities held	30
Average P/E	26.9
Average market cap (bil)	\$18.7
Turnover (rolling 12-months)	8.5%

Excludes cash equivalents.

Sector weighting As of March 31, 2025

Industrials	27.1%
Information technology	19.9%
Financials	13.1%
Consumer discretionary	9.9%
Materials	9.5%
Health care	8.3%
Real estate	4.9%
Communication services	4.3%
Consumer staples	3.0%
Energy	0.0%
Utilities	0.0%
Total	100.0%

Reported as a percentage of portfolio securities, excluding cash and cash equivalents.

Top ten companies As of March 31, 2025

Guidewire Software Inc	5.5%
GFL Environmental Inc	5.5%
Brown & Brown Inc	5.2%
Watsco Inc	5.0%
CBRE Group Inc	4.8%
Take-Two Interactive Software Inc	4.3%
Entegris Inc	4.0%
Wyndham Hotels & Resorts Inc	3.9%
Shift4 Payments Inc	3.9%
AptarGroup Inc	3.8%
Total	45.8%

Reported as a percentage of total portfolio.

RISKS

Investors in the Fund should be able to withstand short-term fluctuations in the equity markets and fixed income 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.

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

Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile or may decline shortly after the IPO. Asset allocation decisions by a large investor or an investment adviser, particularly large redemptions, may adversely impact remaining Fund shareholders.

For more complete information, visit www.bbhffunds.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.

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