BBH Select Series - Mid Cap Fund

Quarterly Fund Update / 1Q 2024

1Q Highlights

- The BBH Select Series - Mid Cap Fund ("the Fund") increased 6.23% in the first quarter of 2024 on a total return basis, while the Russell Midcap Index ("the Index") increased 8.60%.
- Our companies had a mixed earnings performance as the market reacted negatively to guidance that was often back half weighted for the year.
- We have been active in trimming companies following periods of significant share price appreciation. The proceeds have been reinvested into new and existing holdings that meet high valuation and quality thresholds.

Performance
As of March 31, 2024

	Total Returns		Average Annual Total Returns				
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	6.23%	6.23%	24.67%	N/A	N/A	N/A	4.80%
Benchmark	8.60%	8.60%	22.35%	N/A	N/A	N/A	4.60%

Class I Inception: 05/24/2021
Class I: Net/Gross Expense Ratio (%) 0.90 / 2.29

Returns of less than one year are not annualized.

The Brown Brothers Harriman & Co., through a separately identifiable department ("Investment Advisor") has contractually agreed to limit the Total Annual Fund Operating Expenses excluding certain expenses to 0.90% through March 1, 2025. 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

The BBH Select Series - Mid Cap Fund ("the Fund") increased 6.23% in the first quarter of 2024 on a total return basis, while the Russell Midcap Index ("the Index") increased 8.60%. For the last 12 months, the Fund increased by 24.67% on a total return basis, while the Index increased 22.35%. Since its inception on May 24, 2021, the Fund has increased by an average annual total return of 4.80% compared to an increase of 4.60% for the Index.

During the first quarter, equity markets experienced an extended rally despite a broader reassessment of the pace of interest rate cuts. The futures market is now anticipating three cuts this year down from six at the end of 2023, which is in line with the Federal Reserve's current dot plot. The optimism appears to be underpinned by robust economic activity, with fourth quarter 2023 gross domestic product (GDP) revised upward from 3.2% to 3.4%. Likewise, the Atlanta Federal Reserve's GDPNow model estimates for first quarter 2024 GDP and real personal consumption expenditures have steadily increased in recent weeks. The Russell Midcap Index ended the quarter a percentage point away from its 2021 high. Against this backdrop, our portfolio companies announced mixed results, with a number of companies off to a slow start with much of the guidance back half weighted.

Reflecting the broadening economic strength, Industrials[1] was the top performing sector during the quarter up 13.8%. Financials and Energy were the next strongest sectors, up 12.5% and 12.1%, respectively. Communication Services saw the weakest performance, down -0.6%. Real Estate and Information Technology were also weak, down -0.03% and up 5.2%, respectively. We believe Real Estate was impacted by the change in interest rate outlook, and Information Technology saw slower gains after ending 2023 as the best performing sector for the year. The Fund has no current allocation to Real Estate nor Energy, but Information Technology remains our largest sector weight. The net impact was a modest headwind to performance, with most of the Fund's underperformance in the quarter driven by individual stock performance.

[1] The Fund uses GICS sector classifications for evaluating sector weights and performance.

Portfolio Contribution

For the quarter, the Fund's largest positive contributors were **Bruker Corp.** ("Bruker") and **Brown & Brown Inc.** ("Brown & Brown").

Bruker returned 27.9% and ended the quarter with a weight of 5.4%. Bruker produces high performance instruments that enable the exploration of life and materials at a microscopic, molecular, and cellular level. Bruker reported another strong quarter well-ahead of consensus expectations, with strong inaugural guidance for 2024, and indicated it would be able to achieve its medium term 2026 guidance for revenues and earnings a full year ahead of schedule in 2025. This performance is well ahead of its peers, and 2023 marks the third year of double-digit organic growth. Results were strong across all business lines and all customer segments, including academic and government, industrial research, and biopharma. Bruker's backlog remains significant and will take an estimated two to three years to work down, helping to underwrite organic growth of 5-7% in 2024 despite difficult comparisons. Bruker also continues to invest in its Accelerate 2.0 initiatives, including proteomics and spatial biology. As valuations have become more attractive, Bruker has been very active in announcing new tuck-in acquisitions to fill in product gaps and extend product reach to adjacent areas. The trailing twelve-month return on invested capital (ROIC) was 21%.

Brown & Brown returned 23.3% and ended the quarter with a weight of 5.7%. Brown & Brown is a leading property & casualty (P&C) insurance broker with a focus on the U.S. domestic mid-sized commercial market. The company delivered strong organic growth of 7.7% ahead of consensus of 6.6%. The stronger than expected organic growth was broad-based across retail, national programs, and wholesale, and supported by strong new business, high retention, and continued favorable rates. While there is some evidence of rate fatigue with buyers decreasing limits, increasing deductibles, or opting for loss limits, this is significantly offset by increasing rates and the continued growth of exposure units in Brown & Brown's core markets such as Florida where economic activity remains robust. Brown also benefited from higher-than-expected contingent commissions. After adjusting for one-offs, core margins expanded slightly driven by operating leverage and partially offset by higher variable compensation expense. Brown generated over $1 billion in cash flow from operations for the first time this year, representing 24% of total revenues. While we feel a moderation in growth alongside steady margins is more consistent with our long-term outlook, Brown & Brown continues to exceed our expectations as a beneficiary of the current inflationary environment, a hard insurance rate cycle, higher interest rates, and robust economic activity.

Holdings As of March 31, 2024	
Entegris Inc	6.4%
Guidewire Software Inc	5.8%
Watsco Inc	5.7%
Brown & Brown Inc	5.7%
Bruker Corp	5.4%
Advanced Drainage Systems Inc	4.9%
Crown Holdings Inc	3.9%
AptarGroup Inc	3.7%
Darling Ingredients Inc	3.6%
Take-Two Interactive Software Inc	3.5%
Vulcan Materials Co	3.5%
LPL Financial Holdings Inc	3.4%
HEICO Corp (Class A)	3.3%
Zebra Technologies Corp (Class A)	3.3%
Arista Networks Inc	3.3%
NVR Inc	3.3%
Aspen Technology Inc	3.2%
Shift4 Payments Inc (Class A)	3.1%
GXO Logistics Inc	3.1%
Bright Horizons Family Solutions Inc	2.8%
Wyndham Hotels & Resorts Inc	2.8%
Globant SA	2.6%
AMN Healthcare Services Inc	2.6%
ICON PLC	2.5%
GFL Environmental Inc	2.2%
Toro Co	1.9%
Mister Car Wash Inc	1.8%
Cash & Cash Equivalents	2.4%

Holdings are subject to change.

The Fund's largest detractors to performance in the quarter were **Crown Holdings Inc.** ("Crown") and **AMN Healthcare Services Inc.** ("AMN").

Crown declined -13.7% during the quarter, ending with a weight of 3.9%. Crown is a leading manufacturer of aluminum beverage cans and industrial transit packaging. Crown reported weak results for Q4 2023 with revenues and earnings per share (EPS) below consensus. Management also gave 2024 guidance for earnings and cash flow below consensus. During the quarter, higher volumes in Americas Beverage and contractual recovery of inflationary costs in European Beverage were more than offset by weak performance in non-core business lines, including North American food can and aerosol can, as well as a significant slowdown in orders for beverage can-making equipment. Transit packaging revenues were also weaker than expected on lower volumes. For 2024, management expects higher volumes in Americas and European Beverage, as well as continued cost recovery in Europe and cost savings from plant closings, to be entirely offset by volume declines in aerosol cans, decreased can-making equipment demand, and negative mix shift and inflationary passthrough lag in its Mexican glass business. The outlook for aluminum can volume growth has also weakened as consumer packaged goods companies continue to prioritize price increases over volume to drive revenue growth. Management guidance implies free cash flow[2] of $730 million in 2024, up 10.4% over 2023 but 6.5% below consensus. Management expects to use free cash flow to pay down debt and return capital to shareholders.

AMN declined -16.5% during the quarter, ending with a weight of 2.6%. AMN is a market leader for temporary staffing to the healthcare industry, including nurses, doctors, technicians, and therapists. AMN modestly exceeded guidance for Q4 but once again guided down expectations for the next quarter and the remainder of the year. In particular, the travel nursing business continues to experience demand reductions from customers. AMN's revenue diversification is a major benefit in this environment, with much better trends in allied and physician staffing as well as language services. AMN also won its biggest new staffing deal since 2019, and the pipeline remains very full and a potential source of further new deals. Nonetheless, 2024 will be a tough year of managing through headwinds and paying down debt while waiting for the industry to bottom. AMN is an example of where Covid normalization has taken longer than expected. We believe the longer-term structural growth opportunities remain, and management is taking the right steps to position the company accordingly.

Portfolio Changes

We initiated one new position during the first quarter in **Icon PLC.** ("Icon"). Icon is a global contract research organization (CRO) that provides outsourced services to the pharmaceutical, biotechnology, and medical device industries. These services include the people, technology resources, and physical infrastructure to efficiently run clinical trials from Phase I-IV.

Clinical trials are a fundamental requirement of the drug development pipeline to bring new and innovative treatments to market. Icon's specialization in clinical trial operations provides significant logistical and cost benefits to clients, with outsourced trials generally run at a faster pace, lower cost, and with fewer fixed cost internal resources required vs. insourced trials. As the second largest clinical stage CRO globally following its merger with PRA Health Sciences (PRA), Icon can provide sponsors the ability to choose between full service, functional service provider (FSP) or a la carte, and hybrid arrangements between full service and FSP. Icon is in a strong position to exercise its global scale advantages vs. competitors across a variety of geographies, therapeutic areas, and outsourcing arrangements. In addition, Icon should benefit from the secular trends towards increased outsourcing of clinical studies, increased clinical trial complexity especially in areas like oncology, and the industry wide shift to FSP offerings. Icon's competitive advantages include its global reach, capabilities in FSP work, and company-owned site network. Icon has successfully de-levered following its acquisition of PRA and has a strong balance sheet along with robust free cash flow generation. CEO Dr. Steve Cutler has over 20 years of experience in the CRO industry, and we regard him as one of the best executives in the business.

During the quarter we trimmed holdings in **Advanced Drainage Systems Inc.**, **Arista Networks Inc.**, **Entegris Inc., Guidewire Software Inc., NVR Inc.**, **Take-Two Interactive Software Inc.**, **Vulcan Materials Co.**, and **Watsco Inc**. We trimmed most of these companies previously, as we continue to take measured but steady action following outsized share price appreciation. As the companies have become more expensive relative to our estimate of intrinsic value,[3] we intend to be proactive to manage the size of the position within the context of the broader portfolio. We retain meaningful positions in all of these companies and continue to be confident in their long-term compounding potential.

In addition to Icon, proceeds from the above trims were added to existing positions in **Aptargroup Inc., Aspen Technology Inc.**, **Darling Ingredients Inc., GXO Logistics Inc.,** and **Toro Co.** These additions were based largely on relative valuation, and in the case of GXO, we continue to build that position size initiated last quarter. We had no turnover[4] during the quarter, as we were able to proactively reduce the portfolio weight of our holdings by not purchasing shares alongside Fund inflows. The Fund's turnover for the last twelve months was 3.9%.

Conclusion

At the end of the quarter, we held positions in 27 companies with 49% of assets in the 10 largest holdings. As of March 31st, the Fund was trading at 90% of our underlying intrinsic value estimates on a weighted-average basis. We ended the quarter with a cash position of 2.4%.

Peter Lynch had a saying that as investors we need to be careful not to cut our flowers and water our weeds, a sentiment that was also echoed by Warren Buffett. The potential to trade out of high-quality companies that have performed well into optically cheaper but lower quality companies is a risk compounded by the impact from taxes on capital gains. We mitigate this risk in two important ways. First, our trims tend to be modest in size and executed over time. We recognize that the growth profile of our very best long-term compounders can be more sustainable than expected and difficult to capture in a conservative discounted cash flow analysis. That does not preclude us from exiting a name in full on valuation, but it does raise the bar to do so. Second, the threshold to reinvest proceeds is high in terms of quality and valuation. When we added Icon to the portfolio, we did so with the belief that at the right valuation it could be one of our largest, highest conviction holdings and reliably compound capital for many years. Similarly, when comparing the price to intrinsic value of what we sold vs. what we bought this quarter, the weighted average difference was 25 percentage points. Lastly, we believe a disciplined approach to risk and valuation compels us to consider action following periods of strong share price appreciation. All else equal, we may not want to hold

[2] Free cash flow (FCF) is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.

[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.

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

a company at a higher weight in the portfolio than we did before a significant increase in its valuation. From a risk perspective, we also want to ensure that individual holdings do not become outsized.

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

Share Class Overview As of March 31, 2024				
	Ticker	Inception Date	Total Net Assets (mil)	NAV
Class I	BBMIX	5/24/2021	$276.7	$11.42

Equity Weighting As of March 31, 2024	
Common Stock	97.6%
Cash and Cash Equivalents	2.4%
Total	100.0%

Fund Facts As of March 31, 2024	
Number of Securities Held	27
Average P/E	27.2
Average Market Cap (bil)	$17.1
Turnover (Rolling 12-Months)	3.94%

Exclude cash equivalents.

Sector Weighting As of March 31, 2024	
Communication Services	3.6%
Consumer Discretionary	11.0%
Consumer Staples	3.7%
Energy	0.0%
Financials	12.5%
Health Care	10.7%
Industrials	21.7%
Information Technology	25.3%
Materials	11.4%
Real Estate	0.0%
Utilities	0.0%
Total	100.0%

Reported as a percentage of portfolio securities, excluding Cash and Cash Equivalents.

Top 10 Companies As of March 31, 2024	
Entegris Inc	6.4%
Guidewire Software Inc	5.8%
Watsco Inc	5.7%
Brown & Brown Inc	5.7%
Bruker Corp	5.4%
Advanced Drainage Systems Inc	4.9%
Crown Holdings Inc	3.9%
AptarGroup Inc	3.7%
Darling Ingredients Inc	3.6%
Take-Two Interactive Software Inc	3.5%
Total	48.7%

Reported as a percentage of total portfolio.

There is no assurance the Fund will achieve its investment objective.

Diversification does not eliminate the risk of experiencing investment losses.

Portfolio holdings and characteristics are subject to change. Totals may not sum due to rounding.

Price/Earnings (P/E) ratio is a company's current share price divided by earnings per-share. Turnover ratio is the rate of trading in a portfolio; higher values imply more frequent trading.

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.

Purchase and sale information provided should not be considered as a recommendation to purchase or sell a particular security and that there is no assurance, as of the date of publication, that the securities purchased remain in a fund's portfolio or that securities sold have not been repurchased.

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.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.

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.

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