BBH Select Series - Mid Cap Fund

Quarterly Fund Update / 4Q 2023

Brown Brothers Harriman

4Q Highlights

- The BBH Select Series - Mid Cap Fund ("the Fund") increased 13.28% in the fourth quarter of 2023 on a total return basis, while the Russell Midcap Index ("the Index") increased 12.82%.
- With no current exposure to the best and worst performing sectors, Real Estate and Energy respectively, most of the Fund's outperformance was driven by individual stock selection.
- The consensus macroeconomic outlook is volatile and frequently incorrect, as was the case in 2023. Instead, our investment decisions are driven by estimates of intrinsic value based on cash flows measured over long periods of time.

Performance
As of December 31, 2023

	Total Returns		Average Annual Total Returns				
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	13.28%	26.01%	26.01%	N/A	N/A	N/A	2.86%
Benchmark	12.82%	17.23%	17.23%	N/A	N/A	N/A	1.78%

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, 2024. 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 13.28% in the fourth quarter of 2023 on a total return basis, while the Russell Midcap Index ("the Index") increased 12.82%. For the full year 2023, the Fund increased by 26.01% on a total return basis, while the Index increased 17.23%. Since its inception on May 24, 2021, the Fund has increased by an average annual total return of 2.86% compared to an increase of 1.78% for the Index.

During the fourth quarter, equity markets rallied as economic data and commentary by the Federal Reserve (Fed) indicated that interest rates had likely peaked. The unemployment rate remained near recent lows at 3.7% and the Fed's preferred inflation measure fell to 1.9% on a six-month annualized basis. Futures markets quickly priced in a soft landing with no less than six interest rate cuts projected in 2024, while largely shrugging off a new war in the Middle East. The Russell Midcap Index closed the year down about 9% from its December 2021 high. Against this backdrop, our portfolio companies continued to outperform market expectations, with 24 of 26 portfolio companies exceeding market consensus earnings estimates during the most recent set of results.

Reflecting the much lower outlook for interest rates, Real Estate [1] was the top performing sector during the quarter up 16.8%. Consumer Discretionary and Financials were the next strongest sectors, up 16.6% and 16.1%, respectively. Energy was the only negative sector down -0.5%, with the price of Brent crude down -19% to $77 during the quarter. Consumer Staples and Materials were the next weakest sectors, down -5.3% and -9.3%, respectively. The Fund has no current allocation to Real Estate nor Energy, and the net impact was a modest tailwind to performance, with most of the Fund's outperformance in the quarter driven by individual stock selection.

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

Portfolio Contribution

For the quarter, two of the Fund's largest positive contributors were, **Entegris Inc.** ("Entegris") and **Shift4 Payments Inc.** ("Shift4").

Entegris returned 27.7% and ended the quarter with a weight of 5.9%. Entegris is a key supplier to the semiconductor industry of essential filtration products, materials, and related equipment that enable the high precision fabrication of chips. The outlook for Entegris improved alongside increased market expectations that semiconductor wafer starts and industry utilization rates have bottomed – a view supported by positive results from industry bellwethers TSMC and Micron. Moreover, 2024 should mark a return to growth for Entegris, which expects revenues to outgrow the semiconductor industry by 3%-6%, with gross margins expected to trough in the fourth quarter and improve due to increased volumes and high margin new products tied to greater production of leading-edge chip designs. This is further supported by its new facility in Taiwan, which is already shipping small initial volumes. The company has also applied for CHIPS and Science Act funding related to its Colorado Springs facility, in line with goals to build out semiconductor industry capacity in the U.S. Lastly, cash flows have increased significantly alongside disciplined working capital management, allowing the company to steadily reduce debt levels.

Shift4 returned 34.3% and ended the quarter with a weight of 3.7%. Shift4 is an integrated payments processor, specializing in the hospitality vertical, including restaurants, lodging, and leisure. Alongside a Board review to explore strategic alternatives, Shift4 reported strong third quarter results, increasing guidance for the fourth quarter and volumes for the year overall. The company continues to win market share across both old and new verticals, enjoying a strong roll out of its latest generation SkyTab POS systems in its core restaurant and hospitality verticals as well as ticketing and concessions payments contracts at a variety of sports venues. The strongest performance was likely cash flows, which increased to more than $75 million in the quarter with cash flow conversion of 61% up from 52% in the prior year. Lastly, Shift4 closed on its acquisition of European based cross-border payments provider Finaro, which may contribute meaningfully in 2024.

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

Holdings As of December 31, 2023	
Guidewire Software Inc	6.2%
Watsco Inc	6.0%
Entegris Inc	5.9%
Brown & Brown Inc	4.9%
Crown Holdings Inc	4.9%
Advanced Drainage Systems Inc	4.8%
Bruker Corp	4.5%
Take-Two Interactive Software Inc	4.1%
NVR Inc	3.9%
Shift4 Payments Inc (Class A)	3.7%
Wyndham Hotels & Resorts Inc	3.7%
Darling Ingredients Inc	3.6%
Vulcan Materials Co	3.5%
AMN Healthcare Services Inc	3.3%
Globant SA	3.3%
Arista Networks Inc	3.3%
HEICO Corp (Class A)	3.3%
Zebra Technologies Corp (Class A)	3.2%
LPL Financial Holdings Inc	3.2%
Aspen Technology Inc	2.9%
AptarGroup Inc	2.9%
Bright Horizons Family Solutions Inc	2.5%
GFL Environmental Inc	2.3%
Mister Car Wash Inc	2.2%
GXO Logistics Inc	2.0%
Toro Co	1.5%
Cash & Cash Equivalents	4.5%

Holdings are subject to change.

AMN declined -12.1% during the quarter, ending with a weight of 3.3%. AMN is the market leader for temporary staffing to the healthcare industry, including nurses, doctors, technicians, and therapists. The company issued weaker than expected guidance as post-COVID demand from hospital customers continued to deteriorate more than previously forecasted. Following typical seasonal patterns, AMN's customers began to place more orders in April, but those orders slowed in June and volumes continued to decline throughout the second half of 2023. Temporary healthcare staffing demand now looks likely to bottom out at pre-COVID levels, well below management's prior expectations of a more sustained staffing shift. In part, this reflects the success hospitals have had hiring new permanent labor as wage rates have stabilized, with many large clients looking to reduce contingent labor spending. After successfully defending several client request for proposals (RFPs) in 2023, we expect management to be more growth focused in 2024 and to leverage its recent investments in physician staffing and language services businesses.

LPL declined -4.1% during the quarter, ending with a weight of 3.2%. LPL is the nation's largest independent broker dealer and a leader in the retail investor financial advice market. The share price decline was largely a function of lower interest rate expectations, which will translate into reduced net interest income on cash balances and likely lower earnings in 2024. Notwithstanding that headwind, LPL announced strong third quarter results ahead of consensus, with a record level of recruiting both including and excluding large enterprise wins. Along with a historically high retention rate and the onboarding of new enterprise accounts, organic growth accelerated to 11% for the quarter. LPL also enjoys a strong backlog, with the announcement that Prudential Financial will transition $50 billion of assets over to LPL in the second half of 2024.

Portfolio Changes

We initiated one new position during the fourth quarter in **GXO Logistics Inc.** ("GXO"). GXO is the second largest contract logistics provider in the world and the largest publicly traded pure play firm.[2] GXO provides its customers with outsourced warehousing and distribution, order fulfillment, e-commerce, reverse logistics, inventory and labor management, and other supply chain services. It has ~6% market share in the contract logistics market and operates over 979 facilities across 28 countries.

GXO services are essential as it manages the core operations of its clients' supply chains. Moreover, switching costs are high as clients risk significant disruption to their operations if they decide to change contract logistics providers. Given that warehousing is only a small portion of the cost base of its customers (3%-4% on average), these high switching costs result in greater than 95% revenue retention on average. Its customer base is highly diversified with no customer representing more than 4% of revenue. GXO's competitive advantages include its global scale, long track record of successful implementations, and technology leadership in warehouse automation. 30% of its revenues are from automated sites, compared to the average industry automation level of 8%. It should benefit from the secular trends of increased outsourcing of contract logistics, increased automation of contract logistics, and the growth in e-commerce and reverse logistics. GXO has a strong balance sheet, resilient profitability, robust free cash flow[3] generation, and a high return on tangible invested capital. CEO Malcom Wilson has more than 30 years of executive experience in global logistics.

During the quarter we trimmed holdings in **Advanced Drainage Systems Inc., Arista Networks Inc., NVR Inc., Take-Two Interactive Software Inc., Vulcan Materials Co.,** and **Watsco Inc.** These were relatively small, opportunistic trims based on price performance and allow us to better manage the size of our positions within the context of the broader portfolio after significant appreciation. We also exited our smallest portfolio position in **First Advantage Corp.** as shares rallied during the quarter.

In addition to GXO, proceeds from the above trims were added to existing positions in **Aspen Technology Inc., Bruker Corp.,** and **Darling Ingredients Inc.** These additions were based largely on relative valuation. The Fund's turnover for the quarter was 1.7% and 7.3% for the year ending 2023.

Conclusion

At the end of the quarter, we held positions in 26 companies with 49% of assets in the 10 largest holdings. As of December 31st, the Fund was trading at 86% of our underlying intrinsic value[4] estimates on a weighted-average basis. We ended the quarter with a cash position of 4.5%.

2023 was a good example of why we choose to focus on the bottom-up fundamentals of our portfolio companies as opposed to top-down macroeconomic factors that we believe are difficult, if not impossible, to predict over any meaningful time frame. At the start of the year, the market consensus was there would be a recession in 2023. Instead, the economy remained strong while inflation declined sharply. We believe one of the reasons the Fund outperformed in 2023 is because our investment decisions are driven by our estimates of intrinsic value based on cash flows measured over long periods of time. By focusing on fundamentals, we often find ourselves investing in new positions or adding to companies when they are out of favor, and vice versa. Had we attempted to position the portfolio to account for the then current macroeconomic outlook, the Fund's performance would have suffered. Similarly, we pay little attention to today's prevailing outlook for a benign soft landing in 2024. This may or may not come to pass, but it is less relevant to our investment process which remains focused on outperformance over a full market cycle.

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

[2] A pure play company focuses solely on a particular product or activity.
[3] 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.
[4] 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 December 31, 2023

	Ticker	Inception Date	Total Net Assets (mil)	NAV
Class I	BBMIX	5/24/2021	$199.1	$10.75

Equity Weighting
As of December 31, 2023

Common Stock	95.5%
Cash and Cash Equivalents	4.5%
Total	**100.0%**

Fund Facts
As of December 31, 2023

Number of Securities Held	26
Average P/E	26.8
Average Market Cap (bil)	$15.1
Turnover (Rolling 12-Months)	7.3%

Exclude cash equivalents.

Sector Weighting
As of December 31, 2023

Communication Services	4.3%
Consumer Discretionary	12.8%
Consumer Staples	3.7%
Energy	0.0%
Financials	12.4%
Health Care	8.2%
Industrials	20.9%
Information Technology	26.0%
Materials	11.8%
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 December 31, 2023

Guidewire Software Inc	6.2%
Watsco Inc	6.0%
Entegris Inc	5.9%
Brown & Brown Inc	4.9%
Crown Holdings Inc	4.9%
Advanced Drainage Systems Inc	4.8%
Bruker Corp	4.5%
Take-Two Interactive Software Inc	4.1%
NVR Inc	3.9%
Shift4 Payments Inc (Class A)	3.7%
Total	**48.8%**

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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