

# BBH Select Series - Large Cap Fund

## *Monthly Fund Update / July 2023*

Equity markets continued a strong recovery in July as earnings exceeded lowered expectations and fears of a recession faded. The BBH Select Series – Large Cap Fund (“the Fund”) gained 2.01% for the month, modestly underperforming the benchmark S&P 500’s gain of 3.21%. Communication Services was the Fund’s best performing sector for the month driven by healthy ad spending and continued enthusiasm around Artificial Intelligence (AI). Industrials was the weakest sector as labor pressures and slowed growth in China weighed on returns. At the security level, Alphabet (GOOG), Zoetis (ZTS), and Booking Holdings (BKNG) were the Fund’s best performers, and Waste Management (WM), Graco (GGG), and Progressive (PGR) were the weakest performers.

Zoetis’ strong performance benefitted from the U.S. regulatory approval of competing product, NexGard Plus, a broad-spectrum canine parasiticide. NexGard Plus is now believed to have an inferior product profile relative to Zoetis’ product Simparica Trio. This had represented an overhang for some investors. Following the approval, we have seen investor focus shift back toward Zoetis’ positive fundamentals. More specifically, the U.S. launch of Librela expected later this year for the treatment of osteoarthritic pain in dogs represents a large market opportunity with a significant unmet medical need that should continue to support Zoetis’ attractive growth profile. We continue to view Zoetis as being a strong fit with our investment criteria as the company is very well positioned in the animal health industry given its product diversity (by animal species and geography), extensive network of technical and veterinary operations specialists, high-quality manufacturing, and successful track record of developing innovative products with exceptionally high Research & Development productivity.

Graco’s (“the Company’s”) stock price performance was strong leading up to its second quarter earnings, with a year-to-date total return of approximately 30%. In our view, excellent fundamental performance drove strong year-to-date stock price performance and investor expectations. Against this backdrop, Graco reported net profit growth of 10% on 2% revenue growth in the second quarter and year-to-date free cash flow (FCF)<sup>1</sup> at approximately four times over weak first-half performance from the prior year. Pricing and controllable cost actions were strong, allowing for margin expansion even with softer topline performance of the Contractor segment. Relative to consensus earnings expectations, the second quarter was light by approximately 5% on soft volumes and consequential revenues in the Contractor segment. Investor sentiment turned negative and the Company’s stock price declined over the balance of the month.

The Company’s guidance practice is limited to sales and order rates. On this front, revenue growth was reaffirmed at low single-digits and the order rate was stated to be tracking to plan. Given the Company’s performance year-to-date and with reaffirmation of low single digit revenue growth for the year, we believe Graco is on track to post profit growth of around 10% for the year, double the 5% rate underpinning our base case valuation of the Company’s stock, and 10% higher than consensus expectations for the Company’s primary benchmark (S&P 500 Index). With economic margins and growth well in excess of the Company’s primary benchmark, we believe the Company is well positioned to continue to generate attractive levels of economic profits and value well into the future, both on an absolute and relative basis.

The economic outlook continued to improve over the course of the month as consumers remained resilient, but more selective. Second quarter earnings are largely exceeding expectations, supporting much needed breadth in the equity markets. As we turn our attention to the balance of the year, our focus remains on prudent portfolio construction, intentional diversification, and regular rebalancing. We continue to identify opportunities to invest in businesses characterized by durable cash flow and earnings growth, healthy balance sheets, and attractive valuations. From this perspective, we believe the Fund is well-positioned to generate attractive returns and preserve capital throughout the economic cycle.

<sup>1</sup> Free cash flow (FCF) is the money a company has left over after paying its operating expenses and capital expenditures.

Performance								
Total Returns				Average Annual Total Returns				
As of 07/31/2023	1 Mo.	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
<b>BBH Select Series - Large Cap Fund (Class I)</b>	2.01%	7.95%	17.28%	8.89%	10.74%	N/A	N/A	8.75%
<b>S&amp;P 500</b>	3.21%	10.51%	20.65%	13.02%	13.72%	N/A	N/A	13.61%
<b>BBH Select Series - Large Cap Fund (Retail Class)</b>	1.96%	7.78%	16.98%	8.49%	10.34%	N/A	N/A	8.30%
<b>S&amp;P 500</b>	3.21%	10.51%	20.65%	13.02%	13.72%	N/A	N/A	13.61%
As of 06/30/2023	1 Mo.	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
<b>BBH Select Series - Large Cap Fund (Class I)</b>	5.91%	8.76%	14.96%	16.83%	12.17%	N/A	N/A	8.38%
<b>S&amp;P 500</b>	6.61%	8.74%	16.89%	19.59%	14.60%	N/A	N/A	12.99%
<b>BBH Select Series - Large Cap Fund (Retail Class)</b>	5.89%	8.68%	14.73%	16.36%	11.76%	N/A	N/A	7.94%
<b>S&amp;P 500</b>	6.61%	8.74%	16.89%	19.59%	14.60%	N/A	N/A	12.99%

Class I: Net/Gross Expense Ratio (%) 0.71 / 0.71

Retail Class: Net/Gross Expense Ratio (%) 1.05 / 3.39

All performance is net of fees

Sources: BBH &amp; Co. and S&amp;P

Returns of less than one year are not annualized.

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses for Retail Class shares to 0.80% through March 1, 2024. After exclusions, total net operating expenses for Retail Class shares will be 1.05%. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board"). Funds redeemed within 30 days of purchase are subject to a redemption fee of 2%.

**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 performance current to the most recent month-end please call 1-800-625-5759.**

The S&P 500 is an unmanaged weighted index of 500 stocks providing a broad indicator of stock price movements. The composition of the index is materially different than the Fund's holdings. The index is not available for direct investment.

#### Share Class Overview As of July 31, 2023

	Ticker	Inception Date	Total Net Assets (mil)	NAV
<b>Class I</b>	BBLIX	09/09/2019	\$416.6	\$13.17
<b>Retail Class</b>	BBLRX	09/09/2019	\$0.9	\$13.02

#### Equity Weighting As of July 31, 2023

Common Stock	97.9%
Cash and Cash Equivalents	2.1%
<b>Total</b>	<b>100.0%</b>

#### Fund Facts As of July 31, 2023

Number of Securities Held	28
Average P/E	27.3
Average Market Cap (bil)	\$349.3
Turnover (Rolling 12-Months)	10.70%
Exclude cash equivalents	

#### Sector Weighting As of July 31, 2023

Communication Services	6.2%
Consumer Discretionary	8.6%
Consumer Staples	9.1%
Energy	0.0%
Financials	22.3%
Health Care	15.2%
Industrials	11.9%
Information Technology	18.9%
Materials	7.7%
Real Estate	0.0%
Utilities	0.0%
<b>Total</b>	<b>100.0%</b>

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

#### Top 10 Companies As of July 31, 2023

Berkshire Hathaway Inc	6.5%
Alphabet Inc	6.1%
Linde PLC	5.2%
Microsoft Corp	5.1%
Mastercard Inc	4.9%
Alcon Inc	4.4%
KLA Corp	4.2%
Arthur J Gallagher & Co	4.1%
Oracle Corp	4.0%
Zoetis Inc	3.9%
<b>Total</b>	<b>48.4%</b>

Reported as a percentage of total portfolio.

BBH Fund Information Service: (800) 625-5759

Holdings 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.

The allocation effect measures a manager's ability to effectively allocate assets to specific segments, sectors, or industries.

The selection effect measures a manager's ability to select securities within a given segment relative to a benchmark.

## 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.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

**For more complete information, visit [www.bbhffunds.com](http://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.

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. BBH acts as the Fund Administrator and is located at 140 Broadway, New York, NY 10005.

**Not FDIC Insured**

**No Bank Guarantee**

**May Lose Money**

**BBH Fund Information Service: (800) 625-5759**

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