

BBH Select Series - Large Cap Fund

Monthly Fund Update / November 2022

Equity markets rallied sharply in November after responding favorably to declines in inflation, Treasury yields, commodity prices, and the U.S. Dollar. For the month, the BBH Select Series – Large Cap Fund (“the Fund”) gained 7.76%, outperforming the 5.59% gain of the benchmark S&P 500 Index. At the sector level, the Information Technology and Consumer Discretionary sectors exhibited relative strength while the Financials and Communication Services sectors underperformed. The top contributor for the month was semiconductor capital equipment and solutions provider KLA Corp. (KLAC, 24.67%) while the primary detractor was regional banking franchise Signature Bank (SBNY, -12.00%). At the Fund level, allocation (+30 basis points¹) and selection (+192 basis points) were both positive. We added to existing positions in specialty chemical manufacturer Celanese (CE) and semiconductor manufacturer Texas Instruments (TXN). The portfolio concluded the month with 29 holdings, 5.2% cash, and a price to our estimate of intrinsic value² of 79%.

KLA Corporation’s share price appreciated meaningfully during the month as investors took a more favorable view of chip stocks due to earnings reports in late October that were better than expected. Semiconductor stocks performed well in general as measured by the SOX Index;³ KLA and its Wafer Fabrication Equipment industry peers performed particularly well within the group. KLA reported a “beat-and-raise” quarter where management suggested the company has not yet experienced early indications of a cyclical downturn that usually causes customers to delay acceptance of equipment or cancel orders. Despite a consensus view of an impending cycle, KLA continued its strong performance from earlier in the year. In addition to earnings-related performance, shares continued their positive reaction to October’s news that the U.S. would prohibit the export of chips and high-end chipmaking equipment to certain customers in China. The release of specific criteria from the U.S. Commerce Department helped quantify KLA’s exposure to the export controls and served as a clearing event for shares by narrowing the uncertainty around impending regulations. Beyond cyclical and geopolitical concerns, we continue to believe KLA will maintain a leading position in this essential industry.

Signature Bank’s stock price has been under intense pressure throughout the year and November was no exception. This pressure reflects a misunderstanding of the company’s exposure to the crypto ecosystem and disregards the fundamental strengths of the business. Of the bank’s \$103 billion in deposits at the end of the third quarter, roughly \$23 billion emanated from participants in the cryptocurrency and blockchain space; Those deposits came from exchanges, institutional and retail traders, and balances backing stablecoins.⁴ All of the deposits are dollar denominated so the company has no exposure to cryptocurrency price volatility. In addition, Signature has no credit risk associated with crypto and does not act as a custodian for crypto-related assets, nor as a fiduciary for crypto investors. Nevertheless, the turmoil engulfing the crypto ecosystem this year has raised concerns about the cost and durability of Signature’s crypto-related deposits. Given the uncertain trajectory of the crypto markets, Signature has elected to reduce its exposure to the space by running off \$8 billion to \$10 billion of crypto-related deposits. The company is able to fund the runoff with \$7 billion of excess cash on hand and borrowings from the Federal Home Loan Banks. It is worth noting liquidity is not an issue as Signature has over \$33 billion of untapped borrowing capacity – enough to fund the runoff of all its crypto deposits. Despite all the volatility in its crypto deposits, the company’s underlying results have been sound. Signature’s credit quality remains excellent, the balance sheet is well capitalized and liquid, revenues are up over 40%, and earnings per share are up over 50%. It is likely that running off a substantial portion of its crypto deposits will cause the company’s earnings to decline modestly in 2023. Even taking that decline into consideration, the company’s shares are trading for under seven times next year’s expected earnings – a valuation we think is exceptionally compelling.

While we are pleased to see equities and the Fund benefit from a strong recovery in November, we recognize it has been, and will likely continue to be for some time, a challenging investment environment characterized by persistent inflation, higher interest rates, elevated geopolitical tensions, and slowing economies around the globe. Our focus will always remain on businesses characterized by durable cash flow and earnings growth, healthy balance sheets, and attractive valuations. We believe the Fund represents compelling value and is well-positioned to generate attractive returns through the business cycle.

¹ One “basis point” or “bp” is 1/100th of a percent (0.01% or 0.0001).

² BBH’s estimate of the present value of the cash that a business can generate over its remaining life.

³ The PHLX Semiconductor Sector Index (SOX) is a modified market capitalization-weighted index composed of companies primarily involved in the design, distribution, manufacture, and sale of semiconductors.

⁴ Stablecoins are cryptocurrencies whose value is pegged to that of another currency, commodity, or financial instrument.

BBH Fund Information Service: (800) 625-5759

Performance								
As of 11/30/2022	Total Returns			Average Annual Total Returns				Since Inception
	1 Mo.*	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
BBH Select Series - Large Cap Fund (Class I)	7.76%	3.56%	-16.74%	-11.32%	6.33%	N/A	N/A	6.85%
S&P 500	5.59%	3.63%	-13.10%	-9.21%	10.91%	N/A	N/A	12.09%
BBH Select Series - Large Cap Fund (Retail Class)	7.66%	3.51%	-17.01%	-11.66%	5.96%	N/A	N/A	6.41%
S&P 500	5.59%	3.63%	-13.10%	-9.21%	10.91%	N/A	N/A	12.09%
As of 09/30/2022	1 Mo.*	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
BBH Select Series - Large Cap Fund (Class I)	-9.45%	-6.87%	-27.20%	-18.16%	2.79%	N/A	N/A	2.63%
S&P 500	-9.21%	-4.88%	-23.87%	-15.47%	8.16%	N/A	N/A	8.02%
BBH Select Series - Large Cap Fund (Retail Class)	-9.47%	-7.02%	-27.41%	-18.47%	2.44%	N/A	N/A	2.19%
S&P 500	-9.21%	-4.88%	-23.87%	-15.47%	8.16%	N/A	N/A	8.02%

Class I: Net/Gross Expense Ratio (%) 0.70 / 0.70

Retail Class: Net/Gross Expense Ratio (%) 1.05 / 2.68

All performance is net of fees
Sources: BBH & Co. and S&P

* Returns are not annualized.

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses for Retail Class shares to 0.80% until March 1, 2023. 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 November 30, 2022

	Ticker	Inception Date	Total Net Assets (mil)	NAV
Class I	BBLIX	09/09/2019	\$398.4	\$11.94
Retail Class	BBLRX	09/09/2019	\$0.9	\$11.81

Equity Weighting As of November 30, 2022

Common Stock	94.8%
Cash and Cash Equivalents	5.2%
Total	100.0%

Fund Facts As of November 30, 2022

Number of Securities Held	29
Average P/E	26.4
Average Market Cap (bil)	\$250.5
Turnover (Rolling 12-Months)	23.08%
Exclude cash equivalents	

Sector Weighting As of November 30, 2022

Communication Services	6.4%
Consumer Discretionary	10.7%
Consumer Staples	8.1%
Energy	0.0%
Financials	20.6%
Health Care	13.7%
Industrials	12.3%
Information Technology	21.0%
Materials	7.2%
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 November 30, 2022

Berkshire Hathaway Inc	6.5%
Alphabet Inc	6.1%
Mastercard Inc	5.3%
Linde PLC	5.0%
Arthur J Gallagher & Co	4.7%
Progressive Corp	4.1%
Alcon Inc	3.9%
Microsoft Corp	3.8%
Costco Wholesale Corp	3.8%
Waste Management Inc	3.7%
Total	46.9%

Reported as a percentage of total portfolio.

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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.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. 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

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