

# BBH Select Series - Large Cap Fund

Monthly Fund Update / October 2022

Equity markets rebounded sharply in October, reflecting a relative moderation of inflationary factors, stability in the U.S. Dollar and 10-Year Treasury yields, as well as satisfactory corporate earnings. The BBH Select Series – Large Cap Fund (“the Fund”) gained 6.13% for the month compared to 8.10% for the S&P 500. From an attribution perspective, key contributors were Information Technology selection and an overweight position in Financials. Primary detractors included security selection in the Health Care sector and a lack of investment in Energy - a sector that outperformed all other sectors by a wide margin with a gain of almost 25% for the month. At the security level, top contributors included Mastercard (15.61%), Oracle (28.49%), and Berkshire Hathaway (9.49%). Primary detractors included Amazon.com (-9.35%), Pool Corp (-6.18%), and Alphabet (-1.55%). At month-end, the Fund held 29 securities, 46.5% in the top 10, and 6.3% in cash. Turnover during the trailing 12 months was approximately 25%.

Early in the month we increased our position in leading online travel agency Booking Holdings (BKNG). Demand trends for travel, particularly leisure travel, remain healthy despite elevated inflation and high hotel occupancy rates. Excellent cost controls and a strong pricing environment continue to benefit company margins and we are pleased with management’s substantive share repurchase program; year-to-date, the company has repurchased \$4.8 billion in shares, reducing its outstanding shares by 5%. Over the last five years, the share count has declined by 20% and we are encouraged that management is deploying cash in a way we expect will generate considerable long-term shareholder value.

We sold our investment in industrial distributor Pool Corp (POOL). We decided to exit the position for several reasons despite the company being an excellent fit with our investment criteria. First, we wanted to reduce our portfolio exposure to the U.S. residential and commercial real estate markets given current and potential changes to monetary policy. U.S real estate fundamentals have only just begun to deteriorate, and the risk of further material weakening is significant. Second, while we have high conviction the quality and resiliency of the company’s business has improved over the past 15 years, we believe their financial performance guidance in a recessionary environment is overly optimistic. During the last real estate-led recession, Pool’s revenues and profits declined 20% and 45%, respectively. While we do not believe such a level of operating degradation would be repeated, the company’s suggestion that top line and profit declines would range in the low-to-high single-digit range should a normal recessionary environment develop in 2023, seems optimistic. In short, the near-to-medium term operating environment appears challenging, and we believe it is prudent to move to the sidelines.

Our focus remains on earnings and cash flow durability. Like the market, we are pleased to see some moderation of inflation, but acknowledge the fact that these factors remain extremely elevated. We recognize the Federal Reserve’s tools are limited and imprecise with the ability to produce a wide range of outcomes, but take comfort in the view that our clients’ portfolios are well-positioned to endure and potentially even thrive through a full cycle.

Performance								
As of 10/31/2022	Total Returns			Average Annual Total Returns				Since Inception
	1 Mo.*	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
<b>BBH Select Series - Large Cap Fund (Class I)</b>	6.13%	-9.70%	-22.73%	-18.93%	4.33%	N/A	N/A	4.52%
<b>S&amp;P 500</b>	8.10%	-5.86%	-17.70%	-14.61%	10.22%	N/A	N/A	10.50%
<b>BBH Select Series - Large Cap Fund (Retail Class)</b>	6.20%	-9.71%	-22.91%	-19.17%	3.99%	N/A	N/A	4.11%
<b>S&amp;P 500</b>	8.10%	-5.86%	-17.70%	-14.61%	10.22%	N/A	N/A	10.50%
As of 09/30/2022	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>	-9.45%	-6.87%	-27.20%	-18.16%	2.79%	N/A	N/A	2.63%
<b>S&amp;P 500</b>	-9.21%	-4.88%	-23.87%	-15.47%	8.16%	N/A	N/A	8.02%
<b>BBH Select Series - Large Cap Fund (Retail Class)</b>	-9.47%	-7.02%	-27.41%	-18.47%	2.44%	N/A	N/A	2.19%
<b>S&amp;P 500</b>	-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

\* 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.

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

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

Share Class Overview  
As of October 31, 2022

	Ticker	Inception Date	Total Net Assets (mil)	NAV
<b>Class I</b>	BBLIX	09/09/2019	\$371.0	\$11.08
<b>Retail Class</b>	BBLRX	09/09/2019	\$0.8	\$10.97

Equity Weighting  
As of October 31, 2022

Common Stock	93.7%
Cash and Cash Equivalents	6.3%
<b>Total</b>	<b>100.0%</b>

Fund Facts  
As of October 31, 2022

Number of Securities Held	29
Average P/E	24.5
Average Market Cap (bil)	\$233.7
Turnover (Rolling 12-Months)	25.34%
Exclude cash equivalents	

Sector Weighting  
As of October 31, 2022

Communication Services	6.5%
Consumer Discretionary	10.9%
Consumer Staples	8.1%
Energy	0.0%
Financials	21.3%
Health Care	13.8%
Industrials	12.4%
Information Technology	20.1%
Materials	6.9%
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 October 31, 2022

Berkshire Hathaway Inc	6.5%
Alphabet Inc	6.1%
Mastercard Inc	5.3%
Arthur J Gallagher & Co	4.8%
Linde PLC	4.7%
Progressive Corp	4.3%
Costco Wholesale Corp	3.7%
Waste Management Inc	3.7%
Alcon Inc	3.7%
Zoetis Inc	3.7%
<b>Total</b>	<b>46.5%</b>

Reported as a percentage of total portfolio.

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](http://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

BBH Fund Information Service: (800) 625-5759

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