

CAPITAL PARTNERS

BBH Select Large Cap ETF

Quarterly Update | 3Q 2026

Highlights

- Growing the real, after-tax purchasing power of client capital and minimizing the impact substantial market declines have, are differentiating elements of an investment strategy that is constructed of growing, attractively valued, and well-managed businesses with high returns on capital, durable balance sheets, and resilient cash flows.
- During the period of recent market volatility and uncertainty, we have been acting with an aim to improve an already high-quality portfolio to one possessing higher expected levels of economic profit growth and better valuation support.
- We are hyper-focused on managing the risk around artificial intelligence (AI) exposure and continue to diversify while maintaining a level of commitment with some of our long-standing investment disciplines.
- While we remain pleased with the continued strength and performance of the underlying fundamentals of each portfolio company, we were disappointed that this was not reflected in the absolute stock price-driven returns. On a total return net asset value (NAV) basis, the Fund decreased -0.80% for the quarter and is now up +7.3% for the year. The benchmark S&P 500 Index was up +2.3% and 12.7% for each respective period.
- The market experienced a significant valuation reversal and rotation from semiconductors into software, where market leaders began to show signs of being able to integrate and monetize AI.
- Corporate earnings – powered by productivity gains and profit expectations – was the primary driver of the stellar price appreciation in the quarter.

Market overview

In third quarter 2026, the equity markets demonstrated notable resilience in the face of structural headwinds, continued geopolitical concerns, and monetary policy tightening, with the S&P 500 Index up +2.3%. Year-over-year earnings growth for the S&P 500 stands at ~32% which, relative to a normalized rate over a longer-term horizon, suggests the market is overvalued by 15% to 20%. It is our belief that stock prices follow this trajectory of growth and while earnings strength has driven recent broad-based stock price appreciation, this top-line headline has masked a heavily bifurcated market, with market breadth remaining poor and leadership concentrated in just a handful of sectors.

While AI-related disintermediation risks are real, the resulting stock price reaction to them is sometimes

largely sentiment driven; the materiality of the declines is in part due to a changing market structure where nonfundamental investors are today's price setters, controlling 65% to 75% of normal daily trading volume.

Against this backdrop, energy – which continues to benefit from regional conflicts and elevated oil prices – was the best performing sector, up +17.2%. Information technology was up +7.3% and continues to exhibit forward momentum in the face of AI-related capital expenditures; given its weight in the S&P 500, the sector contributed a significant amount to the index total return. Healthcare, commonly viewed as a defensive play, was up +6.5% and was likely viewed as a safety sector against broader macroeconomic risks.

The remaining seven sectors were in negative territory, with utilities and industrials – perceived to be the most impacted by rising long-term bond yields – the worst performing at -12.4% and -9.7% respectively.

Portfolio commentary

The financial results of our portfolio companies were strong, with our recipe for economic value creation – reported returns on invested capital plus implied free cash flow per share growth – attractive on both an absolute and relative basis. Compared to the extreme uncertainty that accompanies the price other market participants are willing to pay for our portfolio companies and those we choose not to own, we feel more in control of the fundamental performance and superior valuation of our portfolio companies.

To that end, our portfolio companies have executed well and have produced solid growth and fundamental economic performance while maintaining appropriately conservative capital structures. These achievements are evident at the aggregate portfolio level, where we have observed attractive growth in revenue, cash flow, and earnings; superior profit margins; returns on capital; and healthy balance sheets. In our view, momentum and high beta continue to drive market performance at the expense of growth, quality, and positive fundamental factors. After making opportunistic adjustments, we remain focused on finding new investments and rebalancing existing portfolio companies in the context of a market environment we view as challenged. For the quarter, the Fund's **two largest detractors to total return** were KLA Corp. (KLAC) and Applied Materials (AMAT) respectively.

KLA (share price -35.3%) was the largest performance detractor, reducing the Fund's total return by ~223 basis points (bps)¹ during the quarter. Shares declined amid growing concerns that export restrictions and escalating geopolitical tensions could dampen demand from China, a critical market for semiconductor equipment spending. Investor sentiment was further pressured by fears that accelerating AI-related investment may pull forward demand, raising questions about the durability of the current wafer fabrication equipment cycle. While these concerns weighed on valuation, the pressure appears more cyclical and policy-driven than structural, as KLA remains a mission-critical supplier of process control and yield management solutions that are essential to increasing semiconductor complexity across both AI and non-AI end markets.

Applied Materials (share price -29.2%) detracted ~124 bps from the Fund's total return during the quarter. Shares declined as investors reassessed the outlook for semiconductor capital spending following heightened trade restrictions, uncertainty around China-related revenue exposure, and concerns that customers may moderate investment after an extended period of robust AI infrastructure spending. The weakness reflected broader apprehension surrounding the pace and sustainability of wafer fabrication equipment demand rather than any company-specific execution issues. While near-term visibility remains subject to geopolitical and cyclical fluctuations, the pressure appears temporary rather than structural, as Applied Materials continues to benefit from long-term semiconductor content growth and increasingly complex manufacturing processes that require greater process intensity across leading-edge and mature-node technologies.

¹ One basis point is equal to 1/100th of 1%, or 0.01%.

These two positions had a large combined average active weight of almost 6% over the quarter-to-date period, and this had a disproportionate negative impact to the Fund's total return. We do not see this selloff as idiosyncratic as fundamentals remain compelling but rather, consider overall softness in the semi-cap space related to AI pacing concerns and general calls for guardrails to be implemented as headwinds. Furthermore, stretched valuations and continued elevated expectations led to profit taking.

For the quarter, the Fund's **two largest contributors to total return** were Microsoft (MSFT) and Apple (AAPL) respectively.

Microsoft (share price +37.8%) was the largest contributor during the quarter, adding ~225 bps to the Fund's total return. Share price performance reflected continued strength in Azure cloud growth, which benefited from robust demand for AI workloads and accelerating adoption of the company's generative AI offerings. Investors responded favorably to evidence that Microsoft's substantial investments in AI infrastructure were translating into increased revenue growth and customer demand across both cloud and productivity platforms. With its unique position spanning cloud infrastructure, enterprise software, and AI applications, Microsoft remains well positioned to benefit from the growing adoption of AI across the global economy.

Apple (share price +15.2%) contributed ~76 bps to the Fund's total return. Share price performance during the period reflected resilient demand across the company's installed base, growing investor confidence in Apple's AI strategy, and the successful launch of its latest iPhone lineup. The stock also benefited from the continued expansion of the higher-margin services segment, which provides recurring revenue streams and strengthens customer engagement within the ecosystem. With more than 2 billion active devices worldwide and a highly loyal customer base, Apple remains well positioned to benefit from long-term growth in premium consumer technology, digital services, and ecosystem-driven spending.

Today's market environment warrants caution in our view, and our portfolio construction process has evolved given changing market dynamics. In an environment that remains highly selective, the Fund's underperformance was exacerbated by our underweight to software. We didn't fully participate in the valuation reversal and rotation into the space, where market leaders are showing signs of being able to integrate and monetize AI. We are hyper-focused on managing the risk around AI exposure and continue to diversify while maintaining a level of commitment with some of our long-standing investment disciplines.

Portfolio activity

During our evaluation of market risk, we took portfolio action intended to reduce AI-centric product and business model disruption and disintermediation risk. We view risk as the likelihood of permanent loss of capital, not volatility or the fear of missing out on returns generated by less constrained strategies or reference benchmarks, and our trading activity during the quarter balanced these risks with the significant fundamental and valuation support the stocks we own offer.

During the quarter, we executed several portfolio rebalancing trades reflective of relative valuation opportunities, risk, and fit with our investment criteria.

Trim: We trimmed Nike, Intuitive Surgical, and Otis, with the goal of rebuilding positions at more attractive valuations and in line with target weights.

Add: We redeployed proceeds and available cash by adding to our positions in Nike, Intuitive Surgical, Otis, Meta, Rockwell Automation, Cadence Design, ServiceNow, Parker Hannifin, and Medtronic.

Initiate: After making these adjustments, we capitalized on relative valuation by initiating a position in Spotify, a

HOLDINGS (AS OF SEPTEMBER 30, 2026)

Holding	Sector	Weight (%)	Holding	Sector	Weight (%)
Microsoft Corp	Information technology	8.18%	JPMorgan Chase & Co	Financials	1.48%
Alphabet Inc	Communication services	6.51%	S&P Global Inc	Financials	1.25%
Apple Inc	Information technology	5.78%	Coca-Cola Co	Consumer staples	1.05%
Amazon.com Inc	Consumer discretionary	5.13%	Analog Devices Inc	Information technology	0.98%
KLA Corp	Information technology	4.07%	Hilton Worldwide Holdings Inc	Consumer discretionary	0.96%
Palo Alto Networks Inc	Information technology	3.95%	Blackrock Inc	Financials	0.96%
Mastercard Inc	Financials	3.93%	Thermo Fisher Scientific Inc	Health care	0.95%
Waste Management Inc	Industrials	3.36%	Procter & Gamble Co	Consumer staples	0.87%
Berkshire Hathaway Inc	Financials	3.31%	ServiceNow Inc	Information technology	0.76%
NVIDIA Corp	Information technology	3.19%	Booking Holdings Inc	Consumer discretionary	0.75%
Linde PLC	Materials	3.06%	Medtronic PLC	Health care	0.74%
Applied Materials Inc	Information technology	3.02%	Abbott Laboratories	Health care	0.71%
Eli Lilly & Co	Health care	2.73%	Home Depot Inc	Consumer discretionary	0.67%
Rockwell Automation Inc	Industrials	2.60%	Ecolab Inc	Materials	0.65%
Cadence Design Systems Inc	Information technology	2.38%	Graco Inc	Industrials	0.65%
Texas Instruments Inc	Information technology	2.32%	Zoetis Inc	Health care	0.60%
Progressive Corp	Financials	2.25%	Spotify Technology SA	Communication services	0.59%
Johnson & Johnson	Health care	2.23%	McDonald's Corp	Consumer discretionary	0.58%
Parker-Hannifin Corp	Industrials	2.22%	Alcon AG	Health care	0.46%
Walmart Inc	Consumer staples	2.06%	Intuitive Surgical Inc	Health care	0.42%
Oracle Corp	Information technology	1.92%	Otis Worldwide Corp	Industrials	0.28%
Meta Platforms Inc	Communication services	1.82%	Compass Group PLC	Consumer discretionary	0.22%
Broadcom Inc	Information technology	1.71%	NIKE Inc	Consumer discretionary	0.21%
Costco Wholesale Corp	Consumer staples	1.61%	Cash and cash equivalents		2.33%
Arthur J Gallagher & Co	Financials	1.54%			

Holdings are subject to change.

high-quality company that builds upon our objective of having a portfolio founded on durable fundamentals that can endure times of market stress (brief investment thesis summary can be found at the end of this quarterly update).

Turnover during the quarter and the year-to-date period was 2.9% and 30.6% respectively.

Outlook

At the end of third quarter 2026, we held positions in 48 companies, with the 10 largest holdings accounting for 47% of total assets. We ended the quarter with a cash position of 2.3%.

In our view, momentum and high beta continue to drive market performance at the expense of growth, quality, and positive fundamental factors. After making opportunistic adjustments, we remain focused on finding new investments and rebalancing existing portfolio companies in the context of a market environment we view as challenged. With a backdrop of interest rate headwinds, geopolitical risk, and still-high market expectations, we remain focused on investing in companies that meet our criteria, have the fundamental characteristics in place that allow for durability in times of economic and market stress, and offer valuation support.

Our goals are multifaceted and include generating strong absolute and relative returns while at the same time,

ensuring we have a portfolio built on durable fundamentals that can endure times of market stress. In order to achieve all these objectives, we have found it imperative to diversify the portfolio – not with the intent to manage tracking error – in order to distribute active share and manage risk that will allow us to both minimize downside capture and participate in the upside. To conclude, our portfolio companies have executed well and produced solid growth and fundamental economic performance while maintaining appropriately conservative capital structures. Given the near- and longer-term outlooks provided by the companies, we are optimistic that these strong trends will continue.

Thank you for your interest in the BBH Select Large Cap ETF. Please reach out if you have any questions.

BBH Large Cap Equity Team

Hayley Xuereb, Chris Stonerook, Anurag Dhanwantri, Eric Yeh, Mark Weber, Rohit Mitter, Antonio Verrico, and Scott Hill

Initiated positions

Spotify is the global leader in audio streaming, operating within a large and underpenetrated market that continues to benefit from the secular transition from traditional media consumption to digital subscription-based audio services. The company's scale advantage is reflected in its industry-leading subscriber base, global reach, and position as the primary platform connecting listeners, creators, artists, and rights holders across the audio ecosystem. Spotify has leveraged this scale to build a powerful recommendation engine, highly personalized user experience, and social features that increase engagement, strengthen customer retention, and lower customer acquisition costs through organic adoption. The company's most important competitive advantage is its role as the leading discovery and distribution platform for music and audio content, creating a self-reinforcing network in which greater listener scale attracts creators, improves content breadth, enhances recommendation quality, and further increases user engagement. Spotify also benefits from growing bargaining power across the music ecosystem due to its strategic importance to artists and labels, supporting the expansion of higher-margin businesses including advertising, creator tools, promotional marketplace services, podcasts, and audiobooks. These advantages contribute to attractive business economics characterized by recurring subscription revenue, demonstrated pricing power, favorable working capital dynamics, limited capital intensity, and strong free-cash-flow conversion. We expect continued subscriber growth, increasing monetization of the platform, and a favorable mix shift toward higher-margin revenue streams to drive sustained economic profit growth over time. Given Spotify's durable competitive advantages, expanding profitability, strong cash-generation potential, and attractive current valuation, we believe the company is well positioned to compound economic value and generate attractive long-term shareholder returns.

PERFORMANCE (AS OF SEPTEMBER 30, 2026)

	Total returns		Average annual total returns					Performance inception
	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since inception	
BBH Select Large Cap ETF NAV	-0.80%	7.26%	7.45%	16.22%	9.45%	–	10.92%	09/09/2019
S&P 500	2.30%	12.75%	15.74%	22.89%	13.79%	–	16.04%	
BBH Select Large Cap ETF Market Price	-0.86%	7.01%	–	–	–	–	9.14%	11/17/2025
S&P 500	2.30%	12.75%	–	–	–	–	14.80%	

Total Annual Fund Operating Expenses (%): 0.71.

Returns of less than one year are not annualized.

All performance is net of fees.

Sources: BBH & Co. and S&P 500

Prior to the close of business on 11/14/25, the ETF operated as an open-end mutual fund (the “Predecessor Fund”). The ETF has the same investment objective, strategies and policies as the Predecessor Fund. The NAV returns prior to 11/17/2025 include the returns of the Predecessor Fund. The Market Price performance does not include Predecessor Fund’s NAV performance and instead reflects the ETF’s Market Price beginning with the ETF’s listing on the exchange. Had the Predecessor Fund been structured as an exchange-traded fund, the performance may have differed. The inception date of the Predecessor Fund was 09/09/2019. The inception date of the ETF is 11/17/2025.

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.

SHARE CLASS OVERVIEW (AS OF SEPTEMBER 30, 2026)

	Ticker	Inception date	Total net assets (mil)	NAV	Upside / Downside capture
BBH Select Large Cap ETF	BBHL	09/09/2019	\$527.2	17.27	84.2% / 100.7%

Equity weighting As of September 30, 2026

Common stock	97.7%
Cash and cash equivalents	2.3%
Other assets in excess of liabilities	0.0%
Total	100.0%

Fund facts As of September 30, 2026

Number of securities held	48
Average P/E	29.3
Average market cap (bil)	\$1,326.0
Turnover (rolling 12-months)	34.4%

Excludes cash equivalents.

Sector weighting As of September 30, 2026

Information technology	39.2%
Financials	15.1%
Industrials	9.3%
Communication services	9.1%
Health care	9.1%
Consumer discretionary	8.7%
Consumer staples	5.7%
Materials	3.8%
Energy	0.0%
Real estate	0.0%
Utilities	0.0%
Total	100.0%

Reported as a percentage of fund securities, excluding cash and cash equivalents.

Top ten companies As of September 30, 2026

Microsoft Corp	8.2%
Alphabet Inc	6.5%
Apple Inc	5.8%
Amazon.com Inc	5.1%
KLA Corp	4.1%
Palo Alto Networks Inc	4.0%
Mastercard Inc	3.9%
Waste Management Inc	3.4%
Berkshire Hathaway Inc	3.3%
NVIDIA Corp	3.2%
Total	47.4%

Reported as a percentage of total holdings.

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.

Free cash flow (FCF) represents the cash that a company generates after accounting for cash outflows to support its operations and maintain its capital assets.

Upside / Downside Capture Ratio compare an investment's performance against its benchmark during periods when the benchmark's performance is positive or negative.

Beta is a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole.

Tracking Error reflects how the performance of a portfolio deviates from the performance of its benchmark.

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.

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

There can be no assurance the Fund will achieve its investment objectives.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemable

For more complete information, visit www.bbh-funds.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.

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