BROWN BROTHERS HARRIMAN

CAPITAL PARTNERS

BBH Select Large Cap ETF

Quarterly Update | 2Q 2026

Highlights

- Preserving capital in periods of economic decline or market stress and the risk management of portfolio management activities for the BBH Select Large Cap ETF (the Fund) are the differentiating elements of an investment strategy that also seeks strong relative returns.
  - 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 AI-exposure and continue to diversify while maintaining a level of commitment with some of our long-standing investment disciplines.
- We remain pleased with the continued fundamental performance of the Fund and are gratified that this was reflected with the absolute stock price-driven returns. On a total return net asset value (NAV) basis, the Fund increased +15.82% for the quarter and is now up +8.13% for the year. The Index was up +15.20% and 10.21% for each respective period.
- Corporate earnings – powered by productivity gains and profit expectations – was the primary driver of the stellar price appreciation in the quarter.
- Strong fundamental performance continues a historical trend we have witnessed for some time, and economic value creation remains very favorable for the Fund on an absolute basis and relative to the Index, as does relative valuation, against a backdrop of very full absolute valuation level.

Market overview

We entered calendar year 2026 with some degree of caution. The S&P 500 Index had just come off its third consecutive year of double-digit returns, while earnings (+6%) and free cash flow per share (+3%) compounded annual growth rates were somewhat pedestrian over the three-year period ending December 2025. Valuations were full and expectations for earnings growth were high, both on an absolute basis and relative to near- and longer-term history, while internal market structures were undergoing a period of dramatic change.

Year-over-year earnings growth for the S&P 500 stands at ~25% which, relative to a normalized rate over a longer-term horizon, suggests the market is overvalued by 10% to 15%. It is our belief that stock prices follow this trajectory of growth and while earnings strength has driven recent broad-based stock price appreciation, nearly half of this has been led by those companies benefiting from the artificial intelligence (AI) spend. Earnings growth for our portfolios companies was ~15% in aggregate year over year, which tracks with subsequent stock price performance of ~16%. 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.

As mentioned in our last quarterly update, the bifurcation between momentum and fundamental metrics has never been more extreme. In today's market environment, price momentum and positive revisions to sell-side analyst estimates are being rewarded, often without regard to valuation or the absolute fundamental performance of a company in respect of the drivers of true economic value creation. Performance measurement and its interpretation should be carefully contemplated given the rapidly changing market structure, and our general goal of transparency and its benefits are only heightened given the significant trade activity experienced of late. This is likely to continue in the near term as we reposition portfolios to pursue our multifaceted investment goals in the context of intense and evolving risks. With the hyperscalers funding the AI infrastructure buildout, and the many diverse companies (some unprofitable) benefiting from their spending, performance measurement and its interpretation should be carefully contemplated. While broad-based profitability and free cash flow margins have been steadily increasing, the market remains highly concentrated. The top 10 stocks in the S&P 500 account for ~37% (almost 52% on a beta-adjusted basis) of the total market capitalization, and this same cohort has accounted for 25% of the returns this year (if we included all "AI Plays", this number will be significantly larger).

Information technology and industrials, two sectors benefiting from the AI infrastructure buildout, returned +32% and +15% respectively in the quarter, contributing almost 1,200 basis points (bps)[1] to the market's total return. Consumer discretionary (+9%) was also strong, driven by large tax refunds and a revival of spending after inflation concerns eased. On the flip side, the energy sector – after a robust first quarter – was in negative territory (-13%) due to falling oil prices, revised earnings expectations from some of the supermajors, and profit taking by investors.

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. Net earnings and free cash flow per share grew 13% and 11%, respectively, for the Fund over the three-year trailing period vs. 7% and -2%, respectively, for the Index over the same time period.

EXHIBIT I

	3 years		5 years	
	Fund	S&P 500	Fund	S&P 500
Growth				
EPS (CAGR)	12.7%	6.5%	15.9%	7.8%
Free cash flow (CAGR)	11.2%	-2.1%	12.8%	4.4%
Quality				
Return on invested capital (avg)	22.5%	10.3%	21.5%	9.6%
Net debt/EBITDA (avg)	0.89x	1.38x	0.84x	1.36x

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

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 Zoetis (ZTS) and Nike (NKE) respectively.

Zoetis (share price -39%) was the largest performance detractor, reducing the Fund's total return by ~44 bps during the quarter. Shares declined following a disappointing first quarter 2026 earnings report after the company missed revenue and earnings expectations and lowered forward guidance, calling into question the long-held view that pet healthcare spending remains highly resilient across economic cycles. Earnings misses – particularly among inexpensive or weak momentum stocks – are being punished more severely than historical standards, and the shortfall was concentrated in the U.S. companion animal business, where greater price sensitivity among pet owners, fewer veterinary visits, and heightened competition weighed on demand. With the softness largely specific to U.S. companion animal, the pressure appears more cyclical and competitive than a structural change in the long-term durability of the industry.

Nike (share price -22%) detracted ~36 bps from the Fund's total return during the quarter. The decline in share price stems from the company's recent financial weakness, driven by an ongoing sales slump in China, intense global competition, and supply chain disruptions like elevated tariffs. These factors – along with a slow-moving turnaround strategy under CEO Elliott Hill – have led to declining direct-to-consumer sales and squeezed profit margins.

For the quarter, the Fund's ***two largest contributors to total return*** were KLA Corp (KLAC) and Applied Materials (AMAT) respectively.

KLA (share price +105%) was the largest contributor during the quarter, adding ~428 bps to the Fund's total return. KLA provides process-control, inspection, and metrology solutions that are critical to semiconductor manufacturing, particularly as chip complexity increases in advanced logic and high-performance computing. Share price performance reflected an exceptionally strong second quarter 2026 print, when the company recorded record revenue and free cash flow, and raised earnings guidance, citing AI demand as a core growth driver. KLA sits at the center of AI-driven semiconductor manufacturing, and the stock has been highly responsive to this changing sentiment with continued confidence that their leading market share in defect inspection and metrology positions it to benefit from next generation nodes, including 2- and 1-nanometer technologies at leading foundries, as well as long-term growth in advanced packaging and power semiconductors.

Applied Materials (share price +112%) contributed ~287 bps to the Fund's total return. Applied Materials develops, manufactures, and services semiconductor wafer fabrication equipment and spare parts for the global semiconductor industry. Share price performance during the period reflected continued strength in global demand for AI infrastructure, which boosted sales and growth in semiconductor equipment, DRAM memory, advanced packaging, and leading-edge logic chips. With market share in the high teens, Applied Materials is a direct beneficiary of incremental capital spending required to support higher production volumes at leading semiconductor manufacturers. The company's stock also benefited from strong second quarter results, with management reiterating that they expect demand to continue an upward trajectory in the second half of this year.

In our view, today's market environment warrants caution, and our portfolio construction process has evolved given changing market dynamics. 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. While this work will continue and is a constant focus of our analytical and portfolio management activities, we expect it to slow in the near term given the sharp recovery in market prices and still-elevated levels of policy-induced risk. We remain focused on finding new investments that meet our investment criteria and are attractively valued, we do so in the context of a market environment we view as challenged, with risks evident on many fronts.

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. We opportunistically ***trimmed*** some of our top performers and re-balanced the consumer and health care sectors; our positions in Thermo Fisher Scientific, Alcon, Proctor & Gamble, Applied Materials, Nike, and McDonald's are now better aligned with target weights.

We ***exited*** Novo Nordisk, due primarily to investment related reasons.

HOLDINGS (AS OF JUNE 30, 2026)

Holding	Sector	Weight (%)	Holding	Sector	Weight (%)
Alphabet Inc	Communication services	6.69	JPMorgan Chase & Co	Financials	1.45
KLA Corp	Information technology	6.25	S&P Global Inc	Financials	1.28
Microsoft Corp	Information technology	5.90	Meta Platforms Inc	Communication services	1.14
Apple Inc	Information technology	4.98	Hilton Worldwide Holdings Inc	Consumer discretionary	0.99
Amazon.com Inc	Consumer discretionary	4.87	Coca-Cola Co	Consumer staples	0.98
Applied Materials Inc	Information technology	4.24	Analog Devices Inc	Information technology	0.97
Mastercard Inc	Financials	3.65	Blackrock Inc	Financials	0.87
Waste Management Inc	Industrials	3.64	Procter & Gamble Co	Consumer staples	0.87
Palo Alto Networks Inc	Information technology	3.36	Home Depot Inc	Consumer discretionary	0.83
Linde PLC	Materials	3.32	Booking Holdings Inc	Consumer discretionary	0.82
Berkshire Hathaway Inc	Financials	3.30	Intuitive Surgical Inc	Health care	0.71
Eli Lilly & Co	Health care	2.81	Thermo Fisher Scientific Inc	Health care	0.70
NVIDIA Corp	Information technology	2.77	McDonald's Corp	Consumer discretionary	0.68
Rockwell Automation Inc	Industrials	2.45	Ecolab Inc	Materials	0.66
Texas Instruments Inc	Information technology	2.45	Abbott Laboratories	Health care	0.65
Progressive Corp	Financials	2.35	Graco Inc	Industrials	0.63
Cadence Design Systems Inc	Information technology	2.33	Zoetis Inc	Health care	0.61
Walmart Inc	Consumer staples	2.22	Alcon AG	Health care	0.48
Johnson & Johnson	Health care	2.12	Medtronic PLC	Health care	0.43
Parker-Hannifin Corp	Industrials	2.12	Compass Group PLC	Consumer discretionary	0.24
Oracle Corp	Information technology	2.03	NIKE Inc	Consumer discretionary	0.19
Broadcom Inc	Information technology	1.83	Otis Worldwide Corp	Industrials	0.19
Costco Wholesale Corp	Consumer staples	1.64	ServiceNow Inc	Information technology	0.05
Arthur J Gallagher & Co	Financials	1.54	Cash and cash equivalents		4.72

Holdings are subject to change.

We re-deployed proceeds by ***adding*** them to our positions in Parker-Hannifin, Graco, Intuitive Surgical, Blackrock, Palo Alto Networks, Microsoft, Home Depot, Hilton, Abbott Labs, Johnson & Johnson, Eli Lilly, Broadcom, and Nvidia – names that we have a high degree of conviction in – as well as where we felt like the share price performance provided valuation support.

We had the opportunity to ***initiate*** a position in both Medtronic and Meta Platforms, two high-quality companies. Medtronic is a leading global medical technology company with durable competitive advantages built on decades of innovation, scale, and broad exposure across high-value therapeutic areas including cardiovascular, neuroscience, and surgical intervention. The company is entering a meaningful new product cycle that we believe is being underappreciated by investors. Meta Platforms is a pre-eminent global social media platform with a leading share of digital advertising, supported by rising engagement across Facebook, Instagram, WhatsApp, Reels, and newer surfaces like Threads. Despite fragmentation from Amazon and TikTok, Meta remains one of two scaled winners with a structurally advantaged measurement and demand-aggregation engine.

Turnover during the quarter was 10.4%. While lower relative to recent periods, this represents a period of market volatility and uncertainty, and where we have been thoughtful about improving an already high-quality portfolio to one possessing higher expected levels of economic profit growth and better valuation support.

Outlook

At the end of second quarter 2026, we held positions in 47 companies, with the 10 largest holdings accounting for 47% of total assets. We ended the quarter with a cash position of 4.7%.

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 downsize 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

PERFORMANCE (AS OF JUNE 30, 2026)

	Total returns		Average annual total returns					
	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since inception	Performance inception
BBH Select Large Cap ETF NAV	15.82%	8.13%	13.82%	15.53%	9.93%	—	11.48%	09/09/2019
S&P 500	15.20%	10.21%	22.32%	20.61%	13.41%	—	16.29%	
BBH Select Large Cap ETF Market Price	15.85%	7.94%	—	—	—	—	10.08%	11/17/2025
S&P 500	15.20%	10.21%	—	—	—	—	12.22%	

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 JUNE 30, 2026)

	Ticker	Inception date	Total net assets (mil)	NAV	Upside / Downside capture
BBH Select Large Cap ETF	BBHL	09/09/2019	$537.8	17.41	86.3% / 99.1%

Equity weighting As of June 30, 2026	
Common stock	95.3%
Cash and cash equivalents	4.7%
Other assets in excess of liabilities	0.0%
Total	**100.0%**

Fund facts As of June 30, 2026	
Number of securities held	47
Average P/E	33.4
Average market cap (bil)	$1,089.9
Turnover (rolling 12-months)	34.4%

Excludes cash equivalents.

Sector weighting As of June 30, 2026	
Information technology	39.0%
Financials	15.1%
Industrials	9.5%
Consumer discretionary	9.0%
Health care	8.9%
Communication services	8.2%
Consumer staples	6.0%
Materials	4.2%
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 June 30, 2026	
Alphabet Inc	6.7%
KLA Corp	6.3%
Microsoft Corp	5.9%
Apple Inc	5.0%
Amazon.com Inc	4.9%
Applied Materials Inc	4.2%
Mastercard Inc	3.6%
Waste Management Inc	3.6%
Palo Alto Networks Inc	3.4%
Linde PLC	3.3%
Total	**46.9%**

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.

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.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.

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

BBH

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