

CAPITAL PARTNERS

BBH Select Series - Large Cap Fund

Quarterly Update | 3Q 2025

Highlights

- During third quarter 2025, most portfolio companies in the BBH Select Series – Large Cap Fund (the Fund) reported second quarter 2025 results and provided near- and longer-term guidance.
- Overall results were mixed, with strong growth in earnings contrasting with downward revisions to expectations. The financial results of the portfolio companies in the Fund were strong on an absolute basis and compared favorably to the benchmark S&P 500 Index (the Index).
- We would characterize forward guidance by the portfolio companies in the Fund as cautious near term and highly confident medium to longer term.
- The absolute stock price-driven total returns of the Fund have been solid, in line with expected economic profit growth and current income generation levels we model at normalized levels. On a total return net of fee basis, the Fund increased 5.07% for the quarter, bringing the year-to-date return to 14.05%. The Index increased 8.12% and 14.83% respectively, reaching an all-time high.
- We have experienced very different market dynamics in the last 18 months, characterized by periods of large-cap technology dominance and two separate and historic low-quality rallies that worked to bookend policy-induced growth and economic risk scares in the early part of this year. However, we took advantage of market volatility to engage in several rebalancing trades and initiated a position in a company whose fundamental characteristics are attractive on both an absolute and relative basis, operates in an industry structure that remains intact, and where the valuation was compelling.
- We remain pleased with the year-to-date fundamental performance of the Fund, continuing trends we have seen for some time. Fundamental performance driving 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 2025 with a high degree of caution. The S&P 500 had just come off its second consecutive year of approximate 25% returns, while earnings and free cash flow per share growth were essentially flat over the two-year period. 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 structure was undergoing a period of dramatic change.

While stock price volatility has been very significant, in the context of history we have seen far greater extremes. However, what is truly unique about the stock price-driven return profile during this period is that it is almost entirely fueled by reflexive bursts of sentiment. This is driving abrupt changes in the factors driving price movements, as the underlying economic backdrop is far more stable, one characterized by moderation in both economic growth and inflation. While the shifts in sentiment have worked to benefit both ends of the quality and risk spectrum, the policy-induced growth and economic risk scare in the early part of this year rewarded quality companies and those that possess the highest levels of financial stability. But the very powerful low-quality rallies that book-end that brief mid-February through early-April period have proven to be overwhelming in terms of what's driving relative stock price returns in the U.S. large cap universe, at least during this relatively brief 18-month period.

With first quarter 2025 experiencing a decline of almost 5% and the threat of widespread tariffs dampening the growth outlook, the second and third quarters saw the Index increase ~11% and ~8%, respectively. With price momentum (at the expense of fundamental stability and quality) – led by artificial intelligence (AI) enthusiasm and the Fed rate cut – driving the continued rise in market prices against a resilient, albeit cautionary, macro backdrop, we argue on maintaining patience until we observe a correction in either market prices or future expectations for growth.

Information technology and communication services continued their leadership role, with both sectors returning 13% and 11% respectively, contributing almost 550 basis points (bps)¹ to the market's total return. The consumer discretionary sector was also strong, returning 9%. This was driven by continued consumer spending habits, expectations for future rate cuts, and broader market rotation into cyclicals. On the flip side, defensive sectors remained weak in the face of a risk-on environment, and consumer staples was the lone sector in negative territory, returning -2%.

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, over the three-year trailing period. This compares very favorably to the Index, where net earnings increased 7% but free cash flow per share decreased by 2%.

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. While the Fund is more fully valued than we have historically observed given the strong equity markets we experienced over the past several years, the valuation remains supportive on an absolute basis and is attractive relative to the Index.

EXHIBIT I				
	3 years		5 years	
	Fund	S&P 500	Fund	S&P 500
Growth				
EPS (CAGR)	12.9%	6.5%	16.0%	7.8%
Free cash flow (CAGR)	11.2%	-2.1%	12.8%	4.4%
Quality				
Return on invested capital (avg)	22.8%	10.3%	21.8%	9.6%
Net debt/EBITDA (avg)	0.90x	1.38x	0.85x	1.36x

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

For the quarter, the Fund's largest **detractor** to total return was **Alcon** (ALC).

ALC returned (-15.6%) for the quarter, which represented a 34-bp detractor from the Fund's total return. The decline in share price was largely a result of the company lowering its full-year sales outlook in May 2025 due to tariffs and competitive pressures, although they continue to see strong growth in their vision care segment, which outperformed surgical. The company hosted an investor day earlier this year and we were very encouraged by the level of innovation at the company that should result in sustained growth as well as the rebound in the company's financials, particularly free cash flow, which has been an integral part of our investment thesis since we took a position in the stock in 2019 when the company spun off from Novartis. We continue to maintain a high level of conviction both in the business fundamentals as well as the company's stock.

For the quarter, the Fund's largest **contributor** to total return was **Alphabet** (GOOG).

GOOG returned (37.4%) for the quarter, which represented a 209-bp contribution to the Fund's total return. GOOG reported second quarter results that exceeded expectations on most key metrics. Strong performance in the Search segment helped to dispel concerns about potential disruption by generative AI-focused competitors. In addition, the Google Cloud segment demonstrated continued progress in gaining share relative to its hyperscaler competitors and in expanding profitability. From a product perspective, GOOG saw rapid uptake of its key AI offerings during the quarter, with downloads of Gemini surpassing that of ChatGPT, showcasing the strength of its AI innovation.

Beyond the strength in GOOG's fundamental performance, U.S. District Court Judge Amit Mehta issued his remedies ruling in relation to the Search Distribution antitrust lawsuit brought by the Department of Justice (DOJ). The remedies were more benign than many feared and lifted a major overhang on GOOG.

Over any period, stock prices reflect the confluence of many factors as well as the perspectives of myriad other investors, both active and passive, that do not share our perspectives on risk, fundamental economic value creation, or how to properly measure it. Regardless of these other views, over the long term, we believe that it is a reasonable and an economically sound premise that the price of stocks should follow their growth in free cash flow per share and that attractive valuations support economic upside and mitigate risk. This will remain our focus as we seek to deliver both strong absolute and relative after-tax returns over the long term.

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. While 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 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. Specifically, we have and will continue to trim and sell portfolio companies when valuations increase to levels we believe to be in excess of the range of reasonable economic outcomes implied by current stock prices. Conversely, we may add new portfolio companies that meet our investment criteria and may add to existing portfolio company positions when valuations are at levels we believe to be attractive to that same range of reasonable economic outcomes.

To that end, we were able to initiate a position in **ServiceNow**, a high-quality company whose leading innovation, product architecture advantages, and the ability to deliver compelling customer value through automation and integration support, underpin their financial profile and our investment thesis.

During the quarter, we made several portfolio rebalancing trades reflective of relative valuation opportunities, risk, and fit with our investment criteria. Turnover during the quarter was modest, at 3.5%. While low relative to recent activity, this represents the select opportunity with pockets of valuation support.

We trimmed positions in **Berkshire Hathaway**, **Linde**, and **Oracle** based on strength in performance and to manage overall portfolio balance and weightings. We deployed these proceeds into the above-mentioned purchase and added to names that we still have a high degree of conviction in, as well as where we felt like the share price performance provided valuation support. These included **Nike**, **Adobe**, and **Otis**. We also continued to build our position in **Walmart**, which we initiated earlier this year.

Outlook

At the end of third quarter 2025, we held positions in 35 companies, with the ten largest holdings accounting for 53% of total assets. As of August 1, 2025, the Fund was trading at ~94% of our underlying base estimate of intrinsic value, which compares to ~116% for the Index. We ended the quarter with a cash position of 0.69%.

In our view, today's market environment warrants caution and, 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.

Specifically, with a backdrop of decelerating economic growth, extreme policy uncertainty and geopolitical risk, and still-high market expectations relative to history, we remain focused and committed to investing in companies that meet our qualitative criteria, have the fundamental financial characteristics in place that allow for durability in times of economic and market stress, and offer valuation support.

To conclude, our portfolio companies have executed well and produced solid growth and fundamental economic

HOLDINGS (AS OF SEPTEMBER 30, 2025)

Holding	Sector	Weight (%)
Alphabet Inc	Internet	7.24
Microsoft Corp	Software	7.23
KLA Corp	Semiconductors	6.94
Oracle Corp	Software	6.21
Mastercard Inc	Diversified Finan Serv	5.66
Berkshire Hathaway Inc	Insurance	4.59
Amazon.com Inc	Internet	4.46
Waste Management Inc	Environmental Control	3.59
Arthur J Gallagher & Co	Insurance	3.47
Apple Inc	Computers	3.46
Booking Holdings Inc	Internet	3.44
Linde PLC	Chemicals	3.38
S&P Global Inc	Commercial Services	2.69
Progressive Corp	Insurance	2.58
Abbott Laboratories	Healthcare-Products	2.52
Applied Materials Inc	Semiconductors	2.52
Thermo Fisher Scientific Inc	Healthcare-Products	2.46
Zoetis Inc	Pharmaceuticals	2.28
Automatic Data Processing Inc	Commercial Services	2.21
Adobe Inc	Software	2.03
Walmart Inc	Retail	2.01
NIKE Inc	Apparel	2.00
Cadence Design Systems Inc	Software	1.90
Alcon AG	Healthcare-Products	1.77
Costco Wholesale Corp	Retail	1.73
Otis Worldwide Corp	Machinery-Diversified	1.61
NVIDIA Corp	Semiconductors	1.58
ServiceNow Inc	Software	1.55
Texas Instruments Inc	Semiconductors	1.50
Eli Lilly & Co	Pharmaceuticals	1.39
Procter & Gamble Co	Cosmetics/Personal Care	0.99
McDonald's Corp	Retail	0.97
Cash and cash equivalents		0.69
Analog Devices Inc	Semiconductors	0.59
Coca-Cola Co	Beverages	0.43
Novo Nordisk A/S	Pharmaceuticals	0.31

Holdings are subject to change.

performance while maintaining appropriately conservative capital structures. Given the near- and longer-term outlooks provided by the companies in the Fund, we are optimistic that these strong trends will continue and that the differentiated financial attributes will be better recognized by other investors in the future, improving the stock price performance of the Fund relative to the Index over time.

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

BBH Large Cap Equity Team

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PERFORMANCE (AS OF SEPTEMBER 30, 2025)

	Total returns		Average annual total returns			
	3 mo.	YTD	1 yr.	3 yr.	5 yr.	Since inception
Class I	5.07%	14.05%	10.66%	21.33%	12.89%	11.50%
Benchmark	8.12%	14.83%	17.60%	24.94%	16.47%	16.09%

Class I inception date: 09/09/2019

Class I net/gross expense ratio (%) 0.71 / 0.71

Returns of less than one year are not annualized.

Brown Brothers Harriman & Co., through a separately identifiable department ("Investment Advisor") has contractually agreed to limit the Total Annual Fund Operating Expenses of the BBH Select Series Large Cap Fund to 0.80% through March 1, 2026. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees. Funds redeemed within 30 days of purchase are subject to a redemption fee of 2%

Performance data quotes 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 redeemed, 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. Shares redeemed within 30 days of purchase are subject to a redemption fee of 2%.

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.

Sources: BBH & Co. and S&P

SHARE CLASS OVERVIEW (AS OF SEPTEMBER 30, 2025)

	Ticker	Inception date	Total net assets (mil)	NAV	Upside / Downside capture
Class I	BBLIX	09/09/2019	\$525.3	\$17.61	90.9% / 103.8%

Equity weighting As of September 30, 2025	Sector weighting As of September 30, 2025	Top ten companies As of September 30, 2025
Common stock 99.3%	Information technology 35.8%	Alphabet Inc 7.2%
Cash and cash equivalents 0.7%	Financials 19.1%	Microsoft Corp 7.2%
Other assets in excess of liabilities 0.0%	Consumer discretionary 10.9%	KLA Corp 6.9%
Total 100.0%	Health care 10.8%	Oracle Corp 6.2%
	Industrials 7.5%	Mastercard Inc 5.7%
	Communication services 7.3%	Berkshire Hathaway Inc 4.6%
	Consumer staples 5.2%	Amazon.com Inc 4.5%
	Materials 3.4%	Waste Management Inc 3.6%
	Energy 0.0%	Arthur J Gallagher & Co 3.5%
	Real estate 0.0%	Apple Inc 3.5%
	Utilities 0.0%	Total 52.8%
	Total 100.0%	Reported as a percentage of total holdings.
	Reported as a percentage of fund securities, excluding cash and cash equivalents.	

Holdings are subject to change. Totals may not sum due to rounding.

Price to Intrinsic Value is defined as the weighted average market value of the portfolio securities as a percentage of what BBH estimates to be the present value of the cash that the portfolio's businesses can generate and distribute to shareholders over the businesses' remaining life.

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.

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

Investing in small or medium sized companies typically exhibit greater risk and higher volatility than larger, more established companies.

Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile or may decline shortly after the IPO. Asset allocation decisions by a large investor or an investment adviser, particularly large redemptions, may adversely impact remaining Fund shareholders.

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.

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