

BBH Select Series - Mid Cap Fund

Quarterly Fund Update / 3Q 2024

3Q Highlights

- The BBH Select Series – Mid Cap Fund increased 8.1% in the third quarter of 2024 on a total return basis, while the Russell Midcap Index increased 9.2%.
- Our portfolio companies continued to deliver strong fundamental results, helping to partially offset the sector allocation headwinds.
- As we approach a potentially volatile year-end, we are confident investing in or adding to companies that meet our criteria, even if temporarily out of favor or experiencing share price weakness.

The BBH Select Series – Mid Cap Fund (the Fund) increased 8.1% in the third quarter of 2024 on a total return basis, while the Russell Midcap Index (the Index) increased 9.2%. For the year-to-date (YTD) 2024, the Fund increased by 13.0% on a total return basis, while the Index increased 14.6%. Since its inception on May 24, 2021, the Fund has increased by an average annual total return of 6.0% compared to an increase of 5.6% for the Index.

During the third quarter, the market experienced a significant broadening out beyond U.S. mega-cap technology companies as mid-caps outperformed large-caps, international outperformed U.S., value outperformed growth, and utilities outperformed technology by more than 14 percentage points. The catalyst for this rotation was continued economic easing and lower inflation culminating in a half-point cut of the federal funds rate by the Federal Reserve at its September meeting. The initial beneficiaries of recent rate cuts include sectors that are typically a weaker fit with our criteria, owing to their lower profitability, higher leverage, and fewer opportunities for organic growth. Against this backdrop, our portfolio companies continued to deliver strong fundamental results, helping to partially offset the sector allocation headwinds.

In the third quarter, utilities were again the top performing sector up 19.0%. Utilities continue to benefit from a mix of defensive positioning alongside enthusiasm for artificial intelligence (AI), which is driving demand for electricity. Real estate and industrials were the next strongest sectors, up 16.3% and 11.7%, respectively. Energy saw the weakest performance, down -1.7%, as economic demand softened. Consumer staples and information technology were also weak, up only 3.8% and 4.5%, respectively. The fund has no current allocation to utilities, which was the biggest sector headwind, and our overweight in information technology was also a headwind. These headwinds were the key drivers of underperformance this quarter, only partially offset by strong fundamental operating performance of our portfolio companies.

Performance As of September 30, 2024							
	Total Returns		Average Annual Total Returns				
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	8.10%	13.02%	28.03%	6.46%	N/A	N/A	6.01%
Benchmark	9.21%	14.63%	29.33%	5.75%	N/A	N/A	5.59%

Class I Inception: 05/24/2021
Class I: Net/Gross Expense Ratio (%) 0.90 / 2.29

Returns of less than one year are not annualized.

The Brown Brothers Harriman & Co., through a separately identifiable department (“Investment Advisor”) has contractually agreed to limit the Total Annual Fund Operating Expenses excluding certain expenses to 0.90% through March 1, 2025. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund’s Board of Trustees.

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 Russell Midcap Index, the Fund’s benchmark, is a market capitalization-weighted index comprised of approximately 800 publicly traded U.S. companies with market caps of between \$1 and \$66 billion. The index is not available for direct investment. The composition of the index is materially different than the Fund’s holdings.

Sources: BBH & Co. and Russell

BBH Fund Information Service: (800) 625-5759

Portfolio Contribution

For the quarter, the Fund's largest positive contributors were **Guidewire Software Inc.** (Guidewire) and **CBRE Group Inc.** (CBRE).

Guidewire returned 32.7% and ended the quarter as our largest holding with a weight of 6.1%. Guidewire is the leading provider of core systems software to the property and casualty (P&C) insurance industry. Guidewire reported strong fiscal Q4 results and provided initial fiscal 2025 guidance above expectations. Guidewire is executing extremely well across all categories. Sales momentum is strong, with good cloud deal wins at both new customers and existing customer migrations. Deal conversations are accelerating, and the faster growth of fully ramped contract values demonstrates the increasing scope of deal wins and the multi-year growth visibility. The strong top line growth is matched by margin expansion, which is ahead of the multi-year targets Guidewire issued a few years ago. Importantly, the growth and margin are flowing through to the bottom line, with \$177M of fiscal 2024 free cash flow representing a meaningful inflection for the company. Guidewire remains poised to benefit as the clear market leader serving a growing P&C insurance customer base that increasingly relies on its solutions.

CBRE returned 39.7% and ended the quarter with a weight of 4.2%. CBRE is the leading commercial real estate services firm and our newest addition to the portfolio. CBRE reported a strong Q2 and raised guidance for the full year. Q2 profitability and cash flow exceeded expectations as Global Workforce Solutions (GWS) and Advisory segments both delivered double-digit net revenue growth for the first time in 18 months. CBRE also quickly and impressively addressed some cost escalation that negatively impacted Q1. Beyond the immediate results, management continues to thoughtfully invest cash flow in a combination of M&A and counter-cyclical development opportunities that set up the company for both attractive returns over the next couple of years as well as enhancing the resiliency of the overall business.

The Fund's largest detractors to performance in the quarter were **Entegris Inc.** (Entegris) and **LPL Financial Holdings Inc.** (LPL).

Entegris declined -16.8% during the quarter, ending with a weight of 4.8%. Entegris is a key supplier to the semiconductor industry of essential filtration products, materials, and related delivery equipment. Entegris reported good Q2 results with revenue above expectations and EPS in-line. However, the company guided to a slower second half recovery than they had previously expected. Q2 results demonstrated improved growth across all three business segments and further gross margin improvement. End market demand remains solid from advanced logic foundry customers like TSMC, but other end markets like industrial and automotive semiconductors have slowed, leading Entegris to reduce its full year revenue target by 1.5 percentage points to 7%, which will out-grow its end markets by 4%. Despite an elongated semiconductor cycle recovery, the company continues to see substantial opportunities for additional business wins with customers in 2025 tied to technology transitions, including two nanometer chips, gate-all-around architectures, and new materials such as molybdenum in 3D NAND manufacturing.

LPL declined -16.6% during the quarter, ending with a weight of 2.8%. LPL is the nation's largest independent broker dealer and a leader in the retail investor financial advice market. LPL announced strong second quarter results ahead of consensus, with higher gross profit driven primarily by strong sales-based commissions as well as modest beats on other asset-based fees, partially offset by higher core and promotional expenses. Recruiting continued to be strong, driving net new asset (NNA) growth of 8.1% for the quarter, with a new quarterly high in the traditional independent market supported by another solid quarter across new affiliation models such as strategic wealth, employee, and enhanced registered investment advisor (RIA) offerings. Retention remains resilient, in line with the 98% average over the last four quarters; however, cash balances continued to decline and sweep rates also look likely to come down, alongside lower interest rates, competitive pressure, and increased regulatory scrutiny.

Holdings As of September 30, 2024	
Guidewire Software Inc	6.1%
Brown & Brown Inc	5.1%
Watsco Inc	5.0%
Entegris Inc	4.8%
CBRE Group Inc	4.2%
Shift4 Payments Inc	3.9%
GXO Logistics Inc	3.9%
AptarGroup Inc	3.9%
Zebra Technologies Corp	3.8%
Advanced Drainage Systems Inc	3.8%
GFL Environmental Inc	3.8%
Bruker Corp	3.7%
Arista Networks Inc	3.5%
Globant SA	3.4%
Aspen Technology Inc	3.4%
HEICO Corp	3.3%
Wyndham Hotels & Resorts Inc	3.1%
Vulcan Materials Co	3.0%
Take-Two Interactive Software Inc	2.9%
Crown Holdings Inc	2.9%
ICON PLC	2.9%
LPL Financial Holdings	2.8%
Darling Ingredients Inc	2.7%
Bright Horizons Family Solutions Inc	2.6%
Toro Co	2.2%
NVR Inc	2.1%
Mister Car Wash Inc	1.4%
AMN Healthcare Services Inc	1.2%
Cash & Cash Equivalents	4.7%
Holdings are subject to change.	

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Portfolio Changes

During the quarter we trimmed holdings in **Advanced Drainage Systems Inc.**, **AMN Healthcare Services Inc.**, **Bright Horizons Family Solutions Inc.**, **Brown & Brown Inc.**, **Crown Holdings Inc.**, **Guidewire Software Inc.**, **Take-Two Interactive Software Inc.**, and **Watsco Inc.** The largest trims were Guidewire and Brown & Brown, based on their strong quarterly performance and already large portfolio weight. Brown & Brown has continued to benefit from a hard insurance rate market alongside a robust economic backdrop and astute capital allocation focused on accretive M&A. Advanced Drainage, Bright Horizons, Take-Two, and Watsco were also opportunistic based on strong performance.

We continued to reduce Crown Holdings following weaker management execution relative to their long-term targets, although we are pleased that the industry backdrop for aluminum can volumes has recently improved, resulting in strong positive share price performance in the quarter. We also trimmed AMN following disappointing performance, as demand for temporary nurse staffing has fallen below pre-COVID levels, compounded by increased competitive intensity from private peers. We are encouraged that the previous CFO, whom we hold in high regard, is returning to AMN next month with an expanded role as both CFO and COO.

Proceeds from the above trims were added to existing positions in **GFL Environmental Inc.**, **GXO Logistics Inc.**, **Icon PLC**, and **CBRE**. These additions were based largely on relative valuation. GFL was the largest addition and continues to execute well, with a beat in the quarter on both the top and bottom lines and a raise to full year guidance. The company continues to display strong pricing power and margin expansion despite volume headwinds from intentional shedding of low-margin business, leading us to materially increase our estimate of intrinsic value. GFL has also initiated a sale process for its Environmental Services segment, which should accelerate the company's deleveraging and further enhance shareholder value.

Our turnover¹ during the quarter was 1.0%. Again, we were able to proactively reduce the portfolio weight of certain holdings by not purchasing shares alongside Fund inflows. The Fund's turnover for the last twelve months was 4.2%.

Conclusion

At the end of third quarter 2024, we held positions in 28 companies with 44% of assets in the 10 largest holdings. As of September 30th, the Fund was trading at 91% of our underlying intrinsic value² estimates on a weighted-average basis. We ended the quarter with a cash position of 4.7%.

One of our greatest advantages as investors is time arbitrage: focusing on long-term investment outcomes while looking beyond short-term volatility and market sentiment. We approach each investment with an expected holding period of three to five years, though we aim to retain many positions for longer. This contrasts sharply with broader market behavior, where stock prices are often driven disproportionately by near-term expectations over the next few quarters.

As a result, we are confident investing in or adding to companies that meet our criteria, even if temporarily out of favor or experiencing share price weakness. This conviction is underpinned by businesses with multiple structural growth drivers, led by management teams that share our long-term vision: investing during periods of market softness to strengthen their competitive edge and expand their addressable markets. As we approach a potentially volatile year-end, we are actively seeking such opportunities.

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

Sincerely,



Timothy F. Harris
Fund Manager



¹ Turnover is defined as the lesser of purchases or sales divided by the average total portfolio market value for that time period.

² The weighted average percentage of intrinsic value represents the 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.

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Share Class Overview As of September 30, 2024				
	Ticker	Inception Date	Total Net Assets (mil)	NAV
Class I	BBMIX	05/24/2021	\$452.1	\$12.15

Equity Weighting As of September 30, 2024	
Common Stock	95.3%
Cash and Cash Equivalents	4.7%
Total	100.0%

Fund Facts As of September 30, 2024	
Number of Securities Held	28
Average P/E	28.5
Average Market Cap (bil)	\$20.7
Turnover (Rolling 12-Months)	4.18%
Exclude cash equivalents	

Sector Weighting As of September 30, 2024	
Communication Services	3.1%
Consumer Discretionary	9.7%
Consumer Staples	2.9%
Energy	0.0%
Financials	12.4%
Health Care	8.1%
Industrials	22.9%
Information Technology	26.2%
Materials	10.2%
Real Estate	4.4%
Utilities	0.0%
Total	100.0%
Reported as a percentage of portfolio securities, excluding Cash and Cash Equivalents	

Top 10 Companies As of September 30, 2024	
Guidewire Software Inc	6.1%
Brown & Brown Inc	5.1%
Watsco Inc	5.0%
Entegris Inc	4.8%
CBRE Group Inc	4.2%
Shift4 Payments Inc	3.9%
GXO Logistics Inc	3.9%
AptarGroup Inc	3.9%
Zebra Technologies Corp	3.8%
Advanced Drainage Systems Inc	3.8%
Total	44.4%
Reported as a percentage of total portfolio.	

There is no assurance the Fund will achieve its investment objective.

Diversification does not eliminate the risk of experiencing investment losses.

Portfolio holdings and characteristics 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.

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.bbhffunds.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.

Not FDIC Insured

No Bank Guarantee

May Lose Money

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