



BROWN 
 BROTHERS
 HARRIMAN

Brown Brothers Harriman Equity

Brown Brothers Harriman manages equity strategies for public and private institutions and high net worth families and individuals. Our approach aims to invest in established, cash-generative businesses that are leading providers of essential products and services led by strong management teams. We believe this approach will allow us to generate attractive returns over time, and provide our investors with long-term capital growth and downside protection.

Our Principles of Equity Investing

Our value investing approach invests for the long-term and focuses on identifying cash-generative businesses at attractive valuations. Our investment process is driven by bottom-up, fundamental analysis of individual businesses. We believe companies that possess the following **business, management, and financial** attributes are well positioned to create value for investors through varying economic and market environments. Purchasing such businesses with a meaningful **margin of safety**¹ also reduces the likelihood of permanent capital loss on any single investment.

Business Attributes

- Essential products and services — Companies that provide “have-to-have” products and services are better positioned to achieve pricing power over time and gain competitive advantages. These companies are also less sensitive to inflationary pressures.
- Loyal customers — Companies that command a high degree of customer loyalty are often able to grow faster and more profitably than other companies.
- Leadership in an attractive market niche or industry — Companies that are leaders in stable and growing markets typically have far more attractive incremental capital investment opportunities and fewer operational challenges.
- Sustainable competitive advantages — Companies with significant and enduring competitive advantages are able to create greater economic wealth over time.

Management Attributes

- Strong operators with integrity — Managers who are honest and capable attract other strong managers and enable a company to develop and sustain a healthy, performance oriented culture.
- Discipline capital allocation — Managers who are adept at identifying, valuing, and pursuing attractive new investment opportunities can create significant shareholder value.
- Meaningful share ownership — Meaningful management share ownership focuses management on actions that maximize intrinsic value² per share.
- Sustainable competitive advantages — Companies with significant and enduring competitive advantages are able to create greater economic wealth over time.

Financial Attributes

- Strong balance sheet and free cash flow — A strong balance sheet and high levels of free cash flow enable a company to take full advantage of attractive business opportunities and significantly reduce the likelihood of financial distress.
- High returns on capital — High returns on invested capital are essential to long-term wealth creation for shareholders.

¹ We believe a margin of safety exists when we are able to mitigate both business risk (our business, financial, and management criteria have been met; sustainable competitive advantages exist) AND price risk (when we believe there is a significant discount to intrinsic value at the time of purchase — we aim to purchase at 75% of our estimate to intrinsic value or less).

² Intrinsic value is BBH’s estimate of the present value of the cash that a business can generate and distribute to shareholders over its remaining life.

Brown Brothers Harriman

Brown Brothers Harriman (“BBH”) Investment Management manages a select number of Equity and Fixed Income strategies. These strategies all share a strong value-based investment philosophy grounded in bottom-up, fundamentally-derived research that seeks to provide investors with long-term growth of capital over time. Our strength lies in our differentiated investment criteria, the rigor with which we apply this criteria, the disciplined and repeatable nature of our investment process, and the quality of our investment teams.

- Capital Preservation Focused
- Value-Based Approach
- Bottom-Up Fundamental Research
- Discipline and Patience
- Long-Term Perspective

Contact Us

Brown Brothers Harriman
 140 Broadway
 New York, NY 10005
 T: 1-800-625-5759
 E: bbhfunds.advisor@bbh.com
www.bbh.com

Equity Products

BBH Core Select, our flagship large cap core investment strategy, and BBH Global Core Select aim to invest in established, cash-generative businesses that are leading providers of essential products and services with strong management teams. Both strategies seek to purchase the publicly-traded equity securities of such companies at a discount to their intrinsic values. Estimates of intrinsic value are based on proprietary analysis of prospective free cash flows and returns on capital.

A meaningful Margin of Safety is sought in each equity investment. A margin of safety exists when the investment team can mitigate two risks:

- Business risk: business, management, and financial criteria have been met and a sustainable competitive advantage exist
- Price risk: the targeted investment can be purchased at 75% or less of estimated intrinsic value with the expectation that intrinsic value will grow over time.

We believe that investing with a margin of safety provides downside protection and offers the potential for significant value creation over the long-term.

	BBH Core Select	BBH Global Core Select
Inception Date	11/2/1998	3/28/2013
Portfolio Manager	Michael Keller	Regina Lombardi
Investment Team	Identical	Identical
Investment Philosophy	Identical	Identical
Investment Process	Identical	Identical
Market Capitalization	≥ \$5 billion	≥ \$3 billion
# of Companies	25-35	30-40
Geographic Focus	U.S.	World
Base Currency	USD	USD unhedged
Benchmark	S&P 500®	MSCI World
Vehicles for Investment	U.S. Registered Mutual Fund, Separately Managed Accounts, UCITS	U.S. Registered Mutual Fund, Separately Managed Accounts, UCITS

US Small to Mid Cap Equity

BBH's small and mid-cap equity investment partnership follows invests in a select number of out-of-favor and/or underfollowed small and mid-cap companies without using leverage or shorting. The partnership is often a substantial shareholder in its portfolio companies and typically invests with a 3-5 year time horizon. This investment strategy is structured for Qualified Investors.

We maintain a disciplined investment process and use demanding criteria to select a focused group of well-positioned companies that are trading at a substantial discount to our estimate of intrinsic value. We perform substantial due diligence on each portfolio company and in companies and industries we know and understand: information services and software, outsourced business services, cable television and programming, manufacturers or distributors of consumable products, and financial services. After we make an investment, we actively monitor it through continuing discussions with industry participants and an active dialogue with the management team.

The investment partnership will generally hold a concentrated portfolio of investments in 8-15 companies and invests with a long-term investment perspective (the targeted holding period is three to five years). Investments are typically sold if they appreciate above estimated intrinsic value.

The strategies may assume large positions in a small number of issuers which can increase the potential for greater price fluctuation.

This publication is provided by Brown Brothers Harriman & Co. and its subsidiaries ("BBH") to recipients, who are classified as Professional Clients and Eligible Counterparties if in the European Economic Area ("EEA"), solely for informational purposes. Unauthorized use or distribution without the prior written permission of BBH is prohibited. This publication is approved for distribution in member states of the EEA by Brown Brothers Harriman Investor Services Limited, authorized and regulated by the Financial Conduct Authority (FCA). BBH is a service mark of Brown Brothers Harriman & Co., registered in the United States and other countries. © Brown Brothers Harriman & Co. 2019. All rights reserved. 1/2019.

Meet The Team



Michael R. Keller, CFA

Partner

Core Select Manager

19 years of investment experience



Regina Lombardi, CFA

Managing Director

Global Core Select Manager

24 years of investment experience