BBH Global Core Select

Monthly Strategy Update / July 2019

In July 2019, BBH Global Core Select Composite ("Global Core Select" or "the Strategy") rose 0.30% compared to the MSCI World index which rose 0.50%. Our top contributor was Google's parent company, Alphabet, and our largest detractor was Lloyds Banking Group. During the month we exited our position in Wells Fargo as the current rate environment, increased compliance costs, and the lack of a permanent CEO led us to view the range of outcomes on profit and cash flow as wider than our initial investment thesis had anticipated.

Alphabet shares appreciated meaningfully following a mid-month earnings report wherein investor fears of a slower-growth environment appeared to abate, particularly as the company made additional disclosures around its Google cloud business and announced a $25 billion share repurchase authorization. We believe that the return to growth rates in line with the comparable period last year lend credence to management's commentary that timing of product changes impacted the reported growth rate in the first quarter and that the structural tailwinds that help drive Alphabet's growth remain firmly in place. We continue to believe that Alphabet should achieve strong revenue and cash flow growth over the next several years. We expect the key drivers of growth to be its core search advertising business on both desktop and mobile platforms, display, and – increasingly – content, cloud, hardware, and apps, driven by the continued secular shift of advertiser dollars and enterprise spend online globally, and benefitting from the application of machine learning across its businesses.

Lloyds declined in July as fears of a "hard Brexit" rose to the fore, not only impacting sentiment across British financial services, but also driving the British Pound lower and detracting from our performance in U.S. dollars. Importantly, a key tenet of our investment thesis in Lloyds is its strong downside protection and compelling value over the long term, even in a hard Brexit scenario. While revenues might be weaker than otherwise in that scenario, we would also expect that loan losses and funding costs would be lower alongside lower interest rates. Lloyds has a meaningful cost advantage over its peers, driven by its industry-leading efficiency and leadership as both a digital and physical bank. Lloyds remains extremely well capitalized and has the opportunity to take share from less efficient, less well-capitalized peers.

Performance

	Total Returns			Average Annual Total Returns			
As of 07/31/2019	**1 Mo.***	**3 Mo.***	**YTD***	**1 Yr.**	**3 Yr.**	**5 Yr.**	**Since Inception**
BBH Global Core Select Equity Composite (Gross of Fees)	0.30%	2.39%	19.93%	6.94%	9.99%	6.97%	8.24%
BBH Global Core Select Equity Composite (Net of Fees)	0.21%	2.13%	19.25%	5.89%	8.91%	5.92%	7.17%
MSCI World Index	0.50%	0.94%	17.56%	3.62%	10.42%	7.05%	9.00%
As of 06/30/2019	**1 Mo.***	**3 Mo.***	**YTD***	**1 Yr.**	**3 Yr.**	**5 Yr.**	**Since Inception**
BBH Global Core Select Equity Composite (Gross of Fees)	5.25%	5.46%	19.57%	10.37%	10.90%	6.29%	8.30%
BBH Global Core Select Equity Composite (Net of Fees)	5.16%	5.20%	19.00%	9.29%	9.81%	5.25%	7.24%
MSCI World Index	6.59%	4.00%	16.98%	6.33%	11.77%	6.60%	9.05%

* Returns are not annualized.

Sources: BBH & Co. and MSCI

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.

The MSCI World Index is an unmanaged, free float-adjusted, market capitalization weighted index of approximately 1,600 stocks that is designed to provide an indication of the equity market performance of developed markets. The index is not available for direct investment.

Representative Account Top 10 Countries As of July 31, 2019	
United States	43.0%
United Kingdom	12.1%
Canada	8.8%
Switzerland	7.5%
France	6.4%
Ireland	6.1%
Netherlands	5.4%
Belgium	4.9%
Germany	3.8%
Italy	1.9%
Total	**100.0%**

Reported as a percentage of portfolio securities. Country designation is based on country of incorporation.

Representative Account Sector Weighting As of July 31, 2019	
Communication Services	9.2%
Consumer Discretionary	0.0%
Consumer Staples	29.2%
Energy	0.0%
Financials	12.5%
Health Care	15.7%
Industrials	9.0%
Information Technology	16.3%
Materials	8.1%
Real Estate	0.0%
Utilities	0.0%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Representative Account Top 10 Companies As of July 31, 2019	
Alphabet Inc (United States)	7.2%
Oracle Corp (United States)	6.2%
Copart Inc (United States)	5.4%
FleetCor Technologies Inc (United States)	5.2%
Diageo Plc (United Kingdom)	4.8%
Alimentation Couche-Tard Inc (Canada)	4.4%
Zoetis Inc (United States)	4.1%
Novartis AG (Switzerland)	3.8%
Linde PLC (Ireland)	3.6%
Reckitt Benckiser Group Plc (United Kingdom)	3.4%
Total	**48.1%**

Reported as a percentage of total portfolio. Country designation is based on country of incorporation.

Representative Account Equity Weighting As of July 31, 2019	
Common Stock	95.0%
Cash and Cash Equivalents	5.0%
Total	**100.0%**

Representative Account Portfolio Characteristics As of July 31, 2019	
Composite Assets (mil)	$106.3
Number of Securities Held	32
Average P/E	23.0
Average Market Cap (bil)	$105.0
Turnover (Rolling 12-Months)	23.01%

Exclude cash equivalents

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.
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.
Contribution figures are presented gross of fees and do not include cash and cash equivalents.
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

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.
The strategy is 'non-diversified' and may assume large positions in a small number of issuers which can increase the potential for greater price fluctuation.
Investors should be able to withstand short-term fluctuations in the equity 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.
Data presented is that of a single representative account ("Representative Account") that invests in the strategy. It is the account whose investment guidelines allow the greatest flexibility to express active management positions. It is managed with the same investment objectives and employs substantially the same investment philosophy and processes as the proposed investment strategy.
For purpose of complying with the GIPS® standards, the firm is defined as Brown Brothers Harriman Investment Management ("IM"). IM is a division of Brown Brothers Harriman & Co. ("BBH"). IM claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of IM and/or a presentation that complies with the GIPS standards, contact Craig Schwalb at (212) 493-7217, or via email at craig.schwalb@bbh.com.
Gross of fee performance results for this composite do not reflect the deduction of investment advisory fees. Actual returns will be reduced by such fees. "Net" of fees performance results reflect the deduction of the maximum investment advisory fees. Time Weighted Rate of Return is used to determine performance of a portfolio in a Composite. A portfolio's rate of return is the percentage change from the beginning balance to the ending balance of the period. Capital changes as well as dividends and other income earned during a period are included in the ending balance. Any reinvestment of dividends or other income will be reflected in the beginning balance of the following period. Sub-periods returns are linked to calculate a portfolio return for the period. Performance calculated in U.S. dollars.
The Composite includes all fully discretionary, fee-paying global equity accounts over $10 million that invest in a portfolio of approximately 30-40 companies primarily in developed markets, with a focus on companies with market capitalizations over $3 billion. Under normal conditions, at least 40% of investments will be in companies headquartered outside the United States. The strategy is benchmarked to the MSCI World Index (net of foreign withholding tax).

Not FDIC Insured **No Bank Guarantee** **May Lose Money**

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