

# BBH Luxembourg Funds - BBH Short Duration

*Fund Fact Sheet / 1Q 2023*

For Professional / Non-Retail Use Only  
Germany, Luxembourg and the UK

## PRINCIPAL STRATEGY AND OBJECTIVES<sup>1</sup>

BBH Luxembourg Funds – BBH Short Duration Fund (“the Fund”) is designed for interest rate sensitive investors seeking broad exposure to the fixed income markets with a portfolio duration of less than three years. The Fund seeks to provide maximum total return, consistent with preservation of capital and prudent investment management.

The adviser’s active management approach seeks to build a low duration, taxable bond portfolio bottom-up allowing valuation to drive our portfolio construction. We only invest in credits<sup>2</sup> we believe to be durable, well-managed, appropriately structured, and that can be comprehensively researched and understood.

## INVESTMENT CRITERIA

Our independent research serves as the foundation of our bottom-up investment process. We also apply a proprietary quantitative framework to assess each security’s long-term return potential. We will hold reserves when available opportunities do not meet our credit and valuation criteria.

Investment opportunities must meet four essential criteria: durability, transparency, excellent management, and appropriate structure.

- **Durability:** Able to withstand a wide variety of economic conditions.
- **Transparency:** Can be thoroughly researched and understood.
- **Excellent Management:** Debt-conscious leaders focused on long-term viability and access to capital markets.
- **Appropriate Structure:** Appropriate leverage and available resources.

We evaluate environmental, social and governance (ESG<sup>3</sup>) factors as part of our investment research process to help us effectively assess the long-term sustainability and durability of our companies and credits.

## PRINCIPLES OF FIXED INCOME INVESTING

- **Active Management:** We believe in a bottom up, value-based approach to active management.
- **Durability:** We only invest in securities we believe are built to withstand a variety of economic conditions.
- **High Conviction:** We work to balance ample diversification while ensuring meaningful concentration in our highest conviction ideas.
- **Long-term Perspective:** We underwrite our investments to perform through market cycles.
- **Discipline and Patience:** We let valuation drive our investment process and will hold reserves when the opportunity set is limited.

<sup>1</sup> There can be no assurance that the Fund will achieve its investment objectives.

<sup>2</sup> Obligations such as bonds, notes, loans, leases and other forms of indebtedness, except for Cash and Cash Equivalents, issued by obligors other than the U.S. Government and its agencies, totaled at the level of the ultimate obligor or guarantor of the Obligation.

<sup>3</sup> A less favorable ESG profile may not preclude the Fund from investing in a credit, as the consideration of ESG factors is not more influential than the consideration of other investment criteria.

## FUND CO-MANAGERS



### Andrew P. Hofer

Andrew Hofer is Head of Taxable Fixed Income for Investment Management. Since joining BBH in 1988, Andrew has held a variety of roles within Investment Management, including the Head of Insurance Asset Management, Chief Operating Officer, and Head of Risk Management. Andrew holds a B.A. degree in East Asian studies from Yale, and an MIA (Master of International Affairs) from Columbia University.



### Neil Hohmann, PhD

Neil Hohmann is Head of Structured Products and a portfolio manager for Investment Management. In his role, he supervises security selection in asset-backed securities, commercial and agency mortgage-backed securities, and financial institution credit. He is an active member of BBH's Market Risk Oversight Committee. Neil received a Bachelor of Economics with Distinction from Yale University where he graduated magna cum laude. He also earned a PhD in Economics from the University of Chicago.

This is a marketing communication. Please refer to the prospectus of the fund and to the KIID before making any final investment decisions.

**Performance**  
Past performance does not predict future results

**Annual Returns**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Class A</b>	-1.46%	1.30%	3.18%	4.09%	1.72%	1.99%	2.50%	-0.58%	1.28%	N/A
<b>Class I</b>	-1.66%	1.10%	2.97%	3.88%	1.53%	1.80%	2.23%	-0.79%	1.08%	1.20%
<b>Benchmark</b>	-3.82%	-0.60%	3.16%	3.59%	1.56%	0.42%	0.86%	0.56%	0.63%	0.36%

As of 31/03/2023

**Average Annual Returns**

	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
<b>Class A</b>	1.47%	1.47%	1.23%	2.28%	2.00%	1.65%	1.62%
<b>Benchmark</b>	1.59%	1.59%	0.23%	-0.84%	1.09%	0.80%	0.80%
<b>Class I</b>	1.42%	1.42%	1.02%	2.07%	1.80%	1.44%	2.17%
<b>Benchmark</b>	1.59%	1.59%	0.23%	-0.84%	1.09%	0.80%	0.96%

Class A Ongoing Charges: 0.50%      Inception date: 31/01/2013

Class I Ongoing Charges: 0.70%      Inception date: 25/03/2009

Returns of less than one year are not annualized.

All performance is net of fees  
Sources: BBH & Co. and Bloomberg

The past performance excludes the entry and exit charges. The ongoing charges figure is based on actual expenses for the year ending December 2022. This figure may vary from year to year. It excludes portfolio transaction costs. Subscription may be subject to an entry charge up to, but not to exceed, 3% of the initial price or subscription price. Fund shares redeemed within 30 days of purchase may be subject to an exit charge of 2%. The entry and exit charges shown are maximum figures. In some cases you may pay less. Past Performance has been calculated in USD. Performance can be increased or reduced as a result of currency fluctuations.

**Share Class Overview**  
As of 31 March 2023

	ISIN	Inception Date	Total Net Assets (mil)	NAV
<b>Class A</b>	LU0643341745	31/01/2013	\$772.5	\$11.78
<b>Class I</b>	LU0416171873	25/03/2009	\$2.9	\$13.53

**Credit Quality**  
As of 31 March 2023

Cash and Cash Equivalents	9.0%
U.S. Treasuries	0.0%
AAA	5.3%
AA	15.9%
A	31.7%
BBB	30.6%
BB	6.8%
B or Lower	0.7%
Not Rated	0.0%
<b>Total</b>	<b>100.0%</b>

**Top 10 Credits**  
As of 31 March 2023

Freddie Mac	2.4%
National Australia Bank Ltd	1.5%
FS Investment Corp	1.5%
Heineken NV	1.5%
Blackstone / GSO Secured	1.4%
Commonwealth Bank Of Australia	1.4%
F&G Global Funding	1.4%
Bank of Nova Scotia	1.4%
ING Bank NV	1.4%
Lloyds Banking Group PLC	1.4%
<b>Total</b>	<b>15.1%</b>

Reported as a percentage of total portfolio.

**Sector Distribution**  
As of 31 March 2023

Corporate Securities	84.8%
Government-Related	2.6%
Municipal Securities	2.3%
Commercial Mortgage-Backed Securities	0.9%
Asset-Backed Securities	0.2%
Agency Mortgage-Backed Securities	0.0%
Residential Mortgage-Backed Securities	0.0%
Cash and Cash Equivalents	9.00%
<b>Total</b>	<b>100.0%</b>

**Fund Facts**  
As of 31 March 2023

Number of Securities Held	197
Effective Duration (years)	0.90
Weighted Average Life (years)	1.87
Yield to Maturity	6.26%

Credit Quality letter ratings are provided by Standard and Poor's, Moody's and Fitch and are presented as the higher of the three ratings. When a security is not rated by Standard & Poor's, Moody's or Fitch, the highest credit ratings from DBRS and Kroll may be used. Absent a rating from these agencies, we may display Private Credit Ratings, if permitted by the issuer, which could include ratings from Egan-Jones Ratings Co. Credit ratings reflect the credit quality of the underlying issues in the portfolio and not of the portfolio itself. Issues with credit ratings of BBB or better are considered to be investment grade, with adequate capacity to meet financial commitments. Issues with credit ratings below BBB are considered speculative in nature and are vulnerable to the possibility of issuer failure or business interruption.

Effective duration is a measure of the portfolio's return sensitivity to changes in interest rates.

Weighted Average Life of securities excludes US Treasury futures positions.

Yield to Maturity is the rate of return the portfolio would achieve if all purchased bonds and derivatives were held to maturity, assuming all coupon and principal payments are received as scheduled and reinvested at the same yield to maturity. This figure is subject to change and is not meant to represent the yield earned by any particular security. Yield to Maturity is before fee and expenses.

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

An investment is in shares of the Fund and not in any underlying investment owned by the Fund.

Credits: Obligations such as bonds, notes, loans, leases and other forms of indebtedness, except for Cash and Cash Equivalents, issued by obligors other than the U.S. Government and its agencies, totaled at the level of the ultimate obligor or guarantor of the Obligation.

The Bloomberg U.S. 1-3 Year Treasury Bond Index is an unmanaged index of fixed rate obligations of the U.S. Treasury with maturities ranging from 1 to 3 years. The Fund does not measure its performance success nor alter its construction in relation to any particular benchmark or index. The composition of the Bloomberg U.S. 1-3 Year Treasury Bond Index is materially different than the Fund's holdings. The index is not available for direct investment. The Fund is actively managed and does not attempt to mirror any benchmark or index. "Bloomberg®" and the Bloomberg Capital U.S. 1-3 Year Treasury Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Brown Brothers Harriman & Co (BBH). Bloomberg is not affiliated with BBH, and Bloomberg does not approve, endorse, review, or recommend the BBH Luxembourg Funds - BBH Short Duration Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the fund.

Class I Share is an accumulating Class of Shares and, as such, has no distributions. Any income will automatically be included in the value of your investment.

The Class A shares commenced operations on 31 January 2013.

The Class I shares commenced operations on 25 March 2009. Prior to 28 June 2011, the Fund was subject to the Luxembourg Law dated 13 February 2007 relating to specialized investment funds ("SIF"), as amended. As a result, past performance is based on the pre-existing sub-funds of the Company operating as SIFs. Note that performance information for the period in reference may not be representative of the Fund's current structure under the UCITS regime.

## RISKS

Investors in the Fund should be able to withstand short-term fluctuations in the 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.

Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, maturity, call and inflation risk; investments may be worth more or less than the original cost when redeemed. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

Asset-Backed Securities ("ABS") are subject to risks due to defaults by the borrowers; failure of the issuer or servicer to perform; the variability in cash flows due to amortization or acceleration features; changes in interest rates which may influence the prepayments of the underlying securities; misrepresentation of asset quality, value or inadequate controls over disbursements and receipts; and the ABS being structured in ways that give certain investors less credit risk protection than others.

The Fund also invests in derivative instruments, investments whose values depend on the performance of the underlying security, assets, interest rate, index or currency and entail potentially higher volatility and risk of loss compared to traditional stock or bond investments.

Non-U.S. investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

Illiquid investments subject the Fund to the risk that it may not be able to sell the investments when desired or at favorable prices.

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

### **Complete information on the Fund's risks and expenses can be found in the prospectus.**

The decision to invest in the fund should take into account all the characteristics or objectives of the fund as described in its prospectus. Considering ESG factors as part of investment decisions may result in the fund forgoing otherwise attractive opportunities, which may result in lower performance when compared to funds that do not consider ESG factors.

## Other Important Disclosures

Brown Brothers Harriman & Co. ("BBH") is the promoter and principal distributor of the Funds. Brown Brothers Harriman Mutual Fund Advisory Department (a separately identifiable department of BBH) provides investment advice to the Funds. BBH Luxembourg Funds (the "Company") is a Luxembourg-registered Société d'Investissement à Capital Variable - undertaking for collective investment in transferrable securities (SICAV-UCITS) regulated by the Commission de Surveillance du Secteur Financier ("CSSF"), the Luxembourg financial services authority. The SICAV designated FundRock Management Company S.A. to serve as its designated management company in accordance with Chapter 15 of the Luxembourg Law of 17th December 2010; FundRock Management Company S.A. was incorporated on 10 November 2004 for an unlimited duration under the laws of Luxembourg and registered on the official list of Luxembourg management companies.

BBH has prepared this communication for use on a confidential and limited basis solely for the information of those to whom it is transmitted and is not to be reproduced or used for any other purpose. This communication, that constitutes a marketing communication, is intended to be a general update of the Fund and does not constitute an offer to sell, or a solicitation of an offer to purchase, any interest in the Fund or any other investment product in any jurisdiction where such offer or solicitation is not lawful, where marketing to the intended recipient is prohibited or where the person making such offer or solicitation is not qualified to do so.

Subscriptions will only be received and shares issued on the basis of the current prospectus of the Company (the "Prospectus") and applicable Key Investor Information Documents of the Fund (the "KIIDs"). Investment in this Fund entails risks which are described in more detail in the Prospectus and the KIIDs. Investors should obtain and read a copy of the Prospectus and the KIIDs before investing. Exit Charges are payable to the Fund and not BBH. For a copy of the Prospectus and the KIIDs, in English, French, or German, please contact the Company's representative or its local distributor, or access the following site: [www.bbhluxembourg.funds.com](http://www.bbhluxembourg.funds.com). The contact details of the Company's representatives in the countries where the Company is registered are provided below in the section for each country.

The Company complies with the European Directive 2009/65/EC on undertaking for collective investment in transferable securities (UCITS), dated 13 July 2009, which established a set of common rules in order to permit the cross border marketing of collective investment schemes. Unauthorized distribution, reproduction or redistribution of this document without the prior written permission of the Company is prohibited. Potential investors in the Fund should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of shares of the Fund.

Neither the Fund nor any of its shares have been registered, nor will be registered, under the U.S. Investment Company Act of 1940, as amended, or the U.S. Securities Act of 1933, as amended, and, as such, may not be offered or sold directly or indirectly in the United States or to a U.S. person.

**This document is directed only at persons/entities who are professional clients or eligible counterparties in the UK, Germany and Luxembourg pursuant to the Markets in Financial Instruments (MiFID) Directive 2004/39/EC and must not be relied upon by any other person.**

### **For Prospective Investors Domiciled in Germany:**

**The Fund is duly registered with the German Federal Financial Supervisory Authority, the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). The representative agent of the Fund in Germany is Société Générale (Dejan Djurdjevi - Tel.: +49 (0) 69 7174 497).**

### **For Prospective Investors Domiciled in Luxembourg:**

**The Company's address in Luxembourg is 6, route de Trève, L-2633 Senningerberg, Grand Duchy of Luxembourg (Tel.: +1-800-625-5759).**

### **For Prospective Investors Domiciled in the UK:**

**The Fund is duly registered with the UK Financial Conduct Authority.**

Additional information regarding the Fund including investment positions is available upon request.