

# BBH Luxembourg Funds - BBH Income Fund

*Fund Fact Sheet / 2Q 2022*

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

## PRINCIPAL STRATEGY AND OBJECTIVES

The BBH Luxembourg Funds – BBH Income Fund (the “Fund”) will primarily invest in a well-diversified portfolio of fixed and floating or variable rate debt instruments.

The Fund will be actively managed and will not measure its performance success nor alter its construction in relation to any particular benchmark or index. The Fund will seek to provide investors with maximum total return, with an emphasis on current income, consistent with preservation of capital and prudent investment management. The Fund will have the flexibility to invest in the sectors, industries, securities and durations the investment manager of the Fund identifies as offering attractive risk-adjusted return potential consistent with the Fund’s investment objective.

## INVESTMENT CRITERIA

The Fund shall predominantly invest in:

- Notes and bonds issued by U.S. and non-U.S. corporations, financial institutions, the U.S. government, its agencies, and government guaranteed issuers;
- U.S. Dollar-denominated Investment-Grade securities issued by U.S. and non-U.S. corporations and financial institutions;
- Asset-backed securities, commercial mortgage-backed securities, and residential mortgage-backed securities; and
- Money market instruments, repurchase agreements, commercial paper, and, for hedging purposes, derivative instruments to meet the Fund’s investment objective.

## SECURITY SELECTION

BBH Investment Management (IM) applies a disciplined investment selection process focused on the following attributes:

- The Fund will generally concentrate its exposures in corporate and asset-backed securities, but may contain a portion of government debt.
- BBH will independently analyze the creditworthiness of all non-U.S. Treasury securities.
- Corporate and asset-backed holdings will be well-diversified.

## FUND 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.



### Paul Kunz, CFA

As the Head of Corporate Credit and a portfolio manager, Paul Kunz is responsible for the oversight of corporate fixed income portfolios encompassing both investment grade and high yield credit, including managing the research efforts of the credit analyst team. He has been a member of the portfolio management team since joining BBH in 2013. Paul received a B.S. in finance from Villanova University, a J.D. from St. John’s University School of Law, an LLM in corporate law from New York University School of Law. He is also a CFA Charterholder.

## PRINCIPLES OF FIXED INCOME INVESTING

- **Investment Objective:** The Fund seeks to provide maximum total return with an emphasis on current income consistent with preservation of capital and prudent investment management.
- **Emphasis on Capital Preservation:** The Fund is managed to earn most of its return through interest received on the fixed income securities it owns. The Fund will purchase those securities that, through the independent analysis of BBH and its investment management team, are believed to be highly unlikely to be subject to material price declines due to credit quality deterioration
- **Diversification:** For reference purposes only, it is intended that the Fund would typically invest in Credits<sup>1</sup> that are reasonably diversified by industry sector.
- **Long-term Perspective:** Many investment strategies are built around short-term expectations, momentum following, and frequent trading. We believe that a longer-term view of both companies and investments leads to stronger results and risk control over market cycles.

<sup>1</sup> Obligations such as bonds, notes, 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.

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**

Fund/Benchmark	2021	2022	2019	2018	2017	2016	2015	2014	2013	2012
<b>BBH Income Fund (Class A)</b>	0.13%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Bloomberg US Aggregate Index</b>	-1.54%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

As of 30/06/2022

**Average Annual Total Returns**

Fund/Benchmark	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception*
<b>BBH Income Fund (Class A)</b>	-6.45%	-11.67%	-11.37%	N/A	N/A	N/A	-6.67%
<b>Bloomberg US Aggregate Index</b>	-4.69%	-10.35%	-10.29%	N/A	N/A	N/A	-6.63%

Class A Ongoing Charge: 0.55%

Inception date 02/11/2020

\* Returns are not annualized.

The past performance excludes the entry and exit charges. The ongoing charges figure shown is an estimate and excludes portfolio transaction costs. This figure may vary from year to year. The entry charge is 3% of the initial price of the subscription price. The Fund shares redeemed within 30 days of purchase may be subject to an exit charge of 1%. The entry and exit charges shown are maximum figures. In some case you may pay less.

Performance has been calculated in USD. Performance can be increased or reduced as a result of currency fluctuations.

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

**Share Class Overview**  
As of 30 June 2022

	ISIN	Inception Date	Total Net Assets (mil)	NAV
<b>Class A</b>	LU1966278639	2/11/2020	\$105.9	\$8.91

**Credit Quality**  
As of 30 June 2022

Cash and Cash Equivalents	3.2%
U.S. Treasuries	17.5%
AAA	0.8%
AA	11.5%
A	20.8%
BBB	30.6%
BB	13.8%
B or Lower	0.7%
Not Rated	1.0%
<b>Total</b>	<b>100.0%</b>

**Top 10 Credits**  
As of 30 June 2022

PennantPark Investment Corporation	1.2%
OFS Capital	1.2%
EnLink Midstream LLC	1.1%
Unilever NV	1.0%
American Tower Corp	1.0%
iShares USD Short Duration Corp Bond UCITS ETF	1.0%
Enstar Group Ltd	1.0%
Apollo Global Management LLC	1.0%
Wells Fargo & Co	1.0%
Lloyds Banking Group PLC	1.0%
<b>Total</b>	<b>10.4%</b>

Reported as a percentage of total portfolio.

**Sector Distribution**  
As of 30 June 2022

Corporate Securities	78.1%
Asset-Backed Securities	0.0%
Commercial Mortgage-Backed Securities	0.0%
Municipal Securities	1.1%
Agency Mortgage-Backed Securities	0.0%
Trust Preferred	0.0%
U.S. Treasuries	17.5%
U.S. Inflation-Indexed Securities	0.0%
Government-Related	0.0%
Residential Mortgage-Backed Securities	0.0%
Cash and Cash Equivalents	3.2%
<b>Total</b>	<b>100.0%</b>

**Duration Distribution**  
As of 30 June 2022

	BBH Income Fund	Bloomberg US Aggregate Index
0 - 1 Yr.	9.3%	0.2%
1 - 2 Yrs.	8.7%	11.6%
2 - 4 Yrs.	29.8%	19.5%
4 - 6 Yrs.	18.7%	25.6%
6 - 8 Yrs.	14.4%	22.5%
8 - 12 Yrs.	5.3%	6.1%
12+ Yrs.	13.8%	14.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Fund Facts**  
As of 30 June 2022

Number of Securities Held	171
Effective Duration (years)	6.40
Weighted Average Life (years)	7.65
Yield to Maturity	5.25%

Portfolio holdings and characteristics 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.

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.

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

The Fund is actively managed. Under normal circumstances, the Fund is managed with the intention of maintaining an effective duration of between 80%-120% of the effective duration of Bloomberg US Aggregate Index.

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.

The Bloomberg U.S. Aggregate Index covers the USD-denominated, investment-grade (rated Baa3 or above by Moody's), fixed-rate, and taxable areas of the bond market. This is the broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with maturities of 1 year or more. Investments cannot be made in an index.

"Bloomberg®" and the Bloomberg U.S. Aggregate 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 Income Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the fund.

## **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.

Below investment grade bonds, commonly known as junk bonds, are subject to a high level of credit and market risks.

Non-U.S. investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

The Fund may engage in certain investment activities that involve the use of leverage, which may magnify losses.

A significant investment of Fund assets within one or more sectors, industries, securities and/or durations may increase its vulnerability to any single economic, political, or regulatory developments, which will have a greater impact on the Fund's return.

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.

## 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.bbhluxembourgfunds.com](http://www.bbhluxembourgfunds.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.