

# BBH Luxembourg Funds - BBH Core Select

*Fund Fact Sheet / 3Q 2022*

For Retail Use

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

BBH Luxembourg Fund – BBH Core Select (“the Fund”) seeks to provide investors with long-term growth of capital and to generate attractive returns over time. The Fund employs a disciplined investment approach focused on a concentrated portfolio of durable, well-managed, high-quality, competitively-advantaged businesses that we aim to own at attractive prices.

## INVESTMENT CRITERIA

In our bottom-up investment process, the first priority is to identify eligible companies based on their qualitative attributes. We believe companies that meet our demanding investment criteria are better positioned to withstand periods of economic or financial market weakness and compound capital at attractive rates over time.

Business Attributes:

- Loyal customers
- Essential products and services you “Have to Have”
- Leadership in attractive markets
- Sustainable competitive advantages

Management Attributes:

- Strong operators with integrity
- Disciplined capital allocation

Financial Attributes:

- High returns on capital
- Strong balance sheet and cash flow

We evaluate environmental, social and governance (ESG<sup>2</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.

The Fund will generally hold investments in 20-30 companies with market capitalizations greater than \$5 billion that are headquartered in North America, as well as in certain global firms located in other developed regions. The targeted holding period is three to five years. Investments are typically sold if they appreciate to levels near BBH’s estimate of intrinsic value<sup>3</sup>.

## FUND MANAGERS



### Nicholas Haffenreffer\*

Nicholas Haffenreffer is a Managing Director in our Investment Management business and a Portfolio Manager of the BBH Luxembourg Funds – BBH Core Select Fund. He joined BBH in 2021 from Torray LLC, where he was a Principal, Chief Investment Officer and Portfolio Manager for the Torray/Resolute Concentrated Large Growth strategy and the Torray/Resolute Small/Mid Cap Growth strategy. He began his investment career in 1991, founded Resolute Capital Management in 1998 and merged the company with Torray LLC in 2010. Prior to founding Resolute, Nicholas was the Director of Research for Washington, DC-based Farr Miller & Washington, an equity analyst with T. Rowe Price Associates, Inc., and an equity analyst for Select Equity Group, Inc. Nicholas received a B.A. from Brown University.

\* As of 10/4/2021, Nicholas Haffenreffer joined BBH as Co-Portfolio Manager of BBH Luxembourg Funds – BBH Core Select Fund.



### Michael R. Keller, CFA

Michael Keller is a Partner and has served as Portfolio Manager of the BBH Select Series-Large Cap Fund since its inception in September 2019. Previously, Michael had overseen the BBH U.S. Large Cap Equity Strategy; first as Co-Manager from 2008-2018, and later as Portfolio Manager starting in 2018. Michael and his colleagues apply an equity investment approach that focuses on business quality, valuation sensitivity and a long-term ownership perspective. Michael joined BBH in 2005 as an equity analyst responsible for the technology and business services sectors. Prior to joining BBH, he held a similar research role at a brokerage firm. Michael earned a BSE from Princeton University and is a CFA Charterholder.

## PRINCIPLES OF EQUITY INVESTING

### Active Management

- Concentrated holdings; portfolio construction is sector and benchmark agnostic
- Primary due diligence incorporating deep fundamental analysis
- Investment team organized by sector; subject matter expertise is critical

### Value-based

- Purchase businesses at a discount to their intrinsic values
- Use a valuation approach based on long-term forecasts
- Apply a trim/sell discipline that is valuation sensitive

### Long-term Perspective

- Seek to invest in outstanding businesses that can grow their intrinsic value materially over time
- Willing to own companies for many years, through all parts of an economic cycle
- Ongoing company engagement deepens our insights over time

### Durability and Opportunity

- Focus on cash-generative businesses that provide essential products and services, and can prosper in varying economic conditions
- Identify and analyze material ESG-related considerations
- Demand a dual-faceted margin of safety<sup>4</sup> that seeks to mitigate both business risks and price risks

### Discipline and Patience

- Adhere to strict investment criteria
- Seek to avoid low probability, high severity risks
- Exploit divergences between market prices and underlying intrinsic values

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

<sup>2</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.

<sup>3</sup> BBH’s estimate of the present value of the cash that a business can generate and distribute to shareholders over its remaining life.

<sup>4</sup> With respect to equity investments, a margin of safety exists when we believe there is a significant discount to intrinsic value at the time of purchase.

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

**Annual Returns**

Fund/Benchmark	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>BBH Core Select (Class X)</b>	25.54%	11.56%	28.09%	-8.25%	18.11%	7.06%	-3.77%	6.91%	25.17%	N/A
<b>S&amp;P 500</b>	28.71%	18.40%	31.49%	-4.38%	21.83%	11.96%	1.38%	13.69%	32.39%	N/A

As of 30/09/2022		Average Annual Returns					
Fund/Benchmark	1 Yr.	2 Yr.	3 Yr.	4 Yr.	5 Yr.	Since Inception	
<b>BBH Core Select (Class X)</b>	-19.34%	0.01%	1.66%	3.63%	4.62%	7.45%	
<b>S&amp;P 500</b>	-15.47%	4.83%	8.16%	7.17%	9.24%	12.23%	

Class X Ongoing Charges: 1.70%

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

Class X Shares are accumulating Classes of Shares and, as such, have no distributions. Any income will automatically be included in the value of your investment.

The past performance excludes the entry and exit charges. The ongoing charges figure is based on actual expenses for the year ending December 2021. This figure may vary from year to year. It excludes portfolio transaction costs. The entry charge is 5% 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.

The S&P 500 is an unmanaged weighted index of 500 stocks providing a broad indicator of stock price movements. The composition of the 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.

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

	ISIN	Inception Date	Total Net Assets (mil)	NAV
<b>Class X</b>	LU0643341406	10/07/2012	\$3.3	\$20.88

**Equity Weighting**  
As of 30 September 2022

Common Stock	97.3%
Cash and Cash Equivalents	2.8%
Liabilities in Excess of Other Assets	-0.1%
<b>Total</b>	<b>100.0%</b>

**Sector Weighting**  
As of 30 September 2022

Communication Services	6.7%
Consumer Discretionary	12.7%
Consumer Staples	7.9%
Energy	0.0%
Financials	20.0%
Health Care	13.8%
Industrials	11.6%
Information Technology	20.1%
Materials	7.2%
Real Estate	0.0%
Utilities	0.0%
<b>Total</b>	<b>100.0%</b>

**Top 10 Companies**  
As of 30 September 2022

Alphabet Inc	6.5%
Berkshire Hathaway Inc	6.4%
Mastercard Inc	5.4%
Arthur J Gallagher & Co	4.6%
Linde PLC	4.5%
Microsoft Corp	4.4%
Progressive Corp	4.1%
Waste Management Inc	4.0%
Zoetis Inc	3.8%
Costco Wholesale Corp	3.7%
<b>Total</b>	<b>47.4%</b>

**Fund Facts**  
As of 30 September 2022

Total Net Assets (mil)	\$230.1
Number of Securities Held	30
Average P/E	23.1
Average Market Cap (bil)	\$249.7
Exclude cash equivalents	

Reported as a percentage of portfolio securities, excluding Cash and Cash Equivalents.

Reported as a percentage of total portfolio.

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

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.

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

The value of the Fund fluctuates as the value of the underlying shares in which it invests fluctuate. The Fund is subject to equity risk, in that its investments in shares are subject to market risks that may cause their prices to fluctuate over time. This can affect the value of your investment. Political and economic changes as well as changes in the company in which the Fund invests may also affect the value of your investment.

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

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.

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

### **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.

The Fund may be promoted and sold to the general public in the UK and Luxembourg subject to compliance with applicable law and local regulations. Potential investors in these countries should be aware that most of the protections afforded by their local regulations may not apply to an investment in the Fund and that compensation may not be available under their local laws.

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.

### **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.**

### **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).**

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