

BBH Luxembourg Funds - BBH Core Select

Quarterly Fund Update / 1Q 2024

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in the UK, Germany and Luxembourg

1Q Highlights

- During the 1st quarter of 2024, most holdings in the BBH Luxembourg Funds – BBH Core Select Fund - Class I (“the Fund”) reported 4th quarter and full year 2023 results and provided near- and long-term guidance.
 - The financial results of the Fund’s holdings were strong on an absolute basis and compared favorably to the benchmark S&P 500 Index (“the Index”).
 - We would characterize forward guidance by the Fund’s holdings as cautiously optimistic near-term and highly confident medium- to long-term.
- The Fund gained 8.60% in the first quarter, with an absolute contribution of 700 basis points* coming from the Information Technology, Industrials, and Financials sectors.
 - While strong on an absolute basis, the stock price performance of the Fund compared unfavorably to the 10.56% quarterly gain of the Index.

Market Overview

1Q 2024

During the 1st quarter of 2024, most companies in the Index reported 4th quarter and full year 2023 results and provided near- and long-term guidance. While financial performance improved throughout the year, 2023 was a fundamentally challenging year for the Index with net earnings and free cash flow (FCF)¹ per share declining 1.4% and 3.1%, respectively. We would characterize forward guidance by the companies in the Index as unusually mixed, with pockets of fervent optimism related to artificial intelligence, the energy transition, and dominating investor sentiment, effectively drowning out concerns expressed in other parts of the economy.

Regardless of the rather subdued fundamental performance and outlook provided during the 1st quarter of 2024, the Index built on its incredibly robust stock price performance in 2023 to post a further gain of 10.56% over the first three months of the year. The strong stock price performance of the Index was primarily led by the Communication Services, Energy, and Information Technology sectors, which increased 15.82%, 13.69%, and 12.69%, respectively. The ascent continued to be disproportionately concentrated among a handful of mega-cap technology-related companies, with the so-called “Magnificent Seven”² accounting for almost half of the Index’s first quarter return.

*Basis points (bps) is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

¹ Free cash flow (FCF) is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.

² The Magnificent Seven are a group of companies in the U.S. stock market: Alphabet Inc., Amazon.com Inc., Apple Inc., Meta Platforms Inc., Microsoft Corp., NVIDIA Corp., and Tesla Inc.

BBH CS – UI

Holdings As of 31 March 2024	
Berkshire Hathaway Inc (Class A)	6.9%
Alphabet Inc (Class C)	6.4%
Microsoft Corp	5.9%
Linde PLC	5.6%
Mastercard Inc	5.5%
KLA Corp	5.2%
Progressive Corp	4.8%
Oracle Corp	4.5%
Waste Management Inc	4.4%
Arthur J Gallagher & Co	3.9%
Alcon Inc	3.7%
Costco Wholesale Corp	3.7%
Amazon.com Inc	3.6%
Booking Holdings Inc	3.4%
Thermo Fisher Scientific Inc	3.4%
Zoetis Inc	3.2%
Abbott Laboratories	2.9%
S&P Global Inc	2.7%
Texas Instruments Inc	2.4%
Copart Inc	2.2%
A. O. Smith Corp	2.1%
NIKE Inc (Class B)	2.1%
Adobe Inc	2.1%
UnitedHealth Group Inc	1.9%
Diageo PLC ADR	1.4%
Nestle SA ADR	1.3%
Automatic Data Processing Inc	1.3%
Graco Inc	0.3%
Cash & Cash Equivalents	3.5%

Holdings are subject to change.

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Fund Commentary

During the 1st quarter of 2024, most of the Fund's holdings reported 4th quarter and full year 2023 results and provided near- and long-term guidance. The financial results of the Fund's holdings were strong on an absolute basis with net earnings and FCF per share growing 15.7% and 21.8%, respectively. This compared very favorably to the fundamental performance of the Index, continuing a multi-year period of fundamental outperformance.³

Free Cash Flow per Share					Net Earnings per Share				
Calendar Year Ending 2023					Calendar Year Ending 2023				
	1 Year/Year	3 Year CAGR	4 Year CAGR	5 Year CAGR		1 Year/Year	3 Year CAGR	4 Year CAGR	5 Year CAGR
Fund	21.8%	10.0%	12.6%	9.9%	Fund	15.7%	15.7%	14.9%	10.6%
Index	-3.1%	5.2%	5.7%	5.1%	Index	-1.4%	16.7%	8.0%	6.7%

Past performance does not predict future results

The Fund gained 8.60% in the first quarter, with an absolute contribution of 700 basis points coming from the Information Technology, Industrials, and Financials sectors. While strong on an absolute basis, the stock price performance of the Fund compared unfavorably to the 10.56% quarterly gain of the Index.

Stock prices reflect the confluence of many factors as well as the perspectives of myriad other investors, both active and passive, that do not share our perspectives on risk, fundamental economic value creation, or how to properly measure it. Regardless of these other views, over the long-term, we believe it is a reasonable and an economically sound premise that the price of stocks should follow their growth in FCF per share and that attractive valuations support economic upside and may mitigate risk. Consequently, that will remain our focus as we seek to deliver both strong absolute and relative after-tax returns over the long-term.

Fund Activity

During the quarter, we purchased one new company and made several rebalancing trades reflective of relative valuation opportunities, risk, and fit with our investment criteria.

The new company purchased during the quarter was Automatic Data Processing, Inc. (ADP). ADP is the leader in Human Capital Management (HCM) and Human Resources Outsourcing (HRO) software and services, delivering payroll for over 40 million workers globally across over 990,000 clients. In the U.S., ADP processes 30% of all W-2s and pays 17% of all workers (1 in 6) moving \$2.7 trillion of U.S. payroll and taxes on behalf of its clients and their employees.

ADP has strong competitive advantages including high switching costs, low customer concentration, unmatched scale, high barrier to entry on state and local tax compliance, a strong brand, and high recurring revenues with customer retention rates of over 90% which bolster more resilient business fundamentals than perceived by the market. In addition to its leadership in an attractive and growing industry, ADP's company specific initiatives to modernize and upgrade its technology products and solutions have the potential to further enhance its competitive position, long-term growth, and already attractive return on capital.

We believe current valuations for ADP's stock to be attractive on both an absolute and relative basis. Given our belief that stock prices follow economic value creation over time and the currently constructive valuation of the company's stock, we expect ADP to generate strong absolute and relative stock price returns over the long-term, while at the same time offering attractive dividend characteristics.

Outlook

We were pleased by the continued overall strong absolute and relative fundamental financial and operating performance of the Fund's holdings. We were also pleased with the strong stock price performance of the Fund during the quarter. Given the near- and long-term outlooks provided by the companies in the Fund, we are optimistic that these strong trends will continue and are hopeful the differentiated financial attributes of the Fund will be better recognized by other investors in the future, improving the stock price performance of the Fund relative to the Index over time.

³ 5 Year CAGR BBH analysis period starting 2018 through 2023, 5 Year Avg BBH analysis period starting 2019 through 2023. CAGR = compound annual growth rate; EBITDA = earnings before interest, taxes, depreciation, and amortization.

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Performance

Past performance does not predict future results

Annual Returns										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	22.71%	-21.33%	26.19%	12.17%	28.81%	-7.75%	18.76%	7.65%	-3.24%	7.51%
Class R[i]	22.71%	-21.33%	26.24%	12.18%	28.80%	-7.75%	18.73%	7.65%	-3.24%	7.51%
Class RN[i]*	N/A	N/A	26.23%	12.18%	28.79%	-7.77%	18.74%	7.66%	-3.23%	N/A
Class X	22.04%	-21.76%	25.54%	11.56%	28.09%	-8.25%	18.11%	7.06%	-3.77%	6.91%
Class R[i](GBP)	16.39%	-12.18%	27.91%	8.66%	23.93%	-2.28%	8.31%	28.69%	2.31%	14.42%
Class RN[i](GBP)**	N/A	N/A	27.90%	8.66%	23.95%	-2.28%	8.35%	28.76%	2.31%	N/A
S&P 500	26.29%	-18.11%	28.71%	18.40%	31.49%	-4.38%	21.83%	11.96%	1.38%	13.69%

As of 31/03/2024	Total Returns		Average Annual Total Returns					Since Inception
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.		
Class I	8.60%	8.60%	26.43%	8.89%	11.36%	8.73%	11.65%	
Class R[i]	8.60%	8.60%	26.43%	8.91%	11.37%	8.73%	10.51%	
Class X	8.45%	8.45%	25.74%	8.31%	10.76%	8.13%	9.81%	
Class R[i](GBP)	9.67%	9.67%	23.57%	12.16%	12.07%	11.78%	11.11%	
S&P 500	11.57%	11.57%	27.13%	14.82%	15.83%	16.24%	15.62%	

Class I Inception: 28/01/2009
 Class R[i] Inception: 21/10/2011
 Class RN[i] Inception: 02/05/2014
 Class X Inception: 10/07/2012
 Class R[i](GBP) Inception: 28/03/2013
 Class RN[i](GBP) Inception: 02/05/2014

Class I, Class R[i], Class RN[i], Class R[i](GBP), Ongoing Charges: 1.15%
 Class X Ongoing Charges: 1.70%

Returns of less than one year are not annualized. * Class RN[i] redeemed 20 April 2022. ** Class RN[i](GBP) redeemed 16 November 2022.

The past performance excludes the entry and exit charges. 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.

Classes RA, I, R[i], X, and R[i](GBP) 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 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.

Sources: BBH & Co. and S&P

Share Class Overview
As of 31 March 2024

	ISIN	Inception Date	Total Net Assets (mil)	NAV	Upside/Downside Capture ¹
Class I	LU0407242659	28/01/2009	\$304.0	\$53.69	86.3% / 98.2%
Class R[i]	LU0527403801	21/10/2011	\$22.1	\$34.88	86.3% / 98.2%
Class X	LU0643341406	10/07/2012	\$3.0	\$30.04	
Class R[i](GBP)	LU0861823945	28/03/2013	£0.4	£32.16	

¹ Upside / Downside Capture Ratio is an annualized 5-year rate, net of fees. Both compare an investment's performance against its benchmark during periods when the benchmark's performance is positive or negative.

Equity Weighting As of 31 March 2024	
Common Stock	96.5%
Cash and Cash Equivalents	3.3%
Other Assets in Excess of Liabilities	0.2%
Total	100.0%

Fund Facts As of 31 March 2024	
Total Net Assets (mil)	\$329.6
Number of Securities Held	28
Average P/E	28.1
Average Market Cap (bil)	\$480.6
Excludes cash equivalents	

Sector Weighting As of 31 March 2024	
Communication Services	6.6%
Consumer Discretionary	9.5%
Consumer Staples	6.6%
Energy	0.0%
Financials	24.6%
Health Care	15.6%
Industrials	10.6%
Information Technology	20.7%
Materials	5.8%
Real Estate	0.0%
Utilities	0.0%
Total	100.0%

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

Top 10 Companies As of 31 March 2024	
Berkshire Hathaway Inc	6.9%
Alphabet Inc	6.4%
Microsoft Corp	5.9%
Linde PLC	5.6%
Mastercard Inc	5.5%
KLA Corp	5.2%
Progressive Corp	4.8%
Oracle Corp	4.5%
Waste Management Inc	4.4%
Arthur J Gallagher & Co	3.9%
Total	53.0%

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.

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.

The composition of the index is materially different than the Fund's holdings. The Fund is actively managed and does not measure its performance success or alter its construction in relation to any particular benchmark or index. The index is not available for direct investment.

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, which you should read carefully before investing.

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.

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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") or Key Information Documents of the Fund (the "KIDs"). Investment in this Fund entails risks which are described in more detail in the Prospectus and the KIIDs/KIDs. Investors should obtain and read a copy of the Prospectus and the KIIDs/KIDs before investing. Exit Charges are payable to the Fund and not BBH. For a copy of the Prospectus and the KIDs, in English or German or the KIIDs in English, please contact the Company's representative or its local distributor, or access the following site: 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.

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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.

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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. The representative agent of the Fund in the UK is BBH ISL Tel: +44-207-614-2113.

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).

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The Fund is classified as Article 6 under the Sustainable Finance Disclosure Regulation.

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