

BBH Luxembourg Funds - BBH Core Select

Quarterly Fund Update / 3Q 2023

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in the UK, Germany and Luxembourg

3Q Highlights

- The S&P 500 declined -3.27% in the third quarter, following three consecutive quarterly gains.
- The BBH Luxembourg Funds – Core Select Class I modestly outperformed, declining -2.74%.
- While the economy and outlook for corporate profits remained healthy, a sharp rise in interest rates weighed on share prices.

Market Overview

The S&P 500 declined -3.27% in the third quarter, following three consecutive quarterly gains. Risk was repriced during the period as interest rates reached their highest levels in 16 years and investors began to adjust to the idea that rates are likely to remain higher for longer than initially anticipated. On a year-to-date basis the benchmark S&P 500 is up 13.07% and 21.62% over the trailing 12-months. While market breadth improved in the third quarter, it has been a historically narrow market on a year-to-date basis with just a few stocks generating the majority of the S&P 500's returns; on an equal-weighted basis, the benchmark is essentially flat for the year. Energy and Communication Services were the best performing sectors for the third quarter, while Information Technology was a notable laggard in contrast to the first half of the year.

Portfolio Commentary

The BBH Luxembourg Funds - Core Select Class I ("Core Select," or "the Fund") declined -2.74% for the third quarter, modestly outperforming the benchmark S&P 500's loss of -3.27%. At the sector level, Communication Services and Financials were positive contributors, while Industrials and Information Technology were the primary detractors. Overall, security selection was positive, particularly in Financials, and allocation was neutral. At the security level, top contributors included Alphabet (GOOG), Booking Holdings (BKNG), and Progressive (PGR). Top detractors were Waste Management (WM), Oracle (ORCL), and Graco (GGG). At quarter end, the portfolio held 26 positions, 50% in the top 10, 6% in cash, and traded at 87% of our estimate of intrinsic value¹ Over the course of the quarter, we exited Celanese (CE) and Dollar General (DG). There were no new positions initiated.

We exited our position in Celanese for two reasons, both of which we believe increase the range of potential outcomes to the downside, particularly given the Company's high degree of financial leverage. The first reason was weakening chemical commodity and intermediate chemical demand in China, a key global and company-specific end-market and producing region. The second was the risks associated with a lengthy United Auto Workers strike and its impact on the North American automotive market, another key end market and recent area of strength for Celanese. While these risks are not unique to the Company, they are exacerbated by the Company's high degree of financial leverage assumed to finance the 2022 DuPont Mobility & Materials acquisition. Given these concerns, we believed it would be prudent to step aside following a near-term improvement in valuation.

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

¹ BBH's estimate of the present value of the cash that a business can generate over its remaining life.

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Holdings As of 30 September 2023	
Berkshire Hathaway Inc (Class A)	6.7%
Alphabet Inc (Class C)	6.4%
Mastercard Inc	5.3%
Linde PLC	5.2%
Microsoft Corp	5.1%
Arthur J Gallagher & Co	4.6%
Progressive Corp	4.4%
Oracle Corp	4.0%
Alcon Inc	3.9%
KLA Corp	3.9%
Zoetis Inc	3.8%
Costco Wholesale Corp	3.8%
Waste Management Inc	3.6%
Thermo Fisher Scientific Inc	3.4%
Booking Holdings Inc	3.4%
Abbott Laboratories	2.9%
Amazon.com Inc	2.8%
S&P Global Inc	2.7%
Copart Inc	2.6%
Texas Instruments Inc	2.5%
Adobe Inc	2.5%
Nike Inc (Class B)	2.4%
A. O. Smith Corp	2.4%
Graco Inc	2.4%
Diageo PLC	1.7%
Nestle SA	1.6%
Cash & Cash Equivalents	5.8%
Liabilities in Excess of Other Assets	0.0%

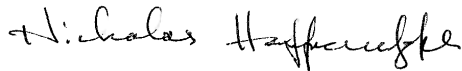
Holdings are subject to change.

We also exited our investment in Dollar General to reallocate capital to higher quality investments with greater visibility in the current environment. The rapid pace of growth through the pandemic led to recent execution challenges at Dollar General. These issues were exacerbated by supply chain and labor headwinds, and a weaker outlook for the Company's core lower income consumer. While management is investing in the business to address execution issues, the pressure on its core customer creates greater uncertainty while heightened theft and crime are a more recent and noteworthy broad headwind for retail. Together, this sets up a challenging near-term backdrop for retail businesses to operate. Historically, concerns related to the consumer, competition, or the business model have proven to be temporary or addressable by the Company, resulting in attractive investment opportunities for patient investors. At the same time, the current environment is unique, and visibility remains low on the adequacy of investments and timing of a turn in Dollar General's results as its core consumer is facing a disproportionate level of pressure. Given these developments, we decided to redeploy capital in higher conviction opportunities.

Outlook

"Unique, muddy, and unusual" are adjectives used with increasing frequency to describe the post-pandemic business cycle. There is no doubt the extraordinary fiscal and monetary actions taken in response to the pandemic have introduced anticipated and unanticipated effects on the market. While the risks associated with higher rates, a strong dollar, elevated energy prices, tighter credit, and severe geopolitical conflicts are significant, the outlook for corporate profits remains constructive. In such an uncertain environment, we derive confidence from our companies' proven records of generating durable economic profits in past cycles. Our focus remains on businesses with strong balance sheets, essential products and services, pricing power, and durable cash flows. Beneath the surface of what has been a very narrow market year-to-date, we continue to find value and exceptional execution across the Fund.

Respectfully,



Nicholas Haffenreffer
Fund Manager



Performance

Past performance does not predict future results

Annual Returns										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Class I	-21.33%	26.19%	12.17%	28.81%	-7.75%	18.76%	7.65%	-3.24%	7.51%	25.84%
Class R[i]	-21.33%	26.24%	12.18%	28.80%	-7.75%	18.73%	7.65%	-3.24%	7.51%	25.84%
Class RN[i]*	N/A	26.23%	12.18%	28.79%	-7.77%	18.74%	7.66%	-3.23%	N/A	N/A
Class X	-21.76%	25.54%	11.56%	28.09%	-8.25%	18.11%	7.06%	-3.77%	6.91%	25.17%
Class R[i](GBP)	-12.18%	27.91%	8.66%	23.93%	-2.28%	8.31%	28.69%	2.31%	14.42%	N/A
Class RN[i](GBP)**	N/A	27.90%	8.66%	23.95%	-2.28%	8.35%	28.76%	2.31%	N/A	N/A
S&P 500	-18.11%	28.71%	18.40%	31.49%	-4.38%	21.83%	11.96%	1.38%	13.69%	32.39%

Average Annual Total Returns							
As of 30/09/2023	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	-2.74%	11.21%	21.05%	6.96%	7.37%	7.67%	10.70%
Class R[i]	-2.74%	11.21%	21.05%	6.97%	7.38%	7.67%	9.31%
Class X	-2.87%	10.76%	20.39%	6.39%	6.79%	7.07%	8.54%
Class R[i](GBP)	1.24%	10.19%	10.77%	8.99%	8.80%	10.75%	10.13%
S&P 500	-3.27%	13.07%	21.62%	10.15%	9.92%	11.91%	13.61%

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. 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. 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 30 September 2023

	ISIN	Inception Date	Total Net Assets (mil)	NAV	Upside/Downside Capture ¹
Class I	LU0407242659	28/01/2009	\$260.4	\$44.81	87.3% / 97.0%
Class R[i]	LU0527403801	21/10/2011	\$20.1	\$29.11	87.4% / 97.0%
Class X	LU0643341406	10/07/2012	\$2.6	\$25.14	
Class R[i](GBP)	LU0861823945	28/03/2013	£0.3	£27.76	

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 30 September 2023	
Common Stock	94.2%
Cash and Cash Equivalents	5.8%
Liabilities in Excess of Other Assets	0.0%
Total	100.0%

Fund Facts As of 30 September 2023	
Total Net Assets (mil)	\$283.6
Number of Securities Held	26
Average P/E	25.9
Average Market Cap (bil)	\$350.0
Excludes cash equivalents	

Sector Weighting As of 30 September 2023	
Communication Services	6.8%
Consumer Discretionary	9.1%
Consumer Staples	7.5%
Energy	0.0%
Financials	25.2%
Health Care	14.9%
Industrials	11.8%
Information Technology	19.2%
Materials	5.5%
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 30 September 2023	
Berkshire Hathaway Inc	6.7%
Alphabet Inc	6.4%
Mastercard Inc	5.3%
Linde PLC	5.2%
Microsoft Corp	5.1%
Arthur J Gallagher & Co	4.6%
Progressive Corp	4.4%
Oracle Corp	4.0%
Alcon Inc	3.9%
KLA Corp	3.9%
Total	49.7%

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.

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Other Important Disclosures

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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.