

BBH Luxembourg Funds - BBH Core Select

Quarterly Fund Update / 4Q 2023

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in the UK, Germany and Luxembourg

4Q Highlights

- The BBH Luxembourg Funds - Core Select Class I gained 10.34% in the fourth quarter compared to 11.69% for the benchmark S&P 500 Index.
- The Fund posted healthy gains for the period, with no detractors and positive absolute contributions in excess of 650 basis points from the Information Technology, Industrials, and Financial sectors.
- Easing inflation and renewed prospects for growth have fueled optimism for a soft landing, but we continue to focus on the fundamentals and our research driven approach to stock selection.

Market Overview

4Q 2023

The benchmark S&P 500 Index ("the Index") rebounded from a weak third quarter to end the year with a gain of 11.69% over the final three months, lead primarily by the Real Estate, Information Technology, and Financials sectors, which were up 18.83%, 17.17%, and 14.03%, respectively. The only detractor for the period was the Energy sector, which was down -6.94% and offset all the gains made earlier in the year. This reflected the sharp downturn in oil and natural gas prices, which has been pressured by strong supplies and concerns about tepid demand.

Year-to-Date 2023

The Index ended the year with a gain of 26.29%, lead primarily by the Information Technology sector, which was up a staggering 60.93% and contributed more than one-half, or 14.13%, of the total return. The two largest, and only, detractors (which we do not own) for the year were the Utilities and Energy sectors, which returned -7.08% and -1.33%, respectively.

Unsurprisingly, the dramatic change in the technological landscape had an oversized impact on the performance of large-technology, with the Index ending the year with unprecedented levels of market concentration, with most of the year-to-date return being generated by the top 10 stocks alone. Through this all, we continue to focus on high-conviction stocks that we aim to own at attractive prices.

Portfolio Commentary

The BBH Luxembourg Funds - Core Select Class I ("Core Select," or "the Fund") gained 10.34% in the fourth quarter, modestly underperforming the benchmark Index, which returned 11.69%.

While the portfolio underperformed, the sector allocation effect relative to the benchmark for the quarter was modest at approximately -0.20%; this was helped, in part, by maintaining no allocation to the Energy sector, which was the only detractor to benchmark performance. A large overallocation to the Financials sector, which outperformed the Index on a total return basis, also helped performance from an allocation perspective.

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

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Holdings As of 31 December 2023	
Berkshire Hathaway Inc (Class A)	6.3%
Alphabet Inc (Class C)	6.2%
Microsoft Corp	5.6%
Linde PLC	5.2%
Mastercard Inc	5.2%
KLA Corp	4.5%
Oracle Corp	4.0%
Zoetis Inc	4.0%
Waste Management Inc	3.9%
Progressive Corp	3.9%
Arthur J Gallagher & Co	3.7%
Alcon Inc	3.6%
Booking Holdings Inc	3.6%
Costco Wholesale Corp	3.5%
Thermo Fisher Scientific Inc	3.3%
Amazon.com Inc	3.2%
Abbott Laboratories	3.0%
S&P Global Inc	2.9%
A. O. Smith Corp	2.8%
Graco Inc	2.6%
Adobe Inc	2.6%
Nike Inc (Class B)	2.6%
Texas Instruments Inc	2.4%
UnitedHealth Group Inc	2.1%
Copart Inc	1.9%
Diageo PLC	1.5%
Nestle SA	1.5%
Cash & Cash Equivalents	4.4%
Liabilities in Excess of Other Assets	0.0%

Holdings are subject to change.

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

The new company was **UnitedHealth Group (UNH)**. UNH is the largest and most diversified U.S. managed healthcare organization, the largest U.S. healthcare Information Technology (IT) company, the largest U.S. physician group, and the third largest pharmacy benefit manager in the U.S. The Company combines distinct capabilities in care delivery, care management, benefit design, and technology development, as well as application and payment for care to influence outcomes and cost. The Company's scale and diversification constitute sustainable competitive advantages in the healthcare services industry that have allowed it to deliver on its targets with a consistency we find reassuring. We believe UNH's two greatest strengths have been its strategic vision and strategic capital deployment, which have resulted in exposure to leading growth areas of healthcare services and have contributed meaningfully to profitable, economic growth.

Both factors have uniquely positioned the Company well as the leader and pioneer in the industry with a meaningful first mover advantage to monetize the secular shift to value-based care.

We believe current valuations for UNH'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 believe UNH is positioned 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 significant rebound in equities and overall strong absolute performance of the Fund for the year, which was up 22.71%, but candidly disappointed by our underperformance relative to the S&P 500 index, which returned 26.29%. Looking forward, higher equity market valuations as well as substantial risks and uncertainties underpin the current economic and investment environment. Consequently, we remain committed to our disciplined investment approach focused on a relatively concentrated portfolio of durable, well-managed, high-quality, competitively advantaged businesses as we believe this approach offers the best way to generate attractive risk-adjusted absolute and relative returns over the long-term.

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 31/12/2023

Average Annual Total Returns

	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	10.34%	22.71%	22.71%	6.80%	11.97%	8.00%	11.24%
Class R[i]	10.34%	22.71%	22.71%	6.81%	11.98%	8.00%	9.99%
Class X	10.19%	22.04%	22.04%	6.23%	11.36%	7.41%	9.26%
Class R[i](GBP)	5.62%	16.39%	16.39%	9.34%	11.98%	10.87%	10.44%
S&P 500	11.69%	26.29%	26.29%	10.00%	15.69%	12.03%	14.21%

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 31 December 2023

	ISIN	Inception Date	Total Net Assets (mil)	NAV	Upside/Downside Capture ¹
Class I	LU0407242659	28/01/2009	\$286.0	\$49.44	86.4% / 98.2%
Class R[i]	LU0527403801	21/10/2011	\$22.2	\$32.12	86.5% / 98.2%
Class X	LU0643341406	10/07/2012	\$2.8	\$27.70	
Class R[i](GBP)	LU0861823945	28/03/2013	£0.4	£29.32	

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 December 2023	
Common Stock	95.6%
Cash and Cash Equivalents	4.4%
Liabilities in Excess of Other Assets	0.0%
Total	100.0%

Fund Facts As of 31 December 2023	
Total Net Assets (mil)	\$311.4
Number of Securities Held	27
Average P/E	28.9
Average Market Cap (bil)	\$416.1
Excludes cash equivalents	

Sector Weighting As of 31 December 2023	
Communication Services	6.5%
Consumer Discretionary	9.8%
Consumer Staples	6.8%
Energy	0.0%
Financials	22.9%
Health Care	16.7%
Industrials	11.7%
Information Technology	20.1%
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 31 December 2023	
Berkshire Hathaway Inc	6.3%
Alphabet Inc	6.2%
Microsoft Corp	5.6%
Linde PLC	5.2%
Mastercard Inc	5.2%
KLA Corp	4.5%
Oracle Corp	4.0%
Zoetis Inc	4.0%
Waste Management Inc	3.9%
Progressive Corp	3.9%
Total	48.7%

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.

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.

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

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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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.