

CAPITAL PARTNERS

BBH Luxembourg Funds - BBH Core Select

Quarterly Update | 4Q 2025

Highlights

- During fourth quarter 2025, most portfolio companies in the BBH Luxembourg Funds – Core Select (the Fund) reported third quarter 2025 results and provided near- and longer-term guidance.
 - Overall results were mixed, with strong growth in earnings contrasting with downward revisions to expectations. The financial results of the portfolio companies in the Fund 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 portfolio companies in the Fund as cautious near term and highly confident medium to longer term.
- The absolute stock price-driven total returns of the Fund have been solid, in line with expected economic profit growth and current income generation levels we model at normalized levels. On a total return basis, the Fund (Class I) increased 0.02% for the quarter, bringing the year-to-date return to 13.39%. The Index increased 2.66% and 17.88% respectively, reaching an all-time high.
- We have experienced very different market dynamics in the last 18 months, characterized by periods of large-cap technology dominance and two separate and historic low-quality rallies that worked to bookend policy-induced growth and economic risk scares in the early part of this year. However, we took advantage of market volatility to engage in several rebalancing trades and initiated a position in a company whose fundamental characteristics are attractive on both an absolute and relative basis, operates in an industry structure that remains intact, and where the valuation was compelling.
- We remain pleased with the year-to-date fundamental performance of the Fund, continuing trends we have seen for some time. Fundamental performance driving economic value creation remains very favorable for the Fund on an absolute basis and relative to the Index, as does relative valuation, against a backdrop of very full absolute valuation level.

Market overview

We entered calendar year 2025 with a high degree of caution. The Index had just come off its second consecutive year of approximate 25% returns, while earnings and free cash flow per share growth were essentially flat over the two-year period. Valuations were full and expectations for earnings growth were high, both on an abso-

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lute basis and relative to near- and longer-term history, while internal market structure was undergoing a period of dramatic change.

While stock price volatility has been very significant, in the context of history we have seen far greater extremes. Shifts in sentiment have worked to benefit both ends of the quality and risk spectrum over time, but continued near-term enthusiasm for low-quality and profitless businesses has caused valuations to detachment from underlying fundamentals, creating a frothy environment. While the shifts in sentiment have worked to benefit both ends of the quality and risk spectrum, the policy-induced growth and economic risk scare in the early part of this year rewarded quality companies and those that possess the highest levels of financial stability. But the very powerful low-quality rallies that bookend that brief mid-February through early-April period have proven to be overwhelming in terms of what's driving relative stock price returns in the U.S. large cap universe, at least during this relatively brief 18-month period.

With first quarter of 2025 experiencing a decline of almost 5% and the threat of widespread tariffs dampening the growth outlook, the remainder of the year saw the Index increase ~23%. With price momentum and higher volatility companies powering the continued rise in market prices against a resilient, albeit cautionary, macro backdrop, we argue for maintaining patience until we observe a correction in either market prices or future expectations for growth.

Healthcare (+11.68%), communication services (+7.26%), and financials (+2.02%) performed best in the quarter, contributing almost 200 basis points (bps)¹ to the market's total return. Real estate (-2.86%), utilities (-1.40%), and consumer staples (+0.01%) were the worst performers. Healthcare and communication services were the only two sectors to beat the Index in the quarter, with the former benefiting from reduced uncertainty regarding U.S. pharmaceutical pricing and trade policies.

Portfolio commentary

Performance of the Index was heavily influenced by the outsized stock price performance of a small number of large index constituent companies, four of which we own in the Fund. Two separate rallies of low-quality and higher beta companies that are a poor fit with our investment criteria and companies we seek to avoid – both by the strategic design of our investment criteria and its diligent implementation – also played a significant role. This approach is part of our effort to produce durable absolute and relative returns over the long-term and fundamentally outperform during periods of economic or market stress.

The financial results of our portfolio companies were strong, with our recipe for economic value creation – reported returns on invested capital plus implied free cash flow per share growth – attractive on both an absolute and relative basis. Compared to the extreme uncertainty that accompanies the price other market participants are willing to pay for our portfolio companies and those we choose not to own, we feel more in control of the funda-

EXHIBIT I

	3 years		5 years	
	Fund	S&P 500	Fund	S&P 500
Growth				
EPS (CAGR)	11.8%	6.5%	15.9%	7.8%
Free cash flow (CAGR)	11.5%	-2.1%	12.9%	4.4%
Quality				
Return on invested capital (avg)	23.4%	10.3%	22.2%	9.6%
Net debt/EBITDA (avg)	1.04x	1.38x	0.98x	1.36x

¹ One basis point is equal to 1/100th of 1%, or 0.01%.

mental performance and superior valuation of our portfolio companies. Net earnings and free cash flow per share grew 12% and 11%, respectively, for the Fund over the three-year trailing period vs. 7% and -2%, respectively, for the Index over the same time period.

To that end, our portfolio companies have executed well and have produced solid growth and fundamental economic performance while maintaining appropriately conservative capital structures. These achievements are evident at the aggregate portfolio level, where we have observed attractive growth in revenue, cash flow, and earnings; superior profit margins; returns on capital; and healthy balance sheets. While the Fund is more fully valued than we have historically observed given the strong equity markets we experienced over the past several years, the valuation remains supportive on an absolute basis and is attractive relative to the Index.

For the quarter, the Fund's largest **detractor** to total return was **Oracle** (ORCL).

ORCL was the largest detractor to performance, returning -30.6% for the quarter, which represented a 170-bp detraction from the Fund's total return. The decline in share price was largely a result of the company missing revenue and profit expectations, even though artificial intelligence (AI) cloud services grew 68%. Furthermore, concerns were raised around both the timeline for completion and source of funding for AI data center growth, with capital expenditures increasingly being funded by taking on debt. While we appreciate these risks, we continue to maintain a high level of conviction both in the business fundamentals as well as the company's stock, and see opportunity over a longer time horizon.

For the quarter, the Fund's largest **contributor** to total return was **Alphabet** (GOOG).

GOOG has been the top contributor for two successive quarters, returning +28.9% for the fourth quarter, which represented a 198-bp contribution to the Fund's total return. GOOG reported results that exceeded expectations on most key metrics and showcased improving execution along its AI initiatives. Strong performance in the Search segment helped to dispel concerns about potential disruption by generative AI-focused competitors. In addition, the Google Cloud segment continued to demonstrate accelerated usage and progress in gaining share relative to its hyperscaler competitors. From a product perspective, GOOG saw rapid uptake of its key AI offerings during the quarter, with continued momentum in their Gemini ecosystem.

Over any period, 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 that it is a reasonable and an economically sound premise that the price of stocks should follow their growth in free cash flow per share and that attractive valuations support economic upside and mitigate risk. This will remain our focus as we seek to deliver both strong absolute and relative after-tax returns over the long term.

While this work will continue and is a constant focus of our analytical and portfolio management activities, we expect it to slow in the near term given the sharp recovery in market prices and still-elevated levels of policy-induced risk. While we remain focused on finding new investments that meet our investment criteria and are attractively valued, we do so in the context of a market environment we view as challenged, with risks evident on many fronts.

Portfolio activity

During the period of recent market volatility and uncertainty, we have been acting with an aim to improve an already high-quality portfolio to one possessing higher expected levels of economic profit growth and better valuation support. Specifically, we have and will continue to trim and sell portfolio companies when valuations increase to levels we believe to be in excess of the range of reasonable economic outcomes implied by current stock prices. Conversely, we may add new portfolio companies that meet our investment criteria and may add to

existing portfolio company positions when valuations are at levels we believe to be attractive to that same range of reasonable economic outcomes.

To that end, we were able to initiate a position in both **Visa** and **Ecolab**, two high-quality companies. **Ecolab** has dominant market positions in all material product and service end-markets and is the leading U.S. and global provider of discrete and integrated products, solutions and services aimed at advancing food safety, clean and safe working environments, and the optimization of water and energy consumption. **Visa** has used its ubiquitous foundational layer to generate exceptionally attractive returns on capital and high levels of profit growth during its entire history as listed company, punctuated by significant margin expansion post listing as Visa transitioned from an association to a listed company.

During the quarter, we made several portfolio rebalancing trades reflective of relative valuation opportunities, risk, and fit with our investment criteria. Turnover during the quarter was modest, at 4.8%. While low relative to recent activity, this represents the select opportunity with pockets of valuation support.

We trimmed positions in **Alphabet**, **Microsoft**, **KLA**, **Thermo Fisher**, and **Oracle**, based on strength in performance and to manage overall portfolio balance and weightings. We deployed some of proceeds into **Nike**, **Coca-Cola**, **Cadence**, **ServiceNow**, names that we still have a high degree of conviction in, as well as where we felt like the share price performance provided valuation support.

Outlook

At the end of fourth quarter 2025, we held positions in 35 companies, with the ten largest holdings accounting for 48% of total assets. As of October 1, 2025, the Fund was trading at ~94% of our underlying base estimate of intrinsic value, which compares to ~122% for the Index. We ended the quarter with a cash position of 3.55%.

In our view, momentum and high beta continue to drive market performance, at the expense of growth, quality, and positive fundamental factor. After making opportunistic adjustments, we remain focused on finding new invest-

HOLDINGS (AS OF 31 DECEMBER 2025)

Holding	Sector	Weight (%)
Alphabet Inc (Class C)	Communication services	8.60
Microsoft Corp	Information technology	7.37
KLA Corp	Information technology	5.24
Amazon.com Inc	Consumer discretionary	5.03
Mastercard Inc	Financials	4.04
Oracle Corp	Information technology	3.74
Apple Inc	Information technology	3.73
Booking Holdings Inc	Consumer discretionary	3.70
Applied Materials Inc	Information technology	3.24
Linde PLC	Materials	3.10
S&P Global Inc	Financials	3.06
Waste Management Inc	Industrials	2.79
Thermo Fisher Scientific Inc	Health care	2.73
Automatic Data Processing Inc	Industrials	2.64
Adobe Inc	Information technology	2.48
Arthur J Gallagher & Co	Financials	2.43
Otis Worldwide Corp	Industrials	2.43
NIKE Inc (Class B)	Consumer discretionary	2.39
Walmart Inc	Consumer staples	2.32
Cadence Design Systems Inc	Information technology	2.28
Zoetis Inc	Health care	2.21
Alcon Inc	Health care	2.06
Visa Inc	Financials	2.03
Eli Lilly & Co	Health care	1.98
ServiceNow Inc	Information technology	1.95
Costco Wholesale Corp	Consumer staples	1.94
Progressive Corp	Financials	1.89
Abbott Laboratories	Health care	1.88
NVIDIA Corp	Information technology	1.86
Texas Instruments Inc	Information technology	1.31
Procter & Gamble Co	Consumer staples	1.11
McDonald's Corp	Consumer discretionary	0.99
Coca-Cola Co	Consumer staples	0.75
Analog Devices Inc	Information technology	0.67
Ecolab Inc	Materials	0.49
Cash & cash equivalents		3.55

Holdings are subject to change.

ments and rebalancing existing portfolio companies in the context of a market environment we view as challenged.

Specifically, with a backdrop of decelerating economic growth, extreme policy uncertainty and geopolitical risk, and still-high market expectations relative to history, we remain focused and committed to investing in companies that meet our qualitative criteria, have the fundamental financial characteristics in place that allow for durability in times of economic and market stress, and offer valuation support.

To conclude, our portfolio companies have executed well and produced solid growth and fundamental economic performance while maintaining appropriately conservative capital structures. Given the near- and longer-term outlooks provided by the companies in the Fund, we are optimistic that these strong trends will continue and that the differentiated financial attributes will be better recognized by other investors in the future, improving the stock price performance of the Fund relative to the Index over time.

Thank you for your interest in the BBH Luxembourg Funds – Core Select. Please reach out if you have any questions.

BBH Large Cap Equity Team

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PERFORMANCE Past performance does not predict future results										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Class I	13.39%	14.83%	22.71%	-21.33%	26.19%	12.17%	28.81%	-7.75%	18.76%	7.65%
Class R[i]	13.39%	14.83%	22.71%	-21.33%	26.24%	12.18%	28.80%	-7.75%	18.73%	7.65%
Class X	12.76%	14.19%	22.04%	-21.76%	25.54%	11.56%	28.09%	-8.25%	18.11%	7.06%
S&P 500	17.88%	25.02%	26.29%	-18.11%	28.71%	18.40%	31.49%	-4.38%	21.83%	11.96%

As of 31/12/2025	Total returns		Average annual total returns				
	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since inception
Class I	0.02%	13.39%	13.39%	16.90%	9.66%	10.45%	11.58%
Class R[i]	0.02%	13.39%	13.39%	16.90%	9.67%	10.46%	10.56%
Class X	-0.12%	12.76%	12.76%	16.26%	9.07%	9.85%	9.88%
S&P 500	2.66%	17.88%	17.88%	23.01%	14.42%	14.82%	15.03%

Class I Inception: 28/01/2009

Class R[i] Inception: 21/10/2011

Class X Inception: 10/07/2012

Class I and Class R[i] annual ongoing charges: 1.15%

Class X annual ongoing charges: 1.70%

Returns of less than one year are not annualized.

The past performance excludes the entry and exit charges. This figure may vary from year to year. While the Prospectus indicates an ability by the Investment Manager or Principal Distributor to charge a maximum of 5% of the subscription price upon entry / 2% of the total redemption proceeds, we have not and do not plan to impose this charge. Performance has been calculated in USD.

Classes I, R[i], and 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 S&P 500 is provided for comparison purposes only. 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 2025)

	ISIN	Inception date	Total net assets (mil)	NAV	Upside / Downside capture ¹
Class I	LU0407242659	28/01/2009	\$331.9	64.37	87.8% / 106.4%
Class R[i]	LU0527403801	21/10/2011	\$21.7	41.82	87.9% / 106.4%
Class X	LU0643341406	10/07/2012	\$2.5	35.67	

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 2025

Common stock	96.5%
Cash and cash equivalents	3.6%
Other assets in excess of liabilities	-0.1%
Total	100.0%

Fund facts

As of 31 December 2025

Total net assets (mil)	\$356.1
Number of securities held	35
Average P/E	29.5
Average market cap (bil)	\$982.2

Excludes cash equivalents.

Sector weighting

As of 31 December 2025

Information technology	35.1%
Financials	13.9%
Consumer discretionary	12.6%
Health care	11.2%
Communication services	8.9%
Industrials	8.2%
Consumer staples	6.3%
Materials	3.7%
Energy	0.0%
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 2025

Alphabet Inc	8.6%
Microsoft Corp	7.4%
KLA Corp	5.2%
Amazon.com Inc	5.0%
Mastercard Inc	4.0%
Oracle Corp	3.7%
Apple Inc	3.7%
Booking Holdings Inc	3.7%
Applied Materials Inc	3.2%
Linde PLC	3.1%
Total	47.7%

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 objective of the Fund is to provide investors with maximum total return, consistent with preservation of capital and prudent investment management.

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.

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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 an Article 6 SFRD fund.

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

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.

Adverse exchange rate fluctuations may result in a decrease in return or a loss for shareholders.

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.

A summary of investor rights in English is available on the website and can accessed at <https://www.bbhluxembourgfunds.com/global/institutional/en/investor-rights.html>.



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