

BBH Partner Fund – International Equity

Quarterly Fund Update / 4Q 2023

For the fourth quarter ended December 31, 2023, the BBH Partner Fund – International Equity (the “Fund”) returned +13.43%. Over the same period, the MSCI EAFE Index¹ (the “Index”) returned +10.42%.

Philosophy

The Fund aims to provide investors with long-term maximization of total return, primarily through capital appreciation. Under normal circumstances, at least 80% of the net assets of the Fund are invested in equity securities of companies in the developed and emerging markets of the world, excluding the United States.

Portions of the Fund are allocated to different investment sub-advisers who employ investment styles broadly aligned with the investment adviser’s principles of equity investing. The Fund’s investment adviser monitors the sub-advisers by reviewing their portfolio performance and characteristics as well as organizational activity and departures of key personnel.

Performance Review

The largest contributor to performance in the fourth quarter was **Brookfield Corporation** (BN CN), a Canada-based global alternative asset manager. Brookfield Corporation has a long history of generating outstanding returns by investing in and developing real assets (focusing particularly on real estate, infrastructure, and renewable power) with current cash-flow yields. After decades of success investing primarily from its own balance sheet, Brookfield Corporation has spent the last 10-15 years building and scaling a formidable third-party, fee-based asset management platform: a recurring-revenue business comprising approximately one-half the value of the group today. Over the last two years, however, the Company’s shares have derated significantly (despite continued strong fundamental business performance) amid investor concerns about the potential impact of higher interest rates on the alternative asset management industry.

Brookfield Corporation ended the third quarter trading at nearly a 50% discount to our estimate of the Company’s intrinsic value.² We subsequently added significantly to our position, making it one of the Fund’s larger holdings, and the Company’s shares proceeded to rebound +28% (in USD) in the fourth quarter, contributing +79 bps³ to the Fund’s return. Investors took heart from another strong earnings release, from management reiterating its confident multi-year growth outlook, and from increasing evidence that central bankers are seeing sufficient progress combating inflation to begin contemplating lowering interest rates once again.

The largest detractor during the quarter was **Worldline** (WLN FP), a French multinational payment and transactional services company. The electronic payments industry in Europe has many attractive attributes, as Europe is still more reliant on cash payments, and, therefore, there continues to be a penetration tailwind for these companies. There are also more barriers to entry compared to the U.S. as cross border transactions are far more complex and require multiple country approvals, making it more difficult to compete across the continent. The newer venture capital-backed competitors have also

Performance As of December 31, 2023						
	Total Returns		Average Annual Total Returns			
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Class I	13.43%	14.35%	14.35%	-4.13%	7.28%	4.28%
MSCI EAFE Index	10.42%	18.24%	18.24%	4.02%	8.16%	4.28%

Class I: Total Expense Ratio (%): 0.63
Returns of less than one year are not annualized.

Performance data quoted represents past performance. Past performance does not guarantee future results, and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost. For the most recent month-end performance, call 1 (800) 625-5769. Fund shares redeemed within 30 days of purchase are subject to a redemption fee of 2.00%.

Sources: BBH & Co. and MSCI EAFE

Top 10 Companies As of December 31, 2023	
CRH Plc	4.0%
Taiwan Semiconductor	3.6%
London Stock Exchange Group	3.5%
Brookfield Corp	3.3%
Safran SA	3.3%
Obic Co Ltd	3.0%
SAP SE	3.0%
AIA Group Ltd	2.9%
Alcon Inc	2.5%
Sartorius Stedim Biotech	2.4%
Total	31.5%

Reported as a percentage of total portfolio.
Holdings are subject to change.

¹ The MSCI EAFE Index is designed to represent the performance of large and mid cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, and excluding the U.S. and Canada. The Index is available for a number of regions and market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries. The Index is not available for direct investment.

² BBH’s estimate of the present value of the cash that a business can generate over its remaining life.

³ 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.

BBH Fund Information Service: (800) 625-5759

been much slower to develop than in the U.S. In addition to the attractive dynamics of the payments industry in Europe, when we initiated our position post-COVID-19, Worldline was trading at a very cheap valuation and was an attractive way to play the post-pandemic recovery in Europe.

Through much of 2023, Worldline continued to perform reasonably well and in line with our expectations, with +9% organic growth and +14% earnings before interest, taxes, depreciation, and amortization (EBITDA) growth for the first half of the year. However, results in the second half of the year were poor – with an earnings before interest and taxes (EBIT) downgrade of 12% for the year and the resulting loss of confidence in the Company’s management team – causing the share price to fall precipitously. The Company noted spending weakness in Germany as well as higher operating and cash costs due to inflation and mergers and acquisition integration, respectively. Given the magnitude of the changes and management’s inability to explain recent market-share losses, we exited the position as our investment thesis had not played out.

Portfolio Positioning

Region and Sector Diversification As of December 31, 2023							
Region Diversification (%)				Sector Diversification (%)			
Country	Class I	MSCI EAFE	Class I Difference	Sector	Class I	MSCI EAFE	Class I Difference
Africa / Middle East	–	0.7	-0.7	Communication Services	4.2	4.1	0.1
Asia Pacific (ex Japan)	13.2	11.4	1.8	Consumer Discretionary	9.7	11.8	-2.1
Japan	10.9	22.4	-11.5	Consumer Staples	2.6	9.3	-6.7
North America	12.3	0.3	12.0	Energy	–	4.3	-4.3
South & Central America	–	0.1	-0.1	Financials	17.7	18.9	-1.2
Western Europe	63.6	65.1	-1.6	Health Care	11.5	12.8	-1.3
				Industrials	21.1	16.3	4.8
				Information Technology	23.4	8.5	14.8
				Materials	8.2	7.8	0.4
				Real Estate	–	2.4	-2.4
				Utilities	–	3.5	-3.5
				Not Classified	1.5	0.3	1.2

Tables may not add exactly to 100% due to rounding.
Country allocation provided by sub-adviser’s accounting system and may differ from what is reported by Bloomberg; country designation is based on country of incorporation.
Holdings are subject to change.
Sources: iShares MSCI EAFE ETF and BBH Analysis

Sub-Advisers



SELECT EQUITY

Select Equity Group’s (SEG) investment philosophy is grounded in the belief that rigorous, independent research and disciplined, long-term investing can generate attractive returns. SEG seeks to identify what it believes to be the highest-quality businesses – those with steady, predictable growth, high returns on capital and expanding barriers to competition. The sub-adviser believes these companies are both well-positioned for long-term growth and resilient in difficult economic environments.



The Trinity Street Asset Management (TSAM) investment philosophy centers around searching globally for companies undergoing structural change that is underappreciated by the broader market and where the TSAM investment team can see a path for a 50% return over the next 2-3 years. The team focuses their research efforts exclusively on companies experiencing periods of change because they believe this is where disruptions to normal market pricing mechanisms (i.e., attractive risk/reward opportunities and significant discounts to intrinsic value) are most likely to be found. The change factor

could be a change in management, product, geopolitical environment, or in industry supply/demand dynamics that is misunderstood or underappreciated by the market.

The Fund seeks to generate attractive returns over time but does not attempt to mirror a benchmark or index. The composition of the MSCI EAFE Index is materially different than the Fund's holdings.

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 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.

INDEX DEFINITIONS

iShares MSCI EAFE ETF is an index that seeks to track the investment results of an index composed of large- and mid-capitalization developed market equities, excluding the U.S. and Canada. The index is not available for direct investment.

RISKS

Investors in the Fund should be able to withstand short-term fluctuations in the equity markets in return for potentially higher returns over the long term. The value of portfolios changes every day and can be affected by changes in interest rates, general market conditions and other political, social and economic developments.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries and currency risk and political risks are accentuated in emerging markets. 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. The Fund also invests in derivative instruments, investments whose values depend on the performance of the underlying security, assets, interest rate, index, or currency and entail potentially higher volatility and risk of loss compared to traditional stock or bond investments.

Asset allocation decisions, particularly large redemptions, made by BBH&Co., whose discretionary investment advisory clients make up a large percentage of the Fund's shareholders, may adversely impact remaining Fund shareholders.

For more complete information, visit www.bbh-funds.com for a prospectus. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

Shares of the Fund are distributed by ALPS Distributors, Inc. and is located at 1290 Broadway, Suite 1000, Denver, CO 80203.

The BBH International Equity Fund is sub-advised by Select Equity Group and Trinity Street Asset Management.

Effective August 18, 2023 Trinity Street Asset Management LLP was added as a sub-adviser to the Fund responsible for managing a portion of the Fund's assets alongside Select Equity Group, L.P.

Brown Brothers Harriman & Co. ("BBH"), a New York limited partnership, was founded in 1818 and provides investment advice to registered mutual funds through a separately identifiable department (the "SID"). The SID is registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940.

Not FDIC Insured

No Bank Guarantee

May Lose Money