

**CAPITAL PARTNERS**

# BBH Partner Fund – International Equity

## Quarterly Update | Q1 2026

For the first quarter ended March 31, 2026, the BBH Partner Fund – International Equity (the “Fund”) returned -3.1%. Over the same period, the MSCI EAFE Index<sup>1</sup> (the “Index”) returned -1.2%.

### 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-advisors who employ investment styles broadly aligned with the investment advisor’s principles of equity investing. The Fund’s investment advisor monitors the sub-advisors by reviewing their portfolio performance and characteristics as well as organizational activity and departures of key personnel.

### Performance review

Our top contributor in the first quarter of 2026 was **BAE Systems**. BAE Systems is the largest defense supplier listed outside the U.S., headquartered in the UK. It operates across all military domains — air, maritime, land and ammunition, cyber, space, and electronics. This breadth makes BAE one of the most diversified players in the sector, with exposure to long-cycle programs across its key government customers (the U.S., UK, and broader NATO). Under new management appointed between 2017 and 2020, operational performance and contracting discipline improved significantly, driving strong free cash flow growth even before the recent positive inflection in global defense spending. BAE was among the portfolio’s top performers in 2025, with the shares up 63% in USD for the full year even after a -17% pullback in the fourth quarter on rumors of a possible Russia-Ukraine peace deal (which as of this writing has yet to materialize).

In the first quarter the Company’s shares gained +33% in USD through quarter-end, rebounding strongly from the brief fourth quarter weakness and outperforming its European peer group. The US government is a key defense

### PERFORMANCE (AS OF MARCH 31, 2026)

Fund/Benchmark	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.
<b>BBHLX Class I</b>	-3.12%	-3.12%	14.57%	11.31%	2.98%	7.72%
<b>MSCI EAFE Index</b>	-1.24%	-1.24%	21.27%	13.62%	7.91%	8.38%

Class I Net Expense Ratio (%): 0.63 per February 28, 2026, prospectus  
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

<sup>1</sup> 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.

customer for the Company, and the quarter reminded investors that UK & European governments will not be the only ones likely to be ramping defense spending in the years ahead. U.S. military action in Venezuela in early January was followed by the larger U.S.-Israeli campaign against Iran (Operation Epic Fury) beginning in late February. Epic Fury in particular underscored the value of deep missile and interceptor inventories, a dynamic that directly supports BAE's positioning in the missile stockpile rebuild. Against the backdrop of heightened US military activity, the US government reportedly proposed a \$1.5 trillion defense budget for FY27, nearly +50% above current levels (and back to Cold War era percentages of GDP). Finally, BAE benefits from strong positioning in what tend to be the highest growth areas of defense spending (especially next generation air programs, the missile stockpile rebuild, and space systems).

**TOP 10 COMPANIES (AS OF MARCH 31, 2026)**

TSMC ADR	5.2%
ASML Holdings	3.9%
Keyence Corp	3.7%
Tokyo Electron	3.4%
Thales SA	3.0%
Franco-Nevada Corp	2.9%
BAE Systems	2.6%
STMicroelectronics	2.3%
Safran SA	2.2%
CRH	2.1%
<b>Total</b>	<b>31.4%</b>

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

Our largest detractor in the fourth quarter was **LVMH**. The share price of LVMH has been very weak in 2024 and 2025 as its Chinese customer base has been cautious following the pressures on the local economy and the value of property. In addition, there has been significant price inflation in the products, which has deterred some consumers, as well as distortions to demand caused by the weakness in the Japanese yen.

LVMH gave back the gains it achieved during Q4 of 2025 and has been impacted, in particular during 2026 March, due to anxieties related to potential consumption weakness as a result of the war in Iran. Although representing only a small component of the company's business, LVMH reported a sharp contraction of sales in the Middle East from the month of March and into April. The quarter also reflected particular softness among tourist clientele, notably in Europe, which saw the region negatively impacted by a combination of travel disruptions for Middle East customers as well as appreciation of the euro. Overall demand from Chinese customers remains relatively subdued but there are encouraging signs of a sequential recovery with organic sales of fashion and leather goods improving. Despite these pressures, LVMH has made some important management changes and brought in a new designer for the core Christian Dior brand. A revitalising of the product range combined with greater financial discipline provides an attractive opportunity going forward.

## Portfolio positioning

### REGION AND SECTOR DIVERSIFICATION (AS OF MARCH 31, 2026)

Region diversification (%)				Sector diversification (%)			
Region	Class I	MSCI EAFE	Difference	Sector	Class I	MSCI EAFE	Difference
Western Europe	62.5%	64.2%	-1.7%	Information technology	28.5%	8.4%	20.1%
Japan	14.2%	22.5%	-8.3%	Industrials	28.1%	19.3%	8.8%
Asia Pacific (ex. Japan)	10.4%	10.5%	-0.1%	Financials	12.1%	24.4%	-12.3%
North America	9.7%	1.9%	7.8%	Health care	8.9%	11.1%	-2.3%
Central Asia	3.3%	0.0%	3.3%	Materials	7.3%	6.0%	1.3%
Africa / Middle East	0.0%	0.8%	-0.8%	Consumer discretionary	5.9%	8.5%	-2.6%
				Communication services	4.8%	4.2%	0.6%
				Cash / equivalents	2.6%	0.5%	2.1%
				Energy	2.0%	4.4%	-2.4%
				Consumer staples	0.0%	7.2%	-7.2%
				Real estate	0.0%	1.8%	-1.8%
				Utilities	0.0%	4.2%	-4.2%

Tables may not add exactly to 100% due to rounding.

Country allocation reported by FactSet and may differ from what is provided by sub-advisors' accounting systems. Country & region classification by country & region of domicile. Holdings are subject to change.

Sources: FactSet

## Sub-advisors



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-advisor 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.

## Disclosure

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.

## 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.bbhfunds.com](http://www.bbhfunds.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-advisor 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.



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