

CAPITAL PARTNERS

BBH Partner Fund – International Equity

Quarterly Update | Q3 2025

For the third quarter ended September 30, 2025, the BBH Partner Fund – International Equity (the “Fund”) returned 2.8%. Over the same period, the MSCI EAFE Index¹ (the “Index”) returned 4.8%.

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 third quarter of 2025 was once again **Taiwan Semiconductor** (TSM US), widely known as “TSMC,” the Taiwan-domiciled independent semiconductor foundry. As we have discussed in previous letters, the Company has steadily gained market share over the past two decades as a result of its technological leadership, economies of scale, and its independent foundry model. TSMC today earns nearly 75% of its revenue and profitability from leading-edge technologies, for which it holds more than 80% market share. We believe TSMC is one of the highest-quality companies in the semiconductor industry, with its advantageous “tollbooth” position enabling it to consistently earn extraordinary unit economics. While the semiconductor business is cyclical, TSMC has steadily outperformed the industry, growing at a mid-teens rate through multiple cycles while enjoying very high operating profit margins (>45%), outstanding returns on invested capital, and consistently strong free cash flow (FCF) generation. Over the last ten years, TSMC has compounded its revenue, operating profit and cash earnings at annualized growth rates of 14%, 16% and 17%, respectively.

PERFORMANCE (AS OF SEPTEMBER 30, 2025)

Fund/Benchmark	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.
BBHLX Class I	2.76%	23.67%	16.66%	20.63%	6.15%	8.35%
MSCI EAFE Index	4.77%	25.14%	14.99%	21.70%	11.15%	8.17%

Class I Net Expense Ratio (%): 0.63 per February 28, 2025, 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

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.

A year ago, we had been reducing our very large TSMC position into strength, with the share price having gained more than +85% through early July 2024 as its valuation multiple re-rated to more than 25x earnings. Since that time, and particularly in the first four months of 2025, the shares de-rated once again despite outstanding (and accelerating) growth, driven partly by a momentary panic following the release by Chinese AI company DeepSeek of a purportedly cost-efficient, powerful R1 large-language model ("LLM"). Our ongoing independent fieldwork as well as conversations with customers throughout the global semiconductor industry suggested that if anything, increasingly cost-effective applications would likely spur faster AI adoption and usage over time, rather than the rapid spending pullback some feared in early 2025. Meanwhile, shares were also pressured by ongoing tariff uncertainty impacting the industry overall in the early days of the newly re-elected Trump administration. We added to our position in late Q1 2025 and early Q2 2025, with TSMC once again trading at a mid-teens multiple of forward earnings that are projected to grow in excess of 20% for the next 3-5 years.

Investment in AI infrastructure, from hyperscale data centers to advanced computing platforms, has proven exceptionally strong and continues to run ahead of expectations even from our last letter three months ago. TSMC has benefited directly from this spending boom, as the indispensable supplier of high-performance chips to leaders such as Nvidia and Apple. As of this writing, TSMC has just reported another quarter of outstanding results after the period (i.e. reporting in October 2025 its calendar year results for the third quarter). Revenue and operating profits grew 30% and 39% over the prior-year period (respectively). The company had previously forecasted that AI-related revenue would grow at an approximately 45% CAGR between 2024 and 2029, a remarkable forward outlook for a company of this scale. If anything, this previous view now looks increasingly conservative; we believe management will raise that forward trajectory early next year. TSMC once again ended the quarter as the Fund's largest position, trading at just 20x our estimate of 2026 earnings, offering an FCF yield of around 4%.

The largest detractor during the third quarter was the **London Stock Exchange Group** (LSEG), a UK-based global financial infrastructure and data provider. LSEG operates across capital markets, post-trade services, and data & analytics. The company's transformational acquisition of Refinitiv in 2021 positioned it as a leading player in financial data, and the integration is currently delivering meaningful margin expansion and improvement in cash generation, with capex coming down considerably from elevated levels. LSEG's extensive partnership with Microsoft, while a short-term drag on margins, is expected to yield pricing power and product innovation in 2026 and beyond.

The key driver of Q3 2025 underperformance was a valuation de-rating related to concerns about the impact of AI on the competitive landscape in LSEG's terminal business. In particular, some investors are fearful about the impact of emerging platforms like Anthropic's Claude. We believe impact here will be minimal, if any, over the rest of this decade, and see LSEG as sufficiently protected by significant moats. There have also been reports of FactSet, one of LSEG's competitors in terminals, being more aggressive on pricing on a handful of contracts in 1H 2025. We do not see this impacting LSEG's growth in any meaningful way; indeed, LSEG's management team has already indicated that price increases in the data & analytics segment next year will at least match this year's level.

Having previously reduced our position at a much higher valuation, we once again increased our position in LSEG in August, viewing the share price weakness as an opportunity to add to a very compelling change story at an attractive valuation. We expect an improvement in organic growth into year end and continued delivery on higher margins and much better cash conversion will support performance from here.

TOP 10 COMPANIES (AS OF SEPTEMBER 30, 2025)

TSMC	5.9%
BAE Systems	3.8%
CRH	3.3%
Thales SA	3.2%
Keyence Corp	2.8%
ASML Holding	2.6%
London Stock Exchange Group	2.5%
Safran SA	2.5%
OBIC Co	2.4%
Schneider Electric SE	2.2%
Total	31.1%

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

Portfolio positioning

REGION AND SECTOR DIVERSIFICATION (AS OF SEPTEMBER 30, 2025)

Region diversification (%)				Sector diversification (%)			
Region	Class I	MSCI EAFE	Difference	Sector	Class I	MSCI EAFE	Difference
Western Europe	54.9%	64.7%	-9.7%	Information technology	30.5%	8.3%	22.1%
Japan	18.1%	22.3%	-4.1%	Industrials	27.0%	19.3%	7.7%
North America	13.3%	1.4%	11.9%	Health care	9.9%	10.8%	-0.9%
Asia Pacific (ex. Japan)	10.0%	10.7%	-0.7%	Consumer discretionary	9.6%	10.2%	-0.6%
Central Asia	2.6%	0.0%	2.6%	Materials	8.5%	5.6%	2.8%
Cash / equivalents	1.0%	0.3%	0.7%	Financials	8.0%	24.6%	-16.6%
Africa / Middle East	0.0%	0.7%	-0.7%	Communication services	3.3%	4.9%	-1.6%
				Energy	1.4%	3.2%	-1.8%
				Cash / equivalents	1.0%	0.3%	0.7%
				Consumer staples	0.7%	7.5%	-6.8%
				Real estate	0.0%	1.9%	-1.9%
				Utilities	0.0%	3.4%	-3.4%

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, iShares MSCI EAFE ETF and BBH

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.

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.bbhffunds.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.

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