

BBH Partner Fund – International Equity

Quarterly Fund Update / 1Q 2024

For the first quarter ended March 31, 2024, the BBH Partner Fund – International Equity (the “Fund”) returned +7.36%. Over the same period, the MSCI EAFE Index¹ (the “Index”) returned +5.78%.

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 first quarter was Rheinmetall AG (RHM DE), an automotive and arms manufacturer, headquartered in Düsseldorf, Germany. Rheinmetall has been a clear beneficiary of the re-equipping of, in particular, European militaries, as concerns about wider Russian territorial ambitions have increased. The need for deterrence has become obvious; strong militaries since WW2 in many countries have prevented conflict, particularly when equipped with nuclear weapons, and thereby are critical to social stability in our view. The increased order inflow to Rheinmetall is likely to be maintained for the foreseeable future, with margin improvements and further stock appreciation the likely outcome, in our opinion. The position was trimmed during the quarter on performance strength.

The largest detractor during the quarter was AIA Group (1299 HK), Asia’s oldest life insurer. The Company sells long-term protection policies (e.g., death and disability) and other annuity-like products to Asia’s rapidly growing middle class. AIA benefits from strong secular growth drivers as middle class and mass affluent customers save for their families’ retirements and future healthcare needs in countries lacking a robust social safety net. The business also benefits from formidable barriers to competition and entry, thanks to its unparalleled regional brand and the high upfront costs of starting a credible competitor (e.g., regulatory capital reserve requirements and the upfront expensing of sales commissions).

During the period, AIA reported more than 30% growth in its value of new business (VONB), including over 80% growth in Hong Kong. This extended a yearlong stretch of results in which growth has been both very strong in absolute terms and significantly above consensus expectations. Meanwhile, the profitability of this new business continues to rebound and normalize closer to pre-pandemic levels, and management reiterated its confidence in its growth pipeline throughout the region during the quarter. Despite these results, shares fell -23% (in USD) in the period, suffering from continued weak sentiment in a quarter characterized by net outflows from Hong Kong and Chinese equities by Western investors. The Chinese life insurance sector has derated amid investor concerns that falling interest rates and subdued equity returns might pressure insurers’ long-term returns investing client premiums.

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.

BBH Fund Information Service: (800) 625-5759

Performance As of March 31, 2024						
	Total Returns		Average Annual Total Returns			
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Class I	7.36%	7.36%	12.17%	-1.98%	5.54%	4.98%
MSCI EAFE Index	5.78%	5.78%	15.32%	4.78%	7.33%	4.80%

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 March 31, 2024	
CRH Plc	4.5%
Safran SA	4.1%
Taiwan Semiconductor	4.0%
London Stock Exchange Group	3.4%
Brookfield Asset Management	3.1%
Cargemini SE	2.8%
Thales SA	2.8%
SAP SE	2.6%
Experian PLC	2.3%
adidas AG	2.3%
Total	31.8%

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

With China’s efforts to deflate its residential housing bubble now entering its fourth year, investors may also fear insurers being asked by the Chinese government to help support the troubled property sector (though this has not transpired to date). The size of the position has been greatly reduced: Demonstrably excellent and recovering financial results (key to our investment thesis) have failed to prevent a persistent derating in the share price.

Portfolio Positioning

Region and Sector Diversification As of March 31, 2024							
Region Diversification (%)				Sector Diversification (%)			
Country	Class I	MSCI EAFE	Class I Difference	Sector	Class I	MSCI EAFE	Class I Difference
Western Europe	64.1	64.7	-0.6	Industrials	24.3	16.7	7.6
North America	11.8	0.0	11.8	Information Technology	20.3	9.3	11.0
Japan	10.5	23.3	-12.8	Financials	14.6	19.2	-4.7
Asia Pacific (ex Japan)	10.3	10.5	-0.2	Consumer Discretionary	13.2	12.4	0.8
Central Asia	1.21	-	1.2	Health Care	8.9	12.6	-3.7
South & Central America	-	0.1	-0.1	Materials	7.5	7.2	0.3
Africa / Middle East	-	0.8	-0.8	Not Classified	4.7	0.7	4.0
				Communication Services	3.4	4.0	-0.6
				Consumer Staples	3.2	8.5	-5.3
				Energy	-	4.1	-4.1
				Real Estate	-	2.3	-2.3
				Utilities	-	3.1	-3.1

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

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.bbhfund.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