

# BBH Luxembourg Funds - BBH Short Duration

*Fund Fact Sheet / 2Q 2021*

For Professional / Non-Retail Use Only  
in the UK and Luxembourg

## PRINCIPAL STRATEGY AND OBJECTIVES<sup>1</sup>

BBH Luxembourg Funds – BBH Short Duration Fund (“the Fund”) is designed for interest rate sensitive investors seeking broad exposure to the fixed income markets with a portfolio duration of less than three years. The Fund seeks to provide maximum total return, consistent with preservation of capital and prudent investment management.

The adviser’s active management approach seeks to build a low duration, taxable bond portfolio bottom-up allowing valuation to drive our portfolio construction. We only invest in credits<sup>2</sup> we believe to be durable, well-managed, appropriately structured, and that can be comprehensively researched and understood.

## INVESTMENT CRITERIA

Our independent research serves as the foundation of our bottom-up investment process. We also apply a proprietary quantitative framework to assess each security’s long-term return potential. We will hold reserves when available opportunities do not meet our credit and valuation criteria.

Investment opportunities must meet four essential criteria: durability, transparency, excellent management, and appropriate structure.

- **Durability:** Able to withstand a wide variety of economic conditions.
- **Transparency:** Can be thoroughly research and understood.
- **Excellent Management:** Debt-conscious leaders focused on long-term viability and access to capital markets.
- **Appropriate Structure:** Appropriate leverage and available resources.

We evaluate environmental, social and governance (ESG) factors as part of our investment research process to help us effectively assess the long-term sustainability and durability of our companies and credits.

## PRINCIPLES OF FIXED INCOME INVESTING

- **Active Management:** We believe in a bottom up, value-based approach to active management.
- **Durability:** We only invest in securities we believe are built to withstand a variety of economic conditions.
- **High Conviction:** We work to balance ample diversification while ensuring meaningful concentration in our highest conviction ideas.
- **Long-term Perspective:** We underwrite our investments to perform through market cycles.
- **Discipline and Patience:** We let valuation drive our investment process and will hold reserves when the opportunity set is limited.

<sup>1</sup> There can be no assurance that the Fund will achieve its investment objectives.

<sup>2</sup> Obligations such as bonds, notes, loans, leases and other forms of indebtedness, except for Cash and Cash Equivalents, issued by obligors other than the U.S. Government and its agencies, totaled at the level of the ultimate obligor or guarantor of the Obligation.

## FUND CO-MANAGERS



### Andrew P. Hofer

Andrew Hofer is Head of Taxable Fixed Income for Investment Management. Since joining BBH in 1988, Andrew has held a variety of roles within Investment Management, including the Head of Insurance Asset Management, Chief Operating Officer, and Head of Risk Management. Andrew holds a B.A. degree in East Asian studies from Yale, and an MIA (Master of International Affairs) from Columbia University.



### Neil Hohmann, PhD

Neil Hohmann is Head of Structured Products and a portfolio manager for Investment Management. In his role, he supervises security selection in asset-backed securities, commercial and agency mortgage-backed securities, and financial institution credit. He is an active member of BBH's Market Risk Oversight Committee. Neil received a Bachelor of Economics with Distinction from Yale University where he graduated magna cum laude. He also earned a PhD in Economics from the University of Chicago.

**Performance**  
As of 30 June 2021

Fund/Benchmark	Total Returns		Average Annual Total Returns				Since Inception
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
<b>BBH Short Duration Fund (Class A)</b>	0.78%	1.19%	3.57%	3.16%	2.75%	N/A	1.95%
<b>Bloomberg Barclays U.S. 1-3 Year Treasury Bond Index</b>	-0.04%	-0.09%	0.05%	2.72%	1.60%	N/A	1.31%
<b>BBH Short Duration Fund (Class I)</b>	0.73%	1.08%	3.37%	2.95%	2.55%	1.98%	2.50%
<b>Bloomberg Barclays U.S. 1-3 Year Treasury Bond Index</b>	-0.04%	-0.09%	0.05%	2.72%	1.60%	1.21%	1.33%

Class A Ongoing Charges: 0.50%

Class I Ongoing Charges: 0.70%

\* Returns are not annualized.

All performance is net of fees  
Sources: BBH & Co. and Bloomberg

**Past performance is not a reliable indicator of future results.** The past performance excludes the entry and exit charges. The ongoing charges figure is based on actual expenses for the year ending December 2020. This figure may vary from year to year. It excludes portfolio transaction costs. The entry charge is 5% of the initial price or subscription price. Fund shares redeemed within 30 days of purchase may be subject to an exit charge of 2%. The entry and exit charges shown are maximum figures. In some cases you may pay less. Past performance has been calculated in USD. Performance can be increased or reduced as a result of currency fluctuations.

Class I Share is an accumulating Class of Shares and, as such, has no distributions. Any income will automatically be included in the value of your investment. <sup>1</sup> The Class A shares commenced operations on 31 January 2013. <sup>2</sup> The Class I shares commenced operations on 25 March 2009. Prior to 28 June 2011, the BBH Luxembourg Funds (the "Company") was subject to the Luxembourg Law dated 13 February 2007 relating to specialized investment funds ("SIF"), as amended. As a result, past performance is based on the pre-existing sub-funds of the Company operating as SIFs. Note that performance information for the period in reference may not be representative of the Fund's current structure under the UCITS regime.

The Bloomberg Barclays U.S. 1-3 Year Treasury Bond Index is an unmanaged index of fixed rate obligations of the U.S. Treasury with maturities ranging from 1 to 3 years. The Fund does not measure its performance success nor alter its construction in relation to any particular benchmark or index. The composition of the Bloomberg Barclays U.S. 1-3 Year Treasury Bond Index is materially different than the Fund's holdings. The index is not available for direct investment.

**Share Class Overview**  
As of 30 June 2021

	ISIN	Inception Date	Total Net Assets (mil)	NAV
<b>Class A</b>	LU0643341745	31/01/2013	\$841.6	\$11.77
<b>Class I</b>	LU0416171873	25/03/2009	\$10.8	\$13.57

**Credit Quality**  
As of 30 June 2021

Cash and Cash Equivalents	17.4%
U.S. Treasuries	0.0%
AAA	8.9%
AA	10.5%
A	21.9%
BBB	32.4%
BB or Lower	8.9%
Not Rated	0.0%
<b>Total</b>	<b>100.0%</b>

**Top 10 Credits**  
As of 30 June 2021

AerCap Holdings NV	1.6%
Vitality Re	1.6%
Goldman Sachs Group Inc	1.6%
FS KKR Capital Corp	1.5%
Oracle Corp	1.4%
Ares Capital Corp	1.3%
Main Street Capital Corp	1.2%
Avolon Holdings Limited	1.2%
Owl Rock Capital Corp	1.2%
Occidental Petroleum Corp	1.1%
<b>Total</b>	<b>13.7%</b>

Reported as a percentage of total portfolio.

**Sector Distribution**  
As of 30 June 2021

Corporate Securities	70.4%
Asset-Backed Securities	2.6%
Commercial Mortgage-Backed Securities	3.2%
Municipal Securities	2.5%
Trust Preferred	0.0%
Government-Related	3.7%
Residential Mortgage-Backed Securities	0.1%
Agency Mortgage-Backed Securities	0.1%
Cash and Cash Equivalents	17.4%
<b>Total</b>	<b>100.0%</b>

**Fund Facts**  
As of 30 June 2021

Number of Securities Held	212
Effective Duration (years)	0.89
Weighted Average Life (years)	1.83
Yield to Maturity	1.19%

Credit Quality letter ratings are provided by Standard and Poor's, Moody's and Fitch and are presented as the higher of the three ratings. When a security is not rated by Standard & Poor's, Moody's or Fitch, the highest credit ratings from DBRS and Kroll may be used. Absent a rating from these agencies, we may display Private Credit Ratings, if permitted by the issuer, which could include ratings from Egan-Jones Ratings Co. Credit ratings reflect the credit quality of the underlying issues in the portfolio and not of the portfolio itself. Issues with credit ratings of BBB or better are considered to be investment grade, with adequate capacity to meet financial commitments. Issues with credit ratings below BBB are considered speculative in nature and are vulnerable to the possibility of issuer failure or business interruption.

Effective duration is a measure of the portfolio's return sensitivity to changes in interest rates. Weighted Average Life of securities excludes US Treasury futures positions. Yield to Maturity is the rate of return the portfolio would achieve if all purchased bonds and derivatives were held to maturity, assuming all coupon and principal payments are received as scheduled and reinvested at the same yield to maturity. This figure is subject to change and is not meant to represent the yield earned by any particular security. Yield to Maturity is before fee and expenses.

Holdings are subject to change. Totals may not sum due to rounding. Credits: Obligations such as bonds, notes, loans, leases and other forms of indebtedness, except for Cash and Cash Equivalents, issued by obligors other than the U.S. Government and its agencies, totaled at the level of the ultimate obligor or guarantor of the Obligation.

## RISKS

The value of some bonds including asset-backed and mortgage-backed securities may be sensitive to changes in prevailing interest rates that can cause a decline in their prices.

The Fund is subject to credit risk, which is an issuer's inability to meet principal and interest payments on its obligations. The Sub-fund seeks to minimize such risk by primarily investing in securities of high quality issuers.

The Fund will enter into various financial contracts (derivatives) with another party. There is a risk that the other party will become insolvent or fail to make its payments which may result in the Fund and your investment suffering a loss. Additionally, credit default swaps could result in losses if the Fund does not correctly evaluate the creditworthiness of the company on which the credit default swap is based, or the counterparty with whom it is dealing with.

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 invests in high yield securities. High yield securities can be volatile and have a high risk of default. You must be prepared to accept the risks that your investment may suffer significant losses, and that the Fund's returns may fluctuate. The Sub-fund will try to minimize these risks by diversifying its holdings by issuer, industry and credit quality.

Mortgage related securities are subject to prepayment and extension risk.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

**Risk factors are described in more details in the Fund's prospectus.**

## Other Important Disclosures

Brown Brothers Harriman & Co. ("BBH") is the promoter and principal distributor of the Funds. Brown Brothers Harriman Mutual Fund Advisory Department (a separately identifiable department of BBH) provides investment advice to the Funds. BBH Luxembourg Funds (the "Company") is a Luxembourg-registered Société d'Investissement à Capital Variable - undertaking for collective investment in transferrable securities (SICAV-UCITS) regulated by the Commission de Surveillance du Secteur Financier ("CSSF"), the Luxembourg financial services authority. The SICAV designated FundRock Management Company S.A. to serve as its designated management company in accordance with Chapter 15 of the Luxembourg Law of 17th December 2010; FundRock Management Company S.A. was incorporated on 10 November 2004 for an unlimited duration under the laws of Luxembourg and registered on the official list of Luxembourg management companies.

BBH has prepared this communication for use on a confidential and limited basis solely for the information of those to whom it is transmitted and is not to be reproduced or used for any other purpose. This communication, that constitutes a marketing communication, is intended to be a general update of the Fund and does not constitute an offer to sell, or a solicitation of an offer to purchase, any interest in the Fund or any other investment product in any jurisdiction where such offer or solicitation is not lawful, where marketing to the intended recipient is prohibited or where the person making such offer or solicitation is not qualified to do so.

Subscriptions will only be received and shares issued on the basis of the current prospectus of the Company (the "Prospectus") and applicable Key Investor Information Documents of the Fund (the "KIIDs"). Investment in this Fund entails risks which are described in more detail in the Prospectus and the KIIDs. Investors should obtain and read a copy of the Prospectus and the KIIDs before investing. Exit Charges are payable to the Fund and not BBH. For a copy of the Prospectus and the KIIDs, in English, French, or German, please contact the Company's representative or its local distributor, or access the following site: [www.bbhluxembourgfunds.com](http://www.bbhluxembourgfunds.com). The contact details of the Company's representatives in the countries where the Company is registered are provided below in the section for each country.

The Company complies with the European Directive 2009/65/EC on undertaking for collective investment in transferable securities (UCITS), dated 13 July 2009, which established a set of common rules in order to permit the cross border marketing of collective investment schemes. Unauthorized distribution, reproduction or redistribution of this document without the prior written permission of the Company is prohibited. This document is issued in the United Kingdom by Brown Brothers Harriman Investor Services Limited, which has approved its content, and which is authorized and regulated by the UK Financial Conduct Authority. Potential investors in the Fund should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of shares of the Fund.

Neither the Fund nor any of its shares have been registered, nor will be registered, under the U.S. Investment Company Act of 1940, as amended, or the U.S. Securities Act of 1933, as amended, and, as such, may not be offered or sold directly or indirectly in the United States or to a U.S. person.

**This document is directed only at persons/entities who are professional clients or eligible counterparties in the UK and Luxembourg pursuant to the Markets in Financial Instruments (MiFID) Directive 2004/39/EC and must not be relied upon by any other person.**

**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.**

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