Brown Brothers Harriman

BBH LUXEMBOURG FUNDS — BBH CORE SELECT

Quarterly Fund Update / 1Q 2013

Stocks continued their upward march in the first quarter of 2013, driving equity indexes to multi-year highs amidst widespread bullish sentiment and equity-directed fund flows. The S&P 500 Index[1] returned 10.6% for the quarter and reached a closing level not seen since October of 2007. BBH Luxembourg Funds – BBH Core Select ("Core Select" or the "Fund") Class I has also had a strong start to 2013, advancing 10.6% in the first quarter[2]. We are pleased that Core Select has been able to fully participate in the big rally over the past four years. Over the last three years, Core Select has compounded at an annualized rate of 14.1% per annum versus 12.7% for the S&P.

Given the magnitude of recent gains, clients have asked us recently whether we are positioning Core Select for further upside or bracing for a market downturn. An underlying assumption to this question is that successful investing requires nimble trading and accurate predictions about top-down catalysts. Our practice, however, is quite different. We believe that our *process* should drive our *positioning*, and not the other way around. To explain, our team uses a consistent investment approach that is the same today as it was in March 2009. We focus on specific fundamental criteria, extensive due diligence and an intrinsic value[3] framework. Our view is that this process creates attractive portfolio positioning for Core Select over time through two means: first, our insistence on owning resilient, high quality businesses helps us avoid severe negative outcomes tied to economic challenges or company specific issues. Second, our valuation discipline guides our consistent 'rotation' of the portfolio toward stocks with larger discounts to intrinsic value, while reducing our exposure to companies with lesser upside potential. Applied consistently and with a long-term orientation, we believe our approach can generate attractive absolute returns and interim downside mitigation over market cycles. In contrast, we believe that investment approaches that first focus on top-down positioning and then use various backfilling processes to implement that positioning are often subject to greater risks, behavioral pitfalls and higher trading costs over time.

BBH Luxembourg Funds — BBH Core Select Total Returns Net of Fees as of 31 March 2013

	3 Mo.*	YTD*	1 Yr.	3 Yr.	Since Inception††
Class I	10.60%	10.60%	18.34%	14.05%	18.24%
Class R[i]**	10.59%	10.59%	18.35%	N/A	20.37%
Class X	10.47%	10.47%	N/A	N/A	19.58%
Class R[x]†	N/A	N/A	N/A	N/A	6.29%
S&P 500 Index	10.61%	10.61%	13.96%	12.67%	N/A

* Returns are not annualized

**Class R[i] of the Fund is identical to Class I except that Class R[i] has applied for reporting status in the United Kingdom.

† Class R[x] of the Fund is identical to Class X except that Class R[x] has applied for reporting status in the United Kingdom.

Class I
Expense Ratio: 1.15% (as of the last audited financial statement dated 31/10/2012)
†† Inception Date: 28/01/2009

Class R[i]
Expense Ratio: 1.15% (as of the last audited financial statement dated 31/10/2012)
†† Inception Date: 21/10/2011

Class X
Expense Ratio: 1.70% (as of the last audited financial statement dated 31/10/2012)
†† Inception Date: 10/07/2012

Class R[x]
Expense Ratio: 1.70% (projected for fiscal year ending 31/10/2013)
†† Inception Date: 18/01/2013

Class I shares commenced operations on 28 January 2009. Prior to 28 June 2011, 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.

Shareholders: *Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate as a result of market movements as well as currency fluctuations so that an investor's shares, when redeemed, may be worth more or less than their original cost. Fund performance changes over time and current performance may be lower or higher than what is stated. Fund shares redeemed within 30 days of purchase may be subject to a redemption fee of 2.00% of the total redemption proceeds. The holding period shall commence on the next business day following the date your purchase order is received by the Fund and shall apply to any redemption made on or before the 30th day from that date. The performance does not reflect the deduction of the redemption fee. If reflected, the redemption fee would reduce the performance quotes. For more information, please contact your BBH relationship manager.*

[1] The S&P 500 is a stock market index containing the stocks of 500 Large-Cap corporations. An investment cannot be made directly into an index.

[2] All performance figures for the BBH Luxembourg Funds – BBH Core Select are reported net of fees. Performance data quoted represents past performance which is no guarantee of future results; investor principal is not guaranteed and there is a possibility of loss on all investments.

[3] Intrinsic Value: What one estimates to be the true value of a company's common stock based on analysis of both tangible and intangible factors.

Turning to Core Select's first quarter performance, all but one of our holdings had gains in the quarter, and more than half of the companies in the portfolio achieved double digit returns. The largest positive contributor was Berkshire Hathaway, which rose by 17% and was our largest position at quarter's end. The company reported very solid results for 2012, with operating earnings growing by 17% and book value expanding by 14%. Berkshire's leading insurance businesses performed admirably, not only in the personal lines, where GEICO continues to take market share while remaining solidly profitable, but also in commercial insurance, where Berkshire is benefiting from favorable pricing and strong underwriting. The company's already massive insurance float balance grew further in 2012, providing additional costless funding for Berkshire's investing activities. The other consolidated businesses collectively grew pre-tax earnings by 15% year over year, led by the railroad and manufacturing segments. Driven by strong market performance across asset classes, the company's investment portfolio contributed favorably to growth in book value. Despite the stock's outstanding performance over the last 18 months, we continue to view Berkshire as being attractively valued, with the added benefits of a stable and resilient set of operating businesses, a very strong balance sheet and a commitment by the board to buy back shares at disciplined levels.

Our other insurance holdings, Chubb and Progressive, were also among the top five positive contributors to the Fund's first quarter performance. Both companies are benefiting from solid pricing trends across their market segments along with strong underwriting results. In spite of its substantial exposure to the New York and New Jersey markets, Chubb was profitable in the fourth quarter of 2012 even after absorbing sizable losses related to Storm Sandy. We continue to view Chubb and Progressive as having distinctly advantaged market positions by virtue of their brands and capabilities. Moreover, we believe that both companies possess strong balance sheets, long-term oriented management teams and effective capital allocation disciplines.

Other notably strong performers in the quarter included Novartis, Comcast, Target and Google, all of which were held at portfolio weights close to or in excess of 4%. While there is no obvious common theme that drove the strong share price performances of these four businesses, our observation is that they are each leaders in their respective industries, with management teams that have set clear strategic goals and have executed well against them. In the case of Novartis, the company has a consistent organizational focus around identifying and pursuing unmet medical needs, and with its large and diverse global business we see it as having both defensive and growth oriented characteristics. Comcast continues to execute and invest around its vision of being the leading multi-service operator in the U.S. with complementary programming and entertainment assets, superior technology and best-in-class customer service. Target aims to provide both value and differentiation in the retail experience it offers to its large and growing customer base. While the company's results will be influenced by consumer spending fluctuations over time, we believe that the management team is playing for the long run by expanding its footprint, selection and investments in customer loyalty. Google's many parallel technology initiatives belie a corporate mission that is remarkably simple and consistent – it wants to organize and facilitate the flow of massive amounts of information for the benefit and convenience of users, while at the same time creating an ever-stronger business case for advertisers who want to improve the return on investment of their media spending.

Our purpose in expanding on the four businesses above is not only to underscore the importance of effective management execution, but also to emphasize a key part of our Core Select process: we continually strive to own industry leaders in attractive markets. We believe that companies that lack cohesive long-term strategic planning and thoughtful capital deployment will eventually relegate themselves to lower positions on the food chain – and the growth and returns on capital they produce over time will suffer as a result. The best businesses are those that can win a disproportionate amount of their industries' profits by identifying areas where competitors lack scale, capability, brand positioning, innovation or efficiency and finding new opportunities to create value for customers. To be sure, this is an ongoing process that requires foresight and effective action by company management teams, and it is precisely the reason that so much of our team's due diligence is focused on leadership, culture and discipline.

One way that the first quarter was highly unusual is that all of our holdings made a positive contribution on a total return basis. The companies that were up the least were Celanese, Praxair and Occidental Petroleum. All three companies have clear exposure to cyclical influences, and while the economic setting in the U.S.

appears to be one of reasonably stable recovery, there are other key markets in the world, notably including southern Europe and Latin America, where economic activity is less robust. As such, our more cyclically-oriented companies have not fully participated in the broader rally. As it pertains to Occidental, investor sentiment has been hurt by slower near-term production growth, flattish oil prices, and elevated uncertainty around management changes following the board's recent announcement that it has begun a search for a successor to the company's CEO Steve Chazen. The potential replacement of Mr. Chazen is a material development and an issue that we will monitor closely. We do not believe, however, that this issue will lead to a deterioration of asset quality or weakness in the capital allocation capability of the company, both of which are key elements of our investment thesis. Our view is that the company's attractive assets, demonstrated operational abilities and low-risk strategy will allow it to achieve long-term production growth accompanied by solid returns on capital.

We added to our existing positions in several companies during the first quarter. We continued to build our position in Bed, Bath & Beyond in January and February based on our view that the company's modest valuation is inconsistent with its strong and differentiated position in attractive parts of the retail industry. Similarly, we made three incremental additions to our holdings of Praxair as we continue to opportunistically add to the position at prices below 75% of our intrinsic value estimate. While cyclical pressures and currency movements appear to be dominating near-term sentiment regarding Praxair, we are far more focused on long-term industry structure and competitive positioning, and our views on both fronts continue to be highly favorable. We also added to our position in Microsoft at valuation levels that we believe reflect very low expectations. Despite the company's broad diversity of products and markets, the current investment debate seems to be dominated by concerns over Windows 8 adoption and near-term PC sales. While we do not dispute the importance of these issues, our view continues to be that there are many other notable facets to the Microsoft story, not the least of which are its well-positioned enterprise application and infrastructure products, its emerging cloud platform, a growing mix of maintenance revenue and the 'optionality' that stems from the company's unique role as a platform provider that can stretch across consumer and enterprise usage and device scenarios. Elsewhere in the portfolio, we added to our existing positions in Wells Fargo and Celanese, in both cases motivated by attractive valuation opportunities and favorable business developments.

Over the course of the quarter, we reduced and then ultimately sold our remaining position in Anheuser-Busch InBev as the shares achieved our intrinsic value estimate. We modestly trimmed our position in Comcast based on the stock's continued strong performance and its large position size in Core Select. We also reduced our holdings of Baxter International and eBay as both stocks traded above 90% of our intrinsic value estimate. In the case of Baxter, the shares have risen materially over the last three quar-

Holdings
As of 31 March 2013

Company	Portfolio Weight
Berkshire Hathaway A	5.8%
Comcast	5.4%
Nestle	4.5%
U.S. Bancorp	4.5%
Novartis	4.4%
Google	4.3%
Chubb	3.8%
Wells Fargo	3.8%
Target	3.8%
Baxter International	3.7%
Diageo	3.4%
Waste Management	3.2%
Progressive	3.1%
Qualcomm	3.0%
Microsoft	2.9%
Liberty Media Interactive	2.9%
EOG Resources	2.7%
Bed Bath & Beyond	2.6%
PepsiCo	2.5%
Southwestern Energy	2.4%
Johnson & Johnson	2.3%
Occidental Petroleum	2.3%
Praxair	2.2%
Automatic Data Processing	1.9%
Wal-Mart Stores	1.9%
Dentsply International	1.8%
Celanese	1.5%
Henry Schein	1.5%
eBay	1.2%
Cash & Cash Equivalents	10.7%

Holdings and allocations shown are unaudited, and may not be representative of current or future investments. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities, nor should Fund holdings be considered a recommendation to purchase or sell any security.

ters, due largely to solid performance in the core business and shareholder-friendly actions, but also in reflection of escalating hopes surrounding results from a Phase III trial of the company's GAMMAGARD product as a treatment for Alzheimer's disease.

Following the announcement of a proposed leveraged buyout of Dell by Silver Lake Partners and CEO Michael Dell, we trimmed our position in February as the shares rose above the announced transaction price of $13.65 per share amid speculation that the bid would need to be raised. Subsequently in March we exited our remaining Dell position as the stock moved higher yet. Despite the emergence of alternate tender proposals by other parties, our view continues to be that the most likely scenario is that a deal is consummated near the current share price in the $14 range. Moreover, we believe there is a certain degree of risk that a protracted process could negatively impact the business operationally due to delayed product and service contracts, management departures, or wavering morale. While we were pleased that some of the latent value we saw in Dell was realized via the LBO proposal, it has clearly been a disappointing investment for Core Select, as the heavy pressures from a structurally unattractive PC market were not adequately offset by the decidedly more positive trends elsewhere in the business. We accept that not every business can 'fire on all cylinders' at all times, and we will certainly own other businesses where uneven segment results will occur at various points in the future, but in the case of Dell our takeaway is that pockets of secular pressure can mount quickly and with enough severity such that a company may struggle to effectively and expeditiously re-center around more attractive opportunities.

Core Select ended the quarter trading at 85% of our underlying intrinsic value estimates on a weighted average basis, compared to 79% at the end of 2012. At the 85% level, the Fund is approaching the peak range we last observed in mid-2007. While we do not see severe excesses in the market, our strong sense is that the overall margin of safety in equities has diminished. Applying our valuation framework, our trims and sales have outpaced our purchases over the last several months. Broadly speaking, most of our 'wish list' companies are trading at comparable or higher valuation levels than our current Core Select companies. Accordingly, we are finding it challenging to find new high quality stocks that both fit our investment criteria and are trading at meaningful discounts to intrinsic value. Our quarter ending cash position remained elevated due to these valuation challenges, but we are confident that with time and patience we will find compelling future investment opportunities.

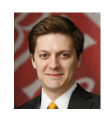
We listen closely to the feedback we get from company management teams, and while current trends vary by sector, the overall perspective seems to be that consumers are still making tradeoffs and businesses are operating with caution. Per-share earnings growth rates remain solid overall, largely reflecting low borrowing costs, relative calm in commodities markets, substantial share repurchases and quiescent wages. Top-line revenue trends, however, have lagged well behind. Our hope continues to be that a broad and self-sustaining recovery will gain strength, providing more sustainable earnings leverage along with improving employment and business confidence. Experience has shown, however, that such improvements will not happen in a straight line. As always, we stand ready to take advantage of market volatility as it presents itself.

We appreciate your continued investment and look forward to providing you with further updates on our companies and investment actions as the year progresses.

Sincerely,

Timothy E. Hartch

Michael R. Keller



Richard H. Witmer

This 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 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 Company (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. Redemption fees are payable to the Fund and not BBH. For a copy of the Prospectus and the KIIDs, please contact your BBH representative.

This document is for investment and business professionals only, which include professional clients and eligible counterparties in the European Union/European Economic Area.

Brown Brothers Harriman & Co. ("BBH"), a New York limited partnership, was founded in 1818 and is the promoter and investment manager of the Fund. BBH also acts as the principal distributor of the Fund. The Company is a Luxembourg-registered S*ociété d'Investissement à Capital Variable* – undertaking for collective investment in transferrable securities regulated by the *Commission de Surveillance du Secteur Financier* ("CSSF"), the Luxembourg financial services authority.

BBH has prepared this communication for use on a confidential and limited basis solely for the information of those to whom it is transmitted or offered and is not to be reproduced or used for any other purpose.

Unauthorized distribution of this document without the prior permission of BBH 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 Financial Contact Authority (FCA).

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. Subscriptions will only be received and shares issued on the basis of the current Prospectus and KIIDs.

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

IM-2013-04-11-0393 Expiration Date 30/04/2013