STATEMENT OF ADDITIONAL INFORMATION

BBH TRUST
140 Broadway
New York, New York 10005

February 28, 2024

BBH Select Series – Large Cap Fund	Class I Shares (Ticker BBLIX)
BBH Select Series – Mid Cap Fund	Class I Shares (Ticker BBMIX) Retail Class Shares (Ticker BBMRX)*
BBH Partner Fund – International Equity	Class I Shares (Ticker BBHLX)
BBH Partner Fund – Small Cap Equity	Class I Shares (Ticker BBHSX)
BBH Limited Duration Fund	Class N Shares (Ticker BBBMX) Class I Shares (Ticker BBBIX)
BBH Income Fund	Class N Shares (Ticker BBNNX)* Class I Shares (Ticker BBNIX)
BBH Intermediate Municipal Bond Fund	Class N Shares (Ticker BBINX) Class I Shares (Ticker BBIIX)
BBH U.S. Government Money Market Fund	Institutional Shares (Ticker BBSXX)

This Statement of Additional Information ("SAI") is not a prospectus and supplements the information contained in the prospectuses dated February 28, 2024, as amended from time to time (each, a "Prospectus" and collectively, the "Prospectuses"), of BBH Trust ("Trust") with respect to each of the Trust's series listed above (each, a "Fund" and collectively, the "Funds") and should be read in conjunction with the Prospectuses. Each Fund's most recent audited financial statements are contained in the Fund's 2023 annual report to shareholders and are incorporated by reference into this SAI. You may obtain a Fund's Prospectus and annual reports without charge by calling 1-800-575-1265 or by visiting the Funds' website at *www.bbhfunds.com.*

* As of the date of the SAI, these share classes are not operational.

THE TRUST

The Trust, and each series thereof, is an open-end management investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"). The Trust is a Delaware statutory trust organized on October 28, 2005.

The Trust has a combined Investment Advisory and Administrative Services Agreement ("Agreement") with Brown Brothers Harriman & Co. ("BBH&Co.") through a separately identifiable department ("SID" or the "Investment Adviser"). The SID is registered with the U.S. Securities and Exchange Commission ("SEC") as an investment adviser as the term is defined under the Investment Advisers Act of 1940, as amended ("Advisers Act"), and provides investment advice to registered mutual funds. The SID also provides administrative services to each Fund. For the BBH Partner Fund — International Equity, the Investment Adviser has entered into sub-advisory agreements with Select Equity Group, L.P. ("Select Equity Group") ("SEG Sub-Advisory Agreement") pursuant to which the Select Equity Group acts as sub-adviser for the Fund and Trinity Street Asset Management, LLP ("Trinity Street") ("Trinity Street Sub-Advisory Agreement"), pursuant to which Trinity Street acts as sub-adviser for the Fund. For the BBH Partner Fund — Small Cap Equity, the Investment Adviser has entered into a sub-advisory agreement with Bares Capital Management, Inc. ("Bares") ("Bares Sub-Advisory Agreement"), pursuant to which Bares acts as sub-adviser for the Fund. Bares and Select Equity Group and Trinity Street are each a "Sub-adviser" and together, the "Sub-advisers" in this SAI.

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INVESTMENT POLICIES, PERMITTED INVESTMENTS, AND RELATED RISKS

General

Each Fund's Prospectus discusses the Fund's investment objective, principal investment strategies, and principal risks, as well as other important information. The investment techniques and instruments described below and in each Fund's Prospectus may, consistent with a Fund's investment objective and investment policies, be used by the Fund if such strategies will be advantageous to the Fund. Not all of the Funds will invest in all of the instruments and techniques described below. This section supplements the information in the Prospectuses and should be read in conjunction with the Prospectuses.

Each Fund's investment objective, except that of the BBH U.S. Government Money Market Fund ("Government Money Market Fund"), is non-fundamental and may be changed without the approval of shareholders. The investment objective of the Government Money Market Fund is fundamental and may only be changed with the approval of shareholders.

Each Fund, except the BBH Select Series — Large Cap Fund ("Large Cap Fund"), BBH Select Series — Mid Cap Fund ("Mid Cap Fund") and BBH Partner Fund — Small Cap Equity ("Partner Fund — Small Cap Equity"), is diversified, which means that, with respect to 75% of its total assets, the Fund will not invest more than 5% of its assets in the securities of any single issuer, nor hold more than 10% of the outstanding voting securities of any single issuer (other than, in each case, securities of other investment companies, and securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities).

The Large Cap Fund, Mid Cap Fund and Partner Fund — Small Cap Equity are non-diversified under the 1940 Act, which means that they are not limited by the 1940 Act with regard to the percentage of assets that may be invested in the securities of a single issuer. As a result, they may invest more of their assets in the securities of a single issuer or a smaller number of issuers than if they were classified as diversified. Therefore, they may be more exposed to the risks associated with and developments affecting an individual issuer or a small number of issuers than a fund that invests more widely, which may have a greater impact on each Fund's volatility and performance. Each Fund does, however, intend to maintain the level of diversification necessary to qualify as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended ("Code"). The Subchapter M diversification requirements are discussed below under "Taxes — Qualification as a Regulated Investment Company."

Set forth below is a listing of some of the types of investments and investment strategies that the Fund may use, and the risks and considerations associated with those investments and investment strategies. An "X" indicates that a Fund invests or may invest in such investment. There are also risks associated with certain Funds that are not directly connected to a Fund's investments. These are indicated in the below table. There is a discussion of each of the securities/risks following the table.

Information contained in this SAI about the risks and considerations associated with investments and/or investment strategies applies only to the extent a Fund makes each type of investment or uses each investment strategy. Information that does not apply to a Fund does not form a part of the Fund's SAI and should not be relied on by investors in the Fund. Only information that is clearly identified as applicable to a Fund is considered to form a part of the Fund's SAI.

	Large Cap Fund	Mid Cap Fund	Partner Fund-International Equity	Partner Fund-Small Cap Equity	Income Fund	Limited Duration Fund	Intermediate Municipal Bond Fund	Government Money Market Fund
Asset-Backed Securities ("ABS")					X	X	X	
Borrowing	X	X	X	X	X	X	X	X
Collateralized Bond Obligations					X	X	X	
Collateralized Loan Obligations					X	X		
Collateralized Mortgage Obligations ("CMOs")					X	X	X	
CMO Residuals					X	X		
Commercial Mortgage-Backed Securities ("CMBS")					X	X	X	
Common Stock Warrants and Rights	X	X	X	X				
Convertible Securities					X	X	X	
Corporate Debt Securities					X	X	X	X
Credit Default Swaps					X	X		
Deferred Interest Bonds					X	X	X	
Delayed Funding Loans and Revolving Credit Facilities					X	X	X	
Derivative Instruments			X	X	X	X	X	
Dollar Roll Transactions					X	X	X	
Emerging Market Securities	X	X	X		X	X		
Equity Investments	X	X	X	X				
Event-Linked Bonds					X	X	X	
Foreign Currency Transactions	X	X	X		X	X		
Foreign Exchange Contracts					X	X		
Foreign Securities	X	X	X	X	X	X		
Futures Contracts and Options on Futures Contracts			X		X	X	X	
Futures Contracts on Stock Indexes	X	X	X	X				
Illiquid Securities	X	X	X	X	X	X	X	
Inflation-Indexed Bonds					X	X	X	
Initial Public Offerings				X				
Investment Company Securities	X	X	X		X	X	X	X
Liquidity Risk Management	X	X	X	X	X	X	X	X
Loan Participations and Assignments and Other Direct Indebtedness					X	X	X	
Loans of Portfolio Securities	X	X	X	X				X
Money Market Instruments					X	X	X	X
Mortgage Pass-Through Securities					X	X	X	
Mortgage-Related Securities					X	X	X	
Municipal Securities					X	X	X	
Options on Foreign Currencies			X		X	X		
Options on Securities and Indexes	X	X	X	X	X	X		
Reset Options					X	X		
Options on Swaps					X	X		
"Yield Curve" Options					X	X		
Other Mortgage-Related Securities					X	X		
PIK (Payment-In-Kind) Securities					X	X	X	
Preferred Securities	X	X			X	X	X	

	Large Cap Fund	Mid Cap Fund	Partner Fund-International Equity	Partner Fund-Small Cap Equity	Income Fund	Limited Duration Fund	Intermediate Municipal Bond Fund	Government Money Market Fund
Regulation D Securities					X	X		
Regulation S Securities					X	X		
Repurchase Agreements	X	X	X	X	X	X	X	X
Reverse Repurchase Agreements	X	X	X	X	X	X	X	X
Rule 144A Securities		X	X	X	X	X	X	X
Short-Term Instruments	X	X	X	X	X	X	X	X
Stripped Mortgage-Backed Securities (“SMBS”)					X	X		
Structured Securities					X	X	X	
Swaps	X	X	X		X	X		
U.S. Government Securities	X	X	X	X	X	X	X	X
Variable and Floating Rate Securities					X	X	X	X
When-Issued and Delayed Delivery Securities					X	X	X	X
Zero Coupon Bonds					X	X	X	
Capital Control Risks	X	X	X					X
Risks of Cyber Attacks	X	X	X	X	X	X	X	X
Risks within the Fixed Income Market					X	X	X	

Borrowing

The Funds may borrow for temporary administrative purposes to the extent permitted by applicable law. This borrowing may be unsecured. When a Fund borrows money or otherwise leverages its portfolio, the value of an investment in the Fund will be more volatile and other investment risks will tend to be compounded. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of a Fund’s holdings. The Funds may also borrow money for temporary emergency purposes.

Equity Investments

Equity investments may or may not pay dividends and may or may not carry voting rights. Common stock occupies the most junior position in a company’s capital structure. Convertible securities entitle the holder to exchange the securities for a specified number of shares of common stock, usually of the same company, at specified prices within a certain period of time and to receive interest or dividends until the holder elects to convert. The provisions of any convertible security determine its ranking in a company’s capital structure. In the case of subordinated convertible debentures, the holder’s claims on assets and earnings are subordinated to the claims of other creditors and are senior to the claims of preferred and common shareholders. In the case of convertible preferred stock, the holder’s claims on assets and earnings are subordinated to the claims of all creditors and are senior to the claims of common shareholders.

Short-Term Instruments

Although it is intended that the assets of the Funds stay invested in the securities described herein and in the Funds’ Prospectuses to the extent practical in light of a Fund’s investment objective and long-term investment perspective, a Fund’s assets may be invested in short-term instruments to meet anticipated expenses or for day-to-day operating purposes and when, in the Investment Adviser’s opinion, it is advisable to adopt a temporary defensive position because of unusual and adverse conditions affecting the equity markets. In addition, when a Fund experiences large cash inflow through additional investments by its investors or the sale of portfolio securities, and desirable equity securities that are consistent with its investment objective are unavailable in sufficient quantities, assets may be held in short-term investments for a limited time pending availability of such equity securities. Short-term instruments consist of foreign and domestic: (i) short-term obligations of sovereign governments, their agencies, instrumentalities, authorities or political subdivisions; (ii) other short-term debt securities rated A or higher by Moody’s Investors Service (“Moody’s”) or Standard & Poor’s, or if unrated are of comparable quality in the opinion of the Investment Adviser; (iii) commercial paper; (iv) bank obligations, including negotiable certificates of deposit, fixed time deposits and bankers’ acceptances;

(v) repurchase agreements; and (vi) money market funds. Time deposits with a maturity of more than seven days are treated as not readily marketable. At the time a Fund's assets are invested in commercial paper, bank obligations or repurchase agreements, the issuer must have outstanding debt rated A or higher by Moody's or Standard & Poor's; the issuer's parent corporation, if any, must have outstanding commercial paper rated Prime-1 by Moody's or A-1 by Standard & Poor's; or, if no such ratings are available, the instrument must be of comparable quality in the opinion of the Investment Adviser. The assets of the Funds may be invested in U.S. dollar denominated short-term instruments, including repurchase agreements, obligations of the U.S. Government, its agencies or instrumentalities, commercial paper and bank obligations (such as certificates of deposit, fixed time deposits, and bankers' acceptances). Cash is held for the Funds with the Funds' custodian bank.

Preferred Securities

Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company's preferred securities generally pay dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred securities of larger companies.

Initial Public Offerings

The Fund is permitted to invest in initial public offerings ("IPOs"), which are new issues of equity securities. Investments in companies that have recently gone public have the potential to produce substantial gains for the Fund. However, there is no assurance that the Fund will have access to profitable IPOs and therefore investors should not rely on these past gains as an indication of future performance. The investment performance of the Fund during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the Fund is able to do so. In addition, as the Fund increases in size, the impact of IPOs on the Fund's performance will generally decrease. Securities issued in IPOs are subject to many of the same risks as investing in companies with smaller market capitalizations. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile or may decline shortly after the IPO. When an IPO is brought to the market, availability may be limited and the Fund may not be able to buy any shares at the offering price, or, if it is able to buy shares, it may not be able to buy as many shares at the offering price as it would like.

Repurchase Agreements

A repurchase agreement is an agreement in which the seller (Lender) of a security agrees to repurchase from a Fund the security sold at a mutually agreed upon time and price. As such, it is viewed as the lending of money to the Lender. The resale price normally is in excess of the purchase price, reflecting an agreed upon interest rate. The rate is effective for the period of time assets of a Fund are invested in the agreement and is not related to the coupon rate on the underlying security. The period of these repurchase agreements is usually short, from overnight to one week, and at no time are assets of a Fund invested in a repurchase agreement with a maturity of more than one year. The securities that are subject to repurchase agreements, however, may have maturity dates in excess of one year from the effective date of the repurchase agreement.

Repurchase agreements are considered by the Staff of the SEC to be loans by a Fund. Repurchase agreements could involve risks in the event of a default or insolvency of the other party to the agreement, including possible delays or restrictions upon a Fund's ability to dispose of the underlying securities. If the lender defaults, the Funds might incur a loss if the value of the collateral securing the repurchase agreement declines and might incur disposition costs in connection with liquidating the collateral. In an attempt to reduce the risk of incurring a loss on a repurchase agreement, the Funds will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Investment Adviser.

Collateral is marked to the market daily and has a market value including accrued interest at least equal to 100% of the dollar amount invested on behalf of a Fund in each agreement along with accrued interest. If the Lender defaults, the Fund might incur a loss if the value of the collateral securing the repurchase agreement declines and might incur disposition costs in connection with liquidating the collateral. In addition, if bankruptcy proceedings are commenced with respect to the Lender, realization upon the collateral on behalf of a Fund may be delayed or limited in certain circumstances. A repurchase agreement with more than seven days to maturity may not be entered into for a Fund if, as a result, more than 15% of the Fund's net assets would be invested in such repurchase agreements together with any other investment being held for a Fund for which market quotations are not readily available.

Collateral for repurchase agreements may be held by a custodian other than the Funds' custodian.

Reverse Repurchase Agreements

Reverse repurchase agreements may be entered into only with a primary dealer (as designated by the Federal Reserve Bank of New York) in U.S. Government obligations. This is an agreement in which a Fund agrees to repurchase securities sold by it at a mutually agreed upon time and price. As such, it is viewed as the borrowing of money for a Fund. Proceeds of borrowings under reverse repurchase agreements are invested for a Fund. This technique involves the speculative factor known as leverage. If interest rates rise during the term of a reverse repurchase agreement utilized for leverage, the value of the securities to be repurchased for a Fund as well as the value of securities purchased with the proceeds will decline. Proceeds of a reverse repurchase transaction are not invested for a period which exceeds the duration of the reverse repurchase agreement. Under the 1940 Act, a Fund may elect to treat reverse repurchase agreements either as (i) borrowings subject to the asset coverage requirement of Section 18 of the 1940 Act or (ii) derivatives transactions for purposes of Rule 18f-4 under the 1940 Act including, as applicable, the value-at-risk ("VaR") test to limit leverage risk.

Leverage Risk

Leverage risk is created when an investment (for example, in derivative instruments) exposes the Fund to a level of risk that exceeds the amount invested. Leveraging is speculative, tends to exaggerate the effect of any increase or decrease in the value of the Fund's securities and may cause the Fund to be more volatile.

U.S. Government Securities

These securities are issued or guaranteed by the U.S. government, its agencies or instrumentalities and may or may not be backed by the "full faith and credit" of the United States. In the case of securities not backed by the full faith and credit of the United States, it may not be possible to assert a claim against the United States itself in the event the agency or instrumentality issuing or guaranteeing the security for ultimate repayment does not meet its commitments. Securities that are not backed by the full faith and credit of the United States include, but are not limited to, securities of the Tennessee Valley Authority, the Federal National Mortgage Association ("FNMA"), the Federal Farm Credit System, the Federal Home Loan Banks and the Federal Home Loan Mortgage Corporation ("FHLMC"). Securities that are backed by the full faith and credit of the United States include Treasury bills, Treasury notes, Treasury bonds and pass through obligations of the Government National Mortgage Association ("GNMA"), the Farmers Home Administration and the Export-Import Bank. There is no percentage limitation with respect to investments in U.S. government securities.

The volatility and disruption that impacted the capital and credit markets beginning in 2008 led to market concerns regarding the ability of FNMA and FHLMC to withstand future credit losses associated with securities held in their investment portfolios. On September 7, 2008, the U.S. Treasury announced a federal takeover of FNMA and FHLMC, placing the two federal instrumentalities in conservatorship. Under the takeover, the Federal Housing Finance Agency ("FHFA") assumed control of, and generally has the power to direct, the operations of FNMA and FHLMC and is empowered to exercise all powers collectively held by their respective shareholders, directors and officers. The U.S. Treasury entered into certain preferred stock purchase agreements ("SPAs") with each of FNMA and FHLMC that established the Treasury as the holder of a new class of senior preferred stock. The senior preferred stock was issued in connection with financial contributions from the Treasury to FNMA and FHLMC.

The actions of the U.S. Treasury were intended to ensure that FNMA and FHLMC maintain a positive net worth and meet their financial obligations, thereby preventing mandatory triggering of receivership. The future status and role of FNMA and FHLMC could be impacted by, among other things, the actions taken and restrictions placed on them by the FHFA in its role as conservator, the restrictions placed on their operations and activities under the SPAs, market responses to developments at FNMA and FHLMC, downgrades or upgrades in the credit ratings assigned to them by nationally recognized statistical rating organizations or ratings services, and future legislative and regulatory action that alters the operations, ownership, structure and/or mission of these institutions, each of which may, in turn, impact the value of, and cash flows on, any securities guaranteed by FNMA and FHLMC.

Rule 144A/Regulation S/Regulation D Securities

The Investment Adviser may, on behalf of the Funds, as specified herein, purchase securities that are not registered under the Securities Act of 1933, as amended ("1933 Act"), but that can be sold to "qualified institutional buyers" in accordance with the requirements stated in Rule 144A under the 1933 Act ("Rule 144A Securities") and private placement securities such as Regulation S and Regulation D securities. A Rule 144A, Regulation S or Regulation D security may be considered illiquid and therefore subject to the 15% limitation on the purchase of illiquid securities, unless it is determined on an ongoing basis that an adequate trading market exists for the security. Guidelines have been adopted and the daily function of determining and monitoring liquidity of Rule 144A, Regulation S and Regulation D securities has been delegated to the Investment Adviser. All relevant factors will be considered in determining the liquidity of Rule 144A, Regulation S and Regulation D securities and all investments in Rule 144A, Regulation S and Regulation D securities will be carefully monitored.

Illiquid Investments

Under SEC rules, illiquid investments are investments that a Fund reasonably expects cannot be sold or otherwise disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. No Fund may purchase an investment if, immediately after the acquisition, more than 15% of the value of its net assets would be invested in illiquid investments that are assets. The Investment Adviser will monitor the amount of illiquid investments in each Fund, under the supervision of the Board of Trustees of the Trust (the "Board" or "Trustees"), to ensure compliance with this requirement.

Certain investments or asset classes may be considered inherently illiquid due to restrictions on trading or limitations on transfer that would affect a determination of liquidity. For example, securities subject to contractual or legal restrictions on resale because they have not been registered under the 1933 Act may be illiquid investments. However, under certain circumstances, including Rule 144A under the 1933 Act, institutional buyers may be able to facilitate transactions in investments otherwise restricted from resale.

Illiquid investments may be priced at fair value as determined in good faith pursuant to procedures approved by the Board. Despite such good faith efforts to determine fair value prices, each Fund's illiquid investments are subject to the risk that the investment's fair value price may differ from the actual price that a Fund may ultimately realize upon its sale or disposition. Difficulty in selling illiquid investments may result in a loss or may be costly to a Fund.

Liquidity Risk Management

The Trust has implemented a liquidity risk management program ("Liquidity Program") and related procedures to manage the liquidity risk of the Funds in accordance with Rule 22e-4 of the 1940 Act ("Liquidity Rule"), and the Board has approved the administrator of the Liquidity Program ("Liquidity Program Administrator"). Under the Liquidity Program, the Liquidity Program Administrator assesses, manages, and periodically reviews each Fund's liquidity risk. The Liquidity Rule defines "liquidity risk" as the risk that a Fund could not meet requests to redeem shares issued by the Fund without significant dilution of the remaining investors' interests in the Fund. The liquidity of a Fund's portfolio investments is determined based on relevant market, trading and investment-specific considerations under the Liquidity Program. The adoption of the Liquidity Program is not a guarantee that a Fund will have sufficient liquidity to satisfy its redemption requests in all market conditions or that redemptions can be effected without diluting remaining investors in the Fund. The effect that the Liquidity Rule will have on the Funds, and on the open-end fund industry in general, is not yet fully known, but the Liquidity Rule may impact a Fund's performance and its ability to achieve its investment objective.

When-Issued and Delayed Delivery Securities

Securities may be purchased for the Funds on a when-issued or delayed delivery basis. When-issued and delayed delivery transactions involve a commitment to purchase or sell specific securities at a predetermined price or yield in which payment and delivery take place after the customary settlement period for that type of security. The purchase price and the interest rate payable on the securities, if any, are fixed on the transaction date. Generally, no interest accrues until the security is delivered. At the time the commitment to purchase securities on a when-issued or delayed delivery basis is made, the transaction is recorded and thereafter the value of such securities is reflected each day in determining a Fund's net asset value per share ("NAV"). In addition to the risks associated with the Fund's investment, the securities so purchased are subject to market fluctuation and no income accrues to a Fund until delivery and payment take place. If a Fund remains substantially fully invested at a time when a purchase is outstanding, the purchases may result in a form of leverage. If a Fund attempts to transact in when-issued or delayed delivery securities prior to issuance, the Fund may receive a less favorable price or yield, or may suffer a loss. Such transactions would be deemed not to involve a senior security (i.e., will not be considered derivatives transactions or subject to asset segregation requirements), provided that (i) a Fund intends to physically settle the transaction and (ii) the transaction will settle within 35 days of its trade date. If such a transaction were considered to be a derivatives transaction, it would be subject to the requirements of Rule 18f-4 under the 1940 Act. If such a transaction were considered a senior security, a Fund would maintain required asset coverage, at the time of purchase, to at least cover the value of the Fund's obligations under the commitment.

Investment Company Securities

Subject to applicable statutory and regulatory limitations, the assets of the Funds may be invested in securities issued by other investment companies, including exchange-traded funds ("ETFs") and business development companies ("BDCs"). Investments in securities of other investment companies are subject to market and selection risk, as well as the specific risks associated with the investment companies' portfolio securities. As a shareholder of another investment company, the Funds would bear, along with other shareholders, its pro rata portion of the other investment company's expenses, including advisory fees. These expenses would be in addition to the advisory and other expenses that a Fund bears directly in connection with its own operations. The Fund's investment in other investment companies may include shares of money market funds, including funds affiliated with the Funds' Investment Adviser. Funds may also purchase debt instruments offered by BDCs. The debt instruments do not carry the same expenses associated with holding shares of other investment companies. However, BDC debt instruments carry similar risks to those of other fixed income instruments.

Foreign Currency Transactions

A Fund may, to the extent specified herein, engage in foreign currency transactions. These transactions may be conducted at the prevailing spot rate for purchasing or selling currency in the foreign exchange market. Those Funds also have the authority to enter into forward foreign currency exchange contracts involving currencies of the different countries in which a Fund invests as a hedge against possible variations in the foreign exchange rates between these currencies and the U.S. dollar. This is accomplished through contractual agreements to purchase or sell a specified currency at a specified future date and price set at the time of the contract.

Transaction hedging is the purchase or sale of forward foreign currency contracts with respect to specific receivables or payables of a Fund, accrued in connection with the purchase and sale of its portfolio securities quoted in foreign currencies. Hedging of the portfolio is the use of forward foreign currency contracts to offset portfolio security positions denominated or quoted in such foreign currencies. There is no guarantee that the Fund will be engaged in hedging activities when adverse exchange rate movements occur. A Fund will not attempt to hedge all of its foreign portfolio positions and will enter into such transactions only to the extent, if any, deemed appropriate by the Investment Adviser.

Hedging against a decline in the value of a currency does not eliminate fluctuations in the prices of portfolio securities or prevent losses if the prices of such securities decline. Such transactions also limit the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for a Fund to hedge against a devaluation that is so generally anticipated that the Fund is not able to contract to sell the currency at a price above the devaluation level it anticipates.

The cost to a Fund of engaging in foreign currency transactions varies with such factors as the currency involved, the size of the contract, the length of the contract period, differences in interest rates between the two currencies and the market conditions then prevailing. Since transactions in foreign currency and forward contracts are usually conducted on a principal basis, no fees or commissions are involved. A Fund may close out a forward position in a currency by selling the forward contract or by entering into an offsetting forward contract.

The precise matching of the forward contract amounts, and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date on which the contract is entered into and the date it matures. Using forward contracts to protect the value of a Fund's securities against a decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange which a Fund can achieve at some future point in time. The precise projection of short-term currency market movements is not possible, and short-term hedging provides a means of fixing the U.S. dollar value of only a portion of each Fund's foreign assets.

While a Fund will enter into forward contracts to reduce currency exchange rate risks, transactions in such contracts involve certain other risks. While a Fund may benefit from such transactions, unanticipated changes in currency prices may result in a poorer overall performance for a Fund than if it had not engaged in any such transactions. Moreover, there may be imperfect correlation between a Fund's holdings of securities quoted or denominated in a particular currency and forward contracts entered into by the Fund. Such imperfect correlation may cause a Fund to sustain losses which will prevent the Fund from achieving a complete hedge or expose the Fund to risk of foreign exchange loss.

Over-the-counter markets for trading foreign forward currency contracts offer less protection against defaults than is available when trading in currency instruments on an exchange. Since a forward foreign currency exchange contract is not guaranteed by an exchange or clearinghouse, a default on the contract would deprive a Fund of unrealized profits or force the Fund to cover its commitments for purchase or resale, if any, at the current market price.

Rule 18f-4 under the 1940 Act imposes requirements and restrictions on the use of derivatives, including forward foreign currency contracts, and imposes limits on the amount of leverage risk to which a Fund can be exposed through such transactions. If the Fund's derivatives exposure is more than 10% of its net assets, it must apply a VaR test to limit its use of derivatives, among other requirements.

Futures Contracts

To the extent a Fund uses futures and/or options on futures, it will do so in accordance with Rule 4.5 under the Commodity Exchange Act, as amended ("CEA"). The Trust, on behalf of a Fund has filed with the National Futures Association a notice claiming an exclusion from the definition of the term "commodity pool operator" ("CPO") under the CEA, and the rules of the Commodity Futures Trading Commission ("CFTC") promulgated thereunder, with respect to the Funds' operation. The Trust is not subject to registration or regulation as a CPO. Although the Trust has concluded that as of the date of this SAI the Funds should be able to operate within the exclusions from CFTC regulation, there is no certainty that a Fund or the Trust will be able to continue to rely on an exclusion from CFTC regulation in the future. In order to assure that the Funds are not deemed a "commodity pool" for purposes of the CEA, regulations of the CFTC require that a Fund enter into transactions in futures contracts and options on futures contracts only: (i) for bona fide hedging purposes (as defined in CFTC regulations), or (ii) for non-hedging purposes, provided that the aggregate initial margin and premiums on such non-hedging positions does not exceed 5% of the liquidation value of the Fund's assets. A Fund may determine not to use investment strategies that trigger additional CFTC regulation or may determine to operate subject to CFTC regulation, if applicable. If a Fund or the Trust operates subject to CFTC regulation, it may incur additional expenses.

Futures contracts provide for the making and acceptance of a cash settlement based upon changes in the value of an index of stocks and are used to hedge against anticipated future changes in overall stock market prices which otherwise might either adversely affect the value of securities held for a Fund or adversely affect the prices of securities which are intended to be purchased at a later date. A futures contract may also be entered into to close out or offset an existing futures position.

In general, each transaction in futures contracts involves the establishment of a position which is expected to move in a direction opposite to that of the investment being hedged. If these hedging transactions are successful, the futures positions taken would rise in value by an amount which approximately offsets the decline in value of the portion of a Fund's investments that is being hedged. Should general market prices move in an unexpected manner, the full anticipated benefits of futures contracts may not be achieved, or a loss may be realized. There is also the risk of a potential lack of liquidity in the secondary market.

The effectiveness of entering into futures contracts as a hedging technique depends upon the extent to which price movements in the portion of the securities portfolio being hedged correlate with price movements of the stock index selected. The value of a futures contract depends upon future movements in the level of the overall stock market measured by the underlying index before the closing out of the futures contract. Accordingly, the successful use of futures contracts is subject to the Investment Adviser's ability both to select an appropriate index and to predict future price movements over the short term in the overall stock market. The incorrect choice of an index or an incorrect assessment of future price movements over the short term in the overall stock market may result in poorer overall performance than if a futures contract had not been purchased. Brokerage costs are incurred in entering into and maintaining futures contracts.

When a Fund enters into a futures contract, it may be initially required to deposit, in a segregated account in the name of the broker performing the transaction, an "initial margin" of cash, U.S. government securities or other high-grade liquid obligations equal to approximately 3% of the contract amount. Initial margin requirements are established by the exchanges on which futures contracts trade and may, from time to time, change. In addition, brokers may establish margin deposit requirements in excess of those required by the exchanges. Initial margin in futures transactions is different from margin in securities transactions in that initial margin does not involve the borrowing of funds by a broker's client but is, rather, a good faith deposit on the futures contract which will be returned upon the proper termination of the futures contract. The margin deposits made are marked to market daily and a Fund may be required to make subsequent deposits of cash or eligible securities called "variation margin," with its futures contract clearing broker, which are reflective of price fluctuations in the futures contract.

Currently, futures contracts can be purchased on stock indexes such as the Standard & Poor's 500 Stock Index, Chicago Board of Options Exchange and the NYSE Composite Index.

Exchanges may limit the amount by which the price of a futures contract may move on any day. If the price moves equal the daily limit on successive days, then it may prove impossible to liquidate a futures position until the daily limit moves have ceased.

Another risk that may arise in employing futures contracts to protect against the price volatility of portfolio securities is that the prices of an index subject to futures contracts (and thereby the futures contract prices) may correlate imperfectly with the behavior of the cash prices of portfolio securities. Another such risk is that the price of the futures contract may not move in tandem with the change in overall stock market prices against which a Fund seeks a hedge.

Currently, investments in futures contracts on non-U.S. stock indexes by U.S. investors, such as the Funds, can be purchased on such non-U.S. stock indexes as the Osaka Stock Exchange (OSE), Tokyo Stock Exchange (TSE), Hong Kong Futures Exchange (HKFE), Singapore International Monetary Exchange (SIMEX), London International Financial Futures and Options Exchange (LIFFE), Marche Terme International de France (MATIF), Sydney Futures Exchange Ltd. (SFE), Meff Sociedad Rectora de Productos Financieros Derivados de Renta Variable, S.A. (MEFF RENTA VARIABLE), Deutsche Terminborse (DTB), Italian Stock Exchange (ISE), Financiele Termijnmarkt Amsterdam (FTA), and London Securities and Derivatives Exchange, Ltd. (OMLX).

Risks Associated with Futures

There are several risks associated with the use of futures contracts. A purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. When used as a hedging technique, there can be no guarantee that there will be a correlation between price movements in the hedging vehicle and in a Fund's portfolio of securities being hedged. In addition, there are significant differences between the securities and futures markets that could result in an imperfect correlation between the markets, causing a given hedge not to achieve its objectives. The degree of imperfection of correlation depends on circumstances such as variations in speculative market demand for futures and futures options on securities, including technical influences in futures trading and futures options, and differences between the financial instruments being hedged and the instruments underlying the standard contracts available for trading in such respects as interest rate levels, maturities, and creditworthiness of issuers. A decision as to whether, when and how to hedge involves the exercise of skill and judgment, and even a well-conceived hedge may be unsuccessful to some degree because of market behavior or unexpected interest rate trends.

Futures contracts on U.S. Government securities historically have reacted to an increase or decrease in interest rates in a manner similar to that in which the underlying U.S. Government securities reacted. Thus, the anticipated spread between the price of the futures contract and the hedged security may be distorted due to differences in the nature of the markets. The spread also may be distorted by differences in initial and variation margin requirements, the liquidity of such markets and the participation of speculators in such markets.

Futures exchanges may limit the amount of fluctuation permitted in certain futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of the current trading session. Once the daily limit has been reached in a futures contract subject to the limit, no more trades may be made on that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses because the limit may work to prevent the liquidation of unfavorable positions. For example, futures prices have occasionally moved the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of positions and subjecting some holders of futures contracts to substantial losses.

There can be no assurance that a liquid market will exist at a time when a Fund seeks to close out a futures position, and the Fund would remain obligated to meet margin requirements until the position is closed. In addition, many of the contracts discussed above are relatively new instruments without a significant trading history. As a result, there can be no assurance that an active secondary market will develop or continue to exist.

Another risk that may arise in employing Futures Contracts to protect against the price volatility of portfolio securities is that the prices of an index subject to Futures Contracts (and thereby the Futures Contract prices) may correlate imperfectly with the behavior of the cash prices of portfolio securities. Another such risk is that the price of the Futures Contract may not move in tandem with the change in overall stock market prices against which a Fund seeks a hedge.

Swaps. Subject to the limitations of the 1940 Act and to the extent specified herein, a Fund reserves the right to utilize swaps. A swap is a contract under which two parties agree to make periodic payments to each other on the basis of the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or "notional" amount. Engaging in swaps entails certain risks. A Fund will be subject to the risk of counterparty default on its swaps. Since swaps do not generally involve the delivery of underlying assets or principal, any loss would likely be limited to the net amount of payments required by the contract. However, in some swap transactions, the counterparty may require a Fund to deposit collateral to support its obligation under the swap agreement. If the counterparty to the swap defaults, a Fund would lose the net amount of payments that it is contractually entitled to receive, as well as any collateral deposits made with the counterparty. Swaps expose a Fund to the credit risk of the counterparties with which it deals, which exposure and risk at times may be substantial. Non-performance by counterparties of the obligations or contracts underlying the swaps could expose a Fund to losses, whether or not the transaction itself was profitable. Such "counterparty risk" is present in all swaps and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. Swaps may expose a Fund to additional liquidity risks as there may not be a liquid market within which to close or dispose of outstanding obligations or contracts.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Reform Act") certain swaps and other over-the-counter ("OTC") derivatives, as discussed further below, that were previously executed on a bilateral basis are now required to be traded on a regulated swap exchange or execution facility. It is expected that the CFTC and the SEC will require the execution on a regulated market of additional OTC derivatives transactions in the future. Such requirements may make it more difficult and costly for a Fund to enter into highly tailored or customized transactions. They may also render certain strategies in which a Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. Swaps and other transactions in OTC derivatives that are not required to be executed on a regulated market may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Emerging Market Securities

A Fund may, to the extent specified herein, invest in securities of issuers domiciled in countries with developing (or "emerging market") economies. Emerging market countries are generally countries with less-developed economies and lower per capita GDP. The IMF, World Bank and other organizations employ different criteria to classify economies as emerging or developed. A Fund considers an "emerging market" to be any country that, at the time a Fund invests, is included in the JPMorgan Emerging Market Bond Index ("EMBI"), or as reasonably determined from time to time by the Investment Adviser, based on its own assessment of economic characteristics and institutional stability.

Investing in emerging market securities imposes risks different from, or greater than, risks of investing in domestic securities or in foreign, developed countries. These risks include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; and restrictions on foreign investment possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales; future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by a Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries. Additional risks of emerging markets securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organized and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal system. In addition, emerging securities markets may have different clearance and settlement procedures, which may be unable to keep pace with the volume of securities transactions or otherwise make it difficult to engage in such transactions. Settlement problems may cause a Fund to miss attractive investment opportunities, hold a portion of its assets in cash pending investments, or be delayed in disposing of a portfolio security. Such a delay could result in possible liability to a purchaser of the security.

Corporate Debt Securities

A Fund's investment in U.S. dollar or foreign currency-denominated corporate debt securities of domestic or foreign issuers, to the extent specified herein, is limited to corporate bonds, debentures, notes and other similar corporate debt instruments, including convertible securities and including corporate income-producing securities which meet the minimum ratings criteria set forth for a Fund, or, if unrated, are in the Investment Adviser's opinion, comparable in quality to corporate debt securities in which a Fund may invest.

Corporate income-producing securities may include forms of preferred or preference stock. The rate of interest on a corporate debt security may be fixed, floating or variable, and may vary inversely with respect to a reference rate. The rate of return or return of principal on some debt obligations may be linked or indexed to the level of exchange rates between the U.S. dollar and a foreign currency or currencies. Debt securities may be acquired with warrants attached.

Debt Securities Rating Criteria. Investment grade debt securities are those rated "BBB-" or higher by S&P Global Ratings ("Standard & Poor's") or the equivalent rating of other nationally recognized securities rating organizations at the time of purchase (or, if unrated, a security that would, in the opinion of the Investment Adviser, be investment grade if rated by a nationally recognized rating organization). Debt securities rated BBB are considered medium grade obligations with speculative characteristics, and adverse economic conditions or changing circumstances may weaken the issuer's ability to pay interest and repay principal. If two or more nationally recognized securities rating organizations have assigned different ratings to a security, the Investment Adviser uses the highest rating assigned.

Below investment grade debt securities are those rated "BB+" and below by Standard & Poor's or the equivalent rating of other nationally recognized securities rating organizations. See Appendix I for a description of rating categories. An investment grade security is one rated investment grade at the time of purchase, by either Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's or Fitch IBCA.

If the rating of an investment grade debt security is downgraded below investment grade, the Investment Adviser will take appropriate action to evaluate such investment so that the Funds' investment objectives are met.

Collateralized Loan Obligations

A Collateralized Loan Obligation ("CLO") is a trust typically consisting of loans made to issuers (both U.S. and foreign). CLOs consist of a portfolio of many underlying loans where the cashflows from the securitization are derived from this portfolio of loans. The cashflows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the "Equity" tranche, which bears the bulk of defaults from the loans in the trust and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults a senior tranche from a CLO trust typically has a higher rating and lower yield than its underlying securities and can be rated investment grade. Despite the protection from the equity tranche, CLO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults, as well as aversion to CLO securities as a class.

Convertible Securities

A convertible debt security is a bond, debenture, note, or other security that entitles the holder to acquire common stock or other equity securities of the same or a different issuer. A convertible security generally entitles the holder to receive interest paid or accrued until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities have characteristics similar to non-convertible debt securities. Convertible securities rank senior to common stock in a corporation's capital structure and, therefore, generally entail less risk than the corporation's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a fixed income security.

Because of the conversion feature, the price of the convertible security will normally fluctuate in some proportion to changes in the price of the underlying equity security, and as such is subject to risks relating to the activities of the issuer and/or general market and economic conditions. The income component of a convertible security may tend to cushion the security against declines in the price of the underlying asset. However, the income component of convertible securities causes fluctuations based upon changes in interest rates and the credit quality of the issuer. In addition, convertible securities are often lower-rated securities.

A convertible security may be subject to redemption at the option of the issuer at a predetermined price. If a convertible security held by a Fund is called for redemption, the Fund would be required to permit the issuer to redeem the security and convert it to underlying common stock, or would sell the convertible security to a third party, which may have an adverse effect on a Fund's ability to achieve its investment objective. A Fund generally would invest in convertible securities for their favorable price characteristics and total return potential and would normally not exercise an option to convert.

Mortgage-Related Securities

Mortgage-related securities are interests in pools of residential or commercial mortgage loans, including first and second mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Pools of mortgage loans are assembled as securities for sale to investors by various governmental, government-related and private organizations. See "Mortgage Pass-Through Securities." A Fund may, to the extent specified herein, also invest in other types of mortgage-related securities including, but not limited, to collateralized mortgage obligations ("CMOs"), CMO residuals, commercial mortgage-backed securities and stripped mortgage-related securities.

The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security and may have the effect of shortening or extending the effective maturity of the security beyond what was anticipated at the time of purchase.

The principal governmental guarantor of mortgage-related securities is the GNMA, a wholly owned U.S. Government corporation within the Department of Housing and Urban Development. GNMA is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA (such as savings and loan institutions, commercial banks and mortgage bankers) and backed by pools of mortgages insured by the Federal Housing Administration (the "FHA"), or guaranteed by the U.S. Department of Veterans Affairs (the "VA"). The GNMA is also empowered to borrow without limitation from the U.S. Treasury, if necessary, to make any payments required under its guarantee.

Obligations of FNMA and FHLMC are not backed by the full faith and credit of the United States Government. In the case of obligations not backed by the full faith and credit of the United States Government, a Fund must look principally to the agency issuing or guaranteeing the obligation for ultimate repayment. FNMA and FHLMC may borrow from the U.S. Treasury to meet their obligations, but the U.S. Treasury is under no obligation to lend to FNMA or FHLMC. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA but are not backed by the full faith and credit of the U.S. Government. FHLMC was created by Congress in 1970 for the purpose of increasing the availability of mortgage credit for residential housing. FHLMC issues Participation Certificates ("PCs"), which represent interests in conventional mortgages from FHLMC's national portfolio. FHLMC guarantees the timely payment of interest and ultimate collection of principals, but PCs are not backed by the full faith and credit of the U.S. Government.

Commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers also create pass-through pools of conventional residential mortgage loans. Such issuers may, in addition, be the originators and/or servicers of the underlying mortgage loans as well as the guarantors of the mortgage-related securities. Pools created by such non-governmental issuers generally offer a higher rate of interest than government and government-related pools because there are no direct or indirect government or agency guarantees of payments in the former pools. However, timely payment of interest and principal of these pools may be supported by various forms of insurance or guarantees, including individual loan, title, pool and hazard insurance and letters of credit, which may be issued by governmental entities, private insurers or the mortgage poolers. The insurance and guarantees are issued by governmental entities, private insurers and the mortgage poolers. Such insurance and guarantees and the creditworthiness of the issuers thereof will be considered in determining whether a mortgage-related security meets a Fund's investment quality standards. There can be no assurance that the private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. A Fund's may buy mortgage-related securities without insurance or guarantees if, through an examination of the loan experience and practices of the originator/servicers and poolers, the Investment Adviser determines that the securities meet a Fund's quality standards. Although the market for such securities is becoming increasingly liquid, securities issued by certain private organizations may not be readily marketable.

Mortgage-backed securities that are issued or guaranteed by the U.S. Government, its agencies or instrumentalities, are not subject to a Fund's industry concentration restrictions, set forth below under "Investment Restrictions," by virtue of the exclusion from that test available to all U.S. Government securities. The assets underlying such securities may be represented by a portfolio of first lien residential mortgage (including both whole mortgage loans and mortgage participation interests) or portfolios of mortgage pass-through securities issued or guaranteed by GNMA, FNMA or FHLMC. Mortgage loans underlying a mortgage-related security may in turn be insured or guaranteed by the FHA or the VA. In the case of private issue mortgage-related securities whose underlying assets are neither U.S. Government securities nor U.S. Government-insured mortgages, to the extent that real properties securing such assets may be located in the same geographical region, the security may be subject to a greater risk of default than other comparable securities in the event of adverse economic, political or business developments that may affect such region and, ultimately, the ability of residential homeowners to make payments of principal and interest on the underlying mortgages.

Mortgage Pass-Through Securities. Interests in pools of mortgage-related securities differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, these securities provide a monthly payment which consists of both interest and principal payments. In effect, these payments are a "pass-through" of the monthly payments made by the individual borrowers on their residential or commercial mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs which may be incurred. Some mortgage-related securities (such as securities issued by "GNMA" are described as "modified pass-through." These securities entitle the holder to receive all interest and principal payments owed on the mortgage pool, net of certain fees, at the scheduled payment dates regardless of whether or not the mortgagor actually makes the payment.

Collateralized Mortgage Obligations ("CMOs"). A CMO is a hybrid between a mortgage-backed bond and a mortgage pass-through security. CMOs are similar to both a bond and a pass-through security, as interest and prepaid principal is paid, in most cases, on a monthly basis. Although CMOs, like bonds, may be collateralized by whole mortgage loans, CMOs, like pass-through securities, are more typically collateralized by portfolios of mortgage pass-through securities guaranteed by GNMA, FHLMC, or FNMA, and their income streams.

CMOs are structured into multiple classes, each bearing a different stated maturity. Actual maturity and average life will depend upon the prepayment experience of the collateral. CMOs provide for a modified form of call protection through a de facto breakdown of the underlying pool of mortgages according to how quickly the loans are repaid. Monthly payment of principal received from the pool of underlying mortgages, including prepayments, is first returned to investors holding the shortest maturity class. Investors holding the longer maturity classes receive principal only after the first class has been retired. An investor is partially guarded against a sooner than desired return of principal because of the sequential payments.

In a typical CMO transaction, a corporation issues multiple series (e.g., A, B, C, Z) of CMO bonds ("Bonds"). Proceeds of the Bond offering are used to purchase mortgages or mortgage pass-through certificates ("Collateral"). The Collateral is pledged to a third-party trustee as security for the Bonds. Principal and interest payments from the Collateral are used to pay principal on the Bonds in the order A, B, C, Z. The Series A, B, and C Bonds all bear current interest. Interest on the Series Z Bond is accrued and added to principal and a like amount is paid as principal on the Series A, B, or C Bond currently being paid off. When the Series A, B, and C Bonds are paid in full, interest and principal on the Series Z Bond begins to be paid currently. With some CMOs, the issuer serves as a conduit to allow loan originators (primarily builders or savings and loan associations) to borrow against their loan portfolios.

Commercial Mortgage-Backed Securities ("CMBS"). CMBS reflect an interest in, and are secured by, mortgage loans on commercial real property. The market for commercial mortgage-backed securities developed more recently and in terms of total outstanding principal amount of issues is relatively small compared to the market for residential single-family mortgage-backed securities. Many of the risks of investing in commercial mortgage-backed securities reflect the risks of investing in the real estate securing the underlying mortgage loans. These risks reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make loan payments, and the ability of a property to attract and retain tenants. Commercial mortgage-backed securities may be less liquid and exhibit greater price volatility than other types of mortgage- or asset-backed securities.

CMO Residuals. CMO residuals are mortgage securities issued by agencies or instrumentalities of the U.S. Government or by private originators of, or investors in, mortgage loans, including savings and loan associations, homebuilders, mortgage banks, commercial banks, investment banks and special purpose entities of the foregoing.

The cash flow generated by the mortgage assets underlying a series of CMOs is applied first to make required payments of principal and interest on the CMOs and second to pay the related administrative expenses of the issuer. The residual in a CMO structure generally represents the interest in any excess cash flow remaining after making the foregoing payments. Each payment of such excess cash flow to a holder of the related CMO residual represents income and/or a return of capital. The amount of residual cash flow resulting from a CMO will depend on, among other things, the characteristics of the mortgage assets, the coupon rate of each class of CMO, prevailing interest rates, the amount of administrative expenses and the prepayment experience on the mortgage assets. In particular, the yield to maturity on CMO residuals is extremely sensitive to prepayments on the related underlying mortgage assets, in the same manner as an interest-only ("IO") class of stripped mortgage-backed securities. In addition, if a series of a CMO includes a class that bears interest at an adjustable rate, the yield to maturity on the related CMO residual will also be extremely sensitive to changes in the level of the index upon which interest rate adjustments are based. As described below with respect to stripped mortgage-backed securities, in certain circumstances a Fund may fail to recoup fully its initial investment in a CMO residual.

CMO residuals are generally purchased and sold by institutional investors through several investment banking firms acting as brokers or dealers. The CMO residual market has only very recently developed and CMO residuals currently may not have the liquidity of other more established securities trading in other markets. Transactions in CMO residuals are generally completed only after careful review of the characteristics of the securities in question. In addition, CMO residuals may, or pursuant to an exemption therefrom, may not have been registered under the 1933 Act. CMO residuals, whether or not registered under the 1933 Act, may be subject to certain restrictions on transferability, and may be deemed "illiquid" and subject to a Fund's limitations on investment in illiquid securities.

Stripped Mortgage-Backed Securities ("SMBS"). SMBS are derivative multi-class mortgage securities. SMBS may be issued by agencies or instrumentalities of the U.S. Government, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose entities of the foregoing.

SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A common type of SMBS will have one class receiving some of the interest and most of the principal from the mortgage assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the "IO" class), while the other class will receive all of the principal (the principal-only or "PO" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the related underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on a Fund's yield to maturity from these securities. If the underlying mortgage assets experience greater than anticipated prepayments of principal, a Fund may fail to recoup some or all of its initial investment in these securities even if the security is in one of the highest rating categories.

Although SMBS are purchased and sold by institutional investors through several investment banking firms acting as brokers or dealers, these securities were only recently developed. As a result, established trading markets have not yet developed and, accordingly, these securities may be deemed "illiquid" and subject to the Fund's limitations on investment in illiquid securities.

Other Mortgage-Related Securities. Other mortgage-related securities include securities other than those described above that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property."). Other mortgage-related securities may be equity or debt securities issued by agencies or instrumentalities of the U.S. Government or by private originators of, or investors in, mortgage loans, including savings and loan associations, homebuilders, mortgage banks, commercial banks, investment banks, partnerships, trusts and special purpose entities of the foregoing.

Asset-Backed Securities ("ABS")

A Fund may, to the extent specified herein, invest in ABS, which are debt obligations or debt securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from underlying financial assets, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities. ABS may be collateralized by, but not limited to, credit card loans, automobile loans, home equity loans and manufactured housing and airplane leases. ABS are subject to the risk that a change in interest rates may influence the pace of prepayments of the underlying securities which, in turn, affects yields on an absolute basis. An ABS is typically created by the sale of assets or collateral to a conduit, generally a bankruptcy-remote vehicle such as a grantor trust or other special-purpose entity, which becomes the legal issuer of the ABS. Interests in or other securities issued by the trust or special-purpose entity, which give the holder thereof the right to certain cash flows arising from the underlying assets, are then sold to investors through an investment bank or other securities underwriter.

The structure of an ABS and the terms of the investors' interest in the collateral can vary depending on the type of collateral, the desires of investors and the use of credit enhancements. Although the basic elements of all ABS are similar, individual transactions can differ markedly in both structure and execution. Holders of ABS bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks.

Credit risk is an important issue in ABS because of the significant credit risks inherent in the underlying collateral and because issuers are primarily private entities. Credit risk arises from losses due to defaults by the borrowers in the underlying collateral or the issuer's or servicer's failure to perform. Market risk arises from the cash-flow characteristics of the security, which for many ABS tend to be predictable. The greatest variability in cash flows comes from credit performance, including the presence of early amortization or acceleration features designed to protect the investor if credit losses in the portfolio rise well above expected levels. Interest-rate risk arises for the issuer from the relationship between the pricing terms on the underlying collateral and the terms of the rate paid to security holders. Liquidity risk can arise from increased perceived credit risk. Liquidity can also become a significant problem if concerns about credit quality, for example, lead investors to avoid the securities issued by the relevant special-purpose entity. Operations risk arises through the potential for misrepresentation of asset quality or terms by the originating institution, misrepresentation of the nature and current value of the assets by the servicer and inadequate controls over disbursements and receipts by the servicer. Structural risk may arise through investments in ABS with structures (for example, the establishment of various security tranches) that are intended to reallocate the risks entailed in the underlying collateral (particularly credit risk) in ways that give certain investors less credit risk protection (*i.e.*, a lower priority claim on the cash flows from the underlying pool of assets) than others. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets.

Inflation-Indexed Bonds

Inflation-indexed bonds are securities that are structured to provide protection against inflation. Such securities are commonly referred to as Inflation-Indexed Securities or IIS. Unlike traditional notes and bonds, which pay a stated rate of interest in dollars and are redeemed at their par amounts, IIS have regular adjustments to their interest payments and redemption value to compensate for the loss of purchasing power from inflation.

Zero Coupon Bonds

A Fund may, to the extent specified herein, invest in zero coupon bonds. These are securities issued at a discount from their face value that pay all interest and principal upon maturity. The difference between the purchase price and par is a specific compounded interest rate for the investor. In calculating the daily income of a Fund, a portion of the difference between a zero-coupon bond's purchase price and its face value is taken into account as income.

Deferred Interest Bonds

A deferred interest bond is a bond such as a zero-coupon bond that does not pay interest until a later date. Prices for deferred interest bonds are less stable than for a current coupon bond.

PIK (Payment-In-Kind) Securities

Bonds or preferred stock whose dividends are in the form of additional bonds or preferred stock.

Event-linked bonds

Event-linked bonds are fixed income securities, for which the return of principal and payment of interest is contingent on the non-occurrence of a specific "trigger" event, such as a hurricane, earthquake, or other physical or weather-related phenomenon. They may be issued by government agencies, insurance companies, reinsurers, special purpose corporations or other on-shore or off-shore entities. If a trigger event causes losses exceeding a specific amount in the geographic region and time period specified in a bond, a Fund investing in the bond may lose a portion or all of its principal invested in the bond. If no trigger event occurs, a Fund will recover its principal plus interest. For some event-linked bonds, the trigger event or losses may be based on company-wide losses, index-portfolio losses, industry indices, or readings of scientific instruments rather than specified actual losses. Often the event-linked bonds provide for extensions of maturity that are mandatory, or optional at the discretion of the issuer, in order to process and audit loss claims in those cases where a trigger event has, or possibly has, occurred. In addition to the specified trigger events, event-linked bonds may also expose a Fund to certain unanticipated risks including but not limited to issuer (credit) default, adverse regulatory or jurisdictional interpretations, and adverse tax consequences.

Event-linked bonds are a relatively new type of financial instrument. As such, there is no significant trading history of these securities, and there can be no assurance that a liquid market in these instruments will develop. See "Illiquid Investments" above. Lack of a liquid market may impose the risk of higher transaction costs and the possibility that a Fund may be forced to liquidate positions when it would not be advantageous to do so. Event-linked bonds are typically rated, and a Fund will only invest in catastrophe bonds that meet the credit quality requirements for the Fund.

Rule 18f-4 and Derivatives Risk Management Program

Rule 18f-4 under the 1940 Act permits a Fund, subject to various conditions, to enter into derivatives transactions (as defined below) and certain other transactions notwithstanding the restrictions on the issuance of "senior securities" under Section 18 of the 1940 Act. Section 18 of the 1940 Act, among other things, prohibits open-end funds, including the Funds, from issuing or selling any "senior security," other than borrowing from a bank (subject to a requirement to maintain 300% "asset coverage"). In connection with the adoption of Rule 18f-4, the SEC eliminated the asset segregation framework arising from prior SEC guidance for covering derivatives transactions and certain financial instruments.

Under Rule 18f-4, "derivatives transactions" include the following: (1) any swap, security-based swap, futures contract, forward contract, option, any combination of the foregoing, or any similar instrument, under which a Fund is or may be required to make any payment or delivery of cash or other assets during the life of the instrument or at maturity or early termination, whether as margin or settlement payment or otherwise; (2) any short sale borrowing; (3) reverse repurchase agreements and similar financing transactions, if a Fund elects to treat these transactions as derivatives transactions under Rule 18f-4; and (4) when-issued or forward-settling securities and non-standard settlement cycle securities, unless such transactions meet the Delayed-Settlement Securities Provision. Unless a fund qualifies as a "limited derivatives user" as defined below, pursuant to Rule 18f-4, a fund is required to, among other things, adopt and implement a derivatives risk management program ("DRMP") and new testing requirements, comply with a relative or absolute limit on fund leverage risk calculated based on value-at-risk ("VaR"), and comply with new requirements related to Board and SEC reporting.

The DRMP is administered by a "derivatives risk manager," who is appointed by the Board and periodically reviews the DRMP and reports to the Board. Rule 18f-4 provides an exception from the DRMP, VaR limit and certain other requirements for a fund that limits its "derivatives exposure" to no more than 10% of its net assets (as calculated in accordance with Rule 18f-4) (a "limited derivatives user"), provided that the fund establishes appropriate policies and procedures reasonably designed to manage derivatives risks, including the risk of exceeding the 10% "derivatives exposure" threshold.

The requirements of Rule 18f-4 may limit a Fund's ability to engage in derivatives transactions as part of its investment strategies. These requirements may also increase the cost of a Fund's investments and cost of doing business, which could adversely affect the value of the Fund's investments and/or the performance of the Fund. The rule also may not be effective to limit a Fund's risk of loss. In particular, measurements of VaR rely on historical data and may not accurately measure the degree of risk reflected in a Fund's derivatives or other investments. There may be additional regulation of the use of derivatives transactions by registered investment companies, which could significantly affect their use. The ultimate impact of the regulations remains unclear. Additional regulation of derivatives transactions may make them more costly, limit their availability or utility, otherwise adversely affect their performance or disrupt markets.

Derivative Instruments

Subject to the limitations of the 1940 Act, a Fund may, to the extent specified herein, purchase derivatives or enter into derivative transactions. Derivatives are financial instruments which derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative and the portfolio as a whole. Derivatives permit a Fund to increase or decrease the level of risk, or change the character of the risk, to which its portfolio is exposed in much the same way as the Fund can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities.

Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on a Fund's performance. If a Fund invests in derivatives at inopportune times or the Sub-adviser judges market conditions incorrectly, such investments may lower a Fund's return or result in a loss. A Fund also could experience losses if its derivatives were poorly correlated with its other investments, or if a Fund were unable to liquidate its position because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

The value of some derivative instruments in which a Fund may invest may be particularly sensitive to changes in prevailing interest rates, and, like the other investments of a Fund, the ability of a Fund to successfully utilize these instruments may depend in part upon the ability of the Investment Adviser to forecast interest rates and other economic factors correctly. If the Investment Adviser incorrectly forecasts such factors and has taken positions in derivative instruments contrary to prevailing market trends, a Fund could be exposed to the risk of loss.

No assurance can be given that any strategy described herein, if used by a Fund, will succeed. If the Investment Adviser incorrectly forecasts interest rates, market values or other economic factors in utilizing a derivatives strategy for a Fund, the Fund might have been in a better position if it had not entered into the transaction at all. Also, suitable derivative transactions may not be available in all circumstances. The use of these strategies involves certain special risks, including a possible imperfect correlation, or even no correlation, between price movements of derivative instruments and price movements of related investments. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favorable price movements in related investments or otherwise, due to the possible inability of a Fund to purchase or sell a portfolio security at a time that otherwise would be favorable or the possible need to sell a portfolio security at a disadvantageous time because a Fund is required to maintain asset coverage or offsetting positions in connection with transactions in derivative instruments, and the possible inability of a Fund to close out or to liquidate its derivatives positions. In addition, a Fund's use of such instruments may cause the Fund to realize higher amounts of short-term capital gains (generally taxed at ordinary income tax rates) than if it had not used such instruments.

Options on Securities and Indexes

Options on Stock. For the sole purpose of reducing risk, put and call options on stocks may be purchased for a Fund, although the current intention is not to do so in such a manner that more than 5% of a Fund's net assets would be at risk. A call option on a stock gives the purchaser of the option the right to buy the underlying stock at a fixed price at any time during the option period. Similarly, a put option gives the purchaser of the option the right to sell the underlying stock at a fixed price at any time during the option period. To liquidate a put or call option position, a "closing sale transaction" may be made for a Fund at any time prior to the expiration of the option which involves selling the option previously purchased.

Covered call options may also be sold (written) on stocks, although the current intention is not to do so. A call option is "covered" if the writer owns the underlying security.

Options on Stock Indexes. Subject to applicable laws and regulations and solely as a hedge against changes in the market value of portfolio securities or securities intended to be purchased, put and call options on stock indexes may be purchased for a Fund to the extent specified herein. A stock index fluctuates with changes in the market values of the stocks included in the index. Examples of stock indexes are the Standard & Poor's Corporation ("Standard & Poor's") 500 Stock Index, Chicago Board of Options Exchange and the New York Stock Exchange ("NYSE") Composite Index.

Options on stock indexes are generally similar to options on stock except that the delivery requirements are different. Instead of giving the right to take or make delivery of stock at a fixed price (strike price), an option on a stock index gives the holder the right to receive a cash "exercise settlement" amount equal to: (a) the amount, if any, by which the strike price of the option exceeds (in the case of a put) or is less than (in the case of a call) the closing value of the underlying index on the date of exercise, multiplied by (b) a fixed "index multiplier." Receipt of this cash amount will depend upon the closing level of the stock index upon which the option is based being greater than, in the case of a call, or less than, in the case of a put, the price of the option. The amount of cash received will be equal to such difference between the closing price of the index and the strike price of the option times a specified multiple.

The effectiveness of purchasing stock index options as a hedging technique depends upon the extent to which price movements in the portion of the securities portfolio of a Fund being hedged correlate with price movements of the stock index selected. The value of an index option depends upon future movements in the level of the overall stock market measured by the underlying index before the expiration of the option. Accordingly, the successful use of options on stock indexes for a Fund is subject to the Investment Adviser's ability both to select an appropriate index and to predict future price movements over the short term in the overall stock market. Brokerage costs are incurred in the purchase of stock index options and the incorrect choice of an index or an incorrect assessment of future price movements may result in poorer overall performance than if a stock index option had not been purchased.

A Fund may terminate an option that it has written prior to its expiration by entering into a closing purchase transaction in which it purchases an option having the same terms as the option written. It is possible, however, that lack of liquidity in the options markets may make it difficult from time to time for a Fund to close out its written option positions. Also, the securities exchanges have established limitations on the number of options which may be written by an investor or group of investors acting in concert. It is not contemplated that these position limits will have any adverse impact on the Fund's portfolio strategies.

Futures Contracts on Stock Indexes. Subject to applicable laws and regulations and solely as a hedge against changes in the market value of portfolio securities or securities intended to be purchased, futures contracts on stock indexes ("Futures Contracts") may be entered into for the Funds.

A Fund may, to the extent specified herein, purchase and sell both put and call options on fixed income or other securities or indexes in standardized contracts traded on foreign or domestic securities exchanges, boards of trade, or similar entities, or quoted on NASDAQ or on a regulated foreign or domestic over-the-counter market, and agreements, sometimes called cash puts, which may accompany the purchase of a new issue of bonds from a dealer.

An option on a security (or index) is a contract that gives the holder of the option, in return for a premium, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option (or the cash value of the index) at a specified exercise price at any time during the term of the option. The writer of an option on a security has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security. Upon exercise, the writer of an option on an index is obligated to pay the difference between the cash value of the index and the exercise price multiplied by the specified multiplier for the index option. (An index is designed to reflect features of a particular financial or securities market, a specific group of financial instruments or securities, or certain economic indicators.)

If an option written by a Fund expires unexercised, that Fund realizes a capital gain equal to the premium received at the time the option was written. If an option purchased by a Fund expires unexercised, that Fund realizes a capital loss equal to the premium paid. Prior to the earlier of exercise or expiration, an exchange traded option may be closed out by an offsetting purchase or sale of an option of the same series (type, exchange, underlying security or index, exercise price, and expiration). There can be no assurance, however, that a closing purchase or sale transaction can be effected when a Fund desires.

A Fund may sell put or call options it has previously purchased, which could result in a net gain or loss depending on whether the amount realized on the sale is more or less than the premium and other transaction costs paid on the put or call option which is sold. Prior to exercise or expiration, an option may be closed out by an offsetting purchase or sale of an option of the same series. A Fund will realize a capital gain from a closing purchase transaction if the cost of the closing option is less than the premium received from writing the option, or, if it is more, a Fund will realize a capital loss. If the premium received from a closing sale transaction is more than the premium paid to purchase the option, a Fund will realize a capital gain or, if it is less, a Fund will realize a capital loss. The principal factors affecting the market value of a put or a call option include supply and demand, interest rates, the current market price of the underlying security or index in relation to the exercise price of the option, the volatility of the underlying security or index, and the time remaining until the expiration date.

The premium paid for a put or call option purchased by a Fund is an asset of that Fund. The premium received for an option written by a Fund is recorded as a deferred credit. The value of an option purchased or written is marked to market daily and is valued at the closing price on the exchange on which it is traded or, if not traded on an exchange or no closing price is available, at the mean between the last bid and asked prices.

A Fund may, to the extent specified herein, write covered straddles consisting of a combination of a call and a put written on the same underlying security. A straddle will be covered when sufficient assets are deposited to meet a Fund's immediate obligations. A Fund may use the same liquid assets to cover both the call and put options where the exercise price of the call and put are the same, or the exercise price of the call is higher than that of the put.

Risks Associated with Options on Securities and Indexes. There are several risks associated with transactions in options on securities and on indexes. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. During the option period, the covered call writer has, in return for the premium on the option, given up the opportunity to profit from a price increase in the underlying security above the exercise price, but, as long as its obligation as a writer continues, has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price. If a put or call option purchased by a Fund is not sold when it has remaining value, and if the market price of the underlying security remains equal to or greater than the exercise price (in the case of a put), or remains less than or equal to the exercise price (in the case of a call), a Fund will lose its entire investment in the option. Also, where a put or call option on a particular security is purchased to hedge against price movements in a related security, the price of the put or call option may move more or less than the price of the related security.

There can be no assurance that a liquid market will exist when a Fund seeks to close out an option position. If a Fund were unable to close out an option that it had purchased on a security, it would have to exercise the option in order to realize any profit or the option may expire worthless. If a Fund were unable to close out a covered call option that it had written on a security, it would not be able to sell the underlying security unless the option expired without exercise. As the writer of a covered call option, a Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the exercise price of the call.

If trading were suspended in an option purchased by a Fund, the Fund would not be able to close out the option. If restrictions on exercise were imposed, a Fund might be unable to exercise an option it has purchased. Except to the extent that a call option on an index written by a Fund is covered by an option on the same index purchased by a Fund, movements in the index may result in a loss to a Fund; however, such losses may be mitigated by changes in the value of the Fund's securities during the period the option was outstanding.

Options on Foreign Currencies

A Fund may, to the extent specified herein, buy or sell put and call options on foreign currencies either on exchanges or in the over-the-counter market. A put option on a foreign currency gives the purchaser of the option the right to sell a foreign currency at the exercise price until the option expires. A call option on a foreign currency gives the purchaser of the option the right to purchase the currency at the exercise price until the option expires. Currency options traded on U.S. or other exchanges may be subject to position limits that may limit the ability of a Fund to reduce foreign currency risk using such options. Over-the-counter options differ from traded options in that they are two-party contracts with price and other terms negotiated between buyer and seller, and generally do not have as much market liquidity as exchange-traded options.

Futures Contracts and Options on Futures Contracts

A Fund may, to the extent specified herein, invest in interest rate futures contracts and options thereon ("futures options"), and to the extent it may invest in foreign currency-denominated securities, may also invest in foreign currency futures contracts and options thereon. An interest rate, foreign currency or index futures contract provides for the future sale by one party and purchase by another party of a specified quantity of a financial instrument, foreign currency or the cash value of an index at a specified price and time. A futures contract on an index is an agreement pursuant to which two parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. Although the value of an index might be a function of the value of certain specified securities, no physical delivery of these securities is made. A public market exists in futures contracts covering a number of indexes as well as financial instruments and foreign currencies, including: U.S. Treasury bonds; U.S. Treasury notes; GNMA Certificates; three-month U.S. Treasury bills; 90-day commercial paper; bank certificates of deposit; Eurodollar certificates of deposit; the Australian dollar; the Canadian dollar; the British pound; the Swiss franc; certain multinational currencies, such as the Euro; the Japanese yen; and the Mexican peso. It is expected that other futures contracts will be developed and traded in the future.

A Fund may, to the extent specified herein, purchase and write call and put futures options. Futures options possess many of the same characteristics as options on securities and indexes (discussed above). A futures option gives the holder the right, in return for the premium paid, to assume a long position (call) or short position (put) in a futures contract at a specified exercise price at any time during the period of the option. Upon exercise of a call option, the holder acquires a long position in the futures contract and the writer is assigned the opposite short position. In the case of a put option, the opposite is true.

To the extent a Fund uses futures and/or options on futures, it will do so in accordance with Rule 4.5 under the Commodity Exchange Act, as amended ("CEA"). The Investment Adviser, on behalf of the Funds has filed with the National Futures Association a notice claiming an exclusion from the definition of the term "commodity pool operator" ("CPO") under the CEA, and the rules of the Commodity Futures Trading Commission ("CFTC") promulgated thereunder, with respect to the Funds' operation. The Investment Adviser and the Trust are not subject to registration or regulation as a CPO. However, the CFTC has adopted certain rule amendments that significantly affect the continued availability of this exclusion and may subject advisers to funds to regulation by the CFTC. Although the Investment Adviser has initially concluded that as of the date of this SAI the Funds should be able to operate within the exclusions from CFTC regulation, there is no certainty that the Funds or the Trust will be able to continue to rely on an exclusion from CFTC regulation in the future. The Funds may determine not to use investment strategies that trigger additional CFTC regulation or may determine to operate subject to CFTC regulation, if applicable. If the Funds or the Trust operates subject to CFTC regulation, it may incur additional expenses.

A Fund may, to the extent specified herein, use futures contracts to hedge against anticipated changes in interest rates that might adversely affect either the value of a Fund's securities or the price of the securities that a Fund intends to purchase. A Fund's hedging activities may include sales of futures contracts as an offset against the effect of expected increases in interest rates, and purchases of futures contracts as an offset against the effect of expected declines in interest rates. Although other techniques could be used to reduce a Fund's exposure to interest rate fluctuations, a Fund may be able to hedge its exposure more effectively and perhaps at a lower cost by using futures contracts and futures options. A Fund may also use futures to obtain market exposure to certain market or market segments.

A Fund will only enter into futures contracts and futures options, which are standardized and traded on a U.S. or foreign exchange, board of trade, or similar entity, or quoted on an automated quotation system.

When a purchase or sale of a futures contract is made by a Fund, the Fund is required to deposit with its custodian (or eligible broker, if legally permitted) a specified amount of assets determined to be liquid by the Investment Adviser in accordance with procedures established by the Board ("initial margin"). The margin required for a futures contract is set by the exchange on which the contract is traded and may be modified during the term of the contract. Margin requirements on foreign exchanges may be different than U.S. exchanges. The initial margin is in the nature of a performance bond or good faith deposit on the futures contract which is returned to a Fund upon termination of the contract, assuming all contractual obligations have been satisfied. A Fund expects to earn interest income on its initial margin deposits. A futures contract held by a Fund is valued daily at the official settlement price of the exchange on which it is traded. Each day a Fund pays or receives cash, called "variation margin," equal to the daily change in value of the futures contract. This process is known as "marking to market." Variation margin does not represent a borrowing or loan by a Fund but is instead a settlement between a Fund and the broker of the amount one would owe the other if the futures contract expired. In computing daily net NAV, a Fund will mark to market its open futures positions.

A Fund is also required to deposit and maintain margin with respect to put and call options on futures contracts written by it. Such margin deposits will vary depending on the nature of the underlying futures contract (and the related initial margin requirements), the current market value of the option, and other futures positions held by a Fund.

Although some futures contracts call for making or taking delivery of the underlying securities, generally these obligations are closed out prior to delivery by offsetting purchases or sales of matching futures contracts (same exchange, underlying security or index, and delivery month). If an offsetting purchase price is less than the original sale price, a Fund realizes a capital gain, or if it is more, a Fund realizes a capital loss. Conversely, if an offsetting sale price is more than the original purchase price, a Fund realizes a capital gain, or if it is less, a Fund realizes a capital loss. The transaction costs must also be included in these calculations.

A Fund may, to the extent specified herein, write covered straddles consisting of a call and a put written on the same underlying futures contract. A straddle will be covered when sufficient assets are deposited to meet a Fund's immediate obligations. A Fund may use the same liquid assets to cover both the call and put options where the exercise price of the call and put are the same, or the exercise price of the call is higher than that of the put.

Other Considerations. When purchasing a futures contract, a Fund will maintain with the Funds' custodian (and mark-to-market on a daily basis) assets determined to be liquid by the Investment Adviser in accordance with procedures established by the Board, that, when added to the amounts deposited with a futures commission merchant as margin, are equal to the market value of the futures contract. Alternatively, a Fund may "cover" its position by purchasing a put option on the same futures contract with a strike price as high as or higher than the price of the contract held by a Fund.

When selling a futures contract, a Fund will maintain with the Funds' custodian (and mark-to-market on a daily basis) assets determined to be liquid by the Investment Adviser in accordance with procedures established by the Board that are equal to the market value of the instruments underlying the contract. Alternatively, a Fund may "cover" its position by owning the instruments underlying the contract (or, in the case of an index futures contract, a portfolio with a volatility substantially similar to that of the index on which the futures contract is based), or by holding a call option permitting a Fund to purchase the same futures contract at a price no higher than the price of the contract written by a Fund (or at a higher price if the difference is maintained in liquid assets with the Fund's custodian).

With respect to futures contracts that are not legally required to "cash settle," a Fund may cover the open position by setting aside or "earmarking" liquid assets in an amount equal to the market value of the futures contract. With respect to futures that are required to "cash settle," however, a Fund is permitted to set aside or "earmark" liquid assets in an amount equal to a Fund's daily marked to market (net) obligation, if any, (in other words, a Fund's daily net liability, if any) rather than the market value of the futures contract. By setting aside assets equal to only its net obligation under cash-settled futures, a Fund will have the ability to employ leverage to a greater extent than if a Fund were required to segregate assets equal to the full market value of the futures contract.

When selling a call option on a futures contract, a Fund will maintain with the custodian (and mark-to-market on a daily basis) assets determined to be liquid by the Investment Adviser in accordance with procedures established by the Board, that, when added to the amounts deposited with a futures commission merchant as margin, equal the total market value of the futures contract underlying the call option. Alternatively, a Fund may cover its position by entering into a long position in the same futures contract at a price no higher than the strike price of the call option, by owning the instruments underlying the futures contract, or by holding a separate call option permitting a Fund to purchase the same futures contract at a price not higher than the strike price of the call option sold by a Fund.

When selling a put option on a futures contract, a Fund will maintain with the custodian (and mark-to-market on a daily basis) assets determined to be liquid by the Investment Adviser in accordance with procedures established by the Board, that equal the purchase price of the futures contract, less any margin on deposit. Alternatively, a Fund may cover the position either by entering into a short position in the same futures contract, or by owning a separate put option permitting it to sell the same futures contract so long as the strike price of the purchased put option is the same or higher than the strike price of the put option sold by a Fund.

To the extent that securities with maturities greater than one year are used to segregate assets to cover a Fund's obligations under futures contracts and related options, such use will not eliminate the risk of a form of leverage, which may tend to exaggerate the effect on NAV of any increase or decrease in the market value of a Fund's portfolio, and may require liquidation of portfolio positions when it is not advantageous to do so. However, any potential risk of leverage resulting from the use of securities with maturities greater than one year may be mitigated by the overall duration limit on a Fund's portfolio of securities. Thus, the use of a longer-term security may require a Fund to hold offsetting short- term securities to balance a Fund's portfolio of securities such that a Fund's duration does not exceed the maximum permitted for a Fund in the Prospectus.

The requirements for qualification as a RIC also may limit the extent to which a Fund may enter into futures, futures options or forward contracts. See "Taxes."

Reset Options

Typically, a call option or warrant whose strike price may be reset to a lower strike or a put whose strike price may be reset to a higher strike at some point during the life of the instrument if the option is out of the money on the reset date. There may be a limit to the magnitude of the strike price adjustment and the reset may be triggered by a specific price on the underlying rather than set on a specific reset date.

"Yield Curve" Options

Yield curve options allow buyers to protect themselves from adverse movements in the yield curve. Yield curve options are often based on the difference in the yields of bonds of different maturities.

Additional Risks of Trading Options

Options on securities, futures contracts, options on futures contracts, and options on currencies may be traded on foreign exchanges. Such transactions may not be regulated as effectively as similar transactions in the United States; may not involve a clearing mechanism and related guarantees and are subject to the risk of governmental actions affecting trading in, or the prices of, foreign securities. The value of such positions also could be adversely affected by: (i) other complex foreign political, legal and economic factors; (ii) lesser availability than in the United States of data on which to make trading decisions; (iii) delays in a Fund's ability to act upon economic events occurring in foreign markets during non-business hours in the United States; (iv) the imposition of different exercise and settlement terms and procedures and margin requirements than in the United States, and (v) lesser trading volume.

Swap Agreements

A Fund may, to the extent specified herein, enter into interest rate, inflation, index, credit default and, to the extent it may invest in foreign currency-denominated securities, currency exchange rate swap agreements. These transactions are entered into in an attempt to obtain a particular return when it is considered desirable to do so, possibly at a lower cost to a Fund than if a Fund had invested directly in an instrument that yielded that desired return. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount," i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. Forms of swap agreements include interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap"; interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor"; and interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels.

Credit default swap agreements specify that one party pays a fixed periodic coupon for the life of the agreement to another party. The other party makes no payment unless a credit event, relating to a predetermined security, occurs. If such an event occurs, the party will make a payment to the other party and the swap will be terminated. The size of the payment is usually linked to the decline in such security's market value following the occurrence of the credit event. a Fund may use credit default swaps to either gain exposure or to hedge its exposure to issuer credit risk.

Most swap agreements entered into by a Fund would calculate the obligations of the parties to the agreement on a "net basis." Consequently, a Fund's current obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount").

Whether a Fund's use of swap agreements will be successful in furthering its investment objective of total return will depend on the Investment Adviser's ability to predict correctly whether certain types of investments are likely to produce greater returns than other investments. Because they are two party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. A Fund will enter into swap agreements only with counterparties that meet certain standards of creditworthiness. Certain restrictions imposed on a Fund by the Code may limit a Fund's ability to use swap agreements.

The absence of a regulated execution facility or contract market and lack of liquidity for swap transactions has led, in some instances, to difficulties in trading and valuation, especially in the event of market disruptions. Financial reform legislation requires many major categories of swaps to be executed on a regulated exchange or contract market and to be cleared through a regulated clearinghouse. Once implemented, new regulations, including margin, clearing and trade execution requirements, may make derivatives such as swaps more costly, may limit their availability, or may otherwise adversely affect the value or performance of these instruments.

Certain swaps, such as interest rate swaps and credit default swaps that are based on an index, are required under applicable law to be cleared by a regulated clearinghouse. Swaps subject to this requirement are typically submitted for clearing through brokerage firms that are members of the clearinghouse. A Fund would establish an account with a brokerage firm to facilitate clearing such a swap, and the clearinghouse would become a Fund's counterparty. A brokerage firm would guarantee a Fund's performance on the swap to the clearinghouse. A Fund would be exposed to the credit risk of the clearinghouse and the brokerage firm that holds the cleared swap. The brokerage firm also would impose margin requirements with respect to open cleared swap positions held by a Fund, and the brokerage firm would be able to require termination of those positions in certain circumstances. These margin requirements and termination provisions may adversely affect a Fund's ability to trade cleared swaps. In addition, a Fund may not be able to recover the full amount of its margin from a brokerage firm if the firm were to go into bankruptcy. It is also possible that a Fund would not be able to enter into a swap transaction that is required to be cleared if no clearinghouse will accept the swap for clearing.

Swaps that are required to be cleared must be traded on a regulated execution facility or contract market that makes them available for trading. The transition from trading swaps bilaterally to trading them on such a facility or market may not result in swaps being easier to trade or value and may present certain execution risks if these facilities and markets do not operate properly. On-facility trading of swaps is also expected to lead to greater standardization of their terms. It is possible that a Fund may not be able to enter into swaps that fully meet its investment needs, or that the costs of entering into customized swaps, including any applicable margin requirements, will be significant.

Options on Swaps

A Fund may, to the extent specified herein, enter into options contracts on interest rate swaps, commonly referred to as swaptions. The buyer of a swaption has the right to enter into an interest rate swap agreement by some specified date in the future. The swaption agreement will specify whether the buyer of the swaption will be a fixed-rate receiver or a fixed-rate payer. The writer of the swaption becomes the counterparty if the buyer exercises.

Credit Default Swaps

A credit default swap ("CDS") is a form of derivative contract that allows investors to offset a Fund's credit risk with that of another investor. In instances in which a Fund believes a creditor may default on their obligation, a Fund may use a CDS to offset the risk of default. CDS may have as reference obligations one or more securities that are not currently held by the Fund. The buyer seeking protection from an issuer's default may be obligated to pay the seller an up-front payment or a periodic payments over the term of the contract, provided that no credit event on a reference obligation has occurred. CDS involve special risks in addition to those mentioned above because they are difficult to value, are highly susceptible to illiquid investments risk and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation.

Structured Securities

A Fund may, to the extent specified herein, invest in structured securities. Structured notes are derivative debt securities, the interest rate or principal of which is determined by an unrelated indicator. Indexed securities include structured notes as well as securities other than debt securities, the interest rate or principal of which is determined by an unrelated indicator. Indexed securities may include a multiplier that multiplies the indexed element by a specified factor and, therefore, the value of such securities may be very volatile. To the extent a Fund invests in these securities, however, the Investment Adviser analyzes these securities in its overall assessment of the effective duration of a Fund's portfolio of securities in an effort to monitor a Fund's interest rate risk.

Loan Participations and Assignments and Other Direct Indebtedness

A Fund may, to the extent specified herein, invest in fixed- and floating-rate loan transactions, which investments generally will be in the form of loan participations, delayed funding loans, and revolving credit facilities, or assignments of portions of such loans. Investors in the Fund should be aware that the Fund's investment in loans may result in the Fund or the Investment Adviser receiving information about the issuer that may be deemed material non-public information. Under such circumstances, the Fund's investment opportunities may be limited, as trading in securities of such issuer may be restricted. Additionally, the Investment Adviser will seek to avoid receiving material non-public information about issuers of loans. As a result, the Investment Adviser may forgo certain investment opportunities or be disadvantaged as compared to other investors that do not restrict information that they receive from loan issuers.

Participations and Assignments and Other Direct Indebtedness. Loan participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. If a Fund purchases loan participations, it may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. Such indebtedness may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. A Fund may participate in such syndications, or can buy part of a loan, becoming a part lender. When purchasing loan participations, the Fund assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary. The participation interests in whom the Fund intends to invest may not be rated by any Nationally Recognized Statistical Rating Organization**.**

A loan is often administered by an agent bank acting as agent for all holders. The agent bank administers the terms of the loan, as specified in the loan agreement. In addition, the agent bank is normally responsible for the collection of principal and interest payments from the corporate borrower and the apportionment of these payments to the credit of all institutions which are parties to the loan agreement. Unless, under the terms of the loan or other indebtedness, the Fund has direct recourse against the corporate borrower, the Fund may have to rely on the agent bank or other financial intermediary to apply appropriate credit remedies against a corporate borrower.

A financial institution's employment as agent bank might be terminated in the event that it fails to observe a requisite standard of care or becomes insolvent. A successor agent bank would generally be appointed to replace the terminated agent bank, and assets held by the agent bank under the loan agreement should remain available to holders of such indebtedness. However, if assets held by the agent bank for the benefit of the Fund were determined to be subject to the claims of the agent bank's general creditors, the Fund might incur certain costs and delays in realizing payment on a loan or loan participation and could suffer a loss of principal and/or interest. In situations involving other interposed financial institutions (e.g., an insurance company or governmental agency) similar risks may arise.

Purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the corporate borrower for payment of principal and interest. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's NAV could be adversely affected. Loans that are fully secured offer the Fund more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation, or that the collateral can be liquidated.

A Fund may, to the extent specified herein, invest in loan participations with credit quality comparable to that of issuers of its securities investments. Indebtedness of companies whose creditworthiness is poor involves substantially greater risks and may be highly speculative. Some companies may never pay off their indebtedness or may pay only a small fraction of the amount owed. Consequently, when investing in indebtedness of companies with poor credit, the Fund bears a substantial risk of losing the entire amount invested.

A Fund limits the amount of its total assets that it will invest in any one issuer or in issuers within the same industry (see "Investment Restrictions"). For purposes of these limits, the Fund generally will treat the corporate borrower as the "issuer" of indebtedness held by the Fund. In the case of loan participations where a bank or other lending institution serves as a financial intermediary between the Fund and the corporate borrower, (if the Fund does not have a direct debtor-creditor relationship with the corporate borrower), SEC interpretations require the Fund to treat both the lending bank or other lending institution and the corporate borrower as "issuers" for the purposes of determining whether the Fund has invested more than 5% of its total assets in a single issuer. Treating a financial intermediary as an issuer of indebtedness may restrict the Fund's ability to invest in indebtedness related to a single financial intermediary, or a group of intermediaries engaged in the same industry, even if the underlying borrowers represent many different companies and industries.

Loans and other types of direct indebtedness may not be readily marketable and may be subject to restrictions on resale. In some cases, negotiations involved in disposing of indebtedness may require weeks to complete. Consequently, some indebtedness may be difficult or impossible to dispose of readily at what the Investment Adviser believes to be a fair price. In addition, valuation of illiquid indebtedness involves a greater degree of judgment in determining the Fund's NAV than if that value were based on available market quotations and could result in significant variations in the Fund's daily share price. At the same time, some loan interests are traded among certain financial institutions and accordingly may be deemed liquid. As the market for different types of indebtedness develops, the liquidity of these instruments is expected to improve. In addition, the Fund currently intends to treat indebtedness for which there is no readily available market as illiquid for purposes of the Fund's limitation on illiquid investments. Investments in loan participations are considered to be debt obligations for purposes of the Fund's investment restriction relating to the lending of funds or assets by the Fund.

Investments in loans through a direct assignment of the financial institution's interests with respect to the loan may involve additional risks to the Fund. For example, if a loan is foreclosed, the Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, the Fund could be held liable as co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities law protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Fund relies on the Investment Adviser's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Fund.

Delayed Funding Loans and Revolving Credit Facilities. A Fund may, to the extent specified herein, enter into, or acquire participations in, delayed funding loans and revolving credit facilities, in which a lender agrees to make loans up to a maximum amount upon demand by the borrower during a specified term. These commitments may have the effect of requiring the Fund to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that the Fund is committed to advance additional funds, it will segregate, or "earmark" assets determined to be liquid by the Investment Adviser in accordance with procedures established by the Board in an amount sufficient to meet such commitments. Delayed funding loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.

Dollar Roll Transactions

In addition to borrowing for temporary purposes, a Fund may, to the extent specified herein, enter into reverse repurchase agreements, mortgage dollar rolls, and economically similar transactions. A reverse repurchase agreement involves the sale of a portfolio-eligible security by a Fund, coupled with its agreement to repurchase the instrument at a specified time and price. Under a reverse repurchase agreement, a Fund continues to receive any principal and interest payments on the underlying security during the term of the agreement.

A "mortgage dollar roll" is similar to a reverse repurchase agreement in certain respects. In a "dollar roll" transaction a Fund sells a mortgage-related security, such as a security issued by the GNMA, to a dealer and simultaneously agrees to repurchase a similar security (but not the same security) in the future at a pre-determined price. A "dollar roll" can be viewed, like a reverse repurchase agreement, as a collateralized borrowing in which a Fund pledges a mortgage-related security to a dealer to obtain cash. Unlike in the case of reverse repurchase agreements, the dealer with which a Fund enters into a dollar roll transaction is not obligated to return the same securities as those originally sold by a Fund, but only securities that are "substantially identical." To be considered "substantially identical," the securities returned to a Fund generally must: (1) be collateralized by the same types of underlying mortgages; (2) be issued by the same agency and be part of the same program; (3) have a similar original stated maturity; (4) have identical net coupon rates; (5) have similar market yields (and therefore price); and (6) satisfy "good delivery" requirements, meaning that the aggregate principal amounts of the securities delivered and received back must be within 2.5% of the initial amount delivered.

Similar to reverse repurchase agreements, under the 1940 Act, the Fund may elect to treat dollar roll agreements either as (i) borrowings subject to the asset coverage requirement of Section 18 of the 1940 Act or (ii) derivatives transactions for purposes of Rule 18f-4 under the 1940 Act including, as applicable, the value at risk ("VaR") test to limit leverage risk.

Furthermore, because dollar roll transactions may be for terms ranging between one and six months, dollar roll transactions may be deemed "illiquid" and subject to a Fund's overall limitations on investments in illiquid securities. A Fund also may effect simultaneous purchase and sale transactions that are known as "sale-buybacks." A sale-buyback is similar to a reverse repurchase agreement, except that in a sale-buyback, the counterparty who purchases the security is entitled to receive any principal or interest payments made on the underlying security pending settlement of a Fund's repurchase of the underlying security. A Fund's obligations under a sale-buyback typically would be offset by liquid assets equal in value to the amount of a Fund's forward commitment to repurchase the subject security.

Money Market Instruments

A Fund may, to the extent specified herein, invest in money market instruments, which include certificates of deposit, repurchase agreements, commercial paper, Eurodollar deposits, Federal agency short-term securities, municipal notes, Treasury bills, shares of money funds, foreign exchange swaps and short-lived mortgage and asset-backed securities. Such instruments are highly liquid investments.

Foreign Exchange Contracts

Foreign exchange contracts are made with currency dealers, usually large commercial banks and financial institutions. Although foreign exchange rates are volatile, foreign exchange markets are generally liquid with the equivalent of approximately $500 billion traded worldwide on a typical day.

While a Fund may, to the extent specified herein, enter into foreign currency exchange transactions to reduce the risk of loss due to a decline in the value of the hedged currency, these transactions also tend to limit the potential for gain. Forward foreign exchange contracts do not eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates or prevent loss if the prices of these securities should decline. The precise matching of the forward contract amounts, and the value of the securities involved is not generally possible because the future value of such securities in foreign currencies changes as a consequence of market movements in the value of such securities between the date the forward contract is entered into and the date it matures. The projection of currency market movements is extremely difficult, and the successful execution of a hedging strategy is highly unlikely.

The Investment Adviser, on behalf of a Fund, may enter into forward foreign exchange contracts in order to protect the dollar value of all investments denominated in foreign currencies. The precise matching of the forward contract amounts, and the value of the securities involved is not always possible because the future value of such securities in foreign currencies changes as a consequence of market movements in the value of such securities between the date the forward contract is entered into and the date it matures.

A Fund's recognition of gain or loss due to foreign currency exchange rates may be treated differently for federal income tax purposes. This difference may require a Fund to make a distribution in excess of its book income to qualify as a RIC for federal income tax purposes.

Variable and Floating Rate Securities

A Fund may, to the extent specified herein, invest in variable, floating and auction rate securities. These are securities whose interest rates are reset daily, weekly or at another periodic date so that the security remains close to par, minimizing changes in its market value. These securities often have a put or demand feature, which entitles the investor to repayment of principal plus accrued interest on short notice. In calculating the maturity of a variable rate or floating rate instrument for a Fund, the date of the next interest rate reset is used.

Foreign Securities

A Fund may, to the extent specified herein, invest its assets in common stocks and other equity securities both within and outside the U.S. (including European Depository Receipts ("EDRs"), Global Depository Receipts ("GDRs") and ADRs, or other securities representing underlying shares of foreign companies. EDRs are receipts issued in Europe which evidence ownership of underlying securities issued by a foreign corporation. ADRs are receipts typically issued by an American bank or trust company, which evidence a similar ownership arrangement. Generally, ADRs, which are issued in registered form, are designed for use in the United States securities markets and EDRs, which are issued in bearer form, are designed for use in European securities markets. GDRs are tradable both in the U.S. and Europe and are designed for use throughout the world.

There are certain risks involved in investing in securities of companies and governments of foreign nations that are in addition to the usual risks inherent in domestic investments. These risks include those resulting from revaluation of currencies, future adverse political and economic developments and the possible imposition of currency exchange blockages or other foreign governmental laws or restrictions, reduced availability of public information concerning issuers and the lack of uniform accounting, auditing and financial reporting standards or of other regulatory practices and requirements comparable to those applicable to domestic companies. The yield of a Fund may be adversely affected by fluctuations in value of one or more foreign currencies relative to the U.S. dollar. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable domestic companies. In addition, with respect to certain foreign countries, there is the possibility of expropriation, nationalization, confiscatory taxation and limitations on the use or removal of funds or other assets of a Fund, including the withholding of dividends. Foreign securities may be subject to foreign government taxes that could reduce the return on such securities. Because a Fund may invest in securities denominated or quoted in currencies other than the U.S. dollar, changes in foreign currency exchange rates may adversely affect the value of portfolio securities and the appreciation or depreciation of investments. Investment in foreign securities also may result in higher expenses due to the cost of converting foreign currency to U.S. dollars, the payment of fixed brokerage commissions on foreign exchanges, which generally are higher than commissions on domestic exchanges, the expense of maintaining securities with foreign custodians, and the imposition of transfer taxes or transaction charges associated with foreign exchanges. Moreover, individual foreign economics may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions. A Fund may invest in securities of foreign governments (or agencies or subdivisions thereof), and therefore many, if not all, of the foregoing considerations apply to such investments as well. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted. In addition, a Fund may invest in securities into which they may be converted. A Fund also may invest in securities denominated in currency "baskets."

A Fund's assets may be concentrated in a single country or countries located in the same geographic region. The Fund assumes the risk that changing economic, regulatory, political or social conditions affecting the particular country or geographical area in which the Fund focuses its investments could have a significant impact on its investment performance and could ultimately cause the Fund to underperform, or be more volatile than, other funds that invest more broadly.

Foreign Taxes

A Fund's investment in foreign securities may be subject to taxes withheld at the source on dividend or interest payments. The United States has entered into tax treaties with many foreign countries which may entitle a Fund to a reduced rate of such taxes or exemption from taxes on such income. It is impossible to determine the effective rate of foreign tax for a Fund in advance since the amount of the assets to be invested within various countries is not known. If more than 50% of the total assets of the Fund at the close of its taxable year consist of foreign stocks or securities, a Fund may "pass through" to you certain foreign income taxes (including withholding taxes) paid by the Fund. This means that you will be considered to have received as an additional dividend your share of such foreign taxes, but you may be entitled to either a corresponding tax deduction in calculating your taxable income, or, subject to certain limitations, a credit in calculating your federal income tax. No assurance can be given that applicable tax laws and interpretations will not change in the future. Moreover, non-U.S. investors may not be able to credit or deduct such foreign taxes. These and other factors could have a negative impact on the Fund's performance.

Capital Controls Risk

Economic conditions, such as volatile currency exchange rates and interest rates, political events and other conditions may, without prior warning, lead to intervention by the governments of foreign countries and the imposition of "capital controls." Capital controls include the prohibition of, or restrictions on, the ability to transfer currency, securities or other assets. Levies may be placed on profits repatriated by foreign entities (such as the Fund). Capital controls may impact the ability of the Fund to buy, sell or otherwise transfer securities or currency, may adversely affect the trading market and price for shares of the Fund, and may cause the Fund to decline in value.

Currency Exchange Rate Risk

A Fund may, to the extent specified herein, invests a significant portion of its assets in investments denominated in non-U.S. currencies, or in securities that provide exposure to such currencies, currency exchange rates or interest rates denominated in such currencies. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Fund's investment and the value of the Fund's shares. Because the Fund's NAV is determined on the basis of U.S. dollars, the U.S. dollar value of your investment in a Fund may go down if the value of the local currency of the non-U.S. markets in which the Fund invests depreciates against the U.S. dollar. This is true even if the local currency value of securities in the Fund's holdings goes up. Conversely, the dollar value of your investment in the Fund may go up if the value of the local currency appreciates against the U.S. dollar. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Fund may change quickly and without warning and you may lose money.

Loans of Portfolio Securities

Loans up to 30% of the total value of the securities of a Fund are permitted. Securities of a Fund may be loaned if such loans are secured continuously by cash or equivalent collateral or by an irrevocable letter of credit in favor of the Fund at least equal at all times to 100% of the market value of the securities loaned plus accrued income. While such securities are on loan, the borrower pays a Fund any income accruing thereon, and cash collateral may be invested for a Fund, thereby earning additional income. All or any portion of interest earned on invested collateral may be paid to the borrower. Loans are subject to termination by a Fund in the normal settlement time, currently three business days after notice, or by the borrower on one day's notice. Borrowed securities are returned when the loan is terminated.

Any appreciation or depreciation in the market price of the borrowed securities which occurs during the term of the loan inures to a Fund and its shareholders. Reasonable finders and custodial fees may be paid in connection with a loan. In addition, all facts and circumstances, including the creditworthiness of the borrowing financial institution, are considered before a loan is made and no loan is made in excess of one year. There is the risk that a borrowed security may not be returned to the Fund. Securities of a Fund are not loaned to BBH&Co. or to any affiliate of the Funds or BBH&Co.

Common Stock Warrants and Rights

A fund may, to the extent specified herein, acquire, receive and retain common stock warrants and rights that are attached to securities held by the Fund. Common stock warrants entitle the holder to buy common stock from the issuer of the warrant at a specific price (the "strike price") for a specific period of time. The market price of warrants may be substantially lower than the current market price of the underlying common stock, yet warrants are subject to similar price fluctuations. As a result, warrants may be more volatile investments than the underlying common stock. Rights are similar to warrants but normally have a shorter duration and are typically distributed directly by the issuers to existing shareholders, while warrants are typically attached to new debt or preferred stock issuances. Warrants and rights generally do not entitle the holder to dividends or voting rights with respect to the underlying common stock and do not represent any rights in the assets of the issuer company. Warrants and rights will expire if not exercised on or prior to the expiration date.

Collateralized Bond Obligations

A Collateralized Bond Obligation ("CBO") is a trust typically consisting of corporate bonds (both U.S. & foreign). CBOs consist of a portfolio of many underlying securities where the cashflows from the securitization are derived from this portfolio. The cashflows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the "Equity" tranche, which bears the bulk of defaults from the bonds in the trust and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults a senior tranche from a CBO trust typically has a higher rating and lower yield than its underlying securities and can be rated investment grade. Despite the protection from the equity tranche, CBO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults, as well as aversion to CBO securities as a class.

Municipal Securities

Municipal Bonds share the attributes of debt/fixed income securities in general but are generally issued by states, municipalities and other political subdivisions, agencies, authorities and instrumentalities of states and multi-state agencies or authorities. The Municipal Bonds that a Fund may purchase include general obligation bonds and limited obligation bonds (or revenue bonds, including industrial development bonds issued pursuant to former federal tax law). General obligation bonds are obligations involving the credit of an issuer possessing taxing power and are payable from such issuer's general revenues and not from any particular source. Limited obligation bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Tax-exempt private activity bonds and industrial development bonds generally are also revenue bonds and thus are not payable from the issuer's general revenues. The credit and quality of private activity bonds and industrial development bonds are usually related to the credit of the corporate user of the facilities. Payment of interest on and repayment of principal of such bonds is the responsibility of the corporate user (and/or any guarantor).

A fund may, to the extent specified herein, invest in pre-refunded Municipal Bonds. Pre-refunded Municipal Bonds are tax-exempt bonds that have been refunded to a call date prior to the final maturity of principal, or, in the case of pre-refunded Municipal Bonds commonly referred to as "escrowed-to-maturity bonds," to the final maturity of principal, and remain outstanding in the municipal market. The payment of principal and interest of the pre-refunded Municipal Bonds held by the Fund is funded from securities in a designated escrow account that holds U.S. Treasury securities or other obligations of the U.S. Government (including its agencies and instrumentalities ("Agency Securities")). Pre-refunded Municipal Bonds usually will bear a AAA rating (if a re-rating has been requested and paid for) because they are backed by U.S. Treasury or Agency securities. As the payment of principal and interest is generated from securities held in an escrow account established by the municipality and an independent escrow agent, the pledge of the municipality has been fulfilled and the original pledge of revenue by the municipality is no longer in place. The escrow account securities pledged to pay the principal and interest of the pre-refunded Municipal Bond do not guarantee the price movement of the bond before maturity. Issuers of Municipal Bonds refund in advance of maturity the outstanding higher cost debt and issue new, lower cost debt, placing the proceeds of the lower cost issuance into an escrow account to pre-refund the older, higher cost debt. Investments in pre-refunded Municipal Bonds held by the Fund may subject a Fund to interest rate risk and market risk. In addition, while a secondary market exists for pre-refunded Municipal Bonds, if the Fund sells pre-refunded Municipal Bonds prior to maturity, the price received may be more or less than the original cost, depending on market conditions at the time of sale. To the extent permitted by the SEC and the Internal Revenue Service ("IRS"), the Fund's investment in pre-refunded Municipal Bonds backed by U.S. Treasury and Agency securities in the manner described above, will, for purposes of diversification tests applicable to the Fund, be considered an investment in the respective U.S. Treasury and Agency securities. Interest paid on a bond issued after December 31, 2017 to advance refund another bond is subject to federal income tax.

Under the Code, certain limited obligation bonds are considered "private activity bonds" and interest paid on such bonds is treated as an item of tax preference for purposes of calculating the federal alternative minimum tax ("AMT") liability when applicable to certain shareholders.

A fund may, to the extent specified herein, invest in Build America Bonds. Build America Bonds are tax credit bonds created by the American Recovery and Reinvestment Act of 2009, which authorizes state and local governments to issue Build America Bonds as taxable bonds in 2009 and 2010, without volume limitations, to finance any capital expenditures for which such issuers could otherwise issue traditional tax-exempt bonds. State and local governments may receive a direct federal subsidy payment for a portion of their borrowing costs on Build America Bonds equal to 35% of the total coupon interest paid to investors. The state or local government issuer can elect to either take the federal subsidy or pass the 35% tax credit along to bondholders. The Fund may elect to pass through to shareholders tax credits on Build America Bonds. If the Fund elects to pass through tax credits on Build America Bonds, the Fund will include in its gross income, as interest income, an amount equal to the amount that the Fund would have included in gross income relating to the credits if the election had not been made (generally, the amount of the credits) and will increase its dividends paid deduction by the same amount. Each shareholder, in the case of an election by the Fund, will be required to include in gross income the shareholder's proportionate share of the interest income attributable to the credits and will be allowed (subject to applicable limitations) the shareholder's proportionate share of the credits. The tax credits can generally be used to offset federal income taxes and the AMT, but such credits are generally not refundable. Build America Bonds involve similar risks as Municipal Bonds, including credit and market risk. They are intended to assist state and local governments in financing capital projects at lower borrowing costs and are likely to attract a broader group of investors than tax-exempt Municipal Bonds.

A fund may, to the extent specified herein, invest in municipal lease obligations. A lease is not a full faith and credit obligation of the issuer and is usually backed only by the borrowing government's unsecured pledge to make annual appropriations for lease payments. There have been challenges to the legality of lease financing in numerous states, and, from time to time, certain municipalities have considered not appropriating money for lease payments. In deciding whether to purchase a lease obligation, the Fund will assess the financial condition of the borrower, the merits of the project, the level of public support for the project, and the legislative history of lease financing in the state. These securities may be less readily marketable than other municipals. The Fund also may purchase unrated lease obligations if determined by the Investment Adviser to be of comparable quality to rated securities in which the Fund is permitted to invest.

Some longer-term Municipal Bonds give the investor the right to "put" or sell the security at par (face value) within a specified number of days following the investor's request — usually one to seven days. This demand feature enhances a security's liquidity by shortening its effective maturity and enables it to trade at a price equal to or very close to par. If a demand feature terminates prior to being exercised, the Fund would hold the longer-term security, which could experience substantially more volatility. The Fund may invest in municipal warrants, which are essentially call options on Municipal Bonds. In exchange for a premium, municipal warrants give the purchaser the right, but not the obligation, to purchase a Municipal Bond in the future. A Fund may purchase a warrant to lock in forward supply in an environment where the current issuance of bonds is sharply reduced. Like options, warrants may expire worthless and they may have reduced liquidity.

A Fund may invest in Municipal Bonds with credit enhancements such as letters of credit, municipal bond insurance and Standby Bond Purchase Agreements ("SBPAs"). Letters of credit are issued by a third party, usually a bank, to enhance liquidity and ensure repayment of principal and any accrued interest if the underlying Municipal Bond should default. Municipal bond insurance, which is usually purchased by the bond issuer from a private, non-governmental insurance company, provides an unconditional and irrevocable guarantee that the insured bond's principal and interest will be paid when due. Insurance does not guarantee the price of the bond or the share price of any fund. The credit rating of an insured bond reflects the credit rating of the insurer, based on its claims-paying ability. The obligation of a municipal bond insurance company to pay a claim extends over the life of each insured bond. Although defaults on insured Municipal Bonds have been low to date and municipal bond insurers have met their claims, there is no assurance this will continue. A higher-than-expected default rate could strain the insurer's loss reserves and adversely affect its ability to pay claims to bondholders. Because a significant portion of insured Municipal Bonds that have been issued and are outstanding is insured by a small number of insurance companies, not all of which have the highest credit rating, an event involving one or more of these insurance companies, such as a credit rating downgrade, could have a significant adverse effect on the value of the Municipal Bonds insured by that insurance company and on the Municipal Bond markets as a whole. An SBPA is a liquidity facility provided to pay the purchase price of bonds that cannot be re-marketed. The obligation of the liquidity provider (usually a bank) is only to advance funds to purchase tendered bonds that cannot be remarketed and does not cover principal or interest under any other circumstances. The liquidity provider's obligations under the SBPA are usually subject to numerous conditions, including the continued creditworthiness of the underlying borrower.

A Fund also may invest in participation interests. Participation interests are various types of securities created by converting fixed rate bonds into short-term, variable rate certificates. These securities have been developed in the secondary market to meet the demand for short-term, tax-exempt securities. The Fund will invest only in such securities deemed tax-exempt by a nationally recognized bond counsel, but there is no guarantee the interest will be exempt because the IRS has not issued a definitive ruling on the matter.

Municipal Bonds also include auction rate municipal securities. In certain recent market environments, auction failures have been widespread, which may adversely affect the liquidity and price of auction rate securities. Provided that the auction mechanism is successful, auction rate securities usually permit the holder to sell the securities in an auction at par value at specified intervals. The dividend is reset by "Dutch" auction in which bids are made by broker-dealers and other institutions for a certain amount of securities at a specified minimum yield. The dividend rate set by the auction is the lowest interest or dividend rate that covers all securities offered for sale. While this process is designed to permit auction rate securities to be traded at par value, there is a risk that an auction will fail due to insufficient demand for the securities. Moreover, between auctions, there may be no secondary market for these securities, and sales conducted on a secondary market may not be on terms favorable to the seller. Thus, with respect to liquidity and price stability, auction rate securities may differ substantially from cash equivalents, notwithstanding the frequency of auctions and the credit quality of the security.

Municipal Bonds are subject to credit and market risk. Generally, prices of higher quality issues tend to fluctuate less with changes in market interest rates than prices of lower quality issues and prices of longer maturity issues tend to fluctuate more than prices of shorter maturity issues. The secondary market for Municipal Bonds typically has been less liquid than that for taxable debt/fixed income securities, and this may affect the Fund's ability to sell particular Municipal Bonds at then-current market prices, especially in periods when other investors are attempting to sell the same securities. Additionally, Municipal Bonds rated below investment grade (*i.e.*, high yield Municipal Bonds) may not be as liquid as higher-rated Municipal Bonds. Reduced liquidity in the secondary market may have an adverse impact on the market price of a Municipal Bond and on the Fund's ability to sell a Municipal Bond in response to changes or anticipated changes in economic conditions or to meet the Fund's cash needs. Reduced liquidity may also make it more difficult to obtain market quotations based on actual trades for purposes of valuing the Fund's portfolio.

Prices and yields on Municipal Bonds are dependent on a variety of factors, including general money-market conditions, the financial condition of the issuer, general conditions of the Municipal Bond market, the size of a particular offering, the maturity of the obligation and the rating of the issue. A number of these factors, including the ratings of particular issues, are subject to change from time to time. Information about the financial condition of an issuer of Municipal Bonds may not be as extensive as that which is made available by corporations whose securities are publicly traded.

Obligations of issuers of Municipal Bonds are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors. Congress or state legislatures may seek to extend the time for payment of principal or interest, or both, or to impose other constraints upon enforcement of such obligations. There is also the possibility that as a result of litigation or other conditions, the power or ability of issuers to meet their obligations for the payment of interest and principal on their Municipal Bonds may be materially affected or their obligations may be found to be invalid or unenforceable. Such litigation or conditions may from time to time have the effect of introducing uncertainties in the market for Municipal Bonds or certain segments thereof, or of materially affecting the credit risk with respect to particular bonds. Adverse economic, business, legal or political developments might affect all or a substantial portion of a Fund's Municipal Bonds in the same manner.

Fixed Income Securities and Investment Techniques

Issuers of fixed income securities pay an interest rate that may be either a fixed percentage of the principal or adjusted periodically. In addition, the issuer of a fixed income security must repay the principal amount of the security, normally within a specified time.

A security's yield measures the annual income earned on a security as a percentage of its price. A security's yield will be greater or less than the security's interest rate depending upon whether the cost of the security is less (a discount) or more (a premium) than the principal amount. If the issuer redeems the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

Risks within the Fixed Income Market

The fixed-income securities market can be susceptible to unusual volatility and illiquidity. Volatility and illiquidity may be more pronounced in the case of lower-rated and unrated securities. Liquidity can decline unpredictably in response to overall economic conditions or credit tightening. Increases in volatility and decreases in liquidity may be caused by a rise in interest rates (or the expectation of a rise in interest rates), which are near historic lows in the U.S. and in other countries. During times of reduced market liquidity, a Fund may not be able to readily sell bonds at the prices at which they are carried on a Fund's books. If a Fund needed to sell large blocks of bonds to meet shareholder redemption requests or to raise cash, those sales could further reduce the bonds' prices. An unexpected increase in fund redemption requests (including requests from shareholders who may own a significant percentage of a Fund's shares) which may be triggered by market turmoil or an increase in interest rates, as well as other adverse market and economic developments, could cause a Fund to sell its holdings at a loss or at undesirable prices and adversely affect a Fund's share price and increase a Fund's liquidity risk, fund expenses and/or taxable distributions. Similarly, the prices of a Fund's holdings could be adversely affected if an investment account managed similarly to a Fund was to experience significant redemptions and that account were required to sell its holdings at an inopportune time. The liquidity of an issuer's securities may decrease as a result of a decline in an issuer's credit rating, the occurrence of an event that causes counterparties to avoid transacting with the issuer, or an increase in the issuer's cash outflows. A lack of liquidity or other adverse credit market conditions may hamper a Fund's ability to sell the debt securities in which it invests or to find and purchase suitable debt instruments.

Economic and other market developments can adversely affect fixed-income securities markets in the United States, Europe and elsewhere. At times, participants in debt securities markets may develop concerns about the ability of certain issuers of debt securities to make timely principal and interest payments, or they may develop concerns about the ability of financial institutions that make markets in certain debt securities to facilitate an orderly market. Those concerns may impact the market price or value of those debt securities and may cause increased volatility in those debt securities or debt securities markets. Under some circumstances, as was the case during the latter half of 2008 and early 2009, those concerns may cause reduced liquidity in certain debt securities markets, reducing the willingness of some lenders to extend credit, and making it more difficult for borrowers to obtain financing on attractive terms (or at all).

The Federal Reserve has recently reduced interest rates on multiple occasions and continues to consider future cuts to the federal funds rate. If the Federal Reserve raises interest rates in the future, there is a risk that fixed-income investors to move out of fixed-income securities, which may also increase redemptions in fixed-income mutual funds.

Supranational Agencies

Obligations of supranational agencies, such as the World Bank, may be supported by appropriated but unpaid commitments of its member countries, although there is no assurance that these commitments will be undertaken in the future.

Risks of Cyber Attacks

As with any entity that conducts business through electronic means in the modern marketplace, the Funds, and its service providers and their respective operations, may be susceptible to potential risks resulting from cyber-attacks or incidents (collectively, "cyber-events"). Cyber events may include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential information, infection from computer viruses or other malicious software code, unauthorized access to or compromises to relevant systems, networks or devices that the Funds and its service providers use to service the Funds' operations, operational disruption or failures in the physical infrastructure or operating systems that support the Funds and their service providers, or various other forms of cyber security breaches. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Cyber-attacks affecting a Fund, or any sub-advisers, if applicable, the Funds' distributor, custodian, transfer agent, or any other of the Funds' intermediaries or service providers may adversely impact the Funds and its shareholders, potentially resulting in, among other things, financial losses or the inability of Fund shareholders to transact business. For instance, cyber-attacks may interfere with the processing of shareholder transactions, impact the Funds' ability to calculate its NAVs, cause the release of private shareholder information or confidential business information, impede trading, subject the Funds to regulatory fines or financial losses and/or cause reputational damage. The Funds may also incur additional costs for cyber security risk management purposes designed to mitigate or prevent the risk of cyber-attacks. Such costs may be ongoing because threats of cyber-attacks are constantly evolving as cyber attackers become more sophisticated and their techniques become more complex. Similar types of cyber security risks are also present for issuers of securities in which the Funds may invest, which could result in material adverse consequences for such issuers and may cause the Funds' investment in such companies to lose value.

The Funds, and its service providers and their relevant affiliates have established risk management systems reasonably designed to seek to reduce the risks associated with cyber-events. However, there can be no assurance that the Funds, the Funds' service providers, or the issuers of the securities in which the Funds invests will not suffer losses relating to cyber-attacks or other information security breaches in the future.

The following information relates to the Government Money Market Fund:

The Fund will invest at least 99.5% of total assets in its Government Securities Basket (described below) and up to 0.5% of total assets in other types of eligible money market fund instruments as defined by Rule 2a-7 ("Other Securities Basket").

Government Securities Basket

The following security types are eligible for inclusion in the Fund's Government Securities Basket:

U.S. Government Securities

As a U.S. government money market fund, the Fund will invest at least 99.5% of its total assets in cash and short-term U.S Treasury securities and securities issued by the U.S. government agencies or government-sponsored enterprises and repurchase agreements collateralized by such instruments. See "U.S. Government Securities" earlier in this SAI.

Variable and Floating Rate Instruments

These are securities with adjustable interest rates. Often times, these securities have a demand feature, which entitles the investor to repayment of principal plus accrued interest on short notice. A floating rate security's interest rate adjusts whenever a specified interest rate changes. A variable rate security's interest rate adjusts on set dates (such as the last day of a month or calendar quarter). In calculating the weighted average maturity of a variable rate or floating rate instrument, the Fund adheres to the requirements of Rule 2a-7.

Other Securities Basket

The following securities are only eligible for inclusion in the Fund's Other Securities Basket:

Commercial Paper

Commercial paper includes variable rate demand master notes issued by U.S. corporations or by non-U.S. corporations that are direct parents or subsidiaries of U.S. corporations. Master notes are demand obligations that permit the investment of fluctuating amounts at varying market rates of interest pursuant to arrangements between the issuer and a U.S. commercial bank acting as agent for the payees of such notes. Master notes are callable on demand but are not marketable to third parties. Consequently, the right to redeem such notes depends on the borrower's ability to pay on demand. At the date of investment, commercial paper must present minimal credit risk in accordance with procedures adopted by the Board and pursuant to certain factors prescribed by Rule 2a-7 under the 1940 Act. Any commercial paper issued by a non-U.S. corporation must be U.S. dollar-denominated and not subject to non-U.S. withholding tax at the time of purchase. Since the Fund may contain commercial paper issued by non-U.S. corporations, it may be subject to additional investment risks with respect to those securities that are different in some respects from obligations of U.S. issuers, such as currency exchange control regulations, the possibility of expropriation, seizure or nationalization of non-U.S. deposits, less liquidity and more volatility in non-U.S. securities markets and the impact of political, social or diplomatic developments or the adoption of other foreign government restrictions which might adversely affect the payment of principal and interest on securities held by the Fund. If it should become necessary, greater difficulties might be encountered in invoking legal processes abroad than would be the case in the United States. There may be less publicly available information about a non-U.S. issuer, and non-U.S. issuers generally are not subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to U.S. issuers.

U.S. and Non-U.S. Bank Obligations

U.S. and non-U.S. bank obligations include U.S. dollar-denominated negotiable certificates of deposit and fixed time deposits of banks, savings and loan associations and savings banks organized under the laws of the United States or any state thereof, including obligations of non-U.S. branches of such banks, or of non-U.S. banks or their U.S. or non-U.S. branches, provided that in each case, such bank has more than $500 million in total assets and has an outstanding short term debt issue that presents minimal credit risk. Although early withdrawals are not contemplated, fixed time deposits are not readily marketable and may be subject to early withdrawal penalties, which may vary. Assets of the Fund are not invested in obligations of BBH&Co., or the Fund's distributor, or in the obligations of their affiliates. Assets of the Fund are also not invested in fixed time deposits with a maturity of over seven calendar days, or in fixed time deposits with a maturity from two business days to seven calendar days if more than 10% of the Fund's net assets would be invested in such deposits.

Since the Fund may invest in U.S. dollar-denominated certificates of deposit and fixed time deposits that are issued by non-U.S. banks and their non-U.S. branches, the Fund may be subject to additional investment risks with respect to those securities that are different in some respects from obligations of U.S. issuers, such as currency exchange control regulations, the possibility of expropriation, seizure or nationalization of non-U.S. deposits, less liquidity and more volatility in non-U.S. securities markets and the impact of political, social or diplomatic developments or the adoption of other foreign government restrictions, which might adversely affect the payment of principal and interest on securities held by the Fund. If it should become necessary, greater difficulties might be encountered in invoking legal processes abroad than would be the case in the United States. Issuers of non-U.S. bank obligations may be subject to less stringent or different regulations than are U.S. bank issuers, there may be less publicly available information about a non-U.S. issuer, and non-U.S. issuers generally are not subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to U.S. issuers. Income earned or received by the Fund from sources within countries other than the United States may be reduced by withholding and other taxes imposed by such countries. Tax conventions between certain countries and the United States, however, may reduce or eliminate such taxes. All such taxes paid by the Fund would reduce its net income available for distribution to investors; however, the Investment Adviser would consider available yields, net of any required taxes, in selecting securities of non-U.S. issuers.

Bank instruments, for the purposes of concentration, include certain instruments issued by: (i) domestic banks; (ii) U.S. branches of foreign banks subject to the same regulation as U.S. banks; and (iii) foreign branches of domestic banks whose domestic parent is unconditionally liable in the event that the foreign branch failed to pay on its instruments for any reason.

Municipal Securities

Municipal Bonds. These are securities issued by state and local government and regional authorities, which provide interest income that is exempt from federal income taxes, other than the AMT. They generally have maturities of one year or more. These securities have two principal classifications: general obligations and revenue bonds.

- ***General Obligations.*** These securities are backed by a municipality's pledge of full faith, credit and taxing power. Issuers of general obligation bonds include states, counties, cities, towns and regional districts.

- ***Revenue Obligations.*** These securities are backed by revenues generated by a specific project, facility or tax. Revenue bonds are issued to finance a wide variety of capital projects including municipal water, sewer and power utilities; healthcare facilities; transportation projects; higher education or housing facilities; industrial development and resource recovery bonds and lease-backed bonds (including certificates of participation and municipal lease obligations).

Constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives and the issuer's regional economic conditions may affect the municipal security's value, interest payments, repayment of principal and the Fund's ability to sell it. Revenue bonds are generally not backed by the taxing power of the issuing municipality. To the extent that a municipal security is not heavily followed by the investment community or such security issue is relatively small, the security may be difficult to value or sell at a desirable price. If the IRS determines that an issuer of a municipal security has not complied with applicable tax requirements, interest from the security could be treated as taxable, which could result in a decline in the security's value. The Fund does not expect to be eligible to pay exempt interest dividends to shareholders, which means distributions of interest the Fund derives from state and local bonds will be taxable, even though such interest is generally exempt from tax if such bonds are held directly.

Refunded or Escrowed Bonds. These are general or revenue bonds that have been fully secured or collateralized by an "escrow fund" consisting of U.S. government obligations that can adequately meet interest and principal payments. Refunded bonds often receive a triple A or equivalent rating. Refunded bonds bear the same interest rate and have a very high credit quality. However, as the original bond approaches its pre-refunded date, the bond's price will fall to its pre-refunded price.

Municipal Notes. These are securities issued by state and local government and regional authorities, which provide interest income that is exempt from federal income taxes, other than the federal AMT. They generally have maturities of less than one year. These securities include tax, revenue and bond anticipation notes.

Certificates of Participation. Certificates of participation are lease financing agreements in the form of a security that is similar to municipal bonds. If a municipality (lessor) does not have a current need for certain facilities, the facility can be leased to a designated non-profit corporation (trustee) that would in turn sub-lease the facility to other organizations. The trustee would then sell certificates of participation in the future sub-lease payments. Similar to bonds, certificates of participation have a face value, a maturity date and set interest rate. However, unlike municipal bonds, certificates of participation are secured only by ownership of the asset and rights of the lessor to receive rental payments under the lease financing agreement.

Municipal Lease Obligations. These securities are created to finance the purchase of property of public use. The property is then leased to a state or local government and these leases secure the municipal lease obligations. However, municipal lease obligations differ from other municipal securities because each year the lessee's governing body must appropriate the money to make the lease payments. If the money is not appropriated, the issuer or the lessee can end the lease without penalty. If the lease is cancelled, investors who own the municipal lease obligation may not be paid. Since annual appropriations are required to make lease payments, municipal lease obligations generally are not subject to constitutional limitations on the issuance of public debt and may allow an issuer to increase government liabilities beyond constitutional limits. If not, enough money is appropriated to make the lease payments, the leased property may be repossessed as security for holders of the municipal lease obligations. If this happens, there is no assurance that the property's private sector or re-leasing value will be enough to make all outstanding payments on the municipal lease obligations or that the payments will continue to be tax-free.

Municipal securities are not considered government securities for the purposes of the Fund's Government Securities Basket.

INVESTMENT POLICIES

For purposes of the fundamental and non-fundamental investment policies set forth below:

- the Funds consider certificates of deposit and demand and time deposits issued by a U.S. branch of a domestic bank or savings association having capital, surplus and undivided profits in excess of $100,000,000 at the time of investment to be "cash items" and "bank instruments,"
- except with respect to borrowing money, if a percentage or rating restriction on an investment is adhered to at the time an investment is made or assets are so utilized, a later change in percentage resulting from changes in the value of the portfolio securities or changes in portfolio size or a later change in the rating of a portfolio security is not considered a violation of policy;
- a Fund, with the exception of the Partner Fund — Small Cap Equity, will not make investments that will result in the investment of more than 25% of its total assets in the securities of issuers primarily engaged in the same industry or group of industries. Futures and options contracts, government securities, municipal securities, and bank instruments will not be deemed to constitute an industry. However, municipal obligations backed only by the assets and revenues of non-governmental users may for this purpose be deemed to be issued by such non-governmental users. The foregoing 25% limitation would apply to these issuers.
- with respect to industry concentration, the Partner Fund — Small Cap Equity will not make investments that will result in the investment of more than 25% of its net assets in the securities of issuers engaged in the same industry or group of industries, with the exception of the Software & IT Services Industry Group within the Information Technology Sector. Futures and options contracts, government securities and tax-exempt municipal securities will not be deemed to constitute an industry.

FUNDAMENTAL INVESTMENT POLICIES

In addition to the Government Money Market Fund's investment objective, unless otherwise noted below, each Fund operates under the following fundamental investment policies, which may be changed only with the approval of the Board and the holders of a "majority of the Fund's outstanding voting securities" (as defined in the 1940 Act).

Concentration

The Funds, with the exception of the Partner Fund — Small Cap Equity, will not make investments that will result in the concentration of their investments in the securities of issuers primarily engaged in the same industry. For purposes of this restriction, the term concentration has the meaning set forth in the 1940 Act, any rule or order thereunder, or any SEC staff interpretation thereof. Tax-exempt government securities and tax-exempt municipal securities will not be deemed to constitute an industry.

The Partner Fund — Small Cap Equity will not make investments that will result in the investment of more than 25% of its net assets in the securities of issuers engaged in the same industry or group of industries, with the exception of the Software & IT Services Industry Group within the Information Technology Sector. Futures and options contracts, government securities and tax-exempt municipal securities will not be deemed to constitute an industry.

Underwriting

The Funds may not underwrite the securities of other issuers, except that a Fund may engage in transactions involving the acquisition, disposition or resale of its portfolio securities, under circumstances where it may be considered to be an underwriter under the 1933 Act.

Investing in Commodities

The Funds may not purchase or sell physical commodities, provided that a Fund may purchase securities of companies that deal in commodities. For purposes of this restriction, investments in transactions involving futures contracts and options, forward currency contracts, swap transactions and other financial contracts that settle by payment of cash are not deemed to be investments in commodities.

Investing in Real Estate

The Funds may not purchase or sell real estate, provided that this restriction does not prevent a Fund from investing in issuers which invest, deal, or otherwise engage in transactions in real estate or interests therein, or investing in securities that are secured by real estate or interests therein. The Funds may exercise their rights under agreements relating to such securities, including the right to enforce security interests and to hold real estate acquired by reason of such enforcement until that real estate can be liquidated in an orderly manner.

Borrowing Money and Issuing Senior Securities

The Funds may borrow money, directly or indirectly, and issue senior securities to the maximum extent permitted under the 1940 Act, any rule or order thereunder, or any SEC staff interpretation thereof.

Lending

The Funds may not make loans, provided that this restriction does not prevent a Fund from purchasing debt obligations, entering into repurchase agreements, lending its assets to broker/dealers or institutional investors and investing in loans, including assignments and participation interests.

Diversification

Under the 1940 Act, with respect to securities comprising 75% of the value of its total assets, a Fund will not purchase securities of any one issuer (other than cash; cash items; securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities and repurchase agreements collateralized by such U.S. government securities; and securities of other investment companies) if, as a result, more than 5% of the value of its total assets would be invested in the securities of that issuer, or a Fund would own more than 10% of the outstanding voting securities of that issuer. As for the other 25% of the Fund's assets not subject to the limitation described above, there is no limitation on investment of these assets under the 1940 Act, so that all of such assets may be invested in securities of any one issuer. The Large Cap Fund, Mid Cap Fund and Partner Fund — Small Cap Equity are non-diversified funds.

BBH Intermediate Municipal Bond Fund

Under normal circumstances, the Fund will invest, at least 80% of its net assets, plus any borrowings for investment purposes, in municipal bonds that pay interest that is generally excludable from gross income for federal income tax purposes (except that the interest paid by certain municipal securities may be includable in taxable income for purposes of the federal alternative minimum tax).

NON-FUNDAMENTAL INVESTMENT POLICIES

The following policies are non-fundamental and therefore may be changed by the Board without shareholder approval. Shareholders will be notified before any material change in these limitations becomes effective.

Purchases on Margin

The Funds will not purchase securities on margin, provided that a Fund may obtain short-term credits necessary for the clearance of purchases and sales of securities and further provided that a Fund may make margin deposits in connection with its use of financial options and futures, forward and spot currency contracts, swap transactions and other financial contracts or derivative instruments.

Pledging Assets

The Funds will not mortgage, pledge, or hypothecate any of their assets, provided that this shall not apply to the transfer of securities in connection with any permissible borrowing or to collateral arrangements in connection with permissible activities.

Selling Short

The Funds will not make short sales of securities or maintain a short position, unless at all times when a short position is open it owns an equal amount of such securities or securities convertible into or exchangeable, without payment of any further consideration, for securities of the same issue as, and equal in amount to, the securities sold short, and unless not more than 10% of its net assets (taken at market value) is represented by such securities, or securities convertible into or exchangeable for such securities, at any one time.

Restricted Securities

The Funds will not purchase securities that are restricted at the time of purchase, except that a Fund may purchase private placement securities under Rule 144a and Regulation D.

BBH Select Series — Large Cap Fund Investment Policy

Without providing 60 days' advance notice to shareholders, the Fund will not change its policy to invest, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in large capitalization publicly traded equity securities.

BBH Select Series — Mid Cap Fund Investment Policy

Without providing 60 days' advance notice to shareholders, the Fund will not change its policy to invest, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in mid capitalization (mid cap) publicly traded equity securities.

BBH Partner Fund — International Equity Investment Policy

Without providing 60 days' advance notice to shareholders, the Fund will not change its policy to invest, under normal circumstances, at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies in the developed and emerging markets of the world, excluding the United States.

BBH Partner Fund — Small Cap Equity Investment Policy

Without providing 60 days' advance notice to shareholders, the Fund will not change its policy to invest, under normal circumstances, at least 80% of its net assets, plus any borrowings for investment purposes, in small cap equity securities.

BBH Limited Duration Fund Investment Policy

The Fund will not invest more than 5% of its assets (taken at market value at the time of investment) in any combination of interest only, principal only, or inverse floating rate securities.

BBH U.S. Government Money Market Fund Investment Policy

Under normal circumstances, the Fund invests at least 99.5% of its total assets in cash and short-term U.S. Treasury securities and securities issued by U.S. government agencies or government-sponsored enterprises and repurchase agreements fully collateralized by such instruments. Additionally, under normal circumstances, at least 80% of the value of the Fund's net assets will be invested in U.S. government securities and repurchase agreements fully collateralized by U.S. government securities.

MANAGEMENT

Information pertaining to the Trustees and executive officers of the Trust is set forth below. The mailing address for each Trustee is c/o BBH Trust, 140 Broadway, New York, NY 10005.

Name and Birth Year	Position(s) Held with the Trust	Term of Office and Length of Time Served#	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee^	Other Public Company or Investment Company Directorships held by Trustee During Past 5 Years
Independent Trustees					
H. Whitney Wagner Birth Year: 1956	Chairman of the Board and Trustee	Chairman Since 2014; Trustee Since 2007 and 2006-2007 with the Predecessor Trust	President, Clear Brook Advisors, a registered investment adviser.	8	None.
Mark M. Collins Birth Year: 1956	Trustee	Since 2011	Partner of Brown Investment Advisory Incorporated, a registered investment adviser.	8	
John M. Tesoro Birth Year: 1952	Trustee	Since 2014	Retired.	8	Independent Trustee, Bridge Builder Trust (11 Funds); Director and Edward Jones Money Market Fund; Director, Teton Advisors, Inc. (a registered investment adviser) (2014-2021).
Joan A. Binstock Birth Year: 1954	Trustee	Since 2019	Lovell Minnick Partners, Advisers Counsel (2018-Present).	8	Independent Director, SIMCORP A/S, as a public company in Denmark (2018-2023), Independent Director, Morgan Stanley Direct Lending Funds; Independent Director, KKR Real Estate Select Trust, Independent Director and Audit Chairman, 2023 ETF Series Trust(s).
Karen A. Kochevar Birth Year: 1962	Trustee	Since 2023	Retired.	8	Class III Director Cava Group Inc.

Name and Birth Year	Position(s) Held with the Trust	Term of Office and Length of Time Served#	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee^	Other Public Company or Investment Company Directorships held by Trustee During Past 5 Years
<u>Interested Trustees</u>					
John A. Gehret+ Birth Year: 1959	Trustee	Since 2011	Limited Partner of BBH&Co. (2012-present).	8	None.
Jean-Pierre Paquin+ Birth Year: 1973	Trustee	Since 2024	Limited Partner of BBH&Co. (2024-present); Partner BBH&Co. (2015-2023)	8	None.

\+ *Messrs. Gehret and Paquin are "interested persons" of the Trust as defined in the 1940 Act because of their positions as Limited Partner of BBH&Co.*

^ *The Fund Complex consists of the Trust, which has eight series, and each is counted as one "Portfolio" for purposes of this table.*

Name, Address and Birth Year	Position(s) Held with the Trust	Term of Office and Length of Time Served#	Principal Occupation(s) During Past 5 Years
<u>Officers</u>			
Daniel Greifenkamp 140 Broadway New York, NY 10005 Birth Year: 1969	President and Principal Executive Officer	Since 2023	Principal of BBH&Co. since 2023; joined BBH&Co. in 2011.
Charles H. Schreiber 140 Broadway New York, NY 10005 Birth Year: 1957	Treasurer and Principal Financial Officer	Since 2007 2006-2007 with the Predecessor Trust	Managing Director of BBH&Co. since 2023; joined BBH&Co. in 1999.
Paul F. Gallagher 140 Broadway New York, NY 10005 Birth Year: 1959	Chief Compliance Officer ("CCO")	Since 2015	Managing Director of BBH&Co. since 2023; joined BBH in 2015
Nicole English 140 Broadway New York, NY 10005 Birth Year: 1985	Anti-Money Laundering Officer ("AMLO")	Since 2022	Vice President of BBH&Co. since 2019; joined BBH&Co. in 2016.
Brian J. Carroll 50 Post Office Square Boston, MA 02110 Birth Year: 1985	Secretary	Since 2021	Vice President of BBH&Co. since 2023; joined BBH&Co. in 2014.
Crystal Cheung 140 Broadway New York, NY 10005 Birth Year: 1974	Assistant Treasurer	Since 2018	Assistant Vice President of BBH&Co. since 2016; joined BBH&Co. in 2014.

\# *All officers of the Trust hold office for one year and until their respective successors are chosen and qualified (subject to the ability of the Trustees to remove any officer in accordance with the Trust's By-laws).*

BOARD OF TRUSTEES

Board Leadership Structure

Currently, five of the seven Trustees of the Board are not "interested persons," as defined in the 1940 Act ("Independent Trustees"). The Board has appointed Mr. H. Whitney Wagner to serve as Chairman of the Board. There are two primary committees of the Board: the Audit Committee and the Valuation Committee. The Committee chairs each preside at Committee meetings, participate in formulating agendas for those meetings, and coordinate with management to serve as a liaison between the Independent Trustees and management on matters within the scope of the responsibilities of each Committee. The Board has determined that this leadership structure is appropriate given the specific characteristics and circumstances of the Funds. The Board made this determination in consideration of, among other things, legal requirements under applicable law, including the 1940 Act, the fact that the Board is comprised of a majority (71%) of Independent Trustees, the number of funds (and classes) overseen by the Board and the total number of Trustees on the Board.

Board Oversight of Risk Management

The Board is responsible for overseeing the management and affairs of the Trust. The Board has considered and approved contracts, as described herein, under which certain parties provide essential management and administrative services to the Trust. Like most funds, the day-to-day business of the Trust, including the day-to-day management of risk, is performed by service providers, such as the Investment Adviser, Sub-advisers, distributor and administrator. The Board is responsible for overseeing the Trust's service providers and, thus, has oversight responsibility with respect to the risk management performed by those service providers. Risk management seeks to identify and eliminate or mitigate the potential effects of risks, i.e., events or circumstances that could have material adverse effects on the business, operations, shareholder services, investment performance or reputation of the Trust or each Fund. Under the overall supervision of the Board, the Audit Committee and the Valuation Committee (discussed in more detail below), the service providers to the Trust employ a variety of processes, procedures and controls to identify risks relevant to the operations of the Trust and the Funds to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur. Each service provider is responsible for one or more discrete aspects of the Trust's business (e.g., each Fund's Investment Adviser or Sub-adviser, as applicable, is responsible for the day-to-day management of the Funds' portfolio investments) and, consequently, for managing the risks associated with that activity.

The Board oversees the risk management of the Trust's operations, in part, by requesting periodic reports from and otherwise communicating with various personnel of the Trust and its service providers, including the Trust's CCO and the Trust's independent registered public accounting firm. The Board and, with respect to identified risks that relate to their scope of expertise, the Audit Committee and Valuation Committee, oversee efforts by management and service providers to manage risks to which the Funds may be exposed. The Board receives reports from the Trust's service providers regarding operational risks, portfolio valuation and other matters. Annually, the independent registered public accounting firm reviews with the Audit Committee its audit of the Trust's financial statements, focusing on major areas of risk encountered by the Trust and noting any significant deficiencies or material weaknesses in the Trust's internal controls.

The Board is responsible for overseeing the nature, extent and quality of the services provided to the Funds by the Investment Adviser and Sub-advisers and receives information about those services at its regular meetings. In addition, on at least an annual basis, in connection with its consideration of whether to renew the Agreement and Sub-Advisory Agreement with the Investment Adviser and the SEG Sub-Advisory Agreement, Trinity Street Sub-Advisory Agreement and Bares Sub-Advisory Agreement with Select Equity Group, Trinity Street and Bares, respectively, the Board meets with the Investment Adviser and each Sub-adviser to review such services. Among other things, the Board regularly considers the Investment Adviser's and Sub-advisers' adherence to the Funds' investment restrictions and compliance with various fund policies and procedures and with applicable securities regulations. In the case of the Investment Adviser, the Agreement combines advisory and administrative services under one fee. As a result, the Board compares the combined advisory and administration fee earned by BBH&Co. for the Funds against advisory fees for similar funds taking into account administrative fees for these comparable funds, where available. In addition, the Board also considers all fees and other benefits that are received by the Investment Adviser and Sub- advisers and their affiliates from the Funds. The Board also reviews information about the Funds' performance and investments.

The Board receives regular written reports on the concentration of each Fund's portfolio, its exposure to illiquid or hard to value securities, and other commonly considered portfolio risk factors.

The Trust's CCO meets regularly with the Board to review and discuss compliance and other issues. At least annually, the Trust's CCO provides the Board with a report reviewing the adequacy and effectiveness of the Trust's policies and procedures and those of its service providers, including the Investment Adviser and Sub-advisers. The Board additionally seeks to monitor legal risk by receiving periodic reports from Fund counsel on developments in the law and regulations that may affect the operation of the Funds or other aspects of the fund industry in general.

The Board acknowledges that unique risks arise when an affiliate acts as a service provider in the way various business units within BBH&Co. act as service providers to the Funds. The Board monitors affiliation risk in the ways described above, including, but not limited to, receiving reports on transactions or trading activity involving the Funds and BBH&Co. (or any affiliates) to ensure BBH&Co. is putting the interests of the Funds ahead of its own. In addition, when evaluating all service contracts between the Funds and BBH&Co., the Board requests and receives information of the service provided by such BBH&Co. business unit, including comparative fee information, to ensure the fees negotiated are consistent with fees that would result from a third-party arm's-length negotiation.

The Board recognizes that not all risks that may affect the Funds can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the Funds' goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness. Moreover, despite the periodic reports the Board receives and the Board's discussions with the service providers to the Funds, it may not be made aware of all of the relevant information of a particular risk. Most of the Trust's investment management and business affairs are carried out by or through the Funds' Investment Adviser and other service providers each of which has an independent interest in risk management but whose policies and the methods by which one or more risk management functions are carried out may differ from the Trust's and each other's in the setting of priorities, the resources available or the effectiveness of relevant controls. As a result of the foregoing and other factors, the Board's risk management oversight is subject to substantial limitations.

Individual Trustee Qualifications

The Board has concluded that each of the Trustees should initially and continue to serve on the Board because of: (i) each Trustee's ability to review and understand information about the Funds provided to them by management, to identify and request other information they may deem relevant to the performance of their duties, to question management regarding material factors bearing on the management of the Funds, and to exercise their business judgment in a manner that serves the best interests of the Funds' shareholders; and (ii) the Trustee's experience, qualifications, attributes or skills as described below.

The Board has concluded that Mr. Wagner should serve as a Trustee of the Funds because of the experience he has gained as President of a registered investment adviser and as a Trustee or Director of the Funds and the Predecessor Trust since 2006.

The Board has concluded that Mr. Collins should serve as a Trustee of the Funds because of his 40 years of extensive experience in investment advisory, corporate finance and economic policy planning.

The Board has concluded that Mr. Gehret should serve as a Trustee of the Funds because of the business and financial experience he has gained as a partner of BBH&Co., and as the former President and Principal Executive Officer of the Trust.

The Board has concluded that Mr. Tesoro should serve as a Trustee of the Funds because of the business, financial and accounting experience he gained as a partner and certified public accountant at a registered public accounting firm.

The Board has concluded that Ms. Binstock should serve as a Trustee of the Funds because the experience she has gained as Chief Financial and Operating Officer of a registered investment adviser for 20 years.

The Board has concluded that Ms. Kochevar should serve as a Trustee of the Funds because the experience she has gained as Chief Financial Officer of a high-growth operating company, teamed with experience as a financial services executive, provided her with the requisite experience to serve as an Independent Trustee.

The Board has concluded that Mr. Paquin should serve as a Trustee of the Funds because of the business and financial experience he has gained as a partner of BBH&Co., and as the former President and Principal Executive Officer of the Trust.

Trustee Committees

The Trustees (except Mr. Paquin and Mr. Gehret) serve on the Trust's Audit Committee that selects the independent registered public accounting firm for the Funds and reviews the Funds' financial reporting processes, compliance policies, procedures and the Trust's overall system of internal controls. The Audit Committee met four times during the fiscal year ended October 31, 2023.

The Trustees (except Mr. Paquin and Mr. Gehret) serve on the Trust's Valuation Committee, which meets on an as-needed basis (and in any event not less frequently than monthly) to review the Investment Adviser's determination of "fair value" of any security for which market quotations are not readily available. The Valuation Committee met 16 times during the fiscal year ended October 31, 2023.

Trustee Equity Ownership as of December 31, 2023

Name of Trustee	Fund	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in BBH Trust
H. Whitney Wagner	BBH Select Series – Large Cap Fund	Over $100,000	Over $100,000
	BBH Select Series – Mid Cap Fund	None	
	BBH Partner Fund – International Equity	Over $100,000	
	BBH Limited Duration Fund	None	
	BBH Partner Fund – Small Cap Equity	None	
	BBH Intermediate Municipal Bond Fund	None	
	BBH Income Fund	None	
	BBH U.S. Government Money Market Fund	None	
Mark M. Collins	BBH Select Series – Large Cap Fund	None	None
	BBH Select Series – Mid Cap Fund	None	
	BBH Partner Fund – International Equity	None	
	BBH Limited Duration Fund	None	
	BBH Partner Fund – Small Cap Equity	None	
	BBH Intermediate Municipal Bond Fund	None	
	BBH Income Fund	None	
	BBH U.S. Government Money Market Fund	None	
John M. Tesoro	BBH Select Series – Large Cap Fund	None	Over $100,000
	BBH Select Series – Mid Cap Fund	None	
	BBH Partner Fund – International Equity	Over $100,000	
	BBH Limited Duration Fund	None	
	BBH Partner Fund – Small Cap Equity	None	
	BBH Intermediate Municipal Bond Fund	None	
	BBH Income Fund	None	
	BBH U.S. Government Money Market Fund	None	

Name of Trustee	Fund	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in BBH Trust
Joan A. Binstock	BBH Select Series – Large Cap Fund	None	Over $100,000
	BBH Select Series – Mid Cap Fund	None	
	BBH Partner Fund – International Equity	$50,001 – $100,000	
	BBH Limited Duration Fund	$50,001 – $100,000	
	BBH Partner Fund – Small Cap Equity	None	
	BBH Intermediate Municipal Bond Fund	None	
	BBH Income Fund	None	
	BBH U.S. Government Money Market Fund	None	
Karen A. Kochevar	BBH Select Series – Large Cap Fund	None	Over $100,000
	BBH Select Series – Mid Cap Fund	None	
	BBH Partner Fund – International Equity	None	
	BBH Partner Fund – Small Cap Equity	None	
	BBH Limited Duration Fund	None	
	BBH Intermediate Municipal Bond Fund	None	
	BBH Income Fund	Over $100,000	
	BBH U.S. Government Money Market Fund	None	
Jean-Pierre Paquin	BBH Select Series – Large Cap Fund	Over $100,000	Over $100,000
	BBH Select Series – Mid Cap Fund	$10,001 – $50,000	
	BBH Partner Fund – International Equity	Over $100,000	
	BBH Limited Duration Fund	Over $100,000	
	BBH Partner Fund – Small Cap Equity	$10,001 – $50,000	
	BBH Intermediate Municipal Bond Fund	Over $100,000	
	BBH Income Fund	Over $100,000	
	BBH U.S. Government Money Market Fund	Over $100,000	
John A. Gehret	BBH Select Series – Large Cap Fund	Over $100,000	Over $100,000
	BBH Select Series – Mid Cap Fund	Over $100,000	
	BBH Partner Fund – International Equity	Over $100,000	
	BBH Limited Duration Fund	Over $100,000	
	BBH Partner Fund – Small Cap Equity	Over $100,000	
	BBH Intermediate Municipal Bond Fund	Over $100,000	
	BBH Income Fund	Over $100,000	
	BBH U.S. Government Money Market Fund	Over $100,000	

As of January 31, 2024, the Funds' Trustees and officers as a group owned less than 1% of each class of the Funds' outstanding shares; however, the Funds' Trustees and officers may invest in a Fund through an omnibus account at BBH&Co. and, individually or as a group, beneficially hold more than 1% of a class of a Fund's outstanding shares.

Fund Name	Share Class	Name and Address of Beneficial Owner	Percentage of Fund Shares Owned
BBH Income Fund	Class I Shares	CHARLES SCHWAB & CO., INC. ATTN MUTUAL FUNDS 211 MAIN ST SAN FRANCISCO, CA 94105	8.41%
BBH Income Fund	Class I Shares	NATIONAL FINANCIAL SERVICES LLC 82 DEVONSHIRE STREET MAIL ZONE ZE7F BOSTON, MA 02109	5.93%
BBH Income Fund	Class I Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	83.42%
BBH Intermediate Municipal Bond Fund	Class I Shares	CHARLES SCHWAB & CO., INC. ATTN MUTUAL FUNDS 211 MAIN ST SAN FRANCISCO, CA 94105	12.43%
BBH Intermediate Municipal Bond Fund	Class I Shares	NATIONAL FINANCIAL SERVICES LLC 82 DEVONSHIRE STREET MAIL ZONE ZE7F BOSTON, MA 02109	12.16%
BBH Intermediate Municipal Bond Fund	Class I Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	70.79%
BBH Intermediate Municipal Bond Fund	Class N Shares	CHARLES SCHWAB & CO., INC. ATTN MUTUAL FUNDS 211 MAIN ST SAN FRANCISCO, CA 94105	73.00%
BBH Intermediate Municipal Bond Fund	Class N Shares	NATIONAL FINANCIAL SERVICES LLC 82 DEVONSHIRE STREET MAIL ZONE ZE7F BOSTON, MA 02109	23.03%
BBH Limited Duration Fund	Class I Shares	MERRILL LYNCH, PIERCE, FENNER & SMI 4800 DEER LAKE DRIVE FL 1 JACKSONVILLE, FL 32246	8.13%
BBH Limited Duration Fund	Class I Shares	CHARLES SCHWAB & CO., INC. ATTN MUTUAL FUNDS 211 MAIN ST SAN FRANCISCO, CA 94105	11.71%
BBH Limited Duration Fund	Class I Shares	NATIONAL FINANCIAL SERVICES LLC 82 DEVONSHIRE STREET MAIL ZONE ZE7F BOSTON, MA 02109	5.12%
BBH Limited Duration Fund	Class I Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	69.49%

Fund Name	Share Class	Name and Address of Beneficial Owner	Percentage of Fund Shares Owned
BBH Limited Duration Fund	Class N Shares	CHARLES SCHWAB & CO., INC. ATTN MUTUAL FUNDS 211 MAIN ST SAN FRANCISCO, CA 94105	44.30%
BBH Limited Duration Fund	Class N Shares	UBS FINANCIAL SERVICES, INC. ATTN: COMPLIANCE DEPT 1000 HARBOR BLVD FL 8 WEEHAWKEN, NJ 07086	5.01%
BBH Limited Duration Fund	Class N Shares	NATIONAL FINANCIAL SERVICES LLC 82 DEVONSHIRE STREET MAIL ZONE ZE7F BOSTON, MA 02109	43.64%
BBH Partner Fund – International Equity	Class I Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	96.89%
BBH Partner Fund – Small Cap Equity	Class I Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	99.39%
BBH Select Series – Large Cap Fund	Class I Shares	CHARLES SCHWAB & CO., INC. ATTN MUTUAL FUNDS 211 MAIN ST SAN FRANCISCO, CA 94105	7.67%
BBH Select Series – Large Cap Fund	Class I Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	87.51%
BBH Select Series – Mid Cap Fund	Class I Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	98.77%
BBH U.S. Government Money Market Fund	Institutional Class Shares	BROWN BROTHERS HARRIMAN & CO. 140 BROADWAY NEW YORK, NY 10005	99.99%

Shareholders owning 25% or more of outstanding shares may be in control and be able to affect the outcome of certain matters presented for a vote of shareholders.

Trustee Compensation

As of January 1, 2024, each Independent Trustee received a base fee of $150,000 and such base fee is allocated among all series of the Trust. Prior to January 1, 2024, each Independent Trustee received a base fee of $120,000 and such base fee was allocated among all series of the Trust. This allocation is based on 75% of the fee being paid equally by the Funds and the remaining 25% being paid according to each Fund's assets under management. As of January 1, 2024, the Chairman of the Board (Mr. Wagner), the Chair of the Audit Committee (Mr. Tesoro) and the Chair of the Valuation Committee (Mr. Collins) receive an additional fee of $25,000, $10,000 and $10,000 per year, respectively. Prior to January 1, 2024, the Chairman of the Board, the Chair of the Audit Committee and the Chair of the Valuation Committee received an additional fee of $12,500, $10,000 and $5,000 per year, respectively.

For the fiscal year ended October 31, 2023, Independent Trustees were compensated as follows:

Name of Independent Trustee	Aggregate Compensation from each Fund+	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits upon Retirement	Total Compensation from Fund Complex paid to Trustee+
H. Whitney Wagner	$16,563	None	None	$132,500
Andrew S. Frazier*	$15,000	None	None	$120,000
Mark M. Collins	$15,625	None	None	$125,000
John M. Tesoro	$16,250	None	None	$130,000
Joan A. Binstock	$15,000	None	None	$120,000
Karen A. Kochevar**	$11,250	None	None	$90,000

\+ *The Fund Complex consists of the Trust, which currently consists of eight series.*

* *Retired as an Independent Trustee as of December 31, 2023.*

** *Became an Independent Trustee as of January 1, 2023.*

CODES OF ETHICS

The Trust, the Investment Adviser, the Sub-advisers and the distributor (each as described below) have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act. The Investment Adviser's and Sub-advisers' codes of ethics are also maintained pursuant to the Advisers Act. Each code of ethics permits affected personnel to invest in securities, including securities that may be purchased or held by the Funds. However, the codes of ethics contain provisions reasonably designed to identify and address potential conflicts of interest between personal investment activities and the interests of the Funds. Of course, there can be no assurance that the codes of ethics will be effective in identifying and addressing all conflicts of interest relating to personal securities transactions. The codes of ethics of the Trust, the Investment Adviser, the Sub-advisers and the distributor are on file with the SEC.

VOTING PROXIES ON FUND PORTFOLIO SECURITIES

Proxy Voting Policy and Procedures

The Trust's Board has delegated the responsibility to vote proxies on the securities held in the Funds' portfolio to the Investment Adviser. In order to mitigate any potential conflict of interest, the SID (through BBH&Co.) has retained an independent third-party proxy agent ("Proxy Agent") to recommend how to vote the Funds' proxies. The Board has also approved the SID's policies and procedures for voting the proxies, which are summarized below.

The SID has adopted proxy voting policies and procedures concerning the voting of proxies of its Funds clients (the "Proxy Policy and Procedures"). Pursuant to the Proxy Policy and Procedures, the Investment Adviser reviews and analyzes the recommendations of the Proxy Agent and from time to time may depart from such recommendations based on its own analysis and discretion. The Proxy Policy and Procedures are reviewed periodically, and, accordingly, are subject to change.

The Proxy Agent maintains proxy guidelines, reviewed at least annually by the Investment Adviser, that present its typical voting posture for routine and non-routine issues. Generally, the Proxy Agent recommends voting in favor of proposals that maintain or strengthen the shared interests of shareholders and management; increase shareholder value; maintain or increase shareholder influence over the issuer's board of directors and management; and maintain or increase the rights of shareholders. Whether the Proxy Agent or the Investment Adviser supports or opposes a proposal will depend on the specific circumstances described in the proxy statement and other available information.

For more information on the Proxy Policy and Procedures, described herein, investors in the Funds may request a copy of the Proxy Voting Policy and Procedures by calling a toll-free number for Shareholder Inquiries: 1-800-575-1265.

Proxy Voting Report

A report on "Form N-PX" of how the Funds voted any proxies during the most recent 12-month period ended June 30 is available upon request and without charge by calling a toll-free number 1-800-575-1265 or by going to the SEC's website at *http://www.sec.gov*.

PORTFOLIO HOLDINGS INFORMATION

The Board has approved a policy related to the dissemination of Fund information. This policy is designed to provide a framework for disclosing information regarding portfolio holdings and other Fund information ("Fund Information") consistent with applicable federal securities laws and general principles of fiduciary duty relating to Fund shareholders. Additional information concerning the Funds' portfolio holdings is available on the Funds' website at *www.bbhfunds.com*. The Board receives periodic reports from the Investment Adviser, about arrangements involving the disclosure of portfolio securities.

The Funds are required to disclose their complete portfolio holdings using Form N-PORT, for the third month of each fiscal quarter within 60 days of the end of each fiscal quarter. The Funds are also required to disclose their portfolio holdings using Form N-CSR, which is filed with the SEC not later than 10 days after the transmission to shareholders of annual and semi-annual shareholder reports which is required within 60 days of the end of the second and fourth quarter of each fiscal year. Portfolio holdings will be disclosed and made available to investors on a monthly basis on the bbhfunds.com website approximately fifteen (15) days after each month end.

You may also access from the Funds' website portfolio information as of the end of each calendar quarter. Calendar quarter information is made available on the website within 70 days after the end of the fiscal quarter. This information is also available in reports filed with the SEC at the SEC's website at *www.sec.gov*.

In addition, the Trust's service providers and vendors which include, without limitation, the Investment Adviser, the Sub-advisers, the distributor, the administrator, the custodian, an independent registered public accountant, legal counsel, fund accountant, proxy voting service provider, trade execution vendor, pricing information vendors, and printer and mailing agent, may all receive early disclosure of portfolio holdings information as frequently as daily in connection with the services they perform for the Funds. It is generally the policy of the Funds that neither the Funds nor their service providers or vendors may selectively disclose the Funds' portfolio holdings information. This means that Fund Information approved for disclosure shall be disclosed or made available to all persons including individual investors, potential investors, institutional investors, intermediaries that distribute Fund shares, third party service providers and vendors, rating and ranking organizations, survey companies and affiliated persons of the Funds on an equal basis. Service providers and vendors will be subject to a duty of confidentiality with respect to any Fund Information whether imposed by the provisions of its contract with the Trust or by the nature of its relationship with the Trust.

Fund Information shall be disclosed only after it has been determined that such disclosure will not disadvantage shareholders. Disclosure of Fund Information to select investors is permissible only when there is a legitimate business purposes for doing so and the recipients are subject to the restrictions listed below. Such disclosures must be approved by the Funds' President.

- The recipient does not distribute the Fund Information to third parties, other departments or persons who are likely to use the information for purposes of purchasing or selling the Funds before the Fund Information becomes public information; and
- The recipient signs a written confidentiality agreement.

Portfolio holdings may not be disclosed to any investor, except after: (1) the holdings have been reviewed and approved appropriately, (2) the portfolio holdings have been posted and are readily available on the Funds' website, and (3) the availability of the portfolio holdings is disclosed in the Funds' SAI.

INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES

Pursuant to the Agreement, subject to the general supervision of the Trustees and in conformance with the stated policies of the Funds, BBH&Co. through members of its SID, provides investment advice, and portfolio management to the Funds. The SID also provides and/or arranges with BBH&Co. for certain administrative services to the Funds. The Investment Adviser manages the Funds' investment operations according to the Funds' principal investment strategies.

It is the responsibility of the Investment Adviser to make the day-to-day investment decisions for the Funds, to place the purchase and sale orders for portfolio transactions of the Funds, and to manage, generally, the investments of the Funds.

The Agreement remains in effect as long as it is specifically approved at least annually: (i) by a vote of the holders of a "majority of the Funds' outstanding voting securities" (as defined in the 1940 Act) or by the Funds' Trustees; and (ii) by a vote of a majority of the Independent Trustees cast in person at a meeting called for the purpose of voting on such approval. The Agreement terminates automatically if assigned and is terminable at any time without penalty by a vote of a majority of the Trustees of the Funds, or by a vote of the holders of a "majority of the Funds' outstanding voting securities" (as defined in the 1940 Act) on 60 days' written notice to the Investment Adviser and by the Investment Adviser on 90 days' written notice to the Funds (see "Additional Information").

The investment advisory services of the Investment Adviser to the Funds are not exclusive under the terms of the Agreement. The Investment Adviser may render investment advisory services to others, including other registered investment companies.

Pursuant to a license agreement between the Trust and BBH&Co., dated December 11, 2006, the Trust, including each series thereof, may use "Brown Brothers Harriman" or "BBH" in its name. The license agreement may be terminated by BBH&Co. at any time upon written notice to the Trust, upon the expiration or earlier termination of any agreement between the Trust or any investment company in which a series of the Trust invests all of its assets, and BBH&Co. Termination of the license agreement would require the Trust to change its name and the name of the Funds to eliminate all references to Brown Brothers Harriman.

The SID has been retained by the Trust to serve as Fund Administrator (the "Administrator") to the Trust under the terms of the Agreement. In its capacity as Administrator of the Trust, BBH&Co. administers all aspects of the Trust's operations subject to the supervision of the Board, except as set forth above under "Investment Advisory and Administrative Services" and below under "Distributor." In connection with its responsibilities as Administrator and at its own expense, BBH&Co.: (i) provides the services of persons competent to perform such supervisory, administrative and clerical functions as are necessary in order to provide effective administration of the Trust; (ii) oversees the performance of administrative and professional services to the Trust by others, including the transfer and dividend disbursing agent; (iii) provides adequate office space and communications and other facilities; and (iv) prepares and/or arranges for the preparation, but does not pay for, the periodic updating of the registration statements and the Funds' prospectuses, the printing of such documents for the purpose of filings with the SEC, and the preparation of tax returns for the Funds and reports to shareholders and the SEC.

Each Fund pays a fee to the Investment Adviser pursuant to the Agreement which is calculated daily and paid monthly at an annual rate equal to 0.65% for the first $3 billion and 0.60% for amounts over $3 billion of the average daily net assets of the Large Cap Fund, 0.75% for the first $3 billion and 0.70% for amounts over $3 billion of the average daily net assets of Mid Cap Fund, 0.60% for the first $3 billion and 0.55% for amounts over $3 billion of the average daily net assets of the Partner International Equity Fund, 0.85% for the first $3 billion and 0.80% for amounts over $3 billion of the average daily net assets of the Partner Fund — Small Cap Equity, 0.30% for the first $1 billion and 0.25% for amounts over $1 billion of the average daily net assets of the Limited Duration Fund, 0.40% for the Intermediate Municipal Bond Fund and the Income Fund, and 0.25% for the first $1 billion and 0.20% for amounts over $1 billion of the average daily net assets of the Government Money Market Fund. The Investment Adviser has contractually agreed to limit the annual fund operating expenses (excluding interest, taxes, brokerage commissions, other expenditures that are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Funds' business and amounts payable under the Retail Class shares 12b-1 Plan (see "Distribution Plan" below)) of the Large Cap Fund to 0.80% of average daily net assets for Class I, respectively, the Mid Cap Fund to 0.90% of average daily net assets for Class I and Retail Class, respectively, the Limited Duration Fund to 0.35% for Class N Shares, the Intermediate Municipal Bond Fund to 0.50% and 0.65% for the Class I and Class N Shares, respectively, and the Income Fund to 0.50% and 0.70% for the Class I and Class N Shares, respectively, through March 1, 2025 (the "Expense Limitation Agreement"). The Expense Limitation Agreement may only be terminated with approval of the Board. The Investment Adviser may from time to time waive all or a portion of its advisory fee from the Funds.

The Agreement obligates the Investment Adviser to pay all expenses incurred by it in connection with its activities under the Agreement, other than those assumed by the Funds. The Funds pay (i) the fees and expenses of the Investment Adviser otherwise incurred for the Funds in connection with the management of the investment and reinvestment of its assets; (ii) the fees and expenses of the Independent Trustees of the Funds or of an investment company in which the Funds invest its investable assets; (iii) certain fees and expenses of the Funds' custodian; (iv) the fees and expenses of the Funds' transfer agent and the fees and expenses of any eligible institution; (v) the charges and expenses of legal counsel and independent accountants for the Funds; (vi) brokers' commissions and any issue or transfer taxes chargeable to a Funds in connection with its securities transactions; (vii) all taxes and corporate fees payable by the Funds to federal, state or other governmental authorities; (viii) the fees of any trade association of which the Funds may be a member; (ix) the cost of certificates, if any, representing shares of the Funds; (x) the fees and expenses involving registering and maintaining registrations of the Funds' shares with the SEC and preparation and printing of the Funds' Registration Statements and Prospectuses; (xi) the cost of any liability insurance or fidelity bond; (xii) allocable communications expenses with respect to investor services and all expenses of shareholders' and Trustees' meetings and of preparing, printing and mailing reports and prospectuses to Funds shareholders; and (xiii) litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of business of the Funds.

The table below sets forth the investment advisory and administrative services fees paid to the Investment Adviser for the past three fiscal years.

	2023		2022		2021	
Fund	**Investment Advisory and Administrative Fees**	**Investment Advisory and Administrative Fee Waivers**	**Investment Advisory and Administrative Fees**	**Investment Advisory and Administrative Fee Waivers**	**Investment Advisory and Administrative Fees**	**Investment Advisory and Administrative Fee Waivers**
BBH Select Series – Large Cap Fund	$2,567,296	$(33,607)	$2,712,036	$(31,413)	$2,984,373	$(27,841)
BBH Select Series – Mid Cap Fund	$487,711	$(124,636)	$97,386	$(179,874)	$42,044	$(135,159)
BBH Partner Fund – International Equity	$12,779,438	N/A	$15,109,754	N/A	$16,492,950	N/A
BBH Partner Fund – Small Cap Equity	$2,876,362	N/A	$2,984,455	$(2,089)	$729,310	$(40,593)
BBH Limited Duration Fund	$19,446,593	$(665,947)	$26,740,221	$(797,646)	$25,619,922	$(746,522)
BBH Intermediate Municipal Bond Fund	$2,909,381	$(33,916)	$3,131,766	$(31,643)	$3,401,911	$(35,002)
BBH Income Fund	$2,806,785	N/A	$2,333,246	N/A	$2,183,036	N/A
BBH U.S. Government Money Market Fund	$11,284,053	N/A	$10,201,296	$(3,724,415)	$7,972,965	$(7,158,565)

Sub-Advisory Fees

As of August 19, 2023, pursuant to the SEG Sub-Advisory Agreement, the Investment Adviser pays Select Equity Group, a sub-adviser to the Partner Fund — International Equity, a sub-advisory fee for the portion of the Fund's assets managed by Select Equity Group out of its own assets at the rate of (i) 0.60% of the average daily net assets of the Fund less than or equal to $3 billion, or (ii) if the average daily net assets of the Fund are more than $3 billion, then the weighted average implied by applying a 0.60% fee to the first $3 billion in daily assets, and a 0.55% fee to the average daily net assets of the Fund greater than $3 billion. Prior to August 19, 2023, the Investment Adviser paid Select Equity Group at the rate of 0.60% of the average daily net assets managed by Select Equity Group less than or equal to $3 billion and 0.55% of the average daily net assets managed by the Sub-adviser greater than $3 billion (based on the combined average daily net assets of the Fund and such other funds or accounts managed by the Sub-adviser, as the Investment Adviser and the Sub-adviser may agree from time to time). Prior to November 18, 2022, the Investment Adviser paid Select Equity Group at the rate of 0.65% of the average daily net assets managed by Select Equity Group less than or equal to $3 billion and 0.60% of the average daily net assets managed by the Sub-adviser greater than $3 billion. Pursuant to the Trinity Street Sub-Advisory Agreement, the Investment Adviser pays Trinity Street, a sub-adviser to the Partner Fund — International Equity, a sub-advisory fee for the portion of the Fund's assets managed by Trinity Street out of its own assets at the rate of (i) 0.60% of the average daily net assets of the Fund less than or equal to $3 billion, or (ii) if the average daily net assets of the Fund are more than $3 billion, then the weighted average implied by applying a 0.60% fee to the first $3 billion in daily assets, and a 0.55% fee to the average daily net assets of the Fund greater than $3 billion. Pursuant to the Bares Sub-Advisory Agreement, the Investment Adviser pays a sub-advisory fee to Bares, the sub-adviser to the Partner Fund — Small Cap Equity, out of its own assets at the rate of 0.85% of the average daily net assets of the Fund less than or equal to $3 billion and 0.80% of the average daily net assets of the Fund greater than $3 billion. The Funds are not responsible for paying any portion of the sub-advisory fee to the Sub-advisers. Each Sub-adviser shall calculate its sub-advisory fee, which shall be accrued daily and payable by the Investment Adviser monthly within 10 business days following receipt of an invoice from the Sub-adviser.

The table below sets forth the sub-advisory fees paid by the Investment Adviser to the Sub-advisers for the past three fiscal years.

	Sub-Advisory Fees Paid		
	2023	**2022**	**2021**
Select Equity Group	$13,673,730	$16,668,757	$18,108,849
Trinity Street[1]	$476,652	N/A	N/A
Bares Capital Management	$2,879,535	$2,982,339	$714,764

1 Trinity Street became a sub-adviser to the Partner Fund — International Equity on August 19, 2023.

PORTFOLIO MANAGER INFORMATION

Large Cap Fund

The following information about the Fund's portfolio manager, Mr. Hill is provided as of the end of the Fund's most recently completed fiscal year.

Scott Hill:

Other Accounts Managed by Scott Hill	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	None
Other Pooled Investment Vehicles	1/$282
Other Accounts	13/$7,561

Dollar value range of shares owned in the Fund by Mr. Hill: Over $1,000,000.

No account managed by Mr. Hill has an incentive profit allocation or advisory fee based on the performance of the account.

Mid Cap Fund

The following information about the Fund's portfolio manager, Mr. Timothy is provided as of the end of the Fund's most recently completed fiscal year.

Timothy Harris:

Other Accounts Managed by Timothy Harris	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	2/$120

Dollar value range of shares owned in the Fund by Mr. Harris: $100,001-$500,000.

No account managed by Mr. Harris has an incentive profit allocation or advisory fee based on the performance of the account.

Partner Fund — International Equity

Select Equity Group:

The senior members of the team primarily responsible for management of the Fund are Chad Clark, CFA; Brian Vollmer; Matthew Pickering, CFA; and Loren Lewallen, CFA.

The following information about Select Equity Group's investment team primarily responsible for management of the Fund's portfolio is provided as of the Fund's most recent fiscal year end.

Other Accounts Managed by the Select Equity Group Team Primarily Responsible for the Management of the Fund's Portfolio	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	2/$1,398
Other Pooled Investment Vehicles	11/$6,362
Other Accounts	18/$8,968

Accounts managed by Select Equity Group's investment team for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts by Select Equity Group Team For Which the Advisory Fee is Totally or Partially Based Upon Performance	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	1/$49
Other Pooled Investment Vehicles	8/$2,593
Other Accounts	2/$157

As of the Fund's most recent fiscal year end, no other member of the investment team own shares of the Fund.

Trinity Street:

The senior members of the team primarily responsible for management of the Fund are Richard J. Bruce, Charles H.E. Bell, Nicholas D.R. Mayor and Piotr J. Krupa.

The following information about Trinity Street's investment team primarily responsible for management of the Fund's portfolio is provided as of the Fund's most recent fiscal year end.

Other Accounts Managed by the Trinity Street Team Primarily Responsible for the Management of the Fund's Portfolio	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	None
Other Pooled Investment Vehicles	5/$3,176
Other Accounts	22/$2,885

Accounts managed by Trinity Street's investment team for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts by Trinity Street Team For Which the Advisory Fee is Totally or Partially Based Upon Performance	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	None
Other Pooled Investment Vehicles	2/$146
Other Accounts	8/$777

As of the Fund's most recent fiscal year end, no other member of the investment team[1] own shares of the Fund.

[1] Investment Team is classified as those primarily responsible for management of the Fund: Richard J. Bruce, Charles H.E. Bell, Nicholas D.R. Mayor and Piotr J. Krupa.

Partner Fund — Small Cap Equity

The senior members of the team primarily responsible for management of the Fund are Brian Bares, Jay Creel, and Benjamin Huang.

The following information about Bares' investment team primarily responsible for management of the Fund's portfolio is provided as of the Fund's most recent fiscal year end.

Other Accounts Managed by Bares Investment Team Primarily Responsible for Management of the Fund's Portfolio	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	1/$35
Other Pooled Investment Vehicles	5/$1,596
Other Accounts	34/$310

Accounts managed by Bares' investment team for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts by Bares Investment Team For Which the Advisory Fee is Totally or Partially Based Upon Performance	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	1/$47

As of the Fund's most recent fiscal year end, no member of the investment team own Shares of the Fund.

Limited Duration Fund

The following information about the Fund's co-portfolio managers, Messrs. Andrew P. Hofer, Neil Hohmann and Paul Kunz is provided as of the end of the Fund's most recently completed fiscal year.

Andrew P. Hofer:

Other Accounts Managed by Andrew P. Hofer	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	5/$7,267
Other Pooled Investment Vehicles	6/$1,762
Other Accounts	140/$22,852

Accounts managed by Mr. Hofer for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts Co-Managed by Andrew P. Hofer For Which the Advisory Fee is Totally or Partially Based Upon Performance	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	5/$658

Dollar value range of shares owned in the Fund by Mr. Hofer and his family: Over $1,000,000

Neil Hohmann:

Other Accounts Co-Managed by Neil Hohmann	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	4/$1,368
Other Pooled Investment Vehicles	6/$1,762
Other Accounts	140/$22,852

Accounts managed by Mr. Hohmann for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts Co-Managed by Neil Hohmann For Which the Advisory Fee is Totally or Partially Based Upon Performance	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	56/$658

Dollar value range of shares owned in the Fund by Mr. Hohmann: $100,001-$500,000

Paul Kunz:

Other Accounts Managed by Paul Kunz	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	3/$1,274
Other Pooled Investment Vehicles	4/$1,520
Other Accounts	99/$18,167

Accounts managed by Mr. Kunz for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts Co-Managed by Paul Kunz For Which the Advisory Fee is Totally or Partially Based Upon Performance	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	3/$214

Dollar value range of shares owned in the Fund by Mr. Kunz: $10,001-50,000.

Intermediate Municipal Bond Fund

The following information about the Fund's portfolio manager, Mr. Gregory S. Steier, is provided as of the Fund's most recent fiscal year end.

Gregory S. Steier:

Other Accounts Managed by Gregory S. Steier	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	1/$29.8
Other Pooled Investment Vehicles	None
Other Accounts	20/$5,388

Accounts managed by Mr. Steier for which the advisory fee is totally or partially based on performance, and the number of such accounts as of October 31, 2023, can be found in the table below:

Other Accounts Managed by Gregory S. Steier For Which the Advisory Fee is Totally or Partially Based Upon Performance	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	None

Dollar value range of shares owned in the Fund by Mr. Steier: $500,001-$1,000,000.

Income Fund

The following information about the Fund's co-portfolio managers, Messrs. Andrew P. Hofer, Neil Hohmann and Paul Kunz, is provided as of the end of the Fund's most recently completed fiscal year.

Andrew P. Hofer:

Other Accounts Managed by Andrew P. Hofer	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	5/$13,622
Other Pooled Investment Vehicles	6/$1,762
Other Accounts	140/$22,852

Accounts managed by Mr. Hofer for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts Co-Managed by Andrew P. Hofer For Which the Advisory Fee is Totally or Partially Based Upon Performance	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	5/$658

Dollar value range of shares owned in the Fund by Mr. Hofer and his family: Over $50,001-100,000.

Neil Hohmann:

Other Accounts Co-Managed by Neil Hohmann	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	4/$7,723
Other Pooled Investment Vehicles	6/$1,762
Other Accounts	140/$22,852

Accounts managed by Mr. Hohmann for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts Co-Managed by Neil Hohmann For Which the Advisory Fee is Totally or Partially Based Upon Performance	***Total Number of Other Accounts Managed/ Total Assets (in millions)***
Registered Investment Companies	None
*Other Pooled Investment Vehicles**	None
Other Accounts	5/$658

Dollar value range of shares owned in the Fund by Mr. Hohmann: $10,001-$50,000

Paul Kunz:

Other Accounts Managed by Paul Kunz	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	3/$7,262
Other Pooled Investment Vehicles	4/$1,520
Other Accounts	99/$18,167

Accounts managed by Mr. Kunz for which the advisory fee is totally or partially based on performance, and the number of such accounts and the assets of such accounts for which the advisory fee is totally or partially based on performance of the Fund's most recently completed fiscal year, can be found in the table below:

Other Accounts Co-Managed by Paul Kunz For Which the Advisory Fee is Totally or Partially Based Upon Performance	*Total Number of Other Accounts Managed/ Total Assets (in millions)*
Registered Investment Companies	None
Other Pooled Investment Vehicles	None
Other Accounts	3/$214

Dollar value range of shares owned in the Fund by Mr. Kunz: $10,001-$50,000.

Compensation Structure

Mr. Hohmann is a Partner of BBH&Co. As a Partner, most of his compensation is linked directly to the profits of BBH&Co. through a working interest in BBH&Co.'s profits and a return on capital invested in BBH&Co. Mr. Hohmann's working interest is set at the beginning of each calendar year by BBH&Co.'s Executive Committee based on his overall contribution to BBH&Co., including the investment performance and profitability of the Funds and other funds and accounts that he manages and co-manage. Mr. Hohmann has also invested capital in BBH&Co. and receives an annual return on his invested capital that fluctuates each year based on the overall profits of BBH&Co. Mr. Hohmann is also paid a salary.

Messrs. Hofer, Hill, Kunz and Steier are Principals of BBH&Co. (collectively the "Principals"). The Principals are paid a salary and variable incentives based on experience, the investment performance of their respective Funds and other portfolios managed or co-managed, and the overall profitability of BBH&Co. Their salaries are determined within a market competitive salary range, based on individual experience and performance, and are consistent with the salaries paid to other Principals of BBH&Co. The variable incentives are composed of three separate elements. The first element is a cash bonus paid at the end of each calendar year based on multiple performance criteria (the "Performance Bonus"). A portion of the Performance Bonus is a deferred award. The second element is a cash bonus paid at the end of each calendar year based on the profitability of BBH&Co. (the "Principal's profit share"). The third and typically the smallest element is participation in a profit-sharing plan that allows all employees to share in the success of BBH&Co. in meeting its profit objectives. This participation is a uniform portion of each employee's salary plus eligible bonus payments and is paid to each employee's 401K account. The main criteria for establishing the Principals Performance Bonuses are the investment performance of their respective Funds and certain other funds and separate accounts managed by the Principals, their leadership, collaboration, and communication skills. The Principals' profit share is consistent with the percentage received by other Principals of BBH&Co.

Mr. Harris is a Managing Director of BBH & Co. He is paid a fixed base salary and variable incentives based on his performance, the investment performance of the Fund, and overall profitability of BBH & Co. Mr. Harris's base salary is determined within a market-competitive salary range, based on his experience and performance, and is consistent with the salaries paid to other Managing Directors of BBH & Co. The variable incentives are composed of two separate elements. The first element is a cash bonus paid at the end of each calendar year based on multiple performance criteria using a Balanced Scorecard methodology. The second and typically smaller element is participation in a profit-sharing plan that allows all employees to share in the success of BBH & Co. in meeting its profit objectives. This participation is a uniform portion of each employee's base salary and is paid to each employee's 401K account that vests over time. The main criteria for establishing Mr. Harris's Performance Bonus are the investment performance of the Fund and Mr. Harris's leadership, collaboration, and communication skills.

Description of Potential Material Conflicts of Interest — Investment Adviser

BBH&Co., including the Investment Adviser, provides discretionary and non-discretionary investment management services and products to corporations, institutions and individual investors throughout the world. As a result, in the ordinary course of its businesses, BBH&Co., including the Investment Adviser, may engage in activities in which its interests or the interests of its clients may conflict with or be adverse to the interests of the Funds. In addition, certain of such clients (including the Funds) utilize the services of BBH&Co. for which they will pay to BBH&Co. customary fees and expenses that will not be shared with the Funds.

The Investment Adviser and the Sub-advisers have adopted and implemented policies and procedures that seek to manage conflicts of interest. Pursuant to such policies and procedures, the Investment Adviser and each Sub-adviser monitor a variety of areas, including compliance with fund investment guidelines, the investment in only those securities that have been approved for purchase, and compliance with their respective Code of Ethics.

The Trust also manages these conflicts of interest. For example, the Trust has designated a CCO and has adopted and implemented policies and procedures designed to manage the conflicts identified below and other conflicts that may arise in the course of the Funds' operations in such a way as to safeguard the Funds from being negatively affected as a result of any such potential conflicts. From time to time, the Trustees receive reports from the Investment Adviser, the Sub-advisers and the Trust's CCO on areas of potential conflict.

Investors should carefully review the following, which describes potential and actual conflicts of interest that BBH&Co., the Investment Adviser and Sub-advisers can face in the operation of their respective investment management services. This section is not, and is not intended to be, a complete enumeration or explanation of all of the potential conflicts of interest that may arise. The Investment Adviser, the Sub-advisers and the Funds has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate the conflicts of interest described below. Additional information about potential conflicts of interest regarding the Investment Adviser is set forth in the Investment Adviser's Form ADV. A copy of Part 1 and Part 2A of the Investment Adviser's Form ADV is available on the SEC's website (*www.adviserinfo.sec.gov*). In addition, many of the activities that create these conflicts of interest are limited and/or prohibited by law, unless an exception is available.

Other Clients and Allocation of Investment Opportunities. BBH&Co., the Investment Adviser, and the Sub-advisers manage funds and accounts of clients other than the Funds ("Other Clients"). In general, BBH&Co., the Investment Adviser, and the Sub-advisers face conflicts of interest when they render investment advisory services to different clients and, from time to time, provide dissimilar investment advice to different clients. Investment decisions will not necessarily be made in parallel among the Funds and Other Clients. Investments made by the Funds do not, and are not intended to, replicate the investments, or the investment methods and strategies, of Other Clients. Accordingly, such Other Clients may produce results that are materially different from those experienced by the Funds. Certain other conflicts of interest may arise in connection with a portfolio manager's management of the Funds' investments, on the one hand, and the investments of other funds or accounts for which the portfolio manager is responsible, on the other. For example, it is possible that the various funds or accounts managed by the Investment Adviser or Sub-advisers could have different investment strategies that, at times, might conflict with one another to the possible detriment of the Funds. From time to time, the Investment Adviser and Sub-advisers, sponsor and with other investment pools and accounts which engage in the same or similar businesses as the Funds using the same or similar investment strategies. To the extent that the same investment opportunities might be desirable for more than one account or fund, possible conflicts could arise in determining how to allocate them because the Investment Adviser or Sub-advisers may have an incentive to allocate investment opportunities to certain accounts or funds. However, BBH&Co. and the Investment Adviser have implemented policies and procedures designed to ensure that information relevant to investment decisions is disseminated promptly within its portfolio management teams and investment opportunities are allocated equitably among different clients. The policies and procedures require, among other things, objective allocation for limited investment opportunities, and documentation and review of justifications for any decisions to make investments only for select accounts or in a manner disproportionate to the size of the account. Nevertheless, access to investment opportunities may be allocated differently among accounts due to the particular characteristics of an account, such as size of the account, cash position, tax status, risk tolerance and investment restrictions or for other reasons.

Actual or potential conflicts of interest may also arise when a portfolio manager has management responsibilities to multiple accounts or funds, resulting in unequal commitment of time and attention to the portfolio management of the funds or accounts.

Affiliated Service Providers. Other potential conflicts might include conflicts between the Funds and its affiliated and unaffiliated service providers (e.g., conflicting duties of loyalty). In addition to providing investment management services through the SID, BBH&Co. provides administrative, custody, shareholder servicing and fund accounting services to the Funds. BBH&Co. may have conflicting duties of loyalty while servicing the Funds and/or opportunities to further its own interest to the detriment of the Funds. For example, in negotiating fee arrangements with affiliated service providers, BBH&Co. may have an incentive to agree to higher fees than it would in the case of unaffiliated providers. BBH&Co. acting in its capacity as the Funds' administrator is the primary valuation agent of the Funds. BBH&Co. values securities and assets in the Funds according to the Funds' valuation policies. Because the Investment Adviser's advisory and administrative fees are calculated by reference to a Funds' net assets, BBH&Co. and its affiliates may have an incentive to seek to overvalue certain assets.

Aggregation. Potential conflicts of interest also arise with the aggregation of trade orders. Purchases and sales of securities for the Funds may be aggregated with orders for other client accounts managed by the Sub-advisers. The Sub-advisers, however, are not required to aggregate orders if portfolio management decisions for different accounts are made separately, or if it is determined that aggregating is not practicable, or in cases involving client direction. Prevailing trading activity frequently may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may be averaged, and the Funds will be charged or credited with the average price. Thus, the effect of the aggregation may operate on some occasions to the disadvantage of the Funds. In addition, under certain circumstances, the Funds will not be charged the same commission or commission equivalent rates in connection with an aggregated order.

Cross Trades. Under certain circumstances, the Investment Adviser, on behalf of the Funds, may seek to buy from or sell securities to another fund or account advised by BBH, the Investment Adviser. Subject to applicable law and regulation, BBH&Co., the Investment Adviser may (but is not required to) effect purchases and sales between BBH&Co., the Investment Adviser clients ("cross trades"), including the Funds, if BBH&Co., the Investment Adviser or a Fund's Sub-adviser believes such transactions are appropriate based on each party's investment objectives and guidelines. There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit the Investment Adviser's decision to engage in these transactions for the Funds. BBH&Co., the Investment Adviser and/or a Fund's Sub-adviser may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions.

Soft Dollars. The Investment Adviser may direct brokerage transactions and/or payment of a portion of client commissions ("soft dollars") to specific brokers or dealers or other providers to pay for research or other appropriate services which provide, in the Investment Adviser's view, appropriate assistance in the investment decision-making process (including with respect to futures, fixed price offerings and over-the-counter transactions). The use of a broker that provides research and securities transaction services may result in a higher commission than that offered by a broker who does not provide such services. The Investment Adviser will determine in good faith whether the amount of commission is reasonable in relation to the value of research and services provided and whether the services provide lawful and appropriate assistance in its investment decision-making responsibilities.

Research or other services obtained in this manner may be used in servicing any or all of the Funds and other accounts managed by the Investment Adviser, including in connection with accounts that do not pay commissions to the broker related to the research or other service arrangements. Such products and services may disproportionately benefit other client accounts relative to the Funds based on the amount of brokerage commissions paid by the Funds and such other accounts. To the extent that a Sub-adviser uses soft dollars, it will not have to pay for those products and services itself.

BBH&Co. may receive research that is bundled with the trade execution, clearing, and/or settlement services provided by a particular broker-dealer. To the extent that a Sub-adviser receives research on this basis, many of the same conflicts related to traditional soft dollars may exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing, and settlement services provided by the broker-dealer and will not be paid by the Sub-adviser.

Arrangements regarding compensation and delegation of responsibility may create conflicts relating to selection of brokers or dealers to execute Fund portfolio trades and/or specific uses of commissions from Fund portfolio trades, administration of investment advice and valuation of securities.

Investments in BBH Funds. From time to time BBH&Co. may invest a portion of the assets of its discretionary investment advisory clients in the Funds. That investment by BBH&Co. on behalf of its discretionary investment advisory clients in the Funds may be significant at times.

Increasing a Fund's assets may enhance investment flexibility and diversification and may contribute to economies of scale that tend to reduce the Funds' expense ratio. In selecting the Funds for its discretionary investment advisory clients, BBH&Co. may limit its selection to funds managed by BBH&Co. or the Investment Adviser. BBH&Co. may not consider or canvass the universe of unaffiliated investment companies available, even though there may be unaffiliated investment companies that may be more appropriate or that have superior performance. BBH&Co., the Investment Adviser and their affiliates providing services to the Funds benefit from additional fees when the Funds is included as an investment by a discretionary investment advisory client.

BBH&Co. reserves the right to redeem at any time some or all of the shares of the Funds acquired for its discretionary investment advisory clients' accounts. A large redemption of shares of the Funds by BBH&Co. on behalf of its discretionary investment advisory clients could significantly reduce the asset size of the Funds, which might have an adverse effect on the Funds' investment flexibility, portfolio diversification and expense ratio.

Valuation. When market quotations are not readily available or are believed by BBH&Co. to be unreliable, the Funds' investments will be valued at fair value by BBH&Co. pursuant to procedures adopted by the Funds' Board. When determining an asset's "fair value," BBH&Co. seeks to determine the price that a Fund might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. The price generally may not be determined based on what the Funds might reasonably expect to receive for selling an asset at a later time or if it holds the asset to maturity. While fair value determinations will be based upon all available factors that BBH&Co. deems relevant at the time of the determination and may be based on analytical values determined by BBH&Co. using proprietary or third-party valuation models, fair value represents only a good faith approximation of the value of a security. The fair value of one or more securities may not, in retrospect, be the price at which those assets could have been sold during the period in which the particular fair values were used in determining the Funds' net asset value. As a result, the Funds' sale or redemption of its shares at net asset value, at a time when a holding or holdings are valued by BBH&Co. (pursuant to Board-adopted procedures) at fair value, may have the effect of diluting or increasing the economic interest of existing shareholders.

Referral Arrangements. BBH&Co. may enter into advisory and/or referral arrangements with third parties. Such arrangements may include compensation paid by BBH&Co. to the third party. BBH&Co. may pay a solicitation fee for referrals and/or advisory or incentive fees. BBH&Co. may benefit from increased amounts of assets under management.

Personal Trading. BBH&Co., including the Investment Adviser, and any of their respective partners, principals, directors, officers, employees, affiliates or agents, face conflicts of interest when transacting in securities for their own accounts because they could benefit by trading in the same securities as the Funds, which could have an adverse effect on the Funds. However, the Investment Adviser has implemented policies and procedures concerning personal trading by BBH&Co. Partners and employees. The policy and procedures are intended to prevent BBH&Co. Partners and employees from trading in the same securities as the Funds. However, BBH&Co., including the Investment Adviser, has implemented policies and procedures concerning personal trading by BBH&Co. Partners and employees. The policies and procedures are intended to prevent BBH&Co. Partners and employees with access to Fund material non-public information from trading in the same securities as the Funds.

Gifts and Entertainment. From time to time, employees of BBH&Co., including the Investment Adviser, and any of their respective partners, principals, directors, officers, employees, affiliates or agents, may receive gifts and/or entertainment from clients, intermediaries, or service providers to the Funds or BBH&Co., including the Investment Adviser, which could have the appearance of affecting or may potentially affect the judgment of the employees, or the manner in which they conduct business. The Investment Adviser has implemented policies and procedures concerning gifts and entertainment to mitigate any impact on the judgment of BBH&Co. Partners and employees. BBH&Co., including the Investment Adviser, has implemented policies and procedures concerning gifts and entertainment to mitigate any impact on the judgment of BBH&Co. Partners and employees.

Description of Potential Material Conflicts of Interest — Select Equity Group, L.P.

The investment activities of Select Equity Group, its principals, or any of their employees or affiliates (collectively, the "Affiliated Group") for their own accounts and other accounts they manage (each, an "Affiliated Group Account") may give rise to conflicts of interest that may disadvantage the Fund. For example, the members of the Affiliated Group are not precluded from acquiring or possessing an interest, directly or indirectly, in any present or future investments which would be permissible or desirable for the Fund or are currently held or owned by the Fund. The Affiliated Group may act as investment adviser to other clients, as a broker or a finder or as a director, officer or employee of, or consultant to any corporation, a trustee to any trust, a limited partner or general partner in any partnership, or an administrative official of any business entity. Members of the Affiliated Group may receive compensation for such services and participate in profits derived from the investments of any such corporation, trust, partnership or other business entity.

Subject to applicable law, the Affiliated Group may also enter into transactions with one or more companies held in the portfolio of the Fund for clients of the Affiliated Group, which transactions may present additional conflicts of interest.

Furthermore, Select Equity Group, its affiliates, its employees and a private charitable foundation operated by Select Equity Group make donations to charitable organizations. Some of these donations may be given to organizations that are also clients of the Affiliated Group or clients in the Affiliated Group Accounts.

Select Equity Group may (and intends to) provide advisory services to clients, or accept subscriptions from investors who also provide services to the Affiliated Group Accounts or to Select Equity Group or who are affiliated with service providers to the Affiliated Group Accounts or to Select Equity Group. Relationships such as these could be viewed as creating a conflict of interest. Select Equity Group requires its employees to act in the best interests of the Affiliated Group Accounts when engaging service providers on their behalf.

Select Equity Group provides investment advisory services from time to time to clients whose ownership structure is comprised of publicly traded securities, or to clients who hold senior positions at companies with publicly traded securities. Select Equity Group may recommend (and has recommended) the purchase or sale of securities that are issued by another one of its advisory clients, by companies with which another advisory client is affiliated, or by companies for which one or more of Select Equity Group's advisory clients serve as senior personnel. Select Equity Group recognizes its fiduciary duty to act in the best interests of all clients and will take steps necessary to ensure that any investment recommendation does not inappropriately favor one client over another.

None of Select Equity Group, its portfolio manager(s) or their affiliates is required to devote its or his full business time to the Fund, and they will each devote such time as may, in their sole discretion, be advisable. Because Select Equity Group manages multiple clients, conflicts of interest may arise in allocating management time, services or functions of Select Equity Group. In addition, Select Equity Group, its portfolio manager(s) or their respective affiliates may form additional investment funds (whether with similar or different investment mandates, return objectives and/or other terms, risk profiles, fee structures and characteristics), enter into other investment advisory relationships and engage in other business activities, even though such activities may be in competition with the Fund and/or may involve substantial time and resources of Select Equity Group, its portfolio manager(s) or their respective affiliates. Any of such accounts or Affiliated Group Accounts may pay different fees or trade with different amounts of leverage than the Fund. Thus, Select Equity Group, its portfolio manager(s) or their respective affiliates may have income or other incentives to favor such other accounts over the Fund.

Investment decisions are made for the Fund and Affiliated Group Accounts in light of relevant investment considerations. However, the Affiliated Group may give advice and take action with respect to any current or future client account or Affiliated Group Account that may compete or conflict with the advice Select Equity Group may give to the Fund, including with respect to the timing or nature of actions relating to certain investments. Moreover, the results of the investment activities of the Fund may differ significantly from the results achieved by Select Equity Group for an Affiliated Group Account.

When it is determined that it would be appropriate for the Fund and one or more Affiliated Group Accounts to participate in an investment opportunity, Select Equity Group will seek to execute orders for all of the participating investment accounts, including the Fund, on an equitable basis, taking into account such factors as it considers appropriate, which may include the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the investment programs and portfolio positions of the Fund and the Affiliated Group

Accounts for which participation is appropriate. In certain instances, simultaneous transactions will occur. Purchases and sales are then allocated as to amount so that no account will be treated unfairly. While in some cases this could have a detrimental effect upon the price or value of a security for a particular account, or upon its ability to complete an entire order, in other cases coordination and the ability to participate in volume transactions will be beneficial to the account. Subject to best execution principles, Select Equity Group will not be required or deemed to have the duty to obtain the lowest brokerage or commission rates or combine or arrange orders to obtain the lowest brokerage commission rates on Fund brokerage business.

Select Equity Group may pursue investment opportunities that it believes to be appropriate for the Fund and an Affiliated Group Account at different or overlapping levels of the issuer's capital structure (e.g., the Fund may invest in the publicly traded equity of an issuer in which an Affiliated Group Account holds a debt interest). Other clients of Select Equity Group and/or an Affiliated Group Account may own securities or obligations of an issuer that are senior to, or have interests different from or adverse to, the securities or obligations of such issuer that are acquired by the Fund. Any such investments may raise potential conflicts of interests between the Fund and such other Affiliated Group Accounts.

Select Equity Group and certain individuals who are members of the Affiliated Group are currently the sole contributors to a private foundation known as Aventine Research Institute ("Aventine"). Aventine is devoted to publishing research on technological trends and developments affecting a wide variety of industries, cultures and regions. All of the research published by Aventine will be made available to the public free of charge. Although Aventine intends to conduct its charitable activities without regard to Select Equity Group's investment activities, Aventine is governed by a board of directors, the majority of whom are officers of Select Equity Group. In addition, while Aventine is supported by a staff of one or more employees who are dedicated exclusively to Aventine's charitable activities (the "Aventine Employees"), the Aventine Employees utilize offices provided by Select Equity Group, and the Aventine Employees and its employees are permitted to engage in discussions with one another from time to time in connection with their respective activities. The Aventine Employees also have access to research that Select Equity Group prepares for the benefit of its clients, and Select Equity Group provides certain administrative services to Aventine, including accounting services.

The relationships between Aventine and Select Equity Group present the opportunity for certain potential conflicts of interests to arise. For example, in the course of conducting its charitable activities, Aventine may receive material non-public information related to certain issuers in which Select Equity Group has invested or is considering making an investment on behalf of the Fund and/or Select Equity Group other clients. To the extent that Aventine receives such information, Select Equity Group may be restricted from making any new investments, or liquidating current investments, in the relevant securities on behalf of the Fund and/or such other clients. In addition, because Aventine intends to conduct its charitable activities without regard to Select Equity Group investment activities, research published by Aventine could potentially affect (negatively or positively) the price of certain securities in which the Fund and/or Select Equity Group's other clients are invested. Select Equity Group believes that it has taken reasonable steps to mitigate these conflicts, such as requiring the Aventine Employees to be subject to its Code of Conduct and other relevant compliance procedures that are applicable to its employees and communications. The Code of Conduct sets forth a standard of business conduct expected of all of Select Equity Group's employees (including compliance with federal securities laws) and is predicated on the principle that Select Equity Group owes a fiduciary duty to its clients.

Other present and future activities of Select Equity Group and its affiliates may give rise to additional conflicts of interest. For example, Select Equity Group and its affiliates may expand the range of services that they provide or enter into a new line of business over time. Select Equity Group and its affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. While none of Select Equity Group, or its partners, officers, employees or affiliates is obligated to resolve any conflicts in favor of the Fund, it will endeavor to ensure that any conflict of interest is resolved fairly.

Description of Potential Material Conflicts of Interest — Bares Capital Management, Inc.

Governance. The Sub-adviser maintains a supervisory structure to oversee the business. Key business decisions are made by the shareholders who understand the Sub-adviser's obligations to manage and mitigate conflicts of interest. The Sub-adviser has designated chief compliance officer to be formally responsible for ensuring that the Sub-adviser's systems, controls, and procedures are robust and adequate to identify and manage any conflicts of interest that may arise.

As necessary, the Sub-adviser's chief compliance officer will discuss and review the processes in place for prevention and management of identified conflicts with shareholders.

It is the on-going responsibility of all employees to identify potential and actual conflicts of interest as they arise in the Sub-adviser's business and to notify the chief compliance officer immediately. The Sub-adviser's chief compliance officer is responsible for implementing appropriate procedures and controls to manage and monitor those conflicts and report to shareholders, as necessary. The Sub-adviser's chief compliance officer reviews management information relevant to conflict identification at least annually as part of the annual compliance program review, or at other intervals when circumstances so dictate.

Management Reporting. The Sub-adviser's executives and compliance receive a copy of the conflicts register and annual compliance program review annually. The Sub-adviser's chief compliance officer is responsible for ensuring the delivery of such reports.

Segregation of Functions and Independence. The Sub-adviser has a clear organizational structure with well-defined and transparent lines of responsibility. The Sub-adviser's chief compliance officer has sufficient authority and independence to oversee the administration of the compliance program, which includes the implementation of the Sub-adviser's Policy.

The Sub-adviser has access to external compliance consultants and legal counsel to advise on the Sub-adviser's compliance program, including matters related to conflicts of interest.

Information Barriers. The Sub-adviser has effective procedures to prevent or control the exchange of information between employees and its affiliate engaged in activities involving the risk of a conflict of interest where the exchange of that information may harm or compromise the interests of one or more clients.

Remuneration. The Sub-adviser's primary form of compensation is asset-based fees paid directly by clients. In addition, for a flat quarterly fee, the Sub-adviser provides access to proprietary research to an unaffiliated investment adviser.

The Sub-adviser's interests and employee interests are aligned with those of the Sub-adviser's clients. Pay and bonuses are linked to many factors, which in aggregate ensure that incentives are consistent with the provision of investment advice and with Sub-adviser's fiduciary duty.

Personal Conflicts of Employees. All employees are required to disclose in writing any conflicts of interest upon commencement of employment with the Firm and on a periodic basis thereafter. Employees disclose any potential or actual conflicts of interest directly to the Sub-adviser's chief compliance officer through the certification process.

Disclosure to Clients. If the Sub-adviser's arrangements to manage a potential conflict of interest are not enough to ensure with reasonable confidence that the risk of damage or compromise to the interests of a client will be prevented, the Sub-adviser will clearly disclose the following to the client before undertaking business for the client:

- the general nature or sources of conflicts of interest, or both; and
- the steps taken to mitigate those risks.

The Sub-adviser treats disclosure of conflicts as a measure of last resort to be used only where the internal controls established by the Firm to prevent or manage its conflicts of interest are not enough to ensure, with reasonable confidence, that risks of compromise to the interests of clients will be prevented.

Disclosures are made as follows:

- in a durable medium, generally Form ADV or the client's investment management agreement.
- clearly stating that the internal controls established by the Firm to prevent or manage that conflict are not enough to ensure, with reasonable confidence, that the risks of compromise to the interest of the client will be prevented.
- including a specific description of the conflicts of interest that arise in the provision of investment services or research services.
- explaining the risks to the client that arise because of the conflicts of interest; and
- with inclusion of enough detail, considering the nature of the client, to enable that client to make an informed decision with respect to the service in the context of which the conflict of interest has arisen.

Declining to Act. The Sub-adviser may decline to act for a client in cases where the shareholders, in collaboration with the Sub-adviser's chief compliance officer, believe the conflict of interest cannot be managed in any other way.

Policies & Procedures. In addition to the Sub-adviser's Policy, the Sub-adviser implements comprehensive policies and procedures which are designed to establish consistent controls to manage and mitigate conflicts. These policies cover areas such as, but not limited to, Personal Trading, Insider Trading, Trade Management, Outside Business Activities, Gifts and Entertainment, Pay-to-Play, and Whistleblowing.

Employee Awareness and Certification. Upon joining the Sub-adviser, employees receive orientation in respect of the Sub-adviser's compliance manual and code of ethics, which incorporates this Policy. At least annually, employees certify to their understanding of and compliance with this Policy, and complete compliance questionnaires which require the reporting of any potential or actual conflict of interest to the chief compliance officer. Employees generally participate in annual compliance training, facilitated by the chief compliance officer.

Update and Review of this Policy and Conflicts Register. The Sub-adviser's Policy and the Sub-adviser's conflicts register will be updated at least annually and whenever new services or products are provided by the Sub-adviser, new conflicts are identified either by employees or as part of the Sub-adviser's compliance monitoring program, new procedures to manage conflicts are adopted, or as otherwise deemed appropriate by the chief compliance officer.

Description of Potential Material Conflicts of Interest — Trinity Street Asset Management LLP

Trinity Street conducts an annual review of its business practices to identify those that might pose a conflict of interest between Trinity Street and its clients. Trinity Street's Chief Compliance Officer will assure that all relevant disclosure concerning potential conflicts of interest is made in Trinity Street's Form ADV as appropriate, review existing policies and procedures designed to address such conflicts and will develop and implement additional policies and procedures, as needed.

Trinity Street's policy is to take all appropriate steps to maintain and operate effective organizational and administrative arrangements to identify, and to prevent or manage potential and actual conflicts of interest in Trinity Street's business.

Trinity Street maintains a conflicts register which contains a summary of Trinity Street's conflicts and the procedures in place to manage them. The conflicts register is reviewed and updated annually, and particularly whenever a new conflict is identified or the method for managing a conflict is altered.

Governance: Trinity Street has in place robust governance arrangements and senior management oversight of the business. Key business decisions are taken by Trinity Street's senior management who understand Trinity Street's obligations to manage and mitigate conflicts of interest. Trinity Street's senior management are responsible for ensuring that Trinity Street's systems and controls and procedures are robust and adequate to identify and manage any conflicts of interest that may arise.

It is the on-going responsibility of all staff to identify potential and actual conflicts of interest as they arise in Trinity Street's business and to notify the Trinity Street Chief Compliance Officer immediately. The Trinity Street Chief Compliance Officer is responsible for implementing appropriate procedures to manage and monitor those conflicts and reports directly to Trinity Street senior management on a regular basis. Management information relevant to identifying conflicts is reviewed by the Trinity Street Chief Compliance Officer.

Management reporting: Trinity Street senior management receives, at least annually, written reports on all identified conflicts.

Segregation of functions and independence: Trinity Street has a clear organizational structure with well-defined, transparent and consistent lines of responsibility. Trinity Street has structured its senior management to appropriately segregate duties so as to avoid conflicts of interest wherever possible. Trinity Street's Chief Compliance Officer has sufficient authority and independence to oversee the administration of the compliance program, which includes the implementation of Trinity Street's conflict of interest policy. Trinity Street has access to external legal counsel to advise on the Trinity Street's compliance program, including matters related to conflicts of interest.

Information barriers: Trinity Street has effective procedures to prevent or control the exchange of information between staff engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.

Disclosure to clients: If Trinity Street's arrangements to manage a potential conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of a client will be prevented, Trinity Street will clearly disclose the following to the client before undertaking business for the client:

- the general nature or source of conflicts of interest, or both; and
- the steps taken to mitigate those risks.

Trinity Street treats disclosure of conflicts as a measure of last resort to be used only where the effective organizational and administrative arrangements established by Trinity Street to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of clients will be prevented.

Disclosures are made as follows:

- in a durable medium, generally Form ADV or the client's investment management agreement;
- clearly stating that the organization and administrative arrangements established by Trinity Street to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interest of the client will be prevented;
- including a specific description of the conflicts of interest that arise in the provision of investment services or ancillary services;
- explaining the risks to the client that arise as a result of the conflicts of interest; and
- with inclusion of sufficient detail taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest has arisen.

Best Execution and Soft Dollars: Trinity Street operates a panel of approved brokers from which it selects a broker for each trade executed. In determining which broker generally provides the most favorable execution, Trinity Street considers a totality of circumstances, including, but not limited to, implicit trading costs, access to securities with limited liquidity, software functionality and flexibility, efficiency of execution, research capabilities, financial strength and stability. Under such circumstances, Trinity Street thinks of "best execution" as not necessarily the best "price," although in some situations it is, but rather a confluence of facts that allows Trinity Street to seek the best way of doing business on behalf of its clients.

Trinity Street may also receive research materials or services in return for payments made to a separate research payment account controlled by Trinity Street in accordance with the rules of the UK Financial Conduct Authority. Information on research charges and the method of collection have been separately disclosed to the Trust together with

Trinity Street's Research Policy. Payments into the research payment account are made by brokers from commissions collected by brokers on eligible trades when trading takes place in the Partner Fund — International Equity in addition to the charges retained by the brokers.

This research forms part of the investment decision making process and, as such, is of benefit to clients of Trinity Street, including the Partner Fund — International Equity.

It is Trinity Street's intent that any brokerage or research services obtained with soft dollars will be limited to those permitted under Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Consistent with Section 28(e), research and brokerage products or services obtained with soft dollars may be used by Trinity Street to service accounts other than the Partner Fund — International Equity.

The Partner Fund — International Equity's securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Fund, not the Investment Advisor or Trinity Street, is obligated to pay. Trinity Street has discretion in negotiating with and selecting which brokers they will use in their management of the Partner Fund — International Equity.

Declining to Act: Trinity Street may decline to act for a client in cases where its management believes the conflict of interest cannot be managed in any other way.

Policies and procedures: In addition to its conflict of interest policy, Trinity Street has appropriate policies and procedures which are designed to establish consistent controls to manage and mitigate conflicts. These policies cover areas such as, but not limited to, Personal Trading, Insider Trading, Trade Management, Outside Business Activities, Gifts and Entertainment, Pay-to-Play, and Whistleblowing

Staff training: Upon joining Trinity Street, staff receive guidance and training in respect of Trinity Street's conflict of interest policy to ensure they are aware of the importance of Trinity Street's conflict of interest policy, as well as the compliance manual and code of ethics, and the need to report any potential or actual conflict of interest immediately to the Trinity Street Chief Compliance Officer.

Other Activities: Other present and future activities of Trinity Street and its affiliates may give rise to additional conflicts of interest. For example, Trinity Street and its affiliates may expand the range of services that they provide or enter into a new line of business over time. Trinity Street and its affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. While none of Trinity Street, or its partners, officers, employees or affiliates is obligated to resolve any conflicts in favor of the Fund, it will endeavor to ensure that any conflict of interest is resolved fairly.

DISTRIBUTOR AND DISTRIBUTION PLAN (Rule 12b-1 Plan)

Distributor. ALPS Distributors, Inc. ("ALPS" or the "Distributor") serves as the distributor of the Funds' shares. Its offices are located at 1290 Broadway, Suite 1100, Denver, CO 80203. The Distribution Agreement between the Trust and ALPS, dated as of November 1, 2011, as amended, remains in effect so long as the continuance of the agreement is specifically approved at least annually in conformity with the requirements of the 1940 Act. The Distribution Agreement terminates automatically in the event of its assignment, and may be terminated: (i) with respect to the Funds, at any time, without penalty, by the Board of the Trust or by a vote of the holders of a "majority of the outstanding voting securities" (as defined in the 1940 Act) of the Funds on not more than sixty (60) days' written notice to ALPS; and (ii) by ALPS on sixty (60) days' written notice to the Trust.

Distribution Plan. The Distribution Plan (the "Plan"), adopted by the Board for the Retail Class Shares of the Mid Cap Fund provides that the Fund's Retail Class may pay financial intermediaries a maximum annual fee of 0.25% of the shares' average daily net assets in connection with their distribution-related services. The Trust intends to operate the Plan in accordance with its terms and with the Financial Industry Regulatory Authority rules concerning sales charges.

Distribution-related activities and/or expenses may include, but are not limited to: (i) commissions to sales personnel for selling Funds shares; including travel, entertainment and business development expenses; (ii) compensation, sales incentives and payments to sales, marketing and service personnel; (iii) payments to broker-dealers and other financial institutions that have entered into agreements with ALPS for services rendered in connection with the sale and distribution of shares of the Funds; (iv) payment of expenses incurred in sales and promotional activities, including advertising expenditures related to the Funds; (v) the costs of preparing and distributing promotional materials; (vi) the cost of printing the Funds' prospectuses and SAI for distribution to potential investors; (vii) website maintenance fees; and (viii) other activities or expenses that are primarily intended to result in the sale of shares of the Funds.

The Trust has adopted the Plan in accordance with the provisions of Rule 12b-1 under the 1940 Act, which regulates circumstances under which an investment company may directly or indirectly bear expenses relating to the distribution of its shares. Continuance of the Plan must be approved annually by a majority of the Trustees of the Trust and by a majority of the Trustees who are not interested persons (as defined in the 1940 Act) of the Trust and have no direct or indirect financial interest in the Plan or in any agreements related to the Plan ("Qualified Trustees"). The Plan requires that quarterly written reports of amounts spent under the Plan and the purposes of such expenditures be furnished to and reviewed by the Trustees. The Plan may not be amended to increase materially the amount that may be spent thereunder without approval by a majority of the outstanding shares of the Funds. All material amendments of the Plan will require approval by a majority of the Trustees of the Trust and of the Qualified Trustees.

SHAREHOLDER SERVICING AGENT

BBH&Co. serves as the shareholder servicing agent ("Shareholder Servicing Agent") for the Trust. Services to be performed by BBH&Co. with respect to the Funds' shares, include among other things: answering inquiries from shareholders of and prospective investors in shares of the Fund regarding account status and history, the manner in which purchases and redemptions of Funds shares may be effected and certain other matters pertaining to the Funds; assisting shareholders and prospective investors in the Funds in designating and changing dividend options, account designations and addresses; and providing such other related services as the Trust or a shareholder or prospective investor in shares of the Funds may reasonably request. For these services, BBH&Co. receives from the Funds an annual fee, computed daily and payable monthly, equal to 0.20% of the Funds' average daily net assets represented by shares owned during the period. BBH&Co. would receive an annual fee on 0.20% from the Income Fund Class N Shares, if or when they are available for sale.

The table below sets forth the shareholder servicing fees paid by the respective Funds to Shareholder Servicing Agent for the three most recent fiscal years ended October 31. The Large Cap Fund, Mid Cap Fund, Partner Fund — International Equity, Partner Fund — Small Cap Equity, Income Fund and BBH U.S. Government Money Market Fund do not have shareholder servicing fees.

Shareholder Servicing Fees Paid

Fund	2023	2022	2021
BBH Limited Duration Fund (Class N)	$929,921	$1,155,945	$1,101,833
BBH Intermediate Municipal Bond Fund (Class N)	$92,964	$130,582	$195,924

FINANCIAL INTERMEDIARIES

From time to time, the Funds, Distributor and/or its shareholder servicing agent enters into contracts with banks, brokers and other financial intermediaries pursuant to which the financial intermediary, which holds shares of a Fund in its name on behalf of its customers, may provide the following shareholder services: necessary personnel and facilities to establish and maintain certain shareholder accounts and records enabling it to hold, as agent, its customer's shares in its name or its nominee name on the shareholder records of the Funds; assistance in processing purchase and redemption transactions; arranging for the wiring of funds; transmitting and receiving funds in connection with customer orders to purchase or redeem Class I shares of the Funds; providing periodic statements showing a customer's account balance and, to the extent practicable, integrating such information with information concerning other customer transactions otherwise effected with or through it; furnishing, either separately or on an integrated basis with other reports sent to a customer, monthly and annual statements and confirmations of all purchases and redemptions of Class I shares in a customer's account; transmitting proxy statements, annual reports, updated prospectuses and other communications from a Fund to its customers; and receiving, tabulating and transmitting to the Funds proxies executed by its customers with respect to meetings of Class I shareholders of a Fund. A financial intermediary may designate other intermediaries to accept purchase and redemption orders for Class I shares. Customer orders are priced at the NAV for Class I shares next determined after such order has been accepted by such customer's financial intermediary or its authorized designee. The Funds will be deemed to have received a purchase or redemption order for Class I shares when the financial intermediary or its authorized designee accepts such order.

For these services, the financial intermediary receives such fees from the parties as may be agreed upon from time to time between the parties.

REVENUE SHARING

BBH&Co. may make payments for marketing, promotional or related services provided by broker-dealers and other financial intermediaries that sell shares of the Funds. These payments are often referred to as "revenue sharing payments." The level of such payments may be based on factors that include, without limitation, differing levels or types of services provided by the intermediary, the expected level of assets or sales of shares, or placing the Funds on a recommended or preferred list, access to an intermediary's personnel and other factors. Revenue sharing payments are paid from BBH&Co.'s own legitimate profits and its own resources (not from the Funds) and may be in addition to any shareholder servicing payments that are paid. In some circumstances, such payments may create an incentive for an intermediary or its employees or associated persons to recommend or sell shares of a particular Fund to you instead of recommending shares offered by competing investment companies.

Contact your financial intermediary for details about revenue sharing payments.

CUSTODIAN AND FUND ACCOUNTING AGENT

BBH&Co., 140 Broadway, New York, New York 10005, is the custodian and accounting agent (the "Custodian") for the Funds. As Custodian, it is responsible for maintaining books and records of the Funds' portfolio transactions and holding the Funds' portfolio securities and cash pursuant to a custodian agreement with the Trust. Cash is held for the Funds at the Custodian. The Custodian maintains the accounting records for the Funds and each day computes the NAV of the Funds.

The table below sets forth the fees paid by the Funds to the Custodian for the past three fiscal years ended October 31st.

	2023		2022		2021	
Fund	**Custody and Fund Accounting Fees**	**Expense Offset Arrangement**	**Custody and Fund Accounting Fees**	**Expense Offset Arrangement**	**Custody and Fund Accounting Fees**	**Expense Offset Arrangement**
BBH Select Series – Large Cap Fund	$29,130	N/A	$30,760	N/A	$34,411	N/A
BBH Select Series – Mid Cap Fund	$16,777	N/A	$3,077	N/A	$2,038	N/A
BBH Partner Fund – International Equity	$461,812	N/A	$378,507	N/A	$576,392	N/A
BBH Partner Fund – Small Cap Equity	$29,190	N/A	$25,782	N/A	$10,316	N/A
BBH Limited Duration Fund	$768,554	N/A	$1,015,139	N/A	$976,379	N/A
BBH Intermediate Municipal Bond Fund	$131,564	N/A	$149,755	N/A	$151,988	N/A
BBH Income Fund	$139,086	N/A	$128,226	N/A	$111,836	N/A
BBH U.S. Government Money Market Fund*	$499,969	N/A	$413,218	N/A	$285,999	N/A

TRANSFER AND DIVIDEND DISBURSING AGENT

ALPS Fund Services, Inc., 1290 Broadway, Suite 1000, Denver, CO 80203, is the transfer and dividend disbursing agent for the Funds and is responsible for maintaining the books and records detailing ownership of the Funds' shares.

LEGAL COUNSEL

Morgan, Lewis & Bockius LLP, 1111 Pennsylvania Avenue, Washington, DC 20004, serves as legal counsel to the Trust.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP serves as the independent registered public accounting firm for the Funds. Deloitte & Touche LLP's principal address is 200 Berkeley Street, Boston, MA 02116.

NET ASSET VALUE

The NAV of each class of shares of the Funds, with the exception of the Government Money Market Fund, is normally determined once daily at 4:00 P.M. Eastern Time each day that the NYSE is open for a full day of trading ("Business Day"). The NAV of the Government Money Market Fund is determined once daily at 5:00 P.M. Eastern Time each Business Day. As of the date of this SAI, the NYSE is open every weekday except for the following holidays: Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Celebration of Juneteenth, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, New Year's Day, and on the preceding Friday or subsequent Monday when one of those holidays fall on Saturday or Sunday. As of the date of this SAI, the NYSE will close early on July 3, 2024 and November 29, 2024. The determination of NAV of each share of the Funds is made once during each Business Day as of the close of regular trading on the NYSE by subtracting from the value of the Funds' total assets the amount of its liabilities, and dividing the difference by the number of shares of the Funds outstanding at the time the determination is made. NAV is determined separately for each class of shares by dividing the value of the Funds' total assets attributable to the shares of the class (less all liabilities attributable to the class) by the total number of shares of the class outstanding.

The value of the Funds' net assets (i.e., the value of its securities and other assets less its liabilities, including expenses payable or accrued) is normally determined at the same time and on the same days as the Funds' NAV is determined. Unless determined not to represent fair value by the Trustees, Fund investments are valued in the manner described below.

The value of investments listed on a securities exchange is based on the last sale prices as of the close of regular trading of the NYSE (which is currently 4:00 P.M., Eastern Time) or, in the absence of recorded sales, at the average of readily available closing bid and asked prices on the NYSE. Unlisted securities are valued at the average of the quoted bid and asked prices in the over-the-counter market. The value of each security for which readily available market quotations exist is based on a decision as to the broadest and most representative market for such security.

Bonds and other fixed income securities (other than short-term obligations but including listed issues) are valued on the basis of valuations furnished by a pricing service, the use of which has been approved by the Board. In making such valuations, the pricing service utilizes both dealer-supplied valuations and electronic data processing techniques which take into account appropriate factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data, without exclusive reliance upon quoted prices or exchange or over-the-counter prices.

Securities or other assets for which market quotations are not readily available, or for which market quotations are available but deemed unreliable, are valued at fair value in accordance with procedures established by and under the general supervision and responsibility of the Board. Short-term investments which mature in 60 days or less are valued at amortized cost if their original maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if their original maturity when acquired for the Funds was more than 60 days.

Trading in securities on most foreign exchanges and over-the-counter markets is normally completed before the close of the NYSE and may also take place on days the NYSE is closed. If events materially affecting the value of foreign securities occur between the time when the exchange on which they are traded closes and the time when the Funds' NAV is calculated, such securities would be valued at fair value in accordance with procedures established by and under the general supervision of the Trust's Board. A domestic exchange-traded security may also be fair valued if events materially affecting the price of the security occur between the time the exchange on which the security or other asset is traded closes and the time the Funds value their assets.

PURCHASES AND REDEMPTIONS

Orders received by a financial intermediary will be priced at the NAV next calculated after that financial intermediary, as an agent of the Funds, receives the request in good order from its clients.

A confirmation of each purchase and redemption transaction is issued on execution of that transaction.

The Funds reserve the right to discontinue, alter or limit the automatic reinvestment privilege at any time, but will provide shareholders prior written notice of any such discontinuance, alteration or limitation.

A shareholder's right to receive payment with respect to any redemption may be suspended or the payment of the redemption proceeds postponed: (i) during periods when the NYSE is closed for other than weekends and holidays or when regular trading on the NYSE is restricted as determined by the SEC by rule or regulation, (ii) during periods in which an emergency exists, which causes disposal of, or evaluation of the NAV of the Funds' portfolio securities to be unreasonable or impracticable, or (iii) for such other periods as the SEC may permit.

An investor should be aware that redemptions from the Funds may not be processed if a completed account application with a certified taxpayer identification number has not been received.

In the event a shareholder redeems all shares held in the Funds, future purchases of shares of the Funds by such shareholder would be subject to the Funds' minimum initial purchase requirements.

An investor should also be aware that any Fund shares, with the exception of Intermediate Muncipal Bond Fund and Income Fund shares, that are redeemed within a 30-day holding period will be subject to a redemption fee of 2.00% of the total redemption proceeds. Intermediate Municipal Bind Fund and Income Fund shares that are redeemed within a 30-day holding period will be subject to a redemption fee of 1.00% of the total redemption proceeds. The 30-day holding period shall commence on the next business day following the date of purchase and shall apply to any redemption made on or before the 30th day from that date.

The Funds may sell shares to some 401(k) plans, 403(b) plans, bank or trust company accounts, and accounts of certain financial institutions or intermediaries that do not apply the redemption fee to underlying shareholders, often because of administrative or systems limitations. From time to time, with the approval of the Investment Adviser, the redemption fee will not be assessed on redemptions by:

- accounts of asset allocation or wrap programs or other fee-based programs whose trading practices are determined by the Investment Adviser not to be detrimental to the Funds or long-term shareholders (e.g., model driven programs with periodic automatic portfolio rebalancing that prohibit participant-directed trading and other programs with similar characteristics);
- accounts of shareholders who have died or become disabled;
- shareholders redeeming shares:
  - in connection with required distributions from an IRA, certain omnibus accounts (including retirement plans qualified under Sections 401(a) or 401(k) of the Code, a 403(b) plan or any other Code Section 401 qualified employee benefit plan or account, or
  - in connection with plans administered as college savings plans under Section 529 of the Code;
- shareholders executing rollovers of current investments in the Funds through qualified employee benefit plans;
- redemptions of shares acquired through dividend reinvestment;
- involuntary redemptions of accounts that fall below the minimum account size;
- Funds or accounts managed by BBH&Co. whose trading practices are determined by the Investment Adviser not to be detrimental to the Funds or long-term shareholders; and

- certain other accounts in the absolute discretion of the Investment Adviser when the redemption fee is de-minimis or a shareholder can demonstrate hardship.

The Funds reserve the right to modify or eliminate these waivers at any time.

The value of shares redeemed may be more or less than the shareholder's cost depending on Funds performance during the period the shareholder owned such shares.

Lost Accounts. The Funds' transfer and dividend disbursing agent will consider your account lost if correspondence to your address of record is returned as undeliverable on more than two consecutive occasions, unless the transfer agent determines your new address. When an account is "lost," all distributions on the account will be reinvested in additional Fund shares. In addition, the amount of any outstanding checks (unpaid for six months or more) or checks that have been returned to the transfer agent will be reinvested at the then-current NAV and the checks will be cancelled. However, checks will not be reinvested into accounts with a zero balance.

TAXES

The following is a summary of certain federal income tax considerations generally affecting the Funds and its shareholders. No attempt is made to present a comprehensive explanation of the federal, state, local or non-U.S. tax treatment of the Funds or their shareholders, and the discussion here and in the Prospectus is not intended to be a substitute for careful tax planning. You are urged to consult your own tax adviser.

This discussion of certain federal income tax consequences is based on the Code and the regulations issued thereunder as in effect on the date of this SAI. New legislation, as well as administrative changes or court decisions, may significantly change the conclusions expressed herein, and may have a retroactive effect with respect to the matters addressed herein.

Taxation of the Funds. Each Fund has elected to be treated, and intends to qualify for treatment each year, as a RIC under Subchapter M of the Code. As such, each Fund should not be subject to federal income tax on its net investment income and capital gains, if any, to the extent that it timely distributes such income and capital gains to its shareholders. In order to qualify for treatment as a RIC, each Fund must distribute annually to its shareholders at least the sum of 90% of its taxable net investment income (including the excess of net short-term capital gains over net long-term capital losses) and 90% of its net tax-exempt interest income ("Distribution Requirement") and also must meet several additional requirements. Among these requirements are the following: (i) at least 90% of each Fund's gross income each taxable year must be derived from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in such stock, securities or currencies, and net income derived from interests in qualified publicly traded partnerships (i.e., partnerships that are traded on an established securities market or tradable on a secondary market, other than partnerships that derive 90% of their income from interest, dividends, capital gains, and other traditionally permitted mutual fund income); (ii) at the end of each quarter of a Fund's taxable year, at least 50% of the value of its total assets must be represented by cash and cash items, U.S. government securities, securities of other RICs and other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of a Fund's total assets and that does not represent more than 10% of the outstanding voting securities of such issuer; and (iii) at the end of each quarter of each Fund's taxable year, not more than 25% of the value of its total assets is invested, including through corporations in which the Funds own a 20% or more voting stock interest, in the securities (other than U.S. government securities or securities of other RICs) of any one issuer, the securities (other than securities of other RICs) of two or more issuers that a Fund controls and that are determined to be engaged in the same, similar, or related trades or businesses, or the securities of one or more qualified publicly traded partnerships.

Each Fund is treated as a separate corporation for federal income tax purposes. Each Fund therefore is considered to be a separate entity in determining its treatment under the federal income tax rules for RICs described herein. Losses in one fund treated as a RIC do not offset gains in another and the requirements (other than certain organizational requirements) for qualifying RIC status are determined at the fund level rather than at the Trust level.

If a Fund fails to satisfy the qualifying income or diversification requirements described above in any taxable year, the Fund may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the diversification requirements where a Fund correct the failure within a specified period. If a Fund fails to qualify for treatment as a RIC for any year, and the relief provisions are not available, all of its income will be subject to federal income tax at the regular corporate rate without any deduction for distributions to shareholders. In such case, such Fund's shareholders would be taxed as if they received ordinary dividends to the extent of a Fund's current and accumulated earnings and profits, although corporate shareholders could be eligible for the dividends received deduction and non-corporate shareholders may be able to benefit from the lower tax rates applicable to qualified dividend income. Moreover, if a Fund were to fail to qualify as a RIC in any taxable year, the Fund would be required to pay out its earnings and profits for that year (as calculated for federal income tax purposes) in order to qualify for treatment as a RIC in a subsequent year. Under certain circumstances, a Fund may be able to cure a failure to qualify as a RIC, but in order to do so the Fund may incur significant fund-level taxes and may be forced to dispose of certain assets. If a Fund failed to qualify as a RIC for a period greater than two taxable years, the Fund would generally be required to recognize any net built-in gains with respect to certain of its assets upon a disposition of such assets within five years of qualifying as a RIC in a subsequent year. The Board reserves the right not to maintain the qualification of each Fund for treatment as a RIC if it determines such course of action to be beneficial to shareholders.

A Fund may elect to treat part or all of any "qualified late year loss" as if it had been incurred in the succeeding taxable year in determining the Fund's taxable income, net capital gain, net short-term capital gain, and earnings and profits. A "qualified late year loss" generally includes net capital loss, net long-term capital loss, or net short-term capital loss incurred after October 31 of the current taxable year and certain other late-year losses.

For U.S. federal income tax purposes, unused capital loss carryforwards are available to be applied against future capital gains, if any, realized by a Fund. If a Fund has a "net capital loss" (that is, capital losses in excess of capital gains) for a taxable year, the excess of the Fund's net short-term capital losses over its net long-term capital gains is treated as a short-term capital loss arising on the first day of the Fund's next taxable year, and the excess (if any) of the Fund's net long-term capital losses over its net short-term capital gains is treated as a long-term capital loss arising on the first day of the Fund's next taxable year. Capital loss carryforwards can carry forward indefinitely to offset capital gains, if any, in years following the year of the loss.

A Fund will be subject to a nondeductible 4% excise tax on certain undistributed income if it does not distribute to its shareholders in each calendar year at least the sum of 98% of its ordinary income for the calendar year plus 98.2% of its capital gain net income for the twelve months generally ended October 31 of such year, plus certain other amounts. The Funds intend to declare and distribute dividends and distributions in the amounts and at the times necessary to avoid the application of this 4% excise tax but can make no assurances that such tax will be completely eliminated. For example, a Fund may receive delayed or corrected tax reporting statements from its investments that cause such Fund to accrue additional income and gains after such Fund has already made its excise tax distributions for the year. In such a situation, a Fund may incur an excise tax liability resulting from such delayed receipt of such tax information statements. In addition, the Funds may in certain circumstances be required to liquidate investments in order to make sufficient distributions to avoid federal excise tax liability at a time when an investment manager might not otherwise have chosen to do so, and liquidation of investments in such circumstances may affect the ability of the Funds to satisfy the requirement for qualification as a RIC.

Taxation of Shareholders — Distributions. Each Fund receives income generally in the form of dividends and interest on its investments. This income, plus net short-term capital gains, if any, less expenses incurred in the operation of each Fund, constitutes the Fund's net investment income. Except as described below under "Additional Considerations for the Intermediate Municipal Bond Fund," distributions by a Fund from such income will generally be taxable to you as ordinary income or at the lower rates that apply to individuals receiving qualified dividend income. Dividends are taxable whether you receive them in cash or in additional shares.

Each Fund intends to distribute annually to its shareholders substantially all of its investment company taxable income (computed without regard to the deduction for dividends paid) and any net realized long-term capital gains in excess of net realized short-term capital losses (including any capital loss carryforwards). To the extent that a Fund receives qualified dividend income, a portion of the dividends paid by the Fund may be treated as qualified dividend income, which for non- corporate shareholders is subject to tax at reduced tax rates. Qualified dividend income is, in general, dividend income from taxable domestic corporations and certain foreign corporations (e.g., foreign corporations incorporated in a possession of the United States or in certain countries with a comprehensive tax treaty with the United States, or foreign corporations if the stock with respect to which the dividend was paid is readily tradable on an established securities market in the United States). A dividend will not be treated as qualified dividend income to the extent that (i) the shareholder has not held the shares on which the dividend was paid for more than 60 days during the 121-day period that begins on the date that is 60 days before the date on which the shares become "ex-dividend" (which is the day on which declared distributions are deducted from a Fund's assets before it calculates the net asset value) with respect to such dividend (or the Funds fail to satisfy this holding period requirement with respect to the underlying dividend-paying stock), (ii) the shareholder is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to substantially similar or related property, or (iii) the shareholder elects to treat such dividend as investment income under section 163(d) (4)(B) of the Code. Distributions received by a Fund from another RIC (including an exchange-traded fund that is taxable as a RIC) will be treated as qualified dividend income only to the extent so reported by such other RIC. If 95% or more of a Fund's gross income (calculated without taking into account net capital gain derived from sales or other dispositions of stock or securities) consists of qualified dividend income, the Funds may report all distributions of such income as qualified dividend income. As noted above, if you lend your shares in a Fund, such as pursuant to securities lending arrangement, you may lose the ability to treat dividends (paid while the shares are held by the borrower) as qualified dividend income. The Funds will inform you of the amount of your ordinary income dividends, qualified dividend income and capital gain distributions shortly after the close of each calendar year.

Certain Funds' investment strategies may limit their ability to make distributions eligible for the reduced tax rates applicable to qualified dividend income.

In the case of corporate shareholders, Fund distributions (other than capital gain distributions) generally qualify for the dividends received deduction to the extent such distributions are so reported and do not exceed the gross amount of qualifying dividends received by such Fund for the year. Generally, and subject to certain limitations (including certain holding period limitations), a dividend will be treated as a qualifying dividend if it has been received from a domestic corporation. Certain Funds' investment strategies will significantly limit their ability to distribute dividends eligible for the dividends-received deduction for corporations.

A RIC that receives business interest income may pass through its net business interest income for purposes of the tax rules applicable to the interest expense limitations under Section 163(j) of the Code. A RIC's total "Section 163(j) Interest Dividend" for a tax year is limited to the excess of the RIC's business interest income over the sum of its business interest expense and its other deductions properly allocable to its business interest income. A RIC may, in its discretion, designate all or a portion of ordinary dividends as Section 163(j) Interest Dividends, which would allow the recipient shareholder to treat the designated portion of such dividends as interest income for purposes of determining such shareholder's interest expense deduction limitation under Section 163(j) of the Code. This can potentially increase the amount of a shareholder's interest expense deductible under Section 163(j) of the Code. In general, to be eligible to treat a Section 163(j) Interest Dividend as interest income, you must have held your shares in a Fund for more than 180 days during the 361- day period beginning on the date that is 180 days before the date on which the share becomes ex-dividend with respect to such dividend. However, the holding period requirement does not apply to a Fund that declares interest dividends on a daily basis in an amount equal to at least 90 percent of such Fund's excess section 163(j) interest income and distribute such dividends on a monthly basis. Section 163(j) Interest Dividends, if so designated by a Fund, will be reported to your financial intermediary or otherwise in accordance with the requirements specified by the IRS.

A Fund may derive capital gains and losses in connection with the sale or other disposition of its portfolio securities. Distributions from net short-term capital gains will generally be taxable to shareholders as ordinary income. Distributions from net capital gain (i.e., the excess of a Fund's net long-term capital gains over its net short-term capital losses) will be taxable to non-corporate shareholders at reduced tax rates, regardless of how long the shareholders have held their shares in the Funds.

If a Fund's distributions exceed its current and accumulated earnings and profits for the taxable year, all or a portion of the distributions may be recharacterized as a return of capital to shareholders. A return of capital distribution generally will not be taxable but will reduce the shareholder's tax basis in Fund shares and result in a higher capital gain or lower capital loss when the shares on which the distribution was received are sold. After a shareholder's basis in the shares has been reduced to zero, distributions in excess of earnings and profits will be treated as gain from the sale of the shareholder's shares.

A dividend or distribution received shortly after the purchase of shares reduces the net asset value of the shares by the amount of the dividend or distribution and, although in effect a return of capital, will be taxable to the shareholder.

Dividends declared to shareholders of record in October, November or December and actually paid in January of the following year will be treated as having been received by shareholders on December 31 of the calendar year in which declared. In addition, certain distributions made after the close of a taxable year of a Fund may be "spilled back" and treated for certain purposes as paid by the Funds during such taxable year. For purposes of calculating the amount of a RIC's undistributed income and gain subject to the 4% excise tax described above, such "spilled back" dividends are treated as paid by the RIC when they are actually paid. Distribution of ordinary income and capital gains may also be subject to foreign, state and local taxes depending on a shareholder's circumstances.

Taxation of Shareholders — Sale, Exchange or Redemption of Shares. Any gain or loss recognized on a sale, exchange, or redemption of shares of a Fund by a shareholder who holds shares as capital assets will generally, for individual shareholders, be treated as a long-term capital gain or loss if the shares have been held for more than twelve months and otherwise will be treated as a short-term capital gain or loss. However, any loss recognized on shares held for six months or less will be treated as a long-term capital loss to the extent of any distributions or deemed distributions to the shareholder of net capital gains with respect to the shares. In addition, any loss realized on a sale or other disposition of shares (other than shares of a money market fund) will be disallowed to the extent a shareholder repurchases (or enters into a contract to or option to repurchase) shares within a period of 61 days (beginning 30 days before and ending 30 days after the disposition of the shares). This loss disallowance rule will apply to shares received through the reinvestment of dividends during the 61-day period.

Each Fund (or its administrative agent) must report to the IRS and furnish to the Funds' shareholders the cost basis information for Fund shares purchased, and sold. In addition to reporting the gross proceeds from the sale of Fund shares the Funds (or their administrative agents) will also be required to report cost basis information for such shares and indicate whether these shares had a short-term or long-term holding period. If a shareholder has a different basis for different shares of the Funds held in the same account (e.g., if a shareholder purchased shares in the same account at different times for different prices), the Funds will calculate the basis of the shares sold using its default method unless the shareholder has properly elected to use a different method. Each Fund's default method for calculating basis will be the average cost basis method, under which the basis per share is reported as the average of the bases of all of the shareholder's Fund shares in the account. A shareholder may elect, on an account-by-account basis, to use a method other than the average cost basis method by following procedures established by a Fund or its administrative agent. If such an election is made on or prior to the date of the first exchange or redemption of shares in the account and on or prior to the date that is one year after the shareholder receives notice of a Fund's default method, the new election will generally apply as if the average cost basis method had never been in effect for such account. If such an election is not made on or prior to such dates, the shares in the account at the time of the election will retain their averaged bases. Shareholders should consult their tax advisers concerning the tax consequences of applying the average cost basis method or electing another method of basis calculation.

Net Investment Income Tax. U.S. individuals with income exceeding certain thresholds are subject to a 3.8% tax on all or a portion of their "net investment income," which includes interest, dividends, and capital gains (including capital gains realized on the sale or exchange of shares of a Fund). This 3.8% tax also applies to all or a portion of the undistributed net investment income of certain shareholders that are estates and trusts.

Taxation of Fund Investments. Certain of the Funds' investments may be subject to complex provisions of the Code (including provisions relating to hedging transactions, straddles, integrated transactions, foreign currency contracts, forward foreign currency contracts, and notional principal contracts) that, among other things, may affect each Fund's ability to qualify as a RIC, affect the character of gains and losses realized by the Funds (e.g., may affect whether gains or losses are ordinary or capital), accelerate recognition of income to the Fund and defer losses. These rules could therefore affect the character, amount and timing of distributions to shareholders. These provisions also may require the Funds to mark-to-market certain types of positions in their portfolios (i.e., treat them as if they were closed out) which may cause the Funds to recognize income without receiving cash with which to make distributions in amounts necessary to satisfy the RIC distribution requirements for avoiding income and excise taxes.

Each Fund is required for federal income tax purposes to mark-to-market and recognize as income for each taxable year its net unrealized gains and losses on certain futures and options contracts subject to section 1256 of the Code ("Section 1256 Contracts") as of the end of the year as well as those actually realized during the year. Gain or loss from Section 1256 Contracts on broad-based indexes required to be marked to market will be 60% long-term and

40% short-term capital gain or loss. Application of this rule may alter the timing and character of distributions to shareholders. A Fund may be required to defer the recognition of losses on Section 1256 Contracts to the extent of any unrecognized gains on offsetting positions held by the Funds.

It is anticipated that any net gain realized from the closing out of futures or options contracts will be considered gain from the sale of securities and therefore will be qualifying income for purposes of the 90% qualifying income requirement. The Funds distribute to shareholders at least annually any net capital gains which have been recognized for federal income tax purposes, including unrealized gains at the end of the Funds' fiscal year on futures or options transactions. Such distributions are combined with distributions of capital gains realized on a Fund's other investments and shareholders are advised on the nature of the distributions.

As a result of entering into swap contracts, the Funds may make or receive periodic net payments. The Funds may also make or receive a payment when a swap is terminated prior to maturity through an assignment of the swap or other closing transaction. Periodic net payments will generally constitute ordinary income or deductions, while termination of a swap will generally result in capital gain or loss (which will be a long-term capital gain or loss if the Funds have been a party to the swap for more than one year). The tax treatment of many types of credit default swaps is uncertain and may affect the amount, timing or character of the income distributed to you by the Funds.

Dividends and interest received with respect to foreign securities may give rise to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes. If a Fund meet certain requirements, which include a requirement that more than 50% of the value of a Fund's total assets at the close of its respective taxable year consist of stocks or securities of foreign corporations, then the Fund should be eligible to file an election with the IRS that may enable shareholders, in effect, to receive either the benefit of a foreign tax credit, or a tax deduction, with respect to certain foreign income taxes and certain taxes of U.S. possessions paid by the Funds, subject to certain limitations. Pursuant to this election, a Fund will treat those taxes as dividends paid to its shareholders. Each such shareholder will be required to include a proportionate share of those taxes in gross income as income received from a foreign source and must treat the amount so included as if the shareholder had paid the foreign tax directly. The shareholder may then either deduct the taxes deemed paid by him or her in computing his or her taxable income or, alternatively, use the foregoing information in calculating any foreign tax credit the shareholder may be entitled to use against such shareholder's federal income tax. No deduction for foreign taxes paid by a Fund may be claimed by non-corporate shareholders who do not itemize deductions. Additionally, no deduction for such taxes will be permitted to individuals in computing their alternative minimum tax liability. If a Fund make this election, the Fund will report annually to its shareholders the respective amounts per share of the Funds' income from sources within, and taxes paid to, foreign countries and U.S. possessions. Under certain circumstances, if a Fund receives a refund of foreign taxes paid in respect of a prior year, the value of shares could be reduced or any foreign tax credits or deductions passed through to shareholders in respect of the Fund's foreign taxes for the current year could be reduced.

Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time the Funds accrue income or incurs liabilities denominated in a foreign currency and the time the Funds actually collects such income or pays such liabilities are generally treated as ordinary income or ordinary loss. Similarly, gains or losses on foreign currency, foreign currency forward contracts, certain foreign currency options or futures contracts and the disposition of debt securities denominated in foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

If a Fund owns shares in certain foreign entities, referred to as "passive foreign investment companies" or "PFICs," the Funds will generally be subject to one of the following special tax regimes: (i) the Fund may be liable for U.S. federal income tax, and an additional interest charge, on a portion of any "excess distribution" from such foreign entity or any gain from the disposition of such shares, even if the entire distribution or gain is paid out by the Funds as a dividend to its shareholders; (ii) if the Fund were able and elected to treat a PFIC as a "qualified electing fund" or "QEF," the Fund would be required each year to include in income, and distribute to shareholders in accordance with the distribution requirements set forth above, the Fund's pro rata share of the ordinary earnings and net capital gains of the passive foreign investment company, whether or not such earnings or gains are distributed to the Funds; or (iii) the Fund may be entitled to mark-to-market annually shares of the PFIC, whether or not any distributions are made to the Fund, and in such event would be required to distribute to shareholders any such mark-to-market gains in accordance with the distribution requirements set forth above.

Amounts included in income each year by a Fund arising from a QEF election will be “qualifying income” under the Qualifying Income Test (as described above) even if not distributed to the Fund, if the Fund derives such income from its business of investing in stock, securities or currencies.

With respect to investments in STRIPS, Treasury Receipts, and other zero coupon securities which are sold at original issue discount and thus do not make periodic cash interest payments, a Fund will be required to include as part of its current income the imputed interest on such obligations even though the Fund has not received any interest payments on such obligations during that period. Because each Fund intends to distribute all of its net investment income to its shareholders, a Fund may have to sell Fund securities to distribute such imputed income which may occur at a time when the Investment Adviser would not have chosen to sell such securities and which may result in taxable gain or loss.

Any market discount recognized on a bond is taxable as ordinary income. A market discount bond is a bond acquired in the secondary market at a price below redemption value or adjusted issue price if issued with original issue discount. Absent an election by a Fund to include the market discount in income as it accrues, gain on the Fund’s disposition of such an obligation will be treated as ordinary income rather than capital gain to the extent of the accrued market discount.

Additional Considerations for the Intermediate Municipal Bond Fund. If at least 50% of the value of the Fund’s total assets at the close of each quarter of its taxable years consists of debt obligations that generate interest exempt from U.S. federal income tax, then the Fund may qualify to pass through to its shareholders the tax-exempt character of its income from such debt obligations by paying tax-exempt interest dividends. The Fund intends to qualify and to provide shareholders with income exempt from U.S. federal income tax in the form of exempt-interest dividends. “Tax exempt-interest dividends” are dividends (other than capital gain dividends) paid by a RIC that are properly reported as such in a written statement furnished to shareholders.

The Fund will report to its shareholders the portion of the distributions for the taxable year that constitutes tax-exempt interest dividends. The reported portion generally cannot exceed the excess of the amount of interest excludable from gross income under the Code received by the Fund during the taxable year over any amounts disallowed with respect to deductions for interest expense incurred to purchase or carry tax-exempt obligations. Similarly, interest on indebtedness incurred to purchase or carry shares of the Fund by shareholders will not be deductible to the extent that the Fund’s distributions are exempt from the U.S. federal income tax. In addition, an investment in the Fund may result in liability for the AMT for certain shareholders. Certain deductions and exemptions have been designated “tax preference items” which must be added back to taxable income for purposes of calculating the AMT for individual shareholders. Tax preference items include tax-exempt interest on certain “private activity bonds.” To the extent the Fund invests in certain private activity bonds, its individual shareholders will be required to report that portion of the Fund’s distributions attributable to income from the bonds as a tax preference item in determining their AMT, if any. Interest paid on a bond issued after December 31, 2017 to advance refund another bond is subject to federal income tax. Shareholders will be notified of the tax status of distributions made by the Fund. Persons who may be “substantial users” (or “related persons” of substantial users) of facilities financed by private activity bonds should consult their tax advisers before purchasing shares in the Fund. Furthermore, individual shareholders will not be permitted to deduct any of their share of the Fund’s expenses in computing their AMT.

Shareholders with questions or concerns about the AMT should consult own their own tax advisers.

Ordinarily, the Fund relies on opinions from the issuer’s bond counsel that interest on the issuer’s debt obligation will be exempt from U.S. federal income tax. However, no assurance can be given that the IRS will not successfully challenge such exemption, which could cause interest on the debt obligation to be taxable and could jeopardize the Fund’s ability to pay any tax-exempt interest dividends. Similar challenges may occur as to state specific exemptions.

A shareholder who receives Social Security or railroad retirement benefits should consult the shareholder’s own tax adviser to determine what effect, if any, an investment in the Fund may have on the U.S. federal taxation of such benefits. Tax-exempt interest dividends are included in income for purposes of determining the amount of benefits that are taxable.

Distributions of the Fund’s income other than tax-exempt interest dividends generally will be taxable to shareholders as described above in “Taxation of Shareholders — Distributions”. Gains realized by the Fund on the sale or exchange of investments that generate tax-exempt income will also be taxable to shareholders as described above in “Taxation of Shareholders — Sale, Exchange or Redemption of Shares”.

Foreign Shareholders. Dividends paid by the Funds to shareholders who are nonresident aliens or foreign entities, to the extent derived from investment income and short-term capital gain (other than "short-term capital gain dividends" and "interest-related dividends" described below), will be subject to a 30% U.S withholding tax unless a reduced rate of withholding or a withholding exemption is provided under applicable treaty law or unless such income is effectively connected with a U.S. trade or business carried on through a permanent establishment in the United States. Nonresident shareholders are urged to consult their own tax advisers concerning the applicability of the U.S. withholding tax and the proper withholding form(s) to be submitted to a Fund. A non-U.S. shareholder who fails to provide an appropriate IRS Form W-8 may be subject to backup withholding at the appropriate rate. Backup withholding will not be applied to payments that have been subject to the 30% (or lower treaty rate) withholding tax described in this paragraph. The 30% withholding tax generally will not apply to distributions of the excess of net long-term capital gains over net short-term capital losses or to redemption proceeds. The 30% withholding tax also will not apply to dividends that a Fund reports as (a) interest-related dividends, to the extent such dividends are derived from the Fund's "qualified net interest income," or (b) short-term capital gain dividends, to the extent such dividends are derived from the Fund's "qualified short- term gain." "Qualified net interest income" is the Fund's net income derived from U.S.-source interest and original issue discount, subject to certain exceptions and limitations. "Qualified short-term gain" generally means the excess of the net short-term capital gain of the Funds for the taxable year over its net long-term capital loss, if any. In the case of shares held through an intermediary, the intermediary may withhold even if a Fund reports the payment as an interest-related dividend or short-term capital gain dividend. Non-U.S. shareholders should contact their intermediaries with respect to the application of these rules to their accounts.

Under legislation generally known as "FATCA" (the Foreign Account Tax Compliance Act), the Funds are required to withhold 30% of certain ordinary dividends it pays to shareholders that fail to meet prescribed information reporting or certification requirements. In general, no such withholding will be required with respect to a U.S. person or non-U.S. person that timely provides the certifications required by the Funds or their agent on a valid IRS Form W-9 or applicable series of IRS Form W-8, respectively. Shareholders potentially subject to withholding include foreign financial institutions ("FFIs"), such as non-U.S. investment funds, and non-financial foreign entities ("NFFEs"). To avoid withholding under FATCA, an FFI generally must enter into an information sharing agreement with the IRS in which it agrees to report certain identifying information (including name, address, and taxpayer identification number) with respect to its U.S. account holders (which, in the case of an entity shareholder, may include its direct and indirect U.S. owners), and an NFFE generally must identify and provide other required information to a Fund or other withholding agent regarding its U.S. owners, if any. Such non-U.S. shareholders also may fall into certain exempt, excepted or deemed compliant categories as established by regulations and other guidance. A non-U.S. shareholder resident or doing business in a country that has entered into an intergovernmental agreement with the U.S. to implement FATCA will be exempt from FATCA withholding provided that the shareholder and the applicable foreign government comply with the terms of the agreement.

A non-U.S. entity that invests in a Fund will need to provide the Fund with documentation properly certifying the entity's status under FATCA in order to avoid FATCA withholding. Non-U.S. investors in the Funds should consult their tax advisors in this regard.

Tax-Exempt Shareholders. Certain tax-exempt shareholders, including qualified pension plans, individual retirement accounts, salary deferral arrangements, 401(k)s, and other tax-exempt entities, generally are exempt from federal income taxation except with respect to their unrelated business taxable income ("UBTI"). Tax-exempt entities are not permitted to offset losses from one trade or business against the income or gain of another trade or business. Certain net losses incurred prior to January 1, 2018 are permitted to offset gain and income created by an unrelated trade or business, if otherwise available. Under current law, the Funds generally serves to block UBTI from being realized by their tax-exempt shareholders. However, notwithstanding the foregoing, tax-exempt shareholders could realize UBTI by virtue of their investment in a Fund where, for example, (i) the Fund invests in real estate investment trusts that hold residual interests in "real estate mortgage investment conduits" or (ii) shares in the Fund constitute debt-financed property in the hands of the tax-exempt shareholder within the meaning of Section 514(b) of the Code. Charitable remainder trusts are subject to special rules and should consult their tax advisers.

The Funds' shares held in a tax-qualified retirement account will generally not be subject to federal taxation on income and capital gains distributions from the Funds until a shareholder begins receiving payments from their retirement account.

Backup Withholding. The Funds will be required in certain cases to withhold (as "backup withholding") on amounts payable to any shareholder who (1) has provided the Funds either an incorrect tax identification number or no number at all, (2) is subject to backup withholding by the IRS for failure to properly report payments of interest or dividends, (3) has failed to certify to the Funds that such shareholder is not subject to backup withholding, or (4) has not certified that such shareholder is a U.S. person (including a U.S. resident alien). The backup withholding rate is 24%.

Certain Reporting Regulations. If a shareholder recognizes a loss on disposition of Fund shares of $2 million or more for an individual shareholder or $10 million or more for a corporate shareholder (or certain greater amounts over a combination of years), the shareholder must file with the IRS a disclosure statement on Form 8886. Direct shareholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, shareholders of a RIC are not excepted. A shareholder who fails to make the required disclosure to the IRS may be subject to adverse tax consequences, including significant penalties. The fact that a loss is so reportable does not affect the legal determination of whether the taxpayer's treatment of the loss is proper.

State Tax Matters. Distributions by the Funds to their shareholders and the ownership of Fund shares will generally be subject to applicable state and local taxes. In some states, distributions paid from interest earned on direct obligations of the U.S. government may be exempt from personal income tax. Investment in GNMA or FNMA securities, banker's acceptances, commercial paper, and repurchase agreements collateralized by U.S. government securities do not generally qualify for such tax-free treatment. You should contact your tax adviser concerning the possible qualification of Fund distributions for any exemption in your state.

Shareholders are urged to consult their tax advisers regarding state and local taxes applicable to an investment in shares.

The foregoing discussion is a summary only and is not intended as a substitute for careful tax planning. Purchasers of shares should consult their own tax advisers as to the tax consequences of investing in such shares, including under state, local and other tax laws. Finally, the foregoing discussion is based on applicable provisions of the Code, regulations, judicial authority and administrative interpretations in effect on the date hereof. Changes in applicable authority could materially affect the conclusions discussed above, and such changes often occur. Because each shareholder's tax situation is different, shareholders should consult their tax advisor about the tax implications of an investment in the Funds.

DESCRIPTION OF SHARES

The Trust is an open-end management investment company organized as a Delaware Trust on October 28, 2005. Its offices are located at 140 Broadway, New York, New York 10005; its telephone number is 800-575-1265. The Agreement and Declaration of Trust currently permits the Trust to issue an unlimited number of shares with no par value.

Each share of the Funds represents an equal proportional interest in the Funds with each other share. Upon liquidation of a Fund, shareholders are entitled to share pro rata in the net assets of the Funds available for distribution to shareholders.

Shareholders of the Funds are entitled to a full vote for each share held and to a fractional vote for each fractional share held. Separate votes are taken by a single series of the Trust on matters affecting only that series, and by a single class of a particular series on matters affecting only that class. Shareholders in the Trust do not have cumulative voting rights, and shareholders owning more than 50% of the outstanding shares of the Trust may elect all of the Trustees if they choose to do so and, in such event, the other shareholders in the Trust would not be able to elect any Trustee. The Trust is not required and has no current intention to hold meetings of shareholders annually, but the Trust will hold special meetings of shareholders when in the judgment of the Trustees it is necessary or desirable to submit matters for a shareholder vote as may be required by the 1940 Act or as may be permitted by the Agreement and Declaration of Trust or By-laws. Shareholders have under certain circumstances (e.g., upon application and submission of certain specified documents to the Trustees by a specified number of shareholders) the right to communicate with other shareholders in connection with requesting a meeting of shareholders for the purpose of removing one or more Trustees. Shareholders also have the right to remove one or more Trustees without a meeting by a declaration in writing by a specified number of shareholders. Shares have no preemptive or conversion rights. The rights of redemption are described in the Prospectus. Shares are fully paid and non-assessable by the Trust. The Trust's Agreement and Declaration of Trust provides that the Trust may, upon the approval of its Board, require the redemption of all or any part of any outstanding shares without shareholder consent upon the sending of written notice thereof to each affected shareholder. This might occur, for example, if the Funds do not reach or fails to maintain an economically viable size.

Share certificates are not issued by the Trust.

The By-laws of the Trust provide that the presence in person or by proxy of the holders of record of one third of the shares of the Funds outstanding and entitled to vote thereat shall constitute a quorum at all meetings of Funds' shareholders, except as otherwise required by applicable law. The By-laws further provide that all questions shall be decided by a majority of the votes cast at any such meeting at which a quorum is present, except as otherwise required by applicable law.

The Trust's Agreement and Declaration of Trust provides that, at any meeting of shareholders of the Funds, each financial intermediary may vote any shares as to which that financial intermediary is the agent of record and which are otherwise not represented in person or by proxy at the meeting, proportionately in accordance with the votes cast by holders of all shares otherwise represented at the meeting in person or by proxy as to which that financial intermediary is the agent of record. Any shares so voted by a financial intermediary are deemed represented at the meeting for purposes of quorum requirements.

The Agreement and Declaration of Trust further provides that obligations of the Trust are not binding upon the Trust's Trustees individually but only upon the property of the Trust and the Trustees are not liable for any action or failure to act. Notwithstanding the foregoing, nothing in the Agreement and Declaration of Trust protects a Trustee against any liability to which he or she would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

The Trust has adopted a plan pursuant to Rule 18f-3 under the 1940 Act (the "Plan") to permit the Trust to establish a multiple class distribution system for the Funds. Under the Plan, each class of shares represents an interest in the same portfolio of investments of the Funds and has the same rights and privileges as any other class of the Funds.

PORTFOLIO BROKERAGE TRANSACTIONS

Each Fund is managed actively in pursuit of its investment objective. Securities are not traded for short-term profits but, when circumstances warrant, securities are sold without regard to the length of time held. A 25% annual turnover rate would occur, for example, if one-quarter of the securities in a Fund's portfolio (excluding short-term obligations) were replaced once in a period of one year. The amount of brokerage commissions and taxes on realized capital gains to be borne by the shareholders of a Fund tends to increase as the turnover rate activity increases.

In effecting securities transactions for the Funds, the Investment Adviser seeks to obtain the best price and execution of orders. In selecting a broker, the Investment Adviser considers a number of factors including: the broker's ability to execute orders without disturbing the market price; the broker's reliability for prompt, accurate confirmations and on-time delivery of securities; the broker's financial condition and responsibility; the research and other investment information provided by the broker; and the commissions charged. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the Investment Adviser determines in good faith that the amount of such commissions is reasonable in relation to the value of the brokerage services and research information provided by such broker.

Portfolio securities are not purchased from or sold to the Administrator, Distributor or Investment Adviser or any "affiliated person" (as defined in the 1940 Act) of the Administrator, Distributor or Investment Adviser when such entities are acting as principals, except to the extent permitted by law.

The Board from time to time reviews, among other things, information concerning the prevailing level of commissions charged by qualified brokers.

The Investment Adviser may direct a portion of the Funds' securities transactions to certain unaffiliated brokers which in turn use a portion of the commissions they receive from the Funds to pay other unaffiliated service providers for services provided to the Funds for which the Fund would otherwise be obligated to pay. Such commissions paid by the Funds are at the same rate paid to other brokers for effecting similar transactions in listed equity securities.

The Funds execute transactions through qualified brokers other than BBH&Co. In selecting such brokers, the Investment Adviser may consider the research and other investment information provided by such brokers. Such research services include economic statistics and forecasting services, industry and company analyses, portfolio strategy services, quantitative data, and consulting services from economists and political analysts. Research services furnished by brokers are used for the benefit of all the Investment Adviser's and BBH&Co.'s clients and not solely or necessarily for the benefit of the Funds. The Investment Adviser believes that the value of research services received is not readily determinable. The Trust does not reduce the fee paid by the Funds to the Investment Adviser by any amount that might be attributable to the value of such services.

BBH&Co. maintains a list of approved Brokers and establishes committees that will periodically assess and review the full range of broker-dealer services including: the Broker's ability to execute orders without disturbing the market price; the Broker's reliability for prompt, accurate confirmations and on-time delivery of securities; the Broker's financial condition and responsibility; the research and other investment information provided by the Broker; and the commissions charged. In evaluating the execution capability of approved Brokers, these committees will review, when appropriate, a number of factors that may include, without limitation, the following: (i) ability to execute orders at the prevailing market price at the time of order entry; (ii) ability to execute orders on a timely basis; and (iii) ability to automate order flow, including the ability of the execution venue to support the order types. In addition, under Section 28(e) of the Exchange Act, the value of the permitted products and services can be factored into the equation for evaluating the cost of each transaction, including higher commissions, to determine if best execution is in fact obtained from approved Brokers. Any new Brokers shall be assessed against BBH&Co.'s best execution criteria and reviewed by the applicable committee for inclusion on the approved Broker list.

The Trustees review regularly the reasonableness of commissions and other transaction costs incurred for the Funds in light of facts and circumstances deemed relevant from time to time and, in that connection, receive reports from the Investment Adviser and published data concerning transaction costs incurred by institutional investors generally.

The writing of options by the Trust may be subject to limitations established by each of the exchanges governing the maximum number of options in each class which may be written by a single investor or group of investors acting in concert, regardless of whether the options are written on the same or different exchanges or are held or written in one or more accounts or through one or more brokers. The number of options which the Trust may write may be affected by options written by the Investment Adviser for other investment advisory clients. An exchange may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions.

Brokerage Commissions Paid. The following tables set forth certain information regarding each Fund's payment of brokerage commissions for the last three fiscal years ended October 31.

Brokerage Commissions Paid

Fund	2023	2022	2021
BBH Select Series – Large Cap Fund	$20,584	$42,920	$54,097
BBH Select Series – Mid Cap Fund	$57,663	$2,811	$3,707
BBH Partner Fund – International Equity	$1,209,443	$981,407	$2,214,221
BBH Partner Fund – Small Cap Equity	$69,205	$96,291	$66,528
BBH Limited Duration Fund	N/A	N/A	N/A
BBH Intermediate Municipal Bond Fund	N/A	N/A	N/A
BBH Income Fund	N/A	N/A	N/A
BBH U.S. Government Money Market Fund	N/A	N/A	N/A

ADDITIONAL INFORMATION

As used in this SAI and the Prospectus, the term "majority of the outstanding voting securities" (as defined in the 1940 Act) currently means the vote of: (i) 67% or more of a Fund's shares present at a meeting, if the holders of more than 50% of a Fund's outstanding voting securities are present in person or represented by proxy; or (ii) more than 50% of a Fund's outstanding voting securities, whichever is less.

Fund shareholders receive semi-annual reports containing unaudited financial statements and annual reports containing financial statements audited by an independent registered public accounting firm.

With respect to the securities offered by the Funds, this SAI and the Prospectus do not contain all the information included in the Registration Statement filed with the SEC under the 1933 Act. Pursuant to the rules and regulations of the SEC, certain portions have been omitted. The Registration Statement including the exhibits filed therewith may be examined at the office of the SEC in Washington, D.C. or by calling 1-202-551-8090. Additionally, this information is available on the SEC's website at *http://www.sec.gov*. A copy may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov.

Statements contained in this SAI and the Prospectus concerning the contents of any contract or other document are not necessarily complete, and in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement. Each such statement is qualified in all respects by such reference.

FINANCIAL STATEMENTS

The financial statements and financial highlights of the Funds as of December 31, 2023, incorporated by reference in this Statement of Additional Information, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports. Such financial statements and financial highlights are incorporated by reference in reliance upon the reports of such firm given their authority as experts in accounting and auditing. You can obtain a copy by visiting *www.bbhfunds.com* or contacting your financial intermediary.

APPENDIX I — DESCRIPTION OF RATINGS

The Limited Duration Fund, Intermediate Municipal Bond Fund and Income Fund's investments may range in quality from securities rated in the lowest category in which each Fund is permitted to invest to securities rated in the highest category (as rated by nationally rated statistical ratings organizations including, but not limited to: Moody's, Standard & Poor's, Fitch's, DBRS, Kroll, or, if unrated by such organizations, as determined by the Investment Adviser to be of comparable quality). The percentage of each Fund's assets invested in securities in a particular rating category will vary. The following terms are generally used to describe the credit quality of fixed income securities:

Investment Grade Debt Securities are those rated in one of the four highest rating categories or, if unrated, deemed comparable by the Investment Adviser.

Below Investment Grade, High Yield Securities ("Junk Bonds") are those rated lower than Baa by Moody's or BBB by Standard & Poor's and comparable securities. They are deemed to be predominately speculative with respect to the issuer's ability to repay principal and interest.

Moody's Investor Service

A Description of Moody's Investors Service, Inc.'s ("Moody's") Global Rating Scales Ratings assigned on Moody's global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Short term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect the likelihood of a default on contractually promised payments.

Description of Moody's Long-Term Obligation Ratings

Aaa Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B Obligations rated B are considered speculative and are subject to high credit risk.

Caa Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

Ca Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C Obligations rated C are the lowest rated class and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aaa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Hybrid Indicator (hyb)

The hybrid indicator (hyb) is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

Description of Short-Term Obligation Ratings

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3 Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Description of Moody's US Municipal Short-Term Obligation Ratings

The Municipal Investment Grade ("MIG") scale is used to rate US municipal bond anticipation notes of up to three years maturity. Municipal notes rated on the MIG scale may be secured by either pledged revenues or proceeds of a take-out financing received prior to note maturity. MIG ratings expire at the maturity of the obligation, and the issuer's long-term rating is only one consideration in assigning the MIG rating. MIG ratings are divided into three levels — MIG 1 through MIG 3 — while speculative grade short-term obligations are designated SG.

MIG 1. This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2. This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3. This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG. This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Description of Moody's Demand Obligation Ratings

In the case of variable rate demand obligations ("VRDOs"), a two-component rating is assigned: a long or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of risk associated with the ability to receive purchase price upon demand ("demand feature"). The second element uses a rating from a variation of the MIG scale called the Variable Municipal Investment Grade ("VMIG") scale.

VMIG 1. This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2. This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 3. This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

SG. This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

Standard & Poor's, a Division of S&P Global Inc. ("Standard & Poor's") Ratings

A Standard & Poor's issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects Standard & Poor's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

Issue credit ratings can be either long-term or short-term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days — including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long term obligations. Medium-term notes are assigned long-term ratings.

Issue credit ratings are based, in varying degrees, on Standard & Poor's analysis of the following considerations:

Likelihood of payment — capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;

Nature of and provisions of the obligation and the imputed promise;

Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

*Long-Term Issue Credit Ratings**

AAA	An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
AA	An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
A	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
BB B CCC CC C	Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.
CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred, but Standard & Poor's expects default to be a virtual certainty, regardless of the anticipated time to default.

C An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

D An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

NR. This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

* The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Short-Term Issue Credit Ratings

A-1 A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2 A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3 A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

C A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

Description of Standard & Poor's Municipal Short-Term Note Ratings

A Standard & Poor's U.S. municipal note rating reflects Standard & Poor's opinion about the liquidity factors and market access risks unique to the notes. Notes due in three years or less will likely receive a note rating. Notes with an original maturity of more than three years will most likely receive a long-term debt rating. In determining which type of rating, if any, to assign, Standard & Poor's analysis will review the following considerations:

Amortization schedule — the larger the final maturity relative to other maturities, the more likely it will be treated as a note; and

Source of payment — the more dependent the issue is on the market for its refinancing, the more likely it will be treated as a note.

Standard & Poor's municipal short-term note rating symbols are as follows:

SP-1. Strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.

SP-2. Satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.

SP-3. Speculative capacity to pay principal and interest.

Description of Fitch Ratings' ("Fitch's") Credit Ratings Scales

Fitch's credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings are used by investors as indications of the likelihood of receiving the money owed to them in accordance with the terms on which they invested.

The terms "investment grade" and "speculative grade" have established themselves over time as shorthand to describe the categories 'AAA' to 'BBB' (investment grade) and 'BB' to 'D' (speculative grade). The terms "investment grade" and "speculative grade" are market conventions, and do not imply any recommendation or endorsement of a specific security for investment purposes. "Investment grade" categories indicate relatively low to moderate credit risk, while ratings in the "speculative" categories either signal a higher level of credit risk or that a default has already occurred.

Fitch's credit ratings do not directly address any risk other than credit risk. In particular, ratings do not deal with the risk of a market value loss on a rated security due to changes in interest rates, liquidity and other market considerations. However, in terms of payment obligation on the rated liability, market risk may be considered to the extent that it influences the *ability* of an issuer to pay upon a commitment. Ratings nonetheless do not reflect market risk to the extent that they influence the size or other conditionality of the *obligation* to pay upon a commitment (for example, in the case of index-linked bonds).

In the default components of ratings assigned to individual obligations or instruments, the agency typically rates to the likelihood of non-payment or default in accordance with the terms of that instrument's documentation. In limited cases, Fitch may include additional considerations (*i.e.*, rate to a higher or lower standard than that implied in the obligation's documentation). In such cases, the agency will make clear the assumptions underlying the agency's opinion in the accompanying rating commentary.

Description of Fitch's Long-Term Corporate Finance Obligations Rating Scales

Fitch long-term obligations rating scales are as follows:

AAA Highest credit quality.	'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA Very high credit quality.	'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A High credit quality.	'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB Good credit quality.	'BBB' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB Speculative.	'BB' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B Highly speculative.	'B' ratings indicate that material credit risk is present. CCC 'CCC' ratings indicate that substantial credit risk is present. CC 'CC' ratings indicate very high levels of credit risk. C 'C' ratings indicate exceptionally high levels of credit risk.

Defaulted obligations typically are not assigned 'RD' or 'D' ratings, but are instead rated in the 'B' to 'C' rating categories, depending upon their recovery prospects and other relevant characteristics. This approach better aligns obligations that have comparable overall expected loss but varying vulnerability to default and loss.

Note: The modifiers "+" or "–" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' obligation rating category, or to corporate finance obligation ratings in the categories below 'CCC'.

Description of Fitch's Short-Term Ratings

A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as "short term" based on market convention. Typically, this means up to13 months for corporate, sovereign, and structured obligations and up to 36 months for obligations in U.S. public finance markets.

Fitch short-term ratings are as follows:

F1	Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.
F3	Fair short-term credit quality. The intrinsic capacity for timely payment of financial commitments is adequate.
B	Speculative short-term credit quality. Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.
C	High short-term default risk. Default is a real possibility.
RD	Restricted default. Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Typically applicable to entity ratings only.
D	Default. Indicates a broad-based default event for an entity, or the default of a short-term obligation.

Kroll Bond Rating Agency

Kroll Bond Rating Agency ("KBRA") assigns credit ratings to issuers and their obligations using the same rating scale. In either case, KBRA's credit ratings are intended to reflect both the probability of default and severity of loss in the event of default, with greater emphasis on probability of default at higher rating categories. For obligations, the determination of expected loss severity is, among other things, a function of the seniority of the claim. Generally speaking, issuer-level ratings assume a loss severity consistent with a senior unsecured claim. KBRA appends an (sf) indicator to ratings assigned to structured finance obligations.

Long Term Credit Rating

AAA Determined to have almost no risk of loss due to credit-related events. Assigned only to the very highest quality obligors and obligations able to survive extremely challenging economic events.

AA Determined to have minimal risk of loss due to credit-related events. Such obligors and obligations are deemed very high quality.

A Determined to be of high quality with a small risk of loss due to credit-related events. Issuers and obligations in this category are expected to weather difficult times with low credit losses.

BBB Determined to be of medium quality with some risk of loss due to credit-related events. Such issuers and obligations may experience credit losses during stress environments.

BB Determined to be of low quality with moderate risk of loss due to credit-related events. Such issuers and obligations have fundamental weaknesses that create moderate credit risk.

B Determined to be of very low quality with high risk of loss due to credit-related events. These issuers and obligations contain many fundamental shortcomings that create significant credit risk.

CCC Determined to be at substantial risk of loss due to credit-related events, or currently in default with high recovery expectations.

CC Determined to be near default or in default with average recovery expectations.

C Determined to be near default or in default with low recovery expectations.

D KBRA defines default as occurring if:

1. There is a missed interest or principal payment on a rated obligation which is unlikely to be recovered.
2. The rated entity files for protection from creditors, is placed into receivership or is closed by regulators such that a missed payment is likely to result.
3. The rated entity seeks and completes a distressed exchange, where existing rated obligations are replaced by new obligations with a diminished economic value.

Short Term Credit Rating

K1 Very strong ability to meet short-term obligations.

K2 Strong ability to meet short-term obligations.

K3 Adequate ability to meet short-term obligations.

B Questionable ability to meet short-term obligations.

C Little ability to meet short-term obligations.

D KBRA defines default as occurring if:

1. There is a missed interest or principal payment on a rated obligation which is unlikely to be recovered.
2. The rated entity files for protection from creditors, is placed into receivership or is closed by regulators such that a missed payment is likely to result.
3. The rated entity seeks and completes a distressed exchange, where existing rated obligations are replaced by new obligations with a diminished economic value.

KBRA may append - or + modifiers to ratings in categories AA through CCC to indicate, respectively, upper and lower risk levels within the broader category.

Dominion Bond Rating Service ("DBRS")

Commercial Paper and Short-Term Debt Rating Scale

The DBRS short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner. Ratings are based on quantitative and qualitative considerations relevant to the issuer and the relative ranking of claims. The R-1 and R-2 rating categories are further denoted by the subcategories "(high)", "(middle)", and "(low)".

R-1 (high) Highest credit quality. The capacity for the payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

R-1 (middle) Superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high. Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

R-1 (low) Good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favorable as higher rating categories. May be vulnerable to future events, but qualifying negative factors are considered manageable.

R-2 (high) Upper end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events.

R-2 (middle) Adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events or may be exposed to other factors that could reduce credit quality.

R-2 (low) Lower end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events. A number of challenges are present that could affect the issuer's ability to meet such obligations.

R-3 Lowest end of adequate credit quality. There is a capacity for the payment of short-term financial obligations as they fall due. May be vulnerable to future events and the certainty of meeting such obligations could be impacted by a variety of developments.

R-4 Speculative credit quality. The capacity for the payment of short-term financial obligations as they fall due is uncertain.

R-5 Highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet short-term financial obligations as they fall due.

D When the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to D may occur. DBRS may also use SD (Selective Default) in cases where only some securities are impacted, such as the case of a "distressed exchange". See Default Definition for more information.

Long Term Obligations Scale

The DBRS long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligations has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category.

AAA	Highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.
AA	Superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.
A	Good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.
BBB	Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.
BB	Speculative, non-investment grade credit quality. The capacity for the payment of financial obligations is uncertain. Vulnerable to future events.
B	Highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet financial obligations.
CCC/CC/C	Very highly speculative credit quality. In danger of defaulting on financial obligations. There is little difference between these three categories, although CC and C ratings are normally applied to obligations that are seen as highly likely to default, or subordinated to obligations rated in the CCC to B range. Obligations in respect of which default has not technically taken place but is considered inevitable may be rated in the C category.
D	When the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to D may occur. DBRS may also use SD (Selective Default) in cases where only some securities are impacted, such as the case of a "distressed exchange". See Default Definition for more information.

APPENDIX II — LISTING OF SERVICE PROVIDERS AND VENDORS

The following is a list of persons/organizations other than the Investment Adviser and its affiliates that may receive nonpublic portfolio holdings information concerning the Funds:

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

Legal Counsel

Morgan, Lewis & Bockius LLP

Service Providers

ALPS Distributors, Inc.

ALPS Fund Services, Inc.

Security Pricing Services

Interactive Data Corp.

ITG, Inc.

FT Interactive

Reuters, Inc.