Brown Brothers Harriman

BBH Income Fund

Quarterly Fund Update / 3Q 2022

3Q Highlights

- The BBH Income Fund returned -4.00% during the third quarter and outperformed the Bloomberg US Aggregate Index by 0.75%. Performance was driven by positioning in high-yield corporate loans and bonds, asset-backed securities, and commercial mortgage-backed securities. A complete lack of exposure in weak-performing agency mortgage-backed securities also contributed.
- Bond yields continued to rise during the third quarter as investors priced in a faster pace of rate hikes and a higher peak federal funds (fed funds) rate in this tightening cycle.
- Rising interest rates and credit spreads bring the prospect of an appealing return environment ahead. We ascribe the widening in credit spreads to both legitimate fundamental concerns as the Fed's tightening cycle pushes the economy towards recession as well as unfavorable technical dynamics that have emerged with large bond fund outflows.
- Our portfolios are built on a bottom-up, bond-by-bond basis that stresses the durability of the individual credits we buy to survive more challenging economic conditions than even the worst that may arise in the coming quarters.

Performance
As of September 30, 2022

	Total Returns		Average Annual Total Returns				
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	-4.00%	-14.90%	-14.57%	-1.19%	N/A	N/A	1.55%
Benchmark	-4.75%	-14.61%	-14.60%	-3.26%	N/A	N/A	-0.04%

Class I: Net/Gross Expense Ratio (%) 0.47 / 0.47

* Returns are not annualized.

Performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than the original cost. For performance current to the most recent month-end please call 1-800-625-5759.

The investment adviser has contractually agreed to limit the Total Annual Fund Operating Expenses for Class I Shares to 0.50%, through March 1, 2023. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

The Benchmark is the Bloomberg US Aggregate Index.

Sources: BBH & Co. and Bloomberg

The bond market has experienced nearly unprecedented volatility in 2022, with each quarter contributing to the worst-performing year for bonds on record. During the third quarter, yields rose further as investors priced in a faster pace of rate hikes and a higher peak federal funds (fed funds) rate in this tightening cycle. Yields on the 2-year and 10-year Treasury rose 132 basis points[1] and 81 basis points on the quarter, respectively. Interest rates have not risen this quickly since 1981 - and then it was from a much higher starting level. The 10-year Treasury note's year-to-date return is -16.9%. Even the traditionally staid 2-year Treasury note's year-to-date return is -4.6%.

The market's turbulence stems from the confluence of rising interest rates with selling activity in government bonds and credit sectors. The Federal Reserve (Fed) is acting aggressively to combat inflationary pressures, and interest rates across the yield curve are marching higher in response. The Fed is simultaneously reducing its holdings of Treasury notes and mortgage-backed securities (MBS), adding further pressure on rates to attract the marginal buyer. Bond funds are also experiencing large and persistent outflows as investors prefer to wait-and-see where interest rates ultimately stabilize. These fund flows catalyze forced sales of high-quality bonds that have pushed credit spreads wider – albeit not to distressed levels. Together these developments have culminated in a -14.6% year-to-date return for the Bloomberg US Aggregate Index ending September 30, 2022.

While rising interest rates and credit spreads have hindered returns this year, they bring the prospect of appealing returns. The rise in credit spreads certainly reflects increasing recession concerns for future credit losses. Futures markets suggest that the Federal Reserve (Fed) will become sufficiently concerned about a downturn to begin *cutting rates* by the end of 2023. We ascribe the widening in credit spreads to both legitimate fundamental concerns as well as unfavorable technical dynamics that have emerged with large bond fund outflows. Our research process sidesteps this dilemma by stressing the durability of the individual credits we buy to survive more challenging economic conditions than even the worst that may arise in the coming quarters. Our portfolios are built on a *bottom-up, bond-by-bond basis* that seeks to protect our investors while capturing the increasingly attractive valuations offered in the credit markets.

The Fund generally outperformed the market benchmarks during the third quarter. A key contributing factor appears to be the diversified credit exposures we attained through a combination of investments in more and less traditional segments of the credit markets. We have outperformed broader fixed income market indices, and continue to find increasingly attractive valuations across credit sectors.

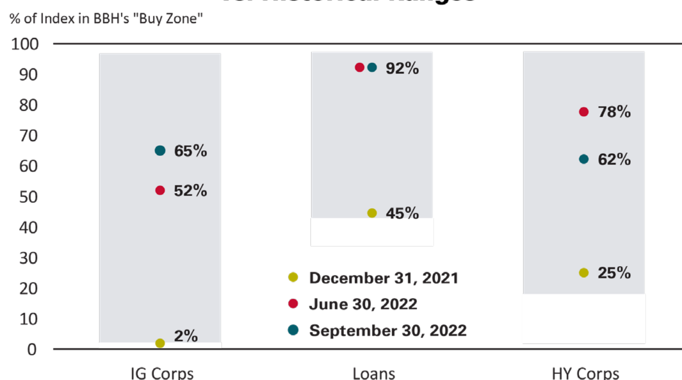
[1] One "basis point" or "bp" is 1/100th of a percent (0.01% or 0.0001).

Monetary Policy, Fiscal Policy, and Credit Markets

The Fed's policy tightening in 2022 has been remarkable in both pace and size, matched only by the Volcker Fed hikes of 1979 - 1981. The fed funds rate has risen by 300 basis points since March 2022, with two rounds of 75 basis point hikes occurring during the third quarter. Futures markets predict a rise of 100-125 basis points more by year-end, and another hike in Q1 2023 before the Fed pauses. At the same time, the Fed is reducing the size of its balance sheet, with the pace of decline by September accelerating to as much as $95 billion per month. The balance sheet reduction program (i.e. Quantitative Tightening) is having a sizable impact on Treasury note rates, but the largest impact may be on agency MBS. Option-adjusted spreads of MBS widened substantially during the third quarter and are poised to widen further with continued Fed inventory paydowns. U.S. mortgage rates have surged above 6.5%, and the Case-Shiller Index of U.S. housing prices experienced its sharpest ever one-month decline in July. Weakening home prices can impact several segments of the economy; effects we are closely considering in our current credit assessments.

U.S. fiscal policy changes in the quarter had more limited impact on credit markets. The U.S. government passed the Inflation Reduction Act and introduced a Student Loan Forgiveness plan. The former focuses on corporate taxation, lowering health care costs, and transitioning to cleaner energy sources. The latter is expected to reduce consumer debt burdens. These policies will impact select businesses more than others, and we believe the implications for credit markets will be idiosyncratic rather than broad-based. We observed no substantial downside to the credits in our Fund.

Exhibit I: Corporate Credit Index Valuations vs. Historical Ranges

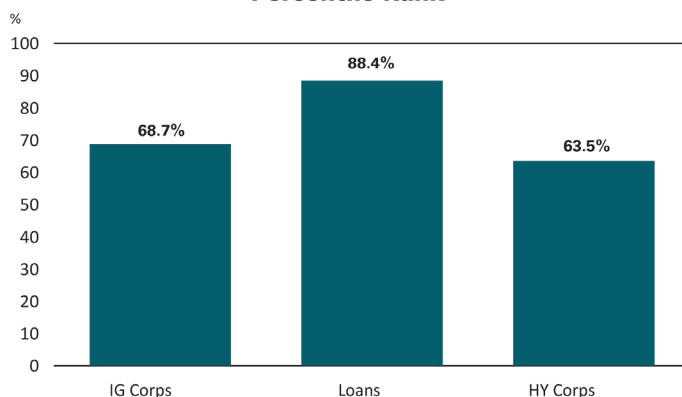


Data as of December 31, 2021, June 30, 2022, and September 30, 2022
As represented by the BofA Merrill Lynch US Corporate Index
IG = Investment Grade, HY = High Yield
Sources: Bloomberg, S&P, and BBH Analysis

Corporate Credit Markets: Valuations Suggest Fear Prevalent

Corporate risk spreads remain elevated versus their longer-term averages. It is difficult to parse out the exact sources, including the weaker technical environment, reasonable concerns over a Fed-induced recession, the Ukraine/Russia conflict, currency market volatility, and a housing market correction. At current spread levels, our valuation framework[2] reveals a broader set of potential "buy" opportunities. The percent of the investment-grade corporate bond, high-yield loan, and high-yield corporate bond indexes that screened as "buys" were at or near the low end of their historic ranges at the start of the year. Valuations in each of these market segments have increased dramatically to broadly appealing levels, as shown in Exhibit I.

Exhibit II: Corporate Credit Index Spread Percentile Rank



Data as of September 30, 2022
IG = Investment Grade, HY = High Yield
Sources: Bloomberg, S&P, and BBH Analysis

Our valuation framework calibrates spreads for potential mean reversion and adjusts for the probability of credit losses, liquidity costs, and a margin of safety[3] based on volatility. This framework is applied to individual credits – not to the market as a whole. While spreads can certainly move higher, we observe that the current level of spreads is relatively rare versus historical experience (see Exhibit II). Episodes of higher spreads tend to be short-lived when associated with significant market stress.

Average credit spreads may not always offer enough compensation for the risk of bankruptcies or insolvencies across the corporate sector. One concern is the risks that drove spreads higher year-to-date will drive credit downgrades and defaults higher. We agree, but given our deep credit focus, we find it more helpful to assess individual credits than to speculate on average default rates. These assessments lead us conclude that these companies should fare well during challenging environments – greater in severity than 2020, 2008, and certainly a looming recession. Corporate credit weights in our taxable fixed income strategies increased year-to-date and during the quarter as we adhered to this process. The weights to both corporate bonds most like the Index as well as less-traditional issuances increased throughout the year. We believe this exemplifies a constructive outlook at current valuations, although one that requires proper security-level diligence.

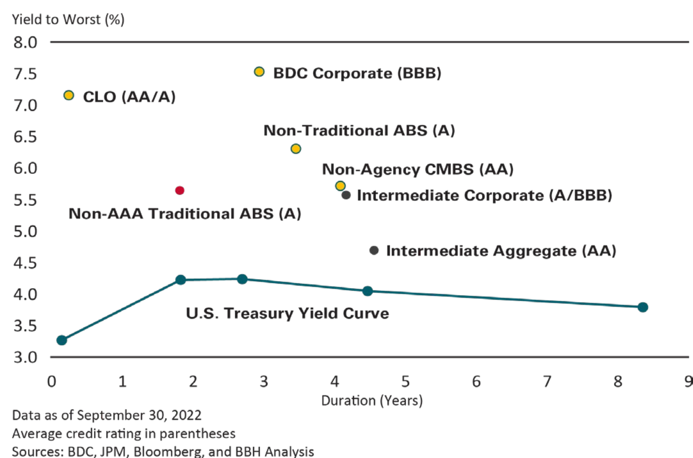
[2] Our valuation framework is a purely quantitative screen for bonds that may offer excess return potential, primarily from mean-reversion in spreads. When the potential excess return is above a specific hurdle rate, we label them "Buys" (others are "Holds" or "Sells"). These ratings are category names, not recommendations, as the valuation framework includes no credit research, a vital second step.

[3] With respect to fixed income investments, a margin of safety exists when the additional yield offers, in BBH's view, compensation for the potential credit, liquidity and inherent price volatility of that type of security and it is therefore more likely to outperform an equivalent maturity credit risk-free instrument over a 3-5 year horizon.

Structured Credit Markets: Resilience in the Face of Issuance and Market Volatility

The structured credit markets, namely asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS), all witnessed wider spreads but preserved capital well against the broader fixed income indices on the quarter. Performance versus Treasuries was sector dependent: traditional ABS performed in-line with Treasury alternatives, non-traditional ABS outperformed, and CMBS underperformed.

Valuations in the structured credit market are broadly compelling, as appealing credit spreads combined with the highest Treasury yields offered (around 2- to 3- year maturities) so that both structured credit index yields are at decade-long highs. As Exhibit III shows, yields of structured credit indexes are among the most attractive in the high-grade market. Even yields on traditional segments of the market that we tend to avoid (such as the ABS that dominate mainstream indexes) exceed intermediate corporate bond indexes despite carrying more-defensive durations.



Meanwhile, the fundamentals of ABS, collateralized loan obligations (CLOs), and CMBS appear strong. The U.S. consumer and commercial borrower balance sheets show evidence of strength and health at this point in the cycle. CMBS loan delinquencies continued to decline, and valuations have been supported by cap rates on commercial properties that have only partially reflected rising Treasury rates. Pockets of weakness remain in retail and office properties, but we manage those risks through focusing on high quality, Single Asset Single Borrower (SASB) transactions.

The environment in 2022 offers another proof point of the improved durability that structured credit provides. High quality collateral, low delinquency rates, and hefty credit enhancement beneath notes provide tailwinds to strong underlying credit performance. We have seen scant ratings watch or downgrade activity in ABS, CLOs, and CMBS this year.

Structured credit issuance slowed somewhat during the third quarter with elevated rate volatility and fund flows as a few issuers awaited calmer conditions. We expect issuance to rebound during the fourth quarter even as year-to-date volumes remain only slightly behind last year's record pace.

A couple of events during the quarter impacted securitizations, neither with any detrimental impact to our holdings. First, the U.S. government's Student Loan Forgiveness plan was announced. Student loans held by the Department of Education are eligible for forgiveness, and federal privately held loans, including in ABS trusts, are not. Student loan forgiveness should be a positive to the U.S. consumer, as it should further ease consumer debt burdens and provide more capacity in budgets for credit card, auto, and home spending. We do not carry any meaningful positions in student loan ABS in our clients' portfolios. Second, Hurricane Ian damaged parts of Florida, South Carolina, and Cuba, tragically impacting the lives of many. Positions in SASB CMBS in our strategies avoided direct path damages from the hurricane, although it is important to note that proper insurance coverage is a key component of our investment criteria.

Our Activity

Portfolio changes are the result of our bottom-up credit selection process, not a reaction to market events. At the end of the quarter, yields on the Fund reached decade-long highs on the heels of further rises in Treasury rates. Average risk spreads of portfolios were little changed quarter over quarter.

We identified numerous opportunities to add durable credits[4] at attractive valuations during the quarter. Below are some opportunities that were allocated broadly among portfolios, subject to guideline constraints.

We added intermediate maturity (five- to 10- year maturity) corporate bonds during the quarter issued by several banks, including **Banco Santander, Comerica, Fifth Third Bank,** and **Goldman Sachs** at spreads of +211, +238, +190, and +154 basis points over Treasuries, respectively. These credit spreads compared favorably to spreads of intermediate corporate bonds in the Bloomberg US Aggregate Index that ranged between +112 to +144 basis points.

We also identified attractive opportunities in bonds issued by insurance companies. These included bonds issued by title insurer **First American Financial Corp** at a spread of +268 basis points over Treasuries and bonds issued by life insurer **Corebridge Financial** at a spread of +385 basis points over Treasuries.

[4] Obligations such as bonds, notes, loans, leases, and other forms of indebtedness, except for cash and cash equivalents, issued by obligors other than the U.S. Government and its agencies, totaled at the level of the ultimate obligor or guarantor of the Obligation. Durable means the ability to withstand a wide variety of economic conditions.

We purchased a variety of attractive credits in structured credit sectors. In the ABS market, we participated in a triple net lease deal issued by **CF Hippolyta Investor LLC,** a subsidiary of funds managed by **Fortress Investment Group,** rated AA- at a spread of +300 basis points over Treasuries. We invested in a small business loan deal issued by **National Funding,** where we found the AA- and A-rated notes appealing at spreads of +325 and +400 basis points, respectively, over Treasuries. We also purchased bonds of a floating-rate, single borrower CMBS deal secured by 196 **InTown Suites** extended stay hotel properties rated A- at a spread of +380 basis points over the Secured Overnight Financing Rate (SOFR)[5] and BBB- at a spread of +425 basis points over SOFR.

Concluding Remarks

We remain cautiously optimistic about the future state of fixed income returns given both the higher yields and higher credit spreads on offer. Our caution is born from the possibility that both yields and spreads can move higher, while our optimism is rooted in the caliber of opportunities we are unearthing from our bottom-up selection process. We know the events of 2022 may have profound impacts on the investment programs of institutional and high net worth investors. We thank you for your ongoing support and hope to be a part of the solution in this uniquely challenging environment. We look forward to our dialogues with you over the coming months.

Portfolio changes over the last 15 months

The Income Fund ("the Fund") returned -4.00% during the third quarter and outperformed the Bloomberg U.S. Aggregate Index's ("the Index") return of -4.75%. For the periods ending 9/30/2022, the Fund was ranked in the 34th percentiles of 610 funds for the one-year period and 6th percentiles of 568 funds for the three-year period. The Fund was ranked in Morningstar's Intermediate Core-Plus Bond category based on risk-adjusted return.[6]

Diversified exposures beyond the sectors represented in the Bloomberg U.S. Aggregate Index were beneficial to the Fund's performance during the third quarter. Exposure to high-yield loans and corporate bonds impacted results favorably. A positioning in nontraditional ABS and CMBS also attributed to the outperformance. Additionally, the Fund's lack of participation in agency MBS, a sector notably represented in the Index, contributed to outperformance, as the sector declined significantly versus alternatives with similar duration. The Fund experienced selection contributions from positions in midstream energy companies, business development companies (BDCs), and airline companies. Positioning in investment-grade (IG) corporate bonds detracted from performance, as certain holdings in property and casualty insurance companies underperformed due to exposures in areas impacted by Hurricane Ian.

We added intermediate maturity (five to 10 years until maturity) corporate bonds issued by several banks at attractive spreads relative to generic intermediate corporate bonds in the Index. We also purchased bonds issued by a life insurer, a title insurer, an automobile manufacturer, a retailer, and a midstream energy company. In the ABS market, we purchased bonds of a triple net lease ABS and a small business loan ABS. We also purchased bonds of floating-rate, single borrower CMBS deal secured by extended stay hotel properties.

The Fund's sector weights were little changed during the quarter. Corporate debt instruments comprised 67% of the Fund and consisted of a combination of investment-grade bonds, high yield loans, and high yield bonds. ABS comprised 21%, CMBS comprised 7%, and Treasuries and reserves represented 4%. The Fund continues to refrain from holding emerging markets debt. The weight to high yield instruments remained at 22%, consists of a combination of loans and bonds, and is primarily invested in BB rated credits. Spread duration declined to 6.1 years and approximated its benchmark's duration at quarter-end. The portfolio is structured to earn a significant yield advantage relative to Index alternatives. The Fund's yield increased to 7.67%, while the Bloomberg US Aggregate Index yielded 4.75%. The Fund's average risk spread is +332 basis points, while the longer-duration IG corporate index is +159 basis points.

Despite prospective economic headwinds, we believe there are myriad opportunities for investors. We remain selective, diligent, and patient while evaluating the multitude of attractive credits coming to market. We hope this insight into the portfolio composition and performance is useful as we navigate macroeconomic uncertainties.

Sincerely,

Andrew P. Hofer
Fund Co-Manager

Neil Hohmann, PhD
Fund Co-Manager

Paul Kunz, CFA
Fund Co-Manager

[5] SOFR = Secured Overnight Financing Rate, which is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.
[6] Past performance is no guarantee of future results.

Share Class Overview
As of September 30, 2022

	Overall Morningstar Rating ™ *	Ticker	CUSIP	Inception Date	Total Net Assets (mil)	NAV	30-Day SEC Yield** (Subsidized)	30-Day SEC Yield** (Unsubsidized)
Class I	★★★★★	BBNIX	05528C766	06/27/2018	$549.5	$8.65	5.24%	5.24%

* Star ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-; 5- and 10-year Morningstar Rating metrics. There are 568 funds in the Ultrashort Bond category as of 09/30/2022.

**SEC yield is a calculation based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the reported period.

Credit Quality
As of September 30, 2022

Cash and Cash Equivalents	0.4%
U.S. Treasuries	4.0%
AAA	6.8%
AA	10.0%
A	21.9%
BBB	34.5%
BB	14.1%
B or Lower	8.1%
Not Rated	0.2%
Total	**100.0%**

Top 10 Credits
As of September 30, 2022

FS Investment Corp	1.2%
Blackstone / GSO CLO	1.1%
Boeing Co	1.0%
MTN 2022-LPFL	1.0%
SVB Capital (WestRiver Group)	1.0%
Universal Insurance	1.0%
Trinity Capital Inc	1.0%
System One	1.0%
Fairfax India	1.0%
Gladstone Capital Corp	1.0%
Total	**10.4%**

Reported as a percentage of total portfolio.

Sector Distribution
As of September 30, 2022

Corporate Securities	48.0%
Asset-Backed Securities	20.7%
Commercial Mortgage-Backed Securities	7.0%
Municipal Securities	1.0%
Loans	18.6%
U.S. Treasuries	4.0%
Residential Mortgage-Backed Securities	0.3%
Cash and Cash Equivalents	0.4%
Total	**100.0%**

Duration Distribution
As of September 30, 2022

	BBH Income Fund	Bloomberg US Aggregate Index
<1 Yr.	32.9%	0.2%
1 - 3 Yrs.	24.0%	23.0%
3 - 5 Yrs.	25.4%	24.1%
5 - 7 Yrs.	8.0%	26.0%
7 - 10 Yrs.	5.5%	11.5%
10 - 20 Yrs.	4.3%	14.1%
20+ Yrs.	0.0%	1.1%
Total	**100.0%**	**100.0%**

Fund Facts
As of September 30, 2022

Number of Holdings	258
Effective Duration (years)	6.12
Weighted Average Life (years)	5.39
Yield to Maturity	7.68%

Holdings are subject to change.
Totals may not sum due to rounding.
Credit Quality letter ratings are provided by Standard and Poor's, Moody's and Fitch and are presented as the higher of the three ratings. When a security is not rated by Standard & Poor's, Moody's or Fitch, the highest credit ratings from DBRS and Kroll may be used. Absent a rating from these agencies, we may display Private Credit Ratings, if permitted by the issuer, which could include ratings from Egan-Jones Ratings Co. Credit ratings reflect the credit quality of the underlying issues in the portfolio and not of the portfolio itself. Issues with credit ratings of BBB or better are considered to be investment grade, with adequate capacity to meet financial commitments. Issues with credit ratings below BBB are considered speculative in nature and are vulnerable to the possibility of issuer failure or business interruption.
Effective duration is a measure of the portfolio's return sensitivity to changes in interest rates.
Weighted Average Life of securities excludes US Treasury futures positions.
Yield to Maturity is the rate of return the portfolio would achieve if all purchased bonds and derivatives were held to maturity, assuming all coupon and principal payments are received as scheduled and reinvested at the same yield to maturity. This figure is subject to change and is not meant to represent the yield earned by any particular security. Yield to Maturity is before fee and expenses.
Yield-to-Worst is the rate of return generated assuming a bond is redeemed by the issuer on the least desirable date for the investor.

This material is not authorized for distribution unless accompanied or preceded by a current Fund prospectus.

BDC Corporate is computed as an equal-weighted index of corporate bonds issued by business development companies (BDCs) that BBH holds with at least one year until legal, final maturity.

BBH Fund Information Service: (800) 625-5759

The BofA Merrill Lynch US Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

JP Morgan CLO Index (JPM CLO) is a market value weighted benchmark tracking U.S. dollar denominated broadly-syndicated, arbitrage CLOs. The index is comprised solely of cash, arbitrage CLOs backed by broadly syndicated leveraged loans. All CLOs included in the index must have a closing date that is on or after January 1, 2004. There are no weighted average life (WAL) limitations. There are no minimum tranche size restrictions.

JP Morgan Other ABS Index (Non-Tradional ABS), is an index that represents ABS backed by consumer loans, timeshare, containers, franchise, settlement, stranded assets, tax liens, insurance premium, railcar leases, servicing advances and miscellaneous esoteric assets of the The J.P. Morgan Asset-Backed Securities (ABS) Index. The JP Morgan Asset-Backed Securities (ABS) Index is a benchmark that represents the market of US dollar denominated, tradable ABS instruments. The ABS Index contains 20 different sub-indices separated by industry sector and fixed and floating bond type. The aggregate index represents over 2000 instruments at a total market value close to $500 trillion dollars; an estimated 70% of the entire $680 billion outstanding in the US ABS market.

Bloomberg US Aggregate Bond Index is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least $300 million par amount outstanding and with at least one year to final maturity.

Intermediate Aggregate (AA) represents securities in the intermediate maturity range of the Bloomberg Aggregate Index.

Bloomberg US 1-3 Year Treasury Bond Index is an index of fixed rate obligations of the U.S. Treasury with maturities ranging from 1 to 3 years.

Bloomberg 1-10 Year Municipal Bond Index is a component of the Bloomberg Municipal Bond index, including bonds with maturity dates between one and 17 years. The Bloomberg Municipal Bond Index is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.

Bloomberg Intermediate Gov/Credit Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity. The index includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related, and corporate securities.

Bloomberg US Intermediate Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers that have between 1 and up to, but not including, 10 years to maturity.

Bloomberg US TIPS Index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Bloomberg US ABS Index is the asset backed securities component of the Bloomberg US Aggregate Bond Index. The index includes pass-through, bullet, and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche.

The Bloomberg Non-AAA ABS Index (Non-AAA Traditional ABS) is non-AAA ABS components of the Bloomberg US Aggregate Bond Index, a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least $300 million par amount outstanding and with at least one year to final maturity.

Bloomberg US MBS Index tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Bloomberg Non-Agency CMBS Index (Non-Agency CMBS) is the Non-Agency CMBS components of the Bloomberg US Aggregate Bond Index, a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least $300 million par amount outstanding and with at least one year to final maturity.

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Purchase and sale information provided should not be considered as a recommendation to purchase or sell a particular security and that there is no assurance, as of the date of publication, that the securities purchased remain in a fund's portfolio or that securities sold have not been repurchased. Nothing contained herein is intended as a recommendation to buy or sell any security, or to invest in any particular country, sector or asset class.

Traditional ABS include prime auto backed loans, credit cards and student loans (FFELP). Non-traditional ABS include ABS backed by other collateral types.

RISKS

Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

Asset-Backed Securities ("ABS") are subject to risks due to defaults by the borrowers; failure of the issuer or servicer to perform; the variability in cash flows due to amortization or acceleration features; changes in interest rates which may influence the prepayments of the underlying securities; misrepresentation of asset quality, value or inadequate controls over disbursements and receipts; and the security being structured in ways that give certain investors less credit risk protection than others.

Single-Asset, Single-Borrower (SASB) lacks the diversification of a transaction backed by multiple loans since performance is concentrated in one commercial property. SASBs may be less liquid in the secondary market than loans backed by multiple commercial properties.

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

The Fund also invests in derivative instruments, investments whose values depend on the performance of the underlying security, assets, interest rate, index or currency and entail potentially higher volatility and risk of loss compared to traditional stock or bond investments.

For more complete information, visit www.bbhfunds.com for a current Fund prospectus. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

Shares of the Fund are distributed by ALPS Distributors, Inc. and is located at 1290 Broadway, Suite 1000, Denver, CO 80203. Other products are offered by Brown Brothers Harriman.

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Not FDIC Insured **No Bank Guarantee** **May Lose Money**