BBH Intermediate Municipal Bond Fund

Quarterly Fund Update / 1Q 2023

You Can't Always Get What You Want…

1Q Highlights

- We are enthusiastic that the role of fixed income in an asset allocation framework has reemerged. Within the municipal market, higher yields and a normalization of credit spreads expanded our opportunity set to the best we have seen in many years.
- We want our individual security decisions and holdings to drive performance, not forecast-driven exposures like duration. As we begin the second quarter, our Fund enjoys a 90 basis point[1] (bp) relative yield advantage versus our benchmark.
- Bonds are back and the municipal market remains rich with opportunities. Rarely have we witnessed such a broad disconnect in municipal credit valuations. We continue to embrace the challenge of balancing liquidity considerations, with adding attractive new holdings, one bond at a time.

Performance
As of March 31, 2023

	Total Returns		Average Annual Total Returns			
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	Since Inception
Class I	2.49%	2.49%	1.74%	0.55%	2.14%	2.71%
Class N	2.44%	2.44%	1.55%	0.35%	1.96%	2.55%
Benchmark	2.27%	2.27%	1.61%	0.70%	2.08%	2.30%

Class I Inception: 04/01/2014
Class N Inception: 04/01/2014

Class I: Net/Gross Expense Ratio (%) 0.46 / 0.46
Class N: Net/Gross Expense Ratio (%) 0.65 / 0.70

Returns of less than one year are not annualized.

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses to 0.65% for Class N shares and 0.50% for Class I shares through March 1, 2024. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

Performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance current to the most recent month-end please call 1-800-625-5759. *Fund shares redeemed within 30 days of purchase are subject to a redemption fee of 1.00%.*

Sources: BBH & Co. and Bloomberg

BBH Intermediate Municipal Bond Fund Class I ("the Fund") had a total return of 2.49% during the first quarter of 2023, compared to a return of 2.27% for the benchmark Bloomberg 1-15 Year Municipal Index.

Investor sentiment continued to swing throughout the first quarter, with some measures of market volatility reaching levels not seen since the Global Financial Crisis. Investor inflation expectations remained the primary driver until early March when we suddenly lost four banks, while a fifth, First Republic, teetered on the edge. We all know what the Federal Reserve (Fed) wants: full employment, stable prices, and financial system stability. One out of three for a baseball player would likely result in a hall-of-fame induction, but for a Fed Chair, it risks ignominy. After a tumultuous 2022, instead of calm, investors received volatility. In a repeat of 2022, choppy markets provided a wide range of attractive opportunities, and we had another busy quarter.

After misjudging inflation, the Fed unleashed one of its most aggressive tightening campaigns in history. Since March of 2022, the Fed has raised its policy rate from near-zero to 5%, effectively ending the yield drought in the bond market. At a macro level, we are enthusiastic that the role of fixed income in an asset allocation framework has reemerged. Last year, stocks and bonds both fell. This year, fixed income assets have begun to hedge equity declines once again. Within the municipal market, higher yields and a normalization of credit spreads expanded our opportunity set to the best we have seen in many years.

Unfortunately for the Fed, tighter monetary policy has yet to control inflation. The economy's resilience has been a surprise to many, but consumers were well-positioned to handle higher prices. Prior to last year, ultra-easy monetary policy punished savers, who could now earn an attractive return. Additionally, savings grew substantially courtesy of pandemic stimulus measures, providing consumers with an offset to lower real wages. Cost-of-living adjustments have provided offsets for retirees on Social Security, as well. Higher interest rates may present headwinds for new home buyers, but following record-low mortgage rates and one of the biggest refinancing waves on record, most households

[1] A unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

are immune. Heading into 2022, only about 5%[2] of outstanding mortgages were adjustable rate. All in all, these factors have weakened the transmission of tighter policy into the real economy.

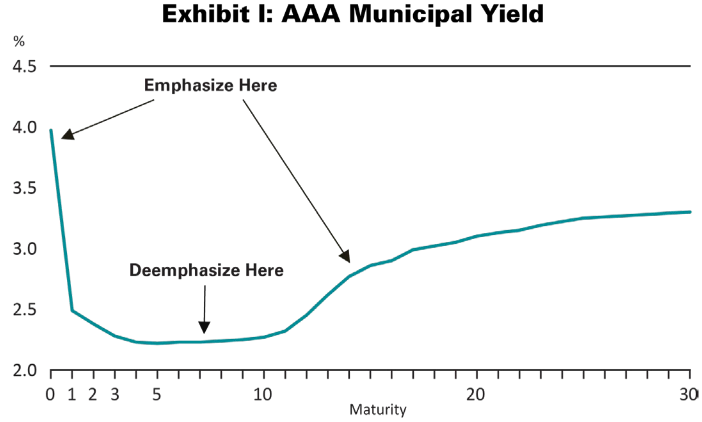
We continue to view the municipal sector as well-positioned to withstand a potential recession. Despite the economy's resilience, we remain cautious about what a contraction in bank credit extensions might mean. We have never fancied ourselves as optimists and we always look for weak links in our credits. States' rainy day fund balances are much higher than they were before both the Global Finance Crisis and the pandemic. In fact, only two states have lower rainy day fund balances than in 2008, and the median state can now cover nearly three months of operations from reserves. Local governments also enjoy strong financial positions, bolstered by strong reserves and large sales tax increases.

In the revenue bond sectors, we see signs of stabilization. Last quarter, we wrote about the labor challenges in the healthcare space. While the sector remains pressured, wage costs are beginning to subside. The average weekly pay for a traveling nurse is down 33% from its high in early 2022.[3] In addition, at least thirteen states are considering ways to prevent price gouging by healthcare staffing agencies. In higher education, enrollment has begun to stabilize with a 4.3%[4] increase in the aggregate freshman class. This comes as welcome news especially to smaller regional universities which have suffered continuous enrollment declines since the beginning of the pandemic. Finally, transportation demand has also recovered, benefitting the airport and toll road sectors. Air travel hit a record high during the first quarter of 2023,[5] while road miles traveled in 2022 came in just short of pre-pandemic levels.[6]

Despite these positive trends, we are mindful of how fast environments can change. Over the past five years, our portfolios have been tested by a pandemic, a recession, high inflation, two Fed tightening cycles, and now a banking crisis. In the first quarter, Treasury rates moved violently, as did monetary policy expectations. After beginning the year at 4.43%, the two-year Treasury peaked at 5.07%, before falling to a low of 3.77% as banking concerns spread. As recently as the first week of March, investor expectations called for a 5.75% peak fed funds rate. Today, however, the futures market implies a 50% probability that the tightening cycle is over, with 50 bp of easing in the second half of the year.

Municipal yield changes were volatile, but more subdued in comparison to US Treasuries; 2-, 5-, and 10-year Aaa-rated municipal yields ended the quarter at 2.40%, 2.25%, and 2.30%, respectively, which fell 20 to 30 bp for the quarter (Exhibit I). These declining yields helped drive strong performance for the quarter, with average intermediate accounts up 2 to 2.25%. On a relative basis, this result was about 20 bp better than our benchmark, which was largely driven by our Fund's yield advantage relative to its benchmark.

Exhibit I: AAA Municipal Yield



Data reported as of March 31, 2023
Sources: Thompson Reuters, MMD, and BBH Analysis

We want our individual security decisions and holdings to drive performance, not forecast-driven exposures like duration. As we begin the second quarter, our Fund enjoys a 90 bp relative yield advantage versus our benchmark. In contrast to generic Aaa-rated bond yields, which are little changed from twelve months ago, our portfolio yield ended the quarter with a yield of 3.77%, up 120 bp over the same period. With today's unusual yield curve, we have had to be particularly mindful of our choice of maturities, and valuations play a central role in our thinking.

Let's start with reserves, which are high-quality, highly liquid holdings that serve as resources for future opportunities. Outside of tax consequences, intermediate maturity reserves are difficult to justify. Today, we are holding our portfolio reserves in cash and cash equivalents. Municipal money market rates ended the quarter at 4%, significantly disconnected from the low-to-mid 2% intermediate maturity yields. Municipal money market rates fluctuated widely for the quarter, from 1.5% to 4%. During times when short-term Treasury Bills (T-Bills) outyield municipal money markets on an after-tax basis, expect us to own T-Bills as we did during the quarter.

Regarding our longer-term holdings, the attractiveness of our floating rate notes has also increased because of the steep yield curve inversion. During the quarter's volatile trading conditions, we added floating rate notes from the State of Massachusetts and Tulane University. Complementing the cash equivalents and floaters are longer-maturity zero-coupon bonds, to which we added long-maturity zero coupon bonds from Oregon and California school districts.

[2] Source: UBS
[3] Source: Vivian Health
[4] Source: National Student Clearinghouse
[5] Source: Travel Security Administration
[6] Source: Department of Transportation

Given the shape of the (inverted) yield curve, new purchases in intermediate maturities have high hurdles and must provide attractive spreads over generic Aaa-rated bonds. We continue to have a strong preference for State Housing Finance Authorities. Five-year housing bonds benefit from strong credit support and offer 130 to 150 bp of spread. We also took opportunities to rotate lower book income housing securities into higher yielding, more current issues at yields between 3.75% to 4%. Other intermediate maturity purchases at high spreads included a prepaid gas bond supported by Citigroup at a yield of close to 4%. Finally, we added longer-maturity positions in two high-quality healthcare institutions, Ascension and AdventHealth.

On the sale side, we bid farewell to our last two delayed delivery bonds. Our exposure peaked near 15% at the beginning of 2022. For a refresher on delayed delivery bonds, their mechanics and how we evaluate them, please see our commentary "Good things come to those who wait." Not only did these securities perform well for us over the last fifteen months, but they helped us bridge over the record-low yields of 2021 and provided an important source of portfolio liquidity last year. While opportunity in delayed delivery bonds has sunset for now, we stand ready to re-engage.

Bonds are back and the municipal market remains rich with opportunities. Rarely have we witnessed such a broad disconnect in municipal credit valuations. We continue to embrace the challenge of balancing liquidity considerations, with adding attractive new holdings, one bond at a time. That challenge never grows old, and we rely on our credit and valuation work to help keep our portfolios safe and on track. We face significant inflation and banking system uncertainties ahead of us as policy makers keep trying, but they have yet to get what they need. Consequently, we expect volatile markets–something we always want.

Sincerely,

Gregory S. Steier
Fund Manager

Share Class Overview
As of March 31, 2023

	Overall Morningstar Rating ™ *	Ticker	CUSIP	Inception Date	Total Net Assets (mil)	NAV	30-Day SEC Yield** (Subsidized)	30-Day SEC Yield** (Unsubsidized)
Class I	★★★★	BBIIX	05528C824	04/01/2014	$690.6	$10.26	3.01%	3.01%
Class N	★★★	BBINX	05528C816	04/01/2014	$51.6	$10.27	2.82%	2.75%

* 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 273 funds in the Muni National Interm category Overall Rating as of 03/31/2023.

** 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 March 31, 2023

Cash and Cash Equivalents	6.7%
AAA	22.0%
AA	36.7%
A	31.1%
BBB	3.5%
BB	0.0%
B or Lower	0.0%
Not Rated	0.0%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Top 10 Credits
As of March 31, 2023

California School District General Obligations	6.5%
Texas Municipal Gas Corporation II	3.3%
State of New Jersey	3.0%
Texas Municipal Gas Acquisition and Supply Corporation I Series 2008D	2.8%
Texas School Bond Guarantee Program	2.5%
South Dakota Housing Development Authority	2.5%
Waste Management Inc	2.3%
Oregon School Bond Guarantee Program	2.2%
North Dakota Housing Finance Authority - Home Mortgage Finance Program	2.0%
Minnesota Housing Finance Agency	2.0%
Total	**29.2%**

Reported as a percentage of total portfolio.

Sector Distribution
As of March 31, 2023

Cash and Cash Equivalents	6.7%
General Obligations	16.3%
Pre-Refunded	0.0%
Revenue	76.9%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Fund Facts
As of March 31, 2023

Number of Holdings	258
Number of Issuers Held	100
Effective Duration (years)	4.55
Yield to Maturity	3.84%
Yield to Worst	3.77%

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.

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 fees and expenses.

Yield to Worst is the lowest yield an investor can expect when there is optionality on the bond (i.e., call or put, etc.). Yield to Maturity and Yield to Worst are before fees and expenses.

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

Opinions, forecasts, and discussions about investment strategies represent the author's views as of the date of this commentary and are subject to change without notice. References to specific securities, asset classes, and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as recommendations.

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.

RISKS

There is no assurance that this investment objective will be achieved.

Diversification does not eliminate the risk of experiencing investment losses.

Investors in the Fund should be able to withstand short-term fluctuations in the fixed income markets in return for potentially higher returns over the long term. The value of portfolios changes every day and can be affected by changes in interest rates, general market conditions and other political, social and economic developments.

Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, maturity, call and inflation risk; investments may be worth more or less than the original cost when redeemed.

Income from municipal bonds may be subject to state and local taxes and at times the alternative minimum tax.

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.

As the Fund's exposure in any one municipal revenue sector backed by revenues from similar types of projects increases, the Fund will also become more sensitive to adverse economic, business or political developments relevant to these projects.

Asset allocation decisions, particularly large redemptions, made by an investment adviser whose discretionary clients make up a large percentage of the Fund's shareholders may adversely impact remaining Fund shareholders.

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. One cannot invest directly in an index.

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.

Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The Index is a component of the US Credit and US Aggregate Indices.

The Bloomberg 1-15 Year Blend (1-17) Muni 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. The index is not available for direct investment.

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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.

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