BBH Intermediate Municipal Bond Fund

Quarterly Fund Update / 2Q 2022

Nothing Else Matters

BBH Intermediate Municipal Bond Fund Class I ("the Fund") had a total return of -1.81% during the second quarter of 2022, compared to a return of -1.55% for the benchmark Bloomberg 1-15 Year Municipal Index.

Financial markets struggled again during the second quarter with both stocks and bonds falling sharply as the Federal Reserve Board ("the Fed") stepped up its efforts to fight inflation. Despite a formal mandate to promote full employment and a tacit mandate to protect financial system stability, nothing else matters more today for the Fed than bringing down inflation. The consequences of the 40-year, record-high, U.S. inflation on markets have been severe, with returns deeply negative, erasing trillions of dollars of wealth in the market downturn. The impact on household budgets has also been severe, as wage growth has not kept pace with relentless price pressures.

In the bond market, we have a general rule of thumb that states what's good for past performance is often detrimental for future performance. This was very much the case entering 2022, and it is a primary reason why municipal bonds provided little shelter to this year's bear market. Valuations ended last year at historically expensive levels and, as they normalized, municipals struggled. The silver lining to this rule is that what's bad for past performance is often beneficial for future results. The challenges we have faced this year have also generated significant opportunities.

For the last couple of years, we have dealt with an acute lack of yield in the bond market as investors stretched into lower-rated credits and longer maturities to earn higher investment income. Today, with market valuations near levels last seen following the Global Financial Crisis (GFC), investors no longer need to chase yield. Despite much more attractive valuations, market sentiment remains decidedly negative, driving a record-sized outflow cycle. Rather than leaning in and taking advantage of market opportunities, many municipal investors have decided that nothing else matters more than waiting out the storm by holding cash.

Last year, as valuations became gradually more expensive, municipal investors followed their hearts and herded into mutual funds and Exchange-Traded-Funds (ETFs), driving record inflows. The sentiment was so uniformly positive that there were only two days in which municipal investors, in aggregate, tried to sell more than $1 billion of bonds. Municipal investors are still following their hearts, but this year they are selling. By the middle of June, we had already broken the full-year record for days with bid lists over $1 billion. The final tally for billion-dollar selling days for the first half of the year was 86, breaking the 2018 full-year record of 76 set during the Fed's last tightening cycle (see Exhibit I).

Performance
As of June 30, 2022

	Total Returns		Average Annual Total Returns			
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	Since Inception
Class I	-1.81%	-7.06%	-7.07%	-0.01%	1.69%	2.52%
Class N	-1.86%	-7.15%	-7.25%	-0.19%	1.52%	2.36%
Benchmark	-1.55%	-6.80%	-6.53%	0.12%	1.47%	2.11%

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

Class I: Net/Gross Expense Ratio (%) 0.45 / 0.45
Class N: Net/Gross Expense Ratio (%) 0.65 / 0.69

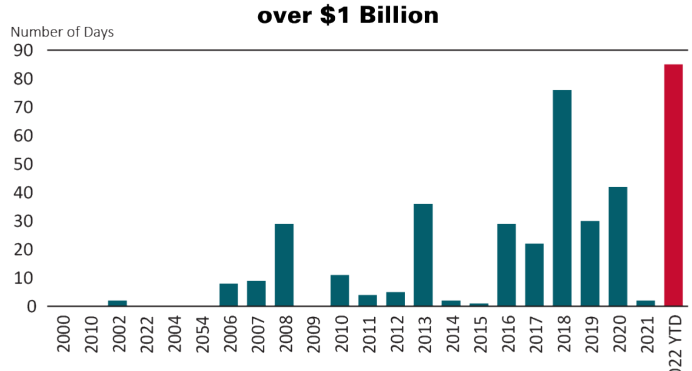
* Returns are not annualized.

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, 2023. 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

Exhibit I: Trading Days with Bid-Wanted Volume over $1 Billion



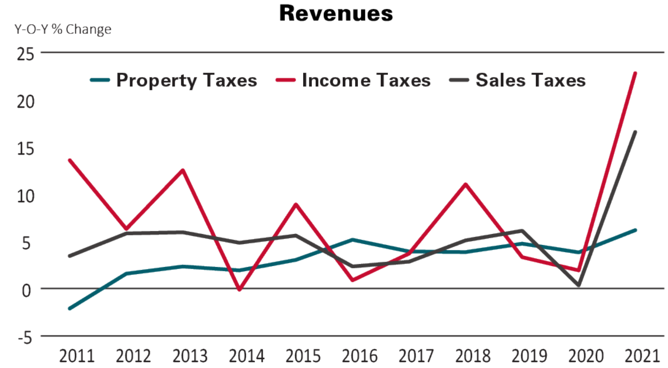
* YTD as of June 30, 2022
Data reported yearly from January 1, 2000 to June 30, 2022
Sources: Bloomberg and BBH Analysis

For the quarter, the yield curve steepened with short maturity yields up 20 basis points[1], while intermediate and long maturity yields increased 60 to 80 basis points. This, along with wider credit spreads, drove negative municipal index returns. In addition, intermediate and full maturity municipal indexes fell 0.8% and 2.9%, extending this year's losses to -5.6% and -9.0%, respectively. With the overhang of heavy bid lists all year, municipal trading liquidity has been strained, placing a premium on generic high-grade 5% coupon bonds. Our portfolios generally performed in-line with their benchmarks for the quarter. The higher quality orientation of our portfolios has helped, but our housing authority exposure has been among the worst performing sectors. Also, we have been surprised that in a year of rapidly increasing Fed tightening expectations, our floating-rate notes would perform so poorly. Year-to-date we have leaned into both of those areas, looking to capitalize on historically wide spreads.

Despite its intensity, we would not characterize this year's selling pressure as a crisis. Unlike the widespread credit fears of early-2020, most municipal issuers are in better shape today than they were pre-pandemic. In many respects, 2021 was a record year and we expect it to serve as the high-water mark for governmental revenues over the next few years. However, today's high inflation represents a challenge to credit. So far, most governments have shrugged off the inflationary threat, courtesy of record federal aid and rainy-day fund balances. Ironically, this federal aid has been a major cause of the inflation we are experiencing today.

We view inflation as a regressive tax, which disproportionately harms low and middle-income households. Several states have utilized their strong positions to help shelter taxpayers from ever growing costs. A handful of states have lowered income tax brackets, while others have implemented gas tax holidays. Some governments also plan to expand social spending as more Americans struggle to meet their basic needs (see Exhibit II). While governments can afford to be generous in the near term, our expectation is that, should inflation persist, it will slowly erode municipal finances over time, reducing future generosity. This leads to a classic tug of war between a government's responsibility to its citizens and its responsibility to its creditors.

Exhibit II: Change in State & Local Government Revenues



Data reported yearly from December 31, 2011 to December 31, 2021
Sources: U.S. Census Bureau and BBH Analysis

The Fed's actions to combat inflation will leave a meaningful impact on credit. With higher borrowing rates, rising labor costs, and increasing building costs; capital projects will place a greater strain on budgets. Beyond the direct impact of rising rates, the Fed's actions are driving the U.S. economy in the direction of a recession. During the euphoria of 2021, we shook our heads as we watched many deals for questionable credits or projects come to market at even more questionable yields. Now, issuers and investors will likely face a more difficult credit environment, one that will punish undisciplined approaches. The last downturn was quickly reversed by enormous federal support, but that will not likely be the case this time. The prior monetary and fiscal stimulus only served as a band aid, covering up issues that can only be solved through reform. We have witnessed no such reforms and were incredulous when the rating agencies handed out many upgrades to weak issuers. This is yet another reminder of the importance of independent credit research.

Municipal credits have not had to face conditions like these for 40 years, but they are no strangers to hard times. During the GFC, we witnessed most states and local governments adjust to their new economic reality by making the tough decisions to cut spending and deleverage. As credit conditions tighten and the weight of the Fed's inflation fight slows down economic activity, we expect greater differentiation in credit pricing. We began to see some of this emerge during the second quarter with Single-A and Triple-B rated securities underperforming high-grades by 100 and 200 basis points, respectively. We remain focused on durable credits[2] that can control their own destiny and protect their market access. Owning these credits helps preserve our clients' capital and allows us to take advantage of opportunities in choppy markets.

Higher yields, wider spreads, and rampant forced selling have generated widespread opportunities. In contrast to a subdued 2021, our portfolio activity has picked up meaningfully. Unlike the last couple of years, during which our purchases were concentrated in bonds with non-standard coupon structures, this year we have also identified opportunities in bonds with standard coupons. We added a wide range of credits during the quarter, including airports from Houston, Fort-Lauderdale, and Metropolitan D.C., and a very strong healthcare provider, Atrium. Among our highest spread purchases were two-year Metropolitan Transportation Authority floating rate notes at +175 basis points, a five-year bond from Ohio backed by Duke Energy at +170 basis points, and several four-to-five-year State Housing Authority bonds at +115-135 basis points.

We also added several high-quality, longer positions during the quarter such as Ohio general obligation bonds and Utah appropriation debt to rebalance duration. Most municipal bonds with original maturities greater than 10 years are callable and, as rates have climbed, are less likely

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

[2] 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.

to be called prior to maturity. Consequently, the duration of our benchmarks has extended, creating a gap with our portfolios which did not hold as much callable bond exposure. We took advantage of today's higher yields to add high-quality, longer bonds and reduce this duration gap.

We have invested through many difficult periods throughout our careers. This year has surely presented unique challenges as today's 40-year high inflation is producing serious repercussions for living standards, economic policy, and financial markets. Unlike the recent past when the Fed was quick to abandon its tightening path in the face of weakening financial markets, there is little doubt that inflation fighting will continue to take precedence above all other considerations. Ironically, the strength of the U.S. economy entering 2022, as well as strong household wealth and income growth, may require the Fed to go further than might otherwise have been the case. To us, this all adds up to more risk on the horizon. Attractive long-term opportunities often arise from short-term volatility. Taking advantage of these opportunities requires patience, selectivity, and a long-term orientation – nothing else matters.

Sincerely,

Gregory S. Steier
Fund Manager

Share Class Overview
As of June 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	★★★★	BBIIX	05528C824	04/01/2014	$676.8	$10.09	2.00%	2.00%
Class N	★★★	BBINX	05528C816	04/01/2014	$41.3	$10.10	1.76%	1.69%

* 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 276 funds in the Muni National Interm category Overall Rating as of 06/30/2022.

** 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 June 30, 2022

Cash and Cash Equivalents	-5.6%
AAA	27.1%
AA	44.4%
A	31.3%
BBB	2.7%
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 June 30, 2022

California School District General Obligations	5.7%
State of New Jersey	4.4%
Texas Municipal Gas Corporation II	3.8%
Texas School Bond Guarantee Program	3.3%
Texas Municipal Gas Acquisition and Supply Corporation I Series 2008D	2.9%
Minnesota School District Credit Enhancement Program	2.9%
Waste Management Inc	2.5%
South Dakota Housing Development Authority	2.5%
Philadelphia School District, PA	2.4%
Michigan Qualified School Bond Loan Fund	2.1%
Total	**32.5%**

Reported as a percentage of total portfolio.

Sector Distribution
As of June 30, 2022

Cash and Cash Equivalen	-5.6%
General Obligations	27.0%
Pre-Refunded	1.1%
Revenue	77.5%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Fund Facts
As of June 30, 2022

Number of Holdings	320
Number of Issuers Held	106
Effective Duration (years)	4.60
Yield to Maturity	3.28%
Yield to Worst	3.23%

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.

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**