BBH Intermediate Municipal Bond Fund

Quarterly Fund Update / 4Q 2022

BROWN BROTHERS HARRIMAN

Don't Stop (Thinking About Tomorrow)

4Q Highlights

- As we "Think About Tomorrow", we see a much more attractive bond market, nearly free from policy suppression.
- Aggressive monetary policy tightening propelled deep negative returns in the bond market, with the aggregate taxable index[1] down nearly 13% and investment grade corporates[2] down nearly 16%.
- The municipal market typically outperforms in poor markets and 2022 followed that rule as the full maturity municipal index[3] fell 8.5%, with intermediate benchmarks[4] declining 5%-6%.
- We significantly repositioned the Fund by taking advantage of widespread opportunities and we expect these new positions to benefit our clients for many years to come. Among others, two new credits in the Municipal airport sector include Denver and Nashville airports. We increased our exposure to the Prepaid Natural Gas sector, and continued purchasing State Housing Finance Agency (HFA) bonds and longer-maturity School District zero-coupon bonds

Performance
As of December 31, 2022

	Total Returns		Average Annual Total Returns			
	3 Mo.*	YTD	1 Yr.	3 Yr.	5 Yr.	Since Inception
Class I	4.06%	-6.04%	-6.04%	-0.33%	1.46%	2.50%
Class N	4.00%	-6.22%	-6.22%	-0.52%	1.26%	2.34%
Benchmark	3.59%	-5.95%	-5.95%	-0.22%	1.44%	2.10%

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

BBH Intermediate Municipal Bond Fund Class I ("the Fund") had a total return of 4.06% during the third quarter of 2022, compared to a return of -3.59% for the benchmark Bloomberg 1-15 Year Municipal Index.

The year 2022 has now assumed its place on the mantle of terrible bear markets. Decades-high inflation and intense selling pressure led to frayed nerves for investors and policymakers alike, as well as dreadful returns. Amid unprecedented stimulus measures in both 2020 and 2021, we entered 2022 with record-low yields, record-tight credit spreads, and enthusiastic investor sentiment. However — yesterday's gone. In its place are higher yields, wider credit spreads, and attractive opportunities to provide liquidity to those seeking an exit. As we think about tomorrow, we see a much more attractive bond market, nearly free from policy suppression.

There will be plenty of time to reflect on 2022 and the case studies are probably already being drafted. One of the most important lessons learned was to not underestimate the consequences of monetary and fiscal policy coordination, especially when it is on a global scale. Debt monetization[2] has real costs, historically resulting in high inflation. Despite the Federal Reserve's (Fed) initial views to the contrary, inflation proved persistent and severe in 2022, requiring assertive tightening in response. The Fed raised its policy rate 425 basis points (bps)[3], *twice* the amount as during the last tightening cycle in *one-third* the time. Prior to the Global Financial Crisis, the Fed also tightened 425 bps, but it was over a span of two years, at 25 bps per meeting, for 17 consecutive meetings. Last year's rate hikes bore little resemblance to any cycle since the Volcker Fed of the early 1980s.

---

[1] Bloomberg U.S. Aggregate Bond Index.
[2] Bloomberg U.S. Corporate Bond Index.
[3] Bloomberg Municipal Bond Index.
[4] Bloomberg Muni 1-10 Year Blend Total Return Index & Bloomberg Muni 1-15 Year Blend Total Return Index.
[5] A Central Bank buying the debt issuance of its own government, creating new money to do so.
[3] One "basis point" or "bp" is 1/100th of a percent (0.01% or 0.0001).

Controlling inflation remains the Fed's sole objective right now, even at the expense of higher unemployment and a potential recession. We ended the year with an implied peak funds rate of 4.75% and, despite the Fed's messaging to the contrary, investor consensus expects the Fed to begin easing this summer. There is cause for optimism, but the inflation fight is far from over. We recognize the improvement in goods prices as supply chain difficulties ease. There are clear indicators that the housing market is cooling, which should help stem the sharp rise in shelter costs. Service prices represent the steepest challenge for the Fed. Prices remain elevated amid a tight labor market and strong wage growth. It is not unusual for investors to extrapolate good news, but when it comes to inflation, we believe it is best to remain cautious.

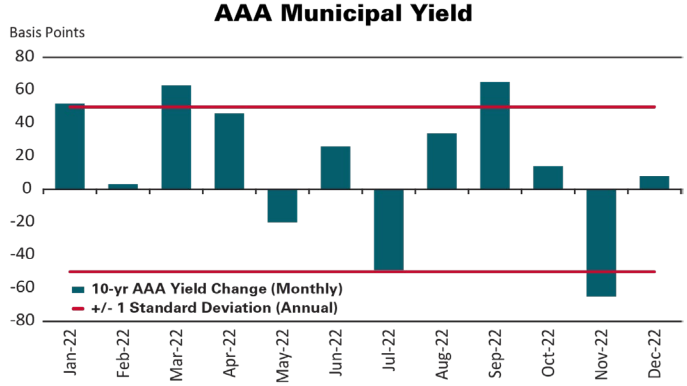
Aggressive monetary policy tightening drove deep negative returns in the bond market, with the aggregate taxable index down nearly 13% and investment grade corporates down nearly 16%. The municipal market typically outperforms in poor markets and 2022 followed the rule as the full maturity municipal index fell 8.5%, with intermediate benchmarks declining 5%-6%. Our intermediate municipal Fund finished strong with over 3% returns for the fourth quarter, which was about 35 to 50 basis points ahead of the index. The largest contributors were our holdings of floating rate notes, zero coupon bonds, and State HFA bonds. The fourth quarter recovery allowed the Fund to finish the year near its benchmark. These results belied our team's collective effort as 2022 was one of our most active years in terms of turnover. We significantly repositioned the Fund by taking advantage of widespread opportunities and we expect these new positions to benefit our clients for many years to come.

Attractive opportunities arose from rising yields, wider credit spreads, and rampant forced selling by mutual funds and other institutional capital pools. Even with the 40-to-60 basis point rally in the fourth quarter, yields ended the year 150-to-200 basis points higher than they began. Many characterize the municipal market as a low-volatility bond sector. In a *typical year,* 10-year municipal yields usually move 50-to-55 basis points. By comparison, *six of twelve months* this year saw market moves of a comparable magnitude (see Exhibit I).

We were also pleased that credit spreads normalized from their historic narrow levels at the end of 2021 (see Exhibit II). At that time, unprecedented fiscal and monetary stimulus measures helped mitigate short-term credit risk. This, combined with yield chasing amid record mutual fund inflows, stretched valuations of lower-rated bonds. Today's wider spreads reflect less robust demand and growing recession risk, as well as more limited and expensive refinancing options.

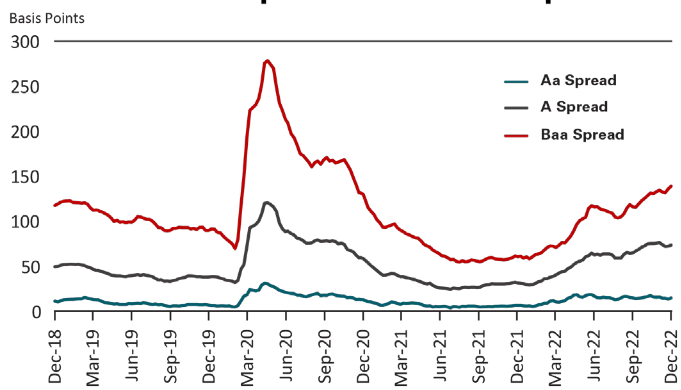
Throughout the year, we balanced liquidity needs and leaned into new opportunities. Simple to say, but not easy in a year like 2022, and we were fortunate to enter the year with ample reserves. Never has the municipal market been subjected to such a prolonged onslaught of forced selling and liquidity challenges. The record mutual fund redemptions of 2022 not only dwarfed prior peaks, but also resulted in a record number of $1+ billion selling days, which accounted for 75% of total trading sessions. Low liquidity might give our traders headaches, but it also provides opportunities, especially during periods of heightened volatility. For more on how we manage liquidity, please look out for a special commentary later this month.

Exhibit I: Monthly Change in the 10-Year AAA Municipal Yield



Data reported monthly from January 31, 2022 to December 31, 2022
Sources: Thompson Reuters and BBH Analysis

Exhibit II: Credit Spreads vs. AAA Municipal Yield



Data reported weekly from December 28, 2018 to December 28, 2022
Sources: Bloomberg and BBH Analysis

Unlike prior periods of high volatility which have involved fears of credit defaults, last year's investor worries centered on the Fed and rising interest rates. We believe 2023 will begin with growing fundamental challenges and rising recession risks. We remain vigilant on the credits we own, knowing that, in contrast to the past, policymakers are unlikely to rescue a weakening economy. Ironically, a recession might be the Fed's best hope to sustainably control inflation and most sectors are well-suited to withstand one. In general, municipal governments are facing this potential economic downturn from a position of strength, with record reserves.

The healthcare sector remains a primary area of concern as hospitals are struggling with wage inflation and a shortage of nurses. Through November, total labor expenses were up 23%[4] compared to the same period in 2019, harming margins. Many hospitals also face a growing preference for lower-margin outpatient procedures, which has slowed revenue growth. Unlike other sectors that continue to benefit from pandemic aid, the healthcare sector does not. During the onset of the COVID-19 pandemic, the federal government advanced future Medicare

[7] Kaufman Hall National Hospital Flash Report, November 2022.

payments to healthcare providers to help stabilize cashflows. Payroll taxes were also deferred. Hospitals were required to pay back these advances by the end of 2022. Between these repayments, declining margins, and negative investment returns on their endowments, hospitals enter the new year with fewer resources to face their stiff headwinds. Finally, should Congress vote to end the Public Health Emergency, Medicaid funding will be reduced, further dampening the outlook.

The risks facing the sector are sizeable, but our hospital credits remain strong. At BBH, we are focused on building portfolios one credit at a time and rely on our research to keep the Fund safe. We emphasize owning a limited number of durable credits[5] that are resilient to unexpected challenges. Our healthcare credits are no exception. Like our recent purchase of Baylor Scott & White Health, the rest of our credits in this sector are well-managed with histories of strong cashflows, robust reserves, and appropriate leverage. We remain surprised that healthcare spreads generally do not reflect the significant challenges the sector faces.

We ended the year with another very active quarter. In contrast to healthcare, municipal airport spreads widened significantly during the year despite strong fundamentals, leading to a wide range of opportunities. We have a strong preference for "Origin and Destination" airports with a monopoly over regional air transportation. We also look for well-managed airports with a history of strong operations and substantial reserves. In many respects, municipal airports serve as quasi-utilities for interstate commerce and travel. Following a near-cessation in air travel during the spring of 2020, most airports have returned to their pre-pandemic level of enplanements. Among others, two new credits for us in this sector include Denver and Nashville airports.

In other activity, we increased our exposure to the Prepaid Natural Gas sector, adding bonds supported by Morgan Stanley and Goldman Sachs. We also purchased a bond backed by Citigroup. The bank exposure inherent in many of these bonds has led to much wider spreads, even for securities with floating-rate coupons. As in past quarters, we continued purchasing State HFA bonds and longer-maturity School District zero-coupon bonds. Both areas still offer very attractive spreads relative to their underlying risks.

We will all remember 2022 as the year the global easy money experiment overstayed its welcome. The revaluation of fixed income and record forced selling in municipals created significant anxiety and reinforced the importance of managing the Fund's liquidity. Keeping resources handy in the event of the unexpected has always been crucial to taking advantage of volatile markets. That may provide little solace to 2022's ocean of red ink. Instead, we would prefer to think about all the new opportunities we added and the end of income challenges for bonds that persisted for much of the prior decade. Don't stop thinking about tomorrow, it'll be better than before.

Best wishes for a happy and healthy 2023.

Sincerely,

Gregory S. Steier
Fund Manager

[8] 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.

Share Class Overview
As of December 31, 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	$656.3	$10.08	2.89%	2.89%
Class N	★★★	BBINX	05528C816	04/01/2014	$34.5	$10.09	2.70%	2.60%

* 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 281 funds in the Muni National Interm category Overall Rating as of 12/31/2022.

** 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 December 31, 2022

Cash and Cash Equivalents	5.1%
AAA	23.5%
AA	39.2%
A	29.3%
BBB	2.8%
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 December 31, 2022

California School District General Obligations	7.8%
Texas Municipal Gas Corporation II	3.5%
Texas School Bond Guarantee Program	3.0%
Texas Municipal Gas Acquisition and Supply Corporation I Series 2008D	3.0%
State of New Jersey	2.9%
South Dakota Housing Development Authority	2.7%
Minnesota Housing Finance Agency	2.7%
Waste Management Inc	2.5%
Philadelphia School District, PA	2.3%
Public Energy Authority of Kentucky Gas Supply Revenue	1.9%
Total	**32.3%**

Reported as a percentage of total portfolio.

Sector Distribution
As of December 31, 2022

Cash and Cash Equivalents	5.1%
General Obligations	19.1%
Pre-Refunded	0.0%
Revenue	75.8%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Fund Facts
As of December 31, 2022

Number of Holdings	272
Number of Issuers Held	105
Effective Duration (years)	4.58
Yield to Maturity	3.97%
Yield to Worst	3.92%

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.

"Bloomberg®" and the Bloomberg 1-15 Year Blend (1-17) Muni Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Brown Brothers Harriman & Co (BBH). Bloomberg is not affiliated with BBH, and Bloomberg does not approve, endorse, review, or recommend the BBH Intermediate Municipal Bond Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the fund.

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.

Brown Brothers Harriman & Co. ("BBH"), a New York limited partnership, was founded in 1818 and provides investment advice to registered mutual funds through a separately identifiable department (the "SID"). The SID is registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940.

Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The BBH Intermediate Municipal Bond Fund was rated against the following numbers of Muni National Interm category funds over the following time periods: 281 funds in the last three years and 248 funds in the last five years. With respect to these Muni National Interm category funds, the BBH Intermediate Municipal Bond Fund (Class I & Class N), received an Overall Morningstar Rating of 3 stars and 3 stars, respectively. Class I three- and five years periods received ratings of 3 stars and 3 stars, respectively. Class N three- and five-year periods received ratings of 3 stars and 3 stars, respectively.

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