BROWN BROTHERS HARRIMAN

CAPITAL PARTNERS

BBH Income Fund

Quarterly Fund Update | 1Q 2025

1Q Highlights

- The Fund outperformed its benchmark during the quarter with selection effects driving overall positive contributions, while interest rates and sector effects had a small but negative impact on relative performance.
- With spreads wider and positive net issuance, opportunities are emerging in pockets of the market.
- We continued to find durable credits offering attractive value even as valuations reflect a growing belief that the U.S. economy is slowing.

PERFORMANCE AS OF MARCH 31, 2025

	Total returns		Average annual total returns				
Fund/benchmark	**3 mo.**	**YTD**	**1 yr.**	**3 yr.**	**5 yr.**	**10 yr.**	**Since inception**
BBH Income Fund - Class I	2.84%	2.84%	6.24%	2.04%	2.87%	N/A	3.49%
Bloomberg US Aggregate Index	2.78%	2.78%	4.88%	0.52%	-0.40%	n/A	1.65%

Class I Inception: 6/27/2018; Class I: Net/Gross Expense Ratio (%) 0.44 / 0.44

Returns of less than one year are not annualized

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses for Class I Shares to 0.50% through March 1, 2026. 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 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.

Sources: Bloomberg and BBH

Market Environment

First quarter 2025 may have been the calm before the storm. Treasury rates declined across the yield curve as concerns about muted growth prospects emerged due to indications the U.S. government planned to introduce protectionist trade policies. These concerns impacted investor predictions for forward-looking Fed interest rate decisions, indicating one additional Fed rate cut was expected and bringing the tally of expectations to four cuts by year end. The next Fed decision is scheduled for May 7th, and investors predict no change to the federal funds rate at that meeting.

The Bloomberg U.S. Aggregate Index returned 2.8% during the first quarter as interest rates declined and credit spreads widened modestly from a low base. Riskier market segments underperformed high-quality bonds. The Bloomberg U.S. Corporate High Yield Index returned 1.0%, and the S&P 500 Index returned -4.3%. All major credit segments of the Bloomberg U.S. Aggregate Index had negative excess returns during the quarter.

Credit issuance remained robust during the quarter, with issuers refinancing short maturities amid low credit spreads, muted volatility, and strong demand. High-grade corporate bond issuance increased 19% while high yield issuance (bonds plus loans) was flat year over year. Asset-backed securities (ABS) issuance was flat, but nontraditional ABS volumes increased 10% from 2024's pace. Commercial mortgage-backed securities (CMBS) volumes jumped 139% off a lower base year over year. Net issuance was modest but positive in all credit sectors.

EXHIBIT I: FIXED INCOME INDEXES RETURNS

	Duration	Total return (%)		Excess return (%)	
Index	**(Years)**	**QTD**	**YTD**	**QTD**	**YTD**
J.P. Morgan Leveraged Loan Index[1]	0.3	0.48	7.02	-0.56	2.00
Palmer Square CLO Debt Index[1]	0.3	1.53	10.24	0.49	5.22
Bloomberg ABS ex Stranded Cost Utilities Index	1.8	1.51	6.22	-0.08	0.78
Bloomberg 2 Year U.S. Treasury Bellwether Index	1.8	1.59	5.20	–	–
Bloomberg U.S. Corporate High Yield Index	3.1	1.00	7.69	-1.13	2.20
Bloomberg Non-Agency CMBS Index	3.7	2.30	7.10	-0.18	1.82
ICE BofA AA-BBB US Misc. ABS Index	3.9	2.13	7.34	-0.39	1.96
Bloomberg Intermediate Corporate Index	4.1	2.27	6.32	-0.29	1.11
Bloomberg U.S. TIPS Index	4.9	4.17	6.17	–	–
Bloomberg U.S. Treasury Index	5.9	2.92	4.51	–	–
Bloomberg MBS Index	5.9	3.06	5.39	-0.07	0.47
Bloomberg EM USD Aggregate Index	6.0	2.34	7.43	-0.63	2.96
Bloomberg Aggregate Index	**6.1**	**2.78**	**4.88**	**-0.23**	**0.33**
Bloomberg U.S. Corporate Index	6.9	2.31	4.90	-0.85	0.74
Bloomberg 10 Year U.S. Treasury Bellwether Index	7.9	3.99	3.93	–	–
Bloomberg Taxable Municipal Index	9.2	2.83	3.38	-0.99	-0.06
Bloomberg Long Corporate Index	12.6	2.38	2.11	-1.99	0.01

Data reported as of March 31, 2025

Past performance does not guarantee future results.

Source: Bloomberg, J.P. Morgan, Palmer Square, ICE, Bank of America, BBH.

Unless otherwise noted Excess Returns are the returns in the excess of duration matched Treasuries.

[1] Excess return computed by BBH as total return less the return of the Bloomberg 3 Month T-Bill Bellwether Index, a proxy for the duration profile of floating-rate leveraged loans and CLO debt.

With spreads wider and positive net issuance, opportunities are emerging in pockets of the market. The percentage of credits that screened as a "buy" increased to 11% from 4% for investment-grade corporate bonds and to 38% from 16% for high yield corporate bonds. The percentage of loans screening as a "buy" decreased though to 45% from 58%. Within the investment-grade corporate credit market, interest rate-sensitive sectors like life insurance, finance companies, and banks continue to screen attractively, while opportunities are also emerging in consumer cyclical companies. Tariff pressures should have a greater effect on more leveraged businesses in the high yield market, which drove credit spreads toward more appropriate ranges.

Away from credits in mainstream indexes, spreads in some ABS subsectors increased toward their long-term averages. Most nontraditional ABS continue to screen attractively in our valuation framework and offer appealing yield prospects. Data center ABS spreads widened from very low levels as concerns over long-term data center demand arose from artificial intelligence (AI) efficiency improvements and potential tariffs. CMBS spreads in select opportunities remain disconnected from their credit profiles, as property-level dynamics remain imperative for performance.

Valuations

Valuations are not yet broadly attractive, and caution is still warranted in several areas of the market. Agency mortgage-backed securities (MBS) valuations remain broadly unattractive as spreads compressed further, with no cohort of the 15- or 30-year MBS market screening as a "buy" candidate. Negative excess returns remain possible for most of the investment-grade corporate bond universe. Less than half of the high yield corporate

EXHIBIT II: OUTLOOK BY SECTOR

Sector	Outlook	Positioning
Reserves		
U.S. Treasuries/futures/reserves	Hold when attractive credits unavailable	Held to balance yield curve and duration exposures
Government-related	Unattractive valuations; better opportunities elsewhere	No positions in portfolios
Municipal	Valuations of select municipals are attractive for inclusion in taxable portfolios	Holdings include transportation revenue bonds
Structured credit		
U.S. MBS	No purchase opportunities in 15- or 30-year pools	No positions in portfolios
RMBS	Continued credit, technical, and valuation concerns	No positions in portfolios
CMBS	Opportunities exist among high-quality properties seeking to refinance	Hold positions in SASB CMBS deals where we have transparency into collateral dynamics
ABS	Opportunities returning as many sectors' spreads reverted towards long term averages	Hold positions across diversified set of nontraditional segments
Corporate credit		
IG corporate bonds	Amount of attractively valued opportunities in benchmarks remains low but is rising	Holdings remain in some interest rate sensitive sectors and among certain security selection opportunities
Corporate loans	Less than half the universe screens attractively	Holdings are diversified and include credits issued by healthcare, airlines, and technology companies
HY corporate bonds	Spreads widen towards long-term average and attractively valued opportunities emerging	Approaching new opportunities cautiously due to potential impact of tariff pressures
Other credit		
Emerging markets	Concerns remain about creditor rights in most emerging market countries	No positions in portfolios

As of March 31, 2025. Portfolio holdings and characteristics are subject to change.

MBS = Mortgage-Backed Securities; RMBS = Residential Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield; SASB = Single Asset, Single Borrower; REIT = Real Estate Investment Trust
Source: BBH

bond and loan markets screen attractively, highlighting the importance of a selective approach. Spreads on collateralized loan obligation (CLO) debt widened from very narrow levels to below-average levels. Emerging market credits remain unappealing due to concerns over creditor rights in most countries and its impact on their durability, compounded with the uncertainties that tariffs may impose on supply chains. We believe nonagency residential mortgage-backed securities (RMBS) remain plagued by poor issuance trends, unattractive valuations, and weak fundamentals.

Valuations reflect a growing belief that the U.S. economy is slowing. GDP estimates declined and suggested a recession is possible. Changing global tariff policies have weighed on business and consumer sentiment while also driving concerns about inflation.

Credit performance of business loans have been strong, although recent tariff policies may challenge future credit performance. Defaults trended lower, while recoveries improved. U.S. business bankruptcies remain low, and business loans held at banks are performing well. There has been an increase in pay-in-kind (PIK) interest for loans held in some private credit structures. We are monitoring the increase in PIK loans closely to distinguish between unique borrower business models vs. inabilities to service debt.

Performance

– The Fund outperformed its benchmark during the quarter with selection effects driving overall positive contributions.

- Interest rates and sector effects had a small but negative impact on relative performance. Favorable selection in corporate loans and ABS impacted performance positively.

- Positions in high yield corporate bonds and corporate loans to technology companies and electric utilities were additive, as were holdings of CLOs.

- Sector exposures hindered results, with overweight positions to corporate loans, ABS, and high yield corporate bonds detracting from performance.

- The Fund enjoyed a contribution from its sector and rating positioning in investment-grade corporate bonds.

- No subsector had a meaningful negative impact on selection results during the quarter.

EXHIBIT III: PERFORMANCE ATTRIBUTION

	Average weight (%)			Contribution (basis points)		
	Portfolio	Benchmark	Active	Rates	Sector	Selection
Total portfolio	**100.0%**	**100.0%**	**0.0%**	**-5**	**-9**	**28**
Reserves	22.3%	45.3%	-22.9%		0	0
Government-related	0.0%	3.7%	-3.7%		1	0
Municipal	0.1%	0.0%	0.1%		0	0
U.S. MBS	0.0%	25.0%	-25.0%		2	0
CMBS	7.0%	1.5%	5.5%		1	1
ABS	20.2%	0.5%	19.7%		-5	7
IG corporate bonds	32.8%	24.1%	8.7%		17	-2
Corporate loans	12.2%	0.0%	12.2%		-22	19
HY corporate bonds	5.4%	0.0%	5.4%		-3	3

Past performance is no guarantee future results
Contribution figures are presented gross of fees
Data reported quarterly from December 31, 2024 to March 31, 2025
Basis point or "bp" is 1/100th of a percent (0.01% or 0.0001)
MBS = Agency Residential Mortgage-Backed Securities; RMBS = Non-Agency Residential; Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield
Source: BBH

Transaction Summary

We continued to find durable credits offering attractive value even as valuations reflect a growing belief that the U.S. economy is slowing. The table below summarizes a few notable portfolio additions.

EXHIBIT IV: TRANSACTION SUMMARY

Obligor	Coupon	Maturity	Yield (YTM)	Rating	Spread	Spread reference	Duration	Sector	Subsector
Ares Capital Corp	2.15	7/15/2026	4.9	BBB	77	Treasury	1.3	Corporate bond	Financial other
INTOWN 2025-STAY	5.65	3/15/2042	5.7	AAA	135	SOFR	0.1	CMBS	Floating SASB
Volkswagen AG	3.20	9/26/2026	4.9	A-	81	Treasury	1.5	Corporate bond	Automotive
Hyundai Motor Co	5.15	3/27/2030	5.2	A-	108	Treasury	4.3	Corporate bond	Automotive
NextEra Energy Inc	8.63	3/15/2033	8.6	BB+	418	Treasury	4.6	Corporate bond	Electric
CFG Investments Limited	6.47	3/25/2036	6.6	BBB-	255	Treasury	2.6	ABS	Personal consumer loan ABS
State Street Corp	4.54	2/28/2028	4.5	NR	44	Treasury	2.7	Corporate bond	Banking
Cargo Aircraft Management Inc	7.05	2/4/2032	7.1	BBB-	271	SOFR	0.0	Loan	Transportation services
Deere & Co	4.85	3/6/2028	4.8	A+	50	SOFR	0.0	Corporate bond	Construction machinery
Olin Corp	6.63	4/1/2033	6.6	BBB-	210	Treasury	4.8	Corporate bond	Chemicals

As of March 31, 2025. Portfolio holdings and characteristics are subject to change.
MBS = Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities
Source: BBH

Characteristics

- The Fund had a lower spread duration than the benchmark, reflecting less sensitivity to changes in credit spreads.
- Over the quarter, holdings of reserves increased while holdings of ABS and investment grade corporate bonds decreased.
- The Fund held 17% in high yield and nonrated credit instruments, similar to last quarter's level, while holding no exposure to agency MBS due to valuation concerns.

EXHIBIT V: CHARACTERISTICS

Portfolio characteristics	Portfolio	Benchmark	Active
Effective duration (years)	5.99	6.04	99%
Spread duration (years)	2.46	3.34	74%
Yield to maturity (%)	6.00	4.60	1.40
Option-adjusted spread (bps)	174	35	139

Credit rating (%)	Portfolio	Benchmark
AAA/TSY/cash	29.0	73.3
AA	12.1	3.4
A	21.1	11.3
BBB	20.9	12.0
BB	8.4	0.0
B	5.8	0.0
CCC & below/NR	2.7	0.0

Fund holdings and characteristics are subject to change.
Past performance does not guarantee future results.
Benchmark is the Bloomberg US Aggregate Bond Index
Data reported as of March 31, 2025

Sector allocation (%)	Portfolio	Benchmark	Active
Reserves	21.6	44.5	-22.9
Government related	0.0	3.9	-3.9
Municipal	0.1	0.5	-0.4
MBS	0.0	25.0	-25.0
RMBS (non-agency)	0.0	0.0	0.0
CMBS	7.0	1.5	5.5
ABS	19.0	0.5	18.5
IG corporate bonds	39.5	24.1	15.4
Corporate loans	12.8	0.0	12.8
HY corporate bonds	0.0	0.0	0.0

TSY = Treasury; MBS = Mortgage-Backed Securities; RMBS = Residential Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield
Source: BBH

Concluding Remarks

Uncertainty over tariffs is already having a recessionary impact on business activity and could pressure the performance of many industries and companies. We remain steadfast in our approach, focusing on identifying durable credits[1] – those that can withstand the worst environments faced by their issuer's industries – at attractive yields. We do this by evaluating individual opportunities bottom-up and not allowing top-down sentiments to alter the application of this approach. We believe this decision-making structure serves our clients well in all environments, whether markets are calm and complacent or volatile and uncertain.

[1] 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.

Sincerely,

Andrew P. Hofer
Fund Co-Manager

Neil Hohmann, PhD
Fund Co-Manager

Paul Kunz, CFA
Fund Co-Manager

Thomas Brennan, CFA
Fixed Income Product Specialist

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

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.

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 fees and expenses.

The selection effect measures the investment manager's ability to select securities within a given segment relative to a benchmark.

The sector effect measures an investment manager's ability to effectively allocate their portfolio's assets to specific sectors relative to a benchmark.

DEFINITIONS

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.

An index is not available for direct investment.

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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.

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.

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.

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.

NOT FDIC INSURED   NO BANK GUARANTEE   MAY LOSE VALUE

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