BBH Income Fund

Quarterly Fund Update / 2Q 2023

2Q Highlights

- Credit valuations have become less appealing, but we continue to find opportunities in less-trafficked segments of the corporate and structured credit markets.
- The Fund outperformed during the quarter, as sector allocation had the largest impact on outperformance while selection results detracted but were mixed on a sector level.
- The portfolio's composition remains heavily invested in credits identified through our bottom-up process, its duration approximates its benchmark, and its yield is elevated versus bond market alternatives.

Performance as of June 30, 2023

	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	0.10%	3.83%	1.07%	-1.24%	2.41%	N/A	2.37%
Bloomberg US Aggregate Index	-0.84%	2.09%	-0.94%	-3.96%	0.77%	N/A	0.75%
Relative to Class I	*0.94%*	*1.74%*	*2.01%*	*2.72%*	*1.64%*	*N/A*	*1.62%*

Class I Inception: 6/27/2018
Class I: Net/Gross Expense Ratio (%) 0.47 / 0.47
Returns of less than one year 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, 2024. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

Sources: Bloomberg and BBH & Co.

Market Environment

U.S. Treasury rates rose across tenors during the second quarter as investor expectations for future Federal Reserve (Fed) interest rate decisions shifted to "higher for longer." Shorter term interest rates ended the quarter at recent highs, while longer term interest rates were near their beginning-of-year levels. The Fed met on June 14th and kept the federal funds rate unchanged at a range of 5.00% - 5.25%. The Fed's next announcement is scheduled for July 26, 2023. Investor expectations reveal a belief the Fed will hike rates in July by 0.25% and keep rates near that level for the next 12 months. In addition, the Fed continues its campaign of shrinking its portfolio of assets acquired through open market operations by a maximum of $95 billion.

Performance of mainstream, investment-grade fixed income benchmarks were negative during the second quarter amid rising rates. Spreads narrowed across all credit sectors, qualities, and instruments. Agency mortgage-backed securities (MBS) outperformed Treasuries despite the Fed's waning support and its extended duration. Investment-grade corporate bonds outperformed similar duration Treasuries by a notable margin as spreads compressed. Indexes of nontraditional asset-backed securities (ABS),[1] high yield corporate bonds, bank loans, and collateralized loan obligation (CLO) debt had positive returns during the quarter and outperformed Treasury alternatives.

Exhibit I: Fixed Income Indexes Returns

	Duration	Total Return (%)		Excess Return (%)	
Index	(Years)	QTD	YTD	QTD	YTD
Morningstar LSTA Leveraged Loan Index[1]	0.3	3.15	6.50	1.93	4.15
JPM CLO Index[1]	0.3	2.43	4.45	1.20	2.10
Bloomberg 2 Year U.S. Treasury Bellwether Index	1.8	-0.89	0.56	--	--
Bloomberg ABS Index	2.8	-0.12	1.74	0.58	0.54
JPM Other ABS Index[2]	3.3	0.02	2.69	1.71	2.03
Bloomberg U.S. Corporate High Yield Index	3.5	1.75	5.38	2.79	4.11
Bloomberg Non-Agency CMBS Index	3.8	-0.56	0.46	0.70	-0.61
Bloomberg Intermediate Corporate Index	4.1	-0.16	2.33	1.10	1.25
Bloomberg U.S. TIPS Index	4.5	-1.42	1.87	--	--
Bloomberg MBS Index	6.1	-0.64	1.87	0.76	0.29
Bloomberg EM USD Aggregate Index	6.2	1.12	3.30	2.60	1.82
Bloomberg U.S. Treasury Index	6.2	-1.38	1.59	--	--
Bloomberg Aggregate Index	6.3	-0.84	**2.09**	**0.59**	**0.52**
Bloomberg U.S. Corporate Index	7.1	-0.29	3.21	1.31	1.56
Bloomberg 10 Year U.S. Treasury Bellwether Index	8.1	-1.91	1.78	--	--
Bloomberg Taxable Municipal Index	9.7	-0.35	5.03	1.65	2.94
Bloomberg Long Corporate Index	13.0	-0.54	4.88	1.70	2.13

Past performance is no guarantee of future results

Unless otherwise noted Excess Returns is the returns in 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 the CLO Index.

[2] Excess return computed by BBH as total return less the return of the Bloomberg 5 Year Treasury

Data reported as of June 30, 2023

Sources: Morningstar, JPM, Bloomberg, and BBH Analysis

Valuations

Corporate credit valuations have become less appealing, but opportunities remain. According to our valuation framework,[2] the number of investment-grade corporate bonds that screened as a "buy" decreased to 39%, the number of high yield corporate bonds screened as a "buy" decreased to 36%, while over 90% of bank loans screen as a "buy." Within the investment-grade corporate bond market, we find most opportunities in short and intermediate duration segments of single-A and triple-B bonds, as well as nontraditional issuances that do not meet index inclusion criteria but offer compelling valuation while meeting our credit criteria. In the high yield corporate bond market, there are many opportunities among smaller issuers in the "BB" and "B" markets. However, our valuation framework identifies plenty of "hold" and "sell" candidates in those ratings categories, so there are plenty of value traps and valuation-sensitive selection remains imperative.

In the structured credit markets, we are finding an abundance of attractively valued opportunities. Issuances of non-traditional ABS, single-asset single-borrower (SASB) commercial mortgage-backed securities (CMBS), and CLO debt have come with attractive compensation and strong durability and structural protections.

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

[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.

We continue to avoid agency MBS due to valuation concerns, as spreads are below their Pre-Quantitative Easing (QE) levels and face pressures from the Fed's quantitative tightening program where the tapering of its MBS purchases has just begun. Non-agency residential mortgage-backed securities (RMBS) continues to suffer from lower durability, thin credit enhancement, and prepayment risk. We continue to avoid emerging markets credits due to concerns regarding creditor rights in most countries.

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	Valuations are below pre-QE levels and Fed is tapering purchases	No positions in portfolios
RMBS	Continued credit and valuation concerns	No positions in portfolios
CMBS	Traditional conduits unattractive, select SASB issuances attractive	Hold positions in fixed- and floating-rate SASB CMBS deals with strong property-level transparency
ABS	Traditional segments unattractive, select nontraditional segments attractive	Hold positions in 20 nontraditional segments that offer attractive yields and demonstrable durability
Corporate Credit		
IG Corporate Bonds	Find value in short and intermediate index-eligible bonds and select nontraditional bonds	Holdings include intermediate maturity credits issued by banks, business development companies, property and casualty insurers, and life insurers
Senior Bank Loans	Rich opportunity set of attractively valued opportunities	Holdings are diversified and include credits issued by healthcare, airlines, and pharmaceutical companies
HY Corporate Bonds	Roughly one-third of universe screens as "buy" with most being bonds of smaller issuers	Holdings are diversified and include credits issued by midstream energy, electric utilities, and speacialized REITs
Other Credit		
Emerging Markets	Concerns remain about creditor rights in most emerging market countries	No positions in portfolios

As of June 30, 2023. Portfolio holdings and characteristics are subject to change.
MBS = Mortgage-Backed Securities; RMBS = Residential Mortgage-Backed Securities; CMBS = Commerical Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield; SASB = Single-Asset, Single-Borrower
Source: BBH Analysis

Performance

Sector allocation had the largest impact on outperformance, with contributions stemming from the Fund's overweights to investment-grade corporate bonds, senior bank loans, ABS, and high yield corporate bonds. The Fund's underweight to agency MBS detracted from results.

The Fund's duration and yield curve profile contributed to results during the quarter. Agency MBS was not owned in the portfolio but carries a significant weight in the Index. Agency MBS has negative convexity, and its duration can change day-to-day with changes in interest rates and interest rate volatility. We manage the Fund's duration to

Exhibit III: Fund Attribution

	Average Weight (%)			Contribution (Basis Points - Gross)		
	Portfolio	Benchmark	Active	Rates	Sector	Selection
Total Portfolio	100	100	0	28	78	-24
US Treasury	8.2	41.0	-32.8		0	0
Cash and Reserves	-0.1	0.0	-0.1		0	0
Government-Related	0.0	5.1	-5.1		-4	0
Municipal	0.8	0.0	0.8		2	-3
US MBS	0.0	27.1	-27.1		-21	0
CMBS	5.6	1.7	3.8		-2	8
ABS	20.6	0.4	20.2		18	1
IG Corporate Bonds	45.7	24.6	21.1		38	-24
Senior Bank Loans	13.5	0.0	13.5		32	-13
HY Corporate Bonds	5.7	0.0	5.7		14	8

Past performance is no guarantee of future results
Contribution figures are presented gross of fees
Data reported quarterly from March 31, 2023 to June 30, 2023
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
Sources: BBH Analysis

replicate the Index's duration as transactions occur – not to changes in the Index's day-to-day duration swings – and this contributed as the Fund's duration was stable but slightly lower than the Index's while interest rates rose.

Selection results detracted but were mixed on a sector level. Positions of investment grade corporate bonds and senior bank loans detracted from results. Holdings of high-grade corporate bonds issued by banks, electric utilities, and property & casualty (P&C) insurers underperformed, while senior bank loan positions of consumer cyclical services companies lagged. Selection results in CMBS and high yield corporate bonds were additive. The Fund's positions in SASB CMBS and high yield corporate bonds issued by property and casualty insurers, specialty real estate investment trusts (REITs), and retailers contributed.

Transaction Summary

Purchases made during the quarter came from a broad range of industries as value was not contained to just one idiosyncratic sector. Descriptions of a few notable portfolio additions are included below.

In the first half of this year the banking sector experienced increased volatility and wider credit spreads in reaction to several idiosyncratic bank failures. Relying on our fundamental bottom-up approach we leaned into the volatility in the second quarter and purchased notes from regional banks **Fifth Third Bancorp, Huntington National,** and **Comerica.** The banks possess strong asset quality, solid liquidity, satisfactory capital adequacy and net earnings. Dislocated valuations caused by this market turmoil allowed us to purchase Fifth Third's A- rated 5-year notes at a spread of 272 basis points[3] over Treasuries for a 6.1% yield, Huntington National's A- rated 5-year notes at a spread of 241 basis points over Treasuries for a 6.3% yield, and Comerica's BBB+ rated 2-years notes an attractive spread of 730 basis points over Treasuries for a 11.2% yield.

We purchased bonds issued by **RenaissanceRe,** a repeat issuer for the Fund who brought a new issue to market during the quarter. RenaissanceRe is one of the best-performing catastrophe reinsurance underwriters known for sophisticated capital management between risk lines and strong pricing and risk disciplines. We purchased the 10-year new issue A3/BBB+ rated bonds at a spread of 215 basis points over Treasuries. **Realty Income Corp** is a triple net lease REIT that boasts an excellent balance sheet with low leverage, significant scale, and strong underwriting history. We purchased the new issue 10-year A3/A- rated bonds at a spread of 185 basis points over Treasuries.

Newtek Small Business Loan Trust 2023-1 A is comprised of the unguaranteed portion of small business loans backed by the U.S. Small Business Administration program. Prior Newtek investments in the portfolio have performed well and we purchased the A- rated floating-rate issue at a spread of 300 basis points over Secured Overnight Financing Rate (SOFR) for a 7.9% yield.

We also purchased a position in bonds of a collateralized loan obligation brought by **PennantPark Floating Rate Capital Ltd.** PennantPark Floating Rate Capital is a business development company that originates first lien secured loans directly to merdium-sized enterprises with earnings before interest, taxes, depreciation, and amortization (EBITDA) between $10 and $100 million across a diverse set of industries. The company's long-term credit performance has been strong, due in part to the limited leverage of portfolio companies and strong underwriting. The floating rate, AA rated notes were purchased at a spread of 405 basis points over SOFR for a 9.3% yield

Characteristics

At the end of the month, the Fund's duration was 6.3 years and continued to approximate that of its benchmark. High yield investments represented 17.9%, were comprised primarily of credits rated "BB," and consisted of a blend of corporate bonds and loans. The Fund's yield to maturity was 7.3% and remained elevated versus bond market alternatives. The Fund's option-adjusted spread was 296 basis points; for reference, the Bloomberg U.S. Corporate Index's option-adjusted spread (OAS) was 123 basis points at month-end.

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

Exhibit IV: Fund Characteristics

Portfolio Characteristics

	Portfolio	Benchmark	Active
Effective Duration (Years)	6.29	6.27	100%
Spread Duration (Years)	4.08	3.74	109%
Yield to Maturity (%)	7.31	4.82	2.49
Option-Adjusted Spread (bps)	296	49	247

Credit Rating (%)

	Portfolio	Benchmark
AAA/TSY/Cash	13.1	72.7
AA	9.4	3.1
A	30.2	11.7
BBB	29.5	12.6
BB	11.6	0.0
B	5.9	0.0
CCC & Below/NR	0.4	0.0

Sector Allocation (%)

	Portfolio	Benchmark	Active
U.S. Treasury	5.0	40.9	-35.9
Reserves	-0.2	0.0	-0.2
Government-Related	0.0	5.1	-5.1
Municipal	0.8	0.0	0.8
MBS (Agency)	0.0	27.0	-27.0
RMBS (Non-Agency)	0.0	0.0	0.0
CMBS	6.0	1.7	4.2
ABS	21.7	0.5	21.3
IG Corporate Bonds	47.5	24.8	22.7
Senior Bank Loans	13.6	0.0	13.6
HY Corproate Bonds	5.6	0.0	5.6

Portfolio holdings and characteristics are subject to change

Benchmark is the Bloomberg US Aggregate Index

Data reported as of June 30, 2023

TSY = Treausury; MBS = Mortgage-Backed Securities; RMBS Residential Mortgage-Backed Securities; CMBS = Commerical Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield

Source: BBH Analysis

Conclusion

While financial news outlets may focus on one risk that is commanding the most attention, the events of the past eighteen months have reminded us why we remain focused on buying durable credits at attractive valuations on a bottom-up basis. Many of the risks that come to the forefront have been considered already by our research analysts in the normal course of our process. Valuations tend to get discussed less but are having significant (and growing) impacts on fixed income investors' performance experiences. We hope that this insight into the portfolio composition and performance is useful as we navigate the opportunities and risks in the market.

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

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 fees and expenses.

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

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.

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.

Definitions

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.

ICE BofA US Corporate Index tracks the performance of USD denominated investment grade corporate debt publicly issued in the U.S. domestic market.

ICE BofA 1-5 Year US Fixed Rate CMBS Index consists of USD denominated, fixed rate commercial mortgage-backed securities (CMBS). The Index is comprised of CMBS tranches where the issues are rated investment-grade using an average of Moody's, S&P, and Fitch and have durations greater than 1 year but less than 5 years when the index is constituted. To be eligible for inclusion, CMBS issues must have a minimum original deal size of $250 million, at least $50 million current outstanding for senior tranches and $25 million for mezzanine and subordinated tranches, and at least 10% of the original deal size must be currently outstanding.

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

ICE BofA US Fixed-Rate Miscellaneous Asset-Backed Securities (ABS) Index is a subset of the ICE BofA US Fixed-Rate ABS Index, ex securities collateralized by auto loans, home equity loans, manufactured housing, credit card receivables and utility assets. Securities are publicly issued, USD, with an IG rating based on an average of Moody's, S&P and Fitch.

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.

Morningstar /LSTA Leveraged Loan Index (the Index) is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. Facilities are eligible for inclusion in the indexes if they are senior secured institutional term loans with a minimum initial spread of 125 and term of one year. They are retired from the indexes when there is no bid posted on the facility for at least 12 successive weeks or when the loan is repaid.

S&P 500 is a market-capitalization-weighted stock market index that tracks the stock performance of the 500 largest U.S. public companies.

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 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, USD denominated, fixed-rate treasuries, government-related, and corporate securities.

Bloomberg US Corporate Bond Index represents the corporate bonds in the Bloomberg US Aggregate Bond Index, and are USD denominated, investment-grade (rated Baa3 or above by Moody's), fixed-rate, corporate bonds with maturities of 1 year or more.

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 Corporate High Yield Index (BBG HY Corp) is an unmanaged index that is comprised of issues that meet the following criteria: at least $150 million par value outstanding, maximum credit rating of Ba1 (including defaulted issues) and at least one year 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 US ABS ex. Stranded Cost Utility Index excludes certain stranded cost utility bonds included in the Bloomberg US ABS Index.

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.

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. 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.