BROWN BROTHERS HARRIMAN

CAPITAL PARTNERS

BBH Income Fund

Quarterly Fund Update | 2Q 2025

2Q Highlights

- The portfolio outperformed its benchmark during the quarter, with selection effects driving performance.
- Credit dynamics are generally healthy, with losses and delinquencies of business loans, consumer debt, and commercial real estate loans generally at manageable levels.
- There are idiosyncratic opportunities in distinct corners of the credit markets despite weak overall valuations, and we believe that selectivity regarding both valuations and durability is imperative for attaining favorable credit performance moving forward.

PERFORMANCE AS OF JUNE 30, 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	1.82%	4.71%	7.45%	4.89%	1.92%	N/A	3.63%
Bloomberg US Aggregate Index	1.21%	4.02%	6.08%	2.55%	-0.73%	N/A	1.76%

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

"In like a lion, out like a lamb" is an apt metaphor for capital markets in the second quarter. On April 2, 2025, the roar of Liberation Day tariffs rattled global markets. However, President Trump subsequently reduced the proposed tariff levels and markets rebounded strongly. A steady stream of notable headlines followed, including, but not limited to, the Moody's U.S. downgrade, questions about the Federal Reserve's independence, the One Big Beautiful Bill (OBBB) Act and its impact to the U.S. fiscal deficit, and rising tensions in the Middle East. Despite the deluge of news, the quarter ended with economic and market data seemingly unconcerned with those headlines. Equities posted strong returns during the quarter, while credit performed well as spreads narrowed back to recent lows. Unemployment and inflation data remained steady, and business and consumer sentiment improved from Liberation Day lows. Market predictions shifted to a higher-for-longer Fed stance.

The second quarter showed why interest rate timing is a challenging undertaking. The yield curve both inverted further from zero to three years and steepened from three to 30 years as uncertainties regarding Fed rate cuts, inflation, and growth persisted. The next Fed decision is scheduled for July 30, 2025. Investors predict the Fed will not cut rates then, with mixed opinions on whether the Fed cuts rates at all during the third quarter. Fixed income indexes enjoyed positive total and excess returns during the quarter. Riskier segments of the market outperformed higher-quality indexes as credit spreads narrowed. The Bloomberg Aggregate Index returned 1.2%, while the JPM Leveraged Loan Index returned 2.4% and the Bloomberg High Yield Index returned 3.5%.

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	2.36	2.85	1.31	0.75
Palmer Square CLO Debt Index[1]	0.3	2.27	3.83	1.22	1.73
Bloomberg ABS ex Stranded Cost Utilities Index	1.8	1.45	2.98	0.26	0.18
Bloomberg 2 Year U.S. Treasury Bellwether Index	1.8	1.12	2.73	—	—
Bloomberg U.S. Corporate High Yield Index	2.8	3.53	4.57	2.17	1.04
Bloomberg Non-Agency CMBS Index	3.6	1.97	4.31	0.50	0.33
ICE BofA AA-BBB US Misc. ABS Index	3.9	1.52	3.68	0.16	-0.24
Bloomberg Intermediate Corporate Index	4.1	2.12	4.45	0.69	0.41
Bloomberg U.S. TIPS Index	4.9	0.48	4.67	—	—
Bloomberg U.S. Treasury Index	5.9	0.85	3.79	—	—
Bloomberg MBS Index	6.0	1.14	4.23	0.17	0.10
Bloomberg EM USD Aggregate Index	6.0	2.54	4.94	1.60	0.99
Bloomberg Aggregate Index	**6.1**	**1.21**	**4.02**	**0.33**	**0.10**
Bloomberg U.S. Corporate Index	6.8	1.82	4.17	1.04	0.21
Bloomberg 10 Year U.S. Treasury Bellwether Index	8.0	1.04	5.08	—	—
Bloomberg Taxable Municipal Index	9.1	0.71	3.56	0.32	-0.66
Bloomberg Long Corporate Index	12.7	1.23	3.64	1.79	-0.14

Data reported as of June 30, 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.

Credit issuance was mixed during the quarter despite a lull of deals during the depths of market volatility in April. Investment-grade corporate bond issuance matched last year's pace, while private label commercial mortgage-backed securities (CMBS) volumes are up 61% year over year. Issuance in several sectors was lower than their record-setting paces of 2024, yet volumes did not crater, and high-quality issuers can continue to access the markets. Volumes of nontraditional asset-backed securities (ABS), high-yield corporate bonds, and loans were down 9%, 15%, and 37%, respectively, year over year.

Credit dynamics are generally healthy, with losses and delinquencies of business loans, consumer debt, and commercial real estate loans generally at manageable levels. Businesses have weathered recent uncertainties well. Default rates are lower across the high-yield market, although the default rate on loans continues to be well above those for bonds. Delinquencies and charge-off rates of business loans at commercial banks have stabilized, and non-accrual rates of loans held by business development companies (BDCs) crept higher yet remain at manageable levels.

Delinquency rates and charge-offs on consumer loans held at commercial banks increased, yet not to levels that raise concerns about systemic losses that might impact securitizations. While auto loans, bank credit cards, and mortgage delinquencies have only modestly increased, federal student loan payments resumed during the quarter, causing a spike in delinquency rates on student loans. It is questionable whether the resumption of student loan payments will have a spillover effect into other types of consumers' debt. Strong credit underwriting remains imperative to navigating debts backed by or tied to consumers.

Delinquency rates on commercial real estate varied by sectors and deal structures. Office delinquencies revealed a divergence by deal structure: Office loans in conduits continued to rise while single-asset, single-borrower

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
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 decreased further despite volatility	Holdings remain in some interest rate sensitive sectors and among certain security selection opportunities
Corporate loans	Opportunities shrink but remain balanced across issuer sizes and industries	Holdings are diversified and include credits issued by healthcare, airlines, and technology companies
HY corporate bonds	Spreads narrowed after Q2 spike, while distressed cohort remains low	Approaching new opportunities cautiously due to potential impact of tariff pressures
Other credit		
Municipal	Valuations of select municipals are attractive for inclusion in taxable portfolios	Holdings include transportation revenue bonds
Emerging markets	Concerns remain about creditor rights in most emerging market countries	No positions in portfolios

As of June 30, 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

(SASB) delinquencies moderated. Multifamily delinquencies increased to recent highs across deal structures. In retail, hotel, and industrial sectors, SASB and conduit delinquency rates converged at similar levels quarter over quarter. Delinquency rates and charge-offs of commercial real estate loans held at commercial banks remain subdued, indicating that market stress has not impacted banks' credit portfolios to date.

Valuations

With narrower spreads, strong fixed income fund flows, and mixed issuance, credit valuations weakened during the quarter. Investment-grade corporate bond "buys" decreased to 8% from 11%, to 27% from 38% for high yield, and to 43% from 45% for loans. Agency mortgage-backed securities (MBS) remain wholly unattractive, with no 15- or 30-year coupon cohort screening as a "buy." Away from credits in mainstream indexes, ABS index spreads narrowed, though performance varied by subsector. Higher-quality CMBS spreads narrowed as spreads of BBB- rated multifamily and mixed-use CMBS widened. Spreads on collateralized loan obligation (CLO) debt narrowed further from already tight levels.

As always, there are idiosyncratic opportunities in distinct corners of the credit markets. Investment-grade corporate bonds in interest rate-sensitive industries offer opportunities, and many bonds with short to intermediate durations screen favorably. The corporate loan market continues to offer opportunities across the spectrum of deal sizes. Most high-yield opportunities reside in selective and smaller issuers. Tariffs and fiscal policy uncertainty have also affected several high-yield industries' valuations and created opportunities. Spreads of several ABS subsectors and SASB CMBS property types have moved near their long-term averages.

We continue to avoid certain segments that we believe have enduring credit issues. Emerging market credit remains unappealing to us due to concerns over creditor rights in most countries and its impact on their durability. We find non-agency residential mortgage-backed securities (RMBS) plagued by erratic issuance trends, unattractive valuations, and weak fundamentals.

Performance

The Fund outperformed its benchmark during the quarter with selection effects driving performance. Sector effects contributed to a smaller extent than selection effects, and rate effects had a small negative impact. ABS, investment-grade corporate bonds, loans, and high-yield corporate bonds had favorable and strong selection effects. Positions in cable satellite loans, insurance-linked ABS, and healthcare loans were subsectors that contributed the most. Our avoidance of agency MBS had negative but minimal detraction from performance. Loans to chemical companies detracted modestly from selection effects.

EXHIBIT III: PERFORMANCE ATTRIBUTION

	Average weight (%)			Contribution (basis points)		
	Portfolio	Benchmark	Active	Rates	Sector	Selection
Total portfolio	**100.0%**	**100.0%**	**0.0%**	**-7**	**13**	**67**
Reserves	18.9%	45.8%	-26.9%		0	0
Government-related	0.0%	3.7%	-3.7%		-3	0
Municipal	0.1%	0.0%	0.1%		0	0
U.S. MBS	0.0%	24.7%	-24.7%		-4	0
CMBS	7.1%	1.5%	5.6%		3	3
ABS	19.5%	0.4%	19.1%		6	17
IG corporate bonds	35.6%	24.0%	11.6%		-4	18
Corporate loans	12.6%	0.0%	12.6%		6	19
HY corporate bonds	6.2%	0.0%	6.2%		9	11

Past performance is no guarantee future results

Contribution figures are presented gross of fees

Data reported quarterly from March 31, 2025 to June 30, 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[1] offering attractive value even as valuations are broadly unattractive. 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
Zayo Issuer LLC	5.95	6/20/2055	6.0	A-	225	Treasury	4.3	ABS	Fiber ABS
Equitable Holdings Inc	4.95	6/9/2030	5.0	A+	95	Treasury	4.4	Corporate bond	Life insurance
Mutual of Omaha	4.51	6/9/2028	4.5	A+	68	Treasury	2.8	Corporate bond	Life insurance
FREMF 2025-K170	0.00	2/25/2063	9.3	NR	457	Treasury	9.8	CMBS	Freddie K CMBS
Apollo Global Management LLC	4.83	5/9/2028	4.8	A+	105	Treasury	2.8	Corporate bond	Life insurance
Cogent Communications CCOI	6.65	4/25/2055	6.7	BBB	300	Treasury	4.2	ABS	Cell tower ABS
Pacific Life Insurance Company	4.45	5/1/2028	4.5	AA-	66	Treasury	2.8	Corporate bond	Life insurance
BlackRock Financial Management Inc (CLOs)	12.52	4/20/2037	12.5	BB-	825	SOFR	0.3	ABS	Collateralized loan obligation (CLO)
Citigroup Inc	4.64	5/7/2028	4.6	A	95	Treasury	1.9	Corporate bond	Banking
Oxford Finance Funding Trust	5.88	8/14/2034	6.0	A	215	Treasury	3.2	ABS	Venture debt ABS

As of June 30, 2025. Portfolio holdings and characteristics are subject to change.

MBS = Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities

Source: BBH

[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.

Characteristics

The Fund had a lower spread duration than the benchmark, reflecting less sensitivity to changes in credit spreads. Over the quarter, holdings of corporate bonds increased while holdings across all other sectors decreased. The Fund held no exposure to agency MBS due to valuation concerns. The fund held 18% in high-yield and nonrated credit instruments, similar to last quarter's level.

EXHIBIT V: CHARACTERISTICS

Portfolio characteristics

	Portfolio	Benchmark	Active
Effective duration (years)	6.04	6.02	100%
Spread duration (years)	2.55	3.28	78%
Yield to maturity (%)	5.88	4.52	1.36
Option-adjusted spread (bps)	169	33	136

Credit rating (%)

	Portfolio	Benchmark
AAA/TSY/cash	26.5	48.3
AA	11.9	28.2
A	23.3	11.5
BBB	20.5	11.9
BB	9.4	0.1
B	5.4	0.0
CCC & below/NR	3.1	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 June 30, 2025

Sector allocation (%)

	Portfolio	Benchmark	Active
Reserves	19.6	45.0	-25.4
Government related	0.0	3.8	-3.8
Municipal	0.1	0.5	-0.4
MBS	0.0	24.6	-24.6
RMBS (non-agency)	0.0	0.0	0.0
CMBS	7.0	1.5	5.5
ABS	18.7	0.4	18.3
IG corporate bonds	36.4	24.1	12.3
Corporate loans	11.9	0.0	11.9
HY corporate bonds	6.2	0.1	6.1

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

If you could go back in time to last fall and show an investor this quarter's headlines, we suspect they would be shocked by the buoyancy of the stock market and rich valuations of credit. We believe that selectivity regarding both valuations and durability are imperative for attaining favorable credit performance moving forward. Complacency may be creeping into some segments of the market, but we remain steadfast in our approach. We maintain attention to factors that underlie an issuer's durability, such as underwriting standards, financial and operating flexibility, and prudent capital structures. Such an approach helps our clients' portfolios perform through unpredictable times.

Sincerely,

Andrew P. Hofer
Fund Co-Manager

Neil Hohmann, PhD
Fund Co-Manager

Paul Kunz, LL.M, CFA
Fund Co-Manager

Thomas Brennan, CFA
Fixed Income Product Specialist

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.

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