BROWN BROTHERS HARRIMAN

CAPITAL PARTNERS

BBH Income Fund

Quarterly Fund Update | 2Q 2026

2Q Highlights

– The Fund outperformed its benchmark during the quarter with positive sector and selection effects.

– Credit valuations became less attractive during the quarter as credit spreads of every major market sector narrowed.

– Prolonged periods of low credit spreads and subdued volatility are not new to the fixed income markets. In these environments, we find that executing a selective, bottom-up selection process can help investors perform through the inevitable spread widening that will occur.

PERFORMANCE AS OF JUNE 30, 2026

	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	0.93%	1.04%	4.07%	5.92%	1.45%	–	3.69%
Bloomberg US Aggregate Index	0.67%	0.62%	3.79%	4.16%	0.08%	–	2.01%

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, 2027. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board")

Upon the close of business 12/31/2025, BBH Credit Partners, a subsidiary of BBH, became the investment adviser to the Fund. Performance prior to that date is of BBH, the prior manager.

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

Fixed income indices gained during second quarter 2026, as yields were cushioned by narrowing credit spreads against the impact of rising interest rates. Year to date, index returns have been paltry as interest rates rose and credit spreads hovered near historical lows. Credit excess returns over similar duration Treasuries were generally positive across sectors during the quarter and year to date.

Credit performance seems disconnected from the headlines. Inflationary concerns persist and have dissipated any prospective rate cut beliefs. U.S. consumer sentiment remains weak due to deepening concerns over affordability.

The business uncertainties stemming from artificial intelligence (AI) disruption continue to loom. All of this is occurring as the Federal Reserve (the Fed) undergoes a change in leadership under new Chairman Kevin Warsh, who created task forces to focus on the Fed's approaches to communications, balance sheet policy, data quality and timeliness, productivity and jobs, and inflation frameworks.

The overall impact on credit market fundamentals has been limited. U.S. consumers appear challenged but resilient, with consumer debt losses and delinquency rates hovering at historically normal levels. The default rates of high-yield bonds and loans appear to have stabilized at manageable levels. Private credit default rates are declining, as are concerns over an imminent broad-based surge in default activity. All of this is also occurring in a market where strong companies can easily access debt capital.

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	1.93	1.48	1.04	-0.29
Palmer Square CLO Debt Index[1]	0.3	2.73	2.34	1.83	0.57
Bloomberg 2 Year U.S. Treasury Bellwether Index	1.8	0.29	0.53	–	–
Bloomberg ABS ex Stranded Cost Utilities Index	1.9	0.68	1.11	0.28	0.44
Bloomberg U.S. Corporate High Yield Index	2.9	2.47	1.96	2.21	1.46
Bloomberg Non-Agency CMBS Index	3.3	0.71	1.06	0.59	0.91
ICE BofA AA-BBB US Misc. ABS Index	3.6	1.10	1.44	0.90	1.14
Bloomberg Intermediate Corporate Index	4.1	0.98	0.75	0.88	0.66
Bloomberg U.S. TIPS Index	4.8	0.89	1.15	–	–
Bloomberg MBS Index	5.4	0.58	0.99	0.30	0.45
Bloomberg U.S. Treasury Index	5.8	0.32	0.28	–	–
Bloomberg Aggregate Index	**5.9**	**0.67**	**0.62**	**0.38**	**0.30**
Bloomberg EM USD Aggregate Index	5.9	3.42	2.03	3.19	1.80
Bloomberg U.S. Corporate Index	6.8	1.40	0.86	1.17	0.67
Bloomberg 10 Year U.S. Treasury Bellwether Index	7.9	0.18	-0.14	–	–
Bloomberg Taxable Municipal Index	8.9	0.93	1.27	0.64	1.12
Bloomberg Long Corporate Index	12.5	2.31	1.08	1.81	0.72

Data reported as of June 30, 2026.

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.

ICE = Intercontinental Exchange; CLO = Collateralized Loan Obligation; ABS = Asset-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; MBS = Mortgage-Backed Securities; TIPS = Treasury Inflation Protected Securities; EM = Emerging Markets.

Higher interest rates have commanded investors' attention, with fixed income funds experiencing inflows at a rapid pace. At the same time, credit issuance hit record-setting highs across several sectors and issuers were met with strong demand and low risk spreads. Volumes of investment grade corporate bonds increased 24%, high-yield bonds increased 21%, loans rose 25%, asset-backed securities (ABS) increased 18%, and nonagency commercial mortgage-backed securities (CMBS) increased 30% year over year. Even volumes of debt tied to private credit rose strongly. New issue private credit collateralized loan obligation (CLO) issuance increased 10% and business development company (BDC) debt volumes rose 63% from last year's pace. The theme of issuance tied to the buildout of AI infrastructure continued and intensified, with full-year forecasts for total credit issuance tied to financing AI ambitions rising 15% from the levels predicted at the start of the year.

Fundamentals indicate healthy performance of credits tied to borrowing by corporations, consumers, and commercial real estate operators. Default rates of high-yield corporate bonds and loans sit near their longer-term averages. Measures of private credit default activity fall in a range of 3% to 5%, higher than recent lows but consistent with long-term averages. Many types of consumer loans – including credit cards, autos, unsecured loans, and home improvement loans – report default and delinquency rates consistent with historical experience. Commercial real estate loan performance has steadied, with banks reporting minimal charge-offs and losses. Credit performance in single-asset single-borrower (SASB) deal structures has normalized, with delinquency rates stabilizing and losses remaining low.

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	Spreads remain attractive and opportunities exist across several property types of SASB deals	Hold issues of SASB and Freddie K securitizations with strong durability and transparency
ABS	Nontraditional spreads narrowed but remain above cyclical lows	Hold positions across diversified set of nontraditional segments, with recent purchases of data center ABS, triplet net lease ABS, broadly syndicated loan CLO, and personal consumer loan ABS
Corporate credit		
IG corporate bonds	Spreads narrowed back to historically low levels	Holdings remain in shorter duration bonds, companies in interest rate sensitive sectors, and idiosyncratic opportunities
Corporate loans	Opportunities remain in smaller issuers as default rates near longer-term averages	Newer purchases include loans of companies in the midstream energy, technology, healthcare, and manufacturing sectors
HY corporate bonds	Spreads of “BB” and “B” issues narrowed but opportunities remain	Identified newer opportunities in bonds of companies in the pharmaceutical, technology, and specialty lending industries
Other credit		
Municipal	Valuations of select municipals are attractive for inclusion in taxable portfolios	Minimal holdings in portfolios
Emerging markets	Concerns remain about creditor rights in most emerging market countries	No positions in portfolios

As of June 30, 2026. 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

Valuations

Credit valuations became less attractive during the quarter as credit spreads of every major market sector narrowed. The percentage of corporate bonds screening as potential “buy” opportunities for BBH decreased to 7% from 10% for investment grade and to 22% from 23% for high yield. In the loan market, however, the percentage of issues screening as a “buy” candidate increased to 62% from 55% last quarter. No coupon cohort of the agency mortgage-backed securities (MBS) market screened as a “buy” candidate according to our Valuation Framework.[1] In the structured credit markets, spreads narrowed but remain above historical lows. Spreads of nontraditional ABS remain above cyclical lows, and SASB CMBS spreads remain closer to their historic medians. Debt spreads of broadly syndicated loan (BSL) CLOs narrowed and sat near cyclical lows. Spreads of debt tied to private credit narrowed during the quarter, while middle-market CLO and BDC bond spreads declined to levels closer to cyclical lows after rising briefly last quarter amid concerns tied to software company exposures and elevated redemption requests.

There are pockets of opportunities throughout the credit markets, though selectivity is imperative. Within the investment grade corporate bond market, over 40% of finance company and life insurance names meet our criteria

[1] 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.

for purchase, and opportunities remain in bonds maturing under five years. In the high-yield bond market, over half of the automotive and finance company industries screen as "buy" opportunities, while an abundance of loans to cable satellite, broadcasting, and technology companies screen favorably, to name a few. Opportunities emerged in several structured credit sectors, including ABS backed by data centers, personal consumer loans, triple net leases, fiber optic networks, SASB CMBS, and BSL CLOs.

EXHIBIT III: PERFORMANCE ATTRIBUTION

	Average weight (%)			Contribution (basis points)		
	Portfolio	Benchmark	Active	Rates	Sector	Selection
Total portfolio	**100.0%**	**100.0%**	**0.0%**	**6**	**23**	**8**
Reserves	23.9%	46.7%	-22.8%		0	-1
Government-related	0.0%	3.7%	-3.7%		-3	0
Municipal	0.0%	0.0%	0.0%		0	0
U.S. MBS	0.0%	23.7%	-23.7%		-7	0
CMBS	7.3%	1.4%	5.9%		-1	4
ABS	17.0%	0.4%	16.6%		6	4
IG corporate bonds	35.2%	23.9%	11.3%		-1	15
Corporate loans	11.2%	0.0%	11.2%		19	-16
HY corporate bonds	5.3%	0.0%	5.3%		10	2

Past performance is no guarantee future results.
Contribution figures are presented gross of fees.
Data reported quarterly from March 31, 2026 to June 30, 2026.
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

Performance

The Fund outperformed its benchmark during the quarter with positive sector and selection effects. Sector positioning contributed to performance, driven by exposures within corporate loans, high-yield corporate bonds, and ABS. Selection results were positive, driven by positions in investment grade corporate bonds to specialty finance companies, life insurance companies, and property and casualty companies. Loans to wireline, technology, and healthcare companies detracted from selection.

Transaction summary

We continued to find durable credits[2] 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
CoBank ASB	6.75	-	6.4	BBB+	267	Treasury	4.2	Government-related	Agency
Oracle Corp	5.01	8/16/2027	5.1	BBB	143	SOFR	0.0	Loans	Technology
Lendmark Funding Trust	4.80	11/20/2035	4.9	AAA	92	Treasury	3.3	Asset-backed securities	Personal consumer loan ABS
Palmer Square Loan Funding	4.68	7/15/2034	4.7	AAA	100	SOFR	0.1	Asset-backed securities	Broadly syndicated loan CLO ABS
QTS Fayetteville I DC1-2 LLC / QTS TRS Fayetteville I DC-2 LLC	5.70	4/15/2036	6.0	BBB	164	Treasury	7.4	IG corporate bonds	Technology
STORE Master Funding LLC	5.22	6/20/2056	5.3	AAA	94	Treasury	4.9	Asset-backed securities	Triple net lease ABS
Hopper Merger Sub	6.15	4/9/2029	6.0	B+	236	SOFR	0.0	Loans	Healthcare
Organon & Co	5.13	4/30/2031	5.3	BB-	197	Treasury	3.1	HY corporate bonds	Pharmaceuticals
Guardian Life Insurance Co of America	4.81	6/1/2031	4.8	AA+	63	Treasury	4.4	IG corporate bonds	Life insurance
BX 2026-CLS	5.05	5/15/2031	5.1	AAA	126	SOFR	0.1	Commercial mortgage-backed securities	Single borrower floating CMBS

As of June 30, 2026. Portfolio holdings and characteristics are subject to change.
MBS = Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities
Source: BBH

[2] Obligations such as bonds, notes, loans, leases, and other forms of indebtedness, except for cash and cash equivalents, issued by obligors other than the U.S. Government and its agencies, totaled at the level of the ultimate obligor or guarantor of the Obligation. Durable means the ability to withstand a wide variety of economic conditions.

EXHIBIT V: CHARACTERISTICS

Portfolio characteristics

	Portfolio	Benchmark	Active
Effective duration (years)	5.86	5.84	100%
Spread duration (years)	2.44	3.13	78%
Yield to maturity (%)	6.08	4.73	1.34
Option-adjusted spread (bps)	155	26	129

Credit rating (%)

	Portfolio	Benchmark
AAA/TSY/cash	33.0	49.3
AA	12.2	27.7
A	20.9	11.5
BBB	18.8	11.5
BB	9.1	0.0
B	4.4	0.0
CCC & below/NR	1.5	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, 2026.

Sector allocation (%)

	Portfolio	Benchmark	Active
Reserves	21.6	46.1	-24.5
Government related	0.4	3.9	-3.5
Municipal	0.0	0.4	-0.4
MBS	0.0	23.7	-23.7
RMBS (non-agency)	0.0	0.0	0.0
CMBS	7.6	1.4	6.2
ABS	18.3	0.4	17.9
IG corporate bonds	35.6	24.1	11.5
Corporate loans	11.1	0.0	11.1
HY corporate bonds	5.3	0.0	5.3

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

Characteristics

The Fund's duration continues to approximate its benchmark's duration. The Fund held no exposure to agency MBS due to valuation concerns. The Fund's allocation to high-yield and nonrated issues increased to 15% from 13% over the quarter. Holdings of reserves decreased 5% as we purchased credits that met our valuation and durability criteria. Holdings of ABS increased 3% as we purchased personal consumer loan ABS, BSL CLOs, and triple net lease ABS. The weight to loans increased 2% as loans to companies in the technology, healthcare, manufacturing, and midstream energy industries were purchased.

Concluding remarks

Prolonged periods of low credit spreads and subdued volatility are not new to the fixed income markets. In these environments, we find that executing a selective, bottom-up selection process can help investors perform through the inevitable spread widening that will occur. Though no one knows when or why spreads will widen, we believe investing in durable credits with careful attention to valuations, appropriate debt structuring, transparency afforded to investors, and the caliber of management serve investors' long-term interests well regardless of the prevailing environment.

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

LSEG | Lipper Fund Awards
Winner 2026
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BBH received the 2026 LSEG Lipper Award U.S. **Best Fixed Income Asset Class** (out of 91) in the Small Fund Family Group Over Three Years ending (November) 2025.This award for Fixed Income performance in the Small Fund Family Group is awarded to only one firm in the United States annually, highlighting fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers.

The award is based on adjusted performance. Past performance is not indicative of future results. From LSEG Lipper Fund Award ©2026.All rights reserved. Used under license.

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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.

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BBH

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