BBH Limited Duration Fund

Quarterly Fund Update / 1Q 2024

1Q Highlights

- The Fund outperformed the Index during the quarter as sector and rating emphases contributed to relative results. Security selection enhanced results and contributions were diversified among sectors.
- Index credits have weak valuations, but an abundance of opportunities in select subsectors of the market remain.
- We identified new opportunities within select sectors and industries for the Fund despite waning opportunities in the credit markets.

Performance as of March 31, 2024

Fund/Benchmark	Total Returns 3 Mo	Total Returns YTD	Average Annual Total Returns 1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
BBH Limited Duration Fund Class I	1.70%	1.70%	7.65%	2.97%	3.06%	2.47%	3.76%
BBH Limited Duration Fund Class N	1.78%	1.78%	7.68%	2.93%	2.98%	2.36%	3.62%
Bloomberg US 1-3 Year Treasury Bond Index	0.28%	0.28%	2.94%	0.01%	1.13%	1.06%	2.39%
Reference Benchmark	1.07%	1.07%	5.14%	1.84%	2.10%	1.87%	2.41%

Class I Inception: 12/03/2002 Class N Inception: 12/22/2000
Class I: Net/Gross Expense Ratio (%) 0.28 / 0.28 Class N: Net/Gross Expense Ratio (%) 0.35 / 0.49
Returns of less than one year are not annualized

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses to 0.35% for Class N shares through March 1, 2025. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

The Reference Benchmark is an unmanaged weighted index comprised as follows: 40% Bloomberg Short-Term Corporate Index; 40% Bloomberg US Aggregate ABS Index; and 20% Bloomberg US Treasury Bills Index. The inception date of the reference benchmark is 12/31/04. The indexes are not available for direct investment.

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.

Market Environment

Treasury rates continued to be volatile as strong economic data and stubbornly high inflation data drove market sentiment back towards a "higher for longer in 2024" disposition, although the yield curve still had three 25 basis point[1] Federal Reserve (Fed) interest rate cuts priced in by the end of this year. Shorter-duration fixed income indexes generated positive returns during the first quarter while longer-duration indexes experienced negative total returns. Excess returns to credit were positive across sectors, with agency mortgage-backed securities (MBS) being the notable exception that underperformed comparable duration Treasuries as the Fed continued shrinking its balance sheet.

Economic data has remained strong as inflationary pressures persist and there are few signs of recession on the horizon. Headline consumer inflation prints have been stronger than anticipated, and wage growth remains higher than historic averages. The Chicago Fed National Activity Index remains above its recession indicator threshold. Default rates of below investment-grade companies also remain subdued despite higher interest rates. The U.S. consumer appears to be on solid footing, with loan delinquency rates generally rising off very low bases and not indicating widespread issues. Although auto loan delinquency rates have risen to their highest levels since 2009, and defaults for subprime auto loans have increased above their pre-COVID-19 levels, these data

Exhibit I: Fixed Income Indexes Returns

Index	Duration (Years)	Total Return (%) QTD	Total Return (%) 1 Year	Excess Return (%) QTD	Excess Return (%) 1 Year
Morningstar LSTA Leveraged Loan Index[1]	0.3	2.46	12.47	1.15	7.13
Palmer Square CLO Debt Index[1]	0.3	4.27	18.87	2.97	13.52
Bloomberg 2 Year U.S. Treasury Bellwether Index	1.8	0.24	2.40	–	–
Bloomberg ABS ex Stranded Cost Utilities Index	1.8	0.74	4.48	0.38	1.41
Bloomberg U.S. Corporate High Yield Index	3.2	1.47	11.15	1.59	9.08
Bloomberg Non-Agency CMBS Index	3.8	2.22	6.39	2.65	4.89
ICE BofA AA-BBB US Misc. ABS Index	3.9	2.16	7.36	2.50	5.89
Bloomberg Intermediate Corporate Index	4.0	0.26	4.94	0.70	3.55
Bloomberg U.S. TIPS Index	4.6	-0.08	0.45	–	–
Bloomberg U.S. Treasury Index	6.0	-0.96	0.05	–	–
Bloomberg EM USD Aggregate Index	6.1	1.53	8.43	2.53	8.68
Bloomberg MBS Index	6.1	-1.04	1.39	-0.14	1.00
Bloomberg Aggregate Index	6.2	-0.78	**1.70**	**0.23**	**1.67**
Bloomberg U.S. Corporate Index	7.0	-0.40	4.43	0.89	5.08
Bloomberg 10 Year U.S. Treasury Bellwether Index	8.0	-1.67	-2.20	–	–
Bloomberg Taxable Municipal Index	9.3	-0.44	2.83	1.53	5.29
Bloomberg Long Corporate Index	12.9	-1.69	3.43	1.25	8.03

Sources: Bloomberg, Morningstar LSTA, Palmer Square, ICE, Bank of America, and BBH
Data reported as of March 31, 2024
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-Bellwether Index, a proxy for the duration profile of floating-rate leveraged loans and CLO debt.

[1] Basis points (bps) is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

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points are within expected ranges for losses in asset-backed securities (ABS) and do not currently pose risk of impairment to bondholders. Delinquency rates on business loans held at U.S. commercial banks remain near cyclical lows. Commercial real estate loan delinquency rates at U.S. banks continue to creep higher, which parallels the rising delinquency rates being experienced in commercial mortgage-backed securities (CMBS) related to office properties.

Valuations

Credit spreads narrowed across sectors and qualities despite the deluge of issuance during the quarter. This highlights both the intense demand for credit and the increasing complacency of investors evaluating new issues. The average option-adjusted spread (OAS) of the Bloomberg U.S. Corporate Index was 90 basis points at the end of the period, which was the lowest level since December 2021. When the Index's spread is less than 100 basis points, the Index tends to underperform Treasury alternatives moving forward.

As a result of the tighter credit spread environment, we are finding fewer opportunities in traditional segments of the credit markets. According to our Valuation Framework,[2] the percentage of investment-grade corporate bonds that screened as a "Buy" decreased to 13% versus 23% at the start of the quarter and 47% at the end of the first quarter last year, with the prospects for longer-duration bonds looking particularly unattractive. The percentage of high-yield corporate bonds that screened as a "Buy" in our Valuation Framework declined to 16% from 24% at the start of the quarter and 47% at

Exhibit II: Outlook by Sector

Sector	Outlook	Positioning
Reserves		
U.S. Treasuries/Futures/Reserves	Hold when attractive credits unavailable	Weight increasing as credit valuation deteriorating; 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 buy opportunities in 15- and 30-year fixed-rate segments of agency MBS markets	No positions in portfolios
RMBS	Continued credit and valuation concerns	No positions in portfolios
CMBS	Spreads narrowing from elevated levels and issuance resuming for non-office collateral	Hold positions in SASB CMBS deals where we have transparency into collateral dynamics as well as an increasing amount of selection opportunities we identified
ABS	Credit spreads narrowed yet spreads in certain sectors remain disconnected from their underlying credit risk	Hold positions in 20 nontraditional segments that offer attractive yields and demonstrable durability
Corporate Credit		
IG Corporate Bonds	Index credit spreads continued to narrow and attractively valued opportunities in benchmarks dwindled	Sector weight decreased yet opportunities remain in some interest rate sensitive sectors and among certain security selection opportunities. Holdings include credits issued by banks, P&C insurers, and life insurers
Senior Bank Loans	High base rates plus attractive valuations merit attention as default rates remain in-check	Holdings are diversified and include credits issued by healthcare, airlines, and pharmaceutical companies
HY Corporate Bonds	Index spreads narrowing with low default rates and a surge of issuance, limiting the number of attractively-valued opportunities in benchmark	Sector weight decreased yet opportunities remain in select subsectors and in some security selection opportunities we identified that meet our valuation and credit criteria
Other Credit		
Emerging Markets	Concerns remain about creditor rights in most emerging market countries	No positions in portfolios

As of March 31, 2024. 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 = Sing Asset, Single Borrower; REIT = Real Estate Investment Trust

Source: BBH

[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.

the end of the first quarter last year, with "Buy" candidates having become sparse in the double-B benchmark. No cohort of 30-year or 15-year agency MBS met our Valuation Framework criteria for new purchases at quarter-end.

However, there does remain opportunities in select subsectors of the market. Senior bank loans continue to screen attractively, with 87% of the universe screening as a "Buy" candidate. We continue to find opportunities in investment-grade bonds issued by life insurers and banks. Several "BB" and "B" rated bonds issued by specialty financial companies, banks, and real estate investment trusts (REITs) screen attractively in the high yield bond universe. In the structured credit markets, opportunities remain despite the recent narrowing of credit spreads, with spreads in some select sectors remaining disconnected from their underlying credit risk. Opportunities are also arising in the CMBS market as investors differentiate between office properties and other property types with solid credit dynamics. We continue to avoid non-agency residential mortgage-backed securities (RMBS) due to poor technical factors, and weak fundamentals, underpinned by poor housing affordability, low inventory of homes for sale, and stable-to-declining home prices.

Performance

The Fund's sector and rating emphases contributed to relative results during the quarter. The Fund was overweight to strong-performing segments of the credit markets, including ABS, investment-grade corporate bonds, senior bank loans, CMBS, and high yield corporate bonds.

The Fund's duration profile contributed to total and relative returns as shorter duration bonds had a positive return and outperformed 1 – 3 year Treasuries during the quarter.

Security selection enhanced results further, and contributions were diversified among sectors. The Fund experienced favorable selection results from its holdings of investment-grade corporate bonds, senior bank loans, and high yield corporate bonds, while selection of ABS hindered results slightly. Subsectors that contributed to the Fund's selection results included investment-grade corporate bonds issued by banks, life insurers, and property and casualty (P&C) insurers, senior bank loans to electric utilities and wirelines, Single-Asset Single-Borrower (SASB) CMBS, and data center ABS. The Fund's holdings of collateralized loan obligation's (CLOs) and high yield corporate bonds issued by technology companies hindered selection results.

Exhibit III: Fund Attribution

	Average Weight (%)	Contribution (Basis Points - Gross)		
	Portfolio	Rates	Sector	Selection
Total Portfolio	**100.0%**	**81**	**75**	**20**
Cash and Reserves	12.6%		0	0
Municipal	1.3%		0	0
CMBS	5.9%		10	-1
ABS	23.1%		26	-3
IG Corporate Bonds	42.3%		25	17
Senior Bank Loans	12.1%		11	4
HY Corporate Bonds	2.6%		4	3

Past performance is no guarantee future results
Contribution figures are presented gross of fees
Data reported quarterly from December 31, 2023 to March 31, 2024
Basis point or "bp" is 1/100th of a percent (0.01% or 0.0001)
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[3] offering attractive value despite dwindling attractiveness of valuations of credits in Indexes. The purchases were made across a variety of sectors and industries. Descriptions of a few notable portfolio additions are included below.

Longtime holding **SiriusPoint Ltd** is a reinsurance company with a strong and stable European business and a strong capital structure that includes subordinated bonds, safety reserves, and a large equity cushion. We purchased their new issue, 5-year, BBB- rated bonds at a spread of 288 basis points over Treasuries for a yield of 7.1%. KKR's wholly-owned life insurance subsidiary **Global Atlantic** brought a new issuance during the quarter. Global Atlantic's strengths include a strong balance sheet, prudent asset-liability matching, and demonstrated capital support from KKR. We purchased the 5-year, A rated bonds at a spread of 175 basis points over Treasuries for a yield of 5.6%. And Apollo's wholly-owned life insurance subsidiary **Athene** issued during the quarter as well, with its credit strengths including its very low leverage, its high risk-based capital ratio, and its exceptional liquidity condition. We purchased the new-issue, 5-year, A+ rated bonds at a spread of 160 basis points over Treasuries for a yield of 5.6%. We found some attractively valued bonds issued by leading banks with strong capital and liquidity positions, including five-year, new-issue, AA- rated bonds of Swedish bank **Skandinaviska Enskilda Banken AB** offered at a spread of 117 basis points over Treasuries for a yield of 5.5% and four-year, new-issue, A- rated bonds of **Banco Santander** offered at a spread of 125 basis points over Treasuries for a spread of 5.6%.

In the structured credit sectors, we purchased bonds of a SASB CMBS issuance, **DK 2024-SPBX**. The loan is secured by a diversified portfolio of 108 self-storage facilities spread across nine states, and the deal had strong structural protections and robust debt service coverage ratios under a variety of scenarios. We purchased the 2-year weighted average life, floating-rate, AAA rated bonds at a spread of 150 basis points over Secured Overnight Financing Rate (SOFR)[4] for a yield of 6.8%. We also participated in a personal consumer loan securitization, **PPWR 2024-A**, brought by Purchasing Power, a specialty online retailer that

[3] 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.
[4] SOFR = Secured Overnight Financing Rate, which is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

sells products and services directly to employees of its clients through an employee benefit model which are paid via automatic payroll deductions or allocations. Past ABS issuances brought by Purchasing Power had low and predictable loss levels, the deal had strong structural protections to protect bondholders, and we purchased the AAA rated bonds at a spread of 140 basis points over Treasuries for a yield of 6.0%. **BHG 2024-1CON** is a small business loan ABS deal brought by Bankers Healthcare Group, a specialty finance company providing commercial and consumer financing to high income, skilled professionals in proven healthcare practices. The deal features robust credit enhancements through overcollateralization and excess spread, and we purchased the AAA rated bonds at a spread of 130 basis points over Treasuries for a yield of 5.9%.

Characteristics

At the end of the quarter, the Fund's duration was 0.9 years. Holdings of reserves increased modestly to 14% at quarter-end. The Fund's credit sector allocations were little changed quarter over quarter. High yield and nonrated investments declined slightly to 9.5%, were comprised primarily of credits rated "BB," and consisted of a blend of corporate bonds and loans. The Fund's yield to maturity was 6.5% and remained elevated versus short-term bond market alternatives. The Fund's option-adjusted spread was 135 basis points over Treasuries; for reference, the longer-duration Bloomberg U.S. Corporate Index's option-adjusted spread was 90 basis points at quarter-end.

Exhibit IV: Fund Characteristics

Portfolio Characteristics	Portfolio	Benchmark	Active
Effective Duration (Years)	0.90	1.80	-0.90
Spread Duration (Years)	1.69	1.80	-0.11
Yield to Maturity (%)	6.47	4.70	1.77
Option-Adjusted Spread (bps)	135	0.0	135

Credit Rating (%)	Portfolio	Benchmark
AAA/TSY/Cash	37.3	100.0
AA	12.4	0.0
A	19.6	0.0
BBB	20.9	0.0
BB	6.8	0.0
B	1.2	0.0
CCC & Below/NR	1.6	0.0

Sector Allocation (%)	Portfolio	Benchmark	Active
Reserves	14.0	100.0	-86.0
Municipal	0.4	0.0	0.4
MBS (Agency)	0.1	0.0	0.1
RMBS (Non-Agency)	0.0	0.0	0.0
CMBS	6.0	0.0	6.0
ABS	23.3	0.0	23.3
IG Corporate Bonds	41.5	0.0	41.5
Senior Bank Loans	12.1	0.0	12.1
HY Corproate Bonds	2.6	0.0	2.6

Portfolio holdings and characteristics are subject to change.

Benchmark is the Bloomberg US 1-3 Year Treasury Bond Index

Data reported as of March 31, 2024

TSY = Treausury; MBS = Mortgage-Backed Securities; RMBS = Residential Mortgage-Backed Securities; CMBS = Commerical Mortgage-Backed Securities; ABS = Asset-Backed Securities; CLO = Collateralized Loan Obligation

Source: BBH

Concluding Remarks

We believe credit and valuation discipline remain essential as others may be tempted to reach for yield with still-elevated interest rates. With robust issuance, eager investor demand, and narrow credit spreads, it is imperative that each opportunity be carefully vetted for durability and meet our required valuation criteria prior to investment. The most worrisome risks are often those that are unanticipated. Therefore, we continue to evaluate each credit's durability, structure, management, and transparency while stress-testing the credit to the worst environment its industry faced before investing. We believe preparation and discipline will be necessary for navigating the months and quarters ahead.

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

LSEG Lipper Fund Awards
2024 Winner
United States

The **BBH Limited Duration Fund (BBBIX)** was named the Best Short Investment Grade Debt Funds over five years, for the period ending December 31, 2023. The fund was assessed against 90 funds in this category.

The LSEG Lipper Fund Awards annually recognize funds and fund management firms for their consistently strong risk-adjusted three-, five- and 10-year performance relative to their peers based upon Lipper's quantitative, proprietary methodology. Other share classes may have different performance characteristics. Past performance is no guarantee of future results.

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.

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.

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.

The Class I shares commenced operations on December 3, 2002. Prior to December 3, 2002, performance reflects performance of the Class N shares adjusted to assume that all charges, expenses and fees were deducted. Performance prior to December 22, 2000 is that of the BBH Broad Market Fixed Income Portfolio adjusted to assume that all charges, expenses and fees of the Fund and the Portfolio which are presently in effect were deducted during such periods, as permitted by applicable SEC staff interpretations. The inception date of the BBH Broad Market Fixed Income Portfolio was July 20, 2000.

The Class N shares commenced operations on December 22, 2000. Performance prior to December 22, 2000 is that of the BBH Broad Market Fixed Income Portfolio adjusted to assume that all charges, expenses and fees of the Fund and the Portfolio which are presently in effect were deducted during such periods, as permitted by applicable SEC staff interpretations. The inception date of the BBH Broad Market Fixed Income Portfolio was July 20, 2000.

Definitions

The Bloomberg U.S. 1-3 Year Treasury Bond Index is an unmanaged index of fixed rate obligations of the U.S. Treasury with maturities ranging from 1-3 years.

Bloomberg Short-Term Corporate Index is an unmanaged index comprised of U.S. dollar denominated, investment grade, fixed rate, corporate securities with a remaining maturity from 1 day up to (but not including) 12 months and have at least $250 million par amount outstanding.

Bloomberg US Aggregate ABS Index represents the ABS components of the Bloomberg U.S. Aggregate Index.

The Bloomberg US Aggregate Bond Index is a market-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 Treasury Bills Index is an unmanaged index comprised publicly-issued U.S. Treasury bills with a remaining maturity from 1 day up to (but not including) 12 months. It excludes zero coupon stripsAn index is not available for direct investment.

The composition of the index is materially different than the Fund's holdings. The Fund is actively managed and does not measure its performance success nor alter its construction in relation to any particular benchmark or index. An index is not available for direct investment.

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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.

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.

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