

# BBH Income Fund

## Monthly Fund Update / August 2022

The BBH Income Fund Class I ("the Fund") returned -2.00% in August, and the Bloomberg US Aggregate Index returned -2.83%.

Treasury rates rose during the month. Federal Reserve ("the Fed") Chairman Jay Powell stated at the economic policy symposium in Jackson Hole, WY that the Fed is committed to restoring price stability through more restrictive monetary policy. Market expectations revealed the increasing probability of a more-aggressive, hawkish action following these remarks. The Fed continued to reduce the size of its balance sheet, and the pace will accelerate to a maximum monthly decrease of \$95 billion per month starting in September. In addition to monetary policies, fiscal policies were passed in August that will impact the economy in a variety of ways. The Inflation Reduction Act and the Student Loan Forgiveness plans will impact certain credits both positively and negatively, although we do not hold any significantly impacted credits, such as student loan asset-backed securities (ABS). Nor have we observed significant changes to credits owned in the Fund.

Agency mortgage-backed securities (MBS) underperformed Treasury alternatives as mortgage spreads widened, perhaps due in part to the Fed's waning purchases. The corporate bond market outperformed Treasuries as credit spreads declined during the month. High yield loans gained 1.5% despite the broad rise in rates.

The Fund's outperformance was driven by its positioning in corporate and structured credit. Corporate credit allocations were a contributing factor with an allocation to loans and an overweight to corporate bonds. A positioning in ABS and commercial mortgage-backed securities (CMBS) impacted results favorably as well. Additionally, the avoidance of MBS contributed to its outperformance, as mortgages were down significantly during the month.

Credit valuations remain attractive and offer more opportunities to find durable credits<sup>1</sup> at attractive yields. We remain measured, selective, and patient in evaluating these emerging opportunities.

<sup>1</sup> 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.

**Overall Morningstar Rating™**  
**As of August 31, 2022**

Class I: 

Star ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year Morningstar Rating metrics. The Income Fund was rated against 569 funds in the Intermediate Core-Plus Bond category as of 08/31/2022.

### Performance

#### Total Returns

#### Average Annual Total Returns

| As of 08/31/2022                    | Total Returns |        |         | Average Annual Total Returns |        |       |        | Since Inception |
|-------------------------------------|---------------|--------|---------|------------------------------|--------|-------|--------|-----------------|
|                                     | 1 Mo.*        | 3 Mo.* | YTD*    | 1 Yr.                        | 3 Yr.  | 5 Yr. | 10 Yr. |                 |
| <b>BBH Income Fund (Class I)</b>    | -2.00%        | -1.66% | -10.83% | -11.02%                      | 0.17%  | N/A   | N/A    | 2.73%           |
| <b>Bloomberg US Aggregate Index</b> | -2.83%        | -2.01% | -10.75% | -11.52%                      | -2.00% | N/A   | N/A    | 1.02%           |

  

| As of 06/30/2022                    | Total Returns |        |         | Average Annual Total Returns |        |       |        | Since Inception |
|-------------------------------------|---------------|--------|---------|------------------------------|--------|-------|--------|-----------------|
|                                     | 1 Mo.*        | 3 Mo.* | YTD*    | 1 Yr.                        | 3 Yr.  | 5 Yr. | 10 Yr. |                 |
| <b>BBH Income Fund (Class I)</b>    | -2.24%        | -6.26% | -11.36% | -10.52%                      | 0.92%  | N/A   | N/A    | 2.69%           |
| <b>Bloomberg US Aggregate Index</b> | -1.57%        | -4.69% | -10.35% | -10.29%                      | -0.93% | N/A   | N/A    | 1.18%           |

Class I: Net/Gross Expense Ratio (%) 0.47 / 0.47

All performance is net of fees  
Sources: BBH & Co. and Bloomberg

\* Returns 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 sold, 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, 2023. The contractual expense limitations may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

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

**BBH Fund Information Service: (800) 625-5759**

Share Class Overview  
As of August 31, 2022

| Class I | Overall Morningstar Rating™** | Ticker | CUSIP     | Inception Date | Total Net Assets (mil) | NAV    | 30-Day SEC Yield** (Subsidized) | 30-Day SEC Yield** (Unsubsidized) |
|---------|-------------------------------|--------|-----------|----------------|------------------------|--------|---------------------------------|-----------------------------------|
|         | ★★★★★                         | BBNIX  | 05528C766 | 06/27/2018     | \$570.0                | \$9.10 | 4.81%                           | 4.81%                             |

\* Star ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year Morningstar Rating metrics. The Income Fund was rated against 569 funds in the Intermediate Core-Plus Bond category as of 08/31/2022.

\*\* SEC yield is a calculation based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the reported period.

| Credit Quality<br>As of August 31, 2022 |               |
|---|---------------|
| Cash and Cash Equivalents               | 0.0%          |
| U.S. Treasuries                         | 3.8%          |
| AAA                                     | 7.1%          |
| AA                                      | 10.3%         |
| A                                       | 21.8%         |
| BBB                                     | 34.5%         |
| BB                                      | 14.0%         |
| B or Lower                              | 8.3%          |
| Not Rated                               | 0.2%          |
| <b>Total</b>                            | <b>100.0%</b> |

| Top 10 Credits<br>As of August 31, 2022 |              |
|---|--------------|
| FS Investment Corp                      | 1.2%         |
| SVB Capital (WestRiver Group)           | 1.2%         |
| Blackstone / GSO CLO                    | 1.1%         |
| Trinity Capital Inc                     | 1.0%         |
| Boeing Co                               | 1.0%         |
| Universal Insurance                     | 1.0%         |
| MTN 2022-LPFL                           | 1.0%         |
| System One                              | 1.0%         |
| Gladstone Capital Corp                  | 0.9%         |
| Fairfax India                           | 0.9%         |
| <b>Total</b>                            | <b>10.3%</b> |

Reported as a percentage of total portfolio.

| Sector Distribution<br>As of August 31, 2022 |               |
|--|---------------|
| Corporate Securities                         | 48.7%         |
| Asset-Backed Securities                      | 20.7%         |
| Commercial Mortgage-Backed Securities        | 6.8%          |
| Municipal Securities                         | 1.0%          |
| Agency Mortgage-Backed Securities            | 0.0%          |
| Trust Preferred                              | 0.0%          |
| Loans  | 18.7%         |
| U.S. Treasuries                              | 3.8%          |
| U.S. Inflation-Indexed Securities            | 0.0%          |
| Residential Mortgage-Backed Securities       | 0.3%          |
| Cash and Cash Equivalents                    | 0.0%          |
| <b>Total</b>                                 | <b>100.0%</b> |

| Duration Distribution<br>As of August 31, 2022 |                 |                              |
|--|-----------------|------------------------------|
|  | BBH Income Fund | Bloomberg US Aggregate Index |
| <1 Yr.   | 31.4%           | 0.2%                         |
| 1 - 3 Yrs.                                     | 22.6%           | 23.0%                        |
| 3 - 5 Yrs.                                     | 28.4%           | 25.3%                        |
| 5 - 7 Yrs.                                     | 8.3%            | 25.6%                        |
| 7 - 10 Yrs.                                    | 4.2%            | 9.8%                         |
| 10 - 20 Yrs.                                   | 5.2%            | 14.5%                        |
| 20+ Yrs.                                       | 0.0%            | 1.6%                         |
| <b>Total</b>                                   | <b>100.0%</b>   | <b>100.0%</b>                |

| Fund Facts<br>As of August 31, 2022 |       |
|-------------------------------------|-------|
| Number of Holdings                  | 262   |
| Effective Duration (years)          | 6.36  |
| Weighted Average Life (years)       | 5.53  |
| Yield to Maturity                   | 6.73% |

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 rating exposure and composition are subject to change. 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.**

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.

## RISKS

Investors in the Fund should be able to withstand short-term fluctuations in the fixed income markets in return for potentially higher returns over the long term. The value of portfolios changes every day and can be affected by changes in interest rates, general market conditions and other political, social and economic developments.

The value of some bonds including asset-backed and mortgage-backed securities may be sensitive to changes in prevailing interest rates that can cause a decline in their prices. Mortgage related securities are subject to prepayment and extension risk. 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.

Investing in the bond market is subject to certain risks including market, interest-rate, issuer, maturity, call, credit, and inflation risk; investments may be worth more or less than the original cost when redeemed.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

Below investment grade bonds, commonly known as junk bonds, are subject to a high level of credit and market risks and are considered speculative.

To the extent that the Fund experiences a large purchase or redemption on any business day, the Fund's performance may be adversely affected.

Bloomberg US Aggregate Bond Index: covers the USD-denominated, investment-grade (rated Baa3 or above by Moody's), fixed-rate, and taxable areas of the bond market. This is the broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with maturities of 1 year or more. The index is not available for direct investment.

"Bloomberg®" and the Bloomberg US Aggregate Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Brown Brothers Harriman & Co (BBH). Bloomberg is not affiliated with BBH, and Bloomberg does not approve, endorse, review, or recommend the BBH Income Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the fund.

**For more complete information, visit [www.bbhffunds.com](http://www.bbhffunds.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.

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.

© 2022 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 126 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The BBH Income Fund was rated against the 569 funds in the Intermediate Core-Plus Bond category for the Overall and three-year time periods ending 08/31/2022. The BBH Income Fund (Class I), received an Overall Morningstar Rating of 5 stars and a three-year rating of 5 stars.

Not FDIC Insured

No Bank Guarantee

May Lose Money

BBH Fund Information Service: (800) 625-5759

IM-11659-2022-09-16

BBH03603

Exp. Date 10/31/2022