BBH Intermediate Municipal Bond Fund

Quarterly Fund Update / 3Q 2023

A Sorta Fairytale

3Q Highlights

- High-quality intermediate duration municipal portfolios now generate over 4% yields, tax exempt. That is nearly 7% pre-tax for an investor in the top federal income tax bracket.
- We took advantage of a wide range of opportunities during the quarter as spreads for housing, prepaid gas, zero-coupon bonds, and longer-maturity callable bonds remained at attractive levels.
- Municipal opportunities have rarely been more attractive. We believe the confluence of high base rates, healthy credit spreads, and substantial compensation for non-standard structures offer the potential for robust total returns.

Performance
As of September 30, 2023

	Total Returns		Average Annual Total Returns			
	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	Since Inception
Class I	-2.53%	-0.33%	3.72%	-1.73%	1.38%	2.26%
Class N	-2.48%	-0.37%	3.62%	-1.85%	1.21%	2.12%
Benchmark	-2.85%	-1.05%	2.50%	-1.66%	1.25%	1.82%

Class I Inception: 04/01/2014
Class N Inception: 04/01/2014

Class I: Net/Gross Expense Ratio (%) 0.46 / 0.46
Class N: Net/Gross Expense Ratio (%) 0.65 / 0.70

Returns of less than one year are not annualized.

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses to 0.65% for Class N shares and 0.50% for Class I shares 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").

Performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance current to the most recent month-end please call 1-800-625-5759. *Fund shares redeemed within 30 days of purchase are subject to a redemption fee of 1.00%.*

Sources: BBH & Co. and Bloomberg

BBH Intermediate Municipal Bond Fund Class I ("the Fund") had a total return of -2.53% during the third quarter of 2023, compared to a return of -2.85% for the benchmark Bloomberg 1-15 Year Municipal Index.

Once upon a time, politicians could work across the aisle, municipal advance refundings could be tax-exempt, and working five days a week in the office was normal. A few years ago, we also would have dreamed about 4% tax-exempt yields. Well, dreams sometimes do come true. 18 months into the Federal Reserve's (Fed) hiking cycle, we remain excited about the investment opportunities on offer. Nominal and Real[1] yields are now at their highest levels in decades and the prospect of "higher Fed policy rates for longer" has gained traction.

A steeply inverted yield curve was *not sustainable* unless the Fed was poised to pivot to an easier posture sometime soon. As this has become less likely, Treasury and municipal yield curves began to dis-invert, with longer-maturity rates rising more than those with short maturities. During the third quarter, intermediate and long-maturity municipal yields rose 90 basis points[2], while short-maturity yields were up 70 basis points. We have enjoyed locking in these higher rates for our clients. Consistent with our experience, negative investment sentiment has again produced bountiful investment opportunities. After several years of cautious investing when rates were closer to 0%, we have become much more active.

For the quarter, intermediate benchmark returns fell 3%, the third worst quarter in the last 25-years. This brought year-to-date results to moderately negative. Fortunately, the Fund declined less and outperformed on a relative basis. Once again, the yield advantage played a key role. Our exposures in State Housing Finance Authority agencies (HFAs), airports, school district zero-coupon bonds, and prepaid natural gas bonds served as the primary drivers of that yield advantage.

Historically, periods of poor bond market performance are often followed by strong rebounds, but not so in 2023. Elevated money market yields now provide households with their most substantial returns on their savings in decades. After the bear market of 2022 and a persistent inversion of the yield curve, it is no wonder why there is reluctance to buy longer maturity bonds in favor of greater than 5% yields on cash.

[1] Real yields is a measure of the stated return on bonds, minus inflation
[2] 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.

We are nearing the end of the active phase of this tightening cycle. Even if the Fed nudges rates up further, it is difficult to fathom they would push their policy rate aggressively higher from here. Inflation is slowly receding and introducing more hard-landing risk or further turmoil in the banking system to get faster results would seem to be imprudent. In that context, "higher-for-longer" appears reasonable and investors have taken notice.

Since the tightening cycle began, many investors have sought to reduce risk by shortening their portfolio's duration, and in some cases, moving to cash. For a long-term investor who desires income stability, holding cash for an extended period might not be the best solution. When judging longer bonds, the relevant investment horizon, inflation rate, and prevailing yields are all important factors.

There are many attractive uses of cash today. High-quality intermediate duration municipal portfolios now generate over 4% yields, tax exempt. That is nearly 7% pre-tax for an investor in the top federal income tax bracket. Let us also not forget that the Tax Cuts and Jobs Act ("TCJA"), which brought the top bracket down from 39.6% to 37%, is poised to expire at the end of 2025.

While generic AAA municipal yields have hit a new high, portfolio yields are even better and provide a substantial advantage relative to benchmarks (see Exhibit I). Not only do these yields provide near equity pre-tax return potential, but they also may provide significant protection should interest rates increase. By virtue of their quality and contractual maturities, investment-grade bonds offer a much narrower range of return outcomes. We have not had valuations this attractive in many years.

Exhibit I: 10-Year Municipal Yields Reach a Decade High

Data reported monthly from September 30, 2009 to September 30, 2023
Sources: Bloomberg and BBH Analysis

We took advantage of a wide range of opportunities during the quarter as spreads for housing, prepaid gas, zero-coupon bonds, and longer-maturity callable bonds remained at attractive levels. Spreads for State HFA bonds remained near 150 basis points for three-to five-year average lives. HFAs continue to represent our largest revenue bond sector exposure. Regarding prepaid gas bonds, we added an eight-year put bond backed by Royal Bank of Canada (RBC) with a spread of 170 basis points. Within the industrial development revenue bond sector, we added a bond backed by Intel which helped to fund a clean water project at their Chandler, Arizona production facility. This bond paid +130 basis points for a five-year effective maturity, a wider spread than Intel's taxable corporate notes. Credits like this highlight the collaboration between our taxable and tax-exempt analyst teams. Finally, we added a range of zero-coupon Oregon school bonds, at 100-150 basis points above generic triple-A bonds.

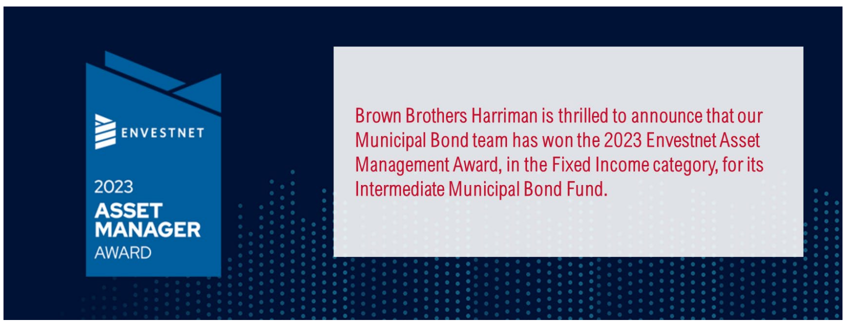
School districts represent the vast majority of our general obligation (GO) bond exposure. We have long believed school district bonds are superior to most other types of local government securities. In addition to providing an essential service, school bonds often carry a "double-barreled pledge." The first pledge is a GO of the school district, which is the most common security pledge for local governments. Through a GO security, the district pledges its "full faith and credit" to bondholders. The second pledge is provided by the district's state government. There are several types of enhancement mechanisms. For example, in Texas, the second barrel is backed by an asset pool, while in Michigan, the second barrel is backed by the state's GO pledge. The added protection of the secondary pledge on top of an already-robust first pledge provides significant credit strength. More importantly, it also allows us to participate in less-liquid structures in exchange for extra yield. We are active buyers of zero-coupon, low-coupon, and puttable school district bonds. We never want to be forced sellers of securities with weaker liquidity because of a credit issue. Owning school bonds backed by enhancements effectively mitigates this risk.

Like last year, tax-exempt new issuance has been modest. We estimate 2023 supply will fall short of last year's by 15% and let us not forget that 2022 issuance was down 20% versus 2021. There are a few important implications. First, retail municipal Separately Managed Account (SMA) programs, which often focus on top-rated securities, have kept downward pressure on yield ratios relative to Treasuries. By inflating triple-A bond valuations, retail SMAs have also helped widen spreads on single-A and double-A rated securities, particularly in intermediate maturities. Second, the dearth of new issuance and strong demand from municipal high yield funds has driven a credit rally in triple-B and non-investment grade bonds this year. We operate between these two influential investor groups taking significant exposures to high-quality off-the-run bond structures. Since the 2017 TCJA, municipal supply has struggled, but we remain hopeful it will one day become robust again.

Municipal opportunities have rarely been more attractive. We believe the confluence of high base rates, healthy credit spreads, and substantial compensation for non-standard structures offer the potential for robust total returns. The Fed abruptly ended the happily-ever-after of free money last year. In doing so, the Fed helped restore bonds to their proper role as both an income generator and ballast to the inherent volatility of equity returns. Two short years ago, today's market would have been fairytale and we are grateful it is a reality!

Sincerely,

Gregory S. Steier
Fund Manager



Out of 100 funds for the year ending 12/31/2022.

Ranking Entity is Envestnet | PMC Research.

Envestnet's systematic, proprietary, and multi-factor methodology for this awards program harnesses a variety of qualitative and quantitative criteria to identify award finalists from among the thousands of managers on the Envestnet platform. Envestnet reviews investment process and style, customer service, tax efficiency, performance, composite, and firm profile, among many other aspects of a manager's strategy and business. To be eligible for an award, managers must be broadly available on the Envestnet platform, have at least $100 million in assets under management, and a three-year track record. Past performance is no guarantee of future results.

Share Class Overview
As of September 30, 2023

	Overall Morningstar Rating ™*	Ticker	CUSIP	Inception Date	Total Net Assets (mil)	NAV	30-Day SEC Yield** (Subsidized)	30-Day SEC Yield** (Unsubsidized)
Class I	★★★★	BBIIX	05528C824	04/01/2014	$704.3	$9.82	3.64%	3.64%
Class N	★★★	BBINX	05528C816	04/01/2014	$48.2	$9.84	3.42%	3.35%

* The Overall Morningstar Rating is based on risk adjusted return out 255 Funds in the Muni National Interm category as of 9/30/23.

** 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
As of September 30, 2023

Cash and Cash Equivalents	8.9%
AAA	16.7%
AA	38.3%
A	33.8%
BBB	2.3%
BB	0.0%
B or Lower	0.0%
Not Rated	0.0%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Top 10 Credits
As of September 30, 2023

California School District General Obligations	5.0%
Oregon School Bond Guarantee Program	3.8%
State of New Jersey	3.2%
Texas Municipal Gas Acquisition and Supply Corporation I Series 2008D	3.2%
Minnesota Housing Finance Agency	3.1%
Texas Municipal Gas Corporation II	3.0%
North Carolina Housing Finance Authority - Home Ownership Revenue Bonds	3.0%
Port Authority of New York & New Jersey	2.5%
Waste Management Inc	2.3%
South Dakota Housing Development Authority	2.3%
Total	**31.4%**

Reported as a percentage of total portfolio.

Sector Distribution
As of September 30, 2023

Revenue	77.3%
General Obligations	13.8%
Pre-Refunded	0.0%
Cash and Cash Equivalents	8.9%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Fund Facts
As of September 30, 2023

Number of Holdings	262
Number of Issuers Held	99
Effective Duration (years)	4.54
Yield to Maturity	4.62%
Yield to Worst	4.81%

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.

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.

Yield to Worst is the lowest yield an investor can expect when there is optionality on the bond (i.e., call or put, etc.). Yield to Maturity and Yield to Worst are 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

There is no assurance that this investment objective will be achieved.

Diversification does not eliminate the risk of experiencing investment losses.

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.

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

Income from municipal bonds may be subject to state and local taxes and at times the alternative minimum tax.

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.

As the Fund's exposure in any one municipal revenue sector backed by revenues from similar types of projects increases, the Fund will also become more sensitive to adverse economic, business or political developments relevant to these projects.

Asset allocation decisions, particularly large redemptions, made by an investment adviser whose discretionary clients make up a large percentage of the Fund's shareholders may adversely impact remaining Fund shareholders.

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. One cannot invest directly in an index.

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.

Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The Index is a component of the US Credit and US Aggregate Indices.

The Bloomberg 1-15 Year Blend (1-17) Muni 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. The index is not available for direct investment.

"Bloomberg®" and the Bloomberg 1-15 Year Blend (1-17) Muni 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 Intermediate Municipal Bond 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.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.

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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Not FDIC Insured **No Bank Guarantee** **May Lose Money**