

# BBH Income Fund

Fund Fact Sheet / 3Q 2018

## PRINCIPAL STRATEGY AND OBJECTIVES

The BBH Income Fund (“the Fund”) will invest in a well-diversified portfolio of high-quality fixed income instruments. The Fund seeks to provide maximum total return with an emphasis on current income, consistent with the preservation of capital and prudent investment management. The Fund seeks to achieve its investment objective by investing in a well-diversified portfolio of fixed income instruments, including floating or variable rate debt instruments, using a value-oriented approach. The Fund, under normal circumstances, will keep a portfolio that is 75% investment grade and maintain a duration between 80% and 120% of the Bloomberg Barclays US Aggregate Index. The Fund will have the flexibility to invest in the sectors, industries, securities, and durations that the investment adviser (“Adviser”) identifies as offering attractive risk-adjusted return potential consistent with the Fund’s investment objective and as disclosed in the Fund’s registration statement.

## INVESTMENT CRITERIA

BBH Investment Management (IM) applies a disciplined investment selection process focused on the following attributes:

- The Fund expects to invest across many sectors, but will typically hold corporate debt, asset-backed securities, commercial mortgage-backed securities, agency mortgage-backed securities, and select municipal obligations.
- The Fund seeks durable Credits<sup>1</sup> that are attractively priced. When durable and attractively-priced credits are not available, the Fund will invest in Treasury and cash instruments while seeking new opportunities.
- An attractive price is one that not only offers appropriate compensation for liquidity, credit, prepayment, or extension risks, but also provides additional compensation, thus improving the probability of additional excess returns over time.
- Durable Credits typically:
  - are able to withstand a wide variety of economic scenarios;
  - enjoy strong market position and/or proprietary products and/or have recourse to independently valuable collateral;
  - provide transparency to investors;
  - have a strong management team with a track record, a balanced approach towards creditors and equity investors, and an alignment of interests with investors; and
  - maintain leverage and structure that is appropriate through business cycles.

<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.

## FUND CO-MANAGERS



### Andrew P. Hofer

Mr. Hofer is head of Taxable Fixed Income. He joined Investment Management in 1998 as Head of Insurance Asset Management, and from 2003-2006 was Investment Management’s Chief Operating Officer and Head of Risk Management. Mr. Hofer earned a BA in East Asian studies from Yale, and an MIA (Master of International Affairs) from Columbia University.



### Neil Hohmann, PhD

Mr. Hohmann has directed BBH’s structured products strategy and credit research since 2007. He is also involved in the management of BBH’s fixed income positions in financial companies. Mr. Hohmann graduated Magna Cum Laude with Distinction from Yale University and earned his PhD in Economics from the University of Chicago.

## PRINCIPLES OF FIXED INCOME INVESTING

- **Investment Objective:** The Fund seeks to provide maximum total return, consistent with preservation of capital and prudent investment management.
- **Emphasis on Capital Preservation:** The Fund will seek to maintain a high quality bias through the purchase of securities where our own independent analysis suggests a very low probability of any interruption in the timely payment of interest or principal.
- **Liquidity:** The Fund seeks to only own Credits that are readily marketable. The Fund is not intended to be a substitute for a money market fund.
- **Long-term Perspective:** Many investment strategies are built around short-term expectations, momentum following and frequent trading. We believe that a longer-term view of both companies and investments leads to stronger results and risk control over market cycles.

The Fund is not a Money Market fund and its shares will fluctuate in value.

BBH Fund Information Service: (800) 625-5759

**Performance  
As of September 30, 2018**

Fund/Benchmark	Total Returns		Average Annual Total Returns				Since Inception
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
<b>BBH Income Fund (Class I)</b>	-0.12%	N/A	N/A	N/A	N/A	N/A	-0.31%
<b>Bloomberg Barclays US Aggregate Index</b>	0.02%	N/A	N/A	N/A	N/A	N/A	-0.04%

**Class I: Net/Gross Expense Ratio (%) 0.50 / 0.69**

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

\* Returns are not annualized.

**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 June 30, 2019. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

Barclays Capital U.S. 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.

**Share Class Overview  
As of September 30, 2018**

Class	Ticker	CUSIP	Inception Date	Total Net Assets (mil)	NAV	30-Day SEC Yield** (Subsidized)	30-Day SEC Yield** (Unsubsidized)
<b>Class I</b>	BBNIX	05528C766	06/27/2018	\$142.7	\$9.90	2.69%	2.48%

\*\*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, 2018**

Cash and Cash Equivalents	-1.3%
US Government	56.6%
AAA	9.2%
AA	5.7%
A	6.8%
BBB	16.1%
BB	6.8%
B or Lower	0.0%
Not Rated	0.0%

**Top 10 Credits  
As of September 30, 2018**

BCP Renaissance Parent LLC	1.4%
Dell Inc	1.4%
Charter Communications	1.4%
Vistra Energy	1.4%
Eastern Power LLC Term B	1.4%
SS&C Technologies INC	1.4%
HCA INC	1.4%
Exelon Generation Co LLC	1.3%
Bunge Ltd	1.3%
Electricite de France SA	1.2%
<b>Total</b>	<b>13.6%</b>

Reported as a percentage of total portfolio.

**Sector Distribution  
As of September 30, 2018**

Corporate Securities	19.0%
Asset-Backed Securities	10.0%
Commercial Mortgage-Backed Securities	2.3%
Municipal Securities	0.0%
Agency Mortgage-Backed Securities	0.0%
U.S. Treasuries	56.6%
Trust Preferred	0.0%
Loans	13.3%
Cash and Cash Equivalents	-1.3%
<b>Total</b>	<b>100.0%</b>

**Duration Distribution  
As of September 30, 2018**

	<b>BBH Income Fund</b>	<b>Bloomberg Barclays US Aggregate Index</b>
0 - 1 Yr.	15.1%	0.2%
1 - 2 Yrs.	5.0%	11.8%
2 - 4 Yrs.	19.8%	22.8%
4 - 6 Yrs.	27.7%	35.8%
6 - 8 Yrs.	17.0%	12.2%
8 - 12 Yrs.	3.9%	4.7%
12+ Yrs.	11.6%	12.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Fund Facts  
September 30, 2018 As of**

Number of Holdings	72
Effective Duration (years)	5.81
Weighted Average Life (years)	7.99

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

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. 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.

Weighted Average Life of securities excludes US Treasury futures positions.

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**

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, credit, and inflation risk; investments may be worth more or less than the original cost when redeemed.

The fund has limited operating history and there is no guarantee that any strategy will be successful.

**For more complete information, visit [www.bbhffunds.com](http://www.bbhffunds.com) for a 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 1100, 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. BBH acts as the Fund Administrator and is located at 140 Broadway, New York, NY 10005.

**Not FDIC Insured**

**No Bank Guarantee**

**May Lose Money**

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

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Exp. Date 01/31/2019