BBH Intermediate Municipal Bond Fund

Quarterly Fund Update / 1Q 2019

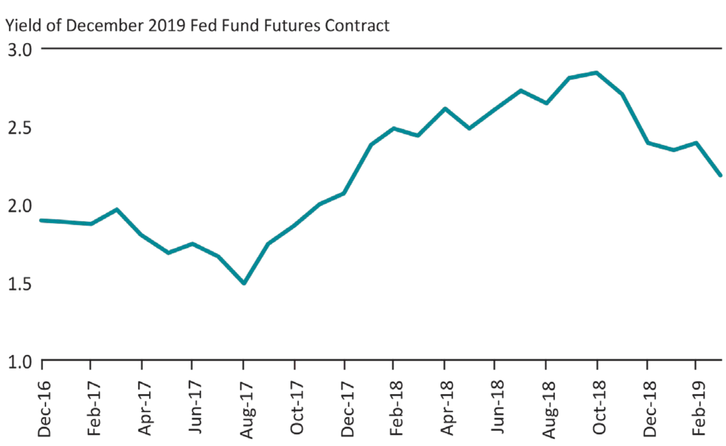
Abracadabra

BBH Intermediate Municipal Bond Fund Class I ("the Fund") had a total return of 2.49% during the first quarter, compared to the return of 2.51% for the benchmark Bloomberg Barclays 1-15 Year Municipal Index.

For most of 2018, the Federal Reserve (Fed) was resolute on normalizing both the Funds rate and its balance sheet. Recall, that as recently as October 3, Chairman Powell proclaimed that rates were "a long way" from neutral. He also left investors with the impression that he had Quantitative Tightening on autopilot. Facing the reality that a decade of easy money magic might be ending, investors began worrying, which triggered crisis-like market volatility during the fourth quarter. Whether it was falling stocks, the exhortations of the President, or global growth concerns, Chairman Powell proclaimed the independence of the Fed and acquiesced. Abracadabra, presto chango, make this hawk a dove!

In a flash, Fed tightening projections vanished. As the first quarter ended, the probability of a Fed rate cut in 2019 stood at 65%! Contrast this with the end of October when the Fed's own projections called for three rate hikes by the end of this year. Despite a moderation in U.S. economic activity, the labor market remains tight with increasing evidence of higher wage pressure. Unlike last fall, the Fed no longer appears concerned about any incipient inflation risks and has espoused the benefits of an *average* inflation target. Essentially, the Fed is willing to let the economy run hot because inflation has remained below target for so many years. Nothing like a mini bear market in stocks to jolt your thinking.

Fed Expectations



Data reported monthly from December 31, 2016 to March 31, 2019
Sources: Bloomberg and BBH Analysis
Past performance is not indicative of future results.
Fed Funds Futures are financial contracts that represent market opinion of where the daily official federal funds rate will be at the time of the contract expiration.

Performance
As of March 31, 2019

	Total Returns		Average Annual Total Returns		
	3 Mo.*	YTD*	1 Yr.	3 Yr.	Since Inception
Class I	2.49%	2.49%	5.35%	3.35%	3.80%
Class N	2.55%	2.55%	5.19%	3.20%	3.67%
Benchmark	2.51%	2.51%	5.09%	2.31%	3.06%

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

Class I: Net/Gross Expense Ratio (%) 0.50 / 0.62
Class N: Net/Gross Expense Ratio (%) 0.65 / 0.91

* Returns 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 February 29, 2020. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

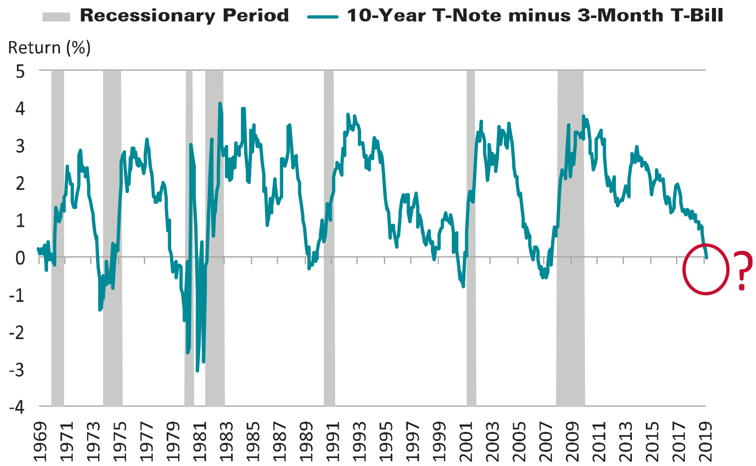
Past performance does not guarantee future results, and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost. For performance current to the most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

The Bloomberg Barclays 1-15 Year Blend (1-17) Muni Index is a component of the Barclays Municipal Bond index, including bonds with maturity dates between one and 17 years. The Bloomberg Barclays 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.

Sources: BBH & Co. and Bloomberg

The Fed's newfound dovishness catalyzed strong financial asset returns. Equity markets rejoiced, climbing 10% for the quarter, retracing most of their losses from 4Q18. Bond markets reacted favorably as well, with rates rallying and credit spreads tightening. Having underperformed significantly at the end of the year, investment grade and high yield corporates were standout performers, generating returns of 5.0% and 7.4%, respectively. Unusual in a rallying bond market, Municipal bonds beat Treasuries 2.9% to 2.2%.

The Treasury market ended the first quarter with an inverted yield curve for the first time since 2007. Historically, when the 10-year Treasury Note yields less than the 3-month Treasury Bill, recessions follow. Only once in the last seven inversions did the U.S. avoid a recession. At the risk of succumbing to "this time is different" syndrome, we do not take this signal at its historic value. We struggle to quantify the downward pressure placed on longer U.S. Treasury yields by the Fed's still-bloated balance sheet and the $10 trillion of USD-equivalent of high quality foreign sovereign debt trading at negative yields. Even 10-year German Bunds ended the quarter with a negative yield. We respect the historical significance of yield curve inversions, but we will not alter our portfolio construction because of it. We remain focused on finding value in individual bonds and, given the strong performance of credit-sensitive assets, this has become more difficult.



Data reported monthly from December 31, 1968 to March 31, 2019
Sources: Bloomberg and BBH Analysis

For the quarter, Municipal bonds rallied significantly, with yields declining 40 to 50 basis points[1]. Five-, 10-, and 30-year yields ended March at 1.6%, 1.9%, and 2.6%, respectively. Since the end of October 2018, 10-year yields have fallen over 90 basis points, propelling the overall market to a return of over 5%, and intermediate maturities to a return of over 4%. Keep in mind that intermediate maturities possess 40% less interest rate risk than the full market. For years, we have been cautious about the risks posed by an interest rate normalization and we did not anticipate a rally of this magnitude. *Today, 10-year maturity yields are lower than when the Fed began this tightening cycle in late-2015.*

The Fed's change of heart, a dearth of new issuance, and record mutual fund inflows set the stage for a serious supply-demand imbalance in municipals during the first quarter. Adding fuel to the fire are unexpected tax liabilities as we draw close to the April 15 filing deadline for individuals. Anecdotally, it appears that state and local tax deduction caps hit residents of California, New York, New Jersey, and Connecticut particularly hard. This has bolstered municipal bond demand by households looking to shield their investment income from taxes, especially in high tax states.

By eliminating tax-exempt advanced refunding bonds, 2017's tax reform legislation all but assured a marked decline in supply. The first quarter's issuance of $80 billion has again led us to reaffirm our belief that this year's supply will be near $300 billion – just like last year. New supply, net of maturities, sinking fund payments, and called bonds will likely be negative, implying the size of the overall municipal market will shrink. Even without new capital entering the tax-exempt sector, the level of new issuance was insufficient to satisfy reinvestment demand. New issues were routinely multiple-times oversubscribed. The State of Connecticut issued general obligation bonds at quarter end. Despite tight spreads, the deal was 20x oversubscribed. We chose to maintain our existing exposures and not participate.

With respect to capital movements, year-to-date inflows[2] into industry mutual funds is the strongest since records were first kept nearly 30 years ago. Back then, mutual funds were a fraction of their size today. Thus far, $15 billion in new capital has joined the yield-chasing herd. Importantly, 30% of this net inflow, or about $6 billion, was directed to high yield muni funds. These funds are typically big buyers of long, credit-sensitive bonds. In recent years, credit performance has been highly correlated with flows into high yield funds. We wrote in our last Quarterly Strategy Update about how we took advantage of opportunities in prepaid gas and selected tobacco bonds during the fourth quarter when investors were redeeming from high yield funds. Supported by large inflows during the first quarter, spreads tightened significantly on these positions.

We rely on our patience and selectivity for strong long-term performance. In these kinds of markets, however, patience and selectivity often result in short-term relative performance challenges. Ebullient periods, marked by strong and, in some cases, indiscriminate demand for credit have often proved difficult for us. This time, the Fund fully participated in the market rally. The longer-term, zero-coupon California and Oregon school bonds held in the Fund were strong performers. We are pleased that the Fund also benefited from many of the attractive opportunities in prepaid gas and tobacco settlement bonds that we purchased during the volatile fourth quarter. When we purchased them, we did not anticipate these bonds would perform so well, so quickly.

During the quarter, we added several good values including New Jersey and Massachusetts floating rate notes, multiple State Housing Finance Authorities, Tennergy prepaid natural gas bonds backed by the Royal Bank of Canada, and zero-coupon E-470 highway bonds in Colorado. We also continued to add to our positions in longer-maturity, zero-coupon bonds for school districts in California and Oregon. Our activity was much higher during January and February than it was in March as several consecutive months of strong market returns and tightening credit spreads have compressed our opportunity set.

[1] A unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

[2] Lippor Fund Flows

These purchases remain consistent with the Fund's activity over the last couple of quarters. We have continued to emphasize floating rate notes in the Fund, given the stretched valuations on traditional one-to-five year maturity bonds. In most cases, our floater yields exceed that available on 5-year triple-A rated securities by over 50 basis points. These positions afford us the luxury of time as we wait for more attractive values to emerge in more traditional fixed rate bonds. We are mindful, however, that when yields decline, the returns on our floaters will tend to lag on a relative basis. We do not consider ourselves in the business of forecasting when overpriced securities will get even more expensive and remain comfortable with our 10%-15% exposure in floaters. Our longer zero-coupon bonds complement the floaters, providing attractive yields without reinvestment risk.

We had hoped that Fed Chairman Powell would break with his immediate forebears and not subordinate monetary policy to swings in the equity market. Unfortunately, he is continuing the trend. We have never claimed to have any tricks up our sleeve to reliably forecast changes in interest rates or the slope of the yield curve. Instead, we let valuations guide us. We believe the Fund is well-positioned for what might be an extended period of active watching. Markets never cease to surprise us, and we will remain patient as we seek to identify new opportunities.

Sincerely,

Gregory S. Steier
Fund Manager

Share Class Overview
As of March 31, 2019

	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	$267.1	$10.52	1.83%	1.83%
Class N	★★★★	BBINX	05528C816	04/01/2014	$40.7	$10.53	1.68%	1.55%

* 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. There are 258 funds in the Muni National Interm category as of 3/31/2019.

** 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 March 31, 2019

Cash and Cash Equivalents	1.5%
U.S. Treasuries	0.0%
AAA	29.0%
AA	32.8%
A	36.0%
BBB	0.8%
BB	0.0%
B or Lower	0.0%
Not Rated	0.0%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Top 10 Holdings / Coupon / Maturity
As of March 31, 2019

Virginia State College Building Authority	5.000%	09/01/2027	2.4%
Geisinger Health System, PA	2.746%	06/01/2028	2.0%
State of Massachusetts	5.000%	07/01/2026	1.8%
Ohio State Housing Finance Agency	4.000%	03/01/2047	1.8%
Public Energy Authority of Kentucky (Peak) Gas Supply	4.000%	12/01/2049	1.7%
New York State Energy Research and Development Authority	2.375%	07/01/2026	1.7%
Minnesota Housing Finance Agency, MN	3.450%	03/01/2049	1.7%
Florida State Housing Finance Corp	4.250%	01/01/2050	1.6%
Railsplitter Tobacco Settlement Authority	5.000%	06/01/2027	1.4%
Texas State Muni Gas Acquisition	2.050%	09/15/2027	1.4%
Total			**17.6%**

Reported as a percentage of total portfolio.

Sector Distribution
As of March 31, 2019

General Obligations	28.7%
Pre-Refunded	0.9%
Revenue	70.4%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Fund Facts
As of March 31, 2019

Number of Holdings	202
Number of Issuers Held	107
Effective Duration (years)	4.63
Yield to Maturity	2.34%
Yield to Worst	2.27%

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.

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 fee 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.

A floating rate note is a debt instrument with a variable interest rate tied to a benchmark.

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.

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. 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.

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 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.

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 120 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 Intermediate Municipal Bond Fund was rated against 258 funds in the Muni National Interm category overall and for the last three years. The Fund's Class I and Class N shares received a three year-rating of 4 stars and 4 stars, respectively.

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