

BBH Limited Duration N BBBMX

A strong and methodical process designed to mitigate otherwise notable risks.

Morningstar's Take BBBMX

Morningstar Rating ★★★★★

Morningstar Analyst Rating Bronze

Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Positive
Price		Positive

Role In Portfolio

Supporting

Fund Performance BBBMX

Year	Total Return (%)	+/- Category
YTD	4.30	1.22
2018	1.99	0.38
2017	2.30	0.86
2016	2.63	1.23
2015	0.09	-0.08

Data through 12-31-19

8-19-19 | by Eric Jacobson

BBH Limited Duration takes on more risk than most peers but employs a rigorous process, looking for undervalued bonds with enough income to compensate for their risks, plus a margin of safety. The fund earns a Morningstar Analyst Rating of Bronze.

This fund is unusual for the ultrashort bond Morningstar Category, boasting among its highest returns--and volatility. Its valuation process has eliminated more corporates than at any time in years, and at 25% at the end of May 2019, the team has yielded space to a large securitized stake (48% in May 2019, dominated by asset-backed), that's among the group's highest. Managers Andrew Hofer and Neil Hohmann think the valuation story has been better among the latter and growing supply relative to a narrower institutional investor base--which Hohmann argues is nonetheless stable--has helped.

That securitized stake includes a mix of small, off-the-beaten-path sectors. The fund also holds numerous longer-maturity bonds, either with floating rates or paired with Treasury shorts to cut interest-rate risk, and it buys mid-grade issues and a bit of high-yield (42% in all). That allocation has historically been notably higher than the ultrashort Morningstar Category median, though much closer to it lately. Those aren't red flags per se, but while its gap to the median has narrowed in recent years, the fund's yield has historically been among the category's highest. Understanding its risks remains important.

The strategy is designed to resist the allure of yield-rich debt that otherwise lacks a proven structure or a time- and battle-tested guarantor. For asset-backed securities backed by loans or leases, for example, its managers stick with collateral in markets that have endured multiple cycles, and each pool is tested against 2008 trouble, including at least a 250% increase in base-case losses. The team delves into business models, underwriting, and loan servicing, avoiding those lacking a long record of rigor and consistency, whether for an issuer's debt or securitizations. For the latter, they buy only when an issuer has clear financials and money in the deal.

Process Pillar Positive | Eric Jacobson 08/19/2019

This fund takes on more risk than most peers but employs a rigorous process, looking for undervalued bonds with enough income to compensate for their risks, plus a margin of safety. Its process, both quantitative and qualitative, is meant to keep the fund invested in proven, robust structures, or time- and battle-tested guarantors. In the case of ABS backed by loans or leases, for example, it sticks with markets that have endured multiple credit cycles; each pool is tested against levels of trouble, including at least a 250% hike in base-case loss projections.

The team looks to understand every element of an issuer's business model, underwriting, and servicing capabilities. It steers clear of those without a long record of underwriting rigor and consistency, whether buying an issuer's debt or its securitized products. Among the latter, the team sticks with issuers holding an economic interest in the long-term health of their deals. The team will work only with issuers possessed of understandable and very transparent balance sheets. Among financial companies of all kinds, though (which dominate the short tenors in both markets), Andrew Hofer argues that management's attitude toward risk, across cycles, is ultimately an investor's first and last line of defense given that balance sheets can change quickly. The depth, rigor, and success of its methods have earned the fund a Positive Process rating.

The fund's largest allocations as of May 2019 included 43% in ABS (up from 33% in mid-2017), 25% in corporates, 11% in loans, 5% in CMBS, and nearly 15% in cash. Two thirds of the loans were investment-grade or split-rated.

It's not rare for ultrashort funds to hold large stakes in ABS or the debt of financial companies that compose more than half this one's corporate stake. It's less common to see larger weightings in midgrade A and BBB rated issues and a smattering of high yield. As of May 2019 the fund's 42% allocation there was only modestly above the ultrashort bond category average, but has been notably higher in the past. That's not a red flag per se, but while its gap to the median has narrowed in recent years, the fund's yield has historically been among the category's highest. Understanding its potential risks is thus important.

The majority of its holdings have short maturities, but the fund likes to buy longer-maturity debt, either with floating rates or hedging fixed-rate interest-rate risk with Treasury future shorts. Its valuation process has eliminated more corporates

than at any time in years, though, and at 25% at the end of May 2019, they have yielded space to a 43% stake in securitized fare. The valuation story has been better among the latter and growing supply relative to a narrower institutional investor base--which Neil Hohmann argues is nonetheless stable--has helped.

Performance Pillar + Positive | Eric Jacobson 08/19/2019

The fund's volatility has been high for the category--as measured by month-to-month standard deviation for the three- and five-year periods and Andrew Hofer's roughly eight-year tenure, ending June 30, 2019--though it hasn't been excessive. The addition of good returns (distinct share classes) over Hofer and Neil Hohmann's tenures has generated strong statistical risk/reward metrics, including the fund's high Sharpe ratios. Overall, the fund has earned a Positive Performance rating.

Given its historically generous dose of mid-quality (mostly A and BBB rated) debt, this portfolio typically carries higher-than-average sensitivity to credit markets. It landed in the bottom half of the group when the eurozone was in crisis during the third quarter of 2011, for example. And the same was true during late 2014 and the mid-2015 to early 2016 stretch, when falling oil prices, among other factors, roiled credit markets. On the other hand, that has also helped the fund in rallies: It placed in the ultrashort bond Morningstar Category's best decile (distinct funds) during the first half of 2019.

While the fund's bear-market losses have hurt on a relative basis, they've otherwise been modest (the fund lost 0.69% during the June 2015-February 2016 market sell-off). It remains important to note that the fund hasn't had to cope with a real market meltdown since its 2009 strategy change.

People Pillar + Positive | Eric Jacobson 08/19/2019

Comanager Andrew Hofer joined BBH in 1988 as a generalist banker and then a financial institutions specialist. He transferred to BBH Investment Management (this fund's advisor) in 1998, and his roles there have included chief operating officer

and head of risk management. Prior to joining BBH in 2006, comanager Neil Hohmann was a director of structured products at Munich Re and also a director of research in capital markets at Swiss Re. Hohmann also has a Ph.D. in economics from the University of Chicago.

In addition to Hofer (head of taxable portfolio management) and Hohmann (head of structured-products research), the fund boasts a number of analysts, traders, and quantitative researchers with strong, relevant experience running from 15 to 30 years. Overall the group boasts several analysts focusing on corporate (six) and structured-product (four) credit, disciplines that have some overlap given the fund's favored markets. They are also supported by four traders, one of whom specializes in money markets.

The team's analysts focus exclusively on credit risk and bond structure, not valuation. Hofer argues that having them work on the latter often steers analysts to think too much in terms of relative value and risks having them become captive to the credits and industries they cover. Overall, the fund earns a Positive People rating.

Parent Pillar + Positive | 08/19/2019

BBH's solid investment culture and generally shareholder-friendly actions earn a Positive Parent rating. The BBH funds are advised by Brown Brothers Harriman, which offers private banking and global custody services in addition to investment management. The shop's six mutual funds, with \$9.8 billion in assets as of August 2019, represent less than 20% of the firm's assets under management, which are managed for mostly institutional and private clients.

BBH Investment Management's mutual fund business may be small and its leaders' backgrounds are in private equity and sales rather than retail money-management, but the firm's stewardship record is admirable. Its investment strategy is prudent, cautious, and quality-focused, and it has generated respectable long-term results. About 75% of the firm's mutual fund assets are in BBH Core Select BBTEX and BBH Limited Duration BBBIX. Both have experienced managers with strong long-term records, and they've done a fine

job protecting investors on the downside. The firm closed BBH Core Select to new investors in late 2012 after it reached \$3.5 billion in assets--an investor-friendly move. The fund reopened in early 2016 following significant outflows.

Fees are about average for the lineup as a whole, and the managers invest their own money in the funds. This firm has done a good job of looking out for fundholders.

Price Pillar + Positive | Eric Jacobson 08/19/2019

Only 5% of this fund's assets are held in its no-load N share class, with the remaining dollars committed to its Institutional class; both carry below-average levies--relative to their distribution cohorts--of 0.35% and 0.27%, respectively, excluding certain investment-rated expenses. Overall, that earns the fund a Positive Price Pillar rating.

Definitions & Disclosures

BBH Limited Duration Fund

The investment objective of the BBH Limited Duration Fund (the “Fund”) is to provide maximum total return, consistent with preservation of capital and prudent investment management.

Credit Quality letter ratings are provided by Standard and Poor’s and Moody’s and are presented as the higher of the two ratings. When a security is not rated by Standard & Poor’s or Moody’s, the highest credit ratings from Fitch, 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. It is possible that BBH investors may receive other communications that show credit quality using different groupings and may only use credit ratings from Standard and Poor’s and Moody’s.

BBH Limited Duration Fund Performance Net of Fees							
As of December 31, 2019	Total Returns		Average Annual Total Returns				
	3 Mo.*	YTD.*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception ³
Class I ¹	0.69%	4.37%	4.37%	2.98%	2.41%	2.28%	3.94%
Class N ²	0.58%	4.29%	4.29%	2.86%	2.25%	2.12%	3.78%
Bloomberg Barclays U.S. 1-3 Year Treasury Bond Index	0.51%	3.59%	3.59%	1.85%	1.39%	1.23%	2.76%
Reference Benchmark	0.48%	3.51%	3.51%	2.35%	1.99%	1.86%	2.55%

Reference Benchmark: 40% Bloomberg Barclays Short-Term Corporate Index; 40% Bloomberg Barclays US Aggregate ABS Index; and 20% Bloomberg Barclays US Treasury Bills Index.

* Returns are not annualized

Sources: BBH & Co. and Bloomberg Barclays

Class I: Total Expense Ratio 0.27%

Class N Net/Gross Expense Ratio: 0.35% / 0.50%

Effective March 24, 2017, the Investment Adviser has voluntarily agreed to limit the annual fund operating expenses of Class N to 0.35%. This is a voluntary waiver that can be changed at any time at the sole discretion of the Investment Adviser.

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.

¹ 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. ² 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. ³ “Inception Date” (7/20/2000) is the inception date of the BBH Broad Market Fixed Income Portfolio.

The Bloomberg Barclays 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 to 3 years. The index is not available for direct investment. Investments cannot be made in an index. The Fund does not measure its performance success nor alter its construction in relation to any particular benchmark or index.

The Reference Benchmark is an unmanaged weighted index comprised as follows: 40% Bloomberg Barclays Short-Term Corporate Index; 40% Bloomberg Barclays US Aggregate ABS Index; and 20% Bloomberg Barclays US Treasury Bills Index. Bloomberg Barclays 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 Barclays US Aggregate ABS Index represents the ABS components of the Bloomberg Barclays U.S. Aggregate Index. The Bloomberg Barclays U.S. 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 Barclays 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 strips. The indexes are not available for direct investment. The Fund does not measure its performance success nor alter its construction in relation to any particular benchmark or index. The composition of the Indexes is materially different than the Fund’s holdings.

Morningstar's Analyst Ratings Disclosure

The opinions, forecasts, and positions expressed in this article are those of the author as of 8/19/2019 and may or may not be consistent with the views of Brown Brothers Harriman & Co. and its subsidiaries and affiliates ("BBH").

This is for informational purposes only and should not be construed as investment advice. Any economic projections or forecasts contained herein reflect the subjective judgments and assumptions of the authors, and unexpected events may occur. There can be no assurance that developments will transpire as forecasted. This reflects the opinions of Morningstar on the date made and is subject to change at any time without notice. All data contained in the article is based on research compiled by Morningstar. BBH cannot guarantee the accuracy or completeness of any statements or data.

The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the mutual fund analysts of Morningstar, Inc. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Morningstar's analysts use this five pillar evaluation to identify funds they believe are more likely to outperform over the long term on a risk adjusted basis. Analysts assign a rating of Positive, Neutral or Negative to each pillar. Analysts consider quantitative and qualitative factors in their research, but the assessment and weighting of each of the five pillars is driven by the analyst's overall assessment and overseen by Morningstar's Analyst Rating Committee. The approach serves not as a formula but as a framework to ensure consistency across Morningstar's global coverage universe.

The Analyst Rating scale ranges from Gold to Negative, with Gold being the highest rating and Negative being the lowest rating. A fund with "Gold" rating distinguishes itself across the five pillars and has garnered the analysts' highest level of conviction. A fund with a "Silver" rating has notable advantages across several, but perhaps not all, of the five pillars— strengths that give the analysts a high level of conviction. A "Bronze"- rated fund has advantages that outweigh the disadvantages across the five pillars, with sufficient level of analyst conviction to warrant a positive rating. A fund with a "Neutral" rating isn't seriously flawed across the five pillars, nor does it distinguish itself very positively. A "Negative" rated fund is flawed in at least one if not more pillars and is considered an inferior offering to its peers.

For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf>. The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund.

BBH Limited Duration Fund Sector Distribution As of December 31, 2019

Corporate Securities	25.1%
Asset Backed (ABS)	35.1%
Commercial Mortgage Backed (CMBS)	4.5%
Residential Mortgage-Backed Securities	1.7%
Municipal Securities	1.1%
Agency Mortgage-Backed Securities (MBS)	0.2%
Loans	9.0%
Cash and Cash Equivalents	23.3%
Total	100.0%

BBH Limited Duration Fund Credit Quality As of December 31, 2019

Cash and Cash Equivalents	23.3%
AAA	28.0%
AA	10.2%
A	17.1%
BBB	17.4%
BB	3.7%
B or lower	0.2%
Not Rated	0.3%
Total	100.0%

BBH Limited Duration Fund Fund Facts As of December 31, 2019

Number of Holdings	297
Effective Duration (years)	0.90
Weighted Average Life (years)	1.79

Effective duration is a measure of the portfolio's return sensitivity to changes in interest rates.

Weighted Average Life of securities excludes U.S. Treasury futures positions.

Holdings are subject to change. Totals may not sum due to rounding.

Morningstar Analyst Ratings are based on Morningstar's current expectations about future events; therefore, in no way does Morningstar represent ratings as a guarantee nor should they be viewed by an investor as such. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.

Overall Morningstar Ratings Disclosure

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 161 funds in the Ultrashort Bond category as of December 31, 2019.

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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. 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.

There is no assurance the funds' objective will be achieved.

Definitions

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

Credits: 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.

Margin of Safety: A margin of safety exists when the additional yield offers, in BBH's view, compensation for the potential credit, liquidity and inherent price volatility of that type of security and it is therefore more likely to outperform an equivalent maturity Treasury instrument over a 3-5 year horizon.

Standard deviation: measures the historical volatility of a fund's returns. The higher the standard deviation, the greater the volatility.

Sharpe ratio: is the average return earned in excess of the risk-free rate.

London Interbank Offered Rate (LIBOR): is the average lending rate for interbank loans.

Additional Disclosures

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Limited Duration Morningstar® Quartile Ranking (Ultrashort Bond Category)				
As of December 31, 2019	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Class I	1 st	1 st	1 st	1 st
Class N	1 st	1 st	1 st	1 st
Funds in the Category	201	161	127	58

Rankings are based on risk-adjusted return.
Past performance does not guarantee future results.

On September 9, 2019, BBH launch the BBH Select Series -Large Cap Fund. The Large Cap Fund has the same investment team and substantially similar investment strategy as the BBH Core Select Fund. In consideration of various factors, including the launch of the Large Cap Fund, the BBH Core Select Fund was liquidated on October 9, 2019.

The shop's seven mutual funds, with \$13.1 billion in assets as of December 2019, represent 18.1% of the firm's \$72.2 billion in assets under management, which are managed for mostly institutional and private clients.

For more complete information, visit www.bbhfunds.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 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. 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

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