BBH Limited Duration Fund

Brown Brothers Harriman

Quarterly Fund Update / 3Q 2024

3Q Highlights

- The Fund underperformed the Index during the quarter as its defensive duration profile detracted from relative performance during the quarter as interest rates fell.
- Security selection enhanced results, and we continue to find opportunities in select subsectors of the market.
- The Fund's sector and rating emphases contributed to relative results during the quarter, and the Fund was allocated to strong-performing segments of the credit markets.

Performance as of September 30, 2024

	Total Returns		Average Annual Total Returns				
Composite/Benchmark	**3 Mo**	**YTD**	**1Yr.**	**3 Yr.**	**5 Yr.**	**10 Yr.**	**Since Inception**
BBH Limited Duration Fund Class I	2.33%	5.58%	8.47%	3.98%	3.40%	2.81%	3.84%
Bloomberg US 1-3 Year Treasury Bond Index	2.91%	4.13%	6.79%	1.27%	1.49%	1.41%	2.50%
BBH Limited Duration Fund Class N	2.40%	5.62%	8.50%	3.94%	3.32%	2.71%	3.70%
Reference Benchmark	2.32%	4.66%	7.15%	2.95%	2.43%	2.18%	2.53%

Class I Inception: 12/03/2002 Class N Inception: 12/22/2000
Class I: Net/Gross Expense Ratio (%) 0.28 / 0.28 Class N: Net/Gross Expense Ratio (%) 0.35 / 0.49

Returns of less than one year are not annualized.

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses to 0.35% for Class N shares through March 1, 2025. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

The Reference Benchmark is an unmanaged weighted index comprised as follows: 40% Bloomberg Short-Term Corporate Index; 40% Bloomberg US Aggregate ABS Index; and 20% Bloomberg US Treasury Bills Index. The inception date of the reference benchmark is 12/31/04. The indexes are not available for direct investment.

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 redeemed, 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.

Market Environment

Treasury rates continued to respond to investors' predictions for forward-looking Federal Reserve (Fed) interest rate decisions during the third quarter. The Fed cut the federal funds rate by 0.50% during the quarter, and investors shifted to predicting more aggressive rate cuts of 75 basis points (bps)[1] before year-end. Yields declined across all tenors as Treasury rates reflected expectations of larger and faster rate cuts, while fixed income indexes experienced strong total returns as interest rates declined. Excess returns to credit were overwhelmingly positive as credit spreads in mainstream indexes narrowed from already low levels to their cyclical lows.

Economic data remained strong during the quarter, with inflationary pressures waning and few signs of recession on the horizon. Headline consumer inflation prints have been declining, but wage growth and job openings remain higher than their historical averages and could still exert upward pressure on inflation. The Chicago Fed National Activity Index remains above its recession indicator.

Corporate default rates remain subdued and continue to be concentrated among CCC-rated issuers, although default rates for all rating categories are below their respective long-term averages. Business loan performance appears healthy, as delinquency rates are low and default rates are declining.

[1] 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.

Exhibit I: Fixed Income Indexes Returns

	Duration	Total Return (%)		Excess Return (%)	
Index	**(Years)**	**QTD**	**YTD**	**QTD**	**YTD**
Morningstar LSTA Leveraged Loan Index[1]	0.3	2.04	6.54	0.67	2.47
Palmer Square CLO Debt Index[1]	0.3	2.42	10.44	1.04	6.37
Bloomberg 2 Year U.S. Treasury Bellwether Index	1.8	2.86	3.99	–	–
Bloomberg ABS ex Stranded Cost Utilities Index	1.9	3.04	4.97	0.15	0.72
Bloomberg U.S. Corporate High Yield Index	2.9	5.28	8.00	1.72	3.80
Bloomberg Non-Agency CMBS Index	3.7	4.55	7.80	0.51	3.64
Bloomberg U.S. TIPS Index	3.8	4.12	4.85	–	–
ICE BofA AA-BBB US Misc. ABS Index	3.9	3.70	7.51	-0.38	0.00
Bloomberg Intermediate Corporate Index	4.1	4.66	5.71	0.52	1.49
Bloomberg MBS Index	5.7	5.53	4.50	0.78	0.52
Bloomberg U.S. Treasury Index	6.1	4.74	3.84	–	–
Bloomberg Aggregate Index	6.2	5.20	**4.45**	**0.40**	**0.61**
Bloomberg EM USD Aggregate Index	6.2	5.82	8.17	1.11	4.36
Bloomberg U.S. Corporate Index	7.2	5.84	5.32	0.77	1.65
Bloomberg 10 Year U.S. Treasury Bellwether Index	8.1	5.80	3.65	–	–
Bloomberg Taxable Municipal Index	9.5	5.96	4.68	-0.04	1.34
Bloomberg Long Corporate Index	13.1	8.21	4.53	1.26	1.94

Source: Bloomberg, Morningstar LSTA, Palmer Square, ICE, Bank of America, BBH
Data reported as of September 30, 2024
Unless otherwise noted Excess Returns are the returns in excess of duration matched Treasuries.
[1] Excess return computed by BBH as total return less the return of the Bloomberg 3 Month T-Bill Bellwether Index, a proxy for the duration profile of floating-rate leveraged loans and CLO debt.

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The U.S. consumer appears to be strong, with loan delinquency rates and loan loss rates rising to historically normal levels. Non-prime auto loan and credit card delinquencies and charge-offs are normalizing towards pre-pandemic levels, while other consumer loans are experiencing lower losses due to tightened underwriting standards since 2022. The increases in loss and delinquency rates remain within expected ranges for asset-backed securities (ABS) to withstand losses without risk of impairment to bondholders.

Commercial real estate headlines remain disconnected from property-level dynamics. High quality properties have refinanced and there have been minimal losses on paydowns in commercial mortgage-backed securities (CMBS) deals. Commercial real estate woes have not had an outsized impact on banks' commercial real estate loan portfolios to date, as delinquency rates and charge-offs have been muted. Office delinquency rates remain elevated as return to office dynamics remain weak and continue to pressure office real estate values.

Valuations

We are finding few opportunities in traditional segments of the credit markets as the percentage of potential "buy" opportunities according to our valuation framework,[2] is screening near cyclical low levels across most sectors. According to our valuation framework, the percentage of credits that screened as a "buy" decreased to 7% from 13% for investment-grade corporate bonds, to 47% from 49% for corporate loans, and to 19% from 20% for high yield corporate bonds. Only 1% of the mortgage-backed securities (MBS) market screens as a "buy" candidate, but opportunities within those high-coupon 30-year MBS are hard to source.

Exhibit II: Outlook by Sector

Sector	Outlook	Positioning
Reserves		
U.S. Treasuries/Futures/Reserves	Hold when attractive credits unavailable	Held to balance yield curve and duration exposures
Government-Related	Unattractive valuations; better opportunities elsewhere	No positions in portfolios
Municipal	Valuations of select municipals are attractive for inclusion in taxable portfolios	Holdings include transportation revenue bonds
Structured Credit		
U.S. MBS	Very small opportunity in some hard-to-source high-coupon 30 year MBS	No positions in portfolios
RMBS	Continued credit and valuation concerns	No positions in portfolios
CMBS	Opportunities arising among high-quality properties seeking to refinance	Hold positions in SASB CMBS deals where we have transparency into collateral dynamics
ABS	Opportunities remain in select sectors despite the recent narrowing of risk spreads	Hold positions across diversified set of nontraditional segments
Corporate Credit		
IG Corporate Bonds	Amount of attractively valued opportunities in benchmarks are near cyclical low levels	Holdings remain in some interest rate sensitive sectors and among certain security selection opportunities
Corporate Loans	Roughly half the universe screens attratively, but amount of opportunities dwindling	Holdings are diversified and include credits issued by health-care, airlines, and technology companies
HY Corporate Bonds	Amount of attractively valued opportunities in benchmarks are near cyclical low levels	Opportunities tend to reside in industries with challenged business models that require strong credit work
Other Credit		
Emerging Markets	Concerns remain about creditor rights in most emerging market countries	No positions in portfolios

As of September 30, 2024. Portfolio holdings and characteristics are subject to change.

MBS = Mortgage-Backed Securities; RMBS = Residential Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield; SASB = Single Asset, Single Borrower; REIT = Real Estate Investment Trust

Source: BBH

[2] Our valuation framework is a purely quantitative screen for bonds that may offer excess return potential, primarily from mean reversion in spreads. When the potential excess return is above a specific hurdle rate, we label them "Buys" (others are "Holds" or "Sells"). These ratings are category names, not recommendations, as the valuation framework includes no credit research, a vital second step.

There remain opportunities in select subsectors of the market. Investment-grade corporate bonds in several interest rate-sensitive subsectors, such as life insurance, finance companies, and banking, continue to offer attractive opportunities. Nearly half the corporate loan market continues to screen as "buy" candidates with most opportunities present in smaller deals. In the structured credit markets, we continue to find opportunities through our bottom-up process in ABS, and opportunities are appearing in the CMBS market as property- and deal-level dynamics are disconnected from the negative headlines impacting the sector.

We continue to avoid emerging markets credits due to concerns over creditor rights in most countries and the impact on the credits' durability. We continue to avoid non-agency residential mortgage-backed securities (RMBS) due to poor technical factors and weak fundamentals underpinned by poor housing affordability, a low inventory of homes for sale, and stable-to-declining home prices.

Performance

The Fund's duration profile contributed to total returns during the quarter as interest rates fell, but it detracted on a relative basis due to the Fund's more-defensive duration profile versus its benchmark of one- to three-year Treasuries.

The Fund's sector and rating emphases contributed to relative results during the quarter. The Fund was allocated to strong-performing segments of the credit markets, particularly within its holdings of investment-grade corporate bonds, corporate loans, and ABS.

Security selection enhanced results further, with results strongest among the Fund's holdings of CMBS and ABS. Subsectors that contributed included corporate loans of wireline communication companies and large loan CMBS. Subsectors that detracted included corporate loans of healthcare and media entertainment companies.

Exhibit III: Fund Attribution

	Average Weight (%)	Contribution (Basis Points)		
	Portfolio	Rates	Sector	Selection
Total Portfolio	100.0%	203	30	7
Reserves	14.9%		0	0
Municipal	0.4%		0	1
CMBS	5.3%		1	4
ABS	21.7%		4	2
IG Corporate Bonds	45.2%		18	-2
Corporate Loans	10.6%		7	1
HY Corporate Bonds	1.7%		0	0

Past performance is no guarantee future results
Contribution figures are presented gross of fees
Data reported quarterly from June 30, 2024 to September 30, 2024
Basis point or "bp" is 1/100th of a percent (0.01% or 0.0001)
CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities;
IG = Investment Grade; HY = High Yield
Source: BBH

Transaction Summary

Despite weak attractiveness of valuations of credits in indexes, we continued to find durable credits[3] offering attractive value. offering attractive value. The purchases were made across a variety of sectors and industries. The table below summarizes a few notable portfolio additions.

Exhibit IV: Transaction Summary

Obligor	Coupon	Maturity	Yield (YTM)	Rating	Spread	Spread Refernce	Duration	Sector	Subsector
Banco Santander SA	4.50	7/17/2025	5.6	BBB+	82	Treasuries	0.9	Corporate Bond	Banking
Eli Lilly & Co	4.15	8/14/2027	4.2	A+	35	Treasuries	2.7	Corporate Bond	Pharmaceuticals
Guardian Life Insurance Co of American	4.18	9/26/2029	4.2	NR	68	Treasuries	4.5	Corporate Bond	Life Insurance
DaVita Inc	6.95	4/28/2028	6.8	BBB	198	SOFR	0.0	Loan	Healthcare
Protective Life Corp	4.34	9/13/2027	4.3	AA-	72	Treasuries	2.8	Corporate Bond	Life Insurance
Natwest Group PLC	6.64	11/15/2028	6.6	A	130	SOFR	0.0	Corporate Bond	Banking
Carlyle Global Market Strategies	5.95	10/15/2037	6.3	AAA	136	SOFR	0.3	ABS	Collateralized Loan Obligation (CLO)
World Financial Network Credit Card Master Trust	4.62	5/15/2031	4.7	AAA	95	Treasuries	2.7	ABS	Retail Credit Card ABS
Mercedes-Benx Group AG	4.88	7/31/2026	4.9	A	50	Treasuries	1.9	Corporate Bond	Automotive
Deer & Co	4.20	7/15/2027	4.2	A+	48	Treasuries	2.7	Corporate Bond	Construction Machinery

As of September 30, 2024. Portfolio holdings and characteristics are subject to change
MBS = Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities
Source: BBH

[3] 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.

Characteristics

At the end of the quarter, the Fund's duration was 0.9 years. The Fund's weight to investment-grade corporate bonds increased to 46%, while other sectors' weights decreased slightly. The weight to high yield and nonrated investments declined to 6% from 8%, were comprised primarily of credits rated "BB," and consisted of a blend of corporate bonds and loans. The Fund's yield to maturity was 5.7% and remained elevated vs. short-term bond market alternatives. The Fund's option-adjusted spread was 126 bps over Treasuries; for reference, the longer-duration Bloomberg U.S. Corporate Index's spread was 89 bps over Treasuries at quarter-end.

Exhibit V: Fund Characteristics

Portfolio Characteristics	Portfolio	Benchmark	Active
Effective Duration (Years)	0.93	1.76	-0.83
Spread Duration (Years)	1.78	0.00	1.78
Yield to Maturity (%)	5.66	3.71	1.94
Option-Adjusted Spread (bps)	126	0	126

Credit Rating (%)	Portfolio	Benchmark
AAA/TSY/Cash	35.8	100.0
AA	13.6	0.0
A	23.5	0.0
BBB	21.2	0.0
BB	3.7	0.0
B	1.7	0.0
CCC & Below/NR	0.5	0.0

Sector Allocation (%)	Portfolio	Benchmark	Active
Reserves	14.6	100.0	-85.4
Municipal	0.4	0.0	0.4
MBS (Agency)	0.1	0.0	0.1
RMBS (Non-Agency)	0.0	0.0	0.0
CMBS	5.2	0.0	5.2
ABS	22.1	0.0	22.1
IG Corporate Bonds	46.1	0.0	46.1
Corporate Loans	9.9	0.0	9.9
HY Corporate Bonds	1.7	0.0	1.7

Portfolio holdings and characteristics are subject to change.
Benchmark is the Bloomberg US Aggregate Bond Index
Data reported as of September 30, 2024
TSY = Treausury; MBS = Mortgage-Backed Securities; RMBS = Residential Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities;
ABS = Asset-Backed Securities; CLO = Collateralized Loan Obligation
Source: BBH

Concluding Remarks

Credit conditions are disconnected from the U.S. political headlines garnering attention. Inflation, corporate defaults, loan losses, and loan delinquencies have normalized to manageable levels. Risk spreads decreased to cyclical lows, suggesting investor exuberance may be creeping into some deals. The Fed's rate cuts do not appear to be driven by concerns over a weak economy; rather, the cuts should help to ease restraints imposed on consumers and businesses. Given already strong credit conditions in many sectors, this may be a positive for many borrowers. The biggest risk facing credit investors may not be losses driven by macroeconomic weakness, but rather inattentiveness to valuations and durability during a period of ebullience. We believe the valuation and credit disciplines embedded in our bottom-up process are essential for navigating this environment.

Sincerely,

Andrew P. Hofer
Fund Co-Manager

Neil Hohmann, PhD
Fund Co-Manager

Paul Kunz, CFA
Fund Co-Manager

Thomas Brennan, CFA
Fixed Income Product Specialist

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LSEG Lipper Fund Awards
2024 Winner
United States

The **BBH Limited Duration Fund (BBBIX)** was named the Best Short Investment Grade Debt Funds over five years, for the period ending December 31, 2023. The fund was assessed against 90 funds in this category.

The LSEG Lipper Fund Awards annually recognize funds and fund management firms for their consistently strong risk-adjusted three-, five- and 10-year performance relative to their peers based upon Lipper's quantitative, proprietary methodology. Other share classes may have different performance characteristics. Past performance is no guarantee of future results.

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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. Nothing contained herein is intended as a recommendation to buy or sell any security, or to invest in any particular country, sector or asset class.

Traditional ABS include prime auto backed loans, credit cards and student loans (FFELP). Non-traditional ABS include ABS backed by other collateral types.

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.

The selection effect measures the investment manager's ability to select securities within a given segment relative to a benchmark.

The sector effect measures an investment manager's ability to effectively allocate their portfolio's assets to specific sectors relative to a benchmark.

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. The inception date of the BBH Broad Market Fixed Income Portfolio was July 20, 2000.

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. The inception date of the BBH Broad Market Fixed Income Portfolio was July 20, 2000.

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Definitions

The Bloomberg 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 1-3 years.

Bloomberg 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 US Aggregate ABS Index represents the ABS components of the Bloomberg U.S. Aggregate Index.

The Bloomberg US Aggregate Bond Index is a market-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 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 stripsAn index is not available for direct investment.

The composition of the index is materially different than the Fund's holdings. The Fund is actively managed and does not measure its performance success nor alter its construction in relation to any particular benchmark or index. An index is not available for direct investment.

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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.

SASB lacks the diversification of a transaction backed by multiple loans since performance is concentrated in one commercial property. SASBs may be less liquid in the secondary market than loans backed by multiple commercial properties.

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.

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. Other products are offered by Brown Brothers Harriman.

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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