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CAPITAL PARTNERS

BBH Intermediate Municipal Bond Fund

Quarterly Update | 1Q 2025

Highlights

– Municipal new issuance momentum carried into the new year, with first quarter 2025 issuance at $120 billion.

– Expectations of further Fed easing, coupled with rising uncertainties, drove yield curves steeper during the quarter with two-year tax-exempt yields falling 10 bps and 10-year yields rising by 15 bps.

– Our fund ended the quarter with modestly positive returns, both on an absolute basis and relative to our benchmarks.

Come Undone

Five years ago, our lives came undone from a global pandemic. Face masks, remote work, and social distancing became commonplace amid rampant contagion fear. Financial markets spiraled as volatility reached crisis levels, and we all focused on our work as a welcome respite. Capitalizing on volatility-driven opportunities is core to our fund, but protecting our clients' capital has always been our number one priority. When we discuss the concept of credit durability, it typically connotes resilience in the face of a variety of economic conditions. Today, our fund also faces a growing array of political risks.

From persistent inflation to geopolitical conflicts, to nascent trade wars and growing questions about how tax cuts will be funded, today's news is dizzying. With progress in the fight against inflation stalled, policy risks rising, the Federal Reserve (Fed) faces an even more difficult landscape than usual. The monetary policy transmission mechanism was blunted during the tightening cycle that ended last year and we wonder how monetary policy can effectively respond to potentially high and sustained tariffs. Thus far, investors and the Fed have tried to look through the noise. We entered 2025 with investors expecting 75 basis points (bps)[1] of easing by the end of 2026 and we ended the quarter with 100 bps priced in.

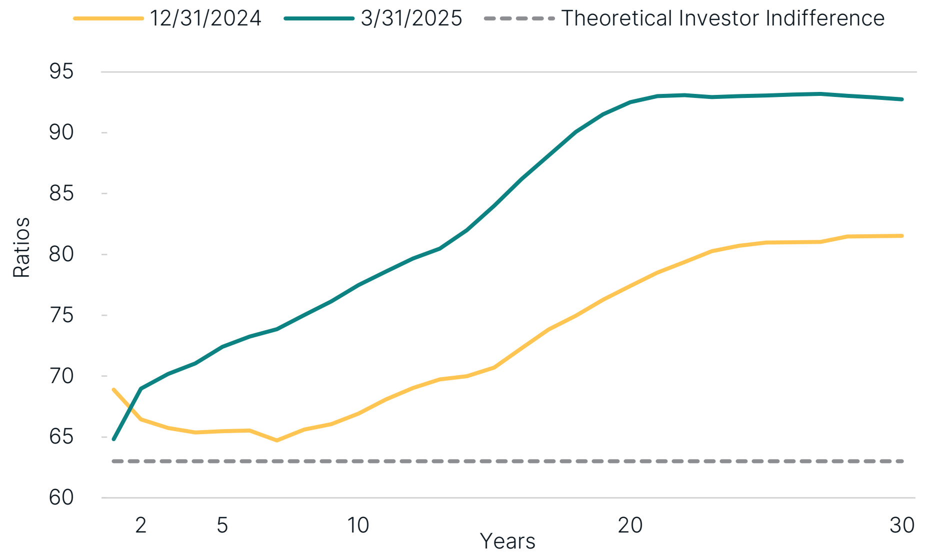
Expectations of further Fed easing, coupled with rising uncertainties, drove yield curves steeper in the Bloomberg 1-15 Year Blend (1-17) Muni Index during the quarter with two-year tax-exempt yields falling 10 bps and 10-year yields rising by 15 bps. With yields up nearly 50 bps, 30-year municipals severely underperformed. Many cite threats to the tax treatment of municipals as a reason for both the relative underperformance of long bonds and of

[1] Basis point (bp) is a unit that is equal to 1/100th of 1% and is used to denote the change in price or yield of a financial instrument.

municipals relative to Treasuries. For the quarter, municipal-to-Treasury ratios widened five-to-10 percentage points, the majority of which occurred after the second week of March.

The last time municipal yields traded this wide relative to Treasuries was in the fall of 2023.

MUNICIPAL TO TREASURY RATIO



Data as of December 31, 2024, and March 31, 2025.
Theoretical Investor indifference is based on the highest federal tax bracket of 37%.
Sources: MMD (Municipal Market Data), Bloomberg, and BBH.

Municipal new issuance momentum carried into the new year. After eclipsing $500bn for the first time in 2024, first quarter 2025 issuance of $120 billion exceeded last year's tally by 20%. Many issuers accelerated deals last year to front run potential election-induced volatility. This year, issuance is being pulled forward to get ahead of legislative changes. Up until mid-March, the new supply was easily absorbed, and investor sentiment remained positive, reflected by $1 billion in average weekly inflows. Only time will tell whether the late-quarter weakness portends a broader trend.

Despite all the political noise and market volatility, our intermediate fund ended the quarter with modestly positive returns, both on an absolute basis and relative to our benchmarks. In general, the outperformance of low-rated credit and the outperformance of short maturities as the yield curve steepened detracted from our relative results. We typically de-emphasize traditional short maturity fixed-rate municipals in favor of floating rate notes and zero-coupon bonds, which also lagged. Our fund's yield advantages and the performance of our Freddie Mac and Fannie Mae-backed multi-family housing bonds offset these factors. By trading convention, many of the multi-family related bonds we own tend to track Treasury performance even though they pay tax-exempt interest. As Treasuries outperformed municipals, these bonds benefited significantly.

Ending the tax-exempt status of municipal bond income has been mentioned as an option to offset some of the cost of the Tax Cuts and Jobs Act (TCJA) extension. It will surprise no one that we think this is a bankrupt idea. As we learned from the Build America Bond experiment in 2009 and 2010, taxable bonds usually find their way into exempt accounts such as IRAs, endowments, or overseas portfolios that offer no benefit to domestic tax collections. With that said, we believe it likely the municipal market will be altered in some way. Several administrations dating back to Nixon tried to reform the municipal market. The Reagan tax cuts altered the taxation of private activity bonds. President Obama also floated capping the tax benefit on municipal bonds at 28%. The first Trump tax cuts eliminated tax-exempt advanced refundings. We derive comfort from the fact that while many presidents have tried, we are still here offering our clients substantial tax-advantaged income.

The new administration has announced several plans that could have large impacts for the municipal bond market. From a credit perspective, our primary concern relates to spending cuts to help offset the effect of extending the TCJA. Based on the current budget blueprint, Medicaid appears to be the primary target, facing $880 billion in spending reductions over 10 years. The healthcare sector has faced numerous challenges over the past few years and reductions to federal funding will slow, if not reverse, their recovery. A reduction in Medicaid coverage would result in lower revenues and lower collection rates. We have positioned cautiously in the hospital sector as risk-adjusted yields generally fall short of our requirements. We also expect higher education to be affected, but our exposure is limited for similar reasons. On the table are proposed cuts to research funding, restrictions on tax-exempt bond issuance, and an increase in the endowment tax. We believe these challenges are manageable with prudent financial planning.

Up until the recent election, municipal credit had broadly benefited from federal fiscal largesse, but changes are looming. Traditional credit valuations still reflect a "priced-to-perfection" world. This implies not only a hope that fundamentals will stay strong, but also that investor greed persists to squeeze every basis point of yield from the market. We prefer to be more selective. Staying flexible and building the fund one bond at a time with high-quality credits that provide attractive yield is at the heart of our mission. Despite low spreads on bonds with generic structures, during first quarter 2025 we invested in a wide range of opportunities with less traditional structures that offered healthy spreads. These purchases enhanced existing fund exposures in prepaid energy, housing, and airport bonds, among others.

Specifically, we purchased prepaid energy bonds backed by the regulated insurance arm of Athene at a spread of over 150 bps. This is well beyond our purchase threshold and wider than Athene's structurally weaker holding company's taxable corporate bonds. We added Freddie Mac-guaranteed low-income, multifamily housing backed bonds with spreads between 80 and 140 bps, depending on maturity. We also invested in a range of State Housing Finance Authority bonds with four-to-six-year average lives and spreads around 100 bps versus generic triple-A-rated municipals. Lastly, we added a new position in Los Angeles International Airport (LAX) late in the quarter. Airports represent about 15% of our fund holdings, and our airport credits often benefit from near monopoly power. Furthermore, LAX has among the best carrier diversity of any airport in the United States, which means it is not overly reliant on service from one airline, and it also enjoys strong liquidity.

We remain excited about the income potential of our fund and the opportunities on offer but remain cognizant to the risk that markets could once again come undone. There is no shortage of economic and political uncertainties that could lead market conditions to change suddenly. Our job is not to predict these changes, but rather to react appropriately and capitalize on them. Investors' positive sentiment will eventually turn, and we are likely past the high-water mark for credit, so we are staying on our toes. With longer-term yields nearing their peak of 2023, the municipal market offers compelling value for our clients. We strive to stay blind to the distractions from the hope and fear outside and remain focused on finding securities that satisfy our conservative investment criteria.

Sincerely,

Gregory S. Steier
Fund Manager

PERFORMANCE AS OF MARCH 31, 2025

	Total returns		Average annual total returns				
Fund/benchmark	**3 mo.**	**YTD**	**1 yr.**	**3 yr.**	**5 yr.**	**10 yr.**	**Since inception**
Class I	0.51%	0.51%	2.59%	2.72%	1.61%	2.56%	2.80%
Class N	0.36%	0.36%	2.38%	2.52%	1.41%	2.38%	2.63%
Bloomberg 1-15 Year Blend (1-17) Muni Index	0.39%	0.39%	1.57%	1.93%	1.26%	1.99%	2.26%

Class I inception: 4/1/2014 Class I net/gross expense ratio (%): 0.44 / 0.44

Class N inception: 4/1/2014 Class N net/gross expense ratio (%): 0.65 / 0.70

Returns of less than one year are not annualized.

The Investment Advisor has contractually agreed to limit the Total Annual Fund Operating Expenses for the BBH Intermediate Municipal Bond Fund's Class N to 0.65% and Class I to 0.50% until March 1, 2026. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees.

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%.

Source: BBH & Co. and Bloomberg

SHARE CLASS OVERVIEW (AS OF MARCH 31, 2025)

	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	4/1/2014	$1,402.66	10.19	3.52	3.52
Class N	★★★★	BBINX	05528C816	4/1/2024	$48.93	10.20	3.31	3.25

* The Overall Morningstar Rating is based on risk adjusted return out 260 Funds in the Muni National Interm category as of 03/31/2025.

** 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.

Fund facts As of March 31, 2025	
Number of holdings	374
Number of obligors held	146
Effective duration (years)	4.82
Yield to maturity	4.06
Yield to worst	3.96

Credit quality As of March 31, 2025	
Cash and cash equivalents	6.9%
AAA	20.5%
AA	49.3%
A	23.2%
BBB	0.0%
BB	0.0%
B or lower	0.0%
Not rated	0.1%
Total	**100.0%**

Sector distribution As of March 31, 2025	
Revenue	78.8%
General obligations	14.0%
Pre-refunded	0.2%
Cash and cash equivalents	6.9%
Total	**100.0%**

Reported as a percentage of total portfolio.

Top 10 companies As of March 31, 2025	
Oregon School Bond Guarantee Program	3.2%
North Carolina Housing Finance Authority - Home Ownership Revenue Bonds	2.7%
Port Authority of New York & New Jersey	2.6%
Minnesota Housing Finance Agency	2.2%
Illinois Housing Development Authority	2.1%
Freddie Mac Tax Exempt Bond Securitization	2.0%
Miami International Airport - Miami-Dade County Airport Enterprise, FL	1.9%
Salt Verde Financial Corporation	1.9%
Orlando International Airport - Greater Orlando Aviation Authority, FL	1.8%
Texas Municipal Gas Corporation II	1.7%
Total	**22.1%**

Reported as a percentage of portfolio securities, excluding cash and cash equivalents.

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.

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.

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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IM-16383-2025-04-11 BBH004051 Exp. Date 07/31/2025