

# BBH Intermediate Municipal Bond Fund

## Monthly Fund Update / February 2021

The BBH Intermediate Municipal Bond Fund Class I ("the Fund") had a total return of -1.33% in February, compared to the return of -1.26% for its benchmark, the Bloomberg Barclays 1-15 Year Municipal Index.

Over the past few months, municipals have been characterized by continuous inflows, light tax-exempt supply, and lofty credit valuations. While the overall municipal market experienced inflows of \$18 billion during February, a recent sell-off across the overall fixed income market pushed returns into negative territory. Although generic triple-A rated municipal yields are now back to May 2020 levels, credit spreads remain stubbornly low. By month-end, municipal-to-Treasury yield ratios had increased to around 80% across intermediate-to-long maturities. Ten-year ratios had fallen below 60% earlier in the month, so we were pleased with the correction.

We are happy to note that there were over \$7 million of net flows into our Fund in February. For the month our activity was very light, highlighted by a purchase of a housing bond issued by Texas' Department of Housing and Community Affairs. This pass-through security is backed by mortgages that, on average, enjoy over 10 years of seasoning. These days, it is rare to find a high-quality security like this which offers nearly 100 basis points<sup>1</sup> of spread.

While negotiations about a \$1.9 trillion Federal fiscal stimulus plan have contributed to some inflationary concerns, we are focused on the benefit to states. We estimate that, in aggregate, this legislation would fill the state revenue gap exposed by the pandemic. As noted in previous Fund updates, we remain conservative in our credit research and will stay selective and patient in evaluating new opportunities.

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

**Overall Morningstar Rating™**  
**As of February 28, 2021**

Class I:



Class N:



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 250 funds in the Muni National Interim category Overall Rating as of 2/28/2021.

### Performance

#### Total Returns

#### Average Annual Total Returns

As of 02/28/2021	Total Returns			Average Annual Total Returns			Since Inception
	1 Mo.*	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	
<b>BBH Intermediate Municipal Bond Fund (Class I)</b>	-1.33%	-0.45%	-0.94%	1.55%	4.60%	3.72%	3.93%
<b>BBH Intermediate Municipal Bond Fund (Class N)</b>	-1.34%	-0.50%	-0.97%	1.35%	4.39%	3.56%	3.78%
<b>Barclays Capital Municipal Bond 1-15 Year Blend Index</b>	-1.26%	-0.32%	-0.79%	1.38%	4.35%	2.95%	3.33%

  

As of 12/31/2020	Total Returns			Average Annual Total Returns			Since Inception
	1 Mo.*	3 Mo.*	YTD	1 Yr.	3 yr.	5 Yr.	
<b>BBH Intermediate Municipal Bond Fund (Class I)</b>	0.49%	1.11%	5.13%	5.13%	4.50%	4.16%	4.17%
<b>BBH Intermediate Municipal Bond Fund (Class N)</b>	0.48%	1.15%	4.94%	4.94%	4.30%	3.99%	4.03%
<b>Barclays Capital Municipal Bond 1-15 Year Blend Index</b>	0.48%	1.33%	4.73%	4.73%	4.23%	3.39%	3.53%

Class I: Net/Gross Expense Ratio (%) 0.47 / 0.47

Class N: Net/Gross Expense Ratio (%) 0.65 / 0.71

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

\* 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 0.47% for Class I shares through March 1, 2022. 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. 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 Bloomberg 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.

**This material is not authorized for distribution unless accompanied or preceded by a current Fund prospectus.**

BBH Fund Information Service: (800) 625-5759

Share Class Overview  
As of February 28, 2021

	Ticker	CUSIP	Inception Date	Total Net Assets (mil)	NAV	30-Day SEC Yield* (Subsidized)	30-Day SEC Yield* (Unsubsidized)
<b>Class I</b>	BBIX	05528C824	04/01/2014	\$737.5	\$10.94	0.68%	0.68%
<b>Class N</b>	BBINX	05528C816	04/01/2014	\$101.2	\$10.95	0.48%	0.44%

\* 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 February 28, 2021	
Cash and Cash Equivalents	3.1%
AAA	30.2%
AA	39.6%
A	23.0%
BBB	3.9%
BB	0.0%
B or Lower	0.0%
Not Rated	0.3%
<b>Total</b>	<b>100.0%</b>
Reported as a percentage of portfolio securities.	

Top 10 Holdings / Coupon / Maturity As of February 28, 2021			
Texas Department of Housing and Community Affairs	2.835%	09/01/2047	1.6%
State of Massachusetts	0.687%	11/01/2025	1.5%
State of Maryland	5.000%	03/15/2025	1.4%
Texas Municipal Gas Acquisition & Supply Corp I	0.845%	12/15/2026	1.4%
North Dakota Housing Finance Agency	3.000%	07/01/2051	1.3%
Northern California Gas Authority	0.879%	07/01/2027	1.2%
State of New Jersey	5.000%	06/01/2029	1.1%
Ohio Water Development Authority Pollution Control	5.000%	12/01/2027	1.0%
Conroe, TX Independent School District	5.000%	02/15/2027	0.9%
Virginia College Building Authority Educational Facilities Public Higher Education	5.000%	09/01/2027	0.9%
<b>Total</b>			<b>12.5%</b>
Reported as a percentage of total portfolio.			

Sector Distribution As of February 28, 2021	
General Obligations	35.5%
Pre-Refunded	1.6%
Revenue	62.9%
<b>Total</b>	<b>100.0%</b>
Reported as a percentage of portfolio securities.	

Fund Facts As of February 28, 2021	
Number of Holdings	328
Number of Issuers Held	125
Effective Duration (years)	4.55
Yield to Maturity	1.19%
Yield to Worst	1.06%

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 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.

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REFINITIV LIPPER  
FUND AWARDS

2021 WINNER  
UNITED STATES

Out of 55 funds in the Intermediate Municipal Debt Fund Category for the five years period ended 12/31/2020 by Refinitiv Lipper. The Awards are based on risk-adjusted performance.

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The Refinitiv Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see [lipperfundawards.com](http://lipperfundawards.com). Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper. The BBH Intermediate Municipal Bond Fund (Class I) competed with 55 portfolios in the Intermediate Municipal Debt Funds category for the five-year period ending 12/31/2020. Lipper Fund Awards are based on the Institutional Class shares. Other share classes may have different performance characteristics. Past performance does not guarantee future results.

BBH Fund Information Service: (800) 625-5759

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.

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.

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

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**Not FDIC Insured**

**No Bank Guarantee**

**May Lose Money**

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