

# BBH Income Fund

## Monthly Fund Update / May 2021

The BBH Income Fund Class I ("the Fund") returned 0.57% in May, and the Bloomberg Barclays U.S. Aggregate Index returned 0.33%. Outperformance versus the benchmark was due mainly to the Fund's larger allocation to corporate credit.

The 3-7 year part of the U.S. Treasury curve was essentially unchanged in May. Returns in excess of Treasuries (excess returns) for Investment Grade (IG) and High Yield (HY) corporate bonds were 0.47% (IG) and 0.08% (HY) vs. total returns of 0.77% and 0.30%, respectively. Total return for floating rate loans was 0.52%. Asset-Backed Securities (ABS) and Non-Agency Commercial Mortgage-backed Securities (CMBS) returned 0.22% and 0.69%, respectively.

Both corporate earnings and economic reports were quite positive in May. Inflation expectations increased, and the prices of most commodities are up double-digits year-to-date. Inflation is appearing in labor costs as employers, especially in leisure and hospitality, struggle to rebuild staff after the pandemic. The Fed expects this inflation to be temporary, and its dovish signaling put a pause to Treasury rate volatility in May. Low Treasury rates and abundant financial market liquidity continue to drive investors into riskier assets and supporting tight credit spreads.

Corporate IG spread levels were little changed in May. Corp HY spreads widened a bit amid very robust primary market issuance, as companies continue to lock in low borrowing rates. Both IG and HY spreads still hover around their respective 3-year lows. Structured market spreads, which initially lagged corporate debt spread recovery, are now offering a narrower opportunity set as investors sought the higher yields available in the sector.

This environment of a robust post-pandemic recovery and dovish signaling from the Fed may continue for several quarters. Market expectations are aligned with the Fed, for the time being. As market valuations continue to offer fewer opportunities, we will remain selective and accumulate reserves.

Performance								
As of 05/31/2021	Total Returns			Average Annual Total Returns				Since Inception
	1 Mo.*	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
<b>BBH Income Fund (Class I)</b>	0.57%	0.95%	-0.36%	7.30%	N/A	N/A	N/A	7.34%
<b>Bloomberg Barclays US Aggregate Index</b>	0.33%	-0.14%	-2.29%	-0.40%	N/A	N/A	N/A	5.21%
As of 03/31/2021	1 Mo.*	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
<b>BBH Income Fund (Class I)</b>	-0.76%	-2.05%	-2.05%	10.48%	N/A	N/A	N/A	7.14%
<b>Bloomberg Barclays US Aggregate Index</b>	-1.25%	-3.37%	-3.37%	0.71%	N/A	N/A	N/A	5.11%

Class I: Net/Gross Expense Ratio (%) 0.48 / 0.48

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

\* Returns are not annualized.

**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 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.**

The investment adviser has contractually agreed to limit the Total Annual Fund Operating Expenses for Class I Shares to 0.48%, 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").

**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 May 31, 2021

Class I	Ticker	CUSIP	Inception Date	Total Net Assets (mil)	NAV	30-Day SEC Yield* (Subsidized)	30-Day SEC Yield* (Unsubsidized)
	BBNIX	05528C766	06/27/2018	\$528.6	\$10.44	2.69%	2.69%

\*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 May 31, 2021	
Cash and Cash Equivalents	0.5%
U.S. Treasuries	9.9%
AAA	8.2%
AA	6.6%
A	16.8%
BBB	30.1%
BB	17.0%
B or Lower	6.8%
Not Rated	4.0%
<b>Total</b>	<b>100.0%</b>

Top 10 Credits As of May 31, 2021	
FS KKR Capital Corp	1.7%
Owl Rock Capital Corp	1.4%
American Airlines Inc/AAdvantage Loyal	1.4%
MEDNAX Inc	1.4%
Boeing Co	1.2%
Swiss Reinsurance Co Ltd	1.0%
Enstar Group Ltd	1.0%
Edison International	1.0%
Avolon Holdings Limited	1.0%
System One	1.0%
<b>Total</b>	<b>12.1%</b>

Reported as a percentage of total portfolio.

Sector Distribution As of May 31, 2021	
Corporate Securities	49.6%
Asset-Backed Securities	19.0%
Commercial Mortgage-Backed Securities	4.2%
Municipal Securities	0.0%
Agency Mortgage-Backed Securities	0.0%
Trust Preferred	0.0%
Loans	16.1%
U.S. Treasuries	6.6%
U.S. Inflation-Indexed Securities	3.3%
Residential Mortgage-Backed Securities	0.6%
Cash and Cash Equivalents	0.5%
<b>Total</b>	<b>100.0%</b>

Duration Distribution As of May 31, 2021		
	BBH Income Fund	Bloomberg Barclays US Aggregate Index
0 - 1 Yr.	18.7%	0.4%
1 - 2 Yrs.	11.3%	11.8%
2 - 4 Yrs.	34.8%	31.6%
4 - 6 Yrs.	13.8%	18.7%
6 - 8 Yrs.	10.7%	15.2%
8 - 12 Yrs.	2.6%	6.4%
12+ Yrs.	8.2%	16.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Fund Facts As of May 31, 2021	
Number of Holdings	259
Effective Duration (years)	6.38
Weighted Average Life (years)	5.72
Yield to Maturity	3.28%

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.

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.

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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.

Bloomberg Barclays U.S. Aggregate Bond Index: covers the USD-denominated, investment-grade (rated Baa3 or above by Moody's), fixed-rate, and taxable areas of the bond market. This is the broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with maturities of 1 year or more. The index is not available for direct investment.

## RISKS

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.

The value of some bonds including asset-backed and mortgage-backed securities may be sensitive to changes in prevailing interest rates that can cause a decline in their prices. Mortgage related securities are subject to prepayment and extension risk. 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.

Investing in the bond market is subject to certain risks including market, interest-rate, issuer, maturity, call, credit, and inflation risk; investments may be worth more or less than the original cost when redeemed.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

Below investment grade bonds, commonly known as junk bonds, are subject to a high level of credit and market risks and are considered speculative.

To the extent that the Fund experiences a large purchase or redemption on any business day, the Fund's performance may be adversely affected.

**For more complete information, visit [www.bbhfunds.com](http://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. 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**

**BBH Fund Information Service: (800) 625-5759**

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