BROWN BROTHERS HARRIMAN

CAPITAL PARTNERS

BBH Income Fund

Quarterly Fund Update | 3Q 2025

3Q Highlights

- The Fund outperformed its benchmark during the quarter, with selection effects driving performance.
- Credit dynamics remained broadly healthy, supported by low default rates and steady fundamentals across most sectors.
- While there have been idiosyncratic corporate defaults and signs of stress for some consumers, credit losses remain low and manageable for companies and securitization structures.

PERFORMANCE AS OF SEPTEMBER 30, 2025

	Total returns		Average annual total returns				
Fund/benchmark	**3 mo.**	**YTD**	**1 yr.**	**3 yr.**	**5 yr.**	**10 yr.**	**Since inception**
BBH Income Fund - Class I	2.01%	6.81%	4.27%	7.04%	1.77%	-	3.79%
Bloomberg US Aggregate Index	2.03%	6.13%	2.88%	4.93%	-0.45%	-	1.98%

Class I Inception: 6/27/2018; Class I: Net/Gross Expense Ratio (%) 0.44 / 0.44

Returns of less than one year are not annualized

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses for Class I Shares to 0.50% through March 1, 2026. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board").

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.

Sources: Bloomberg and BBH

Market Environment

U.S. fixed income markets posted solid returns during third quarter 2025 as interest rates declined across the curve, the Federal Reserve (the Fed) cut rates, and credit risk spreads narrowed further. All mainstream indexes had positive total returns and excess returns to credit.

Credit risk spreads were lower across all major indexes, and, for many indexes, quarter-end index spreads declined to levels last experienced in the late 1990s. The Bloomberg U.S. Corporate Index's quarter-end spread hit its lowest month-end level since May 1998, while month-end spreads of double-B and single-B corporate bonds were lower at quarter-end only four times over the past 30 years. Structural changes to the composition of broad investment grade and high yield corporate bond indexes may provide reasons for these low spread levels. Looking forward from these spread levels, expected credit returns are meager and negative in many instances.

Unsurprisingly, the BBH Valuation Framework[1] indicates a very low level of appropriately valued opportunities. The Framework showed that 3% of investment grade corporate bonds, 44% of corporate loans, 24% of high-yield corporate bonds, and no segment of the agency mortgage-backed securities (MBS) market met our criteria for purchase at quarter-end. Spreads of collateralized loan obligation (CLO) debt and many nontraditional asset-backed security (ABS) subsectors sit at the narrowest ends of their historic ranges. However, there remain opportunities in pockets of the credit markets. For example, there are opportunities for incremental yield in shorter maturity, high-grade corporate bonds. Debt of smaller issuers also screens favorably within the high yield bond and loan markets. Several nontraditional ABS subsectors screen attractively, and spreads of many commercial mortgage-backed security (CMBS) subsectors are at or above the medians of their historical ranges.

EXHIBIT I: FIXED INCOME INDEXES RETURNS

	Duration	Total return (%)		Excess return (%)	
Index	**(Years)**	**QTD**	**YTD**	**QTD**	**YTD**
J.P. Morgan Leveraged Loan Index[1]	0.3	1.70	4.60	0.62	1.39
Palmer Square CLO Debt Index[1]	0.3	2.10	6.02	1.02	2.80
Bloomberg 2 Year U.S. Treasury Bellwether Index	1.8	1.03	3.79	–	–
Bloomberg ABS ex Stranded Cost Utilities Index	1.9	1.46	4.49	0.29	0.48
Bloomberg U.S. Corporate High Yield Index	2.8	2.54	7.22	1.29	2.40
Bloomberg Non-Agency CMBS Index	3.5	1.87	6.25	0.62	0.99
ICE BofA AA-BBB US Misc. ABS Index	3.9	1.68	5.43	0.39	0.16
Bloomberg Intermediate Corporate Index	4.1	2.04	6.58	0.72	1.16
Bloomberg U.S. TIPS Index	4.9	2.10	6.87	–	–
Bloomberg MBS Index	5.8	2.43	6.76	0.83	0.97
Bloomberg U.S. Treasury Index	5.9	1.51	5.36	–	–
Bloomberg Aggregate Index	**6.0**	**2.03**	**6.13**	**0.48**	**0.60**
Bloomberg EM USD Aggregate Index	6.1	3.40	8.51	1.86	2.96
Bloomberg U.S. Corporate Index	6.9	2.60	6.88	0.98	1.23
Bloomberg 10 Year U.S. Treasury Bellwether Index	8.0	1.84	7.01	–	–
Bloomberg Taxable Municipal Index	9.2	2.75	6.42	0.86	0.22
Bloomberg Long Corporate Index	12.8	3.79	7.56	1.55	1.46

Data reported as of September 30, 2025

Past performance does not guarantee future results.

Source: Bloomberg, J.P. Morgan, Palmer Square, ICE, Bank of America, BBH.

Unless otherwise noted Excess Returns are the returns in the 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.

CLO = Collateralized Loan Obligation; ABS = Asset-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; MBS = Mortgage-Backed Securities; TIPS = Treasury Inflation Protected Securities; EM = Emerging Markets; YE26 = year-end 2026

Valuations

Both supply and demand for credit continue to be very strong. Credit issuance was strong vs. the subdued volumes from last quarter on account of lower interest rates and narrower credit risk spreads. Investment grade corporate bond issuance was in line with last year's record-setting pace, while leveraged corporate debt issuance decreased 7% year over year. Leveraged corporate issuers increasingly chose bond issuance, where volumes were up 6% over last year, vs. loans (down 11%). ABS volumes were down 2% from 2024's pace for both traditional and nontraditional subsectors. Nonagency CMBS issuance was robust, with 40% more issuance than last year. Meanwhile, taxable bond fund flows are on pace to have one of the strongest calendar years on record. According to research from Barclays, new issues of investment grade corporate bonds have been approximately four times oversubscribed, with yields driven lower by 0.25% from their announcement to final pricing. Debt markets are open to issuers looking to refinance or raise new capital.

[1] 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.

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
Structured credit		
U.S. MBS	No purchase opportunities in 15- or 30-year pools	No positions in portfolios
RMBS	Continued credit, technical, and valuation concerns	No positions in portfolios
CMBS	Opportunities exist as spreads are near the medians of their historical ranges	Hold issues of SASB and Freddie K securitizations with strong durability and transparency
ABS	Spreads lower but mask variation of opportunities within subsectors	Hold positions across diversified set of nontraditional segments
Corporate credit		
IG corporate bonds	Spreads near historic lows, but some shorter-dated credits screen attractively	Holdings remain in some interest rate sensitive sectors and among certain security selection opportunities
Corporate loans	Opportunities remain in smaller issuers as delinquencies rates stay low	Holdings are diversified and include credits issued by healthcare, airlines, and technology companies
HY corporate bonds	Spreads of "BB" and "B" issues near historical lows, but bonds of some smaller issuers screen favorably	Identified newer opportunities in bonds of technology companies, specialty REITs, and midstream energy companies
Other credit		
Municipal	Valuations of select municipals are attractive for inclusion in taxable portfolios	Holdings include transportation revenue bonds
Emerging markets	Concerns remain about creditor rights in most emerging market countries	No positions in portfolios

As of September 30, 2025. 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

Generous refinancing availability tends to obscure cracks in credit quality; however, there are several trends that suggest the durability of issuers may be tested in the near future. Signs of stress are emerging for lower-income U.S. consumers. These consumers' wages have not kept pace with the inflationary environment of 2022–2023, and high prices continue to impact spending choices. These inflationary dynamics will likely continue over the next 12 months. Prices of nonessential commodities such as coffee and chocolate have surged and are shifting consumers' spending patterns towards staple goods. In addition, the price of federal healthcare programs is expected to increase by a median 18% in 2026 with the expiration of Affordable Care Act subsidies. Labor market conditions are a reason for concern, as wage growth has moderated and non-farm payrolls sit near their weakest levels in over 15 years (excluding the months following the onset of COVID-19). There are many loan credit performance indicators that suggest these trends are beginning to impact credit markets. Subprime auto loan default rates are near the higher end of their historical range. Delinquency rates of student loans are elevated after the U.S. government's forbearance program ended, yet the resumption of student loan payments has not yet appeared to impact delinquency rates of other types of consumer loans.

Performance

The Fund outperformed its benchmark during the quarter with selection effects driving performance. Sector effects contributed to a smaller extent than selection effects, and rate effects had a small negative impact. ABS, investment-grade corporate bonds, loans, and high-yield corporate bonds had favorable and strong selection effects. Positions in cable satellite loans, insurance-linked ABS, and healthcare loans were subsectors that contributed the most. Our avoidance of agency MBS had negative but minimal detraction from performance. Loans to chemical companies detracted modestly from selection effects.

Transaction Summary

We continued to find durable credits[2] offering attractive value even as valuations reflect a growing belief that the U.S. economy is slowing. The table below summarizes a few notable portfolio additions.

EXHIBIT III: PERFORMANCE ATTRIBUTION

	Average weight (%)			Contribution (basis points)		
	Portfolio	Benchmark	Active	Rates	Sector	Selection
Total portfolio	**100.0%**	**100.0%**	**0.0%**	**3**	**-13**	**20**
Reserves	22.5%	46.0%	-23.6%		0	-1
Government-related	0.0%	3.7%	-3.7%		-3	0
Municipal	0.1%	0.0%	0.1%		0	0
U.S. MBS	0.0%	24.5%	-24.5%		-20	0
CMBS	7.0%	1.5%	5.5%		0	4
ABS	18.0%	0.4%	17.6%		8	-3
IG corporate bonds	35.2%	23.9%	11.4%		-6	11
Corporate loans	11.3%	0.0%	11.3%		4	7
HY corporate bonds	6.0%	0.0%	6.0%		3	2

Past performance is no guarantee future results

Contribution figures are presented gross of fees

Data reported quarterly from June 30, 2025 to September 30, 2025

Basis point or "bp" is 1/100th of a percent (0.01% or 0.0001)

MBS = Agency Residential Mortgage-Backed Securities; RMBS = Non-Agency Residential; Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield

Source: BBH

EXHIBIT IV: TRANSACTION SUMMARY

Obligor	Coupon	Maturity	Yield (YTM)	Rating	Spread	Spread reference	Duration	Sector	Subsector
Apollo Global Management LLC	5.03	7/17/2030	5.0	A+	105	Treasuries	4.4	Corporate bond	Life insurance
Bankers Healthcare Group Securitization Trust	5.29	8/18/2036	5.5	AA-	160	Treasuries	2.5	ABS	Personal consumer loan ABS
Toyota Motor Corp	4.05	9/5/2028	4.1	A+	47	Treasuries	2.8	Corporate bond	Automotive
Bankers Healthcare Group Securitization Trust	5.62	8/18/2036	5.8	A-	175	Treasuries	4.2	ABS	Personal consumer loan ABS
COMM 2025-SBX	5.43	8/10/2041	5.3	AAA	150	Treasuries	2.7	CMBS	Single borrower fixed CMBS
Flutter Entertainment PLC	6.07	11/30/2030	6.0	BBB-	178	SOFR	0.0	Loan	Gaming
Drawbridge Special Opportunities Fund LP	5.95	9/17/2030	6.1	BBB+	250	Treasuries	4.2	Corporate bond	Financial other
LendingTree Inc	8.82	8/21/2030	9.1	BB+	475	SOFR	0.0	Loan	Finance companies
Neuberger Berman Loan Advisors	5.48	10/16/2037	5.6	AAA	123	SOFR	0.3	ABS	Collateralized loan obligation (CLO)
Eli Lilly & Co	4.25	3/15/2031	4.3	AA-	34	Treasuries	4.9	Corporate bond	Pharmaceuticals

As of September 30, 2025. Portfolio holdings and characteristics are subject to change.

MBS = Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities

Source: BBH

Characteristics

The Fund's spread duration decreased during the quarter and remained lower than the benchmark, reflecting less sensitivity to changes in credit spreads. Over the quarter, holdings of reserves increased while holdings of credit

[2] 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.

EXHIBIT V: CHARACTERISTICS

Portfolio characteristics

	Portfolio	Benchmark	Active
Effective duration (years)	5.93	6.00	99%
Spread duration (years)	2.24	3.24	69%
Yield to maturity (%)	5.59	4.37	1.22
Option-adjusted spread (bps)	149	28	122

Credit rating (%)

	Portfolio	Benchmark
AAA/TSY/cash	32.6	48.7
AA	11.2	28.0
A	21.6	11.6
BBB	19.0	11.7
BB	8.9	0.0
B	4.1	0.0
CCC & below/NR	2.8	0.0

Fund holdings and characteristics are subject to change.
Past performance does not guarantee future results.
Benchmark is the Bloomberg US Aggregate Bond Index
Data reported as of September 30, 2025

Sector allocation (%)

	Portfolio	Benchmark	Active
Reserves	22.6	45.4	-22.8
Government related	0.0	3.8	-3.8
Municipal	0.1	0.5	-0.4
MBS	0.0	24.5	-24.5
RMBS (non-agency)	0.0	0.0	0.0
CMBS	6.7	1.4	5.3
ABS	16.8	0.4	16.4
IG corporate bonds	33.8	23.9	9.9
Corporate loans	10.8	0.0	10.8
HY corporate bonds	5.7	0.0	5.7

TSY = Treasury; MBS = Mortgage-Backed Securities; RMBS = Residential Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; ABS = Asset-Backed Securities; IG = Investment Grade; HY = High Yield

Source: BBH

sectors decreased amid low-risk spreads. The Fund held no exposure to agency MBS due to valuation concerns. The Fund's weight to high yield and non-rated credit instruments decreased to 15% from 18%.

Concluding Remarks

U.S. business conditions appear stronger. Default rates continue to moderate, delinquency rates and charge-offs of business loans remain subdued, and loan performance within CLOs and business development companies (BDCs) remains strong. There are significant infrastructure capital expenditures being made to support artificial intelligence (AI) ambitions, and they are being financed through the corporate and structured credit markets. With narrow spreads and many of these projects facing uncertain outcomes, strong credit research is paramount for navigating the increasing breadth of opportunities.

Strong credit research is always a necessary ingredient for attaining sustainable credit performance, and it is perhaps no surprise that our credit research identifies many issues that offer attractive yields but do not possess the durability features we seek. However, opportunities remain in every market. In environments of low-risk spreads and sparse opportunity, we believe that the virtues of a bottom-up process build portfolios of durable credits at attractive yields that can prevail in economic uncertainty and benefit our clients' performance journey.

Sincerely,

Andrew P. Hofer
Fund Co-Manager

Neil Hohmann, PhD
Fund Co-Manager

Paul Kunz, LL.M, CFA
Fund Co-Manager

Thomas Brennan, CFA
Fixed Income Product Specialist

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.

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.

DEFINITIONS

Bloomberg US 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.

An index is not available for direct investment.

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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.

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.

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.

NOT FDIC INSURED   NO BANK GUARANTEE   MAY LOSE VALUE

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