

BBH Limited Duration Fixed Income

Strategy Fact Sheet / 2Q 2022

PRINCIPAL STRATEGY AND OBJECTIVES¹

Our objective is to deliver excellent returns relative to industry benchmarks through market cycles. The Limited Duration Fixed Income Strategy is designed for interest rate sensitive investors seeking broad exposure to the U.S. fixed income markets with a portfolio duration of less than two years.

Our active management approach seeks to build low duration, taxable bond portfolios bottom-up, allowing valuation to drive our portfolio construction. We only invest in credits² we believe to be durable, well-managed, appropriately structured, which can be comprehensively researched and understood.

INVESTMENT CRITERIA

Our independent research serves as the foundation of our bottom-up investment process. We also apply a proprietary quantitative framework to assess each security's long-term return potential. We will hold reserves when available opportunities do not meet our credit and valuation criteria.

Investment opportunities must meet four essential criteria: durability, transparency, excellent management, and appropriate structure.

Durability: Able to withstand a wide variety of economic conditions.

Transparency: Can be thoroughly researched and understood.

Excellent Management: Debt-conscious leaders focused on long-term viability and access to capital markets.

Appropriate Structure: Appropriate leverage and available resources

We evaluate environmental, social and governance (ESG³) factors as part of our investment research process to help us effectively assess the long-term sustainability and durability of our companies and credits.

PORTFOLIO CO-MANAGERS



Andrew P. Hofer

Andrew Hofer is Head of Taxable Fixed Income for Investment Management. Since joining BBH in 1988, Andrew has held a variety of roles within Investment Management, including the Head of Insurance Asset Management, Chief Operating Officer, and Head of Risk Management. Andrew holds a B.A. degree in East Asian studies from Yale, and an MIA (Master of International Affairs) from Columbia University.



Neil Hohmann, PhD

Neil Hohmann is Head of Structured Products and a portfolio manager for Investment Management. In his role, he supervises security selection in asset-backed securities, commercial and agency mortgage-backed securities, and financial institution credit. He is an active member of BBH's Market Risk Oversight Committee. Neil received a Bachelor of Economics with Distinction from Yale University where he graduated magna cum laude. He also earned a PhD in

Economics from the University of Chicago.

PRINCIPLES OF FIXED INCOME INVESTING

- **Active Management:** We believe in a bottom up, value-based approach to active management.
- **Durability:** We only invest in securities we believe are built to withstand a variety of economic conditions.
- **High Conviction:** We work to balance ample diversification while ensuring meaningful concentration in our highest conviction ideas.
- **Long-term perspective:** We underwrite our investments to perform through market cycles.
- **Discipline and Patience:** We let valuation drive our investment process and will hold reserves when the opportunity set is limited.

¹ There can be no assurance that the Strategy will achieve its investment objectives.

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.

³ A less favorable ESG profile may not preclude the Adviser from investing in a credit, as the consideration of ESG factors is not more influential than the consideration of other investment criteria.

Performance
As of June 30, 2022

Composite/Benchmark	Total Returns		Average Annual Total Returns				Since Inception
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
BBH Limited Duration Fixed Income Composite (Gross of Fees)	-1.16%	-2.28%	-1.97%	1.35%	1.80%	1.71%	4.41%
BBH Limited Duration Fixed Income Composite (Net of Fees)	-1.22%	-2.40%	-2.22%	1.09%	1.57%	1.49%	4.20%
Merrill Lynch 1-3 Year Treasury Index	-0.50%	-2.84%	-3.30%	0.23%	0.93%	0.78%	3.74%

* Returns are not annualized. The BBH Limited Duration Fixed Income Composite inception date is 01/01/1990. Sources: BBH & Co. and Merrill Lynch

Past performance does not guarantee future results.

Representative Account Credit Quality As of June 30, 2022		
	Representative Account	Merrill Lynch 1-3 Year Treasury Index
Cash and Cash Equivalents	5.6%	0.1%
U.S. Treasuries	0.0%	99.9%
AAA	30.8%	0.0%
AA	9.4%	0.0%
A	20.1%	0.0%
BBB	25.1%	0.0%
BB	6.9%	0.0%
B or Lower	1.5%	0.0%
Not Rated	0.5%	0.0%
Total	100.0%	100.0%

Representative Account Sector Distribution As of June 30, 2022		
	Representative Account	Merrill Lynch 1-3 Year Treasury Index
Corporate Securities	43.7%	0.0%
Asset-Backed Securities	28.8%	0.0%
Loans	12.2%	0.0%
Commercial Mortgage-Backed Securities	5.4%	0.0%
Government-Related	1.8%	0.0%
Municipal Securities	1.8%	0.0%
Residential Mortgage-Backed Securities	0.6%	0.0%
Agency Mortgage-Backed Securities	0.1%	0.0%
U.S. Treasuries	0.0%	99.9%
Cash and Cash Equivalents	5.6%	0.1%
Total	100.0%	100.0%

Representative Account Duration Distribution As of June 30, 2022		
	Representative Account	Merrill Lynch 1-3 Year Treasury Index
< 1 Yr	53.9%	7.2%
1 - 3 Yrs.	29.4%	92.8%
3 - 4 Yrs.	7.6%	0.0%
3 - 5 Yrs.	9.1%	0.0%
7 - 10 Yrs.	0.0%	0.0%
10 - 20 Yrs.	0.0%	0.0%
20+ Yrs.	0.0%	0.0%
Total	100.0%	100.0%

Representative Account Top 10 Credits As of June 30, 2022	
Freddie Mac	1.7%
Santander Drive Auto Receivables Trust	1.4%
AerCap Holdings NV	1.3%
Texas Municipal Gas Corporation II	1.2%
Westlake Automobile Receivables Trust	1.2%
FS Investment Corp	1.2%
Citigroup Inc	1.2%
KKR & Co Inc	1.2%
Blackstone / GSO Secured	1.2%
Bank of Nova Scotia	1.1%
Total	12.6%

Representative Account Portfolio Characteristics As of June 30, 2022		
	Representative Account	Merrill Lynch 1-3 Year Treasury Index
Effective Duration (years)	0.80	1.78
Yield to Maturity	4.25%	2.95%

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. 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 fee and expenses.

RISKS

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. 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.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

The strategy 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.

Considering ESG factors as part of investment decisions may result in the Adviser forgoing otherwise attractive opportunities, which may result in lower performance when compared to advisers that do not consider ESG factors.

Holdings are subject to change. Totals may not sum due to rounding.

Effective duration is a measure of the portfolio’s return sensitivity to changes in interest rates.

Credits: 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.

Data presented is that of a single representative account (“Representative Account”) that invests in the strategy. It is managed with the same investment objectives and employs substantially the same investment philosophy and processes as the strategy.

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Gross of fee performance results for this composite do not reflect the deduction of investment advisory fees. Actual returns will be reduced by such fees. Net of fees performance results reflect the deduction of the maximum investment advisory fees. Returns include all dividends and interest, other income, realized and unrealized gain, are net of all brokerage commissions and execution costs. Performance calculated in U.S. dollars.

The objective of our Limited Duration Fixed Income Strategy is to deliver excellent returns in excess of industry benchmarks through market cycles. The Composite includes all fully discretionary fee-paying accounts with an initial investment equal to or greater than \$10 million with a duration of approximately 1.5 years. Accounts that subsequently fall below \$9.25 million are excluded from the Composite. As of 10/1/2020, the Limited Duration Composite was renamed BBH Limited Duration Fixed Income.

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May Lose Money

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