

BBH Structured Fixed Income

Strategy Fact Sheet / 4Q 2022

PRINCIPAL STRATEGY AND OBJECTIVES¹

Our Structured Fixed Income Strategy is designed to deliver peer-leading returns through market cycles for investors seeking the attractive risk/return characteristics of the structured securities market.

We build structured fixed income portfolios bottom-up, allowing valuation and security selection to drive our portfolio construction. Portfolios include durable, well-managed appropriately structured credits that can be thoroughly researched, stress-tested and well understood.

INVESTMENT CRITERIA

Our Structured Fixed Income Strategy invests in asset-backed securities, commercial mortgage-backed securities, agency mortgage-backed securities, secured corporate debt, and select collateralized loan obligations. We apply a disciplined investment selection process to portfolio construction focused on durable issuers with the following critical attributes:

- **Time-Tested Collateral:** Secured by durable lending products.
- **Establishing Lending Track Record:** Originated by profitable, established industry leaders with seasoned management teams.
- **Skin-in-the-Game:** Originator maintains a substantial “first loss” stake in the capital structure of our investments.
- **Ample Credit Enhancement:** Our proprietary stress testing requires structural protections that withstand severe economic conditions.
- **Full Transparency:** We maintain full access to financial reporting and to the senior-most management.

We evaluate environmental, social and governance (ESG²) factors as part of our investment research process to help us effectively assess the long-term sustainability and durability of our companies and credits.

PRINCIPLES OF STRUCTURED 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 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.

PORTFOLIO CO-MANAGERS STRUCTURED FIXED INCOME



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.



Chris Ling

Chris Ling is a portfolio manager and lead structured products trader in the Fixed Income Investment Management group. Chris has been working in the investment management industry since 2000. Prior to joining BBH in 2011, he worked as a senior analyst for structured products and as a fixed income portfolio manager and trader. Chris

holds an undergraduate degree in business management from Binghamton University and an MBA in Finance from the New York University Stern School of Business.

TAXABLE FIXED INCOME



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.

Performance
As of December 31, 2022

Composite/Benchmark	Total Returns		Average Annual Total Returns			
	3 Mo.*	YTD	1 Yr.	3 Yr.	5 Yr.	Since Inception
BBH Structured Fixed Income Composite (Gross of Fees)	0.14%	-4.89%	-4.89%	0.96%	2.64%	3.36%
BBH Structured Fixed Income Composite (Net of Fees)	0.05%	-5.22%	-5.22%	0.61%	2.28%	3.00%

BBH Structured Fixed Income Benchmark 0.53% -4.56% -4.56% -0.20% 1.13% 1.32%

* Returns are not annualized. BBH Structured Fixed Income Composite inception date is 01/01/2016. Sources: BBH & Co. and Bloomberg

Past performance does not guarantee future results.

Representative Account
Credit Quality
As of December 31, 2022

	Representative Account	BBH Structured Fixed Income Benchmark
Cash and Cash Equivalents	3.7%	0.0%
U.S. Treasuries	0.0%	0.0%
AAA	7.0%	88.3%
AA	1.5%	4.3%
A	23.6%	5.5%
BBB	51.3%	2.0%
BB	4.8%	0.0%
B or Lower	6.5%	0.0%
Not Rated	1.6%	0.0%
Total	100.0%	100.0%

Representative Account
Sector Distribution
As of December 31, 2022

	Representative Account	BBH Structured Fixed Income Benchmark
Asset-Backed Securities	49.3%	100.0%
Corporate Securities	28.8%	0.0%
Commercial Mortgage-Backed Securities	16.8%	0.0%
Loans	1.4%	0.0%
Cash and Cash Equivalents	3.7%	0.0%
Total	100.0%	100.0%

Representative Account
Duration Distribution
As of December 31, 2022

	Representative Account	BBH Structured Fixed Income Benchmark
< 1 Yr	25.3%	1.2%
1 - 3 Yrs.	53.1%	90.4%
3 - 5 Yrs.	18.0%	4.8%
5 - 7 Yrs.	3.5%	2.8%
7 - 10 Yrs.	0.0%	0.8%
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 December 31, 2022

CION Investment Corp	5.1%
Viva Capital 3 LP	4.5%
Sculptor CFO	3.6%
Gladstone Capital Corp	2.5%
FS Investment Corp	2.5%
Regional Management Issuance Trust	2.2%
WFCM 2021-SAVE	2.2%
Saratoga Investment Corp	2.2%
Flexential	2.1%
Trinity Capital Inc	2.0%
Total	29.1%

Representative Account
Portfolio Characteristics
As of December 31, 2022

	Representative Account	BBH Structured Fixed Income Benchmark
Effective Duration (years)	2.04	2.06
Yield to Maturity	9.72%	5.12%

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. 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.

Risks

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

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 ABS being structured in ways that give certain investors less credit risk protection than others.

Mortgage-backed and asset-backed securities have prepayment, extension, and interest rate risks.

Single Asset-Single Borrower (SASB) securities 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.

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

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

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.

The BBH Structured Fixed Income Benchmark is a combination of two indices. The Bloomberg US ABS Index was used prior to 11/1/2022; the Bloomberg U.S. ABS ex. Stranded Cost Utility Index is used subsequently. Due to recent changes in the composition of the Bloomberg US ABS Index, the new Bloomberg U.S. ABS ex. Stranded Cost Utility Index more closely reflects the effective duration of the strategy.

The Bloomberg US ABS Index is the ABS component of the Bloomberg US Aggregate Index and is comprised of credit and charge card receivables, auto loan receivables, and utility receivables with at least: an average life of one year, \$500 million deal size and \$25 million tranche size and an investment grade rating (Baa3/BBB- or higher) by at least two NRSROs. The Bloomberg U.S. ABS ex. Stranded Cost Utility Index excludes certain stranded cost utility bonds included in the Bloomberg US ABS Index.

An index is not available for direct investment.

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 proposed investment 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, execution costs. Results will vary among client accounts. Performance calculated in U.S. dollars.

The composite is comprised of all fully discretionary, fee-paying structured fixed income accounts over \$10 million. Investments are focused on asset-backed securities, commercial mortgage-backed securities, collateralized loan obligations, and corporate debt securities that are primarily investment grade. Non-investment grade securities may be held. Investments are focused on U.S. dollar denominated securities, but non-U.S. dollar securities may be held. The accounts are managed to a duration +/- 2 years of the Bloomberg ABS ex-Stranded Cost Utility Index. Effective December 1, 2022, the composite definition was slightly altered to establish a band around the duration of the Bloomberg ABS ex-Stranded Cost Utility Index.

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No Bank Guarantee

May Lose Money

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