

BBH Municipal Fixed Income

Strategy Fact Sheet / 4Q 2022

PRINCIPAL STRATEGY AND OBJECTIVES¹

The BBH Municipal Fixed Income Strategy seeks to deliver excellent after-tax returns in excess of industry benchmarks through market cycles. We invest bottom-up and seek to own a limited number of durable credits that offer attractive yields.

Our independent research serves as the foundation of our municipal investment process. We also apply a proprietary quantitative framework to help assess each security's valuation and its long-term potential. When opportunities to purchase securities that meet both our credit and valuation criteria are not available, we hold-quality liquid reserves.

INVESTMENT CRITERIA

When constructing our municipal bond portfolios, we apply a disciplined investment selection process that focuses on durable issuers with the following critical attributes:

- Provides essential services or funds critical infrastructure
- Strong competitive position
- Financial strength
- Robust operating model with pricing flexibility
- ESG risks appropriately mitigated
- Backed by a proven revenue stream
- Strong coverage and covenant protection
- On-time financial filings

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.

The portfolio management team generally expects to target between 75-125 obligors in major sub-sectors of the U.S. municipal bond market including state and local general obligation bonds, revenue bonds, and pre-refunded securities. The targeted holding period for individual securities is typically four to five years.

PORTFOLIO MANAGER



Gregory S. Steier

As the Co-head of Fixed Income, Greg Steier is the lead portfolio manager for municipal bonds and has day-to-day oversight responsibility for the TIPS investment team and Quantitative Research. Greg joined BBH in 1992, and throughout his tenure has held a range of portfolio management, trading, and research roles in both the taxable and tax-exempt sectors. Greg is an active member of BBH's Asset Liability Committee, for which he developed a firm-wide interest rate risk framework. Greg is also a member of the Investment Management Oversight and Risk Committees and chairs the Investment Management Valuation Oversight Committee. Greg earned both his MBA in Finance and B.S. in Accounting from the New York University Stern School of Business

PRINCIPLES OF TAX-EXEMPT 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.
- **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.

Performance
As of December 31, 2022

Composite/Benchmark	Total Returns			Average Annual Total Returns			
	3 Mo.*	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
BBH Municipal Fixed Income Composite (Gross of Fees)	3.98%	-5.41%	-5.41%	0.12%	1.80%	2.25%	3.55%
BBH Municipal Fixed Income Composite (Net of Fees)	3.91%	-5.65%	-5.65%	-0.13%	1.54%	2.00%	3.30%
Bloomberg 1-10 Yr. Municipal Bond Index	3.12%	-4.84%	-4.84%	-0.10%	1.37%	1.69%	3.19%

* Returns are not annualized. BBH Municipal Fixed Income Composite inception date is 05/01/2002. Sources: BBH & Co. and Bloomberg

Past performance does not guarantee future results.

Representative Account
Credit Quality
As of December 31, 2022

	Representative Account	Bloomberg 1-10 Yr. Municipal Bond Index
Cash and Cash Equivalents	2.2%	0.0%
AAA	23.5%	18.2%
AA	40.7%	54.4%
A	29.9%	22.6%
BBB	3.4%	4.9%
BB	0.0%	0.0%
B or Lower	0.0%	0.0%
Not Rated	0.3%	0.0%
Total	100.0%	100.0%

Representative Account
Sector Distribution
As of December 31, 2022

	Representative Account	Bloomberg 1-10 Yr. Municipal Bond Index
Revenue	71.2%	58.9%
General Obligations	26.2%	32.0%
Pre-Refunded	0.3%	9.1%
Cash and Cash Equivalents	2.2%	0.0%
Total	100.0%	100.0%

Representative Account
Duration Distribution
As of December 31, 2022

	Representative Account	Bloomberg 1-10 Yr. Municipal Bond Index
< 1 Yr	16.3%	3.3%
1 - 3 Yrs.	23.7%	34.8%
3 - 5 Yrs.	29.4%	33.7%
5 - 7 Yrs.	18.1%	19.9%
7 - 10 Yrs.	12.1%	8.2%
10 - 20 Yrs.	0.4%	0.2%
20+ Yrs.	0.0%	0.0%
Total	100.0%	100.0%

Representative Account
Top 10 Credits
As of December 31, 2022

California School District General Obligations	7.1%
State of Maryland	3.4%
Texas Municipal Gas Corporation II	3.0%
Texas School Bond Guarantee Program	2.8%
Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds	2.6%
State of New Jersey	2.6%
Public Energy Authority of Kentucky Gas Supply Revenue	2.5%
Texas Municipal Gas Acquisition and Supply Corporation I Series 2008D	2.5%
Port Authority of New York & New Jersey	2.5%
Salem-Keizer School District #24J, OR	2.3%
Total	31.2%

Representative Account
Portfolio Characteristics
As of December 31, 2022

	Representative Account	Bloomberg 1-10 Yr. Municipal Bond Index
Effective Duration (years)	3.88	3.79
Yield to Maturity	3.72%	3.36%

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.

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.

RISKS

Investors 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. Each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

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 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.

As the strategy's exposure in any one municipal revenue sector backed by revenues from similar types of projects increases, a portfolio will also become more sensitive to adverse economic, business or political developments relevant to these projects.

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.

The Bloomberg 1-10 Year Municipal Blend Index is a market value-weighted index which covers the short and intermediate components of the Bloomberg Municipal Bond Index --an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market. The index is not available for direct investment.

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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.

The Representative Account is managed with the same investment objectives and employs substantially the same investment philosophy and processes as the Municipal Fixed Income 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, and without provision for federal or state income taxes. Results will vary among client accounts. Performance calculated in U.S. dollars.

The objective of our Municipal Fixed Income Strategy is to deliver excellent after-tax returns in excess of industry benchmarks through market cycles. The Composite includes all fully discretionary fee-paying municipal fixed income accounts with an initial investment equal to or greater than \$5 million that are managed to an average duration of approximately 4.5 years. Portfolios that subsequently fall below \$4.5 million are excluded from the Composite. As of 10/1/2020, the Intermediate Municipal Composite was renamed BBH Municipal Fixed Income.

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No Bank Guarantee

May Lose Money

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