

Brown Brothers Harriman & Co.
Investment Management

IM Glossary of Terms

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A. Introduction

The Global Interpretive Terms Subcommittee has published a Global Interpretive Terms (“GIT”) glossary for the Investment Management (“IM”) line of business that defines investment guideline terms and provides standard interpretations for fixed income and equity analytical information.

The terms included apply to both Equity and Fixed Income Investment Management Accounts and Funds unless otherwise stated. This glossary’s purpose is to consistently apply the global interpretive definitions herein to institutional client, mutual fund and UCITS fund investment guideline and prospectus terms where client guidelines are silent. Moreover, this glossary is subject to change as additional terms are interpreted or changes are needed to existing defined terms.

Each global interpretive definition will also be used as a basis to clarify investment guideline interpretation and investment rule coding for IM portfolios within Bloomberg AIM as well as other systems and processes used in the portfolio compliance monitoring process when investment guidelines are silent.

Unless the client investment policy statement, Prospectus or other governing document states otherwise, the terms in this Glossary shall apply under normal market conditions when the Portfolio is fully invested.

B. Glossary

Acceptable Ratings Source

The following Ratings organizations are acceptable: S&P, Moody's, Fitch, DBRS and Kroll will be applied. In cases where permissible rating agencies are not defined, but identified in "Grid" format they will include those using the specified ratings scale, i.e. BBB-/Baa3 = Moody's, Fitch and S&P. (Refer to Appendix 1 which provides a summary explanation of the credit rating).

Affiliates

BBH managed mutual funds and private funds ("Managed Funds") are considered affiliates of BBH. All BBH Managed Funds holding securities in which it owns 25% or more of outstanding voting shares will be considered affiliates. If affirmative consent that affiliates are permitted, affiliates will be treated as restricted investments.

Alternative Asset

The following securities, and public & private funds that are composed of these securities, will be classified as Alternative Assets:

- Private Equity
- Real Estate
- Commodities
- Hedge Funds

At Time of Purchase

Portfolio investment restrictions will be monitored at all times.

Average vs. Weighted average

Average will be synonymous with "weighted average" (with respect to security maturities, portfolio credit quality, etc.) Weighted average credit quality of the portfolio will be calculated using the ratings of the permissible nationally recognized statistical rating organization ("NRSROs") as defined by the client's investment guideline, prospectus or other governing document or, as defined in these global interpretive terms (i.e. if silent, the weighted average credit quality of the portfolio will be calculated by splitting to the highest rating).

Average-Weighted Duration

Average weighted effective duration will apply. When silent, security duration, security average life and portfolio weighted average duration will be measured with effective duration using BBH's internal assumptions as identified in Bloomberg.

Cash and Cash Equivalents

The term cash will include cash equivalents. The following securities will be considered cash equivalents if they have a legal/final maturity or mandatory put of one year or less:

- Commercial paper
- Certificates of deposit
- Treasury bills
- Banker's acceptances
- Time deposits
- Variable rate demand notes
- Repurchase agreements
- Agency discount notes
- Cash on hand

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INVESTMENT MANAGEMENT: GLOSSARY OF TERMS

Convertible Securities

“Convertible Securities” will be classified as equity or fixed income based on how they are identified/defined at time of purchase. For a Fixed Income mandate, convertible securities will only be permissible in the portfolio if exclusively authorized in the investment guidelines. For an Equity mandate, convertible securities will be permissible when it is a debt instrument that will be convertible to equity and does not need to be explicitly authorized in the portfolio.

Counterparties

The BBH Approved Counterparty List will be used to define permitted counterparties.

Country of Issuer

Unless the client investment policy statement, Prospectus or other governing document states otherwise, country of issuer will be defined as follows:

- Equity portfolios - Country of Incorporation
- Fixed Income portfolios - Country of Risk

Denominators

Unless the client investment policy statement, Prospectus or other governing document states otherwise with regard to the denominator for investment restriction purposes, the Net Asset Value will be applied.

Derivative Value

Unless the client investment policy statement, Prospectus or other governing document states otherwise, derivatives will be valued based on notional value.

Downgrades/Upgrades

Investment guidelines rating minimums and maximums dictate client notification.

Effective v. Modified duration

Unless the client investment policy statement, Prospectus or other governing document states otherwise, security duration will be measured with effective duration using BBH's internal assumptions as identified in Bloomberg.

Emerging Markets

Emerging market investment guidelines that do not define emerging market countries, emerging market countries will be identified using the MSCI Emerging Markets and Frontier Markets indices.

Equity

The following securities will be classified as equity:

- Common stock
- Non-Cumulative Preferred Stock
- Warrants
- Rights
- American Depository Receipts (“ADRs”)
- Global Depository Receipts (“GDRs”)
- Equity Real Estate Investment Trust (“REITs”)
- Equity convertibles
- Equity 144A
- Equity Safe Harbor (“REG S”)

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INVESTMENT MANAGEMENT: GLOSSARY OF TERMS

Exchanges

When a client investment policy statement, Prospectus or other governing document requires securities to be listed on an exchange but does not specify which specific exchanges are permissible, then any exchange can be used based on what is deemed most advantageous for the portfolio in consideration of best execution and firm-wide policy requirements.

Exclusivity of Permitted Lists

With respect to the exclusivity of permissible investments, only the instruments explicitly listed in the guidelines as permissible will be allowed. Permissibility will be determined at the highest categorical level (e.g., if municipal bonds are permitted, then all municipal bond types will be permitted, if the guidelines are otherwise silent). Client clarification will be requested prior to purchasing an instrument that is not listed as permissible.

Fixed Income

The following securities, public & private funds that are composed of these underlying securities, will be classified as Fixed Income:

- Cash market corporate debt
- Asset-backed securities ("ABS")
- Commercial mortgage-backed securities ("CMBS")
- Municipal securities
- U.S. and non-U.S. Government securities
- Non-U.S. dollar denominated fixed income instruments
- Loans
- Trust Preferred Securities ("TRUPS")
- Cumulative Preferred

Foreign Securities

Foreign securities will be defined as follows:

- Fixed Income Portfolios: Yankee Bonds and Non-USD denominated securities will be treated as "foreign".
- Equity Portfolios: "Foreign" securities will be determined based on the country of incorporation and ADRs will be treated as foreign.

Fully Invested

When the term "fully invested" is not sufficiently defined, BBH will go back to the client for clarification. If clarification is not provided the portfolio manager ("PM") will have discretion to determine how full investment will be interpreted for the portfolio. A letter will be sent to the client notifying them that this will be interpreted at the PM's discretion.

Generally, nonexclusive terminology

Terms such as "Generally", "Primarily", "a Majority", "Usually", "Normally", "Typically", "Substantially", etc. will mean, under normal market conditions at least 80% of the portfolio's specified denominator.

High Quality

Fixed Income Only: The term "high quality" will be considered investment grade (BBB-/Baa3) by at least one acceptable ratings agency, split high.

Incorporated by Reference

As part of its review of new client investment guidelines process, BBH will ask clients, on a best efforts basis, if legal/statutory requirements specified in the client investment guidelines, have been incorporated.

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INVESTMENT MANAGEMENT: GLOSSARY OF TERMS

Industry/Sector

The following industry/sector classifications will be applied:

- Equity portfolios will use S&P Global Industry Classification Standard ("GICS")
- Fixed income portfolios will use Barclays Level 4, with the exception of ABS
- For ABS, industry/sector classification may include levels below Barclays Level 4 when understanding the underlying collateral for ABS classified as "ABS Other" in the Barclays Level 4 classification

Issuer Exposure

Issuer exposure of a fixed income investment will be determined by exposure to the obligor, except in cases of repurchase agreements. In the case of repurchase and tri-party agreements, when silent, issuer exposure will be determined by performing a "look through" to the obligor of the underlying repurchase agreement collateral.

Issuer – MBS

Issuers for mortgage backed securities ("MBS") will be identified as follows:

- Agency MBS: Will look to the specific agency as the issuer/obligor (e.g., FNMA, GNMA)
- Commercially mortgage backed securities ("CMBS")/Residential mortgaged back securities ("RMBS"): Will look to the deal (i.e., ticker and series) as the issuer/obligor
- Revolving Pool ABS: Will look to the shelf as the issuer/obligor

Junk Bonds / High Yield Securities

Reference to junk bonds or high yield securities will be treated as investments rated below investment grade (BBB-/Baa3) by all acceptable ratings agency, split high.

Leverage/Borrowing

Borrowing will be monitored based on negative trade date cash/cash equivalents and leverage will be monitored using derivative trades. Support will be provided to evidence that derivatives are not be traded to introduce leverage.

Liquid/Liquidity

Illiquid securities will be identified by the Pricing Group in accordance with BBH mutual fund pricing procedures.

Literal reading to identify rating splits

- If "or" is used (e.g., "A-1 or P-1"), it will mean split high, when client investment policy statement, Prospectus or other governing document is silent.
- If "or" is used (e.g., "A-1 or P-1"), only one rating will be required, when client investment policy statement, Prospectus or other governing document is silent.
- If "and" is used (e.g., "A-1 and P-1"), it will mean split low, when client investment policy statement, Prospectus or other governing document is silent.
- If "and" is used (e.g., "A-1 and P-1"), it will mean both ratings will be required, when client investment policy statement, Prospectus or other governing document is silent.
- If no specific NRSRO is listed, but requirement is to have two ratings it will include those agencies using the specified ratings scale.
- If client investment policy statement, Prospectus or other governing document is silent on the number of ratings agencies required to rate a security (e.g., "A-1/P-1" in grid format), it will mean only one rating will be required. For such cases in grid format, when silent on permissible ratings agencies, they will include those using the specified ratings scale (e.g., for "A-1/P-1", S&P and Moody's will be the permitted rating agencies).

Mandatory Puts

If a Mandatory Put is scheduled to occur prior to final maturity date, an assessment of the Mandatory Put's requirement will be made by the applicable Fixed Income Analyst.

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INVESTMENT MANAGEMENT: GLOSSARY OF TERMS

Margin

Margin will not include variation trading for the settlement of derivatives.

Market Cap Levels/Ranges

Small, Mid and Large Cap Market Ranges as follows:

- Small Cap: < \$3 Billion Market Capitalization
- Mid Cap: \$3 - \$10 Billion Market Capitalization
- Large Cap: > \$10 Billion Market Capitalization

Market Conditions

When a client's investment policy statement, Prospectus or other governing document indicates under "normal circumstances" or does not apply "under unusual circumstances", under unusual market conditions", etc. BBH will monitor the restriction that applies under "normal" circumstances. BBH will notify the client in the event it determines that circumstances or market conditions are unusual and merit a deviation from the standard guideline(s).

Maturity

Maturity will be applied as follows:

- Securities with a contractual demand feature: Put date
- All Other investments: weighted average effective maturity with a grace period (dictated by the investment guidelines) will be applied.

Mutual Fund Asset Allocation Classes

Mutual Funds held by Separately Managed Accounts ("SMAs") will be classified according to their respective investment strategy.

Portfolio Diversification

Absent any prescriptive security prohibitions or percentage limitations for a portfolio in the client investment policy statement, Prospectus or other governing document, portfolio diversification will be defined based on the '40 Act Rule 5(b)l, which states:

At least 75% of the portfolio's total assets may not hold more than:

- 5% of the total assets of any single issuer; and
- 10% of the outstanding voting securities of a single issuer.
- Concentration of the portfolio in securities issued by the U.S. Government is excluded from this rule.

Preferred Stock

Cumulative preferred (e.g., trust preferred) with a maturity date will be treated as fixed income. Non-cumulative preferred will be treated as equity.

Private Funds

The asset class strategy of Private Funds should be classified based on the underlying securities of the Funds.

Ratings (Reference to Tier)

For existing accounts, if an investment guideline references an overall rating category employed by a NRSRO (e.g., A), we will interpret this category to cover the associated "sub-categories" or tier associated with the rating provided by such NRSRO, such as "A+", "A", and "A-". For example, if a guideline stipulates that a portfolio can only hold "A rated and better" securities, we will interpret that an "A-" or "A3" rated security is acceptable. For new accounts, client clarification will be requested to determine how rating tiers should be applied but the requested interpretation will be based on sub-category/tier.

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INVESTMENT MANAGEMENT: GLOSSARY OF TERMS

Ratings (Splits and Internal)

If a security is "split rated" by two or more NRSROs, the higher rating will be applied.

Readily Marketable

Non-readily marketable securities will be defined as securities not registered with the SEC excluding 144a securities. Conversely, when the client investment policy statement, Prospectus or other governing document are silent, readily marketable securities will be defined as those securities registered with the SEC including 144a securities.

Region

Bloomberg regional classifications will be used to define regional exposure.

Sin Securities/Socially Restricted Securities

For client's that have social restriction investment guidelines and do not provide a list of socially restricted securities, guidelines will be coded in Bloomberg using the MSCI Environmental Social and Corporate Governance ("MSCI ESG") feed. Restrictions based on revenue percentage is also included in the feed. We rely on reputable vendors to provide this information in addition to internal due diligence.

Sovereign Securities

Sovereign Securities will mean only securities issued by a non-US Government at the national level. However, this will exclude securities issued by quasi/supra agencies as well as U.S. Government securities.

Structured Credit

A Structured Credit is debt issuance to be repaid from the cash flows associated with specified collateral or debt issuance secured by assets segregated in a special purpose vehicle.

Such As/Including but Not Limited To

For client investment policy statement, prospectuses or other governing documents that indicate "such as", "including but not limited to", permissibility or prohibition will be determined at the highest categorical level (e.g., if municipal bonds, such as revenue bonds are permitted then all municipal bond types will be permitted). Client clarification will be requested prior to purchasing an instrument that is not permissible under the highest categorical level specified.

Unrated Securities

If a security is not rated by an NRSRO, then it may not be purchased or held in an account unless the client investment policy statement, Prospectus or other governing document states otherwise.

Warnings

Minimum or maximum concentration limits that are greater than or equal to 25% of the portfolio will incorporate warnings for portfolio concentrations reaching to within 5% of the limit (e.g., for a min 80% concentration limit, there would be a warning if the portfolio concentration hit less than 85% of the portfolio). Minimum or maximum concentration limits that are less than 25% of the portfolio will incorporate warnings for portfolio concentrations reaching to within 20% of the percentage of the limits (e.g., for a max 10% concentration limit, there would be a warning if the portfolio concentration hit greater than 8% of the portfolio).

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INVESTMENT MANAGEMENT: GLOSSARY OF TERMS

APPENDIX 1

RATING DESCRIPTION	RATING BY ORGANIZATION (1)	
INVESTMENT GRADE		
Highest credit quality with minimal risk of default. Extremely strong capacity to meet financial commitments.	DBRS	AAA
	Fitch	
	Moody's	
	S&P	
	Kroll	
Superior to very high credit quality and very low risk of default. Very strong capacity to meet financial commitments.	DBRS	AA
	Fitch	
	Moody's	
	S&P	
	Kroll	
High to upper-medium credit quality with some risk factors that could contribute to default. Bonds in this category are still considered to be in little danger of default risk.	DBRS	A
	Fitch	
	Moody's	
	S&P	
	Kroll	
Adequate to medium credit quality, with acceptable levels of risk. Could be susceptible to default risk in the long term, or there may be other adverse conditions present which reduce credit quality.	DBRS	BBB
	Fitch	
	Moody's	
	S&P	
	Kroll	
NON-INVESTMENT GRADE		
Questionable to speculative financial security, with additional factors that may contribute to default, such as ability to meet debt obligations, especially during periods of economic recession.	DBRS	BB
	Fitch	
	Moody's	
	S&P	
	Kroll	
Speculative to highly speculative financial security, with low expectation that issuer will meet debt obligations.	DBRS	B
	Fitch	
	Moody's	
	S&P	
	Kroll	
Very highly speculative with high risk of default.	DBRS	CCC
	Fitch	
	Moody's	
	S&P	
	Kroll	
Very highly speculative with danger of default, or default probable, or may have recently occurred.	DBRS	CC
	Fitch	
	Moody's	
	S&P	
	Kroll	
Very highly speculative, often accompanied by bankruptcy petitions; default immanent or has recently occurred.	DBRS	C
	Fitch	
	Moody's	
	S&P	
	Kroll	
Default and/or in arrears. Issuer has not met scheduled payment of interest or principal or made clear it will miss such payments.	DBRS	D
	Fitch	
	Moody's	
	S&P	
	Kroll	

(1) Ratings include negative and positive perspectives.

The specific ratings are copyrighted by the individual rating agencies and may not be used or reprinted without a license and/or written permission otherwise.

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